

Minutes – Acton Finance Committee
July 13, 2009, 7:30p.m.
Room 126
Town Hall

Pursuant to a notice duly posted with the Town Clerk and with a quorum of members present, the Acton Finance Committee convened at 7:30 p.m. on July 13, 2009 to discuss local-option taxing authority, allowing a local-option meals tax of three-quarters of 1 percent and allowing a 2 percent increase in the local room occupancy tax.

Members present for the meeting: Herman Kabakoff, Chair, Bill Mullin, Clerk, Pat Clifford, Bob Evans, Steve Noone, Kent Sharp, Doug Tindal, Brandy Brandon, Associate Member and Karen Kucala, FinCom Liaison

Also present were and approximately 3 members of the public: local business owner Ken Sundberg and his daughter and the owner of the Acton Center Pizza restaurant.

Chairman Herman Kabakoff called the meeting to order at 7:30pm.

Public Participation

None.

Discussion and Recommendations with Respect to Local-Option Taxing Authority

Mr. Kabakoff explained that the Chair of the Board of Selectman, Paulina Knibbe, had asked to obtain FinCom's input with respect to the new local option taxing authority, which would allow a meals tax of three-quarters of 1 percent and allowing a 2 percent increase in the local room occupancy tax. Town Meeting would need to approve such a new authorization and the question arose as to whether we should hold another Special Town Meeting in August to approve this new authorization.

A general discussion ensued. Mr. Tindal reported that the Economic Development Commission had reviewed the matter and, while basically opposed to any new tax, might be inclined to support something for a limited, defined period of time. Mr. Brandon questioned the validity of the background data with particular focus on a lack of basic micro-economic analysis with respect to elasticity of demand for dining out. Ms. Clifford asked if there had been any regulations published to which Ms. Kucala stated that a bulletin was published but not formal regulations. Several members felt that we would need far greater financial analysis before making any sort of a decision on this new tax. Mr. Sharp opined that the amount of the tax would be a small incremental cost to patrons and as such, he would be inclined to consider it if the case were made for the need for additional revenue. Mr. Mullin observed that we have a budget that is well thought out, with appropriate risk controls in place and, as such, there is no current case for the new tax. Further, the purpose of the tax is to gain revenue from external sources, such as tourists or corporate travelers, while in Acton, we would be taxing ourselves.

The two local business owners spoke out against the new tax. The proprietor of Acton Center Pizza said that these new costs, in combination with a severely depressed economy are putting great financial pressure on his business. Mr. Sundberg argued that Acton does not want to be perceived as anti-business.

Mr. Evans moved, seconded by Ms. Clifford the following:

It is the position of the Finance Committee, which shall be conferred by the Chair to the Board of Selectmen, the following:

- Any formal presentation of approving the local taxing authority options should be held at the Annual Town Meeting and not at any Special Town Meeting;
- It is essential to develop more and better information which would include the nature and impact of the tax and the nature of the need for the tax;
- The proposed tax is an alternative to the property tax, in that we would be taxing ourselves, rather than being a source of revenue from other than local property tax payers.

The motion passed unanimously.

Adjourned

Mr. Sharp moved to adjourn (seconded by Ms. Clifford) and the meeting was adjourned sometime around 8:00 pm.

Respectfully submitted by William C. Mullin, Clerk.