

Massachusetts' authority for local option taxes is limited to real and personal property taxes. Despite strict property tax limitations imposed by statewide voters in 1980 (known as "Proposition 2 1/2"), local governments continue to use property taxes as a dedicated revenue source for transportation projects. For example, regional transportation authorities throughout the state, such as the Boston metropolitan area's Massachusetts Bay Transportation Authority, rely upon dedicated property taxes to support their public transit operations.

1. Fuel and Vehicle taxes

The single most important source of locally-generated transportation tax revenue in Massachusetts is the motor vehicle excise tax, which is based upon the initial value and age of a car. In fiscal year 1998, this tax raised \$469.3 million statewide, or roughly \$76 per capita. These revenues are used exclusively for local highway and mass transit purposes.¹ However, since the tax is imposed by legislation at a uniform rate statewide, it does not meet the definition for a "local option" tax used in this study.

2. Property Taxes and assessments

Property taxes in Massachusetts are limited under Proposition 2 1/2, but it is still possible for local areas to vote to increase property taxes for capital investments and certain types of improvement districts.² Since the municipal capital expenditure levies tend to be built into general levies for reporting purposes, it is not possible to assess the extent or magnitude of these taxes. However, the state does maintain a database of the outcomes of the override votes. Our analysis indicates the amount of revenue generated this way is small: a total of 55 of 158 transportation-related votes over the past decade have passed, raising \$3.8 million. This works out to about 6¢ per capita per year.³

Dedicated property taxes also support the capital and operating expenses of regional transportation authorities across most of the state.⁴ The Massachusetts Bay Transportation Authority's service area around Boston covers 78 townships and over 30% of the state's population. Smaller transportation authorities cover 199 other townships, and serve an additional 62% of the state's population. Together, these agencies collectively raise over \$24 in property tax revenues for transit per capita.⁵

A much smaller property tax comes from the Small Town Road Assistance Program ("STRAP"), in which the state provides assistance to local governments with street repairs, and is repaid over a year with a dedicated local property tax.⁶ This tax generated only \$145,000 in local revenue in fiscal year 1998.

3. Sales and Other Taxes

None.

¹ *Constitution of the Commonwealth of Massachusetts*, Amendment LXXVIII; McCarthy, "Focus: Motor Vehicle Excise," Massachusetts Department of Revenue, Division of Local Services (October 1999).

² Massachusetts General Laws, §§ 40o and 59-21C(i 1/2).

³ Analysis based on data files from the Massachusetts Department of Revenue's "Municipal Data Bank," including "Capital Exclusion Votes, FY88 - FY99" and "Override Votes, FY90 - FY2000." We excluded bond issues, and votes dealing exclusively with personnel or equipment for the highways department.

⁴ Massachusetts General Laws, §§ 161A-8, 161A-9, 161B-9, 161B-10, and 161B-23.

⁵ Massachusetts Department of Revenue, Division of Local Services, "Municipal Data Bank – Fiscal Year 1998 'Cherry Sheets'" (1997).

⁶ Massachusetts Department of Revenue, Division of Local Services, "FY98 Cherry Sheet Manual" (Nov., 1997).

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Overview of County, District, and Local Transportation Tax Laws

Tax Type	State Statute	Areas	Statute Year	Permitted Rates	Maximum Duration	Purposes	Adoption Process
Property	MGL 40o	Business Improvement Districts		Any	-	Building and operating infrastructure for economic development**	B C*
	MGL 59-21C(i 1/2)	Cities		Any	-	Capital expenditures**	C
	MGL 161A-8, -9	Metropolitan Boston Transit Authority	1974	Any	-	Transit capital and operations	A
	MGL 161B-9, -10, -23	Regional Transit Authorities	1973	Any	-	Transit capital and operations	E
	Acts 1983, Ch. 637-32; Acts 1985, Ch. 811; Acts 1988, Ch. 15	Small Town Road Assistance Program	1983	Any	1 year	Reimburse state assistance with road improvements	B

*Requires approval of 60% of property owners, and 51% of assessed value in district

**Projects must be specified in advance

A = State Law

B = County/Local Law

C = Popular Vote

D = Majority of City Councils

E = Vote of agency or district

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Adopted County, District, and Local Transportation Taxes

Jurisdictions	1998 Population	Property Taxes			
		FY 1998 Revenues (\$1000's)			
		Transit: MBTA	Transit: RTAs	Roads: STRAP	Total Property \$/capita
Counties:					
BARNSTABLE	208,477				
BERKSHIRE	132,839				
BRISTOL	516,975				
DUKES	13,852				
ESSEX	700,370				
FRANKLIN	70,626				
HAMPDEN	439,336				
HAMPSHIRE	150,344				
MIDDLESEX	1,422,465				
NANTUCKET	7,891				
NORFOLK	642,089				
PLYMOUTH	467,041				
SUFFOLK	641,333				
WORCESTER	730,769				
Cities & Townships:					
Amherst	35,252		630.0		\$17.87
Andover	31,424		117.9		\$3.75
Arlington	43,431	2,785.8			\$64.14
Attleboro	39,557		162.4		\$4.11
Barnstable	45,187		193.5		\$4.28
Beverly	39,037	879.6			\$22.53
Billerica	39,594		97.9		\$2.47
Boston	555,447	58,550.4			\$105.41
Braintree	34,906	1,021.8			\$29.27
Brockton	93,173		1,420.4		\$15.24
Brookline	53,911	5,021.4			\$93.14
Cambridge	93,352	6,902.8			\$73.94
Chelmsford	33,776		154.7		\$4.58
Chicopee	54,049		335.0		\$6.20
Everett	34,922	2,040.5			\$58.43
Fall River	90,654		670.4		\$7.39
Falmouth	31,431		84.7		\$2.69
Fitchburg	40,011		369.2		\$9.23
Framingham	64,646	1,426.5			\$22.07
Haverhill	55,321		268.8		\$4.86
Holyoke	40,964		317.2		\$7.74
Lawrence	69,420		280.6		\$4.04
Leominster	40,208		345.4		\$8.59
Lowell	101,075		570.1		\$5.64
Lynn	81,075	2,032.7			\$25.07
Malden	52,644	3,202.7			\$60.84
Marlborough	33,278		35.9		\$1.08
Medford	55,981	3,741.4			\$66.83
Methuen	41,988		273.3		\$6.51
Natick	31,491	765.7			\$24.31
New Bedford	96,353		580.5		\$6.02
Newton	80,345	4,621.7			\$57.52
Peabody	49,204	1,035.4			\$21.04
Pittsfield	45,513		257.7		\$5.66
Plymouth	49,810		20.5		\$0.41
Quincy	85,752	3,639.9			\$42.45
Randolph	30,567	908.9			\$29.73
Revere	41,663	2,924.8			\$70.20
Salem	38,351	943.4			\$24.60

Jurisdictions	1998 Population	Property Taxes			
		FY 1998 Revenues (\$1000's)			Total Property \$/capita
		Transit: MBTA	Transit: RTAs	Roads: STRAP	
Somerville	74,100	4,695.9			\$63.37
Springfield	148,144		1,586.3		\$10.71
Taunton	52,553		193.6		\$3.68
Waltham	58,540	1,358.9			\$23.21
Watertown	32,435	2,051.2			\$63.24
Westfield	37,570		172.4		\$4.59
Weymouth	54,903	1,553.7			\$28.30
Woburn	37,070	966.1			\$26.06
Worcester	166,535		1,286.1		\$7.72
48 munis (pop > 30K)	3,236,613	113,071.1	10,424.3		\$38.16
303 munis (pop < 30K)	2,910,519	24,542.5	4,105.5	145.4	\$9.89
Totals (All 351 Municipalities)	6,147,132	137,613.5	14,529.9	145.4	\$24.77