

Combined Projected Impact Question 4 & 6

	Question 4	Question 6	Total
FY01	591 500	-	591 500
FY02	1 729 000	2 093 000	3 822 000
FY03	2 457 000	2 093 000	4 550 000
FY04	<u>2 866 500</u>	<u>2 093 000</u>	<u>4 959 500</u>
GRAND TOTAL	7 644 000	6 279 000	13 923 000

Question 4

Projected Loss State Revenue

FY01	January 1, 2001	200 Million Projected Loss
FY02	January 1, 2002	600 Million Projected Loss
FY03	January 1, 2003	900 Million Projected Loss
FY04	July 1, 2003	<u>1.100</u> Billion Projected Loss
		2.800 Billion Projected Loss

Projected Loss Cambridge Revenue

* State Tax Revenue	FY01	15.200 B	45 500 000 FY01 Cherry Sheet
Projected Loss	FY01	200 M	<u>x 1.3 %</u>
Percentage		1.3 %	591 500 FY01 Projected Loss
Projected State Tax Revenue	FY02	15.960 B	45 500 000
Projected Loss	FY02	600 M	<u>x 3.8 %</u>
Percentage		3.8 %	1 729 000 FY02 Projected Loss
Projected State Tax Revenue	FY03	16.758 B	45 500 000
Projected Loss	FY03	900 M	<u>x 5.4 %</u>
Percentage		5.4 %	2 457 000 FY03 Projected Loss
Projected State Tax Revenue	FY04	17.596 B	45 500 000
Projected Loss	FY04	1.100 B	<u>x 6.3 %</u>
Percentage		6.3 %	2 866 500 FY04 Projected Loss

* 5% State Tax Revenue Growth FY02 – FY04

Summary

FY01	591 500
FY02	1 729 000
FY03	2 457 000
FY04	<u>2 866 500</u>
	7 644 000

Question 6

Projected Loss State Revenue

FY01	-
FY02*	742 Million
FY03	779 Million
FY04	<u>818 Million</u>
	2.339 Billion

*** 5% Revenue Increase Projected FY03-FY04**

Projected Loss Cambridge Revenue

** State Projected Tax Revenue FY02	15.960 B	45 500 000 FY01 Cherry Sheet
Projected Loss FY02	742 M	<u>x 4.6 %</u>
Percentage	4.6 %	2 093 000 FY02 Projected Loss

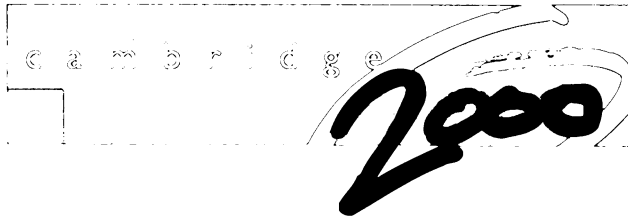
State Projected Tax Revenue FY03	16.758 B	45 500 000
Projected Loss FY03	779 M	<u>x 4.6 %</u>
Percentage	4.6 %	2 093 000 FY03 Projected Loss

State Projected Tax Revenue FY04	17.596 B	45 500 000
Projected Loss FY04	818 M	<u>x 4.6 %</u>
Percentage	4.6 %	2 093 000 FY04 Projected Loss

**** 5% State Tax Revenue Growth FY02-04**

Summary

FY01	-
FY02	2 093 000
FY03	2 093 000
FY04	<u>2 093 000</u>
	6 279 000



CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager

Richard C. Rossi, Deputy City Manager

October 23, 2000

To The Honorable, The City Council:

In response to Awaiting Report Item No. 00-89, regarding a report on the projected impact on Cambridge should Questions 4 and 6 be approved by the voters on this November's ballot, please be advised of the following:

Based on an analysis done by the Budget Department on the financial impact upon the City of Questions 4 and 6 on the November ballot, the projected cumulative loss to the City over the phase in period of FY2001 to FY2004 would be \$13,923,000. Of this cumulative loss, \$7,644,000 is attributed to Question 4 and \$6,279,000 is attributed to Question 6. It should be noted that the annual loss to the City, once the referendums are fully implemented would be approximately \$4,959,500. As you are aware, Question 4 rolls back the state income tax to 5%, while Question 6 creates a tax credit on an individual basis equal to an individuals annual excise tax payments and toll fees on the Massachusetts Turnpike and its Boston extensions, the Tobin Bridge and the Sumner, Callahan & Ted Williams Tunnels. The total annual loss to the state as a result of the passage of these referenda questions, would be approximately \$1.9 billion (with inflation factors built in) at the completion of the phase in period. In order to calculate the impact on the City's budget, we took the annual percentage loss to the state and applied it as the same percentage cut to the City's state aid.

At this point, it is difficult to predict how the \$4,959,500 annual loss in state aid would impact the City services. Although it is factual to state that if the City were to lose such an amount in state aid, either local taxes would have to be increased to offset that loss or city services would have to be reduced.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy".

Robert W. Healy
City Manager

RWH/mec
Attachments



2000 Things 2 Do in 2000

Consent Agenda #8

Relative to AW Rpt. Item #00-89,
regarding a report on the
projected impact on Cambridge
should Question 4 and 6 be
approved by the voters on this
November's ballot.

In City Council October 23, 2000

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