

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:
<i>David M. Nangle</i>	<i>17th Middlesex</i>	<i>1/16/2019</i>
<i>Paul A. Schmid, III</i>	<i>8th Bristol</i>	<i>1/23/2019</i>

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:

1 SECTION 1. Section 8F of chapter 12 of the General Laws, as appearing in the 2016
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 employed by the large public charity is greater than \$2,500,000 in total
31 compensation. Total compensation includes: reportable compensation from the large public
32 charity; any related organizations; and any other compensation from the large public charity and
33 related organizations as reported to the office of the attorney general pursuant to section 8F½ of

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

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

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

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

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

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

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

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

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

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

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