



**DLS
Commentary**

As we continue to ride out the challenges of fiscal year 2009 with our eyes open to fiscal year 2010, DLS would like to thank municipal

officials for their continued dedication and hard work. We appreciate how dire these times are, the tough choices you've had to make and will continue to make this spring at town meetings and city council meetings across the Commonwealth. We know that you are working to keep your doors open and the lights on. Please call on your DLS colleagues for assistance as you prepare for the upcoming fiscal year.

In that regard, we've covered several oft-asked topics in this month's issue, including auditing standards for municipalities, library finances, and the motor vehicle excise. Our annual look at motor vehicle excise details a story you already know; not surprisingly, excise revenues continue to trend down as the age of our vehicles continues to increase.

As usual, we welcome all feedback on *City and Town* and other municipal issues.

Robert G. Nunes
Deputy Commissioner &
Director of Municipal Affairs

Best Practices

Personal Property Discovery and the Uniform Commercial Code

Robert J. Allard, Jr., City Assessor Worcester

The proper assessment of personal property has always been a challenge for municipal assessors. Taxpayers submit their personal property and its value on the form known as a "Form of List." Form of Lists are submitted annually and are scrutinized with a somewhat-doubting-eye as we read taxpayer statements regarding furniture and machinery that are worth only \$150 in depreciated market value. Other taxpayers never submit a return and the assessors always question themselves, "Do they not know to submit? Or do they not submit for fear of increased assessments?"

During the course of the year, there are routine and cyclical inspections of businesses, and each time, I return to the office with scribbled notes about some brand of autoclave and the approximate year it was new. My notes begin an online search for the cost of the item when "new," based on that approximation and I usually realize that while I had the brand right, I'm not sure about the model number or exact year, which I need to assess the value.

This year, it was brought to our attention that a method existed that would allow us to "discover" assets owned by our taxpayers that are not being reported to assessors. Our office put our heads together and figured out how we could accomplish this task.

The result was right on the Secretary of State's website, in the form of the Uniform Commercial Code (UCC) Public Search, which can be found at: <http://corp.sec.state.ma.us/uccfiling/uccSearch/Default.aspx>. Just like the recording of a deed is a public notice of the conveyance of real property, a UCC filing is made to record a debt of one party to another. Major equipment purchases usually occur when the seller

arranges to accept payment over a certain period of time. Until the borrower's debt is paid, the UCC filing records the borrower's indebtedness.

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To use the UCC Public Search, I would recommend that you start by typing "A" for the last name, enter your community in the "City" dialog box and enter "01/01/2008" in the "Search for items filed this date and later" dialog box. New UCC filings will be noted as "UCC-1." You can also obtain financing and asset information through the "Termination" and "Continuation" filing types, but you have to pull up the original "UCC-1" filing, which is in a PDF format. If the original filing was from a previous year, you can enter the asset but be sure to use the correct year of acquisition. Once done with the "A" list, go on to "B" and the rest of the alphabet.

Once you've discovered an asset, phase two of the process is to get on the Internet and search for the cost new of the item in question. Any search engine will do and you'll find you may have to estimate an approximate value because many manufacturers are reluctant to publish prices for their equipment. The more you search around, the more confident you will be in coming up with an approximate cost for the item when new, if you find you have to estimate a value.

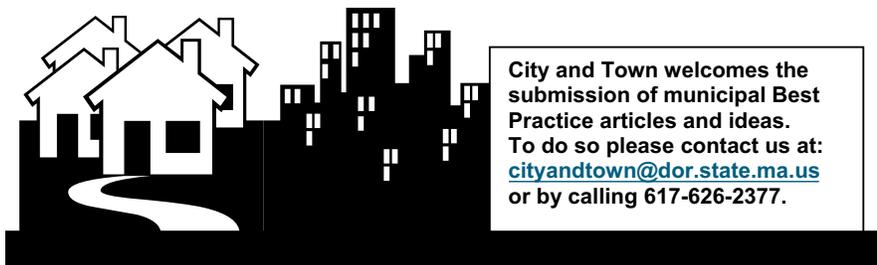
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Since **Worcester** is a quarterly billing community, we created all of our newly discovered accounts such that they would receive preliminary tax bills. Preliminary billing can be used as a tool to sort out any accounts that are either overvalued, closed, out of business or are not the actual owners of the UCC assets. If an asset does not belong to the individual issued a preliminary bill then that taxpayer need not file an abatement since the tax bill was only preliminary. Instead the city would send a corrected bill. This allows the city to effectively issue a notice and to the taxpayer that we believe they have unreported personal property without creating a situation in which the city

might have to pay out overlay funds for an abatement.

In fiscal year 2009, our first year using the UCC database to assist our work [of Worcester found over \$30,000,000 in new personal property assets through the use of the UCC website, realizing approximately \$786,000 in new tax base growth. The UCC search has become an integral part of our personal property assessment process. We pull the data once in July and once in January to split the work into two manageable functions. I would certainly recommend that all assessing departments utilize this very effective tool. ■



Library Trust Funds continued from page 3

buildings that are eligible for listing on the State Register of Historic Places or determined by the local historic preservation committee to be significant in the history, archaeology, architecture, or culture of the municipality. If the town owned library meets that definition of historic resource, then the community could expend CPA money to preserve, rehabilitate or restore the building.

Finally, with regard to the investment of funds granted in trust to a community, the general rule is that municipal trust

funds must be invested in the limited types of financial instruments set forth in M.G.L. Ch. 44 Sec. 54, unless the donor authorized or directed other types of investments. If an individual gave money in trust to a free public library which is not a city or town department, however, then the investment of such funds would be governed by the general principles of trust law, such as M.G.L. Ch. 180A, and not by M.G.L. Ch. 44 Sec. 54. ■

Mark Your Calendars

The **New Officials Finance Forum** will be held on Thursday, June 11, 2009 in **Worcester** at the College of the Holy Cross. The Bulletin announcing this training will be issued mid to late April.

Assessment Administration: Law, Procedures and Valuations (Course 101) will be held in August at the University of Massachusetts, **Amherst**. This course is offered through The Massachusetts Association of Assessing Officers (MAAO). Please visit their website for more information: www.maa.org.

The location and dates for the Fall 2009 Course 101 have not been established. The proposed region is Middlesex County. The dates and location will be finalized in mid June.

“What’s New in Municipal Law” will be held on Friday, September 25, 2009 at the Log Cabin Banquet and Meeting House in **Holyoke** and Friday, October 2, 2009 at the Lantana in **Randolph**. The Bulletin announcing this training opportunity will be issued in July. If you have any questions regarding the above information, please contact Donna Quinn, training coordinator, at 617-626-3838 or quinnd@dor.state.ma.us.

Statewide Training and Resources (STAR) Expo. This annual exposition, sponsored by the Operational Services Division, will be held at the Boston Convention & Exhibition Center on May 21, 2009. The Division of Local Services will be conducting a workshop, *Centralizing Municipal Contact Information for Everyone with the Division of Local Services (DLS) Local Officials Directory*, at this event. Pre-registration for the expo as well as any workshop is required. For more information, visit the STAR website, www.mass.gov/STAR. ■