

Senate OK's sales tax boost and local-option taxes, but keeps local aid cuts



May 20, 2009

The Senate yesterday voted to increase the state sales tax from 5 percent to 6.25 percent and used the new revenue to add funding to human service programs and the state transportation system.

Senators did not, however, vote to use any of the funds to backfill the extraordinarily deep municipal aid and Chapter 70 school aid cuts in their budget (beyond adding some funding back to the special-education "circuit breaker" and to Shannon anti-gang grants).

In contrast, House members, after approving a similar sales tax increase, allocated a significant portion of the additional revenue to local aid.

The Senate also adopted an amendment to allow a local-option tax of 2 percent on meals – with all of the funds staying in each community that votes to adopt the tax – and to increase the allowable local hotel/motel tax by 2 percent.

The local meals tax is estimated to generate \$250 million per year if adopted statewide, but it is expected to raise only about \$170 million in fiscal 2010 because of the delay in implementation. The lodging tax would raise an estimated \$20 million per percent on an annualized basis.

For most communities these local-option revenues will not come close to making up for local aid cuts in the budget, and the Senate plan will create serious disparities between municipalities based on the number of restaurants and hotels within their borders.

The Senate budget amendment would also codify the March 2008 ruling of the Appellate Tax Board that allows cities and towns to collect property taxes on poles and wires owned by telecommunications companies. This local government priority would free up \$26 million for cities and towns. (A portion of these funds have been collected but remain in local overlay accounts.) The Senate amendment would not eliminate the property tax loophole on telecommunications equipment.

Despite a flood of calls of protest from local officials, senators voted to attach municipal health insurance language proposed by the Municipal Relief Commission that would mandate collective bargaining for health insurance changes, institute binding arbitration to resolve disputes, and penalize communities with a local aid takeaway. The MMA argues that this plan would be a big step backward for cities and towns and is not reform at all.

The Senate will continue to debate the budget throughout this week, and then a House-Senate conference committee will iron out the differences between the budget plans passed by each branch and produce a final version in late June or early July.

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May 21, 2009

Dear Amherst Selectboard members:

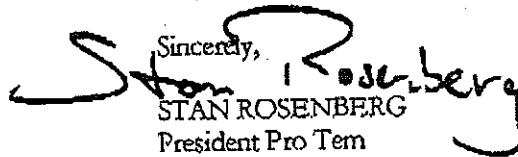
On May 20th, the Senate approved additional unrestricted local aid for cities and towns. The Senate also approved portions of my Municipal Relief Bill, including the 2 percent local option meals tax, the 2 percent local option hotel/motel rooms tax, and the telecommunications assessment. The following is a summary of how each of those items would affect your community.

Please know that these numbers represent the Senate's spending priorities only, and will not necessarily be the final appropriation. The full Senate is expected to complete its budget debate this week and a House-Senate conference committee will then reconcile any differences between the two branches before sending a final budget to the governor. Fiscal year 2010 begins July 1st.

More information about the Senate fiscal '10 budget is available on my website: stanrosenberg.com.

I hope you find this information helpful. If you have any questions or would like additional information, please do not hesitate to contact Tom Mitchell in my district office at 413-587-6365.

Sincerely,


STAN ROSENBERG
President Pro Tem
Massachusetts State Senate

ADDITIONAL UNRESTRICTED LOCAL AID (approved by the Senate May 20th, 2009)

* Under the distribution formula, your community would receive an additional \$267,503.

LOCAL OPTION MEALS TAX

* Projection for your community: \$931,576.

LOCAL OPTION HOTEL/MOTEL ROOMS TAX

* Projection for your community: \$46,022.

TELECOMMUNICATIONS ASSESSEMENT

* Projection for your community: \$42,350.

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TOWN OF AMHERST

FY 10 BUDGET SOLUTIONS

DRAFT – FOR DISCUSSION ONLY

REVIEWED WITH FINANCE COMMITTEE 5/21/09

- Budget Shortfall for Level Services (\$6,959,117)

- Solutions
 - Revenue = 35% of solution
 - Assumes worst case Senate version of state budget
 - Municipal revenue in Manager’s Budget \$ 413,618
 - Ambulance, LSSE, Inspections
 - Wildwood Roof MSBA Grant \$ 49,990
 - Local Option Taxes (Meals/Lodging) \$ 550,000
 - Assume only available for 50% of FY 10
 - Telecom Taxes \$ 250,000
 - Reserves \$ 1,200,000
 - Per Finance Committee Guidelines
 - \$700,000 Marks Meadow School Closure FY 11
 - \$500,000 for annualized amount of local option taxes available FY 11

 - Budget Cuts = 65% of solution
 - Operating and Capital Budgets (\$ 4,495,312)
 - Additional cuts of \$836,015

TOWN OF AMHERST, MASSACHUSETTS
 FY 09 and FY 10 State Aid Cuts (projected)
 DRAFT For Discussion Purposes Only
 21-May-2009

	FY 09 Budget	FY 09 Mid-Year Reductions	FY 10 Level Services	% Chg	FY 10 House Final	% Chg	FY 10 Senate	% Chg	FY 10 Prelim 5/21/09	% Chg	FY 10 Prelim v Senate
REVENUES:											
Taxes	37,239,884		38,409,418	3.1%	38,409,418	3.1%	38,409,418	3.1%	38,409,418	3.1%	
Other Local Revenues	5,311,090		5,414,792	2.0%	5,667,956	6.7%	5,667,956	6.7%	5,667,956	6.7%	
State Revenues	17,129,832	(978,298)	13,296,239	-22.4%	15,459,622	-9.8%	13,296,239	-22.4%	13,296,239	-22.4%	
Other Financing Sources	2,521,580		2,473,373	-1.9%	2,683,817	6.4%	2,683,817	6.4%	2,683,817	6.4%	
Reserves (Free Cash + Stabilization)	425,000		0	-100.0%	0	-100.0%	0	-100.0%	0	-100.0%	
Total Revenues	62,627,386	(978,298)	59,593,822	-4.8%	62,220,813	-0.6%	60,057,430	-4.1%	60,057,430	-4.1%	
EXPENDITURES:											
Capital Plan - Debt Exclusion	441,321		400,837	-9.2%	400,837	-9.2%	400,837	-9.2%	400,837	-9.2%	
Capital Plan - Tax Funded	2,547,858		2,642,598	3.7%	2,455,981	-3.6%	2,455,981	-3.6%	2,320,981	-8.9%	(135,000)
Other Govt Assessments	5,246,418		5,457,641	4.0%	5,582,969	6.4%	5,457,641	4.0%	5,457,641	4.0%	
Miscellaneous	587,274		545,098	-7.2%	557,244	-5.1%	545,098	-7.2%	545,098	-7.2%	
Subtotal Other Expenditures	8,822,871	0	9,046,174	2.5%	8,997,031	2.0%	8,859,557	0.4%	8,724,557	-1.1%	
Town	18,591,563		19,648,218	5.7%	18,498,218	-0.5%	18,498,218	-0.5%	18,334,860	-1.4%	(163,358)
Elementary Schools	20,689,430		21,761,191	5.2%	20,614,366	-0.4%	20,614,366	-0.4%	20,381,768	-1.5%	(232,598)
Amherst Pelham RSD Assessment	12,395,375		13,878,957	12.0%	12,829,213	-3.5%	12,829,213	-3.5%	12,574,043	-1.4%	(255,170)
Amherst Pelham RSD Budget	28,120,995		29,817,119	6.0%	28,636,214	-1.8%	28,636,214	-1.8%	27,776,352	-1.2%	(859,862)
Jones Library	2,128,147		2,218,399	4.2%	2,092,288	-1.7%	2,092,288	-1.7%	2,076,399	-2.4%	(15,889)
Jones Library (Tax Support)	1,490,385		1,628,844	9.3%	1,502,733	-0.8%	1,502,733	-0.8%	1,452,844	-2.5%	(49,889)
Subtotal Operating Budgets	53,804,515	0	57,506,765	6.9%	54,034,085	0.4%	54,034,085	0.4%	53,367,070	-0.8%	(667,015)
Total Expenditures	62,627,386	0	66,552,939	6.3%	63,031,116	0.6%	62,893,642	0.4%	62,091,626	-0.9%	(802,015)
SURPLUS / (SHORTFALL):	(0)	(978,298)	(6,959,117)		(810,303)		(2,836,212)		(2,034,196)		802,015

TOWN OF AMHERST, MASSACHUSETTS
 FY 09 and FY 10 State Aid Cuts (projected)
 DRAFT For Discussion Purposes Only
 21-May-2009

	FY 09 Budget	FY 09 Mid-Year Reductions	FY 10 Level Services	FY 10 House Final	FY 10 Senate	FY 10 Prelim 5/21/09	FY 10 Prelim v Senate
			% Chg	% Chg	% Chg	% Chg	
Estimated Structural Budget Gap	(425,000)	(978,298)	(6,534,117)	(6,534,117)	(6,534,117)	(6,534,117)	
Structural Deficit Remaining from Prior Year	0	0	(425,000)	(425,000)	(425,000)	(425,000)	
Current Year Budget Gap	(425,000)	(978,298)	(6,959,117)	(6,959,117)	(6,959,117)	(6,959,117)	
Operating Budgets							
Town							
Elementary Schools		(223,317)	(1,150,000)	(1,150,000)	(1,150,000)	(1,313,358)	(163,358)
Amherst Pelham RSD Assessment		(221,749)	(1,146,825)	(1,146,825)	(1,146,825)	(1,379,423)	(232,598)
Jones Library Tax Support		(17,059)	(1,049,744)	(1,049,744)	(1,049,744)	(1,304,914)	(255,170)
Subtotal Operating Budgets	0	(462,125)	(3,472,880)	(3,472,880)	(3,472,880)	(4,173,695)	(49,889)
Capital Budget - Tax Funded	0	0	(186,617)	(186,617)	(186,617)	(321,617)	(701,015)
TOTAL EXPENDITURE REDUCTIONS	0	(462,125)	(3,659,297)	(3,659,297)	(3,659,297)	(4,495,312)	(836,015)
					total net cut:		total net cut:
REVENUES:							
State							
Cherry Sheet Receipts							
Cherry Sheet Assessments			2,163,383	(137,473)			
ARRA \$50/per pupil							
Meals Tax +2% (Local Option)					450,000	450,000	
Hotel/Motel Tax (+2% Local Option)					100,000	100,000	
Close Telecommunications Tax Loophole					250,000	250,000	
Subtotal State Revenues	0	0	2,025,310		800,000	800,000	
Federal (Economic Stimulus Legislation)							
Capital							
School Grants (Title 1, IDEA)							
Subtotal Federal Revenues	0	0	0	0	0	0	
Local							
State Grant - Wildwood Roof Project							
Overlay Surplus		362,198	49,990	49,990	49,990	49,990	
New / Increased Revenue - Town		153,975					
New / Increased Revenue - Schools			413,618	413,618	413,618	413,618	
New / Increased Revenue - Library							
Reserves							
Property Tax Override	425,000						1,200,000
Subtotal Local Revenues	425,000	516,173	463,608	463,608	463,608	1,663,608	
TOTAL REVENUE ADJUSTMENTS	425,000	516,173	2,489,518	2,489,518	2,489,518	2,463,608	
SURPLUS / (SHORTFALL) REMAINING	0	0	(810,303)	(810,303)	(2,036,212)	(197)	

FC
5/21/09

**RECOMMENDED REDUCTIONS TO FY 10 CAPITAL PLAN (in priority order)
IF FUNDING REDUCED BELOW 7.25% OF TAX LEVY**

Line #	CATEGORY / Item	FY 10	Cumulative Reductions	Funding Tiers	% of Tax Levy
377	Town-Wide GIS Mapping/Flood Area Analysis	(100,000)	(100,000)	(117,558)	7.00%
50	Aerial Ladder Refurbish	(95,000)	(195,000)		
344	Marks Meadow Exterior Doors	(20,000)	(215,000)	(206,734)	6.75%
365	Downtown Improvements Matching Fund	(10,000)	(225,000)		
85	DPW - One Ton Dump 4x4 Plow w/ Garbage Body	(60,000)	(285,000)		
112	Pickup Truck (Ballfield Maintenance)	(25,000)	(310,000)	(295,909)	6.50%
454	Leak Repairs - War Memorial Pool	(10,000)	(320,000)		
378	Public Arts Maintenance	(5,000)	(325,000)		
369	Downtown Wayfinding Sign System (partial)	(10,000)	(335,000)		
145	Jones - Public Disability Access Computer	(10,000)	(345,000)		
280	Hitchcock Center - Perry Room Roof	(5,000)	(350,000)		
38	Fire Prevention Officer Vehicle	(32,000)	(382,000)		
155	Schools - Maintenance Fleet Vehicles	(30,000)	(412,000)		
TOTAL REDUCTIONS		(412,000)			

JCRC

-135,000