

OFFERED BY COUNCILORS LYDIA EDWARDS AND ED FLYNN
Flynn, Janey, Pressley, Wu and Campbell



CITY OF BOSTON IN CITY COUNCIL

AN ORDINANCE REGARDING REPAYMENT OF BACK TAXES

WHEREAS: The City of Boston has a significant number of low-income, elderly and disabled homeowners that have property tax arrears owed to the City; and

WHEREAS: It is in the interest of the City to promote housing stability and to address outstanding tax issues in a manner favorable to both community residents and the municipality; and

WHEREAS: The City of Boston has an interest in restoring tax delinquent commercial parcels to good standing to promote economic development and continue collection of adequate city revenues; and

WHEREAS: The interest rate of tax arrears can be as high as sixteen percent; and

WHEREAS: The City can adopt more flexible payment plans and the ability to forgive up to 50% of accrued interest pursuant to G.L. Ch. 60 §62A; and

WHEREAS: Other municipalities have adopted these provisions and found them useful in working with residential and commercial taxpayers to resolve outstanding property tax arrears;
NOW

THEREFORE BE IT ORDERED:

Be it ordained by the City Council of Boston as follows:

SECTION 1. City of Boston Code, Ordinance Chapter VI is hereby amended by adding after Section 6-3.12 the following new section and subsections:

6-3.13 (a) Authority.

The provisions contained in 6.3.13 are adopted pursuant to the authority of MGL c. 60, § 62A, as amended, which authorizes municipalities to enact ordinances to authorize payment agreements between the City Collector-Treasurer and persons entitled to redeem parcels in tax title.

6-3.13 (b) Title, Purpose and Intent.

Subsections 6.3.13 (a) through (f) shall be known as the “Boston Advancing Certainty and Knowledge in Taxation” ordinance and shall be abbreviated as the “B.A.C.K. Tax Act.”

The purpose and intent of the provisions contained in subsections 6.3.13 (a) through (f) are to foster the collection of unpaid taxes and assessments, promote residential stability and community reinvestment. The City finds and determines that such a program will mitigate the social cost and consequences of property seizures, reduce uncertainty for residential and commercial taxpayers vulnerable to tax foreclosure, and will help delinquent taxpayers meet their obligations to the City while avoiding the legal expenses and time delays of taking the property in a Land Court proceeding. During the term of any municipal tax repayment agreement, the Collector-Treasurer may not bring an action to foreclose the tax title account unless the taxpayer fails to comply with the terms and conditions of the municipal tax repayment agreement and no further agreement can be reached.

6-3.13 (c) Definitions.

For the purpose of this article, the following definitions shall be applicable:

Commercial Taxpayer. The owner of record of a commercial use property or an owner of record of a rental property that is not owner occupied

Documentation. Supporting documentation, including, but not limited to, federal and state income tax returns, savings and checking account statements, social security and pension fund statements, records of public assistance; schedules of assets; expenses and outstanding bills other documents the City of Boston may determine to be of use.

Financial resources. Income of the delinquent taxpayer and any co-owners of the property.

Fixed Income. Total income that does not change over time or varies marginally over time, including but not limited to income and receipts from social security, retirement, pension,

annuities, and cash, but not in-kind, public assistance and other sources as determined by the Collector-Treasurer.

Immediate Household Family. The delinquent taxpayer and their spouse, and their parents, adult children or adult siblings residing together.

Income. Receipts from all sources regardless of the income tax status under federal or state law, including wages, salaries, and bonuses, public and private pensions, retirement income, Social Security, alimony, child support, interest and dividends income, net income from business, public assistance, disability, regular contributions/support/gifts from children or other parties outside the household, military pay, savings and other investments.

Residential Taxpayer. The owner of record of an owner-occupied property that is the owner's principal place of residence of fewer than 7 units.

6-3.13 (d) Residential eligibility requirements.

All delinquent residential taxpayers may enter into a residential tax repayment agreement and upon execution of such agreement with the Collector-Treasurer shall make a minimum payment, as determined by the Collector-Treasurer, of the total amount to redeem the parcel.

The term of a residential tax repayment agreement cannot exceed three years for residential taxpayers. During the term of the residential tax repayment agreement, the taxpayer must make timely payments in accordance with a written payment schedule and must remain current on all other tax payments, fees and licenses issued by the City. Failure to stay current on all other tax payments, fees and licenses issued by the City shall be deemed a violation of the agreement.

6-3.13 (e) Residential hardship agreements.

A. Any residential delinquent taxpayer or a member of his/her immediate household family who has demonstrated a financial hardship by providing supporting documentation as further described in the definition of "documentation" in subsection 6.3.13 (c).

B. The maximum term of a financial hardship tax repayment agreement cannot exceed five years for residential delinquent taxpayers.

C. In the case of a demonstrated financial hardship, the Collector-Treasurer may waive 50% of the interest that has accrued on the amount of the tax title account.

D. The Collector-Treasurer is hereby authorized to enter into a financial hardship tax repayment agreements under the following criteria:

(1) A senior citizen taxpayer over the age of 60 who documents that he or she or they are living on a fixed income.

(2) A recently unemployed (in the past six months) or re-employed individual expressing a desire and willingness to pay.

(3) A taxpayer with a recently (in the past 12 months) deceased spouse or partner.

(4) A taxpayer with a permanent or short term disability or recent (in the past six months) loss of pay due to documented chronic illness or medical bills.

(5) Any taxpayer on activated military status.

(6) Any veteran of military service below 60% area median income.

6-3.13 (f) *Commercial repayment agreement.*

A. Any delinquent commercial, industrial or institutional taxpayer may enter into a commercial tax repayment agreement and upon execution of such agreement with the Collector-Treasurer shall make a minimum payment, as determined by the Collector-Treasurer, of the total amount to redeem the parcel. The maximum term of a commercial repayment agreement cannot exceed two years for a commercial, institutional, or industrial delinquent taxpayer.

B. The Collector-Treasurer is authorized to grant and to waive 50% of the interest that has accrued on the amount of tax the tax title account in a commercial repayment agreement to commercial, institutional, or industrial taxpayer under the following criteria:

(1) A commercial/industrial delinquent taxpayer that is based in the City of Boston documented to be located on an environmental contaminated site in accordance with state or federal environmental protection regulations, wherein the owner files a written agreement with the Department of Neighborhood Development detailing specific steps towards remediation and property improvements.

(2) In cases where a commercial delinquent taxpayer who is the owner of record of a residential property greater than 2 units commits through written agreement with the Department of Neighborhood Development to lease not less than fifty percent of units at below-market rent for a term of not less than ten years, provided that, violation of said agreement shall result in a restoration of waived interest.

(3) In cases where a commercial delinquent taxpayer who is the owner of record of a vacant storefront commits through written agreement with the Department of Neighborhood

Development to lease at below-market rent to a business operator located in the City of Boston for a term of not less than five years, provided that, violation of said agreement shall result in a restoration of waived interest.

6-3.13 (g) *Obligation to pay taxes; default.*

The taxpayer must pay all current taxes owned when due. Any failure to stay current on taxes, payments, fees, and licenses issued by or otherwise owed to the City when due would cause the municipal tax repayment agreement to be terminated immediately unless the taxpayer can demonstrated changed circumstances causing a new hardship and the City agrees to a new repayment plan.

SECTION 2. This ordinance shall take effect on July 1, 2019.