



Office of  
**Representative Hannah E. Kane**  
Commonwealth of Massachusetts

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## **Representative Kane supports bill to prevent home equity theft and protect homeowners facing foreclosure**

**BOSTON** – State Representative Hannah Kane (R-Shrewsbury) recently supported legislation to protect Massachusetts homeowners facing foreclosure due to a municipal tax lien on their property from becoming victims of home equity theft.

House Bill 4791, *An Act relative to municipal tax lien procedures and protections for property owners in the Commonwealth*, was engrossed by the House of Representatives on a vote of 154-0 on June 26. The bill now heads to the Senate, which previously adopted home equity theft language in its version of the Fiscal Year 2025 budget but has yet to take up the issue as a stand-alone bill.

Representative Kane noted that under current Massachusetts law, cities and towns can foreclose on a property to settle an unpaid tax debt and retain the full value of the property once it is sold, not just the amount of the original debt. The law also allows municipalities to sell tax liens on delinquent properties to private investors, who can file for foreclosure with the Land Court once the debt is six months old and then keep any profits from the sale of the property.

Although versions of this legislation have been filed since at least 2018, Representative Kane said the bill has been gaining momentum since a pair of court rulings – one federal and one in Massachusetts – declared the current law unconstitutional.

In 2023, the US Supreme Court ruled in the case of *Tyler v. Hennepin County* that a Minnesota statute similar to Massachusetts' was unconstitutional because it denied reasonable compensation to a homeowner for the taking of their property. More recently, a judge in Hampden County ruled that current practices violate Article 10 of the Massachusetts Constitution's Declaration of Rights and the takings clause of the Fifth Amendment to the US Constitution. The case involved a Springfield homeowner with an unpaid property tax bill of \$1,637 who entered into a payment agreement with the city at a 16% interest rate but was unable to keep up with the payments and eventually owed about \$17,500 with interest, placing them at risk of losing their home, which was valued at approximately \$230,000 and had over \$200,000 in equity.

Representative Kane said a 2022 study conducted by the Pacific Legal Foundation found that over a seven-year period, the city of Springfield moved to collect nearly \$3.5 million in unpaid taxes by foreclosing on 129 properties, resulting in about \$15 million in lost equity for homeowners. The study found that "Massachusetts homeowners subjected to tax foreclosure lose 82% of their home equity on average—\$172,000 per home."

Representative Kane said the House bill creates more favorable terms for the debt payment plans a taxpayer can enter into with a municipality to pay off their debt. Under current law, taxpayers are offered a 5-year payment plan but must provide a down payment of 25% of the amount needed to redeem the property. House Bill 4791 lowers the down payment to 10% and extends the payment plans to 10 years.

According to Representative Kane, House Bill 4791 also creates a process by which a former owner would be able to recover their excess equity following a foreclosure. The bill defines “excess equity” as the surplus of the amount remaining after accounting for the homeowner’s owed taxes and fees, as well as the expenses associated with selling the property.

In addition, the House bill strengthens the notice requirements municipalities must provide to homeowners and taxpayers related to property takings for nonpayment of taxes. Representative Kane said the bill also calls for the establishment of a special commission that will conduct a comprehensive study relative to current law and practice around the collection of delinquent property tax revenue by cities and towns in the Commonwealth, with a report due by December 31, 2025.

During floor debate, the House adopted amendments to the bill, including proposals to:

- require the local treasurer to offer face-to-face meetings with a homeowner who is facing the sale of the tax title to their property; and
- add “deferred” property tax revenue to the list of items to be studied by the special commission created under the bill

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