BUY PHOTO REPRINTS ONLINE
Right here. Right now.
PeoplesBank
Member FDIC/Member DIF Equal Housing Lender
SUBSCRIBE TO THE GAZETTE ONLINE OR IN PRINT

Rosenberg panel ID's new money sources for communities

By THE DAILY HAMPSHIRE GAZETTE
Staff Writer

Email this page | Printer-friendly version

Friday, May 8, 2009

A group of Massachusetts legislators is recommending about $500 million in new revenue and savings for municipalities by increasing taxes on meals, on hotel and motel rooms and on telecommunications equipment - and by raising vehicle inspection fees.

A report with 55 to 60 different proposals was released to the Statehouse today by the 14-member Special Commission on Municipal Relief, suggesting state cities and towns can increase their collective revenue by $409 million.

"Four hundred million dollars is not a ton of money, but it's still significant," state Sen. Stan Rosenberg, D-Amherst, and co-chair of the committee, said in an interview today.

"It's no exaggeration to say that many municipalities will simply be unable to provide core services unless new revenues are found and old, waster practices are abolished," Rosenberg added in a statement.

The state could save another $100 million if municipal employees joined the state employee health plan provider, the Group Insurance Commission or some comparable statewide plan, and if communities shared costs of some services, the report said.

The commission began working on the proposal nine months ago. It hopes to have the legislation on the governor's desk by the end of July, Rosenberg said.

If such measures aren't put into place, said Rosenberg, then the only other source of revenue for a city or town would be through raising property taxes.

"If you do this, then you can control property taxes better than if you don't," he said.

Should the proposal be implemented, it would be up to each city or town to vote on whether it wants to adopt the proposed measures - except for the increase in state inspection fees and telecommunications equipment taxes, which would be enacted across the state.

According to the report, if towns choose to raise the meals tax by 2 percent, the state would generate $230 million in revenue - the most of all the proposed ideas. Most of that money would go back to the municipalities, said Rosenberg.

Amid a recession, he said the current meals tax is the only source of state tax revenue that has not declined. People may be buying less and not going away for vacation, but they are still eating out at restaurants.

"You can choose not to go out to eat, but you can't choose not to pay your property taxes," Rosenberg said.

Another $80 million could be had, according the report, if municipalities choose to increase the current 4 percent hotel/motel tax to anywhere from 5 to 9 percent. The state hotel/motel tax of 5.7 percent and the local hotel/motel tax would also be extended to vacation rentals, including time share and condominium rentals.

The proposal would generate $72 million by making satellite television providers pay the same 5 percent tax that cable providers pay now and by allowing cities and towns to charge property tax to utility companies for poles and wires on public property.

Popular stories

Smoking marijuana on Bliss Street
Deborah Tobin, longtime CDH nurse
District Courts
Blue Heron heaven: A visit to The Rookery
Michael Mickalunas, worked in construction

The Massachusetts Appellate Tax Board ruled in March 2008 that telephone companies, including Verizon, have to pay personal property tax for utility poles and wires on public land. Prior to that ruling, a century-old tax loophole designed to increase the construction of phone networks had exempted telecommunications companies from paying such taxes.

However, phone companies do pay tax on poles and wires above private property.

Verizon has since appealed the ruling, which if upheld, could bring between $50 million to $78 million in taxes to cities and towns, estimates hold.

A $6 increase to the annual motor vehicle inspection fee - from $29 to $35 - would bring in $27 million, which would fund state and municipal law enforcement.

In an effort to save $100 million, each municipality would have to adopt a cheaper health plan, if their current plan costs more than a certain benchmark, the commission suggests.

Calculated into the $100 million savings, the proposal also calls for municipalities and districts to share resources with one another, including goods, services, equipment, facilities and staff. The Regionalization Incentives Fund would be established to help towns implement such reforms.

The Senate is expected to vote before the end of May on increasing the state sales tax from 5 to 6.25 percent, a measure which passed through the House of Representatives April 27.

Filed Under: amherst boston local news

Comments

Post new comment

Your name:
intern

Subject:

Comment: *

Web page addresses and e-mail addresses turn into links automatically.

Allowed HTML tags: <a> <b> <i>   <code> <cite>   <img>

Lines and paragraphs break automatically.

More information about formatting options

Preview comment Post comment

Daily Hampshire Gazette © 2008 All rights reserved