



The Research Bureau

Worcester City Council Tax Classification Hearing

May 22, 2012

Roberta R. Schaefer, Ph.D.

President

Worcester Regional Research Bureau

Mayor Petty and Members of the Worcester City Council:

In this morning's Telegram, City Councilor William Eddy said, "setting the tax rates should not come down to pitting homeowners against business owners, as seems to happen every year. We're one community. We have to make a decision on the tax rate that ensures our residents have a livable city." And I will add, a city with thriving businesses to pay for the services that make it livable.

Councilor Eddy is right. And the only way to avoid this perennial battle between the two classes of property owners is to have a single tax rate. And this year, on account of the new assessments, the City Council has the opportunity to plan for phasing in a single tax rate over the next three years. I would like to remind the City Council that this was the recommendation outlined in the 2010 report produced by former Mayor Joe O'Brien's Task Force on Job Growth and Business Retention. It contained concrete plans to reduce the disparity, including the possible impact on businesses and homeowners.

While a community's property tax rate is not the only factor that determines economic growth, there is no doubt that a more equitable commercial-industrial tax rate would make Worcester far more attractive for businesses to stay, grow, hire and compete, and it would lessen the need for large tax incentives to attract new development. The City Council should seize this opportunity to end a policy that has pitted us against one another, and to develop a plan that will not only unite us, but could have a transformative effect on the local economy.

While one City Council cannot bind the next City Council on a particular tax rate, The Research Bureau proposes that the Council adopt some guidelines similar to the Five-Point Financial Plan that establishes a course for getting to a single tax rate in three years. Such a resolution would send a clear message to Worcester's existing businesses and the outside world that Worcester means business when it says it is open for business.

Thank you.

Worcester Regional Research Bureau, Inc.
500 Salisbury Street
Worcester, MA 01609
508-799-7169
www.wrrb.org