



City of Boston, Massachusetts  
Office of the Mayor  
**MICHELLE WU**

January 13, 2025

**TO THE CITY COUNCIL**

Dear Councilors:

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

Thank you for your leadership over the last year to advance legislation to stabilize tax bills and protect residents from significant property tax increases through multiple rounds of approvals. As you know, the consensus legislation passed twice by the Boston City Council and the MA House of Representatives did not receive a vote before the MA Senate after a single senator exercised a procedural block three times during the legislature's informal session last month. In ending the session without a vote on this measure, members of the Senate and business groups walked away from the agreed upon compromise legislation that had been advanced a second time through the Council and House at their direction, suggesting that the final property valuation numbers were not as dire as the worst case scenarios outlined, so residents should absorb the impending tax increases.

Since then, residents across Boston have received their Fiscal Year 2025 third quarter tax bills, reflecting very significant increases. We continue to hear from residents across the city who have been shocked at the jump in taxes they now owe due to the divergence in residential and commercial property values. The taxes for the average single family home receiving a residential exemption increased 10.4%, which is nearly \$575 for the year and a 21% bill-to-bill increase. When expanded to include additional residential property types—not only single family homes but also duplexes, condos, and standalone apartments without commercial components—average annual taxes increased 14.9%, around \$833 for the year, or a 30% bill-to-bill jump.

These averages mask the variation across different neighborhoods and properties, and it has been widely documented that many residential taxpayers received a significantly higher increase due to a combination of regular market value changes and the added impact of the commercial tax responsibility shift that the administration sought to avoid through legislation. While individual value changes vary by neighborhood and individual property, the overall shift of commercial responsibility increases the burden on residents across all residential property types and neighborhoods.

More than 55% of all residential property owners received a bill with an annual increase greater than 9% (or quarter-to-quarter bill jump of more than 18%). Had the compromise legislation

been approved by the State Senate last month, this would have been reduced to 21.5% of residential properties with such a significant increase. With these January bills, the average commercial property received a 3.4% reduction in taxes—about \$7,745 dollars less than the previous year. For office buildings, the tax decrease was even larger: a 7% drop.

As our administration reiterated for months, in FY25, the split between residential and commercial taxpayers now puts the burden on residential taxpayers for a 44.07% total share of the property tax levy, up from 41.67% in FY24. This is the single largest year-over-year shift since 2007, and is exactly the dynamic our legislation sought to avoid.

Now that the scale of tax increases is documented and clear, this refiled home rule petition proposes to provide immediate needed relief to residential taxpayers this year through the same compromise tax rate agreed upon after months of negotiations and legislative process, as well as adopting the multiyear rates agreed upon for tax stability over the next two years. Additionally, this legislation has been updated to include new provisions that address specific concerns raised through that legislative process. In sum, this new legislation:

1. Sets the FY25 tax rate to levels which were agreed upon by business groups and previously voted on by the Boston City Council and the House of Representatives. This would allow for relief by adjusting the final quarterly property tax bill for the fiscal year in April 2025. The legislation would need to be passed by March 2025 in order to operationalize this measure.
2. Establishes tax classification levels between residential and commercial property in Fiscal Years 2026 and 2027, consistent with the levels that were previously agreed to in the October 2024 compromise legislation, in order to provide future stability for residential and commercial taxpayers through this period of economic transition.
3. As included in earlier compromise legislation, this gives the City the authority to appropriate up to \$15 million for any years that the commercial portion of the levy is greater than the amount currently allowed to offset potential impacts on small businesses due to the shift.
4. Expands property tax relief for low-income seniors by modifying the eligibility criteria for the 41C senior tax relief program, as well as increasing the amount of the exemption. These changes will modernize the dated criteria which has shrunk the pool of eligible applicants in recent years and will provide much needed financial assistance to a group of residents most impacted by property tax increases.
5. As included in earlier compromise legislation, increases the exemption for small businesses on personal property to \$30,000 so any neighborhood business with less than that amount in personal property would not be taxed. This increase would expand the number of small businesses across Boston exempt from personal property tax under this exemption provision from approximately 2,500 to 5,000.
6. In the event the tax rate for Fiscal Year 2025 does not change as outlined above, it gives the City of Boston the legal authority to issue some degree of residential tax rebates from surplus funds. The amount of money and the rebate shall be determined by the City of Boston and will be subject to an appropriation reviewed and approved by the Council.

Earlier this month, the City developed a tax calculator so residents can see how much they would have saved if the earlier compromise legislation were in effect. The tax calculator can be found here: [boston.gov/tax-calculator](http://boston.gov/tax-calculator).

I urge your Honorable Body to advance this special act and the consensus incorporated to deliver stability for all Boston taxpayers and excellent City services for all residents and stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Wu', with a stylized flourish at the end.

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 property taxes 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; provided, that the Legislature may reasonably vary the form and substance of the requested legislation within the scope of the general public objectives of this petition:

**PETITION FOR A SPECIAL LAW RE:**

**AN ACT RELATIVE TO PROPERTY TAX CLASSIFICATION, THE SENIOR HOMEOWNER PROPERTY TAX EXEMPTION, AND THE PERSONAL PROPERTY TAX EXEMPTION 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 23 of chapter 59 of the General Laws, or any other general or special law to the contrary, for fiscal year 2025 the tax rates in the City of Boston shall be the rates that would have occurred were a 181.5% shift in place at the time of their setting. The residential tax rate for property in the City of Boston, which applies to residential real property and open space, shall be \$11.03 per \$1,000 of value, and the commercial tax rate for property in the City of Boston, which applies to commercial real property, industrial real property, and personal property, shall be \$26.92 per \$1,000 of value. In order to go into effect, this section must be enacted by the General Court prior to March 1, 2025.

**SECTION 2:** 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 2026, and 2027, 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 in fiscal year 2024. The new minimum residential factor for such year shall be (a) for fiscal year 2026, 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 180 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 2027, 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 178 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 2028 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 3:** Notwithstanding the provisions of chapter 30B of the General Laws, or any other general or special law, and subject to appropriation by the City of Boston, in each fiscal year in which the total tax levy imposed on the class of commercial property exceeds one hundred seventy five per cent of the full and fair cash valuation of that class divided by the full and fair cash valuation of all the taxable real and personal property in the City of Boston, the City of Boston is authorized to expend up to fifteen million dollars to make grants and provide programs for the purpose of supporting small businesses impacted by the shift of the tax levy beyond the aforementioned one hundred seventy five per cent. The term "small business" as used in this section shall mean a business with its principal place of business located in Boston, with fewer than fifty employees or less than five million dollars in annual revenue.

**SECTION 4:** Notwithstanding clause 41C of section 5 of chapter 59 or any other general or special law to the contrary, with respect to real property in the City of Boston the following factors determining exemption for real property under clause 41C of section 5 of chapter 59 shall be adjusted as follows: (1) increasing the sum of \$500 contained in the first sentence of clause 41C to \$1500; (2) increasing the amounts contained in subclause (B) of said first sentence whenever they appear in said subclause from \$13,000 dollars and from \$15,000 dollars to fifty percent of

Area Median Income as adjusted for household size, as is published annually by the U.S. Department of Housing and Urban Development, as required by Section 8 of the Federal Housing Act of 1937 (42 USC Section 1437f), as amended, and the relevant year of the calculation shall be the most recent figure available as of July 1 of the start of the fiscal year to which the exemption is sought; and (3) increasing the amounts contained in subclause (C) of said first sentence whenever they appear in said subclause from \$28,000 dollars to not more than \$80,000 and from \$30,000 to not more than \$110,000. These adjustments shall not be further modified by the second sentence of clause 41C of section 5 of chapter 59.

**SECTION 5:** (a) Notwithstanding section 5 of chapter 59 of the General Laws or any other general or special law to the contrary, the City of Boston shall be permitted to allow for an exemption from taxation of personal property not in excess of \$30,000 of value.

(b) The city council of the City of Boston, with the approval of the mayor, shall vote to establish a minimum value of personal property subject to taxation. Said value shall be subject to limitation pursuant to subsection (a).

**SECTION 6:** Only in the event that the tax rates for the City of Boston for fiscal year 2025 are not changed by March 1, 2025, pursuant to Section 1 of this act, from the tax rates certified in December of 2024, the City of Boston shall be authorized to issue rebates to those taxpayers who received the residential exemption in fiscal year 2025. These rebates shall be a uniform amount of money for each eligible taxpayer to be paid out of a pool of money appropriated by the City of Boston for this express purpose. The amount of the rebate shall be calculated by the Collector-Treasurer of the City of Boston with the approval of the mayor of the City of Boston. This rebate shall be in addition to any exemptions allowed under chapter 59; provided, however, that in no instance shall the taxable valuation of such property after all applicable exemptions and this rebate be reduced below ten per cent of its full and fair cash valuation, unless that is explicitly provided for in any specific section of chapter 59. In order to go into effect, this section must be enacted by the General Court prior to July 1, 2025.

**SECTION 7:** Effective Date. Sections 1, 2, 3 and 6 of this act shall take effect immediately upon passage. Sections 4 and 5 of this act shall take effect upon passage and be applicable to fiscal year 2026 and all following fiscal years.

**I HEREBY CERTIFY  
THE FORGOING, IF PASSED IN  
THE ABOVE FORM, WILL BE IN  
ACCORDANCE WITH LAW.**  
BY Adam Cederbaum  
**ADAM CEDERBAUM**  
**CORPORATION COUNSEL** *Kmw*