

February 18, 2025

Councilor Brian Worrell, Chair  
City Council Committee on Ways and Means  
1 City Hall Square Room 550  
Boston, MA 02201  
617-635-3040

Councilor Enrique Pepén, Vice Chair  
City Council Committee on Ways and Means  
1 City Hall Square Room 550  
Boston, MA 02201  
617-635-3040

Dear Chair Worrell and Vice Chair Pepén,

On behalf of the Greater Boston Chamber of Commerce and our 1,200 members, I write to offer an employer perspective on the city's FY26 budget approach. The Chamber appreciates that the City Council is having early public conversations about spending priorities and the vital delivery of city services, including supporting our public safety and education professionals.

That said, fundamental changes to city revenues, the uncertain availability of federal resources, and lack of new commercial sector growth will add constraints to Boston's fiscal climate this year. Given these circumstances, I again urge the city to prioritize fiscal responsibility and restraint by limiting budget growth to inflationary adjustments, no more than a 3-4% increase in FY26.

The recent trend of significant city budget growth is unsustainable. In the last 3 fiscal years, spending grew by 8%<sup>1</sup>, 6.8%<sup>2</sup>, and 5.9% respectfully.<sup>3</sup> Decisions made to support these increases have direct impacts on the city's residents and businesses, resulting in higher property taxes than necessary and placing pressure on the city to raise new revenues to support spending that cannot be supported under current state law. As you know, these local decisions have led to the city seeking state assistance to navigate the tax impacts on residents – something the city could avoid on its own, should it choose to do so, by limiting spending growth or deploying its own resources to support new spending initiatives.

In the past 20 years, budgeted revenue from property tax collections has increased from 55.9% in FY06 to 71.1% in FY25.<sup>4</sup> In many years over that period, new property tax growth fueled by commercial development helped offset the impacts of this reliance on property taxes on residents. However, recent trends show that our commercial development market growth has slowed, while commercial property values have overall decreased. The downtown office vacancy rate sits at 20.2% in the Financial District, reflecting changes in office demand due to remote work options and new workforce preferences.<sup>5</sup> New commercial development has also slowed significantly because of these new working patterns, high interest rates, and an increasingly burdensome regulatory process.

In evaluating its budget options, the city can choose to focus on how its revenue collection and spending decisions impact its residents. Restraining spending is one clear choice. Property tax increases for businesses and residents could also be less than the maximum allowed under Proposition 2½ this year, easing residential property tax increases next year. The city can deploy city reserves for target and strategic priorities. And it can refocus on encouraging commercial development and downtown vitality to boost city revenues through new growth.

These efforts will require some adjustments to the usual approach to city budgeting – but reflect the city's changing fiscal circumstances.

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<sup>1</sup> <https://www.boston.gov/departments/budget/fy25-operating-budget>

<sup>2</sup> <https://www.boston.gov/departments/budget/fy24-operating-budget>

<sup>3</sup> <https://www.boston.gov/departments/budget/fy23-operating-budget>

<sup>4</sup> <https://www.bmr.org/wp-content/uploads/2024/11/SR242diversification.pdf>

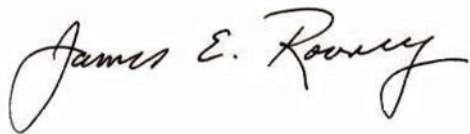
<sup>5</sup> [Q4 Boston Office Report](#)

Budgeting involves tough decisions and tradeoffs, but such decisions are an inevitable part of effective and responsible governance – just as they are a part of running a business or a household. And the Chamber is not advocating for **budget cuts**, simply responsible, moderate growth reflecting inflation this year.

As you evaluate the needs of your constituents and the city services necessary to provide a safe and high quality of life for Boston residents, it is critical to balance these needs with the city's available resources and the fiscal discipline necessary to ensure the city's sustainable and long-term success.

Thank you for your attention and please reach out with any questions.

Sincerely,



James E. Rooney  
President & CEO