ATTACHMENT 1

CAMBRIDGE

DEPARTMENT OF REVENUE
FY 86 CHERRY SHEET REVISIONS

RECEIPTS

LINE	PROGRAM	ORIGINAL CHERRY SHEET ESTIMATE	REVISED CHERRY SHEET ESTIMATE
A.01	St. Own Lnd	$	$
A.07	Park Sq Bldg		
B.02	Adjustment		
B.03	Adjustment		
B.05	Ret Tch Pens		
B.06	Reg Pub Lib		
B.12	Sp Needs Rec	13640	13472
B.13	Tuit St Ward	0	119916
B.14	Rsd Sch Tuit	92077	89029
C.13	Urb Redev Ex		
C.15	MBTA Reimb		
C.17	Cost of Revl		
D.	Tot Receipts	$ 37176705	$ 37293405

ASSESSMENTS

LINE	PROGRAM	ORIGINAL CHERRY SHEET ESTIMATE	REVISED CHERRY SHEET ESTIMATE
A.01	County Tax		
A.02	County Hosp		
E. Totals	Assess & Chg	$	$

Massachusetts Municipal Association
131 Tremont Street
Boston, Massachusetts 02111 · (617) 426-7272

August 6, 1985

Dear Local Official,

Two important pieces of legislation were signed into law by the Governor in July. The first piece enables cities and towns to enact local option excise taxes for the first time in the Commonwealth's history. The two taxes included in this legislation are the hotel/motel and the jet fuels excise. These local option excise taxes provide some communities with an opportunity for increased influence on their community's revenue raising capacity. And, although not all communities will find these particular taxes to be useful, they do establish a precedent for local option taxes. The attached memo gives you the basic information you will need to make your decision on these taxes.

The second piece of legislation, the Education Reform Bill, contains a wide range of programs and grants, from school improvements, to equal educational opportunity grants, to minimum salary requirements. All of the grants and programs included in this bill are local option and require action on the local level for adoption; the process for adoption is outlined below.

If you decide to adopt any or all of these grants, you may be subject to mandatory regulations; these requirements are also outlined below. Please note, that the Legislature has only provided funding for these grants for two years.

At the end of July, a letter was sent from the Governor's office indicating that communities desiring to accept Equal Educational Opportunity Grants (EEOG) had to do so by September 15, 1985. We realize that this deadline is unrealistic and we have been working closely with the House and Senate Education Committees as well as the Administration to formulate changes. You will be notified as soon as these changes are made.

We hope that this material will provide you with the information you need to make your decision on these new local option statutes.

Sincerely,

James W. Segel
Executive Director

JWS/rr
enclosure

IMPORTANT: LOCAL OPTION EXCISE TAX INFORMATION

On July 11, 1985, the Governor signed into law two local option taxes, a hotel and motel and a jet-fuels excise. These taxes are unique because they enable towns and cities to impose local option taxes for the first time in the history of Massachusetts. In order to take advantage of these taxes, cities and towns must comply with several constraints:

Hotel and Motel Excise:

(1) Towns and cities can, under this new law impose a room occupancy tax at a rate up to, but not exceeding, four percent of the total amount of rent for each such occupancy. This applies only to rooms with rental rates which are higher than fifteen dollars per day, and does not apply to state accommodations (such as state university rooms).

(2) Hotel and motel operators will include these revenues with their state payments. And, the state commissioner will return these revenues to the source community at a minimum of two times each year.

(3) This law requires the Commissioner of the Department of Revenue (DOR) to provide information to you about hotel and motel revenues collected from your community upon request. (This information will be available as soon as the state completes it).

(4) Cities and towns choosing to make use of this tax must take the following steps:

a) Cities with a Plan A, B, or F form of government need both a majority vote of their council and mayoral approval.

b) Cities with a Plan C, D, or E form of government need a majority vote of their council.

c) Towns with the town meeting form of government need a majority vote of the annual town meeting or a special meeting called for the purpose.

d) Communities with a town council form of government need a majority vote of the town council.

(5) This tax will be effective on the first day of the first month after acceptance, provided that it is at least fifteen days after acceptance. If it is less than fifteen days, the tax will be effective on the first day of the second month.

(6) DOR will make guidelines available to you by the end of August. These will include:

a) How to calculate the potential revenue returns from this tax.

b) Step by step instructions for the process of implementation. (If you choose to adopt this tax, please notify DOR and they will notify the hotel and motel operators).

Note: The above law is in Section 6 of Chapter 145

Jet Fuels Excise:

(1) Municipalities can now levy an excise on jet fuel (see Section 7: Section 1,b for a definition) of five cents or five percent of the average price (determined quarterly by the commissioner) whichever is greater.

(2) The tax is levied by the community in which the gas is transferred into the aircraft.

(3) The commissioner will return these revenues to communities in the same time frame as the room occupancy tax.

(4) The rules for acceptance of this tax and its effective date are the same as those for the room occupancy tax.

(5) Cities with populations greater than 150,000 must set aside a reserve fund for the jet fuels tax. (See Section 14 of the law for a detailed explanation).

(Call Hillary Sale at 1-800-882-1498 or 617-426-7272 for more information)

HAS/rr
8/5/85

SUMMARY OF THE EDUCATION REFORM BILL

The Education Reform Bill (Chapter 188) was signed into law on July 23, 1985. Included in this legislation are many grants and programs which require local action before you can take advantage of them.

Please note that acceptance of these grants may require you to comply with mandatory regulations. These are explained below. At present, funding for these grants has only been provided for two years.

EQUAL EDUCATIONAL OPPORTUNITY GRANTS: (Section 12)

The purpose of this section of the bill is to provide funding for communities to reach the minimum expenditure requirements in Chapter 70, which is to expend 85% of the per pupil state average of school spending.

The commissioner of education determines this by calculating the difference between the minimum amount which should have been expended and that which was expended. School districts spending below 85% of the average statewide direct service expenditure per pupil are eligible for this grant. You will be notified if you are eligible.

- The grants are equal to 1/6 of the difference between the actual expenditure and the 85% average, based on FY1984 figures.

- In order to accept the grant regional school districts need a majority vote of the school committee and a majority vote of two-thirds of the appropriating authorities of member communities. Cities and towns need a majority vote of the school committee and the appropriating authority (town meeting or city council).

Mandatory Regulations:

- You must reduce the "gap"; the difference between the 85% average and the amount spent in the preceding year, by 1/3 in the current year, including the grant. For instance, if you accept a grant this year, you must allocate the money to decrease the gap by 1/3 this year.

- Or, you must expend per pupil the amount expended in the previous year plus a proportionate share of any increase in school aid, additional assistance, or tax levy, less the costs of debt service, court judgments, and pensions in the current fiscal year.

-If you do not qualify in FY86, you may qualify in future years, and you will be notified. But, you are subject to certain maintenance of effort requirements.

-Cities, towns and districts which do not qualify in FY86 and wish to be eligible in FY87 and thereafter, must expend in FY86 and each fiscal year thereafter an amount at least as great as the amount expended per weighted pupil in the previous year plus a proportionate share of the excess of increases in school aid, additional assistance, and increases in the property tax levy over costs of debt service, court judgments, and pensions in the current fiscal year.

-Regional and independent vocational school districts not eligible in FY86 but who wish to be eligible in FY87 and thereafter must expend in FY86 and thereafter an amount equal to the amount expended per weighted pupil in FY85 and any increase in school and regional aid received in FY86.

-The legislation does not specify maintenance of effort requirements for communities that qualify but choose not to accept grants. However, we have been told that the intent of the legislation is to specify maintenance of effort requirements for all communities, and they intend to enforce these requirements.

TEACHER/SALARY GRANTS: (Sections 16 and 17)

1) Minimum Salary

If you accept this provision for FY85 you will receive grants in FY86 and FY87 sufficient to increase the salaries of all teachers whose salaries were below $18,000 prior to July 1, 1985.

If you choose to accept this provision for school years commencing after July 1, 1986, you will receive a grant in 1987 equal to the cost of increasing salaries.

-This provision must be approved by a majority vote of the school committee and the appropriating authority. In regional school districts acceptance requires a majority of two-thirds of the appropriating authorities.

-The salary of each teacher will be at least $18,000 for school years commencing after July 1, 1985 for communities accepting these provisions.

-This becomes, on adoption, the standard for the school system.

2) Professional Development Grants (Section 13)

These grants are to supplement teacher compensation.

The grants will be distributed based upon the number of children in a district and will be disbursed to teachers through collective bargaining. They will be approximately $650 in calendar year 1986 and $450 in calendar year 1987.

-Cities and towns may accept them by a majority vote of the appropriating authority and the school committee.

-Regional school districts need a majority vote of the regional school committee and approval by majority vote of two-thirds of the appropriating authorities of member cities and towns.

STUDENT IMPROVEMENT PROGRAMS:

1) Essential Skills Grants (Section 6, 52)

School districts with high numbers of low income students, students deficient in basic skills, or students likely to drop out are eligible for these grants. Determination is based on basic skills tests which are administered by the board of education with the help of school committees and districts.

Applications will be solicited by the board.

2) Early Childhood Discretionary Grant Programs (Section 6, 53)

Grants will be awarded annually to school committees in three areas: prekindergarten (3-4 year old children), kindergarten-first grade transitional program, and early childhood education-day care programs.

-School committees will appoint an advisory council to apply for these funds.

-These grants may be used to supplement current programs or create new ones.

3) Office For The Gifted and Talented (Section 6, 53)

This office will be established within the division of curriculum and instruction in the department of education. It will provide assistance, materials, etc., to schools and school districts.

SCHOOL SYSTEM PROGRAMS:

1) School Assessments and Awards (REACH) (Section 6)

These awards will be based on basic skills tests and will be made to six school districts each year based on superior and improved educational performance.

-These awards will be made in three revolving categories: kindergarten-sixth, seventh and eighth, and ninth-twelfth grades.

-Each category will be subdivided into three per capita income classes: $3900-6599, 6600-7999, and 8000 or more.

2) School Improvement Fund (Section 2 and 6, 51)

These funds will be appropriated by the board of education according to the number of full-time equivalent students ($10 per student).

Local school councils, subject to school committee approval, will designate the use of these funds.

-The funds cannot be used to supplant current costs.

-Before a district can be eligible for these funds, a local school council must be created. Superintendents are responsible for notifying DOE that this has been accomplished.

MISCELLANEOUS PROVISIONS:

1) Technology Grants (Section 6, 56)

School districts may apply for grants to purchase instructional materials.

2) Instructional Materials Grant (Section 6, 57)

The board will review districts, giving priority to districts receiving EEO grants, and provide grants to purchase textbooks, audio-visual materials, library books, etc.

3) Statewide Education Standards (Section 5)

The board of education will set a minimum criteria of education standards for school districts. A school district with a failure rate of 50% or more above the state average, and scores on curriculum assessments 20% or more below state norms, and an annual drop out rate 50% or more above the previous year's rate for that school district, and a ratio of teachers to students 20% or more below the state average, will not meet the minimum criteria.

-Districts not in compliance with the above criteria may be subject to withholding of Chapter 70 funds to the municipality or municipalities in the district.

-This provision will take effect September 1, 1987.

4) Hold Harmless Reduction (Section 11)

The Chapter 70 minimum guarantee will be reduced by 10% annually through 1993.

(For More Information Call HILLARY SALE at (617-426-7272 or 1-800-882-1498)

HAS/rr
August 6, 1985

Massachusetts Municipal Association
131 Tremont Street
Boston, Massachusetts 02111 · (617)426-7272

MEMORANDUM

TO: Key Local Officials
FROM: James W. Segel
SUBJ: Fair Labor Standards Act
DATE: 5 August 1985

As most of you are aware, the Supreme Court of the United States reversed itself earlier this year and made the F.L.S.A. applicable to municipalities in their "traditional governmental functions". The Act had previously been ruled not constitutionally applicable to those integral operations of cities and towns.

This decision has serious consequences to municipalities, particularly as to liability for overtime pay at time-and-a-half, and especially in the public safety area. Volunteers to whom municipalities pay $2.50/hour expenses now must receive the minimum wage.

What is more, the U. S. Department of Labor will begin on October 15th to enforce the F.L.S.A. at the municipal level, retroactive to April 15th.

We have arranged with D.O.L. to have its 35-page pamphlet, "State and Local Government Employees and the Fair Labor Standards Act", mailed directly to each of our members. It describes the requirements of the F.L.S.A. in laymen's language. Watch for it; it should reach you shortly.

Also, the National League of Cities is running an all-day program about the subject on Monday, August 19th, in Boston. The registration fee is $90 for local officials. For further information, call Janet Cratsley at the N.L.C. office in Washington, D.C., 202-626-3140.

We are working with the N.L.C. to seek Congressional alleviation of some of the onerous requirements of the Act, but obviously no such relief can be assured. It's vital that your municipality becomes familiar with the requirements of the Act, their impact upon your existing labor contracts and budgets, and what steps municipal officials can take to minimize the effects at the local level.

The topic will also be the subject of a workshop at our Annual Meeting on October 25-26 in Hyannis.

IMPORTANT

ALERT ON SOCIAL SECURITY AND
MEDICARE COVERAGE FOR
STATE AND MUNICIPAL
EMPLOYEES

Included in the budget passed by the federal House of Representatives on August 1, 1985 are proposals to extend Social Security and Medicare coverage to state and municipal employees.

As of January 1, 1986:

- Medicare coverage would be extended to all municipal and state employees. The cost to local governments is estimated to be 1.35% of current local payrolls.

- Social Security (5.7%) and Medicare (1.35%) would be extended to all newly hired state and municipal employees.

These provisions are subject to approval of the House Ways and Means and the Senate Finance Committees before final adoption, but it appears that they will be accepted by Congress.

HAS/rr
August 5, 1985

- Add to Comm List
for
- Sept 9, 1985 -
Meeting
- Take under Advisement -

IRA A. JACKSON
COMMISSIONER

The Commonwealth of Massachusetts
Department of Revenue
Leverett Saltonstall Building
100 Cambridge Street, Boston 02204

August 21, 1985

To Local Officials:

As a result of the Fiscal Year 1986 State Budget enacted by the Legislature and signed by the Governor, certain estimated receipts for Fiscal Year 1986 have changed from those included on the Cherry Sheet issued this past March.

Please consider this notification your authority to amend your Fiscal Year 1986 Cherry Sheet by inserting the attached estimate revisions on the appropriate line items.

Should you have any questions regarding this action, please do not hesitate to contact either A. Louis Hayward, Chief of Bureau of the Municipal Data Management and Technical Assistance Bureau at (617) 727-9260, or Celeste Staples, Local Aid Section Chief at (617) 727-9073.

Very truly yours,

Ira A. Jackson
Commissioner
Department of Revenue

IAJ:dd

ATTACHMENT II

EXPLANATION OF PROGRAM ADJUSTMENTS AFFECTING FISCAL YEAR 1986 CHERRY SHEETS

RECEIPTS

A. 1 STATE-OWNED LAND

Due to the revaluation of this land in 1985, estimated payments have been revised. However, if this revaluation would have resulted in a decreased FY86 estimate as compared to FY85, the Fiscal 1985 figure used on the March Cherry Sheet will remain unchanged.

A. 7 GOVERNMENT CENTER AND PARK SQUARE (BOSTON)

The revised estimate reflects the 2 1/2% annual increase for the Transportation Building in Park Square.

B. 2 CHAPTER 70 ADJUSTMENTS

If applicable, the new estimates are the result of multi-year repayments for educational loans advanced to municipalities.

B. 3 CHAPTER 70 ADJUSTMENTS

The 1983 academic year audit adjustments, as determined by the Department of Education, have been added. Please note, however, that the cost of any negative adjustments has been assumed by the Commonwealth.

B. 5 RETIRED TEACHERS' PENSIONS

This program applies only to the City of Boston -the only municipality whose teachers are not members of the state funded Teachers' Retirement System.

B. 6 REGIONAL PUBLIC LIBRARIES

The Board of Library Commissioners has submitted to the Department of Revenue a revised estimate schedule, resulting from an increased appropriation contained in the final Fiscal Year 1986 budget.

B.12 SPECIAL NEEDS RECREATION
and/or
B.13 TUITION FOR STATE WARDS
and/or
B.14 SPECIAL NEEDS RECREATION

The Department of Education has revised these estimates from those included on the original Cherry Sheet as issued in March of this year.

C.13 URBAN REDEVELOPMENT

Estimates have been updated to reflect more recent projections of Urban Redevelopment payments under Chapter 121A.

C.17 COST OF REVALUATION

Revised costs for the revaluation of property are included.

ASSESSMENTS

(HAMPSHIRE COUNTY ONLY)

A. 1 COUNTY TAX
and
A. 2 COUNTY HOSPITALS

The original hospital deficit estimates for HAMPSHIRE COUNTY were greater than the actual amount. As a result, municipalities in Hampshire County will realize a reduced county hospital assessment estimate while the county tax estimate will increase by the same amount. Such action is within the limitations of Proposition 2 1/2.

S-616