

Implementing the CPA for Assessors and Tax Collectors

Prepared by the Highland Communities Initiative

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Introduction

The Community Preservation Act (CPA) is a state law that enables every city and town to enact a property tax surcharge of up to 3%, which is matched by state funds, and creates a local Community Preservation Fund to be spent on open space, historic preservation, affordable housing, and recreation projects. Communities choose the level of the tax surcharge they want, and can take advantage of two exemptions 1) the first \$100,000 of every residential property value and 2) low income families and moderate income senior citizens can be exempted entirely.

Because the CPA surcharge is collected through the same process as the local property taxes, the CPA requires some changes in the way assessors and tax collectors conduct their work. Understandably, assessors and tax collectors, especially in small towns, are often concerned that the CPA will add a new burden to their workload. To address these concerns, the Highland Communities Initiative conducted a phone survey of assessors and tax collectors in small towns throughout the state that have implemented the CPA to get a sense of their experiences. Overall, we found that implementing the CPA was not as time-consuming or difficult as the assessors or tax collectors feared it would be.

Findings

Our goal was to obtain an idea of the workload and degree of complexity involved in implementing the CPA, and to find out if any sources of assistance made this process easier.

Some of the key findings that small town assessors and tax collectors shared about implementing the CPA are:

- **Outreach**

It's critical that a town conduct a public education/outreach campaign in advance of implementation to avoid confusion when the first tax bills that include the CPA are sent out. Including an explanation of the CPA with the tax bill will help alleviate the number of questions and phone calls to the assessors.

- **Exemptions**

In most towns, the number of applications for exemptions that needed to be processed was minimal. The Department of Revenue (DOR) has a standard abatement form that can be used for people applying for this exemption, which is included in this publication. The most time consuming aspect of the low-income exemption appears to be obtaining the applicable area-wide income figures, though these are required for other abatement applications as well and are now available on the internet, (For example, go to www.communitypreservation.org, click on "Implementing the CPA", and choose "CPA Implementation Documents" from the drop-down menu). Many of the people in the towns interviewed that applied for a CPA exemption also applied for elderly exemptions, which were mailed out together and therefore did not create an extra burden.

- **The Department of Revenue**

Some of the first towns to pass the CPA experienced difficulty with what was then a brand new program. Those who pass the CPA now stand to benefit from others' experiences. The Department of Revenue has issued a number of guidelines to advise communities now that the CPA has existed for several years. In addition, the DOR Division of Local Services staff and Bureau of Accounts Field Representatives are available to communities to answer questions and offer guidance on specific issues. The Division of Local Services has published several Information Guideline Releases about administering the CPA, which are available at www.dls.state.ma.us/PUBL/lgrindex.htm

- **Workload**

For the majority of collectors and assessors interviewed, implementing the CPA did not increase their workloads significantly. The consensus seemed to be that the CPA includes several new tasks that require slightly more work when it is first implemented, but they are not overwhelming by any means.

- **Software**

The CPA surcharge and first \$100,000 exemption can pose a problem for tax collecting software. The state's Computer Aided Mass Appraisal (CAMA) software, available from the Community Software Consortium, is fully compatible with the CPA. New state requirements and laws are automatically incorporated into this software every year as well, for a cost of about \$1,500 for assessors and \$750 for collectors. For more information about the Community Software Consortium, visit www.csc-ma.us or contact Linda Bradley at the Department of Revenue's Division of Local Services at (617) 626-2394.

Implementing the CPA surcharge with other tax collection software depends on the individual program, and the best way to determine if the current software is CPA compatible is to call the software distributor's technical support staff. For example, Softright Sumaria software is already compatible and requires about one hour of set-up time to include CPA calculations. Point software requires a CPA add-on package that has to be purchased. Costs for the package range from approximately \$2,500 to \$3,000. **Grants to obtain new or upgraded software to implement the CPA are available from the Highland Communities Initiative for up to \$5,000.**

The Survey

The survey was conducted by telephone between September 8 and October 6, 2006. Tax collectors and assessors in six rural communities were interviewed about their experiences implementing the Community Preservation Act in their towns. Following is a sampling of their responses:

Abbreviations

C - Conway G – Groveland L-Leverett
H - Hadley Me – Mendon
S - Stockbridge Ma – Marion

(A description of each town is included at the end of this publication)

Question 1: How was the first year of implementing the surcharges?

Assessors: “Went well with the residents; encountered a few problems getting clarification on some questions from DOR.” (Me)
“Not a problem, went smoothly.” (L)
“Few questions, concerns from residents.” (S)
“Could have used more continuing education from DOR.” (C)
“Many questions from residents.” (H, Ma)

Collectors: “Did not go well, due to non-standard software used by us at the time.” (L)
“People were confused by acronym – CPA, words should have been spelled out on forms.” (S, G) “Public education in advance of implementation vital to reduce questions/concerns.” (C) “Fine, but there were lots of questions from residents.” (H)

Question 2 : How was the first year of implementing the exemptions?

Assessors: “No problems.” (G, Me, S)
“One more thing to do; few applicants; fairly complicated process, but not a lot of work.” (L) “Slight nuisance, a bit more work to do; some questions from seniors, veterans.” (C)

Collectors: “No problems” (G)
“More issues for the assessors...for collector, just one more element on the tax form to deal with.” (L);
Lot of questions...people misunderstood CPA (acronym).” (S)
“Some problems, because software needed adjustments.” (Me)

Question 3: Did you take advantage of DOR’s fact sheets or model forms?

Assessors: “DOR generally helpful, CPA was new at the time.” (Me)
“Could have used more DOR support, but took whatever assistance was available.” (L)
“No input from other towns” (L, Ma, S, Me)
“DOR’s help was useful.” (C, H)

Collectors: “No, No” (L, G, S)
“Yes..DOR was helpful.”(Me, H)

Question 4: Did you need new software?

Assessors: “Needed some tweaks to existing program, worked well afterwards.” (S)
“Upgraded existing.” (H)
“No” (Me, Ma, G, L)

Collectors: “Existing software was a disaster” (L)
“No” (H, S, Me, C)

Question 5: What would have made the job easier?

Assessors: “Wished it was simpler and DOR did income level adjustments.” (L)
“DOR should have explained CPA better to towns, i.e. what is expected.” (C)
“Better software.” (H)

“Better public education, outreach.” (Ma, G, S)

Collectors: “Better public education, outreach in advance of implementation.” (S, Me, G) “Better software” (L)
“Can’t think of anything” (H)

Question 6: Was implementation better or worse than you expected?

Assessors: “Not as bad as anticipated.” (L, G)
“Better” (Me, Ma, S, H)
“Slightly worse, though not by a lot” (C)

Collectors: “Better...few glitches...most difficult part was deciding how to separate items in accounting system.” (G)
“Worse, due to software problem.” (L)
“Better” (H, S, H, Me, C)

Summary

Implementing any new process has the potential to complicate routine tasks, and the CPA is no different. However, the CPA has now been implemented by 110 communities for five years, so there are answers to common questions available, and there are people at the Department of Revenue, the Community Preservation Coalition, and the Highland Communities Initiative available to help resolve these questions. In addition, the Highland Communities Initiative’s \$5,000 small grants are a unique resource available only to towns in the Highlands, and towns that need new software and training to implement the CPA are strongly encouraged to apply for them.

Descriptions of Towns Interviewed

Conway is a small rural community, of 38 square miles, located in Franklin County, and bordered by Ashfield on the west, Goshen and Williamsburg on the southwest and south, Whately on the southeast, Deerfield on the east, and Shelburne and Buckland on the north and northwest. As of the 2000 census, the population was 1,663 people with a density of 41 people per square mile. Government is comprised of a Board of Selectmen with an Open Town Meeting. Conway adopted the Community Preservation Act in 2004.

Groveland, in Essex County, is a small rural community of 9.5 square miles in northeastern Massachusetts, situated on the Merrimac River. It is bordered by West Newbury on the north, Newbury and Georgetown on the east, Boxford on the south, and Haverill on the west. Located 31 miles north of Boston, its 2005 population was 7,004, with a density of 675 people per square mile (2000). The town motto has long been, "Groveland - A Good Place to Grow." In the 1960s, several housing developments were built here, impacting the formerly rural character of the town. Government is comprised of a Board of Selectmen with an Open Town Meeting. The town has one stop light. Groveland adopted the Community Preservation Act in 2002.

Hadley, situated in Hampshire County, is bordered by Sunderland on the north, Amherst on the east, South Hadley and Holyoke on the south, and Northampton and Hatfield on the west. Bordered by the Connecticut River and the Holyoke Range the town is 23 square miles in area, with a population of 4,822 (2005) and a density of 206 people per square mile. One of the earliest towns settled in the Commonwealth, the town retains a rich heritage, reflected in its many historic structures. It is a growing residential community with a strong agricultural base,

having the most farmland acreage of any Pioneer Valley town, as well as the most commercial development. Town government is comprised of an Administrative Assistant and Board of Selectmen, with an Open Town Meeting. Hadley adopted the Community Preservation Act in 2004.

Leverett is a rural town of 23 square miles, rich in scenic beauty, located in southern Franklin County. As of the 2005 census, there were 1,772 people with a population density of 73 people per square mile. Many residents work in the arts, as professionals and in the local colleges. It is bordered to the south by Amherst, to the west by Sunderland, to the east by Shutesbury and to the north by Montague. There is no commercial center. Government is comprised of an Administrative Assistant and Board of Selectmen, with an Open Town Meeting. Leverett adopted the Community Preservation Act in 2002.

Marion, situated in Plymouth County, is bordered by Wareham on the northeast, Buzzards Bay on the east and south, and Mattapoisett and Rochester on the southwest and northwest. The town is 27 square miles in area, with a population of 5,319 (2005) and a density of 350 people per square mile. Marion retains a charming New England coastal village center, rich in historic architecture. Government is comprised of an Administrative Assistant and Board of Selectmen, with an Open Town Meeting. Marion adopted the Community Preservation Act in 2004.

Mendon, historically a rural, agrarian community is located in the Blackstone Valley, 33 miles southwest of Boston. It is the second oldest town in Worcester County, and has one of the best-preserved Federal/Greek Revival hilltop village centers in the state, adjacent to large tracts of open space. The 2005 population was 5,754. Its 18 square miles have a density of 292 people per square mile, but growth has come rapidly as farmland has been overtaken by development. Government is comprised of a three member Board of Selectmen with an Open Town Meeting. Mendon adopted the Community Preservation Act in 2002.

Stockbridge, (with “the most famous Main Street in America” as painted by Norman Rockwell) is located in Berkshire County. The oldest village improvement society in the US, the Laurel Hill Association, was founded and still exists in Stockbridge. Stockbridge is bordered by West Stockbridge on the west, Richmond and Lenox on the north, Lenox and Lee on the east, and Great Barrington on the south. Stockbridge adopted the Community Preservation Act in 2002.

About the Highland Communities Initiative

A program of The Trustees of Reservations, the Highland Communities Initiative is a group of neighbors and volunteers working to enhance the quality of life and rural character of our communities. HCI connects people and provides them with the information and support they need to preserve the special natural and cultural landscapes of the Highlands region. To find out more, please visit us at www.highlandcommunities.org



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