

EGREMONT SPECIAL TOWN MEETING  
OCTOBER 13, 2020

FINANCE COMMITTEE RECOMMENDATIONS

The Finance Committee's recommendations (including attachments) are on the town website, have been e-mailed to those whose e-mail addresses the town has, and have been distributed to various locations in print throughout town. The recommendations will also be available in print at the special town meeting.

ARTICLE 1. LOCAL ROOM OCCUPANCY TAX AND COMMUNITY IMPACT FEE

A base MA Room Occupancy Excise Tax of 5.7% currently applies to all short-term rentals of dwellings. The tax applies to all fees (room rate, cleaning, and any other fees) for rentals under 90 days at hotels and under 31 days at residences (AirBNB, etc.).

In addition to the State Excise Tax, local municipalities are permitted to levy an incremental 6% Room Occupancy Tax for hotel/motel rooms and short-term rentals and an incremental 3% Community Impact Fee on short-term rentals, provided that the operator has more than one property in that locality or is renting an owner-occupied 2 or 3 family house on a short-term rental basis. Currently, Egremont does not have either tax.

With few businesses to generate tax revenue for Egremont, the Room Occupancy Excise Tax and Community Impact Fee present an opportunity to levy taxes on guests visiting the region. Because these taxes are applied in addition to the room rate, and because visitors cannot easily compare the tax rates for room occupancy, etc., the incremental Room Occupancy Excise Tax and Community Impact Fee are not likely to dissuade visitors from staying in Egremont.

According to records in the Municipal Data Bank, 206 municipalities in Massachusetts out of 351 levy an incremental room excise tax, including the 6% rate in Great Barrington, Lee and Lenox. Stockbridge levies an incremental 4% room excise tax. According to the Municipal Data Bank, although only 15 municipalities to date collect the Community Impact Fee, destinations like Amherst, Boston, Cambridge and Northampton levy the 3% Community Impact Fee.

Furthermore, because the State Department of Revenue (DOR) is already collecting the state excise taxes, levying these incremental taxes does not present an additional burden to businesses collecting and remitting the taxes, or to the town, since the DOR collects and distributes the revenue.

To generate some town revenue from guests visiting the region, the Finance Committee recommends the town levy the maximum Room Occupancy Tax of 6% and the Community Impact Fee of 3%. The number of Egremont Air BNBs registered with the state over a month ago was 34. As of a few days ago, that number had risen to over 40.

Attached to these recommendations is a conservative estimate of the revenue the town could collect over the next five years.

(FINANCE COMMITTEE RECOMMENDS APPROVAL, 4 FOR, 2 ABSENT)

**ARTICLE 2. ADU BY-LAW. (PLANNING BOARD)**

(FINANCE COMMITTEE MAKES NO RECOMMENDATION)

**ARTICLE 3. ADU BY-LAW (CITIZENS' PETITION)**

(FINANCE COMMITTEE MAKES NO RECOMMENDATION)

**ARTICLE 4. \$8,800 FOR THE TRANSFER STATION**

At town meeting in May, we budgeted \$20,000 for recyclables and \$72,000 for hauling. Each extra haul is \$175 for trash and \$275 for recyclables. The charge for the recyclables processing fee is \$93.50 per ton. Due to the increase in population since COVID-19, our costs of operating our transfer station have substantially increased.

(FINANCE COMMITTEE RECOMMENDS APPROVAL, 6 FOR, 0 AGAINST)

**ARTICLE 5. \$2,500 FOR EMERGENCY BACK UP OPERATOR OF BROADBAND NETWORK**

This is basically an insurance policy for the town and a requirement of the Massachusetts Broadband Institute. In the event Fiber Connect cannot perform its responsibilities, Holyoke Gas and Electric will step in and run our network in lieu of Fiber Connect.

(FINANCE COMMITTEE RECOMMENDS APPROVAL, 5 FOR, 1 ABSENT)

**ARTICLE 6. \$7,000 FOR PLANNING AND ENGINEERING OF NEW BUILDINGS AND GROUNDS GARAGE**

The Finance Committee urges the town to postpone the engineering expenditure pending additional information and review. The Buildings and Grounds department does have need of a new building. The current facility on Town House Hill Road, while sub-optimal, does not require immediate replacement. The Finance Committee has concerns and questions regarding the potential for double-spending on engineering should the town build a prefabricated building. There is also potential for inadequate planning for the facility. What type of building do we want? What does it need to house? How big should it be?

(FINANCE COMMITTEE DOES **NOT** RECOMMEND APPROVAL AT THIS TIME,  
1 ABSENT, 5 AGAINST)

**ARTICLE 7. \$8,250 FOR TREE REMOVAL**

This article requests funds for the removal of dangerous trees near town buildings and the French Park playground.

(FINANCE COMMITTEE RECOMMENDS APPROVAL, 4 FOR, 2 ABSENT)

**ARTICLE 8. \$7,500 FURTHER FUNDING FOR PUBLIC TRANSPORTATION**

The town through the Berkshire Regional Transit Authority applied for a grant to fund the cost of purchasing a van (Dodge Grand Caravan) to provide transportation services to "eligible" persons. We will not know if we have received the grant until the end of October. At town meeting we budgeted \$10,587 for transportation services. We have spent 0\$ to date. This article asks for an additional \$7,500 for 6 to 8 months.

If the town receives the grant for the van, the town is responsible for insurance, a portion of maintenance (shared with Berkshire Regional Transit Authority), training of drivers (1 and backup), payment of drivers, gas, etc. Yearly expenses are estimated at \$32,000 for 2 drivers, \$780 insurance, \$5,000 for gas and maintenance. Training drivers is expensive but all training is on line currently, making it cheaper. It is hoped that we will have a trained driver and a volunteer to keep expenses down.

Southern Berkshire Elderly Transportation permanently ended its services this summer. To provide transportation for our elderly, disabled and essential workers in the interim we are using Cares Act funds to hire "taxis" to enable those in need to access necessary goods and services. Cares Act funds will end December 31. Even if the Cares Act is extended, we will need at some point to solve our town's transportation

problems for eligible individuals. From June through August there have been 39 trips, mostly non- emergency medical trips.

The Finance Committee recommends the Selectboard explain to the citizens the comprehensive plan for elderly transit, including budgeting and staffing.

(FINANCE COMMITTEE WILL MAKE A RECOMMENDATION AT TOWN MEETING)

**ARTICLE 9. \$5,760 FOR COVID-19 COMPLIANCE OFFICER**

The Town estimates that its current population has increased significantly over the last 8 months due to the COVID-19 pandemic. This situation has resulted in unanticipated budgetary, monitoring, regulatory and managerial mandates due to gubernatorial executive orders and guidelines. All branches of our local government have been impacted.

The Selectboard has employed, subject to appropriation, a compliance officer whose duties are enumerated in the job description on file at town hall. It is anticipated that 3 hours a week will be sufficient to handle the duties. The Finance Committee recommends that the Selectboard allocate appropriate funds for the part-time services of a COVID-19 Compliance Officer **only** until the next annual town meeting in May 2021, or until such time that the Selectboard can assess the future need for COVID compliance and monitoring, based on future guidance from the Governor and the Commonwealth.

(THE FINANCE COMMITTEE WILL MAKE A RECOMMENDATION AT TOWN MEETING)

Respectfully submitted,

Laura Allen, Chairman  
Bryan Frank, Secretary  
Thomas Berkel

Michael Bandzierz, Vice Chairman  
Frank Penglase  
Amy Pulver

		2021	2022	2023	2024	2025	5-year
Tax Revenues	Residences	\$21,188	\$22,915	\$24,782	\$26,802	\$28,986	\$124,673
	Room Occupancy	\$20,671	\$22,356	\$24,178	\$26,148	\$28,279	\$121,632
	Community Impact Fee	\$517	\$559	\$604	\$654	\$707	\$3,041
	Hotels	\$15,226	\$15,683	\$16,153	\$16,638	\$17,137	\$80,837
	<b>Total</b>	<b>\$57,602</b>	<b>\$61,512</b>	<b>\$65,718</b>	<b>\$70,242</b>	<b>\$75,110</b>	<b>\$330,182</b>

ITEM		2020	2021	2022	2023	2024	2025
Residences	Total Unit Count	38	40	42	44	48	48
	YoY Unit Change	0.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	Average Rate	\$229.00	\$235.87	\$242.95	\$250.23	\$257.74	\$265.47
	YoY Rate Change	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Cleaning Fee	\$107.26	\$110.47	\$113.79	\$117.20	\$120.72	\$124.34
	YoY Fee Change		3.00%	3.00%	3.00%	3.00%	3.00%
	Nights Available	365	365	365	365	365	365
	Regional Occupancy Rate	22%	22%	22%	22%	22%	22%
	Nominal Occupied Nights	79	79	79	79	79	79
	Local/Monthly Availability Adjustment	-60%	-60%	-60%	-60%	-60%	-60%
	Adjusted Applicable Nights	32	32	32	32	32	32
	Median LOS	3	3	3	3	3	3
	Median Stays	11	11	11	11	11	11
	Average Rental Revenue	\$8,383	\$8,636	\$8,894	\$9,160	\$9,435	\$9,716
	Total Rental Revenue	\$318,555	\$344,617	\$372,596	\$402,982	\$435,804	\$471,322
	Excise Tax Rate	0%	6%	6%	6%	6%	6%
	Excise Tax Revenue	\$0	\$20,671	\$22,356	\$24,178	\$26,148	\$28,279
	Applicability of CIF	0%	5%	5%	5%	5%	5%
	CIF Applicable Rental Revenue	\$15,928	\$17,226	\$18,630	\$20,148	\$21,790	\$23,566
	CIF Tax Rate	0%	3%	3%	3%	3%	3%
CIF Tax Revenue	\$0	\$517	\$559	\$604	\$654	\$707	
Total Tax Revenue	\$0	\$21,188	\$22,915	\$24,782	\$26,802	\$28,986	

ITEM		2020	2021	2022	2023	2024	2025
Hotels	Total Unit Count	15	15	15	15	15	15
	Average Rate	\$160.00	\$154.50	\$159.14	\$163.91	\$168.83	\$173.89
	YoY Fee Change	0%	3%	3%	3%	3%	3%
	Annual Nights	365	365	365	365	365	365
	Occupancy Rate	30%	30%	30%	30%	30%	30%
	Occupied Nights	110	110	110	110	110	110
	Rental Revenue	\$246,375	\$253,766	\$261,379	\$269,221	\$277,297	\$285,616
	Tax Rate	0%	6%	6%	6%	6%	6%
	Total Tax Revenue	\$0	\$15,226	\$15,683	\$16,153	\$16,638	\$17,137