



City of Boston, Massachusetts  
Office of the Mayor  
**Michelle Wu**

April 1, 2024

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith for your approval a home rule petition to the General Court entitled "Petition for a Special Law Re: An Act Relative to Property Tax Classification in the City of Boston."

As cities around the country experience shifting work patterns that are remaking commercial areas with concerns about less foot traffic impacting small businesses, public safety, and economic vitality—Boston has been taking action to revitalize our Downtown and neighborhood commercial areas as well as boosting housing production throughout the City. Our administration's office-to-residential conversion program so far includes more than 200 new units of Downtown housing in the pipeline from formerly vacant office buildings. Boston continues to lead the nation in commuter rail ridership, which is at 96 percent of pre-pandemic levels, the number of vacant Downtown storefronts has dropped by nearly 17 percent over the last year, and we measure steadily increasing foot traffic. Even as the City makes progress on the underlying transportation, housing, and childcare challenges that are the key to long-term vitality and sustainability, we must be ready for any potential impacts in the short-term.

Boston's City services are largely funded through property taxes, and state tax laws set specific parameters for municipalities that apply to commercial and residential tax rates. Municipal governments do not have the ability to shift these key parameters without additional state approval and cannot customize or target tax rates within these groups. Therefore, without legislative action, the result of a trend of declining commercial property values is an automatic jump in residential tax rates in order to fully fund City services. Boston's housing crisis means that residents are already struggling to afford to stay in our neighborhoods, and we cannot increase the burden on homeowners and renters due to an automatic shift caused by the short-term challenges in certain parts of the commercial office sector.

This home rule petition would provide a temporary legislative tool to protect residential taxpayers from any potentially drastic increase in property tax bills caused by a decline in commercial values. An increase in residential property taxes would impact all residential property: single family homes, multi family homes, apartment buildings, and residential condominium units. Left alone, the dramatic tax increase would lead to higher costs for residents through higher tax bills for homeowners or a rent increase for renters should their landlords pass the increased costs onto them. The proposal is optional, revenue-neutral, time-limited, and gradually steps down over four years before returning back to the current classification system. With this temporary authority, our objective is that future bills for all property taxpayers — residential and commercial — are as comparable as possible to those from recent years. In other words, owners of commercial properties with significant value loss will still see their tax bills decrease, while we cushion any shock for residential taxpayers. This home rule petition mirrors the language from a precedent set under Mayor Thomas M. Menino’s administration in 2004, which successfully averted a similar shock for residential taxpayers through this same mechanism.

The proposal proactively addresses the possibility of declining commercial values by allowing for a modest modification to the current tax rate system with clear guardrails that prevent too great of a burden from being placed upon our commercial taxpayers. As part of our advanced planning, the Act also includes an option to implement the shift over the next three years so that we have the flexibility to deploy the tool only if and when necessary in this dynamic economic environment.

Importantly, this legislative proposal does not alter the important roles of both the City and the Council in the tax rate setting process, and if implemented the annual shift determination would still be made in concert with approval from your Honorable body as occurs each tax cycle.

I urge your Honorable Body to support this special act so that we can make this modest change to classification a reality to preserve affordability for our residents.

Sincerely,



Michelle Wu  
Mayor of Boston

**CITY OF BOSTON**  
**IN CITY COUNCIL**

**WHEREAS,** The deferred operation of this act would tend to defeat its purpose, which is forthwith to regulate the property tax classification limits in the City of Boston beginning in fiscal year 2025, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience;

**NOW THEREFORE BE IT ORDERED,**

That a petition to the General Court, accompanied by a bill for a special law relating to the City of Boston, to be filed with an attested copy of this Order be, and hereby is, approved under Clause 1 of Section 8 of Article II, as amended, of the Articles of Amendment to the Constitution of the Commonwealth of Massachusetts, to the end that legislation be adopted precisely as follows, except for clerical or editorial changes of form only:

**PETITION FOR A SPECIAL LAW RE:**

**AN ACT RELATIVE TO PROPERTY TAX CLASSIFICATION IN THE CITY OF BOSTON**

*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:** Notwithstanding section 1A of chapter 58 of the General Laws or any other general or special law to the contrary, the commissioner of revenue shall further adjust the minimum residential factor of the city of Boston determined under said section 1A of said chapter 58 for fiscal years 2025, 2026, 2027 and 2028, if adoption of such factor for any such year would result in the residential property class bearing a higher percentage of the total property tax levy than the percentage of the total property tax levy imposed on the residential property class than in the prior fiscal year. The new minimum residential factor for such year shall be (a) for fiscal year 2025, 45 per cent subject to such adjustment upward as may be required to provide that the percentage of the total tax levy imposed on any class of real or personal property shall not exceed 200 per cent of the full and fair cash valuation of the taxable property of the class divided by the full and fair cash valuation of all taxable real and personal property in the city of Boston, (b) in fiscal year 2026, 47 per cent subject to such adjustment upward as may be

fiscal year 2026, 47 per cent subject to such adjustment upward as may be required to provide that the percentage of the total tax levy imposed on any class of real or personal property shall not exceed 197 per cent of the full and fair cash valuation of the taxable property of the class divided by the full and fair cash valuation of all taxable real and personal property in the city of Boston, (c) in fiscal year 2027, 49 per cent subject to such adjustment upward as may be required to provide that the percentage of the total tax levy imposed on any class of real or personal property shall not exceed 190 per cent of the full and fair cash valuation of the taxable property of the class divided by the full and fair cash valuation of all taxable real and personal property in the city of Boston, (d) in fiscal year 2028, 50 per cent subject to such adjustment upward as may be required to provide that the percentage of the total tax levy imposed on any class of real or personal property shall not exceed 183 per cent of the full and fair cash valuation of the taxable property of that class divided by the full and fair cash valuation of all taxable real and personal property in the city of Boston, (e) in fiscal year 2029 and thereafter, the determination of the minimum residential factor shall be conducted in accordance with the provisions detailed in section 1A of chapter 58. Payments made under section 38H of chapter 59 of the General Laws, and similar provisions of special acts, that are included in the tax levy for purposes of determining the minimum residential factor under said section 1A of said chapter 58 shall be so included in the determination of any factor under this section.

**SECTION 2:** (a) The city of Boston may elect to apply the original identified schedule or an alternative implementation schedule where the original years of 2025, 2026, 2027, 2028 and 2029 would be substituted with (i) 2026, 2027, 2028, 2029, 2030 respectively, or (ii) 2027, 2028, 2029, 2030, 2031 respectively.

(b) The schedule election in Section 2(a) would be made upon notification to the Department of Revenue during the rate setting process of the first year of the schedule that the City of Boston is electing to implement. Once a schedule selection is made it may not be changed.

**I HEREBY CERTIFY  
THE FORGOING, IF PASSED IN  
THE ABOVE FORM, WILL BE IN  
ACCORDANCE WITH LAW.**

BY

  
**ADAM CEDERBAUM  
CORPORATION COUNSEL** *Kmw*