

By Mr. Galvin of Boston, petition of William F. Galvin and another for legislation to reduce the property tax burden and provide for fairer taxation by closing tax loopholes, increasing state revenues and increasing state assistance to cities and towns, and to limit and control levels of taxation and expenditure. Taxation.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Nine.

AN ACT TO REDUCE THE PROPERTY TAX BURDEN AND PROVIDE FOR FAIRER TAXATION BY CLOSING TAX LOOPHOLES, INCREASING STATE REVENUES AND INCREASING STATE ASSISTANCE TO CITIES AND TOWNS, AND TO LIMIT AND CONTROL LEVELS OF TAXATION AND EXPENDITURE.

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. It is hereby determined and declared that in order
2 to promote the welfare of the people of the Commonwealth, to
3 avoid severe economic and personal hardship to the citizens of the
4 Commonwealth, and to provide efficient and adequate essential
5 services to the people of the Commonwealth, it is essential to
6 reduce the property tax burden, to provide for fairer taxation by
7 closing tax loopholes and requiring all taxpayers to bear an
8 equitable portion of the burden of support of public services, to
9 increase state revenues and state assistance to cities and towns, and
10 to limit and control levels of public taxation and expenditures.

1 SECTION 2. The following words and phrases, when used in
2 this Act, shall, unless the context requires otherwise, have the
3 following meanings:

- 4 (a) "Municipality", each city and town in the Commonwealth.
5 (b) "property tax", the total amount of taxes assessed against the

6 value of property in any class or category pursuant to Chapter 59
7 of the General Laws.

8 (c) "equalized valuation", the total valuation of property in any
9 class or category as most recently estimated pursuant to the
10 provisions of sections nine through ten-C, inclusive, of the General
11 Laws, chapter 58.

12 (d) "residential property", property classified or assessed as any
13 type of residential property for purposes of the property tax.

14 (e) "industrial property", property classified or assessed as any
15 type of industrial and manufacturing property for purposes of the
16 property tax.

17 (f) "assessed tax rate", the total rate including the general tax
18 rate and the school tax rate of a municipality established pursuant
19 to section 23C of Chapter 59 of the General Laws.

20 (g) "equalized residential tax rate", the total property tax
21 assessed against residential property in a municipality, divided by
22 the total equalized valuation of such residential property,
23 expressed as a percentage.

24 (h) "equalized industrial tax rate", the total property tax
25 assessed against industrial property in a municipality, divided by
26 the total equalized valuation of such industrial property, expressed
27 as a percentage.

1 SECTION 3. Notwithstanding any other provision of law to
2 the contrary, no municipality shall establish an assessed tax rate
3 against residential property in such municipality for the fiscal year
4 beginning July 1, 1979, which results in an equalized residential tax
5 rate of greater than three per cent; provided, however, that no
6 municipality shall be required to establish an equalized residential
7 tax rate for the fiscal year beginning July 1, 1979, which is less than
8 eighty per cent of its equalized residential tax rate for the fiscal year
9 beginning July 1, 1978. Any municipality required to limit or
10 reduce its assessed tax rate against residential property pursuant to
11 the provisions of this section may establish an assessed tax rate
12 against residential property which is separate and distinct from its
13 assessed tax rate against other classes of property.

1 SECTION 4. Notwithstanding any other provision of law to
2 the contrary, no municipality shall establish an assessed tax rate
3 against industrial property in such municipality for the fiscal year
4 beginning July 1, 1979, which results in an equalized industrial tax
5 rate of greater than five per cent; provided, however, that no
6 municipality shall be required to establish an equalized industrial
7 tax rate for the fiscal year beginning July 1, 1979, which is less than
8 eighty per cent of its equalized industrial rate for the fiscal year
9 beginning July 1, 1978. Any municipality required to limit or
10 reduce its assessed tax rate against residential property pursuant to
11 the provisions of this section may establish an assessed tax rate
12 against residential property which is separate and distinct from its
13 assessed tax rate against other classes of property.

1 SECTION 5. The Commonwealth shall provide sufficient
2 financial assistance to cities and towns for the fiscal year beginning
3 July 1, 1979, to compensate each municipality for any reduction in
4 property tax revenues resulting from the operation of this Act.

1 SECTION 6. No municipality shall increase its aggregate
2 amount of expenditures for purposes other than repayment of
3 prior indebtedness, during the fiscal year beginning July 1, 1979,
4 over the aggregate amount of its total expenditures for purposes
5 other than repayment of prior indebtedness, during the fiscal year
6 beginning July 1, 1978, by more than the rate of inflation for
7 government sector goods and services as certified by the Secretary
8 of Administration and Finance.

1 SECTION 7. Section 2D of Chapter 29 of the General Laws, as
2 most recently amended by section 58 of Chapter 367 of the Acts of
3 1978, is further amended by striking out, in lines 4, 7, and 11, the
4 word "forty", and inserting in place thereof the word "forty-five".

1 SECTION 8. All revenues received by the Commonwealth
2 pursuant to the provisions of this Act providing for additional
3 revenues to the Commonwealth shall be credited to the Local Aid
4 Fund established pursuant to the provisions of Section 2D of
5 Chapter 29 of the General Laws.

1 SECTION 9. Chapter 63 of the General Laws is hereby
2 amended by striking out section 2 and inserting in place thereof the
3 following section: —

4 *Section 2. Payment of tax — Rate and Appeal.* — Every bank
5 shall pay, on account of each taxable year, a tax measured by its
6 net income, as defined in section one, at the rate of twelve and fifty-
7 four one hundredths per cent, and a tax measured by the average
8 amount of its total deposits, equity capital, and trust assets other
9 than employee benefit trust assets, during the taxable year, at the
10 rate of one-eighth of one per cent.

1 SECTION 10. There is hereby imposed, in addition to the taxes
2 levied on insurance companies pursuant to the provisions of
3 sections twenty to twenty-nine B, inclusive, of Chapter 63 of the
4 General Laws, Section 18 of Chapter 546 of the Acts of 1969, and
5 Sections 1 and 2 of Chapter 904 of the Acts of 1971, an additional
6 tax equal to twenty per cent of the taxes imposed under the
7 provisions of said sections. All provisions of said chapters, acts,
8 and sections relative to the assessment, collection, payment,
9 abatement, verification and administration of taxes, including
10 penalties, shall, so far as pertinent, be applicable to the taxes
11 imposed by this section.

1 SECTION 11. Chapter sixty-three of the General Laws is here-
2 by amended by repealing section thirty-one A and thirty-one B of
3 said Chapter.

1 SECTION 12. Section 1 of Chapter 64D of the General Laws is
2 hereby amended by striking, in each line in which it appears, the
3 word “one”, and inserting in place thereof the word “two”.

1 SECTION 13. Section 3 of Chapter 64G of the General Laws is
2 hereby amended by striking out the word “five” and inserting in
3 place thereof the word “ten”.

1 SECTION 14. There is hereby imposed, in addition to the taxes
2 levied pursuant to the provisions of Section 21 of Chapter 138 of
3 the General Laws, by Section 24 of chapter 546 of the Acts of 1969,

4 and by section 17 of chapter 291 of the Acts of 1975, an additional
5 tax equal to twenty-five per cent of the taxes imposed pursuant to
6 said sections. All provisions of said sections relative to the
7 assessment, collection, payment, abatement, verification and
8 administration of taxes, including penalties, shall, so far as
9 pertinent, be applicable to the taxes imposed by this section.

1 SECTION 15. Clause Third of Section five of chapter 59 of the
2 General Laws is hereby amended by inserting the following
3 paragraph at the end of said Clause: —

4 (f) Real and personal property of a private post-secondary
5 educational institution shall not be deemed to come within the
6 foregoing description of a charitable organization and shall not be
7 exempt.

1 SECTION 16. Section five of chapter fifty-nine of the General
2 Laws is hereby further amended by inserting the following clause
3 after clause third of said section: —

4 Third A, Eighty per cent of the real and personal property of a
5 private post-secondary educational institution which is located
6 within any city or town and which is used directly for educational
7 purposes.

1 SECTION 17. Section 89 of Chapter 59 of the General Laws is
2 hereby amended by inserting the following paragraph at the end of
3 said section: —

4 The Commissioner shall examine the assessment of any
5 property in any city or town which has been assessed pursuant to
6 any agreement made by or with any local assessor at or prior to the
7 time of acquisition, improvement, or construction of the assessed
8 real estate, and shall determine the fair cash value of such real
9 estate and shall direct the assessors of the city or town to enter the
10 proper assessment of such real estate upon the lists of the valuation
11 and assessment of estates in such city or town.

1 SECTION 18. The Commissioner of the Department of
2 Revenue is hereby authorized on behalf of the Commonwealth to

3 join the Multistate Tax Commission and to enter into any
4 agreement on behalf of the Commonwealth to make the
5 Commonwealth a member of the said Commission.

1 SECTION 19. Clause 15 of Section 1 of Chapter 64H of the
2 General Laws is hereby amended by inserting the following
3 paragraph at the end of said section: —

4 Tangible personal property shall also include for purposes of
5 this chapter the sale, purchase, or other rendering for any
6 consideration of any business or professional service.

1 SECTION 20. Clause 13 of Section 1 of Chapter 64H of the
2 General Laws is hereby amended by striking the words “(c)
3 professional, insurance, or personal service transactions which
4 involve no sale or which involve sales as inconsequential elements
5 for which no separate charges are made;”.

1 SECTION 21. Clause 13 of Section 1 of Chapter 64H of the
2 General Laws is hereby further amended by adding the following
3 paragraph at the end of said clause: —

4 The term “sale at retail” or “retail sale” shall include the sale,
5 purchase, or other rendering for any consideration of any business
6 or professional service.

1 SECTION 22. Every owner of rented residential property
2 subject to the property tax against which the assessed tax rate is
3 reduced for the fiscal year beginning July 1, 1979, by operation of
4 Section 3 of this Act, shall reduce the rent charged for each rented
5 residential unit in such property by seventy-five per cent of the
6 property tax reduction allocable to such unit. The property tax
7 reduction shall be the amount by which the property tax assessed
8 against the property for the fiscal year beginning July 1, 1978,
9 exceeds the property tax assessed against the property for the fiscal
10 year beginning July 1, 1979. The entire property tax reduction shall
11 be allocated among the total number of dwelling units contained in
12 the property. Any tenant entitled to a reduction in rent pursuant to
13 the provisions of this section who does not receive a reduction in

14 rent from the owner of the rented residential property for any
15 portion of the twelve months beginning on the date of receipt of the
16 owner's property tax bill, shall be entitled to recover in a civil
17 action three times the amount of the rent reduction improperly
18 withheld by the owner of the rented residential property.

1 SECTION 23. Notwithstanding any other provision of law to
2 the contrary, every owner of residential property subject to the
3 property tax shall be entitled to an abatement of the assessed
4 valuation of such property for the fiscal year beginning July 1,
5 1979, equal to the amount of five thousand dollars multiplied by a
6 fraction, the numerator of which is the total assessed valuation of
7 all residential property in the municipality in which the property is
8 taxed, and the denominator of which is the equalized valuation of
9 such property as determined pursuant to the provisions of sections
10 nine through ten-C of Chapter 58 of the General Laws. Such
11 abatement shall be in addition to an other exemption or abatement
12 to which the property or owner thereof is entitled by any other
13 provision of law.

1 SECTION 24. Section 17 of Chapter 59A of the General Laws
2 as inserted by section 38 of Chapter 580 of the Acts of 1978 is
3 hereby amended by striking in line two the word "five" and
4 inserting in place thereof the word "seven".

1 SECTION 25. Section 18 of Chapter 59A of the General Laws
2 as inserted by section 38 of Chapter 580 of the Acts of 1978 is
3 hereby repealed and the following section is hereby inserted in
4 place thereof: —

5 *Section 18.* In determining the taxation of nonexempt real
6 property classified under section five, the assessor shall apply to
7 the fair cash valuation of such property the following percentages:

8 Class one, forty per cent.

9 Class two, fifty-five per cent.

10 Class three, fifty per cent.

11 Class four, twenty-five per cent.

1 SECTION 26. Section nineteen A of Chapter fifty-nine A of the
2 General Laws as inserted by section thirty-eight of Chapter five
3 hundred and eighty of the Acts of nineteen hundred and seventy-
4 eight is hereby repealed.

1 SECTION 27. Notwithstanding any other provision of law to
2 the contrary, no new nonresident student shall be admitted to
3 attendance at any state college or university subject to the
4 provisions of Chapters 73, 75, 75A or 75B of the General Laws,
5 unless the annual tuition charged to such student is at least twenty-
6 five hundred dollars.

1 SECTION 28. There is hereby imposed, in addition to the fees
2 fixed and established by any provision of the General Laws fixing
3 and establishing the fee charged for any service rendered by the
4 Commonwealth or any of its agencies, an additional fee equal to
5 one hundred per cent of the fee otherwise provided by such
6 provisions of the General Laws.