



BOSTON BY THE NUMBERS

TAXES, LOCAL AID, AND FISCAL CONDITIONS

Taxes, Local Aid, and Fiscal Conditions

— Boston drives economic activity and tax-generation for the Commonwealth of Massachusetts.

- In 2008, Boston's 680,000 jobs represent 16.2% of Massachusetts' total employment.
- The Gross City Product of Boston was \$86.6 billion, 24% of the Gross State Product.
- The Boston economy produced 19.4% of Fiscal Year (FY) 2010 state tax revenues.

State Tax Revenues

<u>Mass. FY2010 Revenues:</u> (\$1,000s)	<u>Massachusetts</u>	<u>Boston \$</u>	<u>Boston %</u>
Income Tax.....	10,128,035	2,426,664	24%
Sales Tax	4,626,023	457,596	9.9%
Meals	771,103	154,643	20.1%
Auto	569,298	32,563	5.7%
Goods.....	3,008,011	225,534	7.5%
Services	277,610	44,855	16.2%
Corporate Excise.....	1,600,305	383,431	24.0%
Business Excises	520,045	124,602	24.0%
Other Excises (except hotel).....	1,662,363	156,357	9.4%
Hotel Tax*	163,794	74,577	45.5%
TOTAL.....	18,700,564	3,623,227	19.4%

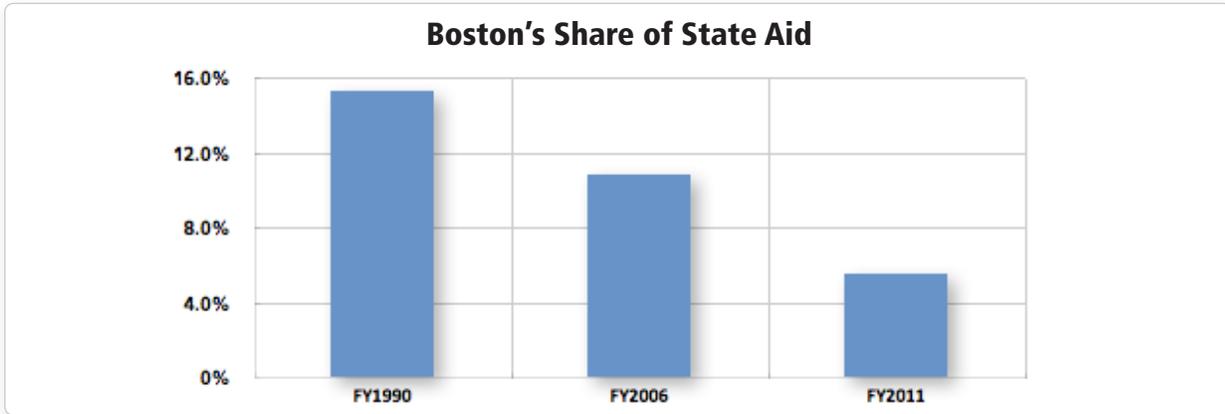
* Hotel occupancy tax represents total occupancy tax collections, including revenues for the Convention Center Finance Fund.

Source: Massachusetts Department of Revenue; Boston Redevelopment Authority (BRA) Research Division; US Bureau of the Census, Bureau of Economic Analysis.

— Due to state law, cities in Massachusetts are reliant on property taxes to generate revenues.

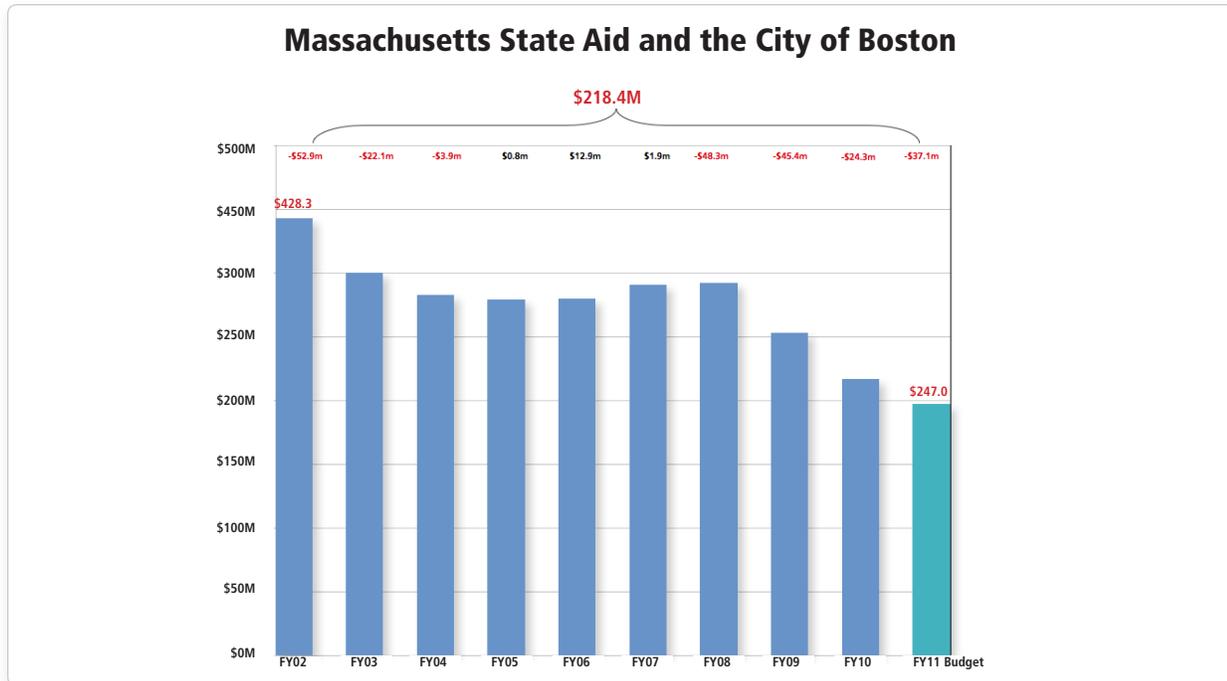
- Approximately 27% of Boston's employment base is in sectors that are exempt from property taxes, such as state and federal government, private universities and hospitals, and public higher education.
- 19% of Boston jobs are in private, tax exempt hospitals and universities.
- In FY2009 participating hospitals and universities contributed \$14.5 million in Payment In Lieu Of Taxes (PILOT), 4.2% of the \$345 million that these institutions would pay under the property tax.
- At the same time, the state collected \$293 million in income from these institutions' payrolls.
- The portion of state taxes returned to the city through state aid has declined sharply over the past years, falling from 9.9% in FY2006 to 7.5% in FY2010.

- Boston’s total FY2011 budgeted net state aid (state aid revenues minus state assessments) remains below its FY2002 peak by \$181.3 million or 42.3% (nominal dollars).
 - Adjusted for inflation this is a 54% cut in Boston’s state aid.
 - Most decline occurred during the last three years.
- Between FY2008 and FY2011, Boston’s state aid decreased by \$118.0 million, or 32% (35% with inflation).



Source: City of Boston Budget Department.

- Boston’s projected state aid for the coming Fiscal Year 2012 anticipates a further 15% cut from this year.



Source: City of Boston Budget Department.

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