



Christopher C. Harding, Commissioner • Sean R. Cronin, Senior Deputy Commissioner of Local Services



December 19th, 2019

DLS promotes sound fiscal management and supports the local officials in your community by providing guidance, training and oversight.

Most Requested

In this issue:

- **DLS Website Refresh Underway**
- **Updating Uncollected Property Taxes and Excises**



Bulletins, Guidelines and Opinions (IGR/BUL/LFO) +



Login to DLS Gateway +



Data, Analytics and Reports (Databank) +



Property Assessment and Valuation (BLA) +



Municipal Accounting Guidance and Oversight (BGA) +

By the Numbers

City & Town provides updates on the progress of the tax rate and certification season while also allowing you to follow the tax rate setting process in real time. Thanks to our Municipal Databank staff, this public information is available 24/7 by clicking here.

Prelim. Certifications Approved: 71

Final Certification: 70 (of 71 total)

DLS Website Refresh Underway

Kirsten Shirer - Data Analytics and Resources Bureau Chief

If you've visited the DLS website recently, you've probably noticed some changes. DLS's Data Analytics and Resources Bureau has started updating our web pages to make them easier to use and visually more attractive.

On the DLS home page (www.mass.gov/dls) you'll notice that five of our most requested services are now shown as picture tiles in a block called a "mosaic." Adding a mosaic lets us display our most important pages higher on the page and frees up space below the tiles for additional content. The tiles will change when we want to highlight a service or specific page – for example, you'll see a tile for Cherry Sheets whenever we release budget estimates. Many other agencies on Mass.gov are now using mosaics, and we think it's a great new way to highlight our most popular content.

The primary goal for the website refresh is an improved user experience. We want to provide faster access to the information in our pages, and better results when using search engines like Google, Bing and Mass.gov's own

LA4 Approved:
346 (349 submitted)

LA13/ New Growth
Approved:
346 (349 submitted)

Tax Rates Approved: 335

Balance Sheets Approved:
254

Total Aggregate Free Cash
Approved: \$1,226,644,258

Important Dates & Information

New Optional Forms of List for FY2021 - Gas and Electric Companies Filing with Local Assessors (Property Use Code 504)

The Division of Local Services has released Bulletin 2019-5 - New Optional Forms of List for FY2021 – Gas and Electric Companies Filing with Local Assessors (Property Use Code 504). It can be found by clicking [here](#).

This Bulletin explains the issuance and use of optional electronic forms of list (personal property returns) for electric and gas companies filing with local assessors. To give companies time to comply with the new electronic format, the new forms (STF 2-504-G and STF 2-504-E) are optional for FY 2021, but will be required in FY 2022. Companies not using the applicable optional form in 2021 will be required to file the STF 2 in FY 2021.

search tool. Every person looks at a website from a unique perspective, so we're very interested in hearing what you like and don't like about the site. Send us an email and let us know at DARB@dor.state.ma.us

Updating Uncollected Property Taxes and Excises

Susan Whouley - Bureau of Accounts Field Representative
David Guzman - Bureau of Accounts Field Representative

The following article is a continuation of our last report on the status of uncollected real estate, personal property and motor vehicle excise taxes as reported by cities and towns to the Bureau of Accounts ([City & Town July 20, 2017](#)). The review will update the numbers and data analyses; collection procedures provided in the last article have not changed and can be reviewed by clicking on the link above. The tables used in this article include June 30, 2018 data as received by the Bureau from 57 cities and 292 towns (two towns did not report) on an unaudited basis.

In our July 20, 2017 article, we reported that outstanding real and personal property taxes, tax titles and motor vehicle excise (MVE) taxes for all fiscal years as of June 30, 2016 totaled \$805 million.

Since that time:

- the statewide real and personal property tax levy increased by 9.0%;
- motor vehicle excise tax revenues increased by 7.8%;
- the economy has run relatively well; and
- interest rates and the unemployment rate have both remained low.

Given all this, has the level of total outstanding property and MVE taxes increased or decreased since June 30, 2016? Let's take a look.

Uncollected Taxes for Real Estate and Personal Property Taxes

For all Massachusetts communities, the FY2018 real estate and personal property tax levy totaled about \$16.5 billion. For most communities, the tax levy represents the largest revenue source of the general fund. Collecting all taxes due within a fiscal year is highly unlikely, despite any municipal Collector's best efforts. Collection of outstanding amounts, which have a process that Collectors and Treasurers must follow, becomes critically important for improving a community's free cash position as well as for cash flow.

The Schedule of Outstanding Receivables

As part of the free cash certification process, the Bureau of Accounts receives a Schedule of Outstanding Receivables that matches receivables on the Collector's and Treasurer's books with the Accountant's general ledger showing that proper internal controls are in place. Any property tax variance is a reduction to free cash, but free cash does not replace the variance. Reconciling the variance must still be attempted.

DLS at MMA

We hope you'll visit the DLS booth (#715) at the 41st MMA Annual Meeting & Trade Show on January 24 & 25, 2020 at the Hynes Convention Center & Sheraton Boston Hotel! The MMA's annual Trade Show features more than 200 exhibitors offering the latest products and services of interest to the cities and towns of Massachusetts. We look forward to seeing you!



Other DLS Links:

[Local Officials Directory](#)

[Municipal Databank](#)

[Informational Guideline Releases \(IGRs\)](#)

[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial Calculators](#)

Total Outstanding Property Taxes

Table 1 details total outstanding real estate and personal property taxes for all fiscal years as of June 30, 2018 as accounted for on the Collector's and Treasurer's books reported by 349 communities.

Table 1

Outstanding Real and Personal Property Taxes			
	Cities	Towns	Cities and Towns
<i>Real Estate</i>			
due for FY2018	\$85,333,639	\$94,156,308	\$179,489,947
due for prior fiscal years *	(\$8,768,719)	\$23,215,537	\$14,446,818
Subtotal Real Estate	\$76,564,920	\$117,371,845	\$193,936,765
<i>Personal Property</i>			
due for FY2018	\$16,497,198	\$4,858,874	\$21,356,072
due for prior fiscal years	\$63,613,063	\$16,476,213	\$80,089,276
Subtotal Personal Property	\$80,110,261	\$21,335,087	\$101,445,348
Total Real and Personal	\$156,675,181	\$138,706,932	\$295,382,113
# communities reporting	57	292	349

Source: DLS Gateway (*negatives reported by 9 cities, principally Boston, totaling \$25.9 million, indicating amounts due taxpayers)

Current Outstanding Real and Personal Property Taxes by Population

Table 2 reviews outstanding real estate and personal property taxes for FY2018 when population influences higher FY2018 outstanding property taxes to their respective FY2018 tax levies. The data in this Table reveals that:

- the median percentage for real estate taxes was less in communities with populations greater than 10,000 than in communities with populations less than 10,000;
- as populations decrease, median percentages for real estate taxes increase over communities with populations greater than 10,000; and
- as populations decrease, the median percentage for personal property taxes showed less than communities with a population greater than 10,000.

Table 2

FY2018 Outstanding Property Taxes by Population					
Median Percentages - Massachusetts Median Population 10,698 for 349 communities					
	pop > 10,000	pop < 10,000	pop < 5,000	pop < 3,000	pop < 1,000
Real Estate	1.25%	2.28%	3.49%	3.75%	3.92%
Personal Property	5.43%	2.32%	2.85%	2.87%	1.98%

Higher real estate outstanding percentages in lower populated communities may be reflective of insufficient time, budget or staff to pursue outstanding taxes, increase in the collection process after June 30, a combination of all of the above or possibly other reasons exclusive to the community.

Tax Titles

Collection of outstanding real estate taxes involves a “tax title” or “tax taking” process.

Tax titles are reported on the Schedule of Outstanding Receivables in total for all fiscal years. *Table 3* details tax titles by all cities, all towns and then by 349 cities and towns in the aggregate.

Table 3

Outstanding Tax Titles (in \$ millions)			
	Cities	Towns	Cities and Towns
<i>Tax Titles</i>	\$167,621,690	\$167,850,483	\$335,472,173

MVE Taxes Budgeted vs Received

MVE taxes are estimated receipts of a municipality’s general fund. They are budgeted for by fiscal year typically based upon the amount received in the prior fiscal year. Additional amounts budgeted is by approval of the Bureau of Accounts, usually at the time of annual tax rate certification.

Problematic for all cities and towns is a good budget estimate cannot be determined at budget time. The greatest billing amount is unknown until at least seven months into the fiscal year when the largest commitment is received from the Registry of Motor Vehicles.

In FY2018, almost \$799 million in MVE receipts were budgeted and over \$916 million were received for 351 cities and towns as of June 30, 2018. *Table 4* reports the level of Outstanding FY2018 MVE taxes in relation to FY2018 MVE taxes budgeted and received in FY2018 for 349 reporting cities and towns.

Table 4

FY2018 Outstanding Motor Vehicle Excise Taxes					
	\$ Estimates	\$ Actuals	FY2018 \$ MVE Outstanding	Amount outstanding as % of estimates	Amount outstanding as % of actuals
Cities	353,389,755	400,507,760	39,640,526	11.2	9.9
Towns	444,548,270	515,162,181	35,845,212	8.1	7.0
Total	797,938,025	915,669,941	75,485,738	9.5	8.2

Outstanding MVE Taxes for All Fiscal Years

Table 5 shows MVE taxes Outstanding for all fiscal years for 349 reporting cities and towns.

Table 5

Motor Vehicle Excise Taxes Outstanding for All Fiscal Years			
	FY2018 Only	All Prior Fiscal Years	Total
Cities	\$39,640,526	\$82,465,471	\$122,105,997
Towns	\$35,845,212	\$30,183,011	\$66,028,223
Total	\$75,485,738	\$112,648,482	\$188,134,220

Final Tally

Table 6 is a final tally of outstanding property and MVE excise taxes for all fiscal years as of June 30, 2018. Remember, the total as of June 30, 2016 was \$805 million.

Table 6

Total All Outstanding Property and MVE Taxes as of June 30, 2018			
	Cities	Towns	Cities and Towns
<i>Real Estate</i>	\$76,564,920	\$117,371,845	\$193,936,765
<i>Personal Property</i>	\$80,110,261	\$21,335,087	\$101,445,348
<i>Tax Titles</i>	\$167,621,690	\$167,850,483	\$335,472,173
<i>Motor Vehicle Excise</i>	\$122,105,997	\$66,028,223	\$188,134,220
<i>Total Outstanding Property and MVE Taxes</i>	\$446,402,868	\$372,585,638	\$818,988,506

Conclusion

This report has shown that almost \$819 million of property and MVE taxes remained outstanding as of June 30, 2018, about \$14 million or 1.7% more than June 30, 2016, despite greater increases in both the statewide real and personal property tax levy and in MVE tax revenues from June 30, 2016 as indicated earlier in this article.

These outstanding amounts, if paid all at once, could help solve many local matters. Expect, however, amounts will be collected and abated over time and new amounts will be added and reported to the Bureau as of June 30, 2019.

Our last article presented the following conclusions that are as relevant today as they were then:

1. Collection of real estate, personal property and tax titles has a process that Collectors and Treasurers must follow in meeting the fiduciary responsibilities of their positions, improving a community's level of free cash and maintaining proper cash flow;
2. To ensure the availability of funds for appropriation and proper cash flow, Collectors and Treasurers in less populated communities may have increased responsibilities and/or challenges in collecting outstanding taxes;
3. The collection process for outstanding personal property taxes requires different methods than for outstanding real estate taxes because there is no similar lien;
4. Outstanding property taxes, whether placed into tax title or not, remain uncollected and weaken the community's financial position.

To learn more about the tax collection process, see:

City & Town: [April 7, 2016](#), [May 5, 2016](#), [June 2, 2016](#), [July 20, 2017](#)
[Massachusetts Collector's Manual](#)
[Massachusetts Treasurer's Manual](#)

December Municipal Calendar

- 31 Water/Sewer Commissioners **Deadline for Betterments to be included on Next Year's Tax Bill** ([M.G.L. c. 80, § 13](#); [c. 40, § 42I](#) and [c. 83, § 27](#))
- 31 Assessors **Mail 3ABC Forms to Charitable Organizations and Forms of List to Personal Property Owners**
- 31 Collector **Deadline for Mailing Actual Tax Bills**
Quarterly and semiannual communities issuing annual preliminary tax bills mail actual tax bills by this date. Quarterly communities can include actual bills for the 3rd and 4th quarters in a single mailing.

January Municipal Calendar

- 31 DESE **Notify Communities and Districts of Estimated NSS Requirements**
As soon as the Governor releases the ensuing year's budget, DESE notifies communities and districts of that next year's NSS estimates, which are subject to change once the final state budget is approved.
- 31 Pipeline Company **Deadline for Pipeline Company to File Form of List with BLA**
- 31 State Treasurer **Notification of Monthly Local Aid Distributions**, see [IGR 17-17](#) for more cherry sheet payment information, monthly breakdown by program is available [here](#).

To view the municipal calendar in its entirety, please [click here](#).

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Contact *City & Town* with questions, comments and feedback by emailing us at cityandtown@dor.state.ma.us.

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