



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
DEPUTY CITY MANAGER

August 5, 1985

To the Honorable the City Council

As the City Council is aware, the State Legislature has passed a bill which enables any local jurisdiction to place a 4% occupancy tax upon hotel and motel rooms. While this tax would be levied by the City, it would be collected by the Commonwealth and remitted to the City in two payments during the course of the fiscal year.

It would be my recommendation that the City Council accept the provisions of this law at the City Council meeting held in September to set the fiscal year 1986 real estate tax rate. While the State Department of Revenue will provide us with estimates that we will need to follow, preliminary estimates prepared by the City's Finance Department indicate that a 4% tax would yield approximately \$1,350,000 annually to the City, with an additional \$300,000 once the Marriott in Kendall Square is completed. It is believed that these estimates are conservative.

Should the City Council accept my recommendation and accept the provisions of this law, it would become effective on November 1, 1985. Therefore, for fiscal year 1986, the estimated revenue would be \$750,000. It would be my intention to use hotel/motel tax receipts to stabilize or reduce the property tax rate or to use the receipts for capital improvements.

A full report on my recommendations and the reason why I strongly support the passage of this law will be forwarded to the City Council in September.

Very truly yours,

Robert W. Healy
City Manager

RWH/ds

Agenda Item No. 7

F-263

Re: the 4% occupancy tax upon hotel & motel
rooms.

In City Council,

August 5, 1985

8/5/1987

Referred to
The
Finance Committee

Copy delivered to Mayor's Office
(The Mayor is Chairman of Finance Committee)
8/8/85 mhr