HOUSE DOCKET, NO. 1532 FILED ON: 1/16/2019

# HOUSE . . . . . No. 2581

## 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: | DATE ADDED: |
|---|---|---|
| *David M. Nangle* | *17th Middlesex* | *1/16/2019* |
| *Paul A. Schmid, III* | *8th Bristol* | *1/23/2019* |

HOUSE DOCKET, NO. 1532 FILED ON: 1/16/2019

# HOUSE . . . . . No. 2581

By Mr. Nangle of Lowell, a petition (accompanied by bill, House, No. 2581) of David M. Nangle and Paul A. Schmid, III relative to certain public charities and institutions of higher education. Revenue.

## The Commonwealth of Massachusetts

**In the One Hundred and Ninety-First General Court**
**(2019-2020)**

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:*

SECTION 1. Section 8F of chapter 12 of the General Laws, as appearing in the 2016 Official Edition, is hereby amended by inserting after the word "require", in line 10, the following words:-

; provided, however that such information shall include annual salaries, benefits and additional compensation for every compensated chief executive officer and salaried employee. This information shall be gathered into a database called the Massachusetts public charities chief executive officer compensation review database. The attorney general shall update the Massachusetts public charities chief executive officer compensation review database annually on or before February 1 with annual salaries, benefits and additional compensation clearly defined and collated as 1 cumulative figure for every compensated chief executive officer and salaried employee.

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

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

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

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

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

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

"Large private institution of higher education", any institution that is not a public institution of higher education that is engaged primarily in education beyond the high school level, and offers courses of instruction for which college or university-level credit may be given or may be received by transfer where the sum of the highest 5 compensated officers, directors, trustees, key employees, highest compensated employees, independent contractors or any other person employed by the large private institution of higher education is greater than $2,500,000 in total compensation.

"Large public institution of higher education", any college or university of the system of public institutions of higher education set forth in section 5 of chapter 15A where the sum of the highest 5 compensated officers, directors, trustees, key employees, highest compensated employees, independent contractors or any other person employed by the large public institution of higher education is greater than $2,500,000 in total compensation.

(b) In a city or town that has accepted the provisions of this clause, a large public or private institution of higher education and large public charities may petition the local assessor to grant an exemption on real property as set forth in this paragraph or in the alternative, may, upon such petition, enter into an agreement to provide for payments in lieu of taxation pursuant to paragraph (c). A large public or private institution of higher education and large public charity shall not receive an exemption from the commercial rate for the first taxable year following a city or town's acceptance of this clause. A large public or private institution of higher education and large public charity shall receive an exemption from the commercial rate, as set forth in this

paragraph, beginning in the second taxable year following a city or town's acceptance of this clause. The second year exemption shall be 25 per cent of the commercial rate. The third year exemption shall be 50 per cent of the commercial rate. The fourth year exemption shall be 75 per cent of the commercial rate. For the fifth year and all subsequent years, the large public or private institution of higher education and large public charity shall be exempt at 75 per cent of the commercial rate; provided however if a large public or private institution of higher education or large public charity enters into an agreement for payment in lieu of taxes in accordance with subsection (c) such payment shall be the tax owed. This paragraph shall apply to real estate acquired on or after January 1, 2020.

Property acquired before January 1, 2020 by a large public or private institution of higher education or large public charity shall not be exempt from taxation. Subject to the provisions of this subsection and upon petition to the local assessor, by a large public or private institution of higher education or large public charity, such large public or private institution of higher education or large public charity shall receive an exemption from the commercial rate, as set forth in this paragraph, beginning in the first taxable year and extending 2 following tax years following a city or town's acceptance of this clause for a total period of 3 consecutive tax years, the exemption shall be 50 per cent of the commercial rate. The fourth year exemption, following a city or town's acceptance of this clause, shall be 75 per cent of the commercial rate. The fifth and all subsequent years' exemption, following a city or town's acceptance of this clause, shall be the exemption or agreement for payment in lieu of taxes provided for in accordance with the seventh sentence of the first paragraph.

(c) The local assessor may provide an exemption on real property to a large public or private institution of higher education or large public charity if the large public or private

institution of higher education or large public charity enters into an agreement for payment in lieu of taxes in connection with any real property acquired and owned by a large public or private institution of higher education or large public charity. Any such agreement shall provide for annual payments for a period extending at least 5 years, but no longer than 10 years, from the date thereof. Such agreements may be amended by the mutual agreement of the local assessor and the large public or private institution of higher education or public charity. In arriving at the agreed upon level of such annual payments or any amendments thereto, the local assessor shall consider (1) the general level of property taxation in effect in the city or town and (2) the effect of the large public or private institution of higher education or large public charity on the city or town.

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

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

(d) This clause shall take effect in any city or town upon its acceptance by such city or town.