

Approved

TR-2019-42

**RESOLUTION ACCEPTING MASSACHUSETTS GENERAL LAWS
CHAPTER 64L, SECTION 2 WHICH ESTABLISHES
THE LOCAL OPTION MEALS TAX**

(Sponsored by Councilors Christopher C. Johnson, Dino R. Mercadante and Anthony R. Suffriti)

WHEREAS, the Commonwealth of Massachusetts allows cities and towns to impose a local option meals tax equal to three quarters of one percent on any restaurant meals originating in their community;

WHEREAS, according to estimates prepared by the Commonwealth of Massachusetts Division of Local Service, Agawam would have received over \$500,000 in calendar year 2016 had it accepted the local option meals tax;

WHEREAS, the local option meals tax is paid by the patrons purchasing the restaurant meals and not the restaurant owners;


WHEREAS, according to the Commonwealth's website, virtually every city and town in our area has adopted the local option meals tax, including Springfield, West Springfield, Chicopee, Holyoke, East Longmeadow and Longmeadow;

WHEREAS, it is in the best interests of the City of Agawam to accept Massachusetts General Laws Chapter 64L Section 2 and adopt a local meals tax; and

NOW THEREFORE, BE IT RESOLVED that the Agawam City Council hereby accepts Massachusetts General Laws Chapter 64L Section 2 allowing the imposition of a local sales tax upon the sale of restaurant meals originating within Agawam by a vendor at a rate of .75 per cent of the gross receipts of the vendor from the sale of restaurant meals, effective ~~October 1, 2019.~~

Dated this 3rd day of June, 2019.


PER ORDER OF THE AGAWAM CITY COUNCIL



Christopher C. Johnson, President, Agawam City Council

org - TR CLK
CC - Council
CC - Auditor
CC - Treasurer
CC - Health

APPROVED AS TO FORM AND LEGALITY



Stephen J. Buoniconti, City Solicitor

MAYORAL ACTION

Received this 4th day of June, 2019 from Council Clerk.

Signed by Council President this 3rd day of June, 2019.

APPROVAL OF LEGISLATION

By the powers vested in me pursuant to Article 3, Section 3-6 of the Agawam Charter, as amended, I hereby approve the passage of the above legislation on this 4th day of June, 2019.


William P. Sapelli, Mayor

DISAPPROVAL OF LEGISLATION

By the powers vested in me pursuant to Article 3, Section 3-6 of the Agawam Charter, as amended, I hereby veto the passage of the above legislation on this _____ day of _____, 2019 for the following reason(s):

William P. Sapelli, Mayor

RETURN OF LEGISLATION TO COUNCIL CLERK

Returned to Council Clerk this 4th day of June, 2019.

Massachusetts Local Option Meals Tax

Several years ago the Commonwealth enacted Chapter 64L which allows for any city or town to impose a local meals tax of three quarters of one percent. The local option meals tax is added to the state meals tax. Local restaurants pay the local meals tax along with the state meals tax to the state. The state pays the city or town their portion of the meals tax on a quarterly basis.

According to the state's website, virtually every city and town in our area has adopted the local option meals tax, including Springfield, West Springfield, Chicopee, Holyoke, East Longmeadow and Longmeadow.

In 2017, the Division of Local Services prepared a spreadsheet which showed the potential revenue to each city and town if it adopted the local option meals tax. According to that spreadsheet, Agawam would have received over \$500,000 in 2016 had it adopted the local option meals tax.

The resolution before the Council calls for adoption of the local option meals tax effective on January 1, 2020. This should allow sufficient time for any Agawam business to reprogram their systems to make the change.

The following is the operable section of Chapter 64L which describes the local option meals tax:

M.G.L. c. 64L, Section 2. (a) A city or town which accepts this section in the manner provided in section 4 of chapter 4 may impose a local sales tax upon the sale of restaurant meals originating within the city or town by a vendor at a rate of .75 per cent of the gross receipts of the vendor from the sale of restaurant meals. No excise shall be imposed if the sale is exempt under section 6 of chapter 64H. The vendor shall pay the local sales tax imposed under this section to the commissioner at the same time and in the same manner as the sales tax due to the commonwealth.

(b) All sums received by the commissioner under this section shall, at least quarterly, be distributed, credited and paid by the state treasurer upon certification of the commissioner to each city or town that has accepted this section in proportion to the amount of the sums received from the sales of restaurant meals in that city or town. Any city or town seeking to dispute the commissioner's calculation of its distribution under this subsection shall notify the commissioner, in writing, not later than 1 year from the date the tax was distributed by the commissioner to the city or town.

(c) This section shall take effect in a municipality on the first day of the calendar quarter following 30 days after its acceptance by the municipality or on the first day of a later calendar quarter that the city or town may designate.

(d) Notwithstanding any provisions in section 21 of chapter 62C to the contrary, the commissioner may make available to cities and towns any information necessary for administration of the excise imposed by this section including, but not limited to, a report of the amount of local option sales tax on restaurant meals collected in the aggregate by each city or town under this section in the preceding fiscal year, and the identification of each individual vendor collecting local option sales tax on restaurant meals collected under this chapter.