CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

MAIN OFFICE (617) 349-4343 RESIDENTIAL VALUATION (617) 349-4110

ASSESSING DEPARTMENT

Sally Powers, Director
Kevin T. McDevitt, MAA, CRA
Faith D. McDonald, CMA, RMA, MAA, CA-S

May 27, 1998

TO: James P. Maloney, Finance Director

FROM: Sally Powers, Director of Assessment

SUBJECT: Calendar Item #007, dated 5/4/98
RE: REPORT ON HOW THE TAXABLE PROPERTY MAY BECOME CONVERTED TO NON-TAXABLE PROPERTY

Exemption from the local property tax is allowed under certain conditions by Massachusetts General Laws, Chapter 59, Section 3. Property owned by the United States and by the Commonwealth of Massachusetts is exempt. Houses of religious worship and parsonages are exempt. Some property owned, used and occupied by organizations of veterans is exempt.

Local tax exemption is allowed for property owned by charitable organizations, including literary, benevolent, charitable or scientific institutions or societies and educational institutions which meet certain basic requirements:

- the property is occupied by the organization or its officers for the purposes for which it is organized,
- any income or profits of the organization or distribution of the assets of the organization upon its dissolution must be used or appropriated for literary, benevolent, charitable, scientific purposes and may not be distributed to any stockholder, trustee, or member of the organization,
- a "Form 3ABC" has been filed with the Assessing Department annually, which lists all the property held by the organization for literary, educational, benevolent, charitable or scientific purposes,
- a copy has been given the Assessing Department of the annual report required to be filed with the division of public charities.

When an organization which has not been previously approved by the City for tax exempt status asks to remove a property from the tax rolls, a State-issued Form IB-3 must be filed with the Assessing Department along with several items of documentation. A copy of the Form IB-3 and the list of required back-up documents is attached to this report. The Assessing Department sends the application and the documents to the City Solicitor's office for review and verification of the organization's compliance with legal requirements for tax exempt status.

When an organization which has previously been approved for exempt status wants to take additional property off the tax rolls, it must notify the Assessing Department, including the added properties on the Form 3ABC. A copy of a Form 3ABC is attached to the end of this report.

MUST BE FILED WITH BOARD OF ASSESSORS NOT LATER THAN DUE DATE OF FIRST ACTUAL (NOT PRELIMINARY) TAX PAYMENT FOR FISCAL YEAR.

FORM 1B-3
CLAUSE 3

DO NOT WRITE IN THIS SPAC
Received

THE COMMONWEALTH OF MASSACHUSETTS

NAME OF CITY OR TOWN

APPLICATION FOR STATUTORY EXEMPTION

LITERARY - BENEVOLENT - CHARITABLE - SCIENTIFIC OR TEMPERANCE

To the Board of Assessors:

NAME OF APPLICANT ______________________________

POST OFFICE ADDRESS ______________________________

Application for abatement is hereby made to put into effect the statutory exemption authorized by General laws, Chap 59, Section 5, Clause 3 from a ______________ TAX.
Real Estate — Personal Property

Location of Property ______________________________
Number Street City or Town Ward

STATEMENT OF FACTS

State in detail your claims as applicant, setting forth ALL THE FACTS relating thereto.

Has a return for the current year been filed on an "A B C" Form with the Board of Assessors? ______
Yes or No

Is the applicant a Massachusetts corporation? ______ Incorporated ______ Under ______
Yes or No / Date / Cite Chapter of General Laws or Special Act

What are the purposes of the corporation as specified in its charter? ______________________________

____

____

Is the corporation the owner of record of the real estate for which exemption is claimed? ______
Yes or No

When was the real estate acquired? ______________________________
Date

Was it acquired for the purpose of removal thereto? ______________________________
Yes or No

Does the corporation occupy or use the whole of the real estate for which exemption is claimed? ______
Yes or No

If not, what proportion of the real estate is occupied or used by others? ______

______
Area or Valuation May be Used as Basis of Estimate

What part of the real estate, if any, is unoccupied or not in use? ______

State the circumstances fully ______

______

______

For what purpose is the real estate occupied or used (a) by the corporation? ______

______

(b) by other occupants? ______

State the extent to which the property is let for hire, both as to the proportion of space and the length of time during the ye

______

______

______

What is the total amount of the revenue derived by the corporation from the property? ______

What is the total amount of the revenue derived by the corporation from the use of the property for purposes other than tho

specified in its charter? $______

Is any of the income or profits divided among the shareholders or members? ______
Yes or No

To what purpose is the income or profits used or appropriated by the corporation? ______

______

______

State any other facts which may bear on the right of this corporation to exemption of real estate or personal property ______

______

______

______

SUBSCRIBED THIS ______ day of ______ , UNDER PENALTIES OF PERJURY

Signed ______
Legal Name of Corporation

By ______
Name of Officer or Representative

THE FILING OF THIS APPLICATION DOES NOT STAY THE COLLECTION OF THE TAX

THIS SPACE FOR ASSESSORS' RECORD ONLY____________________

Notice sent________________ for hearing________________ Hearing held________________ With________________

Date Date Date Name

Exemption____________________ in previous year. Page__________ Line__________

Allowed or Disallowed

ABATEMENT VOTED $____________ under General Laws, Chapter 59, Section 5, Clause 3__________

DENIED____

Reason

____

______________________________ BOARD OF ASSESSORS OF________________

____

Date____________________,

This form approved by Commissioner of Revenue.

NAME OF RECORD OWNER

ADDRESS

LOCATION OF PROPERTY

NAME OF CITY OR TOWN

P.________ L.________ BILL NO. ________

THE COMMONWEALTH OF MASSACHUSETTS

APPLICATION FOR STATUTORY EXEMPTION LITERARY - BENEVOLENT CHARITABLE - SCIENTIFIC OR TEMPERANCE

FORM 1277 H&W HOBBS & WARREN ™

REAL ESTATE

1. Form 1B3
2. Articles of Organization
3. By-laws
4. Financial Returns
5. Income Tax Returns
6. Certificate of Federal Income Tax Exemption
7. Certificate of State Use and Sales Tax Exemption
8. Itemized list of disbursements and expenditures
9. Statement as to the use of each part of the property
10. Full explanation of the membership, stockholders, and operation of the corporation or any other information pertinent to this matter.
11. Certificate of Public Charities form as filed with the Attorney General's Office - Division of Public Charity

Form 3ABC

FISCAL TAX YEAR
19______

MASSACHUSETTS DEPARTMENT OF REVENUE
Return of Property Held for Charitable Purposes

Name of Organization..
To the BOARD OF ASSESSORS OF..
NAME OF CITY OR TOWN

I,................................ as financial officer of the above organizatior hereby report, in accordance with the requirements of General Laws, Chapter 59, Section 29, that on January 1, 19__ said organization held personal property and/or real estate in saic city or town as set forth in detail in Schedules A, B and C of this return and in total as follows:

INCOME STATEMENT FOR THE YEAR ENDING ...., 19__

	Total	Portion of Total Relating to Athletic Property
INCOME RECEIVED	$	$ ....
EXPENDITURES	$	$ ....

SCHEDULE A

ALL TANGIBLE PERSONAL PROPERTY SUCH AS FURNITURE, EQUIPMENT, BOOKS AND COLLECTIONS	FAIR CASH VALUE
	$

SCHEDULE B EXEMPT REAL ESTATE

LOCATION	LAND	BUILDINGS		TOTAL VALUE
Street & Number	Value	Used for	Value	Land & Buildings
	$		$	$
Percentage of real estate exclusively devoted to a charitable purpose. If leased, indicate lessee:				%

SCHEDULE C TAXABLE REAL ESTATE

LOCATION	LAND	BUILDINGS		TOTAL VALUE
Street & Number	Value	Used for	Value	Land & Buildings
	$		$	$
	$		$	$

FILED WITH THE BOARD OF ASSESSORS OF ____________________ **ON** ______________, 19___

Attach any amendments to the articles of organization or charter since the last filing.
SUBSCRIBED THIS __________ DAY OF ____________ 19__ UNDER PENALTIES OF PERJURY

SIGNATURE...................................., **TITLE OF OFFICER**
POST OFFICE ADDRESS..

A RETURN IN THIS FORM MUST BE FILED WITH THE BOARD OF ASSESSORS OF EACH CITY OR TOWN IN WHI THE ORGANIZATION HOLDS PERSONAL PROPERTY AND/OR REAL ESTATE, NOT LATER THAN MARCH 1, 19___

See Instructions on back

INSTRUCTIONS FOR PREPARING FORM 3ABC

1. **WHO MUST FILE.** Every charitable organization and every charitable trust established by a declaration of trust provided that the purposes of such charitable organization or trust are literary, educational, benevolent, charitable, scientific or temperance and provided further, that such organization or trust seeks from the Board of Assessors an exemption from local real estate and personal property tax under G.L., Chapter 59, section 5, clauses third and fifth.

2. **WHEN AND WHERE RETURNS FILED.** A separate return must be filed with the Board of Assessors of each city or town in which the organization or trust holds real estate and/or personal property, not later than March 1, 19___ and is for the fiscal year 19___.

3. **EXTENSION OF TIME FOR FILING.** Upon request, the Board of Assessors may extend the time to April 1 for cause shown.

4. **PENALTY FOR FAILURE TO FILE** or for filing an incomplete return. The property shall not be exempt if a charitable organization or trust fails to file this return on or before March 1, or April 1 if extension is granted by the Assessors. A return is incomplete unless there is attached a true copy of the most recent report required by G.L., Chapter 12, section 8F to be filed with the Division of Public Charities in the Department of the Attorney General.

5. **REASONS FOR DENYING EXEMPTION.** The property of a charitable organization or trust shall not be exempt if:-
   a) Any of the income or profits of the business of the charitable organization is divided among the stockholders, trustees or members;
   b) Any of the income or profits is used or appropriated for other than literary, benevolent, charitable, scientific or temperance purposes; or,
   c) If a distribution of the profits, income or assets may be made to any stockholder, trustee or member upon dissolution of the organization.

6. **INCOME STATEMENT** reflects income received from all sources and expenditures of said organization for the purposes for which it was incorporated or established for the calendar or fiscal year preceding January 1, 19__.

7. **SPECIFIC INSTRUCTIONS** for exemptions and/or taxation of athletic facilities of charitable organizations where there is competitive commercial use can be found in Chpater 992, Acts of 1977 and Regulation 830 CMR 58.03 issued thereunder.

8. **SCHEDULE A:** Enter the total value of all exempt tangible personal property.

9. **SCHEDULE B:** Enter all <u>exempt</u> real estate owned and occupied by the organization. A property is exempt, if:
   a) Owned and occupied by the organization or its officers for the purposes for which it was incorporated or established, or purchased by it within the past two years with the purpose of removal thereto.
   b) Owned by the organization and occupied by one or more charitable organizations or its or their officers for its or their charitable purposes.
   c) Owned by others and held in trust for the organization and occupied by it or its officers for its purposes.

10. **SCHEDULE C:** Enter all <u>taxable</u> real estate owned by the organization in the same city or town wherein the return is filed.

Form 3ABC

FISCAL TAX YEAR
19_____

MASSACHUSETTS DEPARTMENT OF REVENUE

Return of Property Held for Charitable Purposes

Name of Organization...
To the BOARD OF ASSESSORS OF...
NAME OF CITY OR TOWN

I,................................ as financial officer of the above organization hereby report, in accordance with the requirements of General Laws, Chapter 59, Section 29, that on January 1,19__ said organization held personal property and/or real estate in said city or town as set forth in detail in Schedules A, B and C of this return and in total as follows:

INCOME STATEMENT FOR THE YEAR ENDING ....,19__

	Total	Portion of Total Relating to Athletic Property
INCOME RECEIVED	$	$ ....
EXPENDITURES	$	$ ....

SCHEDULE A

ALL TANGIBLE PERSONAL PROPERTY SUCH AS FURNITURE, EQUIPMENT, BOOKS AND COLLECTIONS	FAIR CASH VALUE
	$ __________

SCHEDULE B EXEMPT REAL ESTATE

LOCATION	LAND	BUILDINGS		TOTAL VALUE
Street & Number	Value	Used for	Value	Land & Buildings
	$		$	$
Percentage of real estate exclusively devoted to a charitable purpose. If leased, indicate lessee:				%

SCHEDULE C TAXABLE REAL ESTATE

LOCATION	LAND	BUILDINGS		TOTAL VALUE
Street & Number	Value	Used for	Value	Land & Buildings
	$		$	$
	$		$	$

FILED WITH THE BOARD OF ASSESSORS OF ________________ **ON** ____________, 19__

Attach any amendments to the articles of organization or charter since the last filing.
SUBSCRIBED THIS __________ DAY OF ___________ 19__ UNDER PENALTIES OF PERJURY

SIGNATURE...................................., **TITLE OF OFFICER**
POST OFFICE ADDRESS...

A RETURN IN THIS FORM MUST BE FILED WITH THE BOARD OF ASSESSORS OF EACH CITY OR TOWN IN WHICH THE ORGANIZATION HOLDS PERSONAL PROPERTY AND/OR REAL ESTATE, NOT LATER THAN MARCH 1, 19__

See Instructions on back

20.

CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139
TEL. 349-4300
FAX. 349-4307

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

June 1, 1998

To The Honorable, The City Council:

Please find attached a response to Awaiting Report Item No. 6, regarding a report on how taxable property may be converted to non-taxable property, received from Director of Assessment Sally Powers.

Very truly yours,

Robert W. Healy
City Manager

RWH/mec
Attachment

Consent Agenda #20 3945

A report on how taxable property may be converted to non-taxable property.

In City Council June 1, 1998

Referred to the City Manager