

businesses.³⁹ And generally speaking, the export percentage is higher for central cities than for suburban areas, if for no other reason than the lesser role of housing in the central city tax base.

Estimates made for New York City suggest that 25 percent of its tax burden was exported in the early 1960's.⁴⁰ Similar estimates for suburban counties in the New York SMSA suggest that only about 15 percent of their tax burden was exported. Applying this correction to Kee's estimates, actual tax burdens on residents can be said to have been 7.1 percent of central city residents' personal incomes in 1962 and 6.3 percent for suburbanites. Had the poverty-linked services been entirely financed from external sources, the percentages would have been 5.5 for the city and 5.7 for the suburbs. Since effective property tax rates in central city and suburbs in this SMSA are roughly equivalent, the upward shift would have resulted in effective suburban rates nearly one-fifth above those in the central city, if the entire effect of the transfer fell on the property tax.

OTHER LOCAL REVENUE SOURCES

Changes in intergovernmental fiscal arrangements of the types proposed here could have a potent impact. Kee and other observers have asserted that much of the remaining disparity in tax burdens—where any does remain, after correction for tax exports—can be associated with the extent to which the central city accommodates the surrounding suburban population with places of employment, shopping and cultural facilities and, presumably, the public services supportive of these activities.

To the extent that this is in fact the case, it strengthens the argument for greater reliance on other local government revenue sources, notably direct charges for the use of public services and facilities (paid by actual users wherever they may live) and local income taxes paid by residents and commuters alike.

USER-CHARGES FOR PUBLIC SERVICES

Local governments do currently employ user-charges; they obtain roughly 18 percent of their locally raised general revenue from charges for services (other than utility services) and from special assessments. About half of this amount comes from school lunch and similar charges, hospital charges and public housing rental payments, but charges apply to a wide range of other services. Despite this, there is considerable potential for greater exploitation of user-charges, in connection with activities which do *not* have significant income-redistribution objectives. The case for this has been put as follows:

* * * many of the public services provided by local governments are in many ways like those provided by public utility companies. That is, they are not provided uniformly to the entire population, but rather in distinguishable quantities and qualities to individual families in the population, who consume them in

³⁹ For comprehensive estimates of this, see Charles E. McLure, Jr., "Tax Exporting in the United States: Estimates for 1962," *National Tax Journal*, vol. 20 (March 1967), pp. 49-77.

⁴⁰ See Alan D. Donheiser, "The Incidence of the New York City Tax System," *op. cit.* Table II, p. 162.