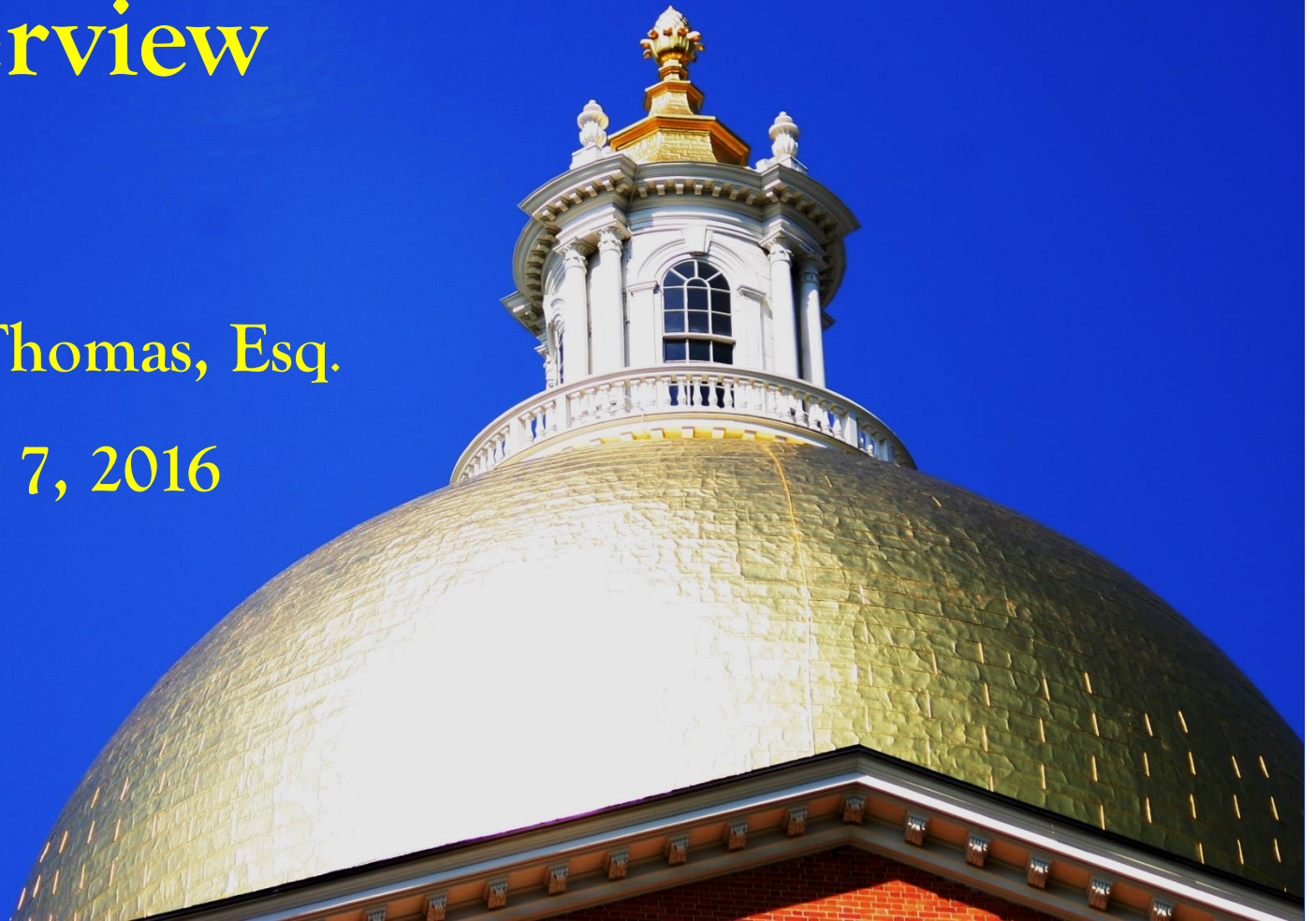


The Massachusetts Municipal Modernization Act - An Overview

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This Overview of the Massachusetts Municipal Modernization Act was presented at the City of Fall River Department Head Meeting on September 7, 2016.

The  symbol on some of the slides indicates that there is either local acceptance or action required for the respective provisions to become effective in the municipality.

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Introduction

Officially known as
“An Act to Modernize Municipal Finance
And Government”,
Chapter 218 of the Acts of 2016
was signed into law by Governor Baker
on August 9, 2016.

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Introduction

- Most provisions become effective on Monday, November 7, 2016 pursuant to the Massachusetts Constitution.
- We'll indicate which provisions have other effective dates.
- We've tried to group discussion of sections around common functions.

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Procurement

- As we know, there are four (4) basic types of municipal procurement:
 - Energy Management Services - c. 25A;
 - Public Works - c. 30, § 39M;
 - General Procurement - c. 30B;
 - Public Building Construction - c. 149

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Procurement

- The Municipal Modernization Act affects three of them:
 - Public Works - §§ 2 – 4;
 - General Procurement - §§ 6 – 12;
 - Public Building Const. §§ 224 – 230.
- The purpose is to update & provide consistency.

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Procurement

- **Public Works**
 - <\$10,000 – sound business practices;
 - \$10,000 < \$50,000 – solicitation of 3 written bids using “public notification”, or State Bid List or other “blanket” contracts;
 - \$50,000 & Greater – Competitive Bid Process with Sealed Bids.

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Procurement

- General Procurement
 - <\$10,000 – sound business practices;
 - \$10,000 < \$50,000 – solicitation of 3 written bids from persons customarily providing the service or goods, or State Bid List;
 - \$50,000 & Greater – Competitive Bid Process with Sealed Bids.

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Procurement

- Public Building Construction
 - <\$10,000 – sound business practices;
 - \$10,000 < \$50,000 – solicitation of 3 written bids using “public notification”, or State Bid List or other “blanket” contracts;
 - \$50,000 < \$150,000 Competitive Bid Process under c. 30, § 39M;

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Procurement

- **Public Building Construction**
 - >\$150,000 – sealed bid process with DCAM Certification for general bidders and filed sub-bids;
 - Sub-Bid threshold increased from \$20,000 to \$25,000.

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Police/Fire

- Civil Service Exams - § 13
 - Applicant who turned 19 while on active duty can take subsequent make up exam even though they were not 19 on or before the application date of the original exam.
 - Police – must be 21 years old to be appointed a police officer.

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Police/Fire

- Injured on Duty Fund - § 60
- Municipalities can create, appropriate money to and expend from a special injury leave indemnity fund for injured compensation & medical bills for police & fire instead of charging current departmental appropriations.



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Assessing

- 50 out of 253 Sections of the new law affect the assessment of municipal taxes:
 - Certification of Assessment - §§ 35 & 36
 - DOR will certify the property tax assessment every 5 years instead of every 3 years.
 - Charitable Exemptions - § 117
 - Clarifies local acceptance re: community housing or non-residential mental health facilities.

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Assessing

- Supplemental Assessments - §§ 112 - 115
 - Clarifies that value of land is not included in determination of >50% increase or decrease.
 - Succeeding FY pro-rata when improvement & CO take place between 1/1 & 6/30.
 - Property owner has 1 year after fire or natural disaster to seek abatement.

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Assessing



- **Veterans' Tax Abatements - §121**
 - Clarifies that Veterans Exemptions (Clauses 22, 22A -22F) still apply even though property is conveyed to the spouse, placed in trust or conservatorship.
 - The local acceptance requirement creates some confusion since Assessors have already been doing this.

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Assessing

- Exemption Applications - §§ 119,122, 125-126, 146 & 247
 - Establishes April 1st or 3 months after bills issued (whichever later) as the deadline for all applications for Personal Exemptions regardless of the billing system.

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Assessing

- **Commercial Fishing Exemption - § 120**
 - Increases value of property tax exemption for boats, nets & gear used in commercial fishing from \$10,000 to \$50,000.00.
 - Changes requirement that exempt property be used “exclusively” for commercial fishing to requiring that at least 1/2 of taxpayer’s income is from commercial fishing.

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Assessing

- **Senior Citizen Tax Work-Off – § 127**
 - Increases maximum abatement from \$1,000 to \$1,500.
- **DOR's Authority to Assess – §§ 128 - 130**
 - No longer necessary to obtain DOR approval to assess Owners Unknown, persons in possession or present interests.

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Assessing

- **Overlay - §§ 131, 133 & 152**
 - Creates a single Overlay for all tax years as opposed to a separate one for each fiscal year.
 - Also applies to Fiscal Years prior to FY17.
- **Residential Exemption - §124**
 - Increases statutory limit on Residential Exemption from 20% to 35% of average assessed valuation of Class One parcels.



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Assessing

- **Property Tax Rate Change - §132**
 - DOR may now authorize change to an approved tax rate if error due to inadvertence or omission and tax bills have not be issued.
- **Central Valuation - §§ 134 - 135**
 - Changes reporting timelines for telephone companies to comply with pipeline companies.
 - Streamlines appeal process.

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Assessing

- **ATB Jurisdiction - §§ 139, 142 -151**
 - Establishes a “postmark rule” to determine if an installment payment was overdue for ATB jurisdictional purposes.
 - Interest on Preliminary Tax Payments will now bar filing an ATB Appeal.
- **Mortgagee Abatements - §§ 144 - 145**
 - Abatement Applications by Mortgagees must be filed in last 10 days of abatement period.

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Assessing

- Low Value Land - §§ 153 & 155
 - Repeals DOR's authority to authorize abatements of low value land where assessment is less than the cost of collection.
 - Authorizes Assessors to abate assessments less than \$25 on request of Tax Collector if less than the cost of collection.



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Assessing

- **Apportionment Appeals - §154**
 - Extends appeal period on apportionment appeals from 7 days to 30 days after apportionment.
- **Betterment Suspensions - § 158**
 - Repeals DOR's authority to approve Assessors' suspension of betterment to seniors. Deferrals still allowed under c. 80, §13B.



Assessing

- Affordable Housing Abatements –
§§ 106–107
- Agreements will be locally negotiated w/no
DOR Approval.
- Chapter Land - §§ 172-174, 237
- Renewable Energy Systems can be developed
on c.61 land without rollback or conveyance
tax provided not more than 125% of annual
energy needs for farm and other land of
owner produced.



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Assessing

- **Cranberry Bogs - §237**
 - Extends special exemption from annual gross sales until 2020.
- **Registrars of Probate - §§ 231 & 252**
 - Requires Registrars to provide copies of Petitions for Formal & Informal Probate to Assessors upon request.



Planning & Development

- Workforce Housing Special Tax Assessment Plan - §§ 39 & 123 
- Intended to encourage & facilitate increased development of middle income housing.
- Allows Special Tax Assessments (5 years).
 - Up to 100% during the two year of construction.
 - Phased during the three years of post – construction stabilization.

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Planning & Development

- District Improvement Financing
 - §§ 44 - 50
- Simplifies the calculation of the “DIF” reserved for debt service and project costs so that it equals the new property tax revenue.
- Clarifies that the requirement to reserve tax increment funds ends when monies are set aside to pay all the debt service.

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Planning & Development

- Refundable Consultant Fees - §91
 - Expands the use of the 53G Fund to include consulting fees charged by any municipal officer or board with permitting authority authorized to charge for consultants fees.
- Performance Deposits - §92
 - Allows creation of escrow account for refundable cash performance deposits.

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Tax Collection

- **Municipal Tax Certifications**
§§ 37 - 38



- Amends the provisions of c. 40, §57 so that municipalities can now deny, revoke & suspend permits when taxpayer is 1 day past due.
- Implementation of the law now similar to that which has been used in Fall River for the past 5 years.

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Tax Collection

- Appeals of Fees - Insufficient Electronic Payments & Bad Checks §§ 98 - 99
 - Amends appeal process for fees assessed for NSF checks and insufficient electronic payment from DOR to local.
- Collection Interest - §§ 138, 140 - 141
 - Standardizes calculation of interest.



Tax Collection

- Mailing Tax Bills - §156
 - Provides that tax bills should be sent to the taxpayer's address unless the taxpayer directs the Tax Collector in writing otherwise.
 - In light of this, use of Affidavits of Address even more important.



Tax Collection

- Demolition Liens - §221
 - Clarifies that once added to tax bill, Demo Liens are governed by c. 60, §37.
 - Extends expiration date of Demo Liens not added to tax bills to October 1 of the 3rd Year after filing, as opposed to October 1 of the next year after filing.

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Tax Collection

- **Small Claims Actions - §§232 - 233**
 - Amends jurisdiction of Small Claims Session of District Court so that they can hear personal property cases up to \$15,000.00.
- **Collection Liens – Non-Resident - §192**
 - Clarifies ability of municipalities to place liens for sewer services on customers outside their borders.

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Human Resources

- Retiree Health Cost Sharing - §14
- Repeals Chapter 32, § 9A 1/2 regarding cost sharing of retiree health costs which was unenforceable.
- Combine Treasurer/Collector - §51 & 52
- Allows municipalities to combine the positions of Treasurer & Collector without special legislation.

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Funds

- 11 Sections of the new law affect municipal funds:
- OPEB Trust Fund - §15 & 238
 - This section authorizes “governmental units” to establish an OPEB trust fund.
- Rental Revolving Fund- §19
 - This section allows deposit of proceeds from lease or rental of public buildings into a special account.



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Funds


- City Reserve Funds - §21
- Cities may now reserve up to 5% of the prior FY Tax Levy (was 3%).
- Stabilization Funds - §22
 - Removes 10% cap on amount;
 - May dedicate all or at least 25% of a fee, charge or receipt without appropriation;
 - Majority vote to appropriate funds in.

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Funds

- Grant Available Fund - §85
 - Makes all reimbursable federal & state grants available for appropriation once approved by granting authority.
- Departmental Revolving Fund - §86 
 - Now established by ordinance or by-law – no more annual authorization.
 - Removes Departmental and Aggregate Caps.

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Funds

- Special Events/Betterment Reserve Funds - §93
 - Expands use of Special Event Fund to other celebrations and establishes a “Betterment Reserve Fund”.
- Municipal Affordable Housing Trust Fund - §§ 95-97
- CPA Fund monies appropriated into the Fund must be separately accounted for.

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Municipal Debt

- Debt Purposes - §§ 61, 63 – 64, 178, 180
- Modernizes & simplifies laws relative to allowable debt purposes.
- Allows borrowing for Court Judgments for more than 1 year with MFOB ok.
- Ten Year BANs - §65
- Allows 10 year BANs to allow greater flexibility in structuring debt.



Municipal Debt

- Refunding Bonds - §§ 66, 68
 - Updates various provisions relative to refunding bonds.
- Bond Premiums & Surplus Proceeds –§ 67
 - Provides a choice regarding how to treat bond premiums.
 - Either at issuance or appropriate it for a capital project.
 - Increases amount of surplus proceeds that can be applied to debt.

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Municipal Debt

- Eliminates Debt Report - § 70
- Treasurer no longer needs to notify Director of Accounts when debt payments are made.
- Year End Report still required.
- Municipal Debt/Urban Renewal - §§ 217 - 218, 220
- Repeals duplicative requirements re: approval of debt issued for housing & urban renewal projects.

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Municipal Debt

- Federal Public Work Borrowing - §§ 234-235
 - Eliminates need for Governor's approval of local borrowing for federally funded public works projects.
- Grant Anticipation Notes - §62
 - Municipalities can now borrow in advance of any federal or state grant whether advance or reimbursable.

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Boards & Commissions

- Approval of Bills & Warrants - §58
- Boards & Commissions can appoint one of their members to approve bills & payrolls – Board Member must provide report to full body at next meeting.
- Housing & RDA Appointments - § 216
- If the state does not fill a vacancy within 120 days of the date the vacancy is created the city appoints.

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Tax Title/Foreclosure

- DOR Tax Title Foreclosure - §§ 105, 164
 - Repeals never used mechanism for DOR to take over Tax Title Foreclosures for municipality.
- Abandoned Building Foreclosure - § 167
 - Eliminates need for DOR involvement to determine whether a building is abandoned for Tax Foreclosure purposes.

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Schools

- SPED Reserve Fund - §24
 - School Districts can now establish a reserve fund to pay for unanticipated or unbudgeted costs of SPED, out-of-district tuition or transportation.
 - Establishment requires acceptance by School Committee and City Council.
 - Balance can not exceed 2% of annual net school spending.

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Schools

- Scholarship & Ed Funds - §§ 159 - 162
 - Amends the authorization provisions in c. 60 to form such funds and clarifies that each fund is separately accepted and the distinct purposes for which it can be used.
- Regional School District Debt - § 179
 - Clarifies that it is the Regional School Committee that can require a referendum.

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Schools

- Regional School District Stab Fund- § 183
- DESE not DOR can approve higher than 5% Stab Fund.
- Extended School Programs - §§ 185 - 187
 - Removes outdated restrictions on which students can receive these services.
 - Extends these provisions to regional schools.
 - Establishes a revolving fund.

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Schools

- Community School Program Fund- § 188
- Increases community school funds annual expenditure limit from \$3,000 to \$10,000 for material and equipment.
- School Revolving Funds - § 189
- Qualifies adult enrichment, summer programs & parking fees as received in connection with “use of school property”.

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Schools

- Vocational School Revolving Fund - § 190
- Removes the \$5,000 expenditure cap on vocational schools' revolving funds used for culinary arts and other related programs.

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Municipal Finance

- Insurance/Restitution Funds- § 84
 - Increases the amount that may be spent without appropriation to restore or replace damaged property from \$20,000 to \$150,000.
 - Now includes electronic devices and equipment provided to students.

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Municipal Finance

- Water/Sewer Collections - § 43
- Water & Sewer Commissions can contract with Collector to provide collection services of outstanding departmental revenues.
- Also clarifies that Water & Sewer Commissions are “independent bodies politic”.



Municipal Finance

- Lease Purchase - § 69
 - Establishes a procedure for tax exempt lease purchase finance agreements and allows borrowing to pay off such agreements.
- Emergency Spending - § 71
 - Provides for automatic approval of payment for liabilities incurred as a result of state of emergency declared by the Governor.

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Municipal Finance

- Court Judgments - §§ 72 - 73
 - Allows payment of final court and adjudicatory judgments on certification from Corporation Counsel without DOR Approval.
 - Formerly, amounts over \$10,000 required DOR approval.
 - Amounts to be raised on the Recap.

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Municipal Finance

- Revenue Cash Investments - § 94
 - Amends current law to allow 3yr CDs.
 - Clarifies duration of other types of allowed investments.
 - Provides Treasurers with more flexibility re: short term investments.
- Schedule A Compliance - § 110
 - Changes the Schedule A submittal deadline to 11/30 and clarifies the consequence of non-compliance.

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Streets/Roads

- Parking Meters – § 25, 28-29
- Requires local acceptance of provisions relative to payment of acquisition cost from fees, acquisition of bike parking area and use of parking meter receipts.
- Parking Meter Revenue Use - § 26-27, 30
- Allows expanded use of Parking Meter revenue, rates may be set to manage parking supply & Parking Benefit District.





Streets/Roads

- Snow & Ice Removal - § 74
 - Deficit spending for snow & ice removal now only requires approval of Chief Administrative Officer.
- Local Speed Limits/Safety Zones - §193- 194
 - Allows 25 mph speed limit in thickly settled or business district on way not a state highway.
 - Allows creation of designated safety zone with 20 mph speed limit.



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Streets/Roads

- Double Poles - § 239
- All telephone & distribution companies are required to file comprehensive annual report for 2016, 2017 & 2018 to General Court.
- Must provide a timeline for removal of double poles as of 12/31/16.
- General Court will then develop a fine structure for failure to remove the double poles.

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Miscellaneous

- Elections - § 101 - 102
 - Electronic Poll Books.
- Penalties for Unlicensed Electricians - § 222
 - Increases fines.
- State Owned Land Valuation - § 108 - 109
 - Every 2 years not every 4 years.
- Joint Powers Agreements - § 20
 - Allows execution of joint powers agreements.

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*Thanks for your
patience and attention!*

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