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City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

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A Review of Municipal Government Structures

Tara Lynch - Technical Assistance Bureau Senior Project Manager

(The following is the first of a two-part series examining current local government structures and financial management frameworks in Massachusetts.)

The [Technical Assistance Bureau](#) (TAB) provides guidance to cities and towns on a variety of municipal matters, including those related to structural issues. Communities often contact TAB because they are contemplating merging their treasurer and collector offices, regionalizing a position or function, developing a charter, or transforming to a city form of government, among many other decisions.

As a resource for our analyses, TAB maintains a database of the various structures in effect in the Commonwealth's 351 municipalities. Sources for this include municipal websites, other external agencies, community reviews that TAB conducts, and the Gateway Local Officials Directory, whose data is submitted to the Division of Local Services (DLS) annually by individuals in each community. Although the quality of the accumulated data is imperfect since it is subject to the timeliness and accuracy of local submissions and updates, it nevertheless provides a credible overall picture of municipal governments statewide. The information also reflects and allows TAB to track trends that emerge as the governance landscape grows more complex and as communities mature and evolve.

Based on TAB's current data, Massachusetts today comprises 295 towns and 56 cities. Among the cities are 14 that retain "Town of" in

their names, including the Town of East Longmeadow (pop. 16,022), which adopted a city form of government effective the first of this month. Although the uninitiated may assume that a large population is the crucial influencer of town versus city government structures, this is not the case. In the Commonwealth, city populations range in size from Palmer's modest 12,157 to Boston's 645,966, while towns range from Gosnold's 76 to Framingham's sizeable 70,441.

Generally speaking, towns begin to consider petitioning the state to transform to a city form of government when the traditional, organizationally flatter and less legislatively nimble town model increasingly strains to effectively manage fiscal complexities, economic development, and service demands. Apart from population factors, the point at which this happens can be affected by unique historical aspects, rooted socioeconomic factors, regional changes, and local political momentum toward an ever more vertically aligned, accountable government structure. Population, though, is the easiest of these to quantify.

The tipping-point population range when there is a somewhat even balance of cities and towns appears to be from 25,000 to 45,000. Of the 51 municipalities in that range, 23 (45%) are cities and 28 are towns (55%). The prevalence of cities becomes far more pronounced once populations exceed 35,000. By this point, only seven (16%) of the state's 45 communities over that size remain towns: Natick (35,214), Shrewsbury (36,309), Amherst (38,919), Billerica (41,888), Arlington (44,028), Plymouth (57,826), Brookline (59,128) and Framingham (70,441).

But what exactly is the difference between cities and towns? In Massachusetts, the essential difference is structural: a city is defined by the presence of a city or town council as the alternative legislative body to a town meeting. Having a mayor as the chief executive officer is optional though predominant in the state, this role being present in 43 cities (77%). Chelsea, Cambridge, Lowell and Worcester each have as their chief executive officer a city manager, who is appointed by and reports to the elected city council. While the latter three cities also have mayors, they hold only ceremonial positions. Additionally, there are eight "Town of" cities that have town managers and one with a town administrator.

In a town, executive authority is vested in an elected board of selectmen. The selectmen may choose to appoint a full- or part-time professional to manage town affairs on a day-to-day basis, and the incidence of such an administrator generally correlates to the town's population size. The creation of this type of position can be effected through a charter, bylaw or town vote.

[MGL c. 41, sec. 23A](#) is the general law that authorizes selectmen "to appoint an executive secretary or town administrator." Although the statute makes no distinction between these two titles, in practice, a

greater degree of management and appointing authority tends to be delegated to town administrators, either by formal job description or bylaw. Furthermore, some towns choose to give a different job title to the administrator position, such as town coordinator or executive director. As a well-established best practice, TAB consistently endorses centralized government structures with clear lines of authority because they enable better oversight and accountability. In pursuit of this, many progressive communities refashion the town administrator position and retitle it to town manager, oftentimes doing so through a charter or special act. On a case-by-case basis, though, the difference between a town administrator and town manager can also be purely semantic.

The vast majority of towns statewide now have an appointed, professional, administrator-type position (260 towns, 88%). The ranges of work hours, salaries, oversight authority, and appointing powers among these officeholders vary quite widely, however. In 35 towns (12%), the select boards have appointed no administrator position, although there is usually a person performing at least a clerical function for the selectmen. Statewide, the job titles for the professional administrator in towns break out as follows:

- Town administrator: 172 (58%)
- Town manager: 63 (21%)
- Executive secretary: 8 (3%)
- Town coordinator: 6 (2%)
- Other titles: 7 (2%)

The second part of this series will be presented in a future *City & Town* and further examine local government structure in the context of financial management and the options available for effecting structural change.

Data Highlight of the Month

Anthonia Bakare - DLS Municipal Databank

The Division of Local Services (DLS) offers a wide variety of municipal, financial and socioeconomic information. We are happy to announce that we will be highlighting this data in the *City & Town*. This month's data highlight is certified free cash.

Certified Free Cash

Communities report free cash to DLS, and it is certified as of July 1 by the Bureau of Accounts. Free cash is the unspent portion of a community's budget. It is a revenue source that results from the calculation of a community's remaining, unrestricted funds from its operations of the previous fiscal year based on the balance sheet as of June 30, and this calculation can be found in Gateway. For more

information on free cash, see the [Technical Assistance Bureau's best practices](#) webpage.

The [Municipal Databank](#) features a report on certified free cash [data](#) from 2003 to the present. This data is available as a state total (351), and it can be filtered by one or more communities. The report includes instructions, net free cash aggregates (state totals only) and a certification count.

We also provide an expandable bar graph for visualization. All data can be exported to Excel and PDF formats.

We hope to better acquaint you with more of the data that DLS 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.

Assessed Values Reach \$1 Trillion

Nate Cramer - Bureau of Local Assessment Field Advisor

For the first time, the assessed values of real and personal property statewide in Massachusetts has exceeded \$1 trillion. This number represents the total assessed value of all taxable real and personal property statewide.

The last peak in assessed values occurred in FY2008 before the Great Recession. The combined statewide assessed values of all real and personal property at that time reached a high of \$991,718,849,190. Over the following years, assessed values declined steadily, hitting a low of \$904,081,212,077 in FY2013. This represents less than a 10% change overall before the market began to climb again. Some communities were hit much harder during this period with value losses exceeding 50%.

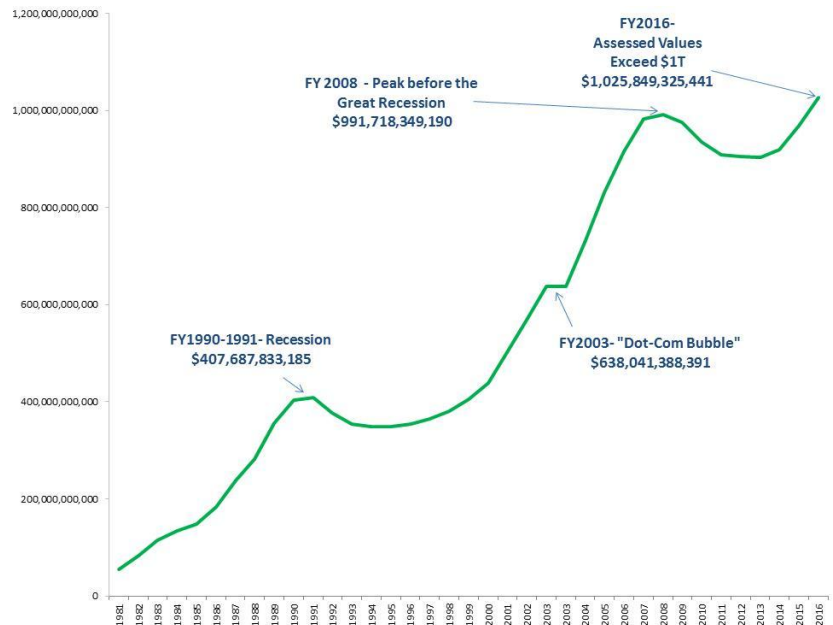
It is important to point out that while Massachusetts property taxes are based on 100% full and fair cash value, assessed values are based on sales from prior years. In some cases, sales data from up to two years prior is required in order to meet statistical guidelines of either a minimum number of sales or a percentage of parcels in the community. These [guidelines](#) are established by the Commissioner of Revenue.

In FY2016, assessed values of all real and personal property increased to \$1,025,849,325,441, a new record. The graph below charts assessed values of all real and personal property statewide back to FY1981.

Massachusetts is not alone in breaking records. According to [a](#)

[January 15, 2016 article in the Wall Street Journal](#), New York City also surpassed the \$1 trillion mark in FY2016 - \$1.072 trillion. That value total is limited to residential and commercial properties as personal property is not taxed in the State of New York. Even without taxing personal property, New York City is worth slightly more than the Commonwealth of Massachusetts. To put this in perspective, total square miles for all five boroughs in New York City is 305. The total square miles for all of Massachusetts is 10,555. There are about two million more people living in New York City than in all of Massachusetts.

The DLS website has an incredible amount of public information that can be downloaded to Excel for analyses just like this. To view our Databank Reports, click [here](#).



(To view a larger image of this graph, click [here](#).)

Yarmouth is First Community to Set FY17 Tax Rate

Bob Bliss - DLS Director of Strategic Planning

The Town of Yarmouth is the first community in the state to have the Bureau of Accounts (BOA) approve its FY17 tax rate. The submission of the town's tax rate was on July 13 with approval coming later that day. That is the earliest date in at least 10 years.

In an email to Mary Jane Handy, BOA's Director of Accounts, Yarmouth Finance Director Ed Senteio listed some of the positives and benefits that come from the early setting of a tax rate for

municipalities whose taxpayers are not in favor of quarterly or preliminary semiannual tax billing:

- "Early tax rate certification improves our cash flow because we can get our bills out earlier.
- If we had to temporarily borrow due to sending out tax bills late, the rating agencies would doubt our liquidity, which might result in a potential downgrade of our bond rating (currently AA+).
- Departments will not have to hold off on big-ticket items until our cash flow improves.
- We can take significant early payment discounts on our large payments, such as retirement catch up and insurance payments by paying in July.
- Although still meager, we can increase our investment income.
- Staff productivity is increased because we do not have to juggle dollars in bank accounts to meet warrant payments.
- Staff does not have to answer constant questions about when the tax bills are going out if we do not meet the October 1 delivery date.
- We can start our other important work much sooner."

The Town of Yarmouth has a \$92 Million budget, approximately 18,000 parcels, and multiple enterprise funds.

DLS congratulates Yarmouth for its fast work. Ed Senteio also thanks his team including Town Accountant Rich Bienvenue, Director of Assessing Andy Machado, Treasurer/Collector Sue Ripley, Assistant Treasurer/Collector Jaye Anne Kesten, and their respective staffs for their "hard work, planning, and for acting as a cohesive team to complete their work as quickly and accurately as they did." Senteio noted, "This was all done under the direction of and with major contributions from Interim Town Administrator Peter Johnson-Staub.

Below is a list of communities that were the first to have their tax rates certified over the previous ten years.

2016: Eastham and Brewster (August 18, 2015)

2015: Great Barrington (August 27, 2014)

2014: Eastham (August 20, 2013)

2013: Great Barrington, (August 29, 2012)

2012: Great Barrington, (August 23, 2011)

2011: Williamstown, (August 18, 2010)

2010: Hinsdale, (September 11, 2009)

2009: Sherborn (August 28, 2008)

2008: Eastham (September 6, 2007)

2007: Eastham and Lenox (September 8, 2006)

A Brief Look Back: Taxation in Massachusetts

Tony Rassias - Bureau of Accounts Deputy Director

"A Brief Look Back" reviews issues that affected municipal finance in the early twentieth century as written in the Annual Reports of what is now known as the Massachusetts Department of Revenue. This month, *City & Town* features "A Brief Historical Sketch of Taxation in Massachusetts."

On January 31, 1931, then Commissioner of Corporations and Taxation Henry F. Long gave his Annual Report of 1930 to the Honorable Massachusetts Senate and House of Representatives. In this sketch, the Commissioner discussed three basic principles of taxation structure, which he indicated "still maintain after three hundred years of study and experience."

The following are excerpts from the sketch.

By the Commissioner

In the year 1628 Massachusetts as its first tax raised forty dollars. In the year 1931 the total amount raised by taxation throughout Massachusetts for city, town, county, district and state activities will approximate \$400,000,000. The spread between these two amounts represents a long, constant and on the whole consistent development of a taxation structure along the lines laid down by the founders of the Massachusetts Bay Colony as they sensed the growing financial needs of the new settlement, and the probable sources of revenue.

Three basic principles are distinguishable which still maintain after three hundred years of study and experience. These in order are:

Taxation growing out of voluntary contribution

Assessment based on the ability to pay and

Taxation of land and tangible personal property at the same rate and at its full value.

The significant point to be emphasized is that as soon as the colonists arrived in America they set about voluntarily raising

money by means of taxation for the support of the ministry, of schools, of constables and other public officers and expenses. The voluntary nature of the taxation of today is just as strongly marked although it is the other side of the shield which we most often regard. If a lavish program of expenditure is embarked upon it is the people who thus voluntarily tax themselves for the higher and still higher demands which they make for more and better schools, more and better roads and greater governmental activities.

The custom once established, similar tax levies were occasionally ordered in the three years from 1630 to 1633. In these levies nothing was said about the mode or basis of assessment and each of the local authorities raised its share or quota as it saw fit. In 1634, however, the General Court took into its own hands some of the most important functions of government including that of taxation and declared that 'none but the General Court hath power to raise moneys and taxes.' There was then enacted the first general tax law in any American Colony. Massachusetts thus started its career as a pioneer in government. This law provided that in all rates and public charges every man should be taxed according to his estate and not according to the number of his persons. The next year this was explained to mean that all men should be rated in all rates 'for their whole ability wheresoever it lies.' In this earliest tax law was laid down the principle of taxation according to the ability to pay which is the basis of nearly all modern taxation and particularly the modern income tax.

If you are interested in reading the original text from Commissioner's entire sketch, click the following links for sections [1](#), [2](#), [3](#), [4](#), [5](#), and [6](#).

How Easy is it to be a Green Community?

Dan Knapik - Department of Energy Resources Green Communities Division Director

Following the passage of the Green Communities Act in 2008, the [Department of Energy Resources](#) (DOER) launched the Green Communities Designation and Grant program in 2009. The following link lists the five criteria your community needs to meet to become a Green Community:

<http://www.mass.gov/eea/energy-utilities-clean-tech/green-communities/gc-grant-program/>

Green Communities are eligible for funding to support clean energy projects. Funding is provided from proceeds of carbon allowance

auctions under the Regional Greenhouse Gas Initiative (RGGI) and from Alternative Compliance Payments (ACP) made by electricity suppliers that do not meet the statutory Renewable Portfolio Standard obligation to purchase sufficient percentages of renewable energy.

Upon designation, a community is awarded a base grant of \$125,000, plus an add-on based on population and per capita income, and a bonus of \$10,000 if it meets Criterion 1 through zoning for renewable/alternative energy generation (as opposed to renewable/alternative energy manufacturing or research and development, which are also options). Designation grants are capped at \$1 million. Once all previous funding has been spent and all required reporting is complete, a designated Green Community may apply for competitive grants. Competitive grants award up to \$250,000 per community to advance their clean energy goals.

Currently, there are 155 participating municipalities, and more than 54% of Massachusetts' population now lives in a Green Community. As of July 1, 2016, nearly \$60 million has been awarded to Green Communities. Additionally, 176 communities have adopted the Stretch Energy Code, representing 58% percent of our population. Green Communities are saving money by reducing energy consumption, and at the same time, municipal infrastructure is being modernized. The communities of [Natick](#), [Palmer](#), and [Sutton](#) have all leveraged Green Communities Funding, MassSave utility incentives and their own capital to accomplish energy conservation resulting in savings of significant tax dollars.

July Municipal Calendar

<p>July 1</p>	<p>Collector</p>	<p>Mail Annual Preliminary Tax Bills</p> <p>For communities issuing annual preliminary tax bills, the preliminary quarterly or semi-annual bills should be mailed by this date.</p>
<p>July 15</p>	<p>Accountant</p>	<p>Certification Date for Free Cash: Anytime after Books are Closed</p> <p>Two weeks after the close of a fiscal year, all accounts are closed out and the resulting balance sheet and supplemental</p>

		documentation submitted to DOR. Free cash is certified any time after this date.
July 15	Accountant	<p>Report Community Preservation Fund Balance: Anytime after Books are Closed</p> <p>After the close of a fiscal year, the fund balance is submitted to DOR (Form CP-2) and notice given to the Community Preservation Committee and other financial officers. The fund balance may be appropriated anytime after that report.</p>
July 15	School Business Officials	<p>Certification Date for Excess and Deficiency (E&D) Fund</p> <p>Two weeks after the close of a fiscal year, all accounts are closed and the resulting balance sheet (a pre-closing trial balance or audited financial statements will not be accepted unless requested by the Director of Accounts) and supplemental documentation are submitted to DOR. E&D Fund is certified any time after this date.</p>
July 15	Assessors	Deadline for Appealing Commissioner's Pipeline Valuations to ATB
July 20	DOR/BLA	Notification of Changes in Proposed EQVs (even numbered years only)
July 20	DOR/BLA	Notification of Changes in Proposed SOL Valuations (every 4th year after 2005)
Final Day of Each Month	State Treasurer	<p>Notification of Monthly Local Aid Distribution</p> <p>Click www.mass.gov/treasury/cash-management to view</p>

distribution breakdown.

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