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# Pelham Organizational Structure Evaluation of Property Assessment and Tax

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**Pelham Organizational Structure**

**Evaluation of Property  
Assessment and Tax Collection**

**Pelham, Massachusetts**

**Spring 1993**

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# **I. Introduction**

## **A. Executive Summary**

This Studio project conducted by the first year Regional Planning students from the University of Massachusetts was to evaluate the governmental structure of the Town of Pelham. The project was sponsored by the selectpersons of Pelham. The scope of this project focuses on the organizational structure of Pelham's assessing and collecting offices. After a thorough evaluation of these two offices, it was determined that the system is not working efficiently.

A series of alternative strategies were researched and offered as potential alternatives to the present system. The four strategies are as follows: Refining the Status Quo, Privatization, Changing the Position of the Collector from Elected to Appointed, and Regionalization.

To determine which alternative was best suited for Pelham, the four strategies were measured against seven desired objectives. The objectives are as follows: Increased Efficiency, Increased Accountability, Minimum Startup Costs, Long-Term Net Benefits, Community Confidence, Retention of Local Autonomy, and Maintenance of Small Town Atmosphere. The objectives are listed in order of importance based on input from a five member committee of townspeople and the Board of Selectpersons. This committee was established to aid the studio team in their research and to be a representative voice for the community.

Personality differences within the system have an adverse impact on the efficiency level of the system. The advantage of the project's approach was that it enabled the town to focus their attention solely on the efficiency of the *system*. This helped to free townspeople from the confusion and conflicts of personalities and personal loyalties. The final recommendation which was presented and accepted by the town, was to change the collector's position from an elected position to one of appointment by the Board of Selectpersons.

## **B. Introduction to the Project**

With a population of approximately 1,400 people, Pelham is typical of many small New England towns. They are finding that the demands of the 21st century are forcing the town's government to reevaluate the way in which they conduct business. Can small towns with a predominantly elected form of government continue to operate efficiently and provide the services required by its citizens?

The scope of this project has focused on the organizational structure of Pelham's assessing and collecting offices. Are these two offices working efficiently to provide the town with all the tax revenue it is owed? If not, what are the inefficiencies within the system? Numerous interviews were conducted with officials within the town of Pelham as well as the towns of Amherst, Hardwick, and Westhampton. Much of the information for this report was compiled from data provided by the Department of Revenue, Division of Local Services and from professionals in the financial field.

It should be noted that if the town wants a more efficient assessing and collecting system, a financial investment in the short term is essential. This investment is critical in order for the system to be effective in the long run.

There are elements within the system which are difficult to quantify, but they must be addressed. A level of professional respect is essential between the people who occupy the assessing and collecting offices. Without it, important lines of communication break down. This is currently a dilemma in Pelham which results in a negative fiscal impact on the town. This conflict must be addressed and resolved in order to truly achieve maximum efficiency.

Initially the scope of this project was to evaluate the efficiency level of all the government offices within Pelham. In light of time constraints, however, the Board of Selectpersons requested that the study team's attention focus on the assessing and collecting offices because of the crucial situation in these important offices. The approach used in this report can be applied to subsequent assessments of other departments within the town.



## C. Current Situation

The Assessor's office within the town is comprised of a three member elected board as well as an appointed assistant assessor. The appointed assessor is responsible for the day to day operations of the assessing office. Most importantly, it is the task of the assessor to accurately set the tax rate on real estate properties within the town and to maintain accurate records. This ensures that the tax rate is set in a timely manner and that the taxes applied to each property are fair and equitable.

Having the ability to appoint the assistant assessor has several advantages. First, and foremost, the position can be filled by a trained professional. This enables the town to require at least a minimum level of performance standards. It is the responsibility of the Board of Assessors to appoint and to monitor the performance level of the appointed assessor. Accountability in maintaining a level of efficiency is thus ensured. Another advantage that results in appointing an assessor is that the elected Board of Assessors has more time to focus its attention on policy issues. Thus, overall efficiency within the office is improved.

In 1989 Pelham acquired the state funded CAMA computer system (see "Computerization", p. 22). This computer system was designed explicitly for use by the assessing and collecting offices within the Commonwealth of Massachusetts. Its purpose is to improve the level of efficiency within the tax assessing and collecting system. Presently, the appointed assessor in Pelham is functioning on the CAMA system. Initial use of the computer has resulted in discrepancies between the figures in the printed tax bills and the amount actually owed by the individual property owner. It is common, however, for bugs to appear in the system as it is first being implemented. The assessing office is improving its use of the CAMA and is expected to be fully efficient within a few months.

The position of the tax collector in Pelham is currently held by an elected official. Elections take place every three years. Contrary to an appointed position, an elected official is not held accountable to other officials within the governmental structure. As a result, it is difficult to enforce a minimum level of performance standards. An elected system also limits the applicant pool. Only residents of the community can run for election. Furthermore, within the community, there is only a small percentage of individuals who are willing to "volunteer" their time to serve in these elected positions.

The transition from one elected official to another can often increase inefficiencies within the system. There is often a time delay for the newly elected official to achieve a level of competency.

This is of particular concern within the collector's office. A town such as Pelham, which relies almost exclusively on property taxes as its source of income, cannot afford to have a delay in its collection of taxes.

Though the CAMA system was acquired by Pelham in 1989, it is not being used in the tax collecting office. Tax collecting duties are still being performed manually. Pelham recently switched to a quarterly tax collecting system, in which taxes are paid in four separate installments over the course of the fiscal year. This change was implemented to increase the town's revenue and to prevent having to borrow in the short term. Prior to this, taxes were collected twice a year. The quarterly tax system has substantially increased the workload of the tax collector. As a result of performing the collecting duties manually, it is impossible for the current tax collecting system to complete the tasks required of the office in a timely manner.

It is the responsibility of the tax collector to issue demands to the delinquent tax payer. A demand notice informs the delinquent tax payer of his outstanding debt to the town. To date, no demand notices have been issued for fiscal year 1991. Thus, the town is not receiving all the tax revenue it is due. The amount of uncollected real estate taxes for fiscal year 1992 totals \$77,503.78. The total amount of uncollected real estate taxes for the five years between 1988-1992 is \$146,953.92. These amounts are based on figures received from the town's Balance Sheet dated June 30, 1992. This amount does not include all outstanding motor vehicle excise taxes. For a more detailed account of overdue real estate taxes and motor vehicle excise bills see Figure A on the following page.

## **Figure I**

### **Balance Sheet**

**June 30, 1992**

#### **Motor Vehicle Excise Taxes**

1992	1991	1990	1989	1988
5,696.25	5,393.71	N/A	3,010.50	2,743.51

#### **Property Taxes**

1992	1991	1990	1989	1988
77,503.78	34,140.09	18,497.77	12,201.38	4,610.90

\* Source: Town of Pelham, Balance Sheet, June 30, 1992



It has been determined that the desired efficiency level for tax collecting within the Commonwealth of Massachusetts is 98% by the end of each fiscal year. Using fiscal year 1991 as an example, Pelham's tax collecting system is operating at a 92% efficiency level. Monetarily, this percentage equates to approximately to **\$55,000** in uncollected taxes for fiscal year 1991.

The collector in Pelham earns approximately \$5,800 per year and has been employed for approximately ten years. The combined salary for the three member Board of Assessors in Pelham is \$2,000. On the other hand, the appointed assessor of Pelham earns approximately \$17,000 per year and has been working for the last three years.

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## II: Project Goal and Objectives

Through interviews with officials in Pelham, other communities, the state, as well as an extensive literature review, it became clear that Pelham's assessing and collecting offices were not working efficiently. The importance that these two positions play in the successful operation of the government cannot be overstated. It is crucial that the tax rate on real estate be set and that the subsequent tax be collected in a timely manner in order for the town to remain fiscally healthy.

If the tax assessment and/ or the tax collection is not handled in a timely manner, the ability of the town's government to perform its most important function is adversely affected: namely, the provision of municipal services to the town's citizens. Recognizing that a degree of inefficiency exists within the current assessing and collecting system, the goal of the project was established.

**A. Project Goal:** To bring the process of assessing property and collecting taxes in Pelham up to date.

A committee of five townspeople from Pelham was established to aid the study team in their research and to help establish desired objectives for the outcome of the project. The committee members were Anne Potter, John Lederle, John O'Neil, John Pembelton, and Lorraine Kavanaugh. The committee was appointed by the Board of Selectpersons and was designed to function as a representative voice for the community at large. The participation of the citizen's committee was very important. It provided the study team with the means to understand Pelham in a way that no text book could offer. To ensure that the final recommendation was the one most suitable for the town of Pelham, it was necessary to understand the less quantifiable and more subjective elements of the town. The committee of townspeople provided this very important information for the research team.

The research team and the citizen's committee met on three separate occasions to discuss the project's options and alternative strategies in detail. The most fruitful of these meetings was held on April 21, 1993. At this meeting, in which the selectpersons also participated, the discussion was how to determine which of the proposed alternative strategies would best succeed in satisfying Pelham's need to update its assessing and collecting system.

It was necessary to establish a list of desired objectives by which each alternative system could be measured. The study team facilitated, but ultimately, the decision of determining what the objectives were to be was the joint decision of the committee of townspeople and the Board of



Selectpersons. Once the list was agreed upon, two more exercises were conducted to further enable the study team to understand the importance of each objective in relation to the other objectives.

The first exercise asked the citizen's committee and the selectpersons to rank, in order of importance, each of the objectives. Each person was asked to do this ranking individually without discussing it with the other members. A similar, yet different, exercise was then conducted. This time the members were allotted a total number of seventy points. They were asked to distribute the seventy points among the seven objectives in any manner they chose. These exercises forced the committee members and selectpersons to weigh the benefits of one objective in comparison with the other six. The exercises helped to provide the study team with valuable insight into the relative importance of each of the objectives. The relative importance of each objective was taken into consideration when evaluating the alternative strategies. See Figures 2 and 3 for an example of the exercises used to rank and weigh each objective.

## **Figure II**

### **Ranking of Objectives (Average of all Participants)**

- **Increased Efficiency**
- **Maintain Minimum Cost**
- **Increased Accountability**
- **Retention of Local Autonomy**
- **Maintenance of Small Town Atmosphere**
- **Longterm Net Benefit**
- **Community Confidence**

## Figure III

### **Weighted Scoring of Objectives** (Average of all Participants)

**Please place a numerical score beside each objective based on your perception of their importance. Your total allotment of points is 70.**

- Increased Efficiency**
- Maintain Minimum Cost**
- Increased Accountability**
- Retention of Local Autonomy**
- Maintenance of Small Town Atmosphere**
- Long-term Net Benefit**
- Community Confidence**



The list of the seven objectives, ranked in decreasing order of importance, as determined by the committee of townspeople and the selectpersons of Pelham, is listed below. Following the ranked list is an explanation of each objective.

1. Increased Efficiency
2. Increased Accountability
3. Minimum Startup Costs
4. Long-Term Net Benefit
5. Community Confidence
6. Maintenance of Small Town Atmosphere
7. Retention of Local Autonomy

## **B. Project Objectives**

As a result of the research team's survey, the following objectives are listed below, ranked in order of importance:

- 1. Increased Efficiency:** As communities grow, so do municipal budgets. Small communities like Pelham rely almost exclusively on property taxes as a source of revenue to pay for municipal services. Therefore, it is imperative that properties are assessed accurately and the subsequent tax is collected in a timely manner. This commitment to efficiency allows a town to maintain a positive cash flow while avoiding the need to borrow to meet service demands.
- 2. Increased Accountability:** Accountability is a system of checks and balances which helps to ensure that the properties are assessed accurately and that the town receives all the tax revenue it is due. It is a way of enforcing a minimum level of performance standards from the people who occupy the assessing and collecting positions. As mentioned above, Pelham receives over 90% of its revenue from taxes on real estate. It is imperative that the offices responsible for bringing these tax dollars into the community are highly competent. Accountability to a higher board and the enforcement of performance standards can maximize the town's tax revenues.
- 3. Maintain Minimum Startup Costs:** Pelham is a small town with limited resources. All its land is zoned residential and over 90% of the town's revenue is generated through taxes on real estate. There is neither commercial nor industrial land in the town from which to draw additional revenue. As a result, the burden of paying for the potential change to a new assessing and collecting system rests solely with the taxpayer. Any future changes should evaluate this added financial strain on the town's citizens.



**4. Long-Term Net Benefit:** Any new proposal must consider what the long-term advantages and disadvantages are. While it is understood that startup costs are important, it is equally critical to understand annual operating costs and long-term net benefits realized through the implementation of this new proposal.

**5. Community Confidence:** Through the course of interviewing citizens and elected officials, varying degrees of confidence exist in the manner in which Pelham is governed. Citizen confidence in government is an important factor. Community confidence is directly related to the receptiveness of the citizens supporting important issues. An example of relevant issues are funding for new and existing programs and community participation.

**6. Maintenance of Small Town Atmosphere:** Pelham is a rural community with a lovely small town atmosphere. An important attribute of small town government is that all citizens are directly involved in the process of governing. Annual town meetings are a forum for each individual to vote directly on issues which effect them. These issues range from tax rate to a variety of decisions concerning the quality of life. As municipal governments become more professional, the complexity of the governmental structure increases. This could lead to decreased citizen involvement and a feeling by the citizens that the government isn't "in touch" with the community. A challenge to all communities is to balance professionalism with personal service.

**7. Retention of Local Autonomy:** Pelham has always followed the New England tradition of leadership by an elected government. Until very recently, all government officials were residents of the town who volunteered their time as a service to the community. The nature by which an elected government functions has allowed the citizens of Pelham to govern the town with little or no help from outside the community. The current system, as well as the proposed recommendations must be assessed to determine which method of governance will best enable Pelham to continue governing itself and not have to look for outside assistance.

### **III Research and Analysis**

This next section of the report focuses on the research that was conducted and the subsequent analysis of the data. An overview of the current situation of Pelham's assessing and collecting system has already been presented. This next section highlights how the assessing and collecting offices are "supposed" to work. It is a guideline for which Pelham should strive to achieve. A condensed version appears as Figure IV and is titled, "Proposed Two Year Plan."

The information concerning how these offices should operate was compiled after numerous interviews from the Department of Revenue, the Massachusetts Municipal Association, and professionals with experience as tax collectors and property assessors. The Massachusetts General Laws on assessing and collecting were also consulted. The following section focuses on three communities and their assessing and collecting offices. The discussions of Hardwick, Westhampton, and Amherst help to clarify Pelham's situation. Lastly, this section of the report highlights the benefits of computerization and more specifically, the use of Computer-Assisted Appraisal and Tax Administration (CAMA) system.

#### **A: Description of Offices:**

##### **Tax Collector**

Following is a summary of the duties and responsibilities typically required of a tax collector within the Commonwealth of Massachusetts..

The main duties of the collector are to mail the tax bills and to collect payments in an appropriate time frame. The collector receives the printed tax bills from the Board of Assessors who have the responsibility for setting the tax rate. The motor vehicle excise bills however, come directly from the appointed deputy collector. The deputy gets all pertinent information from the Registry of Motor Vehicles and prints the excise bills. The assessors are also responsible for preparing the commitment sheet which records the amount of tax dollars to be appropriated through taxation. This is the amount of money the collector is required to bring into the town. In Pelham, these taxes are on real estate, personal property, motor vehicle, and forest land. The current property tax rate is approximately \$14.00 per \$1,000.00.

Once the bills have been mailed to the tax payers, it is the responsibility of the collector to ensure that the bills are being paid in a timely manner. The tax payer has thirty days from the day the bill



is postmarked to pay the tax. If the tax payment has not been received by the collector within that thirty day period, the collector must begin the necessary proceedings to collect that money.

## **Collection of Delinquent Taxes**

Pelham is on a quarterly tax system. The first two quarterly bills are mailed simultaneously. Payment for the first bill is due 30 days from the mailing date and payment for the second bill is due in another 30 days. Before preparing the second half of the tax bills, the collector must know who has paid the first two bills on time and who has not. The second half bills reflect the amount due for the third and fourth quarters plus any unpaid portion including interest from the first two bills. All tax money must be paid in full by May first.

"If the tax remains unpaid after May first, or if any portion of the tax remains unpaid, the collector should send a demand to the delinquent taxpayer. Sending a demand is a prerequisite to the exercise of certain collection remedies such as tax takings." (A Manual for a Collector of Taxes: Sec V-5). If the tax remains unpaid after 14 days from when the demand was sent out, the collector issues a warrant to the deputy collector. The collector should strive to have all warrants issued by the end of the current fiscal year. It is now the responsibility of the collector to collect the tax, plus interest and fees. The cost for each real estate warrant is \$30. This fee is paid directly to the deputy collector by the delinquent tax payer. Pelham has two deputy collectors; one is responsible for the collection of delinquent real estate taxes and the other for delinquent motor vehicle excises. The deputy collectors are appointed positions. There is no additional charge to the town for these services.

It is essential that the collector maintains accurate and current records in order to ensure that the tax proceedings are carried out in a timely manner. This also ensures that the town is receiving all the revenue it is entitled to and helps to reduce the amount the town needs to borrow. Along with the mailing and collecting of the tax bills the collector must also maintain records of each account. These records reflect all payments, exemptions, and abatements. The collector "transmits funds to the treasurer and reconciles the commitment book with the town accountant." (Mass. Collectors & Treasurers Assoc.).

## **Assessor**

An assessor primarily determines how much each taxpayer owes by setting the value of taxable properties. Schools, police, fire, and other governmental services are benefited through taxes. The assessor's job is to list, measure, and place a monetary value on each parcel of land in a town. This process is continually updated on a three year cycle.

The assessor's office studies the market and collects information about properties in order to accurately assess the property's value. The property tax supports a large portion of the town's revenue. The assessor's office has no control over tax rates. The tax rate is a reflection of the town's tax levy. The tax levy is the total amount of the town's budget which will be appropriated through taxation.

The primary responsibility of the assessor is to prepare an annual assessment roll, which lists all properties in their districts and their assessed values. To prepare an annual assessment roll two steps must be taken: the taxable property in the district must be located and identified, and a property record must be made for each parcel. Assessments are a complex task and can be a source of controversy. Assessors are expected to achieve accuracy, equity, and fairness in their estimates of value.



## **Figure IV**

### **Proposed Two Year Plan for Pelham**

The following is a level of standards compiled for both the assessing and collecting offices. This list should be used as a guideline for the individual offices. It highlights standards which will help the assessing and collecting system within Pelham achieve efficiency. Achievement of these standards should be completed in a two year time frame.

### **Standards**

#### **Assessor's Office**

1. A computerized system compatible with Collector's Office.
2. Timely setting of Tax Rate.
3. Timely sending of Abatements and Adjustments to Collector.
4. Tax bills printed in a timely manner.
5. Maintains accurate records (Recapitulation & Commitment Sheet).
6. In-house Revaluation.

#### **Collectors Office**

1. A Computerized system compatible with Assessor's Office.
2. Send Tax Bills in a timely manner (July 1st & January 1st).
3. Send Demands the 1st week of May.
4. Warrants to Deputy Collector September 1st.
5. 98% Collection Rate by June 30th of fiscal year.
6. Deposit Tax Revenue daily.
7. Maintain and update accurate records (payments, exemptions, abatements, turnover sheets).
8. Completion of Municipal Lien Certificates within 30 days of request.

## **B. Comparative Towns**

An evaluation of the assessing and collecting offices was carried out in three towns in western Massachusetts as comparative examples. The towns were Hardwick, Westhampton, and Amherst. Hardwick was evaluated because it is a town whose assessing and collecting offices are operating successfully using the CAMA system. Westhampton is a town of similar size and population. The method of assessing properties and collecting taxes is the same as Pelham's. The collecting in Westhampton is conducted manually whereas the assessing is done with the help of the CAMA system. Amherst was viewed as a town which would potentially be interested in regionalization.

### **Hardwick**

In terms of its assessing and collecting duties, Hardwick is a town which is very similar to Pelham. Hardwick is a town that is approximately twice the size of Pelham in population and number of property parcels. Its population is approximately 2,300 and the number of property parcels is 1,300. Hardwick is on a semi-annual tax collecting system. Like Pelham, the position of collector remains elected. The town also has an appointed assistant assessor to handle the daily tasks of maintaining the records and also to aid the elected Board of Assessors.

The Board of Assessors is responsible for appointing the deputy assessor. It is a full time, 40 hour per week, position. The assessing office in Hardwick has been using the CAMA system since fiscal year 1991. During the first year, the tax bills did not go out until March, 1992. This is because it was a complete revaluation year in which the value of every parcel in town was analyzed. Extensive hours were required to input all the necessary data to make the computer operational. At this point, however, the CAMA system is operating efficiently.

An outside firm, Digicomp Corporation from Peru, Massachusetts, did the town's last complete revaluation in 1991. The cost to the town was \$46,000. In contrast, Pelham did its own revaluation "in-house." This eliminated the fee paid to an outside revaluation firm. The Department of Revenue requires all properties be updated every three years. However, they are willing to allow towns to spread the workload out over time. To maintain its records, the assessing office will update one third of all properties each year.

The collector in Hardwick, like Pelham, is an elected position. The salary is \$7,200 plus any additional demands collected. The position currently requires approximately 10 hours per week.



The collector has been on the CAMA system for one year. The town also has hired Jeffrey & Jeffrey from Ware to serve as deputy collector. It is a private firm whose responsibility is for collecting delinquent property and excise taxes. There is no fee charged to the town for this service.

The most immediate difference between the tax collector in Hardwick and the collector in Pelham is that the collector in Hardwick uses the CAMA system. CAMA reduces the amount of paperwork that is required of the collector. Most importantly, it reduces the number of hours spent on calculating the interest on overdue taxes. It can also generate a list of those tax payers that are delinquent on their taxes and enables the collector to send out a demand notice for those back taxes in a more timely manner. This helps to increase the revenue of the town. It also reduces the hours required of the position when calculations and filing are done manually.

The collector is responsible for calculating the amount owed for the second half of the tax bill. The CAMA system will automatically calculate the 14% interest on overdue preliminary tax bills. This prevents the collector from having to do the time consuming task of calculating interest manually. It also allows the tax payer to receive an accurate "actual" bill. This second half bill will show the balance due plus an outstanding balance, if any, from the first bill as well as any accrued interest.

The demands are now submitted approximately two months after the May 1st tax payment due date. This is a dramatic improvement from the previous years when the task was done manually. This also speeds the process for which delinquent properties are put into tax title. Previously, it took Hardwick three years to issue the necessary warrants. These warrants are now being sent to the deputy collector within one year.

## **Westhampton**

An interesting comparison to the situation in Pelham is that of Westhampton. With approximately 1400 residents and 700 homes, Westhampton is of similar size to Pelham. Like Pelham, Westhampton is a rural community with very little commercial or industrial land. The main difference between Pelham and Westhampton is that all governmental positions in Westhampton are elected, including the assessor.

The collectors' salary is \$1,650 a year. Running unopposed since 1964, the collectors are a husband and wife team who have a 100% success rate in the collection of taxes. The tax rate for

Westhampton in \$14 per \$1,000. Westhampton does not tax quarterly. Instead, taxes are collected on a semi-annual basis. The collectors feel that the method of a quarterly system will cost the town twice the money. This is based on their opinion that the collection procedure will become confusing, efficiency will decrease, and the opportunity for error will increase. As a result, it will cost the town more money and double the workload in the long run. The collectors feel that if towns adhere to a quarterly system, it will be necessary to borrow money. The collecting system in Westhampton is similar to Pelham's in that the system remains elected and manual. However, Westhampton has been successful in maintaining a level of efficiency despite doing the duties manually. One explanation for this difference is that Westhampton operates on a semi-annual system, whereas Pelham follows a quarterly system. Also, there are two people working together whereas, in Pelham there is only one individual who is responsible for all the duties of the collector.

The assessor of Westhampton has a salary of \$1,800 per year. The assessor is of the opinion that the town will eventually switch to a quarterly system at some point in the future. Westhampton does not have a computerized system for the collectors, but the assessor does have one. The bills are generated from the computer by the assessor and are manually recorded by the collectors. The collectors have no problem doing the work manually and have no difficulties in coordinating with the assessor. There is limited contact between the collecting and assessing offices. The assessor claims to be putting in less time than five years ago due to the assistance of CAMA and the use of updated tax maps. Westhampton prides itself on being self-sufficient. The issue of determining salaries does not exist in Westhampton since each office is viewed as providing a service to the community. This is the nature behind an elected system.

## **Amherst**

The Town of Amherst serves as a stark example of efficiency and professionalism when compared to its small surrounding communities. Amherst's assessing and collecting offices are made up of an entirely professional staff. These individuals are educated in these fields and consequently are paid a competitive wage in return for their services. It should be noted that Amherst has a substantially larger tax base and therefore can, and must conduct business professionally. Amherst was examined, not as an example of how Pelham should run its assessing and collecting offices, but rather to get an idea of how a full-time professional staff operates.



Amherst uses a large, main-frame computer system in the administration of all local government. The offices of assessor and collector take advantage of this state of the art system in their administrative duties. There is a constant flow of information between the two departments, as well as other departments, via the computer.

All assessing and collecting duties are completed within the respective offices. Amherst does not rely on outside assessing agencies nor does it look to an outside deputy collector to collect back property or excise taxes.

## **C. Computerization**

Throughout our research it became increasingly apparent that computers play a major role in the administration of local governments. Be it the assessor or collector; a computer allows for better record keeping and a more efficient use of time. Consequently computer skills are becoming a prerequisite for property assessment and tax collection. Recognizing this trend toward computerization, the Commonwealth of Massachusetts developed a state program to assist local governments in the transition to computerization. This program provides participating communities with software and training, enabling them to enter into computerized record keeping. This state program is known as CAMA, or Computer-Assisted Appraisal and Tax Administration.

### **CAMA: Computer-Assisted Appraisal and Tax Administration**

The *purpose* of the CAMA system is to provide communities with modern tools to maintain "full and fair cash value" property assessments at a reasonable cost. This full value standard assures equitable distribution of the local property tax burden.

#### **Benefits**

- Cost-effective adherence to full value assessment standards on a continuing basis.
- An independent, pc based system that supports the local autonomy so highly valued by towns.
- Improved assessment accuracy and uniformity.
- Ease and efficiency in maintaining records and producing reports.
- Reduction in per parcel cost of updating values for triennial certification.
- Continuity and accessibility of Bureau of Local Assessment support, training and technical assistance.

## Features

Data management: This is the ability to handle actual entry of data, along with storage and retrieval of that data for use by other modules in the system. The system can store both current property inventory data and sales and historic data. With a "sketch vector" program building sketches can be drawn, building areas can be calculated, and those areas can be transferred for use in the cost calculation module. This system checks different kinds of data entry errors and acceptable codes.

Valuation: The system is capable of computing values using all of the usual appraisal methods, including: Cost Approach to Value, Income Approach, Comparative Sales Approach, Market Data Analysis using Multiple Regression Analysis, Personal Property Valuation, and Use Value Assessments.

Administration: This system will assign assessor-selected values for various types of property, handle exemptions, abatements, betterments, districts, impact notices, commitment lists, and print property record data collection cards in a variety of formats. Bureau of Local Assessment forms and reports are also produced by the system. Commitment and billing information is maintained in a separate "frozen" file, so that changes to the assessment data base can begin after commitment.

Tax Collection: This system will print first and second bills and demand notices for real and personal property in full conformance with Department of Revenue guidelines and other state laws. Second bills and demand notices will show actual payments and interest owed. The system will print preliminary tax notices, adjusting the actual billing and following commitments. After billing, the system will handle entry of all payments for real and personal property in three stages - initial entry by control packets, allocation with on-line re-allocation, and posting to the tax administration record. Security features limit who can perform what functions. Delinquency lists and other collection related reports are easily generated.

Data Analysis: This system will perform statistical tests, such as assessment/sales ratio studies, as well as carry out appraisal techniques, such as multiple regression analysis.

Query Report Module: This system allows for custom inquiries and reports that can access all assessor and collector information. With this program a wide variety of options for data selection, manipulation, output, sorting, and storing for later use. Uses include: printing mailing labels, commitment lists, district tax lists, and impact notices.



Listed, on the following page, are five alternative policies or strategies which are potential solutions to fulfilling the stated goal of bringing the assessor's and collector's offices up to date. The first section illustrates the main components of each alternative and how it differs from the status quo. The next section focuses on evaluating each of the alternative strategies.

## IV: Alternative Strategies

Listed below are five alternative policies or strategies which are potential solution to fulfilling the stated goal of bringing the assessor's and collector's offices up to date. The first section illustrates the main components of each alternative and how it differs from the status quo. The next section focuses on evaluating each of the alternatives. In evaluating each of these proposed strategies the research team sought to determine how well each criterion was met. The evaluation highlighted the strengths and the limitations embedded in each alternative strategy.

**Status Quo:** In the current system, the position of the tax collector is an elected one. The work is done manually. The town does have an appointed assistant assessor, a professional hired to aid the Board of Assessors. The assistant assessor is computerized and functional on the CAMA system.

It is important to recognize that the current approach has many positive attributes. The current system has served the town of Pelham comparatively well for generations. At the same time, a great deal progress has been made in financial record keeping. Using this evaluation technique, strengths and weaknesses of the status quo system will be highlighted.

**Refined Status Quo:** The main component to this alternative policy is requiring that both the assessor and collector be proficient on the CAMA system.

**Privatization:** Over the past few years the selectpersons in Pelham have explored the possibility of utilizing the professional staff that already exists in Amherst to complete the duties of tax collection and property assessment. Amherst has a large, professional, fully automated staff which is capable of administering Pelham's assessing and collecting duties.

**Appointed Collector:** This alternative proposes to change the method of choosing the tax collector from elected to appointed. This would shift the decision from the citizens to the selectpersons of Pelham in deciding who the collector shall be. This appointed collector presumably would be hired from the region at large, based on his/her ability to effectively carry out all functions required of him/her by Massachusetts state law and the Selectpersons of Pelham.

**Regionalization:** Pelham currently uses a form of regionalization with the appointed assessor. This deputy assessor works half-time for Pelham and half-time for the town of Chester. This



arrangement is often referred to as "circuit riding". It is an arrangement which could be applied to the collectors office. A professional could be hired in conjunction with a neighboring community, thus eliminating the need to hire a full-time employee.

## Analysis of Each Strategy

Each alternative strategy was analyzed and evaluated as to how well it satisfied each of the stated objectives. A numerical value was applied to those objectives which were quantifiable. Interestingly, the top four objectives, efficiency, accountability, minimum startup costs, and long-term net benefits, were the ones most easily quantifiable. A breakdown of the relative "real" dollar costs of each alternative are presented after each analysis of each option. The remaining three objectives were incorporated into the analysis based upon the input the study team had received from the citizen's committee and the Board of Selectpersons. They are also discussed in each analysis. The results of the evaluation are examined below. Refer to the explanations of the objectives to help fully understand the analysis.

### Status Quo

The current system is not working *efficiently*. Though the office of the assessor has become proficient on the CAMA system, the collector's office continues to operate manually. Thus, efficiency is lacking in the office of the tax collector. *Accountability* is also questionable given the fact that the collector remains an elected position. However, accountability has been improved within the assessor's office due to the deputy assessor being an appointed position.

There would be no *start up costs* though, relative *long-term net benefits* would suffer due to inefficiencies in the collecting system in issuing demand notices. The collection rate is expected to remain at a level close to 92%. As stated earlier in the report, for fiscal year 1992 the amount of uncollected real estate taxes was \$77,503.78.

*Community confidence* among Pelham's citizens is not high with the current system of assessing and collecting. Complaints were heard concerning tax payment checks not being collected for months. Pelham continues to maintain its small *town atmosphere*. Due to the existing inefficiency level, however, *local autonomy* is sacrificed.

## Figure V

### Status Quo Option

Start up Costs:	<u>\$7,000.00</u>	Audit
Total Start Up Costs:	<b>\$7,000.00</b>	
Annual direct cost of service:	\$17,000.00	Appointed Assessor's annual salary
	\$ 6,000.00	Elected Collector's annual salary
	\$ 2,000.00	Elected Board of Assessor's annual salary
	<u>\$ 6,325.00</u>	Benefits
	\$31,325.00	
Plus	\$ 1,880.98	Money lost per year due to inefficiency of Collector/ Assessor.
<u>Total Annual Costs:</u>	<b>\$33,205.98</b>	
<b>Total 1st Year Cost:</b>	<b>\$40,205.98</b>	



## Refined Status Quo

This option changes the existing system by requiring that the position of tax collector become computerized. This position will, however, remain an elected one. No adjustments are made to the current makeup of the assessor's office.

*Increased efficiency* is a direct result of computerization. A computerized system will reduce the time involved and aid the collector in performing the tasks of the office in a timely manner. However, the level of *accountability* does not increase with this alternative as the collectors position remains elected. There is no one to whom the collector must regularly check in. Therefore, performance standards are not monitored.

The *start up costs* are minimal and require that the town invest in part-time clerical assistance for the tax collector and in a computer course for the collector. The *long-term net benefits* are expected to improve tremendously as the efficiency level will improve from a 92% collection rate to a level of 98%.

*Community confidence* in the system would improve to some degree with the use of CAMA. However, the issue of accountability still limits the overall level of community confidence. *Small town atmosphere* continues and *local autonomy* improves with this alternative. Pelham would have few reasons, if any, to look to the outside for assistance with its assessing and collecting.

## Figure VI

### Refined Status Quo Option

Start Up Costs:	\$3,750.00	P/T labor
	\$150.00	Computer Class
	<u>\$7,000.00</u>	Audit
Total Start Up Costs:	<b>\$10,900.00</b>	
Annual Direct Cost of Service:	\$17,000.00	Appointed Assessor
	\$6,000.00	Elected Collector
	\$2,000.00	Bd. of Assessors
	\$3,750.00	P/T Clerical
	<u>\$7,356.00</u>	Benefits
	\$36,106.00	
	Minus	\$1880.98 Money lost per year due to inefficiency of Collector/ Assessor.
<u>Total Annual Costs:</u>	<b>\$34,225.02</b>	
Total 1st Year Cost:	<b>\$54,855.52</b>	

## Appointed Collector

This alternative recommends changing the method of choosing Pelham's tax collector from election to appointment.

The two most important objectives are met with this option. *Efficiency* and *accountability* will both be achieved if the positions of the deputy assessor and tax collector are both occupied by professionals. Under this option, the professional would be required to be computer literate and would be expected to attain a specified level of performance. The rate of tax collecting is anticipated to rise to the 98% efficiency level. The appointed official would be held accountable to the Board of Selectpersons.

*Start up costs* are actually less than the refined status quo option. The initial cost would be for clerical assistance in helping to bring the manual system up to date. This is anticipated to be a one time cost only. It will not be necessary to maintain clerical help once the data from the existing system has been entered into the computer. The *long-term net benefits* also increased tremendously. The largest acquired cost will be the salary increase demanded by professional employees. This cost, however, will be offset by the increase in the town's tax collecting revenue.

*Community confidence* is anticipated to be fully achieved under this option. The tax collection rate and the method in which the duties are being performed are both expected to increase. The one objective which is not met under this alternative is the maintenance of *small town atmosphere*. The citizens of Pelham would be sacrificing their direct voice in choosing the position of the tax collector. By increasing the efficiency of the system, this option would improve the *local autonomy* of the town. The appointed assessor may or may not be a resident of Pelham. However, the increased level of efficiency would prevent Pelham from having to seek assistance from other towns or government agencies.



## Appointed Collector Option

\$7,000.00      Audit

<b>Annual Direct Cost of Service:</b>	\$17,000.00	Assessor Salary (Pelham's 1/2 share)
	\$17,500.00	Collector Salary (\$14.00 per hr @ 25 hrs.)
	\$ 2,000.00	Board of Assessors Salary
	<u>\$ 9,487.50</u>	Benefits (\$34,500@ 27.5%)
	\$45,987.50	

**\$1,880.98 Money lost per year due to inefficiency of current Collector/ Assessor system.**

**Total 1st Year Cost: \$54,855.52**

## Privatization - Amherst Option

This option seeks to utilize the professional services of the town of Amherst. Pelham would contract with Amherst to perform its assessing and collecting duties. Pelham would retain its elected Board of Assessors and elected tax collector. Keeping these elected positions allows the system to balance professionalism with personal service.

By utilizing the professional services of Amherst's assessing and collecting staffs, both objectives of *increased efficiency and accountability* would be fulfilled.

*Start up and annual costs* were difficult to obtain. However, "off the record" quotes were given. It should be noted that these quotes are by no means absolute. They are included in this report as a means for comparison. If this option is to be pursued by Pelham, actual costs will have to be negotiated. The *start up costs* for the option are comparatively high. The impact on the tax rate of the \$20,000 start up cost needs to be seriously considered. The *long-term net benefits* of this option are increased a substantial amount.

This alternative provides a high level of *community confidence* with the professional nature of the system. It is *local autonomy* and to some degree the *maintenance of small town atmosphere* which is called into question with this option. The elected Board of Assessors and elected collector will continue to provide personalized service. The residents of Pelham feel that, in many respects, Amherst already influences their town to a large degree. Many may not want to see this element of their town government being handled by an "outside force."

## Figure VIII

### Amherst Option

**Start up Costs:** **\$20,000.00** Fee includes an audit and all labor to transfer records to Amherst.

**Annual Direct Cost of Service:** **\$35,000.00** Fee to Amherst  
\$2,000.00 Elected Board of Assessors  
\$2,000.00 Elected Collector  
**\$39,000.00**

**Minus**  
\$1,880.98 Money lost per year due to inefficiency of current Collector/ Assessor system.

**Total Annual Costs:** **\$37,119.02**

**Total 1st Year Cost:** **\$57,119.02**



## Regionalization

Pelham is currently using a form of regionalization with their assistant assessor. The assessor is employed by Pelham and the town of Chester. The salary and the benefits of the assistant assessor are shared by the two towns. This option would regionalize the collector's office as well.

At first glance, this option appears to be identical to the appointed collector option.

In quantifiable terms they are identical. The objectives are met to the same degree. *Efficiency* and *accountability* are fully achieved under this system. The *start up cost* requires hiring a part-time clerical assistant to help bring the system up to date. The annual costs are identical to the appointed collector option which means that *long-term net benefits* are also equal.

*Community confidence* increases with the professionalism of the system. This alternative also ensures a degree of *local autonomy* as efficiency in tax collection rates are increased. Like the appointed collector option, it is perhaps *small town atmosphere* which is sacrificed the most. No longer would the position of the tax collector be chosen by citizen vote.

However, regionalization is perhaps the most difficult of all the alternative strategies to implement. During the course of research done for this project, no towns within the Commonwealth of Massachusetts were found to share a tax collector. If Pelham were to choose this option, more time would be required to research the feasibility of this alternative.

## Figure IX

### Regionalization

**Start up Costs:** \$3,750.00 Part time labor costs @ \$7.50 hr.  
for 25 wks.

\$7,000.00 Audit

**\$10,750.00**

**Annual Direct Cost of Service:** \$17,000.00 Assessor Salary  
(Pelham's 1/2 share)

\$17,500.00 Collector Salary  
(Pelham's 1/2 share)

\$ 2,000.00 Board of Assessors Salary

\$ 9,487.50 Benefits

\$44,105.52

**Minus**

\$1,880.98 Money lost per year due to  
inefficiency of current  
Collector/ Assessor system.

**Total Annual Costs:** **\$44,105.52**

**Total 1st Year Cost: \$54,855.52**

## Figure X

### Alternative Strategies Rated by Objective

In an attempt to clearly address positive and negative attributes of each alternative strategy in relation to each objective, the following matrix was developed:

	Status Quo	Refined Status Quo	Appointed Collector	Privatization	Regional- ization
Increased Efficiency					
Maintain Minimum Cost					
Increased Accountability					
Retention of Local Autonomy					
Maintenance of Small Town Atmosphere					
Community Confidence					



## **Recommendation**

It became clear to the research team, after applying each objective to the alternative strategies and analyzing how well each of the objectives were met, what the recommendation to the town should be. The study committee recommended to the town that they vote to change the method of choosing their tax collector from election to that of appointment. A matrix was used to help clarify the positive and negative attitudes of each alternative (see figure X). It will cost the town approximately \$11,000 more per year to offset the salary increase of the hired professional. However, based upon the desired objectives set forth by the citizen's group and the selectpersons, the benefits far outweigh the costs.

Input from the committee of townspeople was a crucial element of this study. Without it, the study team would have been making an educated guess as to what the residents of Pelham were striving for as opposed to what only looked good on paper.

## V: Conclusion

The research team, on April 29, 1993, met with town selectpersons and the citizen committee with the recommendation of changing the tax collectors position from an elected to appointed. Under this plan, the appointment of the tax collector would be the responsibility of the selectpersons as would the oversight of this position. Through the course of comparing alternative strategies with the stated objectives, it was apparent that an appointed collector offered the greatest number of benefits. This was especially true when the ranking of objectives was completed. The most important objectives, as conveyed by the selectpersons and the citizens committee, were increased efficiency and increased accountability. Both of these benefits would be realized with an appointed collector.

Other forms of appointing a tax collector were considered as alternative strategies but were ruled out by examining how well they fulfilled stated objectives as well as through the consideration of time. The option of hiring the town of Amherst to collect taxes and assess property would have brought efficiency and accountability to an acceptable level, but the time required to implement such a policy deemed it unacceptable. A similar conclusion was reached with regard to regionalization. Again regionalization would have increased efficiency and accountability, but uncertainty about the amount of time needed to implement such a policy made it unacceptable. It should be noted that the selectpersons strongly embrace the notion of regionalization and in the future will strive to regionalize the tax collecting position.

On May 1, 1993 the Town of Pelham held their annual town meeting. One of the items on the Town Warrant dealt with the substance of this report. Article 18 on the Town Warrant read:

"To see if the Town will authorize  
the Board of Selectmen to petition  
the Legislature to change the method  
of choosing a Town Collector to that  
of appointment rather than election, or  
take any other action relative thereto."

Professor John Mullin, the Department Head for the Department of Landscape Architecture and Regional Planning, as well as a resident of Pelham, presented the findings of this report to the town at the annual meeting. After much debate, the town of Pelham voted to change the collector's position from an elected position to one of appointment.



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Assessor of Hardwick, Jennifer Kolenda 4/1/93

Collector of Hardwick, Lillian Holden 4/1/93

Assessors of Pelham, Chip LaPointe and Kim Latour 3/8/93

Collector of Pelham, Diane Shepard- various times

Committee of Townspeople in Pelham 4/7/93, 4/21/93, & 4/29/93

Finance Committee, Pelham, Charles Moran 3/29/93

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