Boston's Tax Crisis

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to encourage downtown commercial construction by enabling business to pay lower property taxes, and guaranteeing them no tax increase for 40 years. And even more got their valuations permanently lowered under a law mandating lower assessments for property which has been given tax rebates by the city for three consecutive years.

All these little acts of generosity to business have forced a crushing burden upon the home-owning taxpayers of Boston, who in turn are being driven out and leaving abandoned buildings in many parts of the central city. The cycle just gets worse as, on the one hand, Boston banks extend the areas being red-lined and, on the other, put more and more pressure on the city to cut services to and increase taxes on these same areas.

TAXPAYERS BEGIN TO FIGHT BACK

But the huge tax increase, service cuts, and threats of more to come are beginning to get a response from Boston's low-income and working homeowners. Over 2300 of them have banded together to file for tax abatements with Fair Share's Property Tax Coalition. Primarily from Dorchester, Mattapan, and Roxbury, these Boston residents argue that if businesses assessed at 23% of their market value can get reductions from the city, then certainly family homes assessed at 40% to 50% of their value are also entitled to money back.

Last year a similar campaign on a smaller scale earned 675 Dorchester residents a refund of $122,000, or about $180 each. But this year the city is putting the applicants through a full-blown runaround -- stalling on replies, requiring extra forms and individual hearings, etc. They may be afraid the idea will catch on in a big way if people get refunds this year.

Other city residents are organizing to demand that the city close the business loopholes before they will pay a penny more. They cite: the tax exemptions granted to profit-making businesses on Mass-port land; the informal $25 million "golden handshake" deals made between the city and big developers prior to construction -- guaranteeing large developers an especially low tax rate; the $30 million in uncollected back taxes presently owed by businesses to the city; and the special assessment ratios granted to Boston banks -- like First National Bank at 8.75% and National Shawmut Bank at 6.9%, compared to 40% for homes.

OTHER CITIES WILL FOLLOW LEAD

This struggle over city finances going on in Boston is very similar to those shaping up throughout most of the other older Northeastern cities. The growth of suburbs and decline of urban core-areas has generated a need for more city services, but financed by a narrowing tax base. However, as private capital and new business growth have shifted away from our region, those corporations remaining have begun to demand tax concessions as the price for staying. The big banks depend on the deposits and financial activities of these firms, and press for a better and better "business climate." The conflict is finally coming out into the open as the banks selectively shut off municipal cash flows until their terms are met -- cut services, reduce budgets, and get the money up from the remaining homeowners.

WHAT IS THE COMMONWEALTH DOING?

The state government has declared a "hands-off" policy, refusing to allow municipalities the power to tax commuters, impose a graduated income tax, or in any other way take the burden off the remaining lower-income city home owners. In fact, the Commonwealth itself, in order to float several bond issues a year ago, was forced to buckle to similar business and banking pressures. The state service cuts and tax increase on those least able to pay were a direct result of negotiations in late 1975 between four Boston bankers and our governor and legislative leadership.

This power of the large banks over public finances and programs is becoming a major issue in the late 1970's. People concerned with the quality of life among our poor are finding that the final decision-makers are in fact not located in the public State House offices, but rather in the private State Street board-rooms.

J.K.

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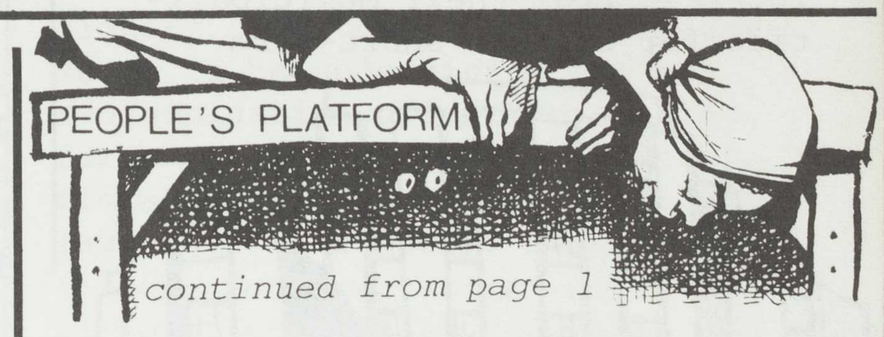

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What happens after that depends on a variety of conditions. Among them being whether those involved have acted in such a way as to enhance the lives of poor and low-income people of this Commonwealth, or whether, in retrospect, they have knowingly participated in a fraudulant process. R.R.

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