



# BOSTON CITY COUNCIL

Committee on Government Operations  
Gabriela Coletta Zapata, Chair

---

One City Hall Square 5<sup>th</sup> Floor, Boston, MA 02201 ♦ Phone: (617) 635-3040 ♦ [city.council@boston.gov](mailto:city.council@boston.gov)

## REPORT OF COMMITTEE CHAIR

October 30, 2024

Dear Councilors,

The Committee on Government Operations was referred the following docket for consideration:

***Docket #1612, Message and order 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."***

This matter was sponsored by Mayor Michelle Wu and referred to the Committee on October 25, 2024.

### ***Summary of Legislation***

Docket #1612 is a Home Rule Petition that seeks permission from the State to, if and when necessary over the next three years, divert from the General Laws (*M.G.L. c.58 § 1A*) when setting the minimum residential factor for the City of Boston, allowing for an increase in the tax burden shifted from residential to commercial properties. The proposal states that the temporary diversion would only be necessary if the standard and current minimum residential factor would result in residential class properties bearing a higher percentage of the total property tax levy than the year prior. The temporary diversion would follow a three-year schedule starting in FY25 and allow for an increase of up to 181.5% in the first year, up to 180% in the second year, and up to 178% in the final year, after which the City will return to the currently utilized classification system provided for in the General Laws, which caps the commercial burden at 175%.

### ***Information Received at Hearing***

Regarding the matter of shifting the commercial burden, the Committee has held three hearings and a working session. A previous home rule petition, Docket #0642, filed on April 3, 2024, was passed by the Council on June 5, 2024. After continued negotiations with the business community and discussions with residents, an updated Home Rule Petition, the current Docket #1612, was filed with the Council on October 25, 2024. The Committee held the hearing to discuss Docket #1612 on Tuesday, October 29, 2024 and heard testimony in support of the proposal from Ashley Groffenberger, Chief Financial Officer-Treasurer; Nicholas Ariniello, Commissioner of Assessing; and Marty Walz, Interim President of Boston Municipal Research Bureau.

The panel explained that the new Home Rule Petition, which is currently before the Council, is designed to moderate the financial impact of potentially reduced commercial property valuations on residential taxpayers. It was explained that property tax classification limits are statutorily capped, limiting how much property tax levy can be shifted across classes. The panelists highlighted that this proposal would create stability for all taxpayers while softening the impact on residential taxpayers. The Administration clarified that the Home Rule Petition, if passed, would simply grant the City of Boston the legal authority



# BOSTON CITY COUNCIL

Committee on Government Operations  
Gabriela Coletta Zapata, Chair

---

One City Hall Square 5<sup>th</sup> Floor, Boston, MA 02201 ♦ Phone: (617) 635-3040 ♦ [city.council@boston.gov](mailto:city.council@boston.gov)  
to take certain actions if and when they choose. Each specific action, such as setting the tax rate, determining the residential and personal property tax exemptions, and providing the direct relief to small businesses, will include further collaboration with and approval by the City Council.

In response to concerns raised about the potential impact of increased commercial property taxes on the business community, the Administration explained that the petition includes specific measures to support small businesses. The first provision would allow the City Council to establish a personal property tax exemption up to \$30,000, an increase from the current allowable exemption of \$10,000. Personal property taxes apply to business equipment that is not affixed to real estate, like tables, chairs, computers, TVs, etc. The proposal to increase the personal property tax exemption from \$10,000 to \$30,000 aims to provide more significant relief to small businesses, and would potentially exempt about half of the City's businesses from these taxes. The petition also includes a provision that, should the increased tax shift be implemented, allows the City to expend up to \$15,000,000 to provide direct relief to small businesses impacted by the shift. The Administration clarified that apart from the additional small business provisions, the new proposal also reduced the timeframe over which the levy may be adjusted from five years to three years and lowered the maximum shift caps.

Throughout this process, concerns about the City's spending and the need for fiscal responsibility were discussed. The Administration highlighted the importance of cost control as they prepare for the upcoming budget season, indicating that they will work to ensure cost growth continues to align with revenue growth. Councilors questioned if, rather than submitting this Home Rule Petition, the City could redirect funding from other programs toward stabilizing tax rates during this time. The Administration testified that they have explored many options but stated that there is no legal mechanism to use City resources or reserves to provide rebates or offset property taxes. The Administration explained that the City would need to seek the authority to do so and that doing so poses potential Constitutional issues. Similarly, Councilors asked if finding new revenue would change the dynamic of tax responsibility. The Administration explained that diversifying revenue could potentially lower reliance on property taxes but could also introduce risks, as other revenue sources are more tied to economic fluctuations. Nevertheless, the Administration acknowledged the importance of finding a balanced solution that addresses the needs of both residents and businesses. This Home Rule Petition is one such measure that does so.

### ***Committee Chair Recommended Action***

As Chair of the Committee on Government Operations I recommend moving the listed docket from the Committee to the full Council for discussion and formal action. At this time, my recommendation to the full Council will be that this matter **OUGHT TO PASS**.

Gabriela Coletta Zapata, Chair  
Committee on Government Operations