

06.22.07 - Municipal Partnership Day on the Hill

Governor Deval L. Patrick

Municipal Partnership Day on the Hill

June 22, 2007

As Delivered

You ready to go to work? We have work to do.

Thank you, Kathleen for a warm introduction, and especially for the testimonial about what you, a parent and homeowner are facing in your own community. And thank you, Mayor Curtatone for speaking so eloquently on behalf of all the mayors gathered here and those represented here, who wanted to be, who are not looking for a handout, but are looking for help and a willingness to partner; to move their own communities forward. The Lieutenant Governor and I thank all of you for coming to join us today: all of the mayors and other local officials, all the parents of school kids, and teachers and community activists and seniors who are here. All of the representatives and senators who have stepped away from other pressing business right now-they are in the middle of session-to show their support, and to represent the support of many others in the legislator. We welcome you to this State House. It is your House, and don't let anybody tell you it is not appropriate for you to show up and make your voices heard. [cheers and applause]

All over this Commonwealth, I hear from you and people like you about rising property taxes and the strain that they put on our cities and towns, and ultimately on you.

Almost every day I hear about another town with a budget problem, another prop two and a half override on the ballot, another cut in basic services like fire and police, and teachers and libraries.

Last year almost 90 communities put override votes on their ballots - some of your own hometowns, I'm sure. Most of those were rejected by the voters, the lowest passage rate since 1999. This year, 64 communities so far are already considering overrides and exclusions, communities as diverse as Saugus, and Uxbridge, and Rockland, and Dartmouth, and Northbridge, and Canton, and Randolph, and Middleborough and the list goes on, and on, and on.

We see these votes year after year, and the corrosive debates that they create; the kinds of things the Lieutenant Governor and Kathleen were talking about: pitting neighbors against neighbors competing for resources not adequate for any of their interests. We have got to face this and start to turn it around. [applause]

Our reliance on the property tax to meet the needs of local citizens is unusually high in Massachusetts. A typical city in the Eastern part of this country relies on property taxes for about 20% of its local budget. Boston relies, for example, on property taxes for about 50% of its local budget. Framingham: 70% for its local budget.

In the last 7 years, the average family's property tax bill has increased \$1,200. Have any of you noticed that? Have you seen that in your own lives? We're all feeling the pinch.

People in Massachusetts are increasingly paying more and getting less. In communities all over the state it is becoming harder for seniors and young

families to stay in their homes, for small businesses to stay and to grow, and for investors to bring their jobs here.

One of the hazards of running a grass-roots campaign and of trying to govern in a grass-roots way is that it is impossible for me to hide. I can't hide from those parents in Winchester who are raising money privately to keep teachers on the public school payroll. I can't hide from those families in Marlborough who are locked in a dispute between those with kids in district schools and those with kids in charter schools, both of them excellent, but none of them-neither-with adequate resources. I can't hide from those seniors in Holden who told me, how at 80 and 90 years old, they had to go back to work in the cafeteria of the local schools to raise the money they need to meet their property tax obligations. I can't hide from 64 override petitions. And you know what? Neither should we. Let's stop hiding. Let's face it.

Mayors and selectmen and teachers and school kids, they can't hide either. For those of you who manage municipal affairs, you have a responsibility to manage wisely, to be prudent, to be efficient, to cut waste. You understand that. And there is no substitute for that. But for those of us here on Beacon Hill, we have a responsibility, too. And our responsibility is to hear you, to help where we can, and to do so without waiting for a crisis to land on these steps. That's the kind of partnership we mean when we proposed the Municipal Partnership Act. This bill provides cities and towns with tools, tools on both the cost and the revenue sides, to relieve the pressure on property taxes and the homeowners who pay them.

That begins with savings. Managing cost is absolutely key to solving long-term, local budget problems. Today, the costs for local health insurance

and pensions are growing faster than revenue in many communities. And the ability of the state significantly to increase contributions to cities and towns in the short run is very limited. You know that, and I have been candid with you about that. Even after important steps taken by our legislator, and many of those reps and senators here, to uncap the lottery or increase Chapter 70 funding, state aid is down in the last 10 years as a percentage of municipal revenue.

The Municipal Partnership Act begins by giving cities and towns cost saving options, like the ability move municipal workers into the state's Health Insurance program. Why is that important? Because from 2001 to 2005, health insurance costs for municipalities grew nearly twice as fast as for state government. We want our share our success with you. It's as simple as that.

We also want local communities to move low performing local pension funds into the higher performing State Pension System. Why? Because over the last 21 years, PRIT rate of return amongst the best in the country. The best in the country. So moving low performing local plans over to PRIT not only relieves municipalities from management costs, but gives retirees better returns. It's as simple as that.

On the revenue side, we want to trust you to make good decisions with revenue options. One of those options is to give you the opportunity to impose a modest increase-one or two pennies-for meals and lodging, to use as you see fit, but mainly to relieve the pressure we know is out there on local property taxes. You know that if Boston raises its meals tax by 2%, the maximum provided for in our proposal, we would still have a meals tax lower than New Hampshire, than Chicago, than New York, than San

Francisco, than Austin, than Seattle, than Denver. We are not talking about breaking the bank. We are talking about modernizing our revenue streams. It's as simple as that. As a final step, the MPA proposes to eliminate a 92 year-old law exempting phone companies from paying the same property taxes that the rest of us pay. That law was written in 1915 to expand telephone coverage in Massachusetts, in fact to create universal telephone coverage in Massachusetts. Now with communities everywhere all over the Commonwealth struggling to provide services, and homeowners suffering from high property taxes, I think it's time to retire that law. It's done its job.

This old law just make no sense today. It did once, it doesn't now. You and I pay property taxes. Most other businesses pay property taxes. The electric company pays property taxes on it's poles. Even the same poles, by the way, that it shares with the phone company. So understand the point: the electric company pays taxes on those same poles that the phone company does not. No one is asking the phone company to do more than to pay it fair share.

Now, the phone company claims that if they have to pay what everyone else has to pay, they will raise our rates, cut jobs, and slow down with broadband investment, which is hugely important, particularly in western Massachusetts. I just don't but it. And neither should you. Let's look at the facts.

Here are the facts. From 2003 to 2005, while your and my homeowner property taxes steadily rose, the phone company's total Massachusetts tax bill went down almost 46%. Over that same period, our average monthly phone bills went up almost 30%. There is no correlation between taxes paid and rates charged. If there were, they would have passed that savings

on to us as phone company consumers; it hasn't happened.

Here are the facts. The fact is Verizon pays higher taxes in Texas, Washington, New Jersey and California and others, and guess what? In those places rates are lower than they are for us here in Massachusetts. They charge less where they pay more taxes, it turns out, than they do right here in Massachusetts. Let's focus on the facts. No other state has this kind of property tax exemption for phone companies, and yet employment has grown in all of those other states, not fallen off like they threaten here. And as for that claim about broadband investment? We've had this exemption for 92 years. We still don't have broadband investment in the western part of the Commonwealth. The fact is we are going to have to deliver on broadband access in the western part of this Commonwealth and all across the Commonwealth without waiting for the phone company.

Now look. I didn't come here to pick on Verizon-I didn't-or any other company for that matter, and neither should you. I want companies here to flourish, to make a lot of money, and to employ a lot of people. None of us here should ever take, or ever hear me as taking, the question of taxes lightly. But when you listen to some of the arguments for maintaining the status quo, when homeowners are burdened by skyrocketing property taxes other businesses have stepped up to do what they can to meet the need, and municipal leaders doing everything they can to manage prudently, then I just find it hard to hide. I just find it hard to look away. I think it's time for us to act.

The Municipal Partnership Act is not a silver bullet. But it is a way we can help. And where we *can* help, we *should* help. The time is now to begin providing real property tax relief. .

I know and I thank many of you for coming here today because you understand this issue personally; because it touches you in one way or another. That is why we need your help. The Municipal Partnership Act is before our legislature right now.

If you care about this, if you want lower property taxes, if you don't want to see more schools closed, come and tell us, show up, make your voices heard. The folks here from the legislator-senators and representatives-who stand with us represent themselves and others who want to know that you care about this. They don't want to be bullied, they don't want to be patronized, they don't want to be trivialized. These are hard issues. But they do want to know, and they need to know, that you demand these reforms *now*. Not later, now.

I ask you to go around, visit your representatives, visit your senators, show them the facts, tell them your stories, and above all, ask for action. Because none of us is here to hide. Thank you for being here.