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Testimony of the Boston Municipal Research Bureau

Before the

City Council's Committee on Government Operations

June 20, 2002

Regarding: Telecommunications Right-of-Way Fee

The Research Bureau is pleased to testify today before the City Council's Committee on Government Operations on Docket #0635, an ordinance to establish and collect fair and non-discriminatory compensation for the use of public rights-of-way by private enterprises providing telecommunications. The Research Bureau recommends that the City Council vote to not approve this ordinance at this time. We believe that the City of Boston is in a financial position in which this right-of-way revenue is not required in order for the City to provide basic services to those who live and work in Boston. Rather, we believe that the Menino Administration should focus its attention on managing spending and improving basic service delivery before any consideration is given to approving new taxes or fees.

In May 2002, the Bureau issued a comprehensive report on the financial status of the City of Boston. That report, *A Budget Correction: Boston's Financial Picture* highlighted the fact that the City is not in the midst of a fiscal crisis, but more in the midst of a useful correction after nine years of steady spending growth. The report clarified that now is the appropriate time for the City to reevaluate existing operational practices and to institute creative management improvements, not to approve new taxes or fees. The Mayor's original FY03 budget, submitted to the Council on April 10th, assumed a 10% reduction in local aid and yet it created no real change in basic services and caused only limited layoffs.

We note with interest that this hearing on the Administration's request for a major new revenue source comes just one day after the Mayor submitted to the City Council a revised FY03 budget that is \$41 million higher than the original spending plan in April. These additional funds, based on the House and Senate FY03 budgets, will enhance the City's basic services budget and enable a fund for collective bargaining to be established and reserves to be kept available. Boston is not in a position in which it must secure new tax or fee revenues to be able to provide basic services. Additionally, given the current economic climate, Boston's small size in relation to its metropolitan area and the City's full implementation of classification to shift the property tax burden onto business property, Boston city officials should be more sensitive to what impact any major new tax or fee would have on its competitive business climate.

The Bureau recommends that the City Council reject this proposed ordinance, Docket #0635.

Statement presented by: Samuel R. Tyler, President, Boston Municipal Research Bureau.
Thursday, June 20, 2002