

COMMONWEALTH OF MASSACHUSETTS

CITY OF LOWELL

In City Council

VOTE

Accepting the Provisions of Massachusetts General Laws, Chapter 59, Section 5, Clause 54 to make exempt from taxation personal property accounts valued less than \$10,000 of fair cash value in Fiscal Year 2025 beginning on July 1, 2024, within the City of Lowell.

WHEREAS, Massachusetts General Laws, Chapter 59, Section 5, Clause 54 would allow the City of Lowell to offer a personal property tax exemption to properties less than \$10,000 of fair cash value in Fiscal Year 2025 beginning on July 1, 2024 within the municipality; and

WHEREAS, Massachusetts General Laws, Chapter 59, Section 5, Clause 54 is permissive legislation which must be accepted by the majority vote of the Lowell City Council in order to be effective in the City of Lowell; and

WHEREAS, the City Council, pursuant to Council Rule 28, must hold a public hearing on this matter at least one (1) week prior to this vote.

NOW, THEREFORE, IT IS VOTED BY MAJORITY VOTE AS FOLLOWS:

That the City Council of the City of Lowell hereby accepts the Provisions of Massachusetts General Laws, Chapter 59, Section 5, Clause 54.



Ellen M. Brideau ^{MAA}
Chief Assessor

MEMORANDUM

TO: Thomas A. Golden, Jr., City Manager

FROM: Ellen M. Brideau ^{MAA}, Chief Assessor

CC: Conor Baldwin, Chief Financial Officer

DATE: May 21, 2024

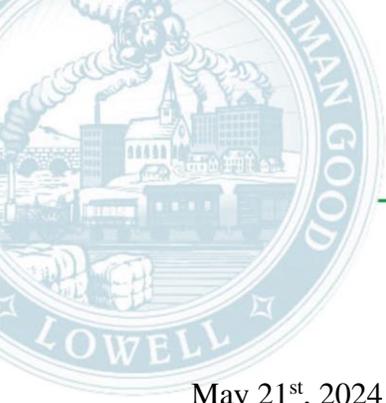
SUBJECT: Local Acceptance: Personal Property Tax Exemption under \$10,000

I offer the following in support of the City Council voting to accept the provisions of Massachusetts General Laws Chapter 59 § 5 (54) and exempt personal property accounts valued less than \$10,000 of fair cash value to be taxed in Fiscal Year 2025 beginning on July 1, 2024.

A Massachusetts municipality may choose to exempt personal property accounts valued under \$10,000. The adoption of this exemption would benefit the City of Lowell by alleviating the administrative burden for both the taxpayers and the city. It will streamline processes, reduce paperwork, and focus resources on higher-value accounts and other city priorities. Additionally, it can be seen as a mechanism for lightening the tax burden for small business owners.

- 1) Administrative Efficiency in the collection process. The adoption of this exemption would not eliminate the need for the Assessing Department to value all the personal property in the City, as it does today. It would, however, streamline the collection process and administrative burden of collecting taxes on lower-valued personal property accounts.
- 2) Cost Effectiveness. The cost of collecting taxes on personal property accounts under \$10,000 can outweigh the revenue generated.
For example: Currently we have 113 personal property accounts with a total value of under \$1000. Taxes for these accounts equaled \$23.27 or less in FY24. The cost of postage and bill printing (\$10.72 - \$11.60 per bill depending on if a demand notice is required) plus staff hours for processing far outweigh the amount of revenue generated.
- 3) Encourage Small Business. Exempting personal property below the threshold can be a way to support small businesses and startups. It can reduce the tax burden on smaller enterprises and provide economic growth for the city.

The current assessment role for Personal Property has 1,930 accounts, of which, 1031 are under the \$10,000 adoption threshold. These 1031 accounts represent .08% (less than 1%) of the total assessed value of all personal property in the City of Lowell.



Thomas A. Golden, Jr.
City Manager

May 21st, 2024

Mayor Daniel Rourke
And
Members of the Lowell City Council

Dear Mayor Rourke and Members of the Lowell City Council,

I am hereby requesting the council vote to exercise the city's local option of Massachusetts General Laws Chapter 59 § 5 (54) and exempt personal property accounts valued less than \$10,000 of fair cash value to be taxed in Fiscal Year 2025 beginning on July 1, 2024. If approved by the Council, It's important to note, that the Assessing Department will still need to value these accounts and business owners will still need to provide the annual form of list to insure they meet the threshold for the exemption. The benefit to the city in approving this local option is in the collection process of chasing these small accounts. There is further rationale for support to adopt this option in a memorandum prepared by the Chief Assessor.

The Law Department has prepared a Vote to authorize passage of this proposed local option for the City Council's review.

Sincerely,

Thomas A. Golden, Jr.
City Manager

CC: Conor Baldwin, Chief Financial Officer
Ellen Brideau, Chief Assessor