CCM-101

City of Cambridge

Mayor Vellucci

1.
IN CITY COUNCIL
May 17, 1976

WHEREAS:

Cambridge faces the necessity of implementing 100% revaluation by the year 1980 in order to be in compliance with the mandate of the Sudbury case as administered by the Commonwealth's Commission of Corporations and Taxation, and,

WHEREAS:

Studies by the Federal Reserve Bank of Boston and our own Planning Department make it quite clear that the burden of taxation will be significantly shifted from Industrial and Commerical properties to residential households, the extent of that increased burden being inthe range of 23.8% - 29.5% percentage increase, and

WHEREAS:

This will undoubtedly serve to put additional pressures upon a residential population that we are trying to stabilize, and

WHEREAS:

A quick survey of revenue strategies of other urban academic communities indicates that our reliance on the property tax is already excessive:

City	Population	% of Revenue raised thru Property Tax
Cambridge, Ma.	100,361	65%
Columbus, Ohio	540,025	5%
Durham, N.C.	95,438	19.6%
Richmond, Va.	249,431	23.8%
Kempe, Ariz.	63,550	16%
Evanston, Ill.	80,113	35%

and,

WHEREAS:

Now is a good time to review alternative revenue strategies that might logically and fairly supplement the impact of revaluation, and

WHEREAS:

A preliminary study has indicated that a city wide payroll tax of 1% would raise between 10 and 13 million dollars and thus nearly offset any increases in the residential tax burden due to revaluation, as well as decrease our overall reliance on

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the property tax by approximately 20%, and

WHEREAS:

There is further justice to this strategy in that 73% of the Cambridge work force do not reside in Cambridge, yet they enjoy many of the benefits of our city at no cost, therefore be it

ORDERED:

That the City Manager be and hereby is requested to consult with the Assistant City Manager for Fiscal Affairs and to study the following questions:

1. Would a payroll tax be advantageous, equitable, and possible within the City of Cambridge?

2. What percentage of income is most appropriate?

3. Should such a tax be levied as a flat rate percentage or should it vary according to functions of City budgetary useage, income, or on the basis of other factors?

4. What are the short and long term costs/benefits of such a program?

5. How would it be administered?

6. Should it be implemented prior to or in concert with revaluation?

and be it further

ORDERED:

That the City Manager report back to the City Council within two months so that he has time enough to weigh this proposal yet we have time enough to make intelligent planning for upcoming economic development in that different tax strategies greatly effect the benefits derived from different types of development, and be it further

ORDERED:

That he include any other recommendations for producing revenue other than the property tax, and the legal or procedural steps that would be required.

City Council May 17, 1976

Adopted by the affirmative vote

of 9 members

Paul E. Healy City Clerk

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Order #1234

M. Vellucci re: payroll tax.

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May 17, 1976

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9 Members.