

Municipal Modernization Act – Tax Administration

Earlier On August 9, 2016, the Municipal Modernization Act (“Act”) was signed into law by Governor Baker. The Act changes numerous statutes that affect local government and administration, including statutes related to local tax administration. This eUpdate seeks to highlight the changes that affect issues concerning local assessments.

1. **Appellate Tax Board Jurisdiction.** In order for the Appellate Tax Board (“ATB”) to retain jurisdiction over an appeal, a taxpayer whose real estate tax bill is greater than \$5,000.00 may not incur interest on any preliminary or actual tax installment payment. Previously, the threshold was \$3,000.00, and the ATB maintained jurisdiction over appeals when late payments were made on preliminary tax bills but not on actual tax bills. The Act also creates a “postmark rule” for determining whether a payment is timely solely for purposes of maintaining an appeal. Therefore, as long as the preliminary or actual tax payment is mailed on or before the due date, it will be treated as if no interest was accrued for ATB jurisdictional purposes, even though the taxpayer will still be liable for interest on any payment actually received by the Town after the due date.

2. **Applications for Abatement.** The Act establishes the last ten (10) days of the abatement period as the abatement application deadline for holders of mortgages of real property. The Act also confers standing upon persons handling a decedent’s estate to apply for an abatement of a tax assessed on property owned by a person who has died. These amendments are effective for FY2017.

3. **Apportionment Appeals.** An owner of a portion of a parcel divided by a transfer in ownership after January 1 now has 30 days to appeal to the Board of Assessors instead of seven days to file an application for abatement.

4. **Central Valuation.** The Act makes June 15 the deadline for the Commissioner of Revenue to centrally value telephone and telegraph company property, bringing it into accord with the process for central valuation of pipeline companies. If parties wish to challenge the assessment, they will now have until July 15 to appeal to the ATB. Additionally, the Act allows a party to appeal to the ATB by July 30, or 15 days after receiving a notice of appeal, whichever is later, in response to another party’s filing.

5. **Certification of Local Property Assessments.** The Bureau of Local Assessment currently certifies local property assessments every three (3) years. The Act changes the frequency of these certifications to five (5) years, which change will be implemented on a rolling basis.

6. **Chapter 61A Agricultural or Horticultural Land.** The Act amends G.L. c.61A to define the installation of renewable energy systems that do not produce more than 125% of the energy needs of the property and that are used to supply energy for the exclusive use of such land as an agricultural or horticultural use on land classified as such. As a result, installation of a renewable energy system of this type on G.L. c.61A land will not trigger a change in the classification of agricultural or horticultural land, right of first refusal, or assessment of a rollback or conveyance tax.

7. **Joint/Cooperative Assessing Agreements.** The Act amends G.L. c.41, §30B, to allow the city council, with approval of the mayor, or board of selectmen, rather than the municipality's legislative body, to approve intermunicipal agreements regarding assessing services or functions.
8. **Owners Unknown Parcels.** Effective January 1, 2017, G.L. c.59, §11 has been amended to provide that boards of assessors will no longer have to obtain approval from the Department of Revenue to assess real estate taxes upon "owners unknown" parcels, holder of a present interest, or beneficial owners of cluster development open space.
9. **Probate Ownership Records.** As of January 1, 2018, Registrars of Probate are required to provide boards of assessors with information regarding the filing of probate petitions for deceased person residing in their communities. This information is intended for use in determining changes in property ownership.
10. **Single Overlay Account.** The Act amends the statutes relating to overlay accounts to create a single overlay reserve for the purpose of covering costs associated with potential abatements. Previously, overlay accounts were established for each fiscal year, which often resulted in deficits in certain years requiring municipalities to raise additional amounts for the overlay fund in order to cover abatements for those particular years. These changes apply without any further municipal action to all funds held in overlay accounts as of November 7, 2016.
11. **State Owned Land.** The procedures for assessing state-owned land have been revised so that the valuation will now be based on a statutory formula to be updated every two years using a municipality's equalized valuation and the value of any acquisitions and dispositions.
12. **Supplemental Assessments.** Effective January 1, 2017, the Act amends G.L. c.59, §2D, which, unless rejected by a municipality, provides for a pro-rated additional assessment on new construction that occurs after January 1, upon issuance of an occupancy permit during the fiscal year. The Act also provides a pro-rated abatement if a property is damaged by fire or other natural disaster during the fiscal year and gives such property owners one (1) year to apply for an abatement. These additional abatements and assessments occur when a change in value in an amount greater than 50% of the assessed value results.
13. **Exemptions.** Beginning in FY 2017, April 1 is the new deadline for applying for personal exemptions and deferrals from real estate taxes. A local acceptance option has also been added to allow eligibility for an exemption for the spouse of a veteran who holds title to the veteran's home as a trustee or conservator, or the surviving spouse of a veteran who acquired title to a deceased veteran's home under a trust or conservatorship.
14. **Senior Tax Work-off.** The Act increases from \$1,000 to \$1,500 the maximum abatement allowed under G.L. c.59, §5K.

If you have any further questions concerning local assessment issues, please contact Thomas W. McEnaney (tmcenaney@k-plaw.com) or Jeffrey T. Blake (jblake@k-plaw.com) at 617-556-0007.

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