

The Funding Loan Act of 1982 and the Origins of “Tregor Stamps”

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In the early 1980s, in an effort to generate much-needed revenue for the City of Boston to offset federal and state budget cuts, the Massachusetts Legislature passed legislation entitled, “An Act Establishing the City of Boston Funding Loan Act of Nineteen Hundred and Eighty-Two and the Massachusetts Convention Center Authority” (the “**Act**”). In addition to creating the Massachusetts Convention Center Authority, the Act allowed the city to borrow up to \$75 million and to issue and sell bonds and notes to try to bring the city out of a serious financial deficit, all of which was to be secured by the levy of several new taxes.

At the time, Boston was struggling financially as a result of drastic tax cuts due to Proposition 2-1/2, extreme overspending on school budgets, and the resolution of a Supreme Judicial Court case known as *Tregor v. Board of Assessors of Boston*, which required the city to give tax rebates to previously over-assessed property owners, estimated to be in excess of \$100 million.

One of the taxes imposed by the Act was the levy of an excise tax “upon the creation of any condominium or subdivision located in whole or in part of the city of Boston” or “upon each consolidation [of lots] located in whole or in part of the city of Boston” at a rate of \$500 per condominium unit (in excess of one unit) and \$500 per subdivided lot or lot consolidation (in excess of two lots). The tax was to be paid to the Boston Assessor’s Office at the time of the recording of the related master deed or subdivision or consolidation plan.

Those who are familiar with these tax stamps generally think of them in the context of a condominium development. Less common is the requirement that a property being subdivided into multiple lots or multiple lots being consolidated into one are also subject to the tax.

While the financial hurdles that Boston faced in the early 1980s no longer exist, and the inclusion of this tax in the Act may have been intended as a short-term levy to prop up the city coffers, Tregor Stamps remain a conveyance requirement, and given the current development boom in the city, it is unlikely that we will see an end to this quirky excise tax anytime soon.

When working on a **condominium development** or, less frequently, a **subdivision or consolidation plan**, it is important to (i) calculate the amount of the tax and allocate this amount in the budget and (ii) allow time for the trip to the City of Boston Assessor’s Office to obtain the stamps, which will include a review of the condominium master deed or approved plan.

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