

HOUSE No. 3526

The Commonwealth of Massachusetts

PRESENTED BY:

David M. Nangle

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to community tax relief.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>David M. Nangle</i>	<i>17th Middlesex</i>
<i>Michelle M. DuBois</i>	<i>10th Plymouth</i>
<i>Josh S. Cutler</i>	<i>6th Plymouth</i>
<i>Carole A. Fiola</i>	<i>6th Bristol</i>
<i>Colleen M. Garry</i>	<i>36th Middlesex</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>
<i>Michael J. Moran</i>	<i>18th Suffolk</i>
<i>Thomas A. Golden, Jr.</i>	<i>16th Middlesex</i>
<i>Paul A. Schmid, III</i>	<i>8th Bristol</i>
<i>Daniel J. Ryan</i>	<i>2nd Suffolk</i>
<i>Thomas M. Stanley</i>	<i>9th Middlesex</i>
<i>John J. Mahoney</i>	<i>13th Worcester</i>

HOUSE No. 3526

By Mr. Nangle of Lowell, a petition (accompanied by bill, House, No. 3526) of David M. Nangle and others relative to the real property tax exemptions of certain public and private institution of higher education and certain public charities. Revenue.

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act relative to community tax relief.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 8F of chapter 12 of the General Laws, as appearing in the 2014
2 Official Edition, is hereby amended by inserting after the word “require”, in line 10, the
3 following words:-

4 ; provided, however that such information shall include annual salaries, benefits and
5 additional compensation for every compensated chief executive officer and salaried employee.

6 This information shall be gathered into a database called the Massachusetts public charities chief
7 executive officer compensation review database. The attorney general shall update the

8 Massachusetts public charities chief executive officer compensation review database annually on
9 or before February 1 with annual salaries, benefits and additional compensation clearly defined

10 and collated as 1 cumulative figure for every compensated chief executive officer and salaried
11 employee.

12 SECTION 2. Said chapter 12, as so appearing, is hereby amended by inserting after
13 section 8F the following section:-

14 Section 8F½. The trust or trustees or the governing board of every large public charity, as
15 defined by Clause Third A of section 5 of chapter 59, shall, at the conclusion of each calendar
16 year, file with the division a report of the sum of total compensation of: the total compensation of
17 the 5 highest compensated officers, directors, trustees, key employees, highest compensated
18 employees, independent contractors or any other person compensated by the large public charity.
19 Total compensation shall include: reportable compensation from the large public charity; any
20 related organizations; and any other compensation from the large public charity and related
21 organizations. The division shall make such report available to any city or town that has voted to
22 adopt said Clause Third A.

23 SECTION 3. Section 5 of chapter 59 of the General Laws, as so appearing, is hereby
24 amended by inserting after clause Third the following clause:-

25 Third A. (a) For the purposes of this clause the following terms shall, unless the context
26 clearly requires otherwise, have the following meanings:-

27 “Large public charity” or “nonprofit”, a corporation holding funds subject to the
28 provisions of section 8 of chapter 12, where the sum of the highest 5 compensated officers,
29 directors, trustees, key employees, highest compensated employees, independent contractors or
30 any other person the large public charity is greater than \$2,500,000 in total compensation. Total
31 compensation includes: reportable compensation from the large public charity; any related
32 organizations; and any other compensation from the large public charity and related
33 organizations as reported to the office of the attorney general pursuant to section 8F½ of chapter

34 12; provided, however, large public charity or nonprofit shall not include any religious
35 organization or association performing activities relating to worship.

36 “Private institution of higher education”, any institution that is not a public institution of
37 higher education that is engaged primarily in education beyond the high school level, and offers
38 courses of instruction for which college or university-level credit may be given or may be
39 received by transfer.

40 “Public institution of higher education”, any college or university of the system of public
41 institutions of higher education set forth in section 5 of chapter 15A.

42 (b) In a city or town that has accepted the provisions of this clause, a public or private
43 institution of higher education and large public charities may petition the local assessor to grant
44 an exemption on real property as set forth in this paragraph or in the alternative, may, upon such
45 petition, enter into an agreement to provide for payments in lieu of taxation pursuant to
46 paragraph (c). A public or private institution of higher education and large public charity shall
47 not receive an exemption from the commercial rate for the first taxable year following a city or
48 town’s acceptance of this clause. A public or private institution of higher education and large
49 public charity shall receive an exemption from the commercial rate, as set forth in this paragraph,
50 beginning in the second taxable year following a city or town’s acceptance of this clause. The
51 second year exemption shall be 25 per cent of the commercial rate. The third year exemption
52 shall be 50 per cent of the commercial rate. The fourth year exemption shall be 75 per cent of
53 the commercial rate. For the fifth year and all subsequent years, the public or private institution
54 of higher education and large public charity shall be exempt either at 75 per cent of the
55 commercial rate; provided however if a public or private institution of higher education or large

56 public charity enters into an agreement for payment in lieu of taxes in accordance with
57 subsection (c) such payment shall be the tax owed. This paragraph shall apply to real estate
58 acquired on or after January 1, 2018.

59 Property acquired before January 1, 2018 by a public or private institution of higher
60 education or large public charity shall, subject to the provisions of this subsection, and upon
61 petition to the local assessor receive an exemption from the commercial rate, as set forth in this
62 paragraph, beginning in the first taxable year and extending 2 following tax years following a
63 city or town's acceptance of this clause for a total period of 3 consecutive tax years. The
64 exemption shall be 50 per cent of the commercial rate. The fourth year exemption, following a
65 city or town's acceptance of this clause, shall be 75 per cent of the commercial rate. The fifth and
66 all subsequent years exemption, following a city or town's acceptance of this clause, shall be the
67 exemption or agreement for payment in lieu of taxes provided for in accordance with the sixth
68 sentence of the first paragraph.

69 (c) The local assessor may provide an exemption on real property to a public or private
70 institution of higher education or large public charity if the public or private institution of higher
71 education or large public charity enters into an agreement for payment in lieu of taxes in
72 connection with any real property acquired and owned by a public or private institution of higher
73 education or large public charity. Any such agreement shall provide for annual payments for a
74 period extending at least 5 years, but no longer than 10 years, from the date thereof. Such
75 agreements may be amended by the mutual agreement of the local assessor and the public or
76 private institution of higher education or public charity. In arriving at the agreed upon level of
77 such annual payments or any amendments thereto, the local assessor shall consider (1) the

78 general level of property taxation in effect in the city or town and (2) the effect of the public or
79 private institution of higher education or large public charity on the city or town.

80 For purposes of such payments in lieu of taxes, the assessors shall make a valuation and
81 assessment of the property and determine the tax that would be assessable, without the
82 exemption, classified at the commercial property rate.

83 Payments in lieu of taxes made hereunder shall be treated in the same manner as taxes for
84 purposes of all procedural and substantive provisions of law, including appeals, now and
85 hereafter in effect applicable to assessment and taxation of real property, collection and
86 abatement of such taxes and the raising of public revenues.

87 (d) This clause shall take effect in any city or town that votes to accept its terms at the
88 next regularly scheduled municipal election for any fiscal year commencing on or after July 1,
89 2018. In those cities and towns that accept this clause, clause third shall not apply to large public
90 charities or public or private institutions of higher education. The question appearing on the
91 official ballot shall be in the following form: "Shall section ___ of the acts of ___ providing a
92 home rule option for certain non-profit commercial property tax exemptions be accepted?" If a
93 majority of the votes cast in answer to this question is in the affirmative, the clause shall take
94 effect, but not otherwise.