TOWN OF AMHERST, MASSACHUSETTS
FINANCIAL PROJECTIONS - GENERAL FUND

DRAFT For Discussion Purposes Only
10-Jul-2008
Updated Projections

	FY 09 Budget	*FY 10 Projected*	*FY 11 Projected*	*FY 12 Projected*	*FY 13 Projected*	*FY 14 Projected*	*Assumptions*
BASELINE REVENUE PROJECTION:							
Taxes	37,243,143	38,661,744	40,169,895	41,718,553	43,307,560	44,937,913	Prop 2 1/2 limit plus 10-year avg new growth
Other Local Revenues	4,076,324	4,164,826	4,255,540	4,348,522	4,443,829	4,541,518	Assume +2.2%/year
State Revenues	17,088,381	17,174,534	17,275,524	17,366,786	17,473,080	17,564,849	Chap 70 Aid +1.5%, all other = 0%
Other Financing Sources	2,521,580	2,672,443	2,779,341	2,890,515	3,006,135	3,126,381	Ambulance Fund, Jones Inc +4%
Reserves (Free Cash + Stabilization)	425,000	0	0	0	0	0	Eliminate use for operating budget begin FY 10
Total Revenues	**61,354,428**	**62,673,546**	**64,480,300**	**66,324,376**	**68,230,604**	**70,170,661**	
% Change from Prior year		***2.1%***	***2.9%***	***2.9%***	***2.9%***	***2.8%***	
$ Change from Prior year		***1,319,118***	***1,806,754***	***1,844,075***	***1,906,228***	***1,940,057***	
ADD NEW REVENUES:							
Property Tax Levy:							
Close Telecommunications Tax Loopholes		219,000	224,475	230,087	235,839	241,735	
Economic Dev'p New Growth $20M/year		320,400	648,410	984,620	1,329,236	1,682,467	
Legislative:							
State Aid: Chapter 70, Lottery, Addl Asst		566,090	573,896	606,581	615,811	654,969	+4%/year overall instead of +1.5% Chap 70 only
2% Local Option Meals Tax		1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	Estimate: City of Boston (April 2007)
Increase 4% Local Option Lodging Tax 1%		25,000	25,000	25,000	25,000	25,000	
Subtotal New Revenue		2,330,490	2,671,781	3,046,288	3,405,886	3,804,171	
Total Revenue Increase w/ Adds		**3,649,608**	**4,478,535**	**4,890,363**	**5,312,114**	**5,744,228**	
% Change from Prior year		***5.9%***	***3.3%***	***3.3%***	***3.3%***	***3.3%***	
CUT STATE AID 15% IN FY 10:							Comparable to FY 04 reduction.
Chapter 70	6,266,707	(940,006)					Income Tax Repeal Referendum (Nov 2008)
Lottery	9,816,456	(1,472,468)					would reduce state revenues by $12B (40%)
Additional Assistance	222,910	(33,437)					
	16,306,073	(2,445,911)					
% Change from Prior year		***-1.8%***					Baseline Revenues less: state aid cut

GENERAL FUND RESOURCES SUMMARY

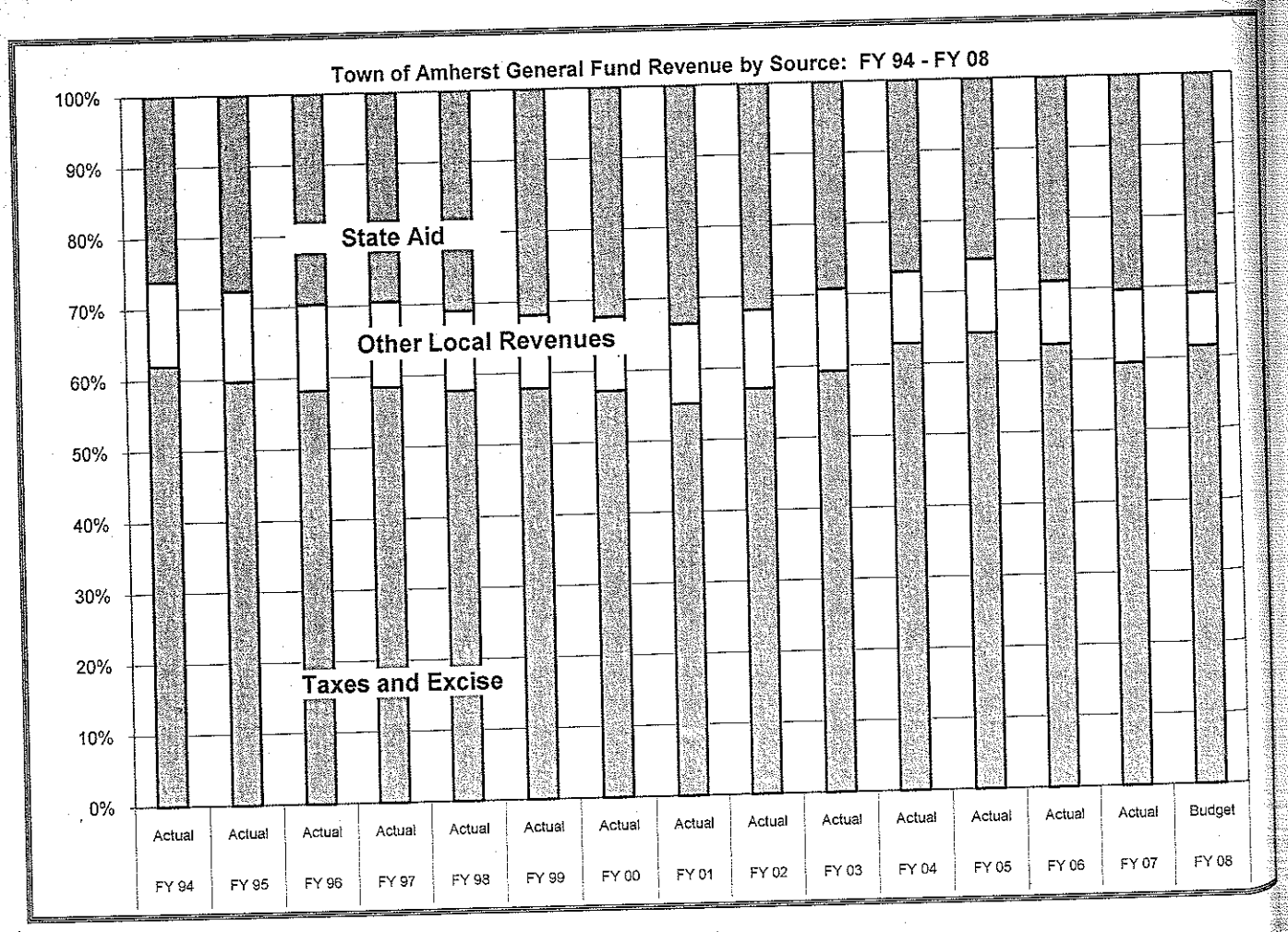
MISSION STATEMENT: To provide funds to meet the on-going needs of General Fund services.

CONTINUING OBJECTIVES:

To increase the tax levy within constraints of Proposition 2½.
To monitor state aid and local aid distributions and formulas.
To monitor availability of Federal and State Grants.
To develop fees, charges and other local sources of funding wherever possible.

SERVICE LEVELS:

As % of Total Resources	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Actual	FY 07 Actual
Taxes	58	57	60	58	57
Other Local Source Revenues	7	7	7	7	9
State Revenues	29	26	25	26	28
Other Financial Sources	6	10	8	9	6



TOWN OF AMHERST, MASSACHUSETTS
FINANCIAL PROJECTIONS - GENERAL FUND *BASELINE*

DRAFT For Discussion Purposes Only
10-Jul-2008
Updated Projections

	FY 08 Budget	FY 09 Budget	$ Chg	% Chg	FY 10 Projected	FY 11 Projected	FY 12 Projected	FY 13 Projected	FY 14 Projected		Assumptions
REVENUES											
TAXES											
Base Levy	31,713,076	33,066,697	1,353,621	4.3%	34,363,364	35,822,449	37,318,010	38,850,960	40,422,234		
2.5% Allowable Increase	792,827	826,667	33,841	4.3%	859,084	895,561	932,950	971,274	1,010,556		
Estimated New Growth	560,794	470,000	(90,794)	-16.2%	600,000	600,000	600,000	600,000	600,000		FY 00 - 08 avg $600,000/year new growth
General Override	0	0	0	#DIV/0!	0	0	0	0	0		
Levy Limit	33,066,697	34,363,364	1,296,667	3.9%	35,822,449	37,318,010	38,850,960	40,422,234	42,032,790		
Debt Exclusion	340,425	441,321	100,896	29.6%	400,837	352,466	305,688	259,373	213,522		High School debt. Adjusted FY 09+ per MSBA audit.
Maximum Allowable Levy	33,407,122	34,804,685	1,397,563	4.2%	36,223,286	37,670,476	39,156,648	40,681,607	42,246,312		FY 09: triennial property revaluation
Excess Levy Capacity	(11,964)	0	11,964	-100.0%	0	0	0	0	0		
Other Taxes	2,393,458	2,438,458	45,000	1.9%	2,438,458	2,499,419	2,561,905	2,625,953	2,691,601	2.5%	FY 10 no increase (LJI closed for renovations), then +2.5% /yr;
Subtotal Taxes	**35,788,616**	**37,243,143**	**1,454,527**	**4.1%**	**38,661,744**	**40,169,895**	**41,718,553**	**43,307,560**	**44,937,913**		Motor Vehicle, Hotel/Motel Excise, AHA PILOTs
					3.8%	**3.9%**	**3.9%**	**3.8%**	**3.8%**		
OTHER LOCAL REVENUES											
Charges for Services	771,091	777,492	6,401	0.8%	796,929	816,853	837,274	858,206	879,661	2.5%	Enterprise Fund reimbursements to Gen Fund
Departmental Revenue	930,009	981,356	51,347	5.5%	1,005,890	1,031,037	1,056,813	1,083,233	1,110,314	2.5%	FY07: 1-time revenues inflate actual; FY 07+ incl. Cherry Hill
Rentals	56,254	56,254	0	0.0%	56,254	56,254	56,254	56,254	56,254	0.0%	
Licenses and Permits	784,035	791,535	7,500	1.0%	811,323	831,606	852,397	873,707	895,549	2.5%	FY 07: Inspection fee increases, but permit activity decreased
Special Assessments	626,545	653,187	26,642	4.3%	669,517	686,255	703,411	720,996	739,021	2.5%	PVTA assessment contributions from UMass/5 College inc
Fines and Forfeits	163,000	169,000	6,000	3.7%	173,225	177,556	181,995	186,544	191,208	2.5%	FY 09: Court fines estimate closer to prior year actuals
Penalties and Interest	167,500	167,500	0	0.0%	171,688	175,980	180,379	184,889	189,511	2.5%	Continued strong collections of delinquent taxes (tax title)
Investment Income	350,000	350,000	0	0.0%	350,000	350,000	350,000	350,000	350,000	0.0%	FY 07: Higher interest rates
Miscellaneous	190,727	130,000	(60,727)	-31.8%	130,000	130,000	130,000	130,000	130,000	0.0%	FY 09+ includes $120,000/year from Amherst College
Subtotal Other Local Revenues	**4,039,161**	**4,076,324**	**37,163**	**0.9%**	**4,164,826**	**4,255,540**	**4,348,522**	**4,443,829**	**4,541,518**		
					2.2%	**2.2%**	**2.2%**	**2.2%**	**2.2%**		
STATE AID											
Chapter 70	6,158,796	6,266,707	107,911	1.8%	6,360,708	6,456,118	6,552,960	6,651,254	6,751,023	1.5%	FY 09: 3rd year of 5 year phase in of "aggregate wealth" model
Lottery	9,816,456	9,816,456	0	0.0%	9,816,456	9,816,456	9,816,456	9,816,456	9,816,456	0.0%	State budget funding gap from actual to budgeted lottery revs
Additional Assistance	222,910	222,910	0	0.0%	222,910	222,910	222,910	222,910	222,910	0.0%	No increases since 1990's
State Aid - Other Cherry Sheet	625,493	685,359	59,866	9.6%	685,359	685,359	685,359	685,359	685,359	0.0%	PILOT, Police Career Incentive, etc.
State Aid - Library & School Offsets	89,515	89,101	(414)	-0.5%	89,101	89,101	89,101	89,101	89,101	0.0%	Revenues are offset by expenditures
State Aid - Other	0	7,848	7,848	#DIV/0!	0	5,580	0	8,000	0		FY 07, 09, 11, & 13: state elections reimbursement
Subtotal State Revenues	**16,913,170**	**17,088,381**	**175,211**	**1.0%**	**17,174,534**	**17,275,524**	**17,366,786**	**17,473,080**	**17,564,849**		Each 1% increase to Chap 70/Lottery = +$160,000
					0.5%	**0.6%**	**0.5%**	**0.6%**	**0.5%**		
OTHER FINANCING SOURCES											Ambulance Fund includes Umass Strategic Partnership Agrmt
Special Revenue Funds	1,619,611	1,883,818	264,207	16.3%	2,009,171	2,089,538	2,173,119	2,260,044	2,350,446	4.0%	FY 09: Ambulance increase local match SAFER Grant
Jones Library, Inc.	611,537	637,762	26,225	4.3%	663,272	689,803	717,396	746,091	775,935	4.0%	Supports Jones Library budget; fundraising, direct exp, offset
Overlay Surplus	0	0	0	#DIV/0!	0	0	0	0	0		
Free Cash	831,423	425,000	(406,423)	-48.9%	0	0	0	0	0		FY 08: Region 3% budget, HCTF deficit, & Reg'l Lockup Assmt
Stabilization Fund	0	0	0	#DIV/0!	0	0	0	0	0		
Subtotal Other Financing	**3,062,571**	**2,946,580**	**(115,991)**	**-3.8%**	**2,672,443**	**2,779,341**	**2,890,515**	**3,006,135**	**3,126,381**		
					-9.3%	**4.0%**	**4.0%**	**4.0%**	**4.0%**		
TOTAL REVENUES	**59,803,518**	**61,354,428**	**1,550,911**	**2.6%**	**62,673,546**	**64,480,300**	**66,324,376**	**68,230,604**	**70,170,661**		
% Change from Prior year					**2.1%**	**2.9%**	**2.9%**	**2.9%**	**2.8%**		
$ Change from Prior year					**1,319,118**	**1,806,754**	**1,844,075**	**1,906,228**	**1,940,057**		

EXPLANATION OF PROPOSITION 2 1/2 AND LEVY LIMITS

The property tax levy is the revenue a community raises in any given year by taxing real and personal property. Real property refers to land and improvements. Personal property refers to equipment used in businesses. Approved by Massachusetts voters in 1980, Proposition 2 1/2 restricts the levy in two ways:

1) Levy ceiling. The tax levy can't be more than 2.5% of the total full and fair cash value of all taxable real and personal property in the community.

> *For FY 2007, the full and fair cash value of all taxable property in Amherst is $2,045,921,630, and the tax levy is $32,080,051, or 1.57%, well below the levy ceiling.*

2) Levy limit. The levy limit is the maximum amount a town may raise in property taxes each year without approval by the voters in a referendum. The law allows an automatic annual 2.5% increase in the levy limit that is calculated by the state Department of Revenue. The law also allows the levy limit to increase as a result of new growth, which is new development, construction, renovation and property adding to the total value of the community's taxable property. The automatic increase and the increase for new growth are both permanent increases.

Voters of a town may increase the levy, either permanently or temporarily, by approving one or more referendum questions. These procedures, described in the following chart, are called overrides or exclusions, depending on the purpose and type. (Note: Underrides, put on the ballot and voted in the same manner as overrides, are a permitted but rarely used method of decreasing the levy limit.)

Figure 1. Calculation of Property Tax Levy

TOWN OF AMHERST - CALCULATION OF PROPERTY TAX LEVY	FY 06 Actual	FY 07 Budget	FY 08 Proposed	Change FY 07-08	Percent Change
Prior Year Levy Limit	28,639,551	30,318,214	31,713,076	1,394,862	4.6%
+ 2.5% Allowable Increase	715,989	757,955	792,827	34,872	4.6%
+ Estimated New Growth	962,674	636,907	400,000	(236,907)	-37.2%
+ General Override	0	0	0	0	0.0%
= Levy Limit	30,318,214	31,713,076	32,905,903	1,192,827	3.8%
+ Debt Exclusion - High School	220,641	382,217	340,425	(41,792)	-10.9%
= Maximum Allowable Levy	30,538,855	32,095,293	33,246,328	1,151,035	3.6%
- Actual Tax Levy	30,535,984	32,080,051	33,246,328	1,166,277	3.6%
= Excess Levy Capacity	2,871	15,242	0		

Source: Overrides Report
Amherst Finance Committee
January 2007

TOWN OF AMHERST, MASSACHUSETTS
NEW GROWTH FROM PROPERTY TAX - FY 2000 - 2008

A. ASSESSED VALUATION OF NEW GROWTH

Fiscal Year	Residential	Commercial	Personal	TOTAL		
2000	20,606,800	902,700	1,352,500	22,862,000		
2001	17,973,100	5,704,300	1,650,000	25,327,400		
2002	20,960,105	2,858,580	2,260,400	26,079,085		
2003	24,802,665	984,010	2,250,300	28,036,975		
2004	22,859,297	3,212,354	4,319,300	30,390,951		
2005	38,607,100	2,467,900	1,029,400	42,104,400		
2006	48,276,111	2,383,175	7,020,450	57,679,736		
2007	33,335,005	3,104,095	5,852,240	42,291,340		
2008	20,679,400	4,620,900	10,464,593	35,764,893		
Totals	$248,099,583	$26,238,014	$36,199,183	310,536,780		
					Residential	C/I/P
3-Year Average FY 06 - 08	34,096,839	3,369,390	7,779,094	45,245,323	34,096,839	11,148,484
5-Year Average FY 04 - 08	32,751,383	3,157,685	5,737,197	41,646,264	32,751,383	8,894,881
Average FY 00 - 08	27,566,620	2,915,335	4,022,131	34,504,087	27,566,620	6,937,466

B. TAX LEVY INCREASE

Fiscal Year	Residential	Commercial	Personal	TOTAL		
2000	411,724	18,036	27,023	456,783		
2001	353,531	112,204	32,456	498,191		
2002	412,076	56,200	44,439	512,715		
2003	471,251	18,697	42,756	532,704		
2004	391,123	54,963	73,903	519,989		
2005	671,764	42,941	17,912	732,617		
2006	805,728	39,775	117,171	962,674		
2007	502,025	46,747	88,135	636,907		
2008	324,253	72,456	164,085	560,794		
Totals	$4,343,475	$462,019	$607,880	$5,413,374		
					Residential	C/I/P
3-Year Average FY 06 - 08	544,002	52,993	123,130	720,125	544,002	176,123
5-Year Average FY 04 - 08	538,979	51,376	92,241	682,596	538,979	143,618
Average FY 00 - 08	482,608	51,335	67,542	601,486	482,608	118,878

FY2000 - FY2008 Cherry Sheet Estimated Receipts by Program

AMHERST

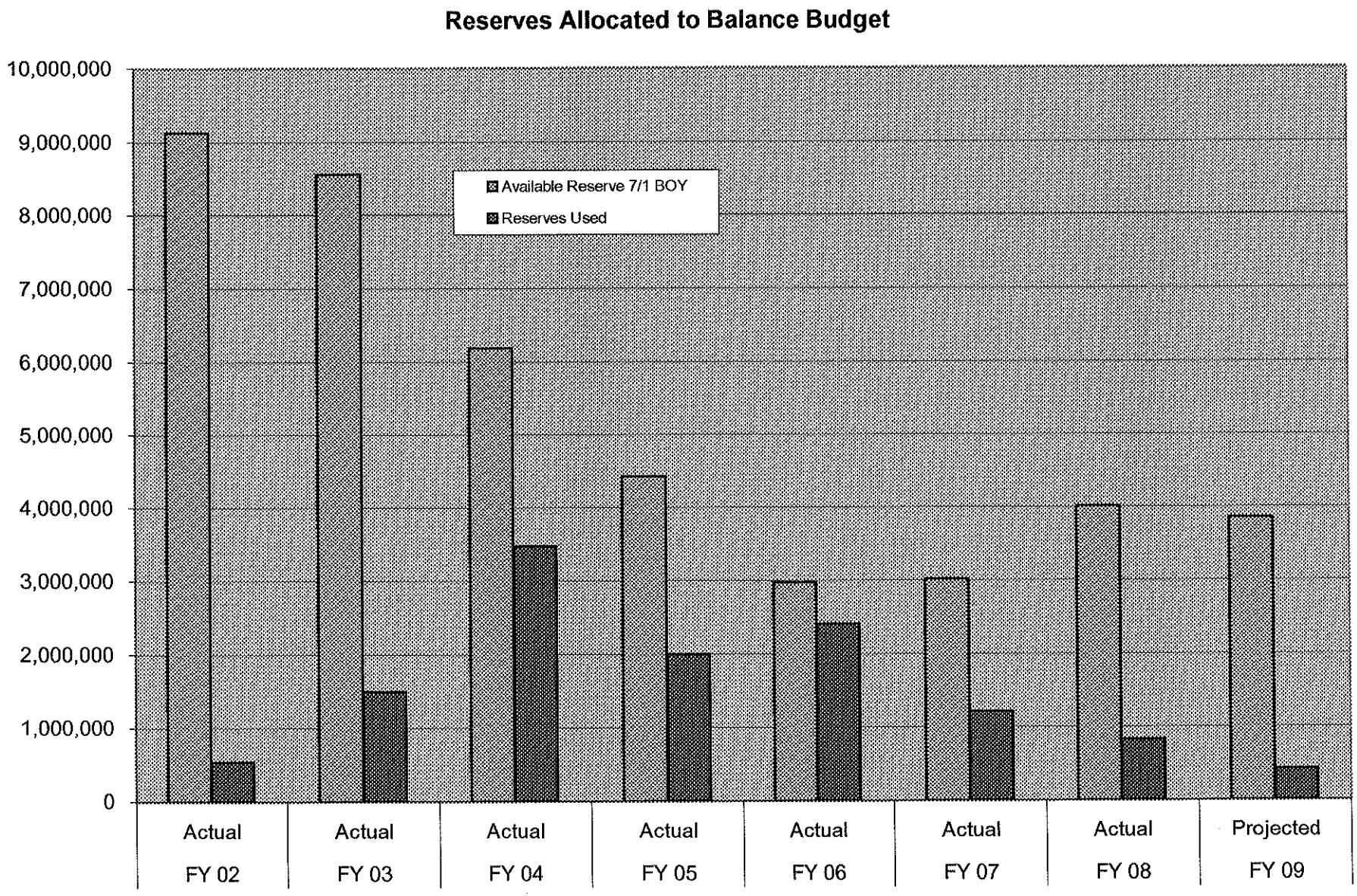
Education Programs:	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
		Fiscal Year					Fiscal Year		
Chapter 70	5,478,292	5,753,392	5,854,709	5,854,709	4,763,773	4,931,612	5,572,787	5,933,998	6,158,796
School Transportation	25,190	36,043	23,181	15,759	0	0	0	0	0
School Construction	0	0	0	0	0	0	0	0	0
Retired Teachers' Pensions	0	0	0	0	0	0	0	0	0
Tuition of State Wards	5,284	7,500	0	0	0	0	0	0	0
Charter Tuition Assessment Reimbursement	0	0	0	0	0	16,547	14,756	7,630	165,095
Charter School Capital Facility Reimbursement	0	0	0	0	0	1,484	726	0	0
Education Offset Items									
Racial Equality	0	0	0	0	0	0	0	0	0
School Lunch	9,983	8,778	7,988	8,211	8,144	7,608	7,562	6,741	7,289
Aid to Reduce Class Size	0	58,306	59,379	54,456	0	0	0	0	0
School Choice Receiving Tuition	0	0	0	0	0	0	0	0	0
Sub-Total, All Education Programs	**5,518,749**	**5,864,019**	**5,945,257**	**5,933,135**	**4,771,917**	**4,957,251**	**5,595,831**	**5,948,369**	**6,331,180**
General Government Programs:									
Lottery	6,960,819	7,548,416	8,097,758	8,097,758	6,883,094	6,883,094	7,967,674	9,665,752	9,816,456
Additional Assistance	280,503	280,503	280,503	262,247	222,910	222,910	222,910	222,910	222,910
Highway Fund	171,644	171,644	42,911	0	0	0	0	0	0
Local Share of Racing Taxes	0	0	0	0	0	0	0	0	0
Regional Public Libraries	0	0	0	0	0	0	0	0	0
Police Career Incentive	112,500	136,250	154,845	160,756	172,299	164,400	173,770	156,520	194,059
Urban Renewal Projects	0	0	0	0	0	0	0	0	0
Veterans Benefits	62,319	71,335	38,889	34,384	5,905	4,582	43,945	0	68,842
Exempt: Vets, Blind Persons & Surv Spouses	7,888	7,625	7,275	8,400	8,163	8,713	9,063	8,300	19,688
Exempt: Elderly	17,574	16,064	14,146	13,021	12,359	17,588	17,584	17,584	17,584
State Owned Land	235,615	284,192	166,552	110,652	88,585	138,613	176,519	143,410	160,225
General Government Offset Item									
Public Libraries	94,933	93,272	91,286	70,098	64,625	76,302	81,133	82,835	82,226
Sub-Total, All General Government	**7,943,795**	**8,609,301**	**8,894,165**	**8,757,316**	**7,457,940**	**7,516,202**	**8,692,598**	**10,297,311**	**10,581,990**
Total Estimated Receipts	**13,462,544**	**14,473,320**	**14,839,422**	**14,690,451**	**12,229,857**	**12,473,453**	**14,288,429**	**16,245,680**	**16,913,170**
% Change from Prior Year		**7.5%**	**2.5%**	**-1.0%**	**-16.7%**	**2.0%**	**14.6%**	**13.7%**	**4.1%**
Avg Annual Inc/Dec Last 3 Years									**11.9%**
Avg Annual Inc/Dec Last 5 Years									**3.0%**
Avg Annual Increase FY 2000 - FY 2008									**3.2%**

TOWN OF AMHERST, MASSACHUSETTS
FINANCIAL PROJECTIONS - GENERAL FUND
Projected Town Reserves (Free Cash + Stabilization Fund)

DRAFT For Discussion Purposes Only
10-Jul-2008

	FY 06 Budget	FY 07 Budget	FY 08 Budget	FY 09 Projected	FY 10 Projected	*Assumptions*
Total Revenues	**54,294,020**	**58,370,266**	**59,803,518**	**61,354,428**	**62,673,546**	*FY 09 State Aid per Governor; FY 10 Ch70 +1.5%, Lottery 0%*
IMPACT ON RESERVES:						
7/1/xx Certified Free Cash	1,240,133	2,216,935	3,154,033			***Free Cash Balance as of 6/30/08 = $2,135,503***
7/1/xx Stabilization Fund	1,729,647	801,720	863,153			*Includes investment earnings thru 6/30/07*
7/1/xx Free Cash + Stabilization	**2,969,780**	**3,018,655**	**4,017,186**	**3,858,656**	**4,518,656**	*Feb 2006 revised FinCom guideline was to grow reserves to*
Reserves % General Fund Revenues	**5.5%**	**5.2%**	**6.7%**	**6.3%**	**7.2%**	*>=8% of operating revenue by FY 10. 8% = $5,015,000*
Current Year Operating Budget xfers	(705,443)	(216,087)	(593,530)	0	0	*FY 08 = $562,207 to HCTF + $31,323 Regional Lockup*
Balance Next FY Operating Budget	(1,000,000)	(237,893)	(425,000)	0	0	*FY 09 Budget: $400,000 operating + $25,000 250th Celebration*
Capital Plan	0	0	0	0	0	
Appropriation Turnbacks (1)	77,089	82,138	100,000	100,000	100,000	
Revenues in Excess of Budget (2)	421,479	667,388	300,000	300,000	300,000	*FY 07: includes $400,000 MSBA reimb for prior years*
Other DOR Adjustments (3)	311,457	61,433	0	0	0	*Crocker Farm school project debt*
Other DOR Adjustments - HCTF (3)	705,443	166,087	0	0	0	
HCTF Reimbursement (4)	238,850	461,695	460,000	260,000	0	*FY 09: assumes 7 months HCTF for FY 07 IBNR shortfall*
6/30/xx Free Cash + Stabilization	**3,018,655**	**4,003,416**	**3,858,656**	**4,518,656**	**4,918,656**	

(1) Unexpended appropriations that are not being carried forward (encumbered) into the next fiscal year.
(2) Revenues in excess of the amounts estimated in the budget.
(3) DOR Adjustments can include the net change in real estate/personal property tax receivables and other receivables and/or overdrawn accounts or deficits. EOY FY 06 and FY 07 restores $705,443 and $166,087deducted 7/1/05 and 6/30/06, respectively, for Health Claims Trust Fund deficit.
(4) Reimbursements to the general fund from temporary rate surcharge to employers/employees from HCTF re: 6/30/05 and 6/30/06 HCTF deficits.


Reserves Allocated to Balance Budget
10,000,000
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
0
Available Reserve 7/1 BOY
Reserves Used
Actual FY 02
Actual FY 03
Actual FY 04
Actual FY 05
Actual FY 06
Actual FY 07
Actual FY 08
Projected FY 09

FY 09 Gap Closing and Elements of a Multi-Year Financial Plan

- Identify Community Service Level Preferences & Develop a Financial Strategy to Pay for It
- Financial Policies
- Efficiencies
- Economic Development
- College / University Partnerships
- Legislative
- Capital Plan: Needed Investments in Critical Infrastructure, Facilities and Technology
- Reserves
- Override for remaining gap, if any, in FY 10

Economic Development

- Pursue increased property tax revenues through appropriate economic development (with specific goals/projects) with goal of increasing tax base by $200 million (+10%) over the next 10 years.
  - North Amherst PRP
  - University Drive
  - Downtown (Lord Jeff, expansion of business district)
  - Veridian Village
  - Atkins Corner
  - Other

TOWN OF AMHERST, MASSACHUSETTS
ECONOMIC DEVELOPMENT - TAX BASE GROWTH ESTIMATES 2009 - 2019

10-Jul-2008
DRAFT - FOR DISCUSSION PURPOSES ONLY

Project	Estimated Property Valuation LO	Estimated Property Valuation HI	Estimated Tax Levy New Growth * LO	Estimated Tax Levy New Growth * HI	Notes
GOAL: Increase tax base by $200M over 10 Years	***$ 200,000,000***	***$ 200,000,000***	***$ 3,204,000***	***$ 3,204,000***	***In addition to 2000-2008 average growth of $34.5M/year***
Average Per Year	***20,000,000***	***20,000,000***	***$ 320,400***	***$ 320,400***	
Project List:					
North Amherst Professional Research Park (Patterson)	50,000,000	100,000,000	801,000	1,602,000	140-acre site between Sunderland and Montague roads; about 62 acres are developable. Assumes $200/square foot assessed valuation LO = 250,000 sf development; HI = 500,000 sf development
Veridian Village Residental Community	45,000,000	65,000,000	720,900	1,041,300	129 condominium homes are planned near Hampshire College LO = avg $350,000/unit; HI = avg $500,000/unit
Lord Jeffrey Inn Renovation/Expansion	5,000,000	10,000,000	80,100	160,200	Increase the number of rooms from 48 to about 74 plus ballroom/function rooms, restaurant. Will also increase 4% hotel/motel excise tax revenues
Central Business District Expansion/In-Fill Dev'p					Spring Street, Pray/Triangle Streets, North Pleasant Street
University Drive Corridor					
Atkins Corner Redevelopment					
Other					
SUBTOTAL Projects/Potential Projects	**$100,000,000**	**$175,000,000**	**$1,602,000**	**$2,803,500**	

*** Used FY 08 Tax Rate of $16.02/$1000 to estimate tax levy new growth**

College / University Partnerships

- Funding
- Land
- Economic Development

Legislative

- Pursue additional revenue and property tax relief (with specific goals/financial targets)
  - Local option meals taxes (+1% $600,000 est.)
  - Increase local option lodging taxes
  - Close telecommunications property tax loopholes (+$219,000 est.)
  - Expand senior circuit breaker tax credit
  - Education and municipal aid - chap 70 - foundation budget Readiness Project

Massachusetts Municipal Association

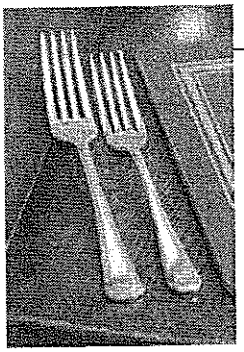
Local Revenue Proposal Allocations

Numbers and methodology developed by the City of Boston

April 10, 2007

DOR	Municipality	Projected New Telecom	at 1% Meals Tax	FY07 LEVY	Meals&Tel.	as % levy
1	ABINGTON	$60,938	$342,340	$21,897,081	$403,278	1.84%
2	ACTON	$218,218	$348,901	$57,719,341	$567,119	0.98%
3	ACUSHNET	$31,292	$121,668	$11,512,939	$152,960	1.33%
4	ADAMS	$44,571	$132,403	$7,349,753	$176,974	2.41%
5	AGAWAM	$335,803	$394,825	$40,874,311	$730,628	1.79%
6	ALFORD	$973		$971,715	$973	0.10%
7	AMESBURY	$97,986	$258,246	$28,359,797	$356,233	1.26%
8	AMHERST	$219,835	$592,237	$32,080,051	$812,072	2.53%
9	ANDOVER	$710,939	$589,851	$90,261,283	$1,300,790	1.44%
10	ARLINGTON	$281,330	$390,053	$76,778,351	$671,383	0.87%
11	ASHBURNHAM	$26,454	$22,717	$8,583,184	$49,171	0.57%
12	ASHBY	$5,155		$4,095,036	$5,155	0.13%
13	ASHFIELD	$10,354		$2,478,530	$10,354	0.42%
14	ASHLAND	$186,208	$229,022	$30,229,151	$415,230	1.37%
15	ATHOL	$30,900	$129,421	$8,650,109	$160,322	1.85%
16	ATTLEBORO	$328,850	$410,654	$46,753,757	$739,505	1.58%
17	AUBURN	$344,888	$568,380	$28,040,720	$913,269	3.26%
18	AVON	$64,607	$59,045	$12,808,908	$123,652	0.97%
19	AYER	$170,619	$135,385	$13,906,991	$306,004	2.20%
20	BARNSTABLE	$234,897	$1,687,249	$82,487,655	$1,922,146	2.33%
21	BARRE	$17,930	$36,978	$4,887,622	$54,908	1.12%
22	BECKET	$103,172		$3,761,989	$103,172	2.74%
23	BEDFORD	$514,747	$292,838	$40,415,310	$807,586	2.00%
24	BELCHERTOWN	$80,086	$108,547	$17,619,965	$188,633	1.07%
25	BELLINGHAM	$74,840	$425,838	$26,307,666	$500,678	1.90%
26	BELMONT	$122,396	$171,767	$57,481,936	$294,163	0.51%
27	BERKLEY	$11,536	$220,640	$6,809,729	$232,176	3.41%
28	BERLIN	$17,082	$19,682	$6,371,558	$36,764	0.58%
29	BERNARDSTON	$15,029	$47,117	$2,957,729	$62,146	2.10%
30	BEVERLY	$383,819	$698,398	$65,286,741	$1,082,217	1.66%
31	BILLERICA	$949,504	$573,748	$78,351,270	$1,523,252	1.94%
32	BLACKSTONE	$42,151	$58,448	$11,851,356	$100,599	0.85%
33	BLANDFORD	$118,742		$1,501,498	$118,742	7.91%
34	BOLTON	$56,482	$16,103	$13,885,835	$72,585	0.52%
35	BOSTON	$15,421,687	$19,485,965	$1,270,259,839	$34,907,652	2.75%
36	BOURNE	$138,304	$495,618	$30,704,807	$633,922	2.06%
37	BOXBOROUGH	$59,956	$66,202	$14,259,680	$126,158	0.88%
38	BOXFORD	$66,088	$36,243	$19,661,037	$102,331	0.52%
39	BOYLSTON	$28,180	$68,587	$8,070,483	$96,767	1.20%
40	BRAINTREE	$460,707	$1,102,169	$58,111,612	$1,562,876	2.69%
41	BREWSTER	$46,546	$85,883	$21,119,771	$132,429	0.63%
42	BRIDGEWATER	$104,511	$514,107	$26,580,273	$618,618	2.33%
43	BRIMFIELD	$81,477	$12,525	$4,838,328	$94,002	1.94%
44	BROCKTON	$588,450	$1,434,370	$89,469,998	$2,022,820	2.26%
45	BROOKFIELD	$11,239	$38,170	$3,640,630	$49,410	1.36%
46	BROOKLINE	$903,725	$997,200	$130,076,534	$1,900,926	1.46%
47	BUCKLAND	$12,191		$2,550,870	$12,191	0.48%
48	BURLINGTON	$1,048,767	$1,191,631	$64,407,127	$2,240,398	3.48%
49	CAMBRIDGE	$2,358,345	$3,812,860	$231,787,094	$6,171,205	2.66%
50	CANTON	$478,376	$448,502	$45,205,996	$926,878	2.05%
51	CARLISLE	$26,668		$17,340,975	$26,668	0.15%
52	CARVER	$93,645	$86,480	$15,366,838	$180,124	1.17%
53	CHARLEMONT	$25,650	$36,978	$2,018,304	$62,627	3.10%
54	CHARLTON	$208,201	$248,107	$13,636,590	$456,308	3.35%
55	CHATHAM	$11,055	$282,699	$22,520,143	$293,755	1.30%
56	CHELMSFORD	$290,467	$607,744	$67,217,102	$898,210	1.34%
57	CHELSEA	$206,363	$295,224	$29,948,734	$501,587	1.67%
58	CHESHIRE	$4,328	$15,507	$2,215,501	$19,835	0.90%
59	CHESTER	$32,673		$1,865,571	$32,673	1.75%

source:
Massachusetts Municipal Association



Meals Tax: An Alternative to the Property Tax

The local option meals tax of 1% tax could raise as much as $120 million for Massachusetts cities and towns, reducing the property tax burden on homeowners.

The State currently levies a 5% tax on meals, but this revenue is not directly returned to the city or town where the meal was purchased. The local option meals tax would allow cities and towns to benefit directly from the money spent at restaurants in their community. It would also give cities and towns a return on their economic investment in the tourism industry.

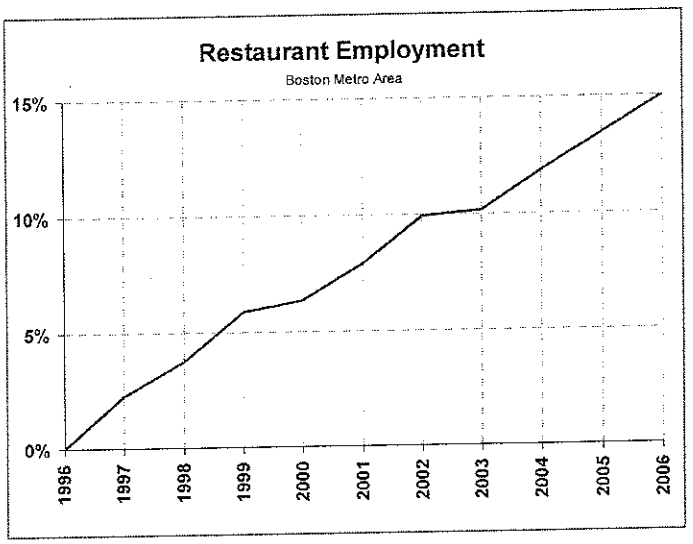
A Growing Revenue Source

FY08 Meals Tax Revenue	
Boston	$19,485,965
Cambridge	$3,812,860
Worcester	$3,345,870
Springfield	$2,398,172
Newton	$1,877,504
Barnstable	$1,687,249
Framingham	$1,659,814
Quincy	$1,644,904
Waltham	$1,502,361
Saugus	$1,438,545

- Since 1998, state meals tax revenue has almost doubled, from $392 million to an estimated $632 million in FY08, increasing at an annual rate of 5%.
- In FY08, if all cities and towns were to adopt the 1% meals tax, more than $120 million in tax revenues would be generated and could be used to reduce reliance on property taxes.
- The meals tax has been at 5% or higher since the mid-1960's.

Negligible Effect on Industry Growth

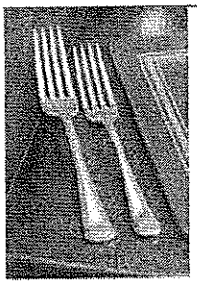
- The Massachusetts restaurant industry is strong and growing. In the last decade restaurant employment has grown by 16%, 2.5 times the rate in all other industries.
- Even with a 1% addition to the rate, Massachusetts would have the lowest rate among competitive states (see reverse side).
- Given the industry's robust performance, a 1% tax will have little impact on restaurant sales or employment.



Consumer Impact Minor, Borne by Non-Residents

Two thirds of the meals tax in Suffolk County is paid by non-residents –Visitors, businesses and commuters. Just a third would be paid by area residents.

A Boston area family with an average income would spend just an additional $25 a year on dining out.



Still Lowest Among New England States and Comparable Cities

States	State	City/County	Other Local**	Total
Vermont	**9.00%**	1.00%	NA	10.00%
New Hampshire	**8.00%**	NA	NA	8.00%
Rhode Island	**7.00%**	1.00%	NA	8.00%
New York*	**4.00%**	4.00%	0.38%	8.38%
Maine	**7.00%**	NA	NA	7.00%
Connecticut	**6.00%**	NA	NA	6.00%
Massachusetts (PROPOSED)	**5.00%**	**1.00%**	**NA**	**6.00%**

*New York City

Major Cities	State	City	Other Local**	Total
Chicago	5.00%	**2.50%**	2.75%	10.25%
Washington D.C.	0.00%	**10.00%**	0.00%	10.00%
Seattle	6.50%	**0.85%**	1.95%	9.30%
New Orleans	4.00%	**2.50%**	2.50%	9.00%
San Francisco	6.25%	**2.25%**	0.00%	8.50%
New York	4.00%	**4.00%**	0.38%	8.38%
Austin	6.25%	**1.00%**	1.00%	8.25%
Atlanta	4.00%	**1.00%**	3.00%	8.00%
Denver	2.90%	**4.00%**	0.80%	7.70%
Las Vegas	6.50%	**0.00%**	1.25%	7.75%
Miami***	6.00%	**0.00%**	1.00%	7.00%
Philadelphia	6.00%	**1.00%**	0.00%	7.00%
Orlando***	6.00%	**0.00%**	0.50%	6.50%
Boston (PROPOSED)	**5.00%**	**1.00%**	**0.00%**	**6.00%**

** County, Transit authority districts, or other taxing authorities.

***State of Florida distributes 0.5% of the state sales tax to local governments

Compiled by Office of Budget Management, City of Boston

ATB closes telecom property tax loophole

Tuesday, March 04 2008

In a major victory for cities and towns, the Appellate Tax Board yesterday ruled that telephone companies must pay property taxes on poles and wires on public ways.

Ron Rakow, Boston's commissioner of assessing, said the ruling could be worth more than $50 million in property tax revenue for communities statewide. The exact amount will be determined when the ATB takes up the valuation phase of the case late this month.

The ATB ruled on appeals brought by more than 150 communities for fiscal years 2003 through 2008. If it is upheld, the precedent-setting decision would apply to all cities and towns beginning in fiscal 2009.

As in past cases in litigation, these funds may be available for expenditure only after litigation is complete. State officials said the telecommunications firms can appeal to the state Appeals Court, and then the Supreme Judicial Court. The SJC could even decide to take an appeal directly.

Closing the antiquated telecommunications property tax loophole, used by telephone companies to avoid property taxes, has been a long-time priority for the MMA. A provision to close the century-old loophole on poles, wires and equipment on public ways was included by the administration in its Municipal Partnership Act legislation, though the proposal has languished in the Legislature.

The ATB ruling addresses only poles and wires; state law would need to be changed to include equipment. In total, the telecommunications property tax loophole is estimated to cost cities and towns $78 million in lost revenue.

The MMA applauded the ATB's ruling and the petitioning communities who presented their case with distinction. The association will continue its efforts to close this loophole as this process moves ahead.

[On March 11, the Division of Local Services issued Bulletin 2008-03B, *Assessment of Poles and Wires on Public Ways*, to inform local officials of the effect of the ATB ruling. The bulletin is available for download below.]

The MMA will be posting further information on this ruling on this Web site at it becomes available.

- Download Appellate Tax Board ruling (260K PDF)
- Download DLS Bulletin 2008-03, Assessment of Poles and Wires on Public Ways (36K PDF)

By MMA Publications/Web Director John Ouellette

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