

The Commonwealth of Massachusetts

EXECUTIVE DEPARTMENT, Boston, April 8, 1927.

To the Honorable Senate and House of Representatives:

The Legislature of 1913 enacted into law Chapter 719 entitled "An Act relative to Municipal Indebtedness." Section 19 of that Act provided for the establishment of tax limits in all cities except Boston and the responsibility for fixing these limits was placed in these various city governments. The responsibility for the tax limit of the City of Boston was left to the Legislature, subject to Executive approval. The merit of that particular act is not before me for approval. It is not of my making. It has never been before me on its merits. The Executive cannot ignore the law or pass it by lightly because some are of the opinion it should never have been enacted. It is the law and as such must receive the same careful consideration that all laws of the Commonwealth deserve and will receive from me from an executive standpoint as long as I hold public office. So much for the inception of this legislation and its enforcement.

In every branch of government — Federal, State and municipal — the burden of taxation is today of paramount importance, more so than in any other period of history because of its present crushing weight.

The public official who ignores the importance of this fact or attempts to pass over it lightly will unquestionably have a rude and bitter awakening when the records of public service receive the scrutiny of the public. But of far greater importance is the fact that failure to act with careful consideration on such matters is a wanton disregard of public duty.

With reference to the legislation now before me — House Bill No. 257 — the Mayor of Boston asked for a tax limit

of \$13.50. The Legislature did not accept this request. It made a tax limit of \$13.00. When the bill reached the Executive Department for approval, it was referred to the Boston Finance Commission and the State Division of Accounts for report, in accordance with the usual practice of ascertaining the facts pertaining to each bill under consideration. The Boston Finance Commission, established by an Act of the Legislature long before my term of office, urged a tax limit of \$11.40, and presented its facts. The various sums of money set forth in this message have been submitted by the Boston Finance Commission. The State Division of Accounts urged a tax limit not greater than \$12.00. Later, a long hearing was given by me to all interested parties at the Executive Office, and after that hearing I was convinced that a lower tax limit than that adopted by the Legislature could well be enacted and so recommended. The recommendation was not adopted. It received scant consideration. Was that giving to the taxpayers of this great city — extremely important to them, relatively unimportant to me except as it affects my public duty — the consideration which is their due?

And who are those taxpayers? They are the humble folk of life who are well-nigh inarticulate in political matters. Just where do they have an opportunity to state their protest? How great must be the burden before they will cry out? Let me admonish you that continued increase in taxation will meet with something more than murmuring. Unless a halt is called, this murmuring will not be from the inside of the State House out, but from the outside in.

The problem that confronted the city of Boston is quite similar to the problem that confronted me when I became Governor. My financial advisors urged upon me a fifteen million dollar tax to pay old obligations and to have the money for expanded service. I kept the State Tax at twelve million dollars, and at the end of two years all debts were paid and there was six hundred thousand dollars in the treasury.

Last year the Mayor of Boston allowed an increase of five dollars and ten cents in the tax rate. Now this settles

down squarely upon the shoulders of the tenants and the home owners. With this increase of five dollars and ten cents per thousand over the tax rate of a year ago the Mayor said he had inherited some obligations and there were things that ought to be done, but that this year he would give the tax payers relief. The Mayor promised the voters an economical administration of the city of Boston, and I am going to help him give it to them.

This discussion must not get down to a squabble between political representatives either in the State House or City Hall on the one hand, or real estate dealers on the other. It is the tailor in the basement and the printer in the attic and the humble people in the tenements who are paying the taxes, make no mistake; and I hope their plight and your opportunity to give them a little encouragement will be greeted with an earnest effort to co-operate and with careful consideration of the fact that every other city in this Commonwealth, according to our Division of Accounts, utilizes its cash surplus from past taxes in connection with its current tax rate. We are asking that Boston do nothing more than other cities and towns do voluntarily. Surely the Legislature ought to be willing to endorse a sound financial policy with due regard for the tax payers, which is in accord with the general practice throughout the cities and towns of the Commonwealth.

It cannot be argued that if this veto is sustained the city of Boston will be hampered in its functions. The sustaining of this veto will enable me to send in immediately a special message, so that we may co-operate in fixing a tax rate lower than that provided by this bill.

To leave out of consideration the accumulation in the treasury from back taxes is to endorse the gradual establishment of a municipal bank to which all tax payers contribute but from which only political representatives are accorded the privilege of withdrawing funds. It is my understanding that the citizens are assessed taxes for expenditures for a year, not to accumulate a fund in addition.

The real point is this — the present method pursued by Boston gives no incentive for the prompt collection of taxes

and the longer the taxes remain unpaid, the greater the chance of losing them altogether.

At the beginning of this fiscal year in the City of Boston it appeared that all the bills for the fiscal year of 1926 had been paid and that there was still due the City in outstanding taxes the sum of \$8,800,000.00.

This means that in the year 1926, and in several years prior thereto, the City officials had overestimated the amount necessary to carry on the City's business. This over-estimation each year has resulted in there now being due the City in back taxes, most of which, of course, is for the last two years, the tremendous sum above mentioned, more than twenty-five per cent of the needs of the City for the present year, even on the figures of the City officials themselves. This is an outrageous situation; it would never be tolerated in any city but Boston and the only reason why it is tolerated in Boston is because the duty of fixing the tax limit is divided between the City officials and the Legislature.

How much will it cost to carry on the business of the City of Boston in 1927? The City officials say \$31,300,000 in round figures. This is \$1,340,000 more than it cost last year. For the sake of the argument on ways and means, grant it. Now, how shall it be met? The City officials acknowledge cash on hand January 1, 1927, the first day of the new fiscal year, \$310,000. They also admit \$6,140,000 from income other than taxes. This leaves \$24,850,000 to be raised by taxes, and will require a tax limit of \$13.50. Since January 1, 1927, the City has collected \$3,500,000 in back taxes against which there is no claim. It is free money in the treasury. Is it unreasonable to require them to use one-half this amount to reduce the tax limit by one dollar? That is the only issue — the only request now made of the Legislature. No question is raised against the Mayor's plan of spending \$1,340,000 this year more than was spent last year when the tax rate was the highest in the history of the City. The enormous increase in the cost of maintaining the City departments the past five years is without warrant by the growth of the City measured in any direction.

There is no relation between the tax rate finally to be determined by the Assessors of Boston for the current year and the tax limit to be put upon the Mayor by the Legislature except that if the limit is low enough it will force the assessors to use all available receipts and force the City government to appropriate a part of their surplus in order to give the citizens of Boston a reasonable tax rate for the current year.

The Boston tax limit can be reduced from \$13.00 per thousand, which this bill calls for, without affecting the Mayor's appropriation one penny. To utilize the back tax collections in the treasury would be in accord with the general practice in cities and towns throughout the Commonwealth. The tax limit of \$13.00 could be reduced to \$11.40 and still not affect the expenditures of the city. The tax limit of \$13.00 could be reduced one dollar without affecting the expenditures and would leave in the treasury at the end of the year, from the collection of prior years' taxes, the sum of \$854,315.43. The tax limit could be reduced fifty cents over that called for by the present bill, which would make it \$12.50, and there would be in the treasury at the end of the year, from the collection of prior years' taxes, \$1,774,844.21.

If we would emphasize the need of reduced taxes in the cities and towns of the Commonwealth, then we should be willing to resist the temptation to raise unnecessarily large amounts of money, because experience teaches us that if the money is raised in taxes, ways will be found for spending it.

The Legislature of Massachusetts throughout the years of the past has established an enviable reputation for orderly and mature deliberation. It should not be carelessly thrown aside.

For the reasons above set forth, I am returning herewith House Bill No. 257, being "An Act Relative to Appropriations by the City of Boston for Municipal Purposes," without my approval.

ALVAN T. FULLER.

