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**Determining Tax Contributions and Service
Benefits for Greater Roxbury**

Bette Woody

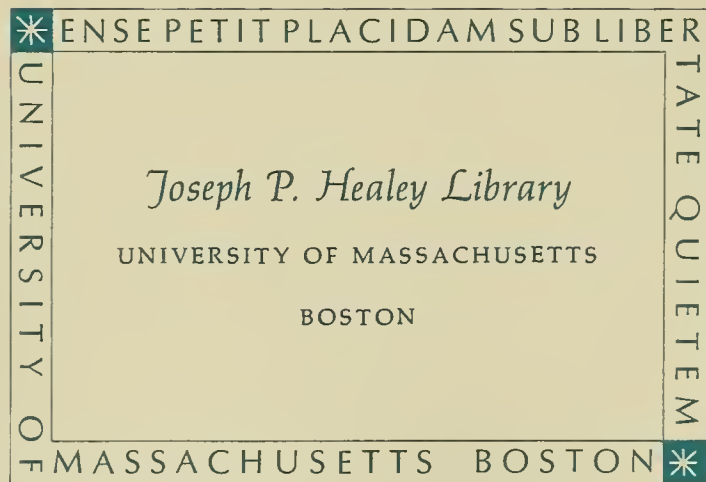
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**Determining Tax Contributions and Service
Benefits for Greater Roxbury**

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**The William Monroe Trotter Institute
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I. Definition and Elements of a Study

A study of tax contributions and services benefits received by the greater Roxbury community involves several questions. Important is determining the types of revenue to be included as a basis for assessing contributions. A second key issue is determining how to extract district services from aggregate expenditure budgets. This is necessary in order to make spending estimates consistent with geographic boundaries and revenue categories. Other definitional problems include:

1. Expenditures: need to be disaggregated by source of revenue to display intergovernmental transfers (i.e. from state and federal levels);
2. Tax base equalization for estimates: tax bases should exclude exemptions, including special rebates, exemptions or reductions as in the case of residential owners or urban renewal;
3. Qualitative v. quantitative measures of services inputs; these vary by service category, as in the case of education where measures of pupil-teachers ratios X costs or input dollars and local school organization, might exclude apportioned overhead costs;
4. "Overhead costs": need to be understood to "prorate" for general government administration (executive, managerial, City Council, etc); or for local services which are included in overhead such as school health or specialized learning services.

Developing an approximate picture of services which include qualitative measures of the service delivered is not a trivial question. Engineering analysis takes the perspective that dollar values alone are a poor measure of the level of expenditure required, if for example, disadvantaged pupils or an older infrastructure are involved. In the case of education, a better measure, performance data, however, is almost never available in a form to permit matching with expenditure or other input data such as pupil-teacher ratios.

II. Tax Contributions and Expenditures - Study Methodology and Approaches

The following outlines approaches and problems in estimating tax contributions and services expenditures for a sub-district of Boston (Roxbury):

A. Taxes

Tax contributions in the city are made complex by the fact that local districting of revenue is not separated from general municipal revenue. Revenue for Boston includes taxes directly assessed by the city for city purposes only (real property mainly); any sales or business taxes authorized and a variety of fees and charges. Taxes collected in the city by the state in the form of sales taxes and other fees, plus income or payroll taxes, are also redistributed in part to the city general fund by the state in Local Aid. Taxes collected in Boston, however, will currently vastly understate total revenue available to the city for financing local services and infrastructure maintenance. Since 1960, increasing proportions of revenue come in the form of transfers from state and federal governments for general expenditure or earmarked for special purposes (roads, sewers, schools).

The property tax, or taxes levied on the value of land and improvements in Roxbury, is the easiest to understand and clearest contribution to the city. A traditional approach to estimating Roxbury contributions would be:

1. Compile the assessed valuation (AV) of parcels of real property from city tax records.
2. Estimate tax contributions for any year, based on current AV's and current rates (to control for billing periods, delayed payments, etc).

In addition to real property, some cities are authorized to collect taxes on personalty, or non-real assets (usually fixed capital equipment and inventory of commercial/industrial activities). However, little of these are currently located in Roxbury.

There are several technical problems with obtaining real estate tax estimates for both Roxbury and the remainder of the city. Currently, there are no geocoded computerized data files on either tax bills or AV's available. Geographic coding thus would have to be undertaken manually by matching block/lot number for individual parcels from tax maps with tax lists (billing lists). A second problem is the validity of the listed AV's. Boston is currently upgrading assessed valuations on all property to 100% value. Many properties may still be listed at the old (outdated) levels.

The results of tax estimates are likely to be very low compared to the rest of the city. There are several reasons for this prediction:

1. For comparative purposes, use of "rest of the city" will reflect downtown commercial real estate values.
2. Other neighborhoods (even excluding downtown), are likely to show relatively higher AV's per square mile, or per capita; because of (a) higher maintenance levels in residential property; (b) considerable new investment in residential real estate; (c) more extensive, developed commercial and industrial property (i.e. low abandonment rates).
3. Depressed real estate values in Roxbury: Roxbury has yet to benefit from the generally rising values and the particularly spectacular recent rises of 3-5 years ago in neighboring districts such as Jamaica Plain, South End, parts of Dorchester.

Other tax contribution by Roxbury, in the form of sales, gas taxes, fees and licenses are also likely to be low, if available, for the reason that either consumption is low owing to low incomes of residents, or there are few businesses in the area strong enough to make significant contributions.

B. Services/Expenditures

Disaggregating services from expenditure budgets for the city are complex for two reasons: (1) characteristics of individual services (2) sources of revenue included in expenditures. Characteristics of individual services cause a wide range of geographic districting which makes expenditure or cost estimates difficult. For example, police districts may reflect population or crime distribution; fire property characteristics. A study of one service in 1985, the Emergency Ambulance Service, was found to be almost entirely allocated to the Roxbury district.* Second, allocation in expenditures reflect other than local sources. Intergovernmental transfers not only constitute over half of the municipal budget currently, but are frequently earmarked "off budget." Education, some infrastructure maintenance, cultural, hospital and library services all have general and categorical cost-sharing from state and federal sources.

Estimating services for districts became popular in the 1970's following two celebrated discrimination in services court cases, *Hawkins v. Shaw* and *Serrano v. Priest*.** Work subsequently focused on technical problems with estimating qualitative and quantitative values of services in districts, with the usual approach following specific engineering characteristics (See Exhibit 1).

* Unpublished interviews for Joint Center for Political Studies for City Services Contracting, 1985 by author.

** Levy, F. S., Meltsner, A. J. and Wildavsky, A, Urban Outcomes, p.3 (Oakland Project, Berkeley, U. California Press, 1974; describes problems x--technical and political, with estimating neighborhood services discrimination and includes case studies of schools, streets and libraries).

Exhibit 1

Typical Services Indicators

1. <u>Ordinary Services:</u>	<u>Quantitative Indicators</u>	<u>Qualitative Indicators</u>
a. Police	# personnel # equipment assigned	population/per capita pop. density poverty, crime, delinquency rates
b. Fire	# personnel # equipment	building structural characteristics, age, use land use residential density
c. Sanitation 1) street cleaning 2) trash pickup, disposal	# personnel/crews # equipment	land use, residential density street miles industrial/commercial activities (usually private services)
d. Parks, playgrounds shade tree maint.	# personnel/crews	acreage developed open space # facilities street miles
e. Infrastructure maintenance (sewer- water, street repair, street lighting, signalization)	# personnel/crews per service # equipment	age of infrastructure street-miles utilities traffic indicators (ADT's intersections, etc.)
f. Inspectional Services (buildings, health, safety, fire)	# personnel frequency indicators	land use vacant land, buildings age, density residential structures multifamily property restaurants, food sales, preparation

Typical Services Indicators 2

2. <u>Other Services:</u>	<u>Quantitative Indicators</u>	<u>Qualitative Indicators</u>
g. Libraries	Hours opens # vehicles for circulating serv. # personnel	Population total, mix
h. Education	# seats by grade # teaching staff # school organization	school age population adult learners disadvantage, poverty, literacy; test scores, other indicators
i. Health, Hospital services	# facilities, type services avail. # personnel	population health status, poverty;

Estimating service budget allocations for individual services on a district basis, requires that each service be estimated separately. While most services do have geographic districting; districting follows, very different patterns following administrative, or characteristics rules, rather than neighborhood or other patterns (e.g., political boundaries). Dollars values budgeted thus are typically estimated from other budgeted information such as the number of personnel and equipment assigned; and related to infrastructure or facilities through which services are allocated, (i.e. school organization, street-utility miles, etc.).

Further References:

1. Aronson, J. Richard and Schwartz, Eli (ed), Management Policies in Local Government Finance, Washington, D. C., International City Management Association, 1981.
2. Levy, Frank S. Arnold J. Meltsner and Aaron Wildavsky, Urban Outcomes, Berkeley, California, University of California Press, 1974.
3. -- Charter Revision Commission for NYC, "The Expense Budget Under Decentralization and Financial Reporting for Decentralized Localities," NYC, 1973.
4. Hawley, Willis and David Rogers, Improving the Quality of Urban Management, Urban Affairs Annual Reviews, Vol. 8 Beverly Hills, Ca., Sage Publications, 1974.

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