

OFFERED BY COUNCILORS GABRIELA COLETTA ZAPATA, PEPÉN,  
BREADON, DURKAN, FERNANDES ANDERSON, FITZGERALD, MURPHY,  
SANTANA, WEBER, WORRELL, AND LOUIJEUNE



## CITY OF BOSTON IN CITY COUNCIL

AN ORDINANCE TO ADOPT THE SMALL COMMERCIAL  
TAX EXEMPTION AS A LOCAL OPTION IN THE CITY OF  
BOSTON

- WHEREAS,** As the City of Boston continues to grapple with the lingering impacts of the COVID-19 pandemic, ensuring that the City is able to maintain a healthy stream of revenue to deliver essential city services as commercial values decrease has become a high priority; *and*
- WHEREAS,** Since 2020, Boston, like all other major cities across the country, has experienced changes in downtown office work and consumer patterns as businesses implement permanent work from home policies. These changes have cast uncertainty over the future of Boston’s urban center; *and*
- WHEREAS,** There is anticipation that these factors could result in a significant shift in taxes if commercial properties values drop considerably and residential property values increase significantly; *and*
- WHEREAS,** While it is vital that the City of Boston review and implement tools to protect residents from absorbing large, immediate hikes in residential taxes, limiting impacts on our most vulnerable commercial property owners, like small businesses, must also be taken into account; *and*
- WHEREAS,** Many small businesses operate as tenants of commercial and mixed-use buildings. These businesses include “mom and pop” restaurants, retailers, and those that rent office space. During COVID-19, 32% of these types of Boston businesses experienced more than 75% loss in revenue and more than 55% lost at least 50% of revenue. Many continue to stay afloat under tight margins of earnings; *and*
- WHEREAS,** Potential tax levy increases for commercial properties to remedy the decreases of commercial values would impact all commercial tenants whose leases allow the landlord to pass through property taxes. Therefore, small businesses could see their costs grow, making their businesses less competitive; *and*
- WHEREAS,** The small commercial tax exemption is the local adoption of state law M.G.L. c. 59, § 5I. This exemption only applies to properties that are occupied by a business that, at that location and all others combined, had an average annual employment

of no more than ten during the previous calendar year and the assessed valuation of which is less than one million dollars; *and*

***WHEREAS*** The small commercial tax exemption will provide financial relief for small businesses that cannot afford to absorb increased costs of doing business in Boston. Thus, the City of Boston will ensure small businesses can remain, grow and succeed in this City; ***NOW, THEREFORE BE IT***

***ORDERED:*** That the City accept M.G.L. c. 59, § 5I, a local option allowing cities and towns to provide an exemption for each parcel of real property classified as class three, commercial, with an assessed valuation of less than one million dollars and is occupied by a business that, at that location and all others combined, had an average annual employment of no more than ten during the previous calendar year.

*Implementation and Effective Date.* Implementation of M.G.L. c. 59, § 5I will be effective during years when the minimum residential factor is adjusted beyond the provision detailed in M.G.L. c. 58 § 1A.

Filed on: June 5, 2024