

Madam Moderator,

The motivations for developing new sources of revenue beyond the property tax levy identified in the Committee report of Article 6 apply to Article 7 and I won't repeat them now.

The opportunity to raise the Local Option Room Occupancy Excise tax comes at a time when many of our neighboring communities have already implemented the increase to 6%. The following nearby communities have raised their rate to 6% effective on October 1 of this year: Bedford, Boston, Brookline, Cambridge, Medford, Melrose, Newton, Somerville and Woburn.

In addition, others have adopted the provisions of the law and are raising their rates to 6% on Jan 1 2010. These include our immediate neighbors, Arlington and Burlington. In all, over 50 communities have adopted this provision as of this week (a number of those adopting the provision this past Monday).

The committee rejects arguments that increasing the tax from 4% to 6% will have a substantial effect on competitiveness of local facilities. With the preponderance of nearby towns adopting the common higher rate, there is a new level playing field for negotiating rates and attracting customers.

We have also considered arguments that the Town should provide our local facilities with an advantage relative to facilities in neighboring towns. Again, the committee rejects this argument. It is unclear why the Town should subsidize for-profit establishments by foregoing this opportunity to deepen its access to revenues beyond property taxes.

Other arguments claim that the majority of customers are corporate travelers paying negotiated rates. Here the claim is that the negotiated rate includes the tax rate and that the hotels would have to absorb the difference if the tax rate increases. The committee is sympathetic to this concern, but observes that this situation applies to facilities in the other communities that have already adopted the increase and is part of the new level playing field. Further, it is unclear as to how many – If any – existing contracts this applies to since at least some negotiated contracts are exclusive of local taxes.

As stated in the committee's written report, by a vote of 7-2 the committee supported the request to increase the local room occupancy excise tax to 6% effective Jan 1 2010. While retaining a preference for an earlier effective date, the committee supports the current motion by a vote of XX-YY.