

# Municipal Finance Forum:

Where does the money come from and where does it go? **III. Assessments**

---



## *Forum*

*presented by  
the Fiscal*

*Policy Update  
Committee of  
the*

*League of  
Women Voters  
of  
Massachusetts*

- *Presentation  
by Ernie  
Dieterich*



# Assessments

---

## *State Policies/Laws that effect:* **III. Money that municipalities owe to the state**

January 20 and 27, 2007

League of Women Voters of Massachusetts  
*Fiscal Policy Update Committee*

# Purpose of the Assessments

- Reimbursement for services that differ in cost from one municipality to another
- DOR Categories
  - State assessments
  - Transportation charges
  - Annual charges
  - Tuition assessments

**C.S. 1-ER FY2007  
NOTICE TO ASSESSORS OF ESTIMATED CHARGES  
General Laws, Chapter 58, Section 25A**

A. <a href="#">County Assessment, County Tax</a> : Ch. 35, ss. 30, 31	58,915
<b>B. STATE ASSESSMENTS AND CHARGES:</b>	
1. <a href="#">Retired Employees Health Insurance</a> : Ch. 32A, s. 10B	0
2. <a href="#">Retired Teachers Health Insurance</a> : Ch. 32A, s. 12	0
3. <a href="#">Mosquito Control Projects</a> : Ch. 252, s. 5A	30,257
4. <a href="#">Air Pollution Districts</a> : Ch. 111, ss. 142B, 142C	2,802
5. <a href="#">Metropolitan Area Planning Council</a> : Ch. 40B, ss. 26, 29	2,452
6. <a href="#">Old Colony Planning Council</a> : 1967, Ch. 332	0
7. <a href="#">RMV Non-Renewal Surcharge</a> : Ch. 90; Ch. 60A	4,820
Sub-Total, State Assessments	40,331
<b>C. TRANSPORTATION AUTHORITIES:</b>	
1. <a href="#">MBTA</a> : Ch. 161A, ss. 8-9; 1974, Ch. 825, ss. 6-7	203,422
2. <a href="#">Boston Metro. Transit District</a> : 1929, Ch. 383; 1954, Ch. 535	0
3. <a href="#">Regional Transit</a> : Ch. 161B, ss. 9, 10, 23; 1973, Ch. 1141	0
Sub-Total, Transportation Assessments	203,422
<b>D. ANNUAL CHARGES AGAINST RECEIPTS:</b>	
1. <a href="#">Multi-Year Repayment Programs</a>	0
2. <a href="#">Special Education</a> : Ch. 71B, ss. 10, 12	0
3. <a href="#">STRAP Repayments</a> : 1983, Ch. 637, s. 32	0
Sub-Total, Annual Charges Against Receipts	0
<b>E. TUITION ASSESSMENTS:</b>	
1. <a href="#">School Choice Sending Tuition</a> : Ch. 76, s. 12B, 1993, Ch. 71	8,421
2. <a href="#">Charter School Sending Tuition</a> : Ch. 71, s. 89	153,120
3. <a href="#">Essex County Technical Institute Sending Tuition</a> : 1998, Ch. 300, s. 21	0
Sub-Total, Tuition Assessments	161,541
<b>F. TOTAL ESTIMATED CHARGES, FISCAL 2007</b>	<b>464,209</b>



## Assessment increases limited:

---

- Proposition 2½ limits year-to-year increase in certain assessments to 2½%. Limits do not apply if the increase is due to the provision of new services.

### **Example: MBTA Deficit**

Deficit 2008: \$150,000,000

Assessment: \$150,000,000

Deficit 2009: \$155,100,000

2.5% of \$150,000,000:  
\$3,750,000

Assessment: \$153,750,000



## County Tax

---

- Reimbursement for county government and services
- Limited by Proposition 2½
- Worcester county government: amount in the year before abolition
- Other abolished county governments: no assessments
- Surviving county governments: in proportion to Equalized Valuation



## State Charges:

---

- Retired Employee Health Insurance
- Retired Teacher Health Insurance
- Mosquito Control Projects
- Air Pollution Control Projects
- Metro Area Planning Council
- Old Colony Planning Council
- RMV Non-Renewal Surcharge



# Transportation Charges

Massachusetts Bay Transportation Authority	Applies to 175 communities receiving direct MBTA service.
Boston Metropolitan Transit District	Debt service for old Metropolitan Transit Authority.
Regional Transit Authorities	Outside the metropolitan Boston area



# Annual Charges

Multi-Year Repayment Program	Reimburses the state for temporary aid.
Special Education Assessment	Reimburses the state for special needs education in state hospital schools.
Small Town Road Assistance Program Repayments (STRAP)	Reimburse the state for 30% of road assistance program grants.



## Tuition Charges

School Choice Sending Tuition	Formula results in an assessment of \$5,000 per pupil.
Charter School Sending Tuition	Charter school's foundation budget; sending school's spending over its foundation; capital improvements
Essex County Technical Institute	Total for this charge in fiscal 2005: \$3,860,507

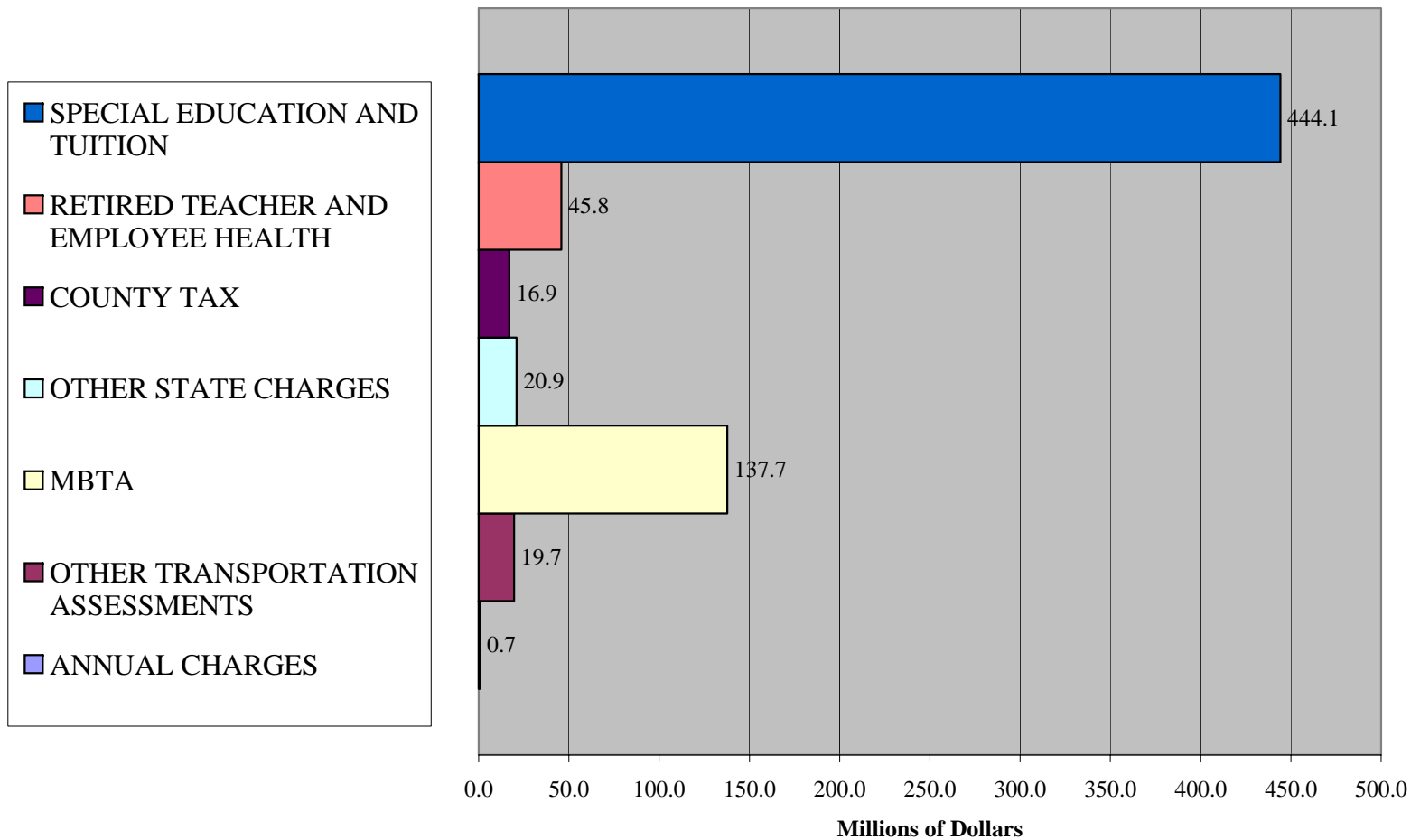


# Mode and Schedule of Payments

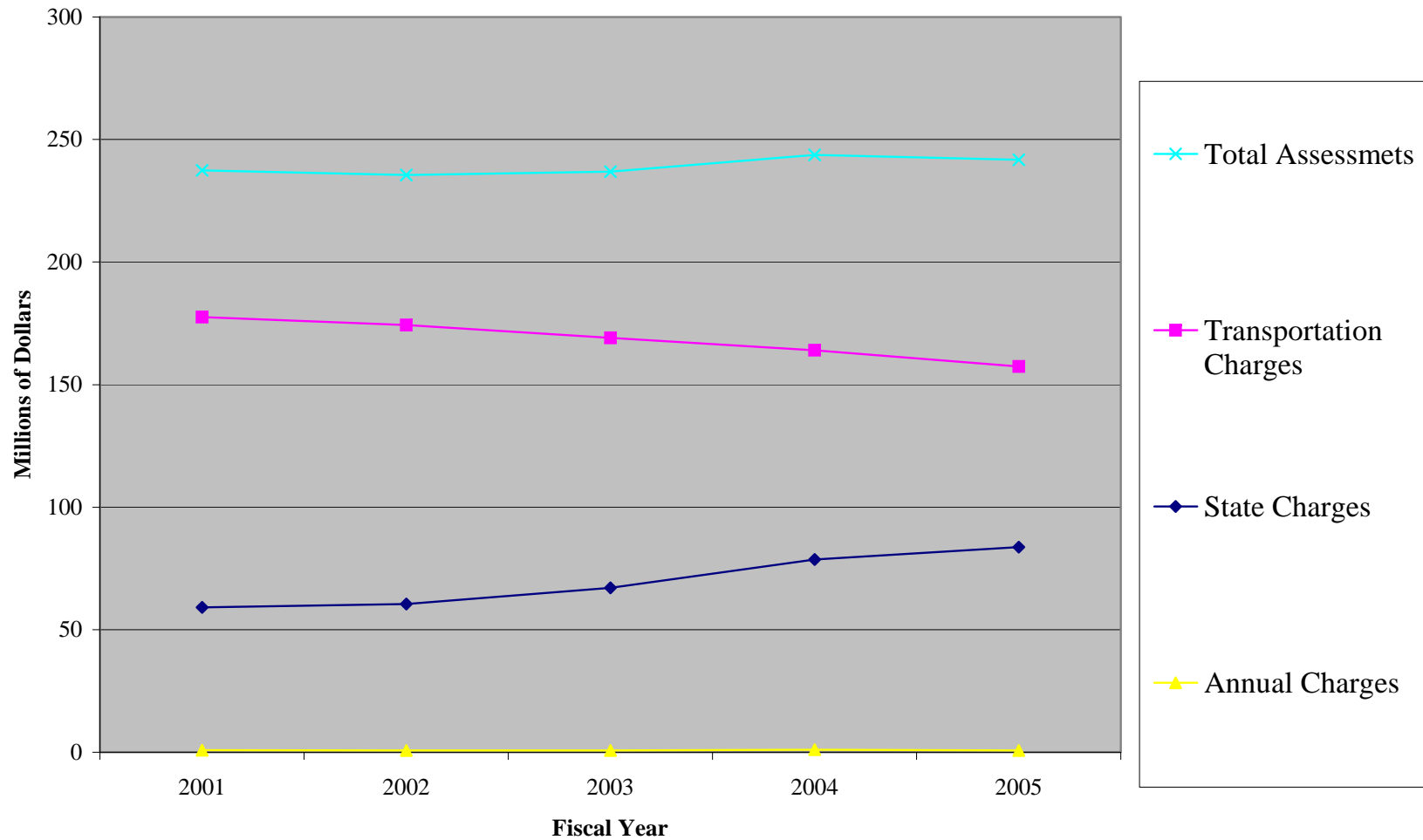
---

- County tax, except in Worcester County, is paid directly to the county.
- All other assessments are deducted from quarterly local aid distributions.
- One fourth from each distribution:
  - All State Assessments and Charges
  - All Transportation Charges
  - Essex County Technical Institute Tuition
- A few charges are paid at other times.

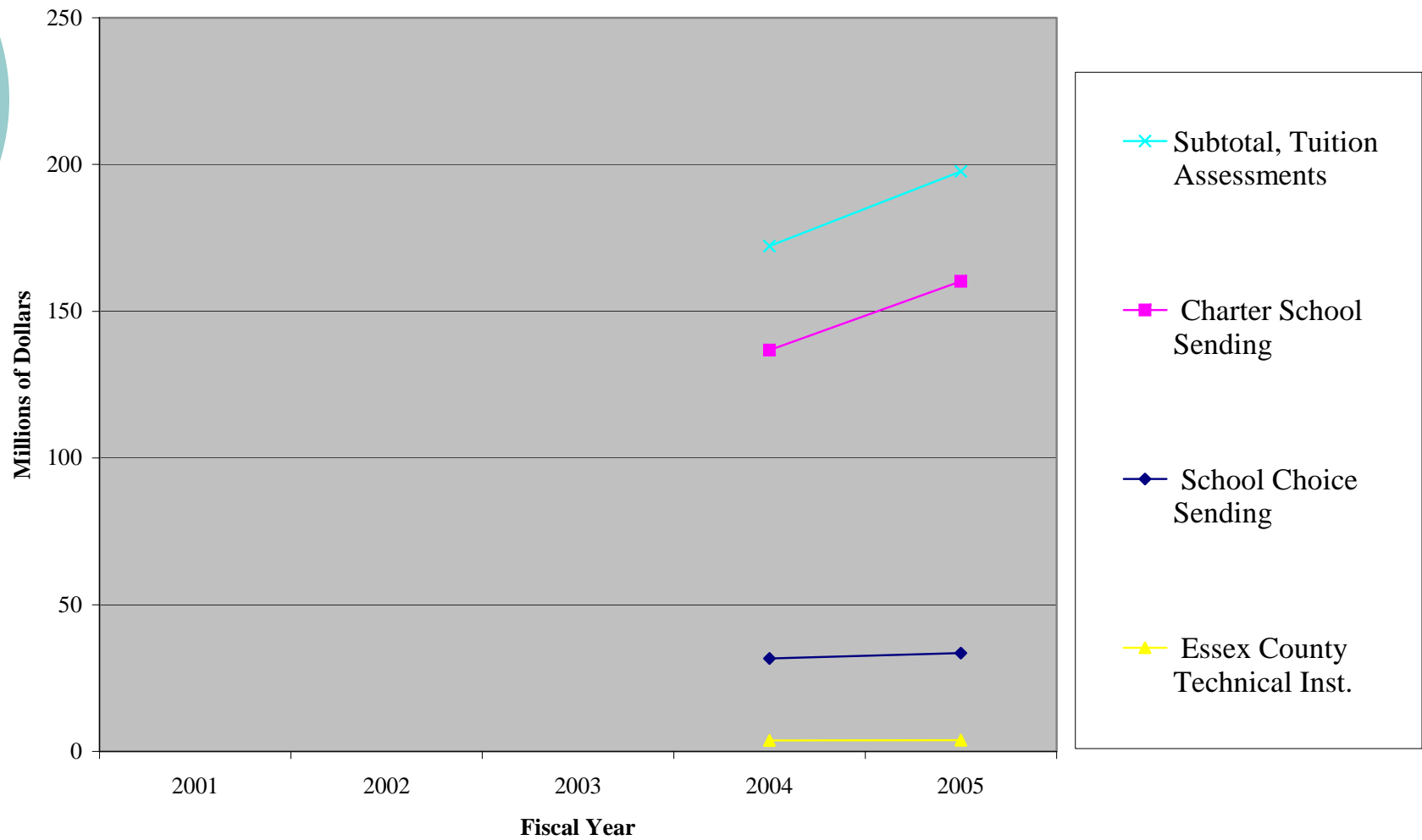
# Categories of Assessment, Fiscal 2005



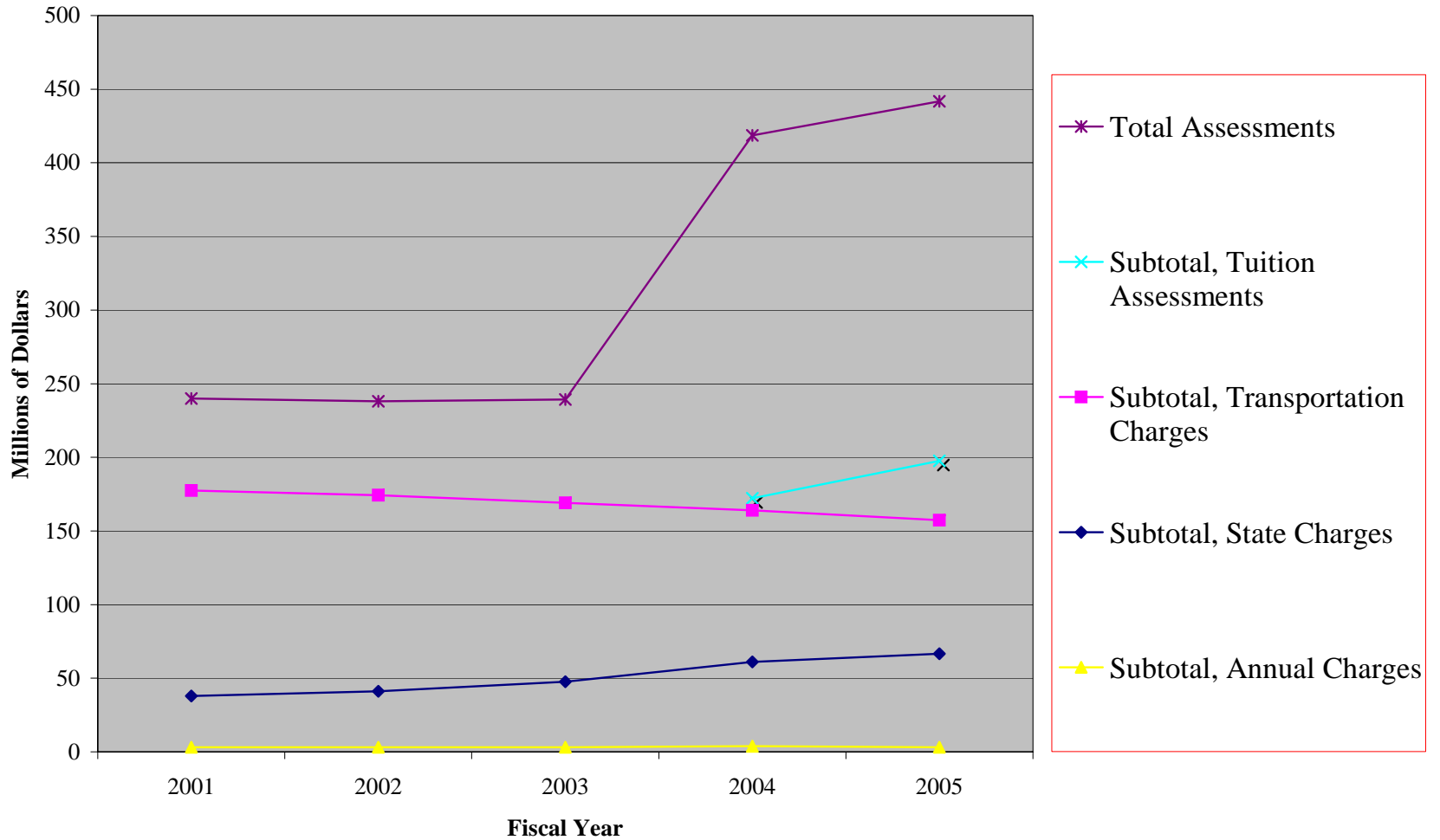
# Total Assessments without Education



# Tuition Assessments, Municipalities, 2005 Dollars



# Total Assessments, Municipalities, 2005 Dollars





# Air Pollution District Assessment Formula

---

**Municipality's Assessment =**

$$\left( \left( \frac{P_m}{P_s} \right) * 0.5 \right) + \left( \left( \frac{E_m}{E_s} \right) * 0.5 \right) * A_s$$

**$P_m$  = Population of the municipality**

**$P_s$  = Population of the state**

**$E_m$  = Equalized Valuation of the municipality**

**$E_s$  = Equalized Valuation of the state**

**$A_s$  = Total state assessment**



# Planning Council Assessment Formula

---

$$\text{Municipality's Assessment} = (P_m/P_d) * A_d$$

**$P_m$  = Population of the municipality**

**$P_d$  = Population of the district**

**$A_d$  = Total Planning Council assessment**

# State Assessments and County Tax, Municipalities, 2005 Dollars

