



# Boston City Council

## Committee on Government Operations

Maureen Feeney, *Chair*

August 25, 2009

Dear Councillors:

The Committee on Government Operations held a hearing to discuss docket #0985 an act relative to General Laws Chapter 64L and a local option tax on meals in the City of Boston and docket #0986 and order relative to the local option room occupancy excise in the City of Boston. These matters were sponsored by Mayor Menino, referred to this Committee on Wednesday, July 29, 2009, heard at a public hearing on Thursday, August 20<sup>th</sup>, 2009 at which public comment was taken.

Docket 0985 would allow Boston to collect .75% in local option meals taxes bringing the total, including state revenues from meals taxes, to 7%. The Department of Revenue estimates that if adopted by August 31, 2009, Boston's meals tax revenue would be \$11,339,380. Docket 0986 would allow Boston to increase the local hotels tax to 6.5%, raising the total state and local tax to 14.45 percent. The Department of Revenue estimates that if adopted by August 31, 2009, Boston's room tax revenue would be \$7,143,335 per percentage point adopted. If adopted by August 31<sup>st</sup>, 2009 the taxes would go into effect in the next quarter beginning October 1, 2009.

At the hearing several individuals testified, including representatives from the City's Administration & Finance department, department of Arts, Tourism and Special Events, local small restaurants, the Boston Municipal Research Bureau, Sociedad Latina, and several unions including, the Boston Police Patrolmen's Association, SEIU and local teacher's unions. All were supportive of these two initiatives; however, some did note concerns over how this money will be used. The administration noted that part of these funds will likely be used to fill in funding gaps for things like public safety, which resulted due to unexpected grant fund diminution.

Although a few residents voiced opposition to the taxes, the majority of testimony reflected the need to diversify the City's revenue stream and put us more in-line with other major municipalities' tax rates. Information was provided on the number of cities that have higher meals and hotel tax rates, such as Chicago, New York City, San Francisco and Washington D.C. Some illustrated that even with these increases; Boston will still have a lower meals and hotels tax rate than many cities. A representative from the Massachusetts Convention Center Authority testified that it is unlikely that these proposals will have any impact on attracting tourists to Boston.

It is imperative that Boston constantly seek out new revenue streams. Two-thirds of the costs of the proposed meals tax is projected to be shouldered by non-residents and virtually the entire hotel tax burden will likely be imposed on non-residents, who expect to pay certain taxes when traveling anyway. The impact on residents is far outweighed by the benefits this additional revenue will bring to the City, especially during these tough fiscal times.

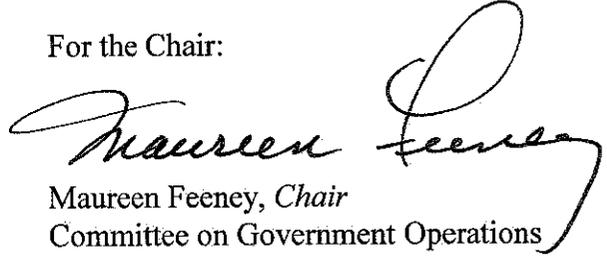
By the Chair of the Committee on Government Operations, to which the following was referred:

**Docket #0985** An order relative to General Laws Chapter 64L; A local option tax on meals in the City of Boston; and

**Docket #0986** An order relative to the local option room occupancy excise in the City of Boston.

based on information presented at the hearing and public comment gathered by the Committee and having considered the same, respectfully recommends that this matter **ought to pass.**

For the Chair:



Maureen Feeney, *Chair*  
Committee on Government Operations

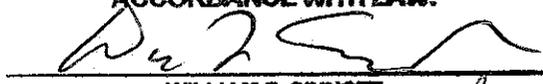
**CITY OF BOSTON  
IN CITY COUNCIL**

**AN ORDER RELATIVE TO THE LOCAL OPTION ROOM OCCUPANCY EXCISE IN THE  
CITY OF BOSTON**

**VOTED:**

That the City of Boston amend its local room  
occupancy excise under G.L. c. 64G, § 3A to  
the rate of six percent.

**I HEREBY CERTIFY THAT  
THE FOREGOING, IF PASSED IN  
THE ABOVE FORM, WILL BE IN  
ACCORDANCE WITH LAW.**



**WILLIAM F. SINNOTT  
CORPORATION COUNSEL**





CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR  
THOMAS M. MENINO

July 28, 2009

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith for your approval an order accepting the provisions granted in Massachusetts General Law (MGL) by Sections 51, 52, and 154 of Chapter 27 of the Acts of 2009. The provisions are for the acceptance of MGL c. 64G § 3(a) allowing cities and towns to increase the maximum local tax rate on hotel occupancy.

The current tax on hotel occupancy consists of two separate taxes for rooms across the state; the state wide 5.7% tax and the local tax of 4.0%, for a total of 9.7%. In Boston, Cambridge, Springfield, and Worcester there is an additional state-imposed convention center fee of 2.75%, increasing the total tax rate per hotel room night in those cities to 12.45%. In cities and towns accepting the law, the local tax can increase by up to 2.0%. Therefore, by accepting the local option and increasing by 2.0%, Boston's total tax per hotel room night will increase from 12.45% to 14.45%.

Given the continued decline in support from the Commonwealth in the form of local aid since fiscal 2002, and the resulting pressure on the City's revenue structure due to a higher reliance on property taxes, it is prudent to leverage other local sources of revenue. Hosting millions of visitors every year requires the provision of city services including public safety, public works, and parks. This additional revenue will help the City continue providing sustainable quality services to its residents, businesses, and visitors.

I urge your Honorable Body to adopt these provisions.

Sincerely,

Thomas M. Menino  
Mayor of Boston