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the Massachusetts
Department of Revenue's
Division of Local Services

City & Town

Supporting a Commonwealth of Communities

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



Determining and Analyzing the Proposed 2018 Equalized Valuation

James J. Paquette – Bureau of Local Assessment

July 19th, 2018

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Important Dates & Information

DLS Opinion and Guidelines Posted on Per-Ride Assessments, Levy Allocation and New Growth

The Division of Local Services has posted on its website the following Local Finance Opinion (LFO) on the treatment of transportation company network per-ride assessment monies

What is Equalized Valuation?

Equalized Valuation (EQV) is the fair cash value of all property in a city or town subject to local taxation as of January first as determined by the Commissioner of Revenue (Commissioner) under G.L. c. [58, §§ 9 -10C](#). EQV is determined by the Commissioner every two years.

Why is the EQV of a city or town important?

For FY2020 and FY2021, the January 1, 2018 EQVs will become part of the allocation of aid distributed to cities and towns through the Chapter 70 school aid program, public library equalizing municipal grant amount and determination of the reimbursement rate for school construction projects. Certain Cherry Sheet assessment programs will also use EQV to determine the assessment to a city or town including county tax, Boston Metropolitan district, mosquito control projects and air pollution control projects. In addition, EQVs will be used to determine the decile ranking for the equity and surplus rounds of the state match for the community preservation distribution in FY2019. Finally, EQV is used in calculating a community's debt limit under [G.L. c. 44, § 10](#).

What components are used to develop the EQV?

The equity of an assessment administration program depends upon accurate estimates of the full and fair cash value of property within a city or town. Assessment performance can be quantified through a statistical analysis referred to as an assessment sales ratio (ASR) study. The data components needed to calculate EQV are submitted to the Commissioner of Revenue each year by communities as part of

and Informational Guideline Releases (IGRs) on the annual allocation of the tax levy and tax base growth reporting for FY2019. The IGRs and LFO can be found on the DLS [Guidelines, Opinions and Advisories page](#).

In addition, you can access all current IGRs and LFOs from the DLSLAW Library. Go to the [DLS Gateway](#) main page and click on "Search DLSLAW Library" under "Public Reports and Data Bases." Some search tips appear on the screen and more are available by clicking "DLS Guide to Searching the DLSLAW Library" on the lower right.

[LFO-2018-1](#) Transportation Network Company Per-ride Assessment Distribution
[IGR-2018-8](#) Fiscal Year 2019 Guidelines for Annual Assessment and Allocation of Tax Levy
[IGR-2018-9](#) Fiscal Year 2019 Guidelines for Determining Annual Levy Limit Increase for Tax Base Growth

Registration Now Open for "What's New in Municipal Law"

The Division of Local Services Legal Staff will offer its annual seminar "What's New in Municipal Law" for local officials on Thursday, September 27, 2018 at The Lantana in Randolph and Thursday, October 4, 2018 at the Log Cabin Banquet & Meeting House in Holyoke.

Please click the following for the [agenda](#) and [registration form](#). Registrations must be received by Wednesday, September 19, 2018. Pre-registration is required. If you have any questions about these seminars, please contact DLS Training Coordinator Donna Quinn at 617-626-3838 or

the annual tax rate setting process. This includes interim year adjustment reporting and reporting under the five-year certification process required by [G.L. c. 40, § 56](#). This data is used to determine the aggregate ratio of the residential property class. Every community receives an EQV ratio for residential property class reflecting its assessment level as a percentage of market value.

For communities that have a large enough commercial base (not including land valued under [Chapters 61, 61A and 61B](#)) and industrial base – generally over 15% of the community's total value – a separate aggregate ratio is developed for those combined classes, provided that there is a sufficient sample size of sales information. If not, the residential ratio is used for those two classes of property.

Personal property and certain other specialty properties, such as power plants and land valued under Chapter [61, 61A, and 61B](#) are considered to be at 100 percent of market value. To view these ratios, please [click here](#).

What is the process for establishing EQV?

There are four steps involved in establishing EQV, each having statutory deadlines.

1. **Proposed EQV** - Every two years, on or before June 1st, the Commissioner is required to determine and establish proposed EQVs for each city and town as of January 1st in that year.
2. **Revised EQV** - After release of the proposed EQV and by June 10th, the Commissioner is required to hold a public hearing on the EQVs. Based upon information received at the hearing or otherwise, the Commissioner may revise the proposed EQV of any city or town. If an EQV is revised, the Commissioner sends notice to the affected city or town by July 20th.
3. **Appeal Process** - On or before August 10th, a city or town may appeal its EQV to the Appellate Tax Board (ATB). The ATB must decide the appeal by Jan 20th of the following year. A failure of the ATB to act upon an appeal within that time is deemed a denial of the appeal. The decision of the ATB is final.
4. **Final EQVs** - On or before January 31st, the Commissioner determines and issues the final EQVs. This entails revising the EQVs modified by the ATB on appeal and making a statutory adjustment for property subject to the excise imposed under [G.L. c. 121A, § 10](#).

Most Recent Proposed EQVs

The commissioner's most recent proposed EQVs were released on May 31, 2018 for June 1, 2018 and are accessible by a community under the LA-19 Equalized Valuation Report through the DLS Gateway system at <https://dlsgateway.dor.state.ma.us/gateway/Login>.

Total Proposed EQV for FY2018 vs. Total Proposed EQV for FY2016

dlsregistration@dor.state.ma.us.

The Massachusetts Association of Assessing Officers (MAAO) will grant four (4) hours of continuing education credits to assessors attending this program.

DLS Releases New Budget and Tax Rate Planning Tool

The Division of Local Services has released a new Excel-based tool for assisting cities, towns and districts with tax rate planning and analysis. This Excel workbook can be used in tandem with DLS Gateway to analyze the impact of municipal finance decisions on the estimated property tax levy for any fiscal year.

To view this new resource, please visit our [Financial Tools, Calculators and Templates webpage](#).

Center for Digital Government's Excellence in Technology Awards Nominations

Do you know of a person, team or project deserving of recognition for Excellence in Technology? If so, submit a nomination for the Massachusetts Excellence in Technology Awards program by Monday, July 30th.

This program was established to recognize Massachusetts state and local government and education organizations for their dedication, hard work and contribution in information technology. All government and education officials, executives, and staff in Massachusetts are invited to submit nominations. An Evaluation Committee will review submissions. [Click here to view the nomination form](#).

| Legend | % Change in value | Community Count | % of Total Count |
|--------|-------------------|-----------------|------------------|
| | < 0 | 25 | 7.12% |
| | > 0 and < 10 | 207 | 58.97% |
| | > 10 and < 20 | 111 | 31.62% |
| | > 20 | 8 | 2.28% |
| | TOTAL Count | 351 | 100.00% |

The proposed EQV for 2016 totaled \$1,104,461,349,900. The proposed EQV for 2018 totaled \$1,246,495,943,000, an increase of 12.86%. It should be noted that the EQV increase from 2016 to 2018 mirrors the increase in the state's total assessed value for the same period (12.1%). The increase in EQV total value from 2016 to 2018 demonstrates the continual process of recovery from the financial crisis of 2007-2008. 25 municipalities decreased in equalized values while all others saw an increase.

EQV Changes from 2016 to 2018 by County

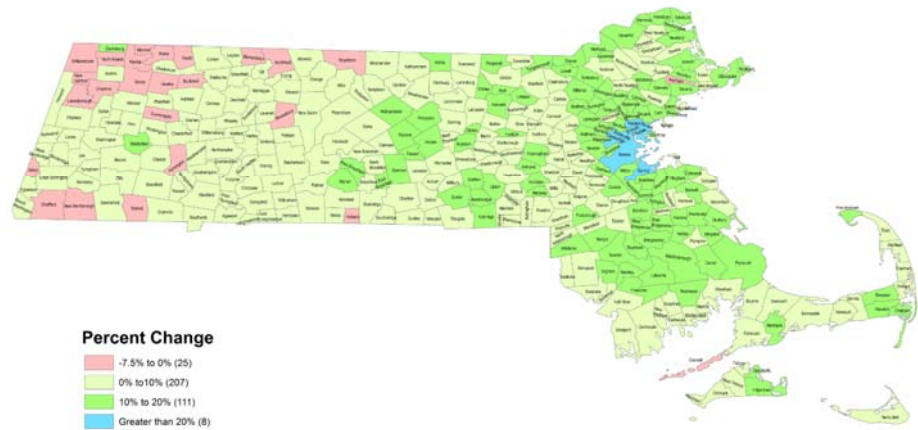
| COUNTY | COUNT | % TOTAL | % CATEGORY | COUNT | % TOTAL | % CATEGORY | COUNT | % TOTAL | % CATEGORY | COUNT | % TOTAL | % CATEGORY |
|---------------|-------|---------|------------|-------|---------|------------|-------|---------|------------|-------|---------|------------|
| BA Barnstable | 0 | | | 10 | 2.85% | 4.83% | 5 | 1.42% | 4.50% | 0 | | |
| BE Berkshire | 10 | 2.85% | 40.00% | 21 | 5.98% | 10.14% | 1 | 0.28% | 0.90% | 0 | | |
| BR Bristol | 0 | | | 13 | 3.70% | 6.28% | 7 | 1.99% | 6.31% | 0 | | |
| DU Dukes | 1 | 0.28% | 4.00% | 4 | 1.14% | 1.93% | 2 | 0.57% | 1.80% | 0 | | |
| ES Essex | 1 | 0.28% | 4.00% | 13 | 3.70% | 6.28% | 20 | 5.70% | 18.02% | 0 | | |
| FR Franklin | 8 | 2.28% | 32.00% | 18 | 5.13% | 8.70% | 0 | | | 0 | | |
| HD Hampden | 2 | 0.57% | 8.00% | 21 | 5.98% | 10.14% | 0 | | | 0 | | |
| HS Hampshire | 2 | 0.57% | 8.00% | 17 | 4.84% | 8.21% | 1 | 0.28% | 0.90% | 0 | | |
| MI Middlesex | 0 | | | 21 | 5.98% | 10.14% | 29 | 8.26% | 26.13% | 4 | 1.14% | 50.00% |
| NA Nantucket | 0 | | | 1 | 0.28% | 0.48% | 0 | | | 0 | | |
| NO Norfolk | 0 | | | 16 | 4.56% | 7.73% | 11 | 3.13% | 9.91% | 1 | 0.28% | 12.50% |
| PL Plymouth | 0 | | | 10 | 2.85% | 4.83% | 17 | 4.84% | 15.32% | 0 | | |
| SU Suffolk | 0 | | | 0 | | | 1 | 0.28% | 0.90% | 3 | 0.85% | 37.50% |
| WO Worcester | 1 | 0.28% | 4.00% | 42 | 11.97% | 20.29% | 17 | 4.84% | 15.32% | 0 | | |
| TOTALS | 25 | 7.12% | 100.00% | 207 | 58.97% | 100.00% | 111 | 31.62% | 100.00% | 8 | 2.28% | 100.00% |

In Berkshire County, 10 communities had lower EQVs in 2018 than in 2016, 21 communities had an increase in their EQV of less than 10%, and one community had an increase of greater than 10%. This contrasts Middlesex County where no communities saw a decline, 21 communities had an increase of less than 10%, 29 communities had between 10% and 20% increase, and 4 communities had an increase over 20%.

While the extremes at either end of the spectrum represent only a small number of communities, the majority of communities with declining EQV are located in the western part of the state. All communities experiencing more than a 20% increase are located the eastern part of the state. These results closely mimic the higher population, property values, and levels of growth found in the eastern part of the state.

The map below displays statewide percent changes from the 2016 EQV to the 2018 EQV.

Preliminary Equalized Valuations: 2016 vs 2018



The map below demonstrates the concentration of value, as demonstrated by the current Preliminary EQV, in the eastern portion of the state.

Other DLS Links:

[Local Officials Directory](#)

[Information Guideline](#)

[Releases \(IGRs\)](#)

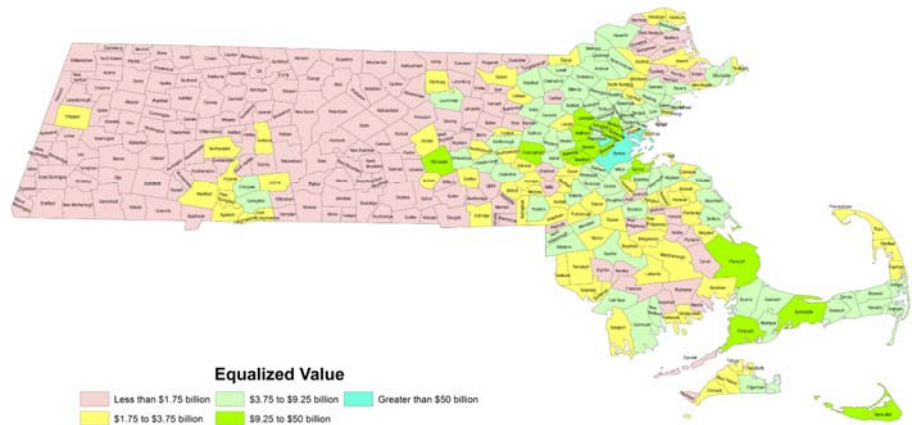
[Bulletins](#)

[Publications & Training Center](#)

[Tools and Financial](#)

[Calculators](#)

Preliminary Equalized Valuations: 2018



For more information on EQVs, please visit the Division of Local Services' [EQV webpage](#).

Data Highlight of the Month: Municipal Revenue Growth Factor

Anthonia Bakare - Municipal Databank

The Division of Local Services calculates [Municipal Revenue Growth Factors](#) annually. MRGF is a percentage used to determine increases or decreases in the community's required local contribution component of the school aid (Chapter 70) funding formula determined by the Department of Elementary and Secondary Education (DESE). The MRGF measures changes in a community's property tax levy, projected new growth recurring local receipts, and state general sharing aid

(Unrestricted General Government aid and State-Owned Land). DLS provides reports on the calculation via the [website](#). These reports provide details of the calculation of a city or town's MRGF.

Remember to visit the [Municipal Finance Trend Dashboard](#) which includes additional financial data related to communities.

We hope you become better acquainted with the data the Division of Local Services has to offer through the *Data Highlight of the Month*. For more information, contact us directly at databank@dor.state.ma.us or (617) 626-2384.

July Municipal Calendar

- | | | |
|----|---------------------------------|---|
| 1 | Collector | Mail Annual Preliminary Tax Bills This date applies for all quarterly communities and for semiannual ones that issue annual preliminary bills under M.G.L. c. 59, § 57C . The 1 st and 2 nd quarter bills may be included a single mailing. |
| 15 | Accountant and Treasurer | Deadline to Process all Prior-Year Unencumbered Expenditures Under M.G.L. c. 44, § 56 , all unencumbered expenses incurred as of June 30 must be recorded and paid as of this date. |
| 15 | Accountant | Report CPA Fund Balance (recommended date) After closing the fiscal year and before the October 31 deadline, the Accountant submits the CPA fund balance report (Form CP-2 in Gateway) to BOA and gives notice to the CPA Committee. |
| 15 | Pipeline Company | Deadline for Appealing Commissioner's Pipeline Company Valuations to the ATB |
| 15 | Telephone and Telegraph Company | Deadline for Appealing Commissioner's Telephone and Telegraph Company Valuations to the ATB |
| 20 | Bureau of Local Assessment | Notification of Changes in Proposed EQVs (even-numbered years only) |
| 31 | State Treasurer | Notification of Monthly Local Aid Distributions , monthly breakdown by program is available here . |

Editor: Dan Bertrand

Editorial Board: Sean Cronin, Anthonia Bakare, Linda Bradley, Deb Joyce, Theo Kalivas, Patricia Hunt and Tony Rassias

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

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