

CITY & Town



A monthly publication of the Massachusetts Department of Revenue's
Division of Local Services

Stephen W. Kidder
Commissioner

GOVERNMENT DOCUMENTS
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Edward J. Collins, Jr.
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MGFOA Electronic Bulletin Board

Local Services Division bureau chiefs and key staff members recently had the opportunity to see a demonstration of an electronic bulletin board established for the Massachusetts Government Finance Officers Association (MGFOA). Joseph Kelley, Director of Budget and Finance for the City of Lawrence, developed and now maintains the bulletin board, which allows people who work in government finance to send messages, share files, and ask and answer questions. To call the bulletin board, a user would need to have a microcomputer, a modem, and inexpensive communication software. Modems and communication software can be purchased from approximately \$250 to \$350 and \$35 to \$40, respectively. Callers would also pay for phone calls to the bulletin board.

According to Mr. Kelley, the bulletin board might be used to "share a slick Lotus 1-2-3 tem-

plate, submit an article to the MGFOA newsletter *Dollars and Cents*, and to send a draft of a request for proposals quickly to someone in a different part of the state". He is also encouraging experts in the private sector who have expertise in finance to contribute to the bulletin board by answering queries. Further information on the MGFOA bulletin board can be found in the September 1987 issue of *Dollars and Cents*.

The Division of Local Services plans to join the MGFOA bulletin board and will use it to communicate with participating finance officers on a variety of topics in municipal law and finance, and to respond to users' questions. In addition, the Bureau of Local Assessment will be setting up a bulletin board in the next few months for users of the Computer Assisted Mass Appraisal (CAMA) system.

Workshop on Planning for Community Growth Offered

A workshop on "Planning for Community Growth: Financial Impacts of Development," will be held for Hampden, Hampshire and Franklin county officials (Selectmen, City Councilors, Fincom members, Town/City Managers and Administrators, Executive Secretaries and Planning Board members) on February 3, 1988 at 7 p.m. at Holyoke Community College. The workshop, co-sponsored by the Massachusetts Department of Revenue's Division of Local Services and the University of Massachusetts Center for Economic Development

(CED), is intended to assist cities and towns in identifying the impacts of growth on municipal budgets. Proposed topics to be addressed include the identification of data needed to estimate the fiscal impacts of growth; estimating the capacity of existing services to accommodate growth; and estimating the impact of growth on a municipality's capital needs. For further information on this workshop, call CED at (413) 545-4395 or the Division of Local Services at (617) 727-9260.

On the Hill

Preliminary Tax Bill

Chapter 463, proposed by the Department of Revenue, allowing all cities and towns to issue estimated tax bills on a permanent basis, was signed into law by Governor Dukakis on November 3. The emergency preamble makes this law effective immediately.

In-Lieu Tax Payments

Chapter 518 of the Acts of 1987, which was signed by the Governor on November 24, is a proposal of the Department of Revenue. This new law will simplify the determination of in-lieu tax payments to be made to cities, towns and districts under sections 5D, 5F and 5G of Chapter 59 and section 16 of Chapter 121B. (These sections relate to valuation of certain property held by a municipality in another city or town, watershed property of the M.D.C. and certain local housing authority property.) Chapter 518 will allow the municipality or district to determine the value of this property, rather than wait for a determination by the Commissioner.

This will not add a burden to insure that the same amount of reimbursement is guaranteed to the locality.

Laws of Interest to Collectors

Three new laws should be of interest to collectors: Chapter 376 requires that no property tax refunds or abatements may be made for less than \$1.00; Chapter 379 allows the appointment of assistant collectors; and Chapter 402 allows cities and towns, at their option, to send out one property tax bill when the bill is not over \$50. Chapters 376 and 378 become effective on January 3, 1988, while Chapter 402 is effective as of January 11.

Uniform Procurement Code

H-5595 is a bill establishing a uniform procurement code which would make major changes to the procurement procedures of cities, towns, districts and counties. This bill has passed the House and is now being considered by the Senate Committee on Counties.

Local Profiles

David Davies, CAMA Project Director, Bureau of Local Assessment.

David Davies joined the Division of Local Services in January 1987 as a member of the Bureau of Local Assessment. As Computer Assisted Mass Appraisal (CAMA) Project Director, Mr. Davies directs the planning and implementation of system installations, training programs and on-going technical support for communities using the Department of Revenue's CAMA system.

Mr. Davies developed the implementation plan for CAMA, including training and support components. He has organized and conducted workshops on CAMA cost-benefit analysis throughout the Commonwealth and has monitored software development and pilot testing contract performance. Under Mr. Davies' supervision, the CAMA program has made the transition from a much discussed promise to a daily working reality in an increasing number of communities.

Before coming to the Division of Local Services, Mr. Davies was the Associate Director of Administration for the Mayor's Department of Administration in Providence, Rhode Island. In this capacity, he was responsible for policy analysis and system implementation as part of managerial supervision of all city departments.

Joseph Kelley, Director of Budget and Finance, Lawrence, MA.

Joseph Kelley was appointed Lawrence's Director of Budget and Finance in May 1986. Mr. Kelley is responsible for the city budget and the operation of the entire finance department. Prior to joining the administration in Lawrence, Mr. Kelley was the Assistant Director of the Government Research Center of the Government Finance Officers Association (GFOA) in Washington, D.C. Mr. Kelley has a B.S. and an M.S. in mathematics.

Mr. Kelley is also the editor of the Massachusetts GFOA newsletter, a bimonthly publication read by over 400 subscribers. His latest project is administering the on-line bulletin board for the MGFOA (see page 1), which allows computerized access to information on a wide variety of finance topics.

Mr. Kelley was also an immense help to the Division of Local Services in putting together the first issue of CITY & Town. Mr. Kelley provided us with the use of his office's desktop publishing system while we completed installation of our own software.

The Latest in Financial Management Assistance

The Municipal Data Management and Technical Assistance Bureau (MDM/TAB) offers consulting services to cities and towns on a wide range of municipal finance topics. All management analysis and assistance are provided at no charge to the community.

DLS Team Presents Workshop to Berkshire Officials

A technical assistance team from the Division's Municipal Data Management and Technical Assistance Bureau presented a workshop on Financial Trends Analysis and Forecasting to Berkshire County officials, department heads and other staff. The team analyzed trends in the county's revenues, expenditures, operating position, debt structure and unfunded liabilities for Fiscal Years 1984 through 1987. In addition to the trend analysis, the team presented a methodology for the

county to use in making a three-year revenue and expenditure forecast.

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For more information on the Financial Management Assistance program, contact:

A. Louis Hayward, Bureau Chief
Carl Valente, Section Chief
Municipal Data Management and
Technical Assistance Bureau
(617) 727-9260

A Look at Municipal Charges

Due to the constraints of Proposition 2 1/2, Massachusetts public officials have become more aware of user fees as a valid source of needed funds. Communities, however, should be aware that there are constitutional restrictions in imposing such charges. For example, in the relatively recent case of *Emerson College v. City of Boston*, 391 Mass. 415, 462 N.E.2d 1098 (1984), the Supreme Judicial Court invalidated a city fire service charge since it was neither a valid fee nor a valid excise.

In 1982, the Legislature authorized the City of Boston to impose an "augmented fire service availability" (AFSA) charge. The rationale for this charge was to protect buildings with physical characteristics which would require, in the event of fire, the presence of more than 14 fire companies and an inordinate share of the City's fire budget. After data had been gathered from inspections of about 5,000 buildings, the City's fire commissioner applied the statutory formula which resulted in charges being levied on two percent (2,000) of the buildings in Boston.

Emerson College objected to the AFSA charges imposed on three of its buildings and brought suit against the City. On appeal, the Supreme Judicial Court struck down both the state statute and the City ordinance.

Although the Supreme Judicial court refused to characterize the AFSA charge as a "fee," the Court did note that the charge bore some similarity to a

user fee because it was related to the costs of fire service. However, the AFSA charge lacked one characteristic essential to any user fee in that it was not sufficiently particularized.

In order to justify this imposition upon a limited group of subscribers, user fees must be charged in exchange for a particular governmental service which benefits the party paying the fee in a manner not shared by the general public. In this case the benefits would not be limited to the owners of the AFSA buildings since adjacent structures (which were never assessed a charge) would also benefit from the suppression of fire.

In addition, the Court stated that the charge resembled a tax since all revenue went to the general fund and was not used to meet expenses incurred in providing the service. However, the AFSA charge could not be upheld as a valid excise tax. An excise tax, by definition, must be "proportional and reasonable." Another essential element of any excise tax is the freedom to choose the service or privilege which is the subject of excise. Not all property owners were affected by this charge and those who were affected were not at liberty to reject the fire services other than by selling their buildings.

Communities, then, which seek to impose charges should be fully aware of the legal principles and concerns voiced by the Supreme Judicial Court in this case.

Municipal Fiscal Calendar

DECEMBER 15 - Taxpayers: Deadline for applying for exemptions.

DECEMBER 16 - Assessors: Deadline for filing Form LA-3 "Sales Reports" for 1988 Equalized Valuation Study.

DECEMBER 31 - Taxpayers: Deadline for filing application for abatement of motor vehicle excise for prior calendar year.

DECEMBER-JANUARY - Mayor/Manager/Selectmen: Begin to finalize budgets for next fiscal year.

JANUARY 1 - Assessors: Property tax assessment date.

JANUARY - Finance Committee: Begin budget review.

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CITY & Town is a monthly publication of the Massachusetts Department of Revenue's Division of Local Services. The Division is responsible for the oversight and assistance to cities and towns in achieving equitable property taxation and efficient fiscal management.

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