

# DLS

DIVISION OF LOCAL SERVICES  
MA DEPARTMENT OF REVENUE

**Supporting a Commonwealth of Communities**

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## Massachusetts Municipal Association (MMA) Annual Meeting

*January 19, 2024*



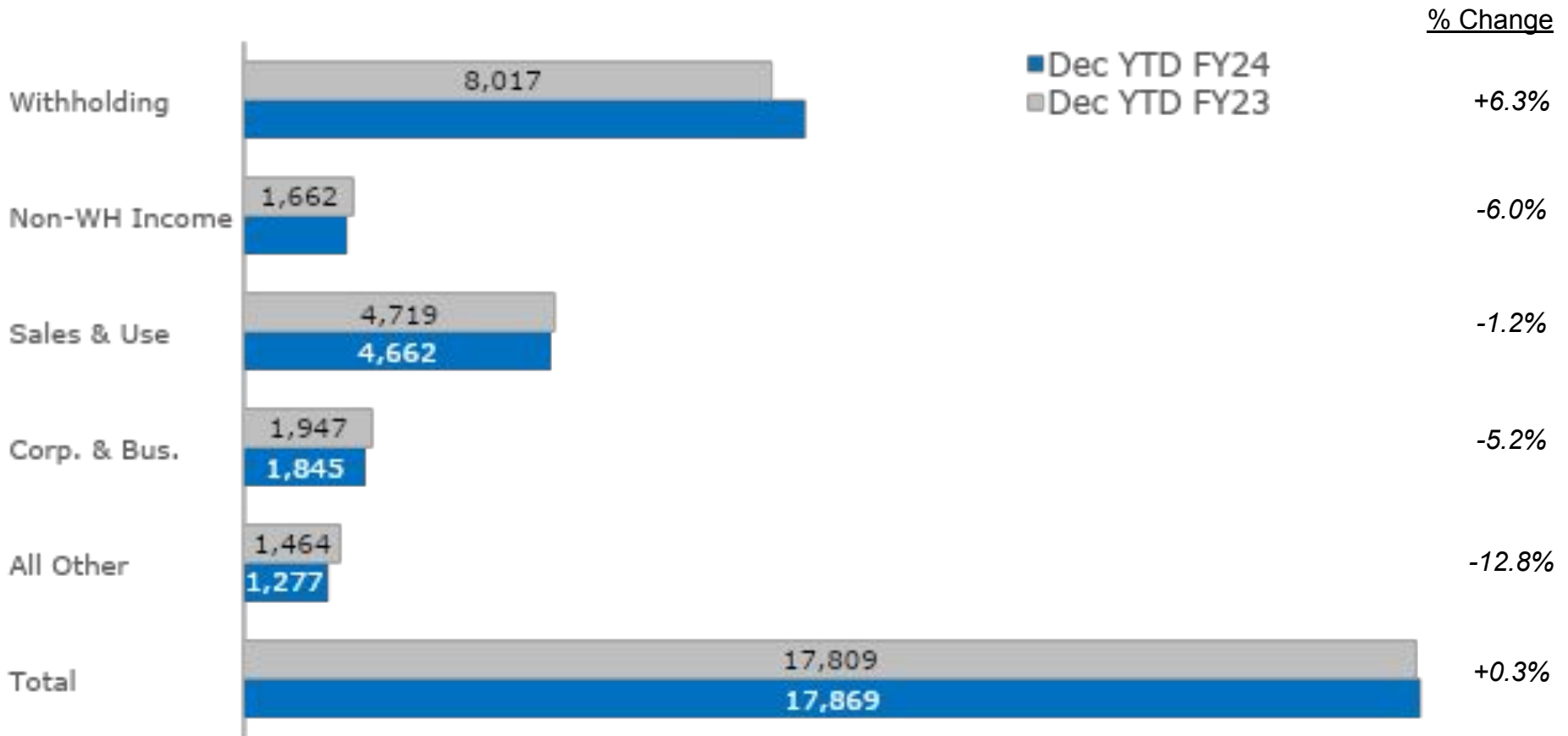
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# Commissioner Geoffrey Snyder



# FY24 December Year to Date Revenue of \$17.869 Billion is \$60M or 0.3% More than the Prior Year

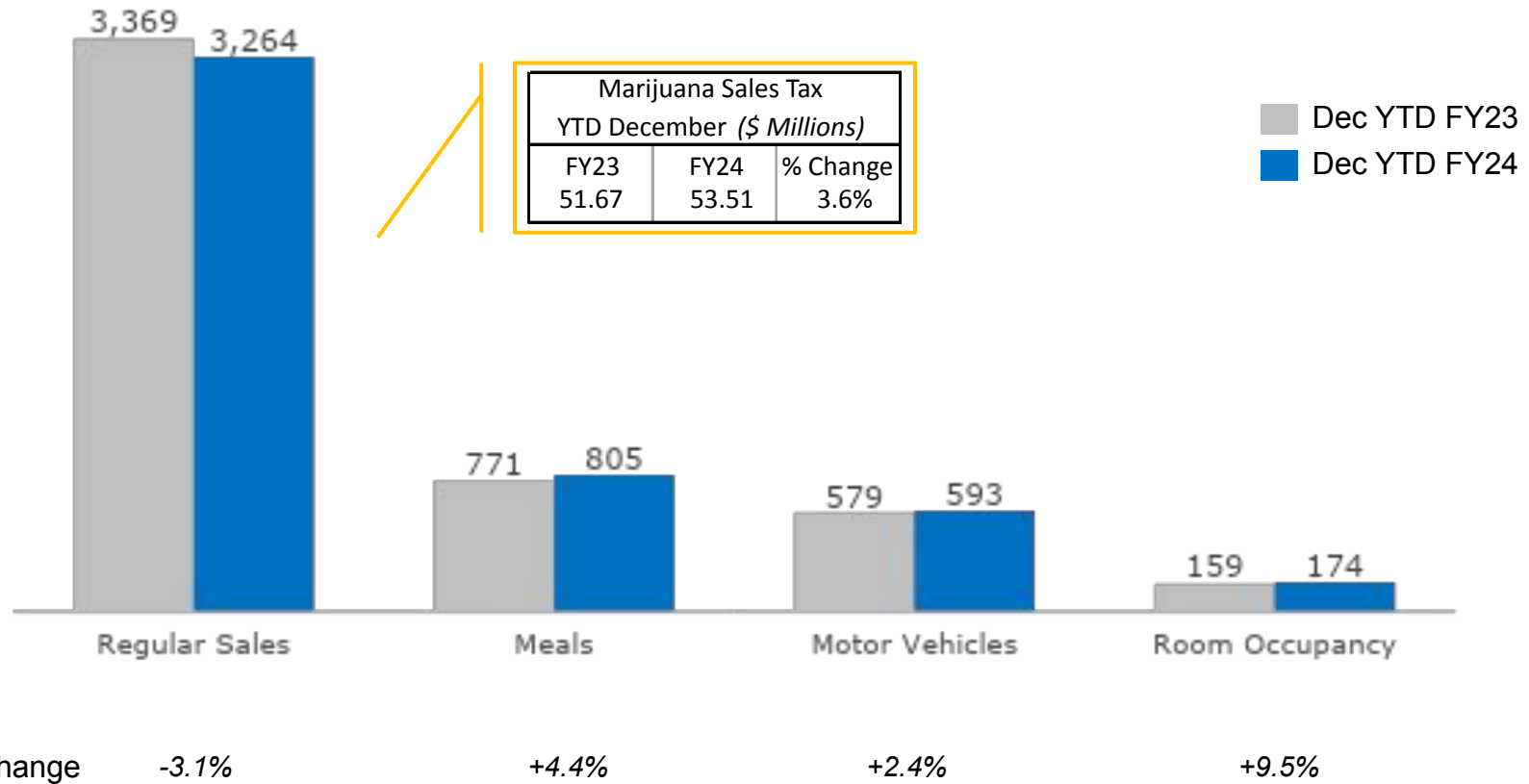
FY24 December Year-To-Date Revenue Collections by Tax Type (\$Millions)





# A Closer Look at Select State Tax Types

FY24 December YTD Regular Sales, Meals, Motor Vehicles, and Room Occupancy Tax  
*State Tax Revenue \$ Millions*



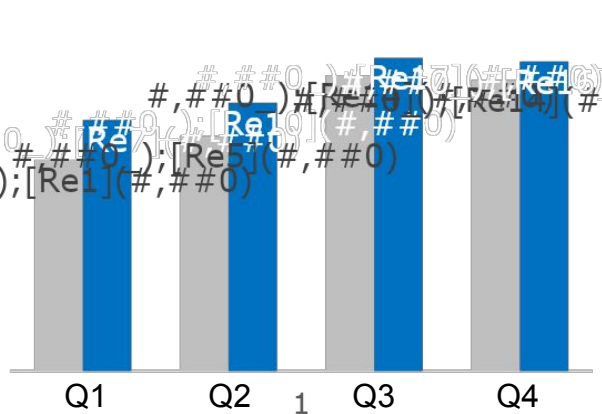


# Local Option Distributions Mirror State Tax Collections

■ CY22 ■ CY23

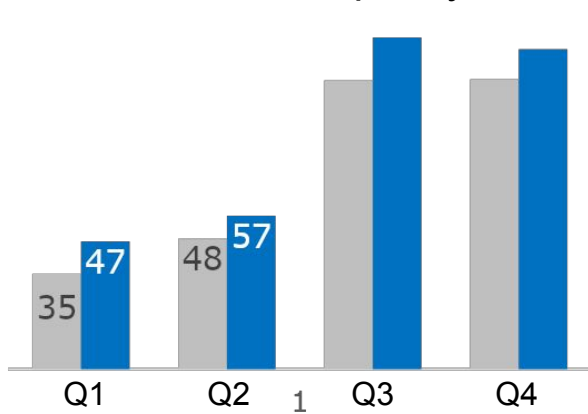
\$ Millions

## Meals



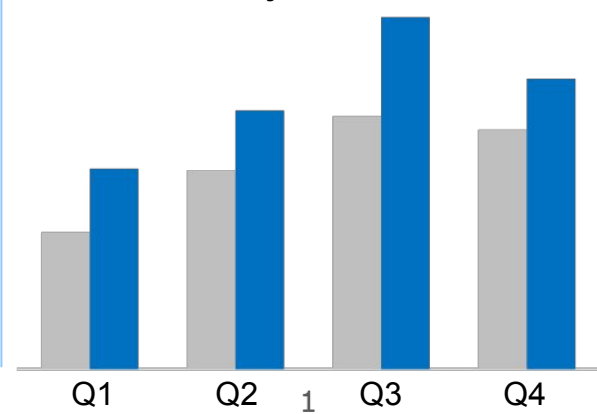
Full Year CY22: \$164M  
 Full Year CY23: \$180M  
 % Change: +10.5%

## Room Occupancy



Full Year CY22: \$297M  
 Full Year CY23: \$344M  
 % Change: +15.9%

## Marijuana

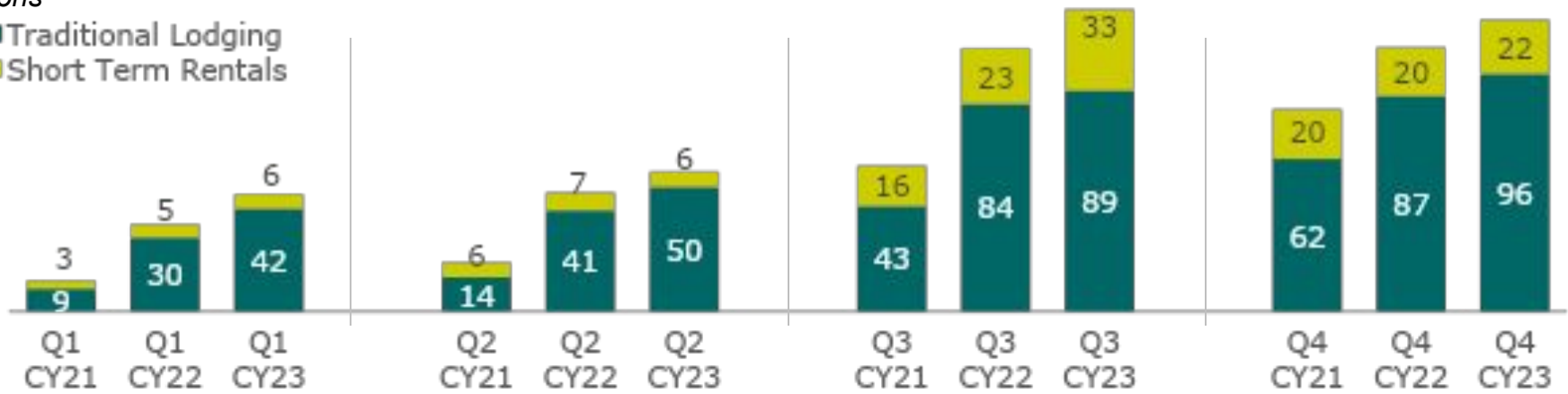


Full Year CY22: \$44M  
 Full Year CY23: \$46M  
 % Change: +5.8%

## Components of Room Local Option Distributions

\$ Millions

■ Traditional Lodging  
 ■ Short Term Rentals

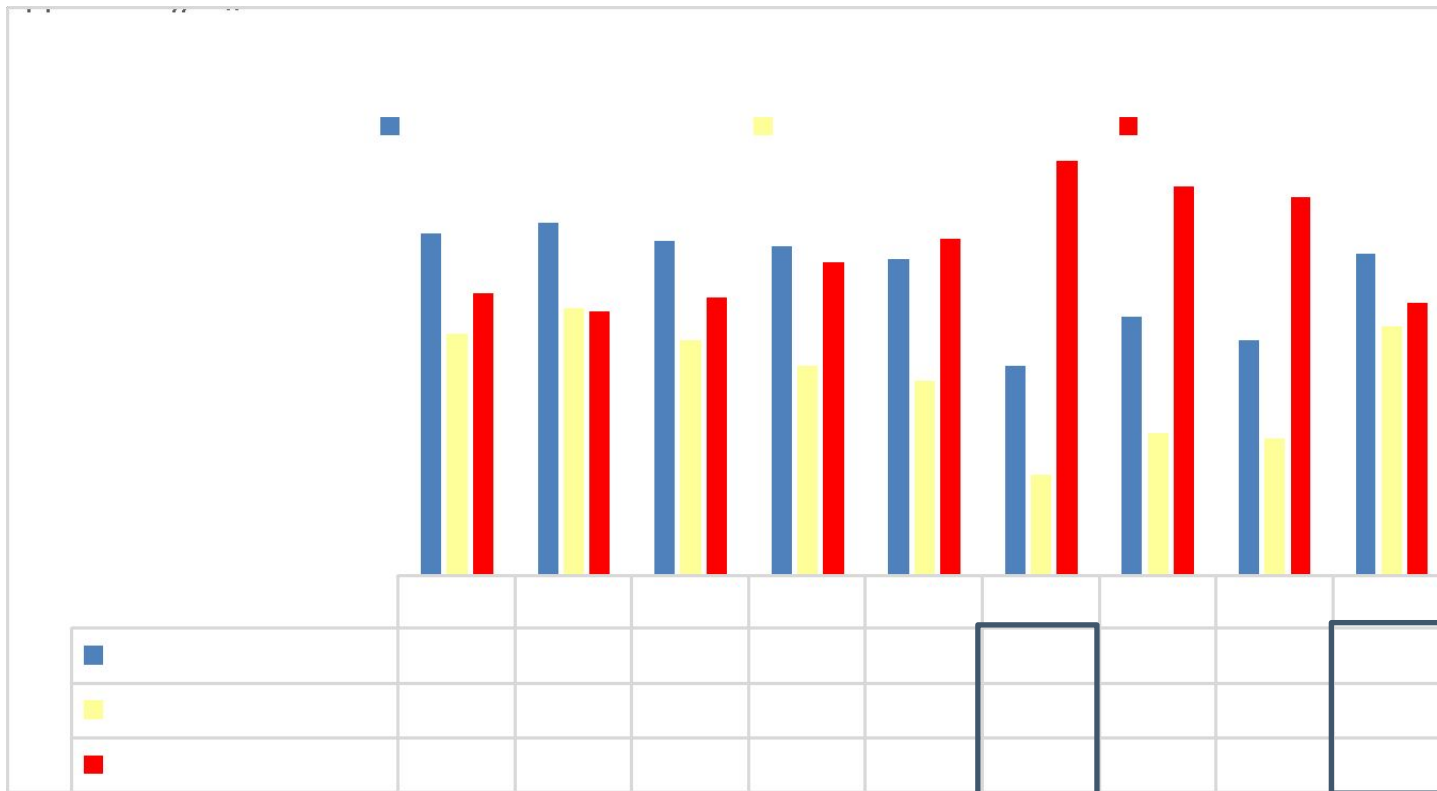




Senior Deputy Commissioner  
Sean Cronin

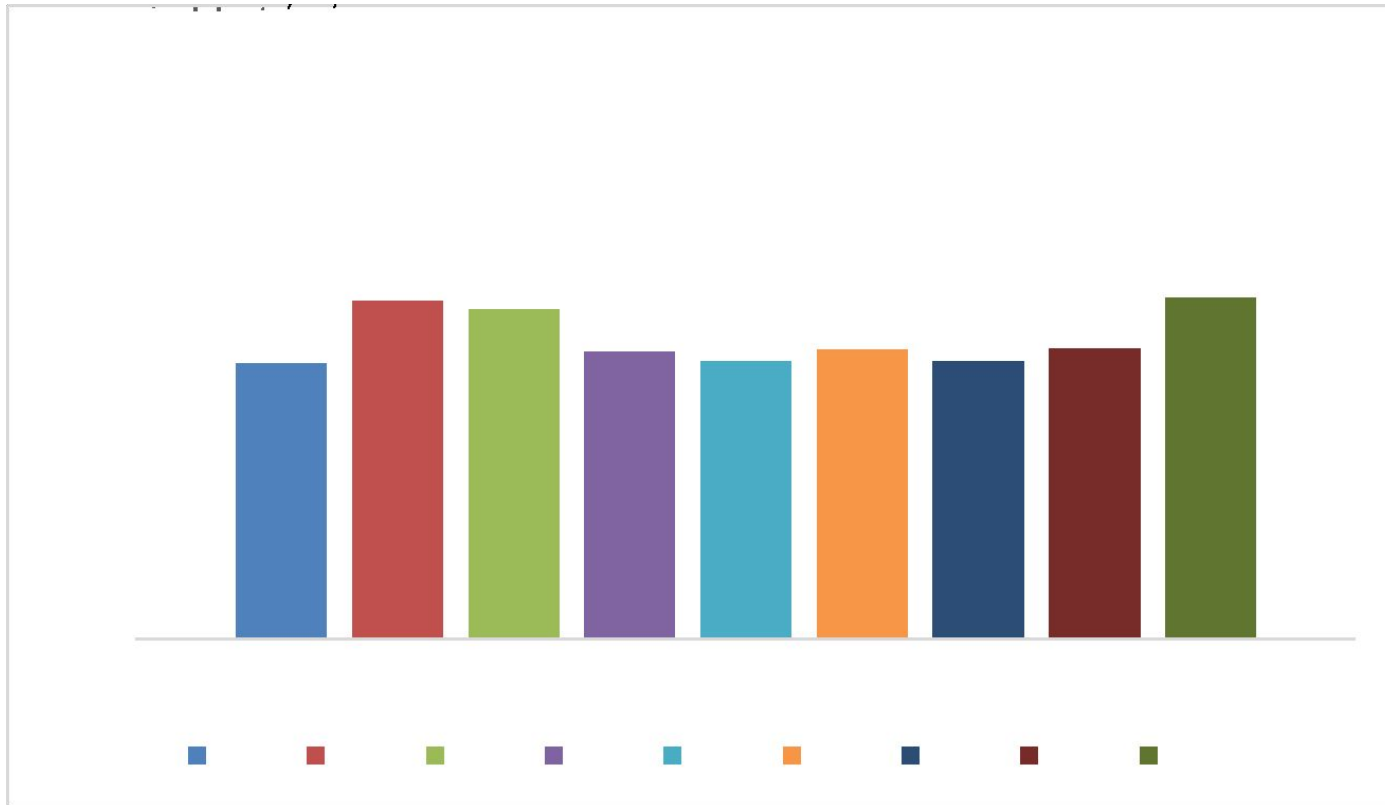
# How are We Doing? Tax Rates

- By the end of November, we received 194 recaps, the most since COVID
  - Reduced the downstream effects realized in FY21 – FY23
- Every Recap submitted by Dec 31 was approved (341 in / 341 approved)



# How are We Doing? Tax Rates

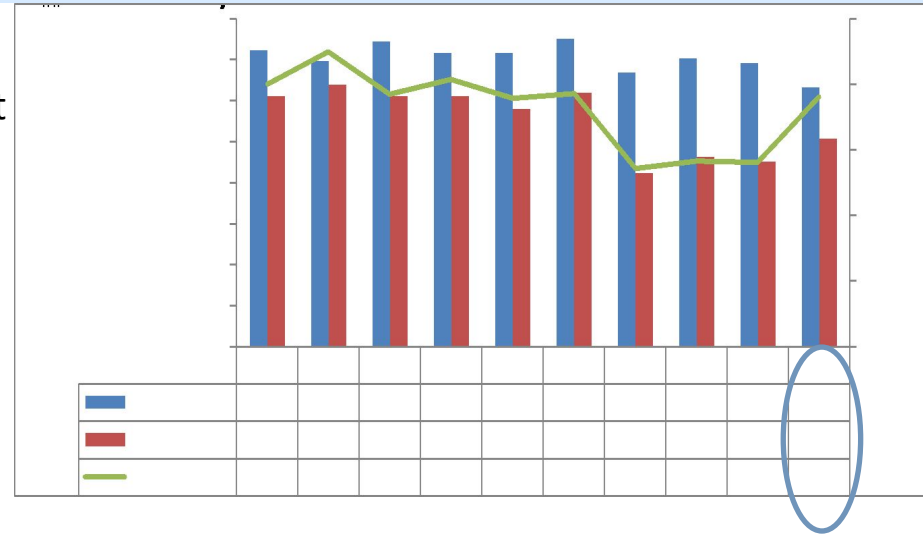
- Turnaround times:
  - % of tax rates approved within 5 working days increased to 87%
  - The median approval time remained consistent at 3 days



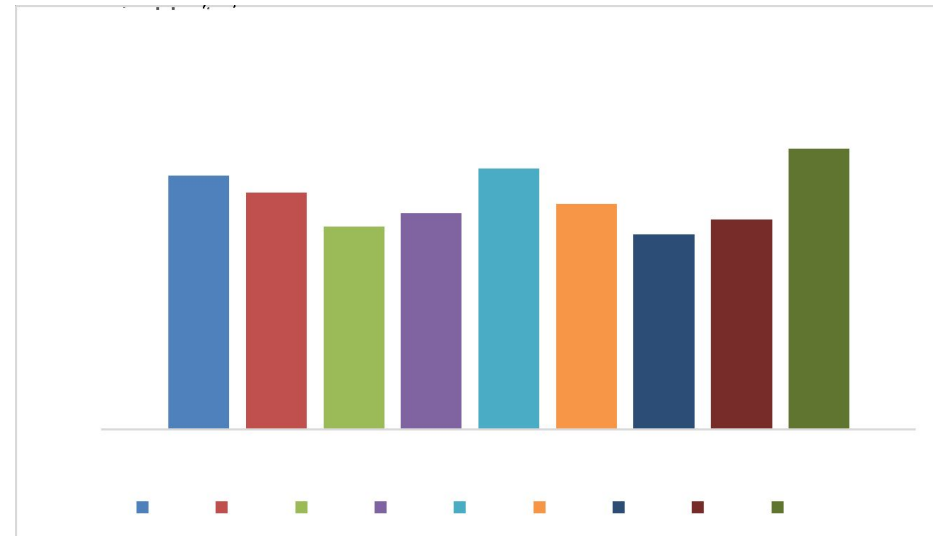


# How are We Doing? Free Cash

- Submissions continue to be well below pre-pandemic levels, but number approved highest since FY20
- Increase in the percentage of submitted Balance Sheets approved

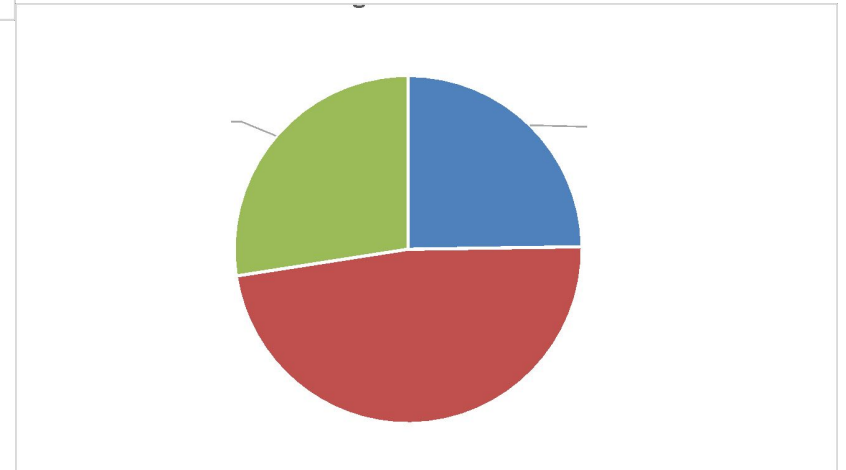
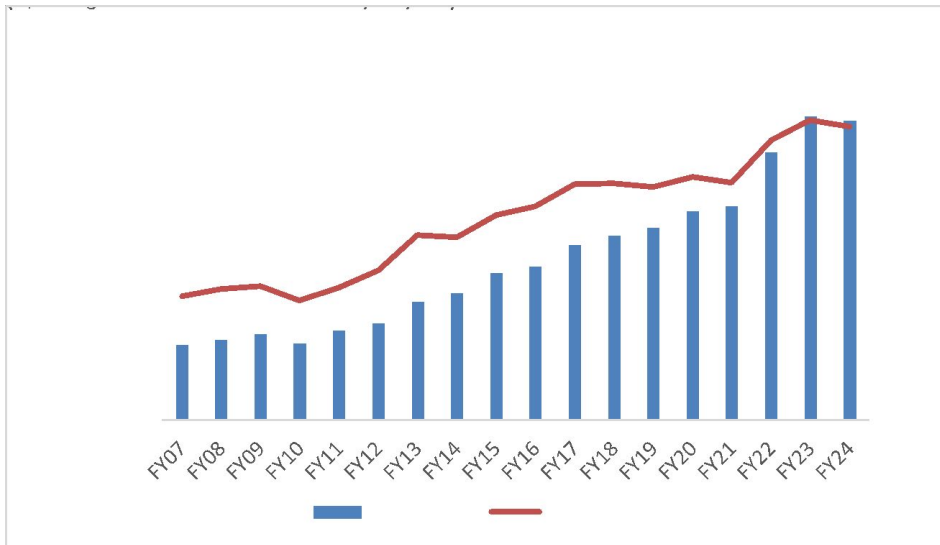


- Number of Free Cash certifications completed within 10 days increased to 83%
- Median decreased from 8 days to 6 days



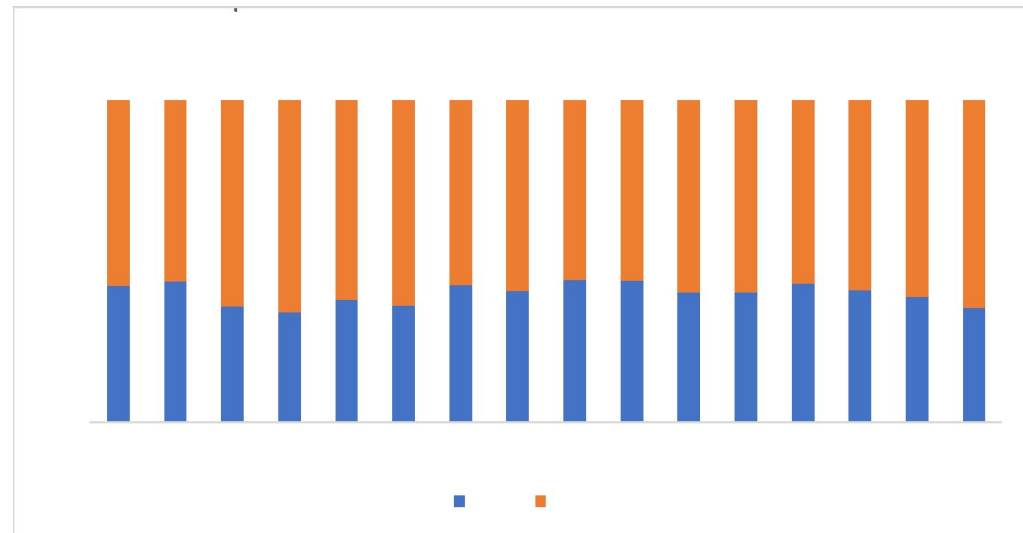
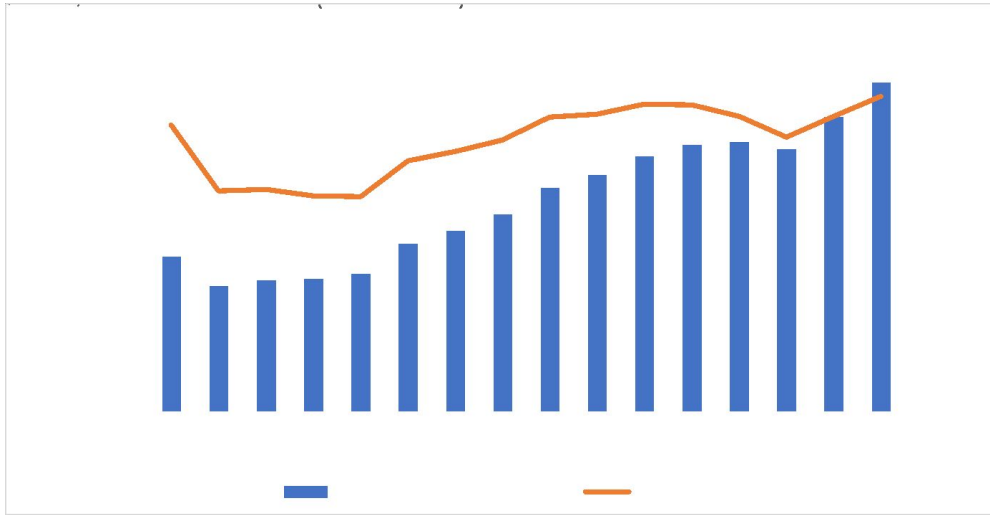
# Statewide Data – Free Cash

- Through 12/31/23, totaled \$1.6B for the 227 with Free Cash certified, a decrease of \$22M (1.4%)
  - equivalent to 2.2% of the prior year's levy limit



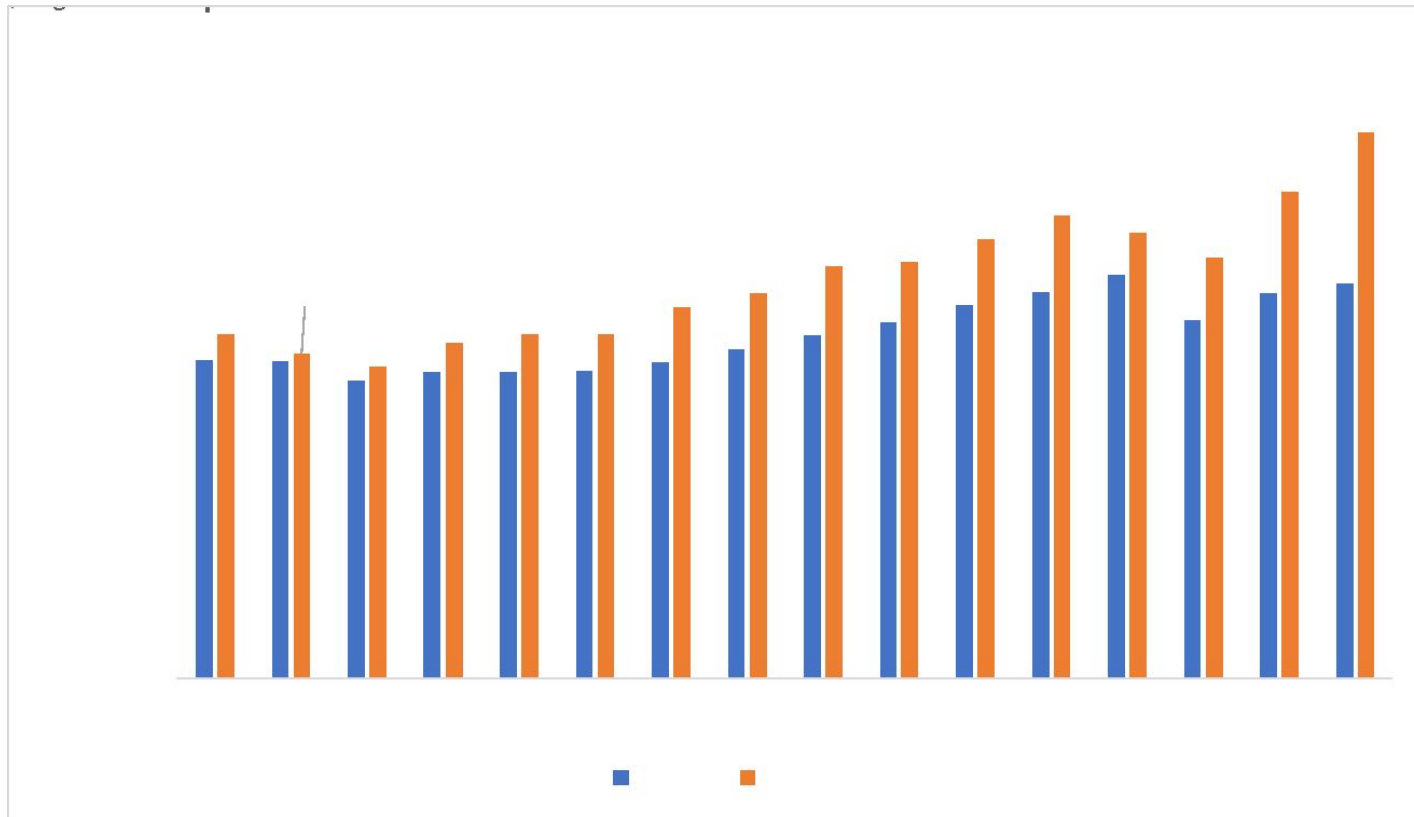
# Statewide Data – New Growth

- FY24 totaled \$466M, which is equivalent to 2.2% of the prior year's levy limit



# Statewide Data – Local Receipts

- Over past decade+, moved from the “tightness” of the Great Recession period to one where actual local receipts exceeded budget by \$1.1B (38%)
  - Driven by Investment Income (\$310M/944% over), Building Permits (\$141M/54%), Lodging (\$124M/79%), MVE (\$99M/12%) and Misc. Non-Recurring (\$65M/93%)





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# Chief, Municipal Finance Law Bureau Ken Woodland



## Announcement

As a complement to the Bureau's Attorney of the Day service, starting Wednesday January 24, 2024, local officials can utilize a Zoom link every Wednesday between 10:00 AM and 12:00 PM to speak directly with the Bureau's legal counsel, primarily the Bureau Chief. Local officials only need to [click the button on the DLS website](#) and will then be placed in a waiting room and addressed in the order of arrival.





## Chapter 77 of the Acts of 2023

- An Act Making Appropriations for the Fiscal Year 2023 for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects ([DLS Bulletin 2023-8](#))
  - §§ 8-10, 197 & 205
    - › Section 8 Amends G.L. c. 40, § 5B
      - » Creates special purpose stabilization funds
      - » Reduces vote threshold for appropriation from the same
    - › Section 10 Adds New Section 53K to G.L. c. 44
      - » Allows communities to separately account for mitigation/exaction payments in a special revenue fund and spend them for the named purposes without further appropriation



## Chapter 77 of the Acts of 2023

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- An Act Making Appropriations for the Fiscal Year 2023 for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects
  - §§ 8-10, 197 & 205
    - › Section 9 Amends G.L. c. 44, § 53
      - » First, it changes treatment of insurance proceeds \$150K or less
      - » Second, it allows the Director of Accounts the ability to permit special revenue fund accounting in certain scenarios, either with or without further appropriation





## Chapter 77 of the Acts of 2023

- An Act Making Appropriations for the Fiscal Year 2023 for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects
  - §§ 8-10, 197 & 205
    - › How do the Section 9 Amendments effect opioid settlement receipts? ([DLS Bulletin 2023-7](#))
      - » Cities and towns that have received or will receive funds in Fiscal Year 2024, or thereafter, may place said funds into a special revenue fund and spend them for the specified purpose without further appropriation
      - › What about the funds already received?
        - » Section 197 of the Act allows a community to consolidate all monies previously received for this purpose into the special revenue fund
        - » The method and votes required to do so vary based on current treatment



## Chapter 77 of the Acts of 2023

- An Act Making Appropriations for the Fiscal Year 2023 for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects
  - §§ 8-10, 197 & 205
    - › Section 205 ([DLS Bulletin 2023-10](#))
    - › Allows a city or town to amortize over fiscal years 2025 to 2027 the amount of its fiscal year 2024 major disaster related deficit
    - › Must adopt a deficit amortization schedule before setting the fiscal year 2025 tax rate
    - › Major disaster examples: flood, drought, fire, hurricane, earthquake, storm or other catastrophe, whether natural or otherwise, which poses an immediate threat to the health or safety of persons or property
    - › Need to have a declaration of emergency locally or by Governor; approval to expend for such liabilities still needs Director approval



## Chapter 77 of the Acts of 2023

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**Any  
Questions?**



## Chapter 50 of the Acts of 2023

- An Act to Improve the Commonwealth’s Competitiveness, Affordability, and Equity (IGR Publication Forthcoming)
  - §§ 2 & 3
    - › Section 2 Amends G.L. c. 59, § 5K
      - » Increases the possible senior work off abatement program amount from \$1,500 to \$2,000
    - › Section 3 Adds New Section 50 to G.L. c. 59
      - » Creates a new local option exemption
      - » Applies to unit owners who rent out units at an affordable rate to income qualifying persons
      - » The amount of the exemption will be determined locally and prorated to the square footage of the housing units rented and occupied by qualifying persons



## Chapter 50 of the Acts of 2023

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**Any  
Questions?**



## Chapter 180 of the Acts of 2022

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- An Act Relative to Equity in the Cannabis Industry (DLS Bulletin 2023-9)
  - Recent regulatory changes affecting municipal finance promulgated by the Cannabis Control Commission pursuant to Chapter 180 of the Acts of 2022
    - › Community Impact Fees (not local option taxes)
      - » Old Agreements Not Grandfathered
      - » New Process and Determination of Amount of the Fee
      - » 5 Ways to Receive No Fee
      - » Social Equity Programs



## Chapter 180 of the Acts of 2022

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**Any  
Questions?**



## Chapter 28 of the Acts of 2023

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- An act making appropriations for the fiscal year 2024 for the maintenance of the departments, boards, commissions, institutions, and certain activities of the commonwealth, for interest, sinking fund, and serial bond requirements, and for certain permanent improvements
  - Amended G.L. c. 44, § 10 concerning debt limitations for certain school building projects
  - Amended G.L. c. 44, § 54 concerning the investment of trust funds





## Chapter 28 of the Acts of 2023

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**Any  
Questions?**



## Proposed 2024 Municipal Bill (selected provisions)

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- Regional Board of Assessors
- Central Valuation
- Borrowing for School Projects
- 8 of 58
- Reporting and Tax Treatment of Solar PILOTS
- Departmental Revolving Fund Spending Cap
- Amortization of Emergency Spending Deficit
- Senior Means Tested Exemption
- One Time Override for Non-Capital Expenses
- Property Tax Exemptions
- PEG Access and election reimbursement funds
- Gifts/Grants Local Process



## Proposed 2024 Municipal Bill

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- Regional Board of Assessors
  - Allows multiple communities to organize a Regional Board of Assessors by agreement and eliminate the necessity of each town having a local board of assessors
- Central Valuation
  - Relevant personal property of utility and telecommunications companies would be subject to central valuation by DOR rather than being assessed by each city or town
- Borrowing for School Projects
  - Allows a 40-year term for borrowing for a school construction/renovation project - current law allows for a maximum term of 30 years



## Proposed 2024 Municipal Bill

- 8 of 58 Abatement Applications
  - Eliminates the requirement that abatement applications for a paid tax be the result of an obvious clerical error – just for an error and duration is still limited to the last 3 fiscal years
- Reporting and Tax Treatment of Solar PILOTS
  - Inserts language found in G.L. c. 59, § 39H(b) into G.L. c. 59, § 5 Clause 45 so that any receipts derived from solar or wind powered energy generating facility PILOTS are considered part of the tax levy and constitute new growth within the community
- Departmental Revolving Fund Spending Cap
  - Lets the spending cap a community votes before July 1 apply in the upcoming FY and future FYs until it votes a new spending cap before the July 1 of the FY the new cap goes into effect



## Proposed 2024 Municipal Bill

- Amortization of Emergency Spending Deficit
  - Codifies in the general laws the ability to amortize emergency related deficit spending over the subsequent 3 fiscal years, rather than account for the same in one fiscal year
- Senior Means Tested Exemption
  - New local option exemption for qualifying income-eligible seniors for the property taxes assessed on their domiciles. The exemption works like the residential exemption by shifting the exempted taxes to other residential taxpayers in the town
- One Time Override for Non-Capital Expenses
  - Allows municipalities to adopt a one-year override for non-capital expenditures, similar to a capital outlay exclusion question



## Proposed 2024 Municipal Bill

- PEG Access and election reimbursement funds
  - Provides a local option to credit PEG Access and Cable related receipts to a special revenue fund and to spend from the fund without appropriation to pay for PEG services
  - Allows Early Voting Law receipts to be segregated into a special revenue fund and spent without further appropriation for specified purposes, similar the treatment of Extended Polling Hours receipts
- Gifts/Grants Local Process
  - Amends the gifts and grants statute so that a Selectboard, City Council or School Committee is the default acceptor of any gifts or grants and then to spend without further appropriation or approval for the intended purposes of the gift or grant



## Proposed 2024 Municipal Bill

- Property Tax Exemptions
  - COLAs (cost of living adjustments)
    - New local option statute to allow an increase in the amount of personal property tax exemptions by an amount not more than the increase of the cost of living determined by the Consumer Price Index (CPI)
  - Elderly Exemptions:
    - Provides municipalities with the option to increase Clause 41 elderly tax exemptions to any amount
  - Domicile Owned by a Trustee, Conservator or Other Fiduciary
    - New local option to allow individuals whose domiciles are held by a trustee, conservator or other fiduciary for their benefit to be treated as the owners of their domiciles so that they may be granted a personal exemption that they otherwise would qualify for



## **PROPOSED: Municipal Relief Bill**

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**Any  
Questions?**