

Enforcement of Property Tax Collections

Purpose

The purpose of this policy is twofold: (1) to communicate clearly to all taxpayers the procedure the Town will follow to preserve its rights and fulfill its duties to collect taxes and (2) to contribute to the stability of the Town's financial condition by maximizing the collection of taxes.

The property tax levy comprises the majority of the annual revenues, approximately 52 percent, that support the Town's operating budget. On average, the Town collects approximately 98 percent of the amount billed by June 30 of the year which is levied. As a matter of fairness to those who pay their taxes timely, the Town should pursue all legal remedies available to it in order to ultimately collect from those who are delinquent.

Applicability

This policy applies to the taxpayers of the Town, the Treasurer Collector who has the primary responsibility for the collection of taxes and enforcement of collections, and the Assessor and Town Accountant regarding the enforcement of the collection of personal property taxes. Secondary enforcement responsibility rest with the Town departments responsible for the issuance of licenses and permits, and outside legal counsel, as needed.

Definitions

Real Property – For local tax purposes, this is defined as land, buildings, and things thereon or affixed thereto.

Personal property – Composed of goods, merchandise, equipment, tools, machinery, furniture, furnishings and effects, and other movable property.

Demand Letter – a letter to taxpayers issued after a fiscal year's last tax payment is due to inform them that their taxes are delinquent and need to be paid.

Tax taking – real estate taxes which remain unpaid after the issuance of a Demand Letter are subject to the tax taking process, which, if carried to its conclusion, results in a municipal tax lien being placed on the property that secures ultimate payment of the delinquent tax.

Tax Title – a lien placed on the property to enforce the collection of property taxes which is removed when the property tax account is paid in full. If the property taxes are not paid, the Town may file at Massachusetts Land Court to foreclose and take possession of the property.

Policy

It shall be the policy of the Town to:

- Pursue all legal remedies available to it under law and by-law to maximize the payment of taxes by the end of the fiscal year in which the taxes were levied;
- To expedite the payment of those accounts that are delinquent beyond the end of the fiscal year in which the taxes were levied; and
- For those accounts that continue to be delinquent, to secure the right of the Town to ultimately collect taxes outstanding.

It shall be the policy of the Town that among these remedies will be withholding, suspension, or revocation of licenses and permits to delinquent taxpayers.

Demands

The Town issues quarterly tax bills. Typically, the actual tax bills for a fiscal year are mailed on January 1st and April 1st, and due on February 1st and May 1st respectively.

On or about the day after the fourth quarter tax payment is due, typically May 2nd, demand letters shall be issued to the assessed properties whose tax payments are overdue. These demands shall apply to unpaid real property and personal property taxes. Demand letters shall not be issued to those who have been granted full exemptions of taxes due or those who have automatic stays on record due to bankruptcy filings. The demand letters shall be sent to the assessed owners' last or usual place of residence or business, or alternatively, to the address best known to the Treasurer Collector.

The Treasurer Collector shall, as a matter of law, allow a minimum of fourteen (14) days for payment before pursuing additional enforcement remedies for unpaid real property taxes, i.e., tax taking, provided for by statute.

(Per Massachusetts General Laws, issuance of a demand is a prerequisite to a valid tax taking (see below)).

Tax taking

After the expiration of 14 days from the date of issuance of a demand letter, a municipality can, pursuant to Massachusetts General Laws, initiate a tax taking which "perfect and secures" the municipality's lien on the real estate.

Notwithstanding the fact that a municipality has 3 ½ years from the end of the fiscal year for which the taxes were assessed to "secure", or "perfect", the tax liens, it shall be the policy of the Town to initiate the takings no later than 90 days after the expiration of the 14 days following the issuance of the demand letter.

If the demand letter does not result in full remittance of amounts due, the Treasurer Collector shall publish a Notice of Tax Taking in the local newspaper and post the notice in two or more convenient public places. Once the notice has been published, payments forward can only be made in full and with certified funds (Bank check, money order, or cash). Partial payments and personal checks will not be accepted after the notice is published.

No earlier than 14 days after the publication of the Notice of Tax Taking but no more than 60 days after the publication, the Treasurer Collector shall prepare an Instrument of Taking form for each delinquent property and record it at the Registry of Deeds, the recording of which "perfects" the tax lien.

After receiving the recorded Instruments back from the Registry, the Treasurer Collector shall prepare a list of Recorded takings to be set up as tax title accounts and provide a copy to the Town Accountant. The Town Accountant shall adjust the general ledger by reducing the property taxes receivable and increasing the tax titles receivable.

The Treasurer shall set up a separate Tax Title Account for each parcel of real estate included in a list of recorded takings. Each Tax Title Account must contain the following information:

- Name and address of person assessed;
- Name(s) of subsequent owner(s);
- Date of Taking;
- Legal description and location of property;

- Book and page of the recording of the Instrument of Taking or, in the case of registered land, certificate and document number;
- Unpaid tax amount for the year(s) for which the property was taken;
- Other additional costs, such as betterment, utility charges, district taxes etc.;
- Interest to the date of taking;
- Fees and charges, as outlined in Ch; 60 §15; and
- Subsequently certified taxes

Personal Property

Unlike real property taxes, there is no statutory mechanism to record a lien against personal property to secure collection of outstanding personal property taxes. notwithstanding this fact, the Treasurer Collector, with the assistance of the Assessor, shall take the following measures to pursue collection of delinquent personal property taxes.

If, following the issuance of a demand letter for unpaid personal property taxes, as described above, personal property accounts remain unpaid, the Treasurer Collector shall explore the costs and benefits of the following collections remedies:

- Bringing a civil action against the assessed owner. G.L. c. 60, § 35. Actions to collect personal property taxes may be brought in the small claims session of district court (M.G.L. c. 218, §21)
- Withholding any money owed by the municipality to the taxpayer and set it off against the obligations of the taxpayer under M.G.L. c. 60, § 93.

The Treasurer Collector shall periodically review delinquent accounts with the Assessor to determine if the taxes are uncollectible because the taxpayer is dead, absent, bankrupt, insolvent, or otherwise unable to pay. If it is determined that such is the case, the Treasurer Collector shall notify the Board of Assessors in writing that the delinquent taxes are uncollectible. Within 30 days of such notification the Board of Assessors must review the request and certify to the Treasurer Collector its agreement and notify the Town Accountant

Upon determination that an account is deemed uncollectible, the Assessor shall reduce the account receivable recorded in the Assessor's commitment for the year of levy and the Town Accountant shall reduce the personal property receivable in the general ledger by the amount of the unpaid tax and post and offsetting entry to the Allowance for Abatements and Exemptions (the Overlay account).

In any case, if an account remains delinquent following the end of 3 fiscal years after the tax is levied it shall be deemed uncollectible and written off per the procedure described above.

Subsequent Taxes

Once a lien is recorded on a parcel for unpaid taxes in a given year, there is no need, nor is there a provision in the law, to record an additional lien on the parcel.

If in a fiscal year subsequent to the taking of a parcel a taxpayer is delinquent on that year's taxes after the issuance of a demand bill, the Treasurer Collector shall certify subsequent taxes to the existing tax title accounts no later than September 1st of the year following the assessment of taxes. Such certification shall be reported to the Town Accountant so that adjustments to property tax receivables and tax title receivable can be made to the General Ledger.

Interest, Fees, and License and Permit Denials, Suspensions and Revocations

All delinquent taxpayers are subject to charges, which the Treasurer Collector will add to their accounts. These include interest accrued to the date of the taking, advertising fees, certified mailing costs, legal fees, and all recording fees.

If a real or personal property tax remains unpaid by the end of the fiscal year following the year of levy, the Treasurer Collector shall notify each department, board, commission, or division of the municipality that issues licenses and permits of the delinquent party, and such notification shall, pursuant to M.G.L. c. 40 § 57 serve as the basis for the denial, revocation, or suspension of any license or permit.

Redemption or Foreclosure

At least once every year, the Treasurer Collector shall review all tax title properties that are older than 180 days and do not have payment agreements or bankruptcy recordings.

From this list, the Treasurer Collector shall identify at least the twenty largest accounts as potential candidates for foreclosure. Histories of the properties shall be compiled to determine their prior use and any potential liabilities that may arise from their histories. Upon completion of a review of the candidate properties, selected properties shall be referred to a tax title attorney to aggressively pursue foreclosure in Land Court.

The Treasurer, as manager of the service contract with the tax title attorney, will work with the attorney to prepare parcels in tax title states for foreclosure, by providing each Instrument of Taking. The attorney will research the tax title properties and will mail new collection enforcement letters to the taxpayers informing them of the initiation of foreclosure proceedings and the opportunity to preclude foreclosure by redeeming the property.

If a taxpayer or other party pays the outstanding amount on a tax title property, the Treasurer will prepare and Instrument of Redemption and file it at the Registry of Deeds, which removes the lien. Redemption can be done prior to the property being foreclosed. If the obligation remains unpaid, the tax title attorney will proceed with foreclosure action in Land Court, possibly resulting in auctioning the property.

In addition to Land Court foreclosure referrals, the Treasurer Collector will be responsible for completing foreclosures on any properties below the "Land of Low Value" threshold, which is annually updated each spring by the Division of Local Services (DLS).

References

M.G.L. c. 60, § 6	M.G.L. c. 60, § 16	M.G.L. c. 60, § 50
M.G.L. c. 60, § 53	M.G.L. c. 60, § 54	M.G.L. c. 40, § 57
M.G.L. c. 60, § 61	M.G.L. c. 60, § 62	M.G.L. c. 60, § 62A
M.G.L. c. 60, § 63	M.G.L. c. 60, § 76	M.G.L. c. 60, § 77
M.G.L. c. 60, § 79	M.G.L. c. 60, § 80	

Leicester bylaws Chapter 7, Section 5: Denial of Revocation of License or Permit for Nonpayment of Local Taxes, Fees, or Other Charges

DLS Best Practice: [Enforcing Collections](#)

DLS Informational Guideline Releases 05-208: [Payment Agreements and Tax Receivable Agreements and Land of Low Value Foreclosure Valuation updated annually](#)

Massachusetts Collectors & Treasurers Association: [Treasurer's and Collector's Manual](#)

Adopted By:

David Genereux, Town Administrator

Nicholas George, Treasurer Collector

Date Adopted:

12/11/2023