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## Testimony of the Boston Municipal Research Bureau

Before the

City Council's Committee on Government Operations

December 12, 2003

### **Regarding:** Proposed Tax Amnesty Program for Boston

Madam Chairperson, my name is Samuel R. Tyler, President of the Boston Municipal Research Bureau and I am here to [testify against Docket #1241](#), an order to adopt the local option for a municipal tax amnesty program.

Plain and simple, Boston doesn't need a tax amnesty program for overdue property taxes and motor vehicle excise payments as authorized by the state this year. Here's why:

- Procedures are already in place that provide sufficient incentives for tax payment and compensate the City for late payment.
- The City's fiscal 2004 budget is balanced and the City is not facing a cash flow problem for which new or additional revenues are needed to meet existing, authorized expenses.
- A tax amnesty program sends the wrong message to the responsible taxpayers who pay on time.
- The program would require additional administrative costs to be implemented.
- Boston's collection of its property taxes now represents approximately 98.6% of its gross levy.
- Delinquent real and personal property taxes are subject to a 14% annual interest charge that can go up to 16%.
- The Registry of Motor Vehicles will not renew a driver's license or vehicle registration until the overdue motor vehicle excise tax is paid.

- While the City of Boston faced budget challenges in fiscal 2003 due to local aid cuts, and may face similar challenges in fiscal 2004, it does not currently face a cash flow problem that might be helped by an amnesty plan.

In conclusion, the City's financial position is solid and is not lacking for efforts to enhance cash flow. However, the Council should consider taking steps to assess the City's budget position at the mid-point of this fiscal year and begin to identify the budgetary challenges facing Boston in fiscal 2004. I welcome the opportunity to answer any questions you may have at this time.