

# City of Northampton

MASSACHUSETTS

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## In City Council, March 5, 2026

Upon the recommendation of Mayor Gina-Louise Sciarra

### 26.019 An Order to Appropriate \$90,000 Free Cash to Economic Development Projects and Initiatives

*Whereas*, the city identified during COVID-19 economic recovery planning that activating economic development projects is key to reviving and sustaining local economic activity, particularly for hotel/motel and meals tax revenues; and

*Whereas*, as the city continues working to help businesses recover from the pandemic, navigate ongoing economic uncertainty, and prepare for the upcoming improvements to downtown infrastructure, safety, and equity to support general economic development efforts; and

*Whereas*, Northampton's parking fees and fines, cannabis, hotel/motel, and meals taxes made up 4.75% of the city's general fund revenue in FY2024 and totaled \$5,814,180 in FY2025, with \$3,048,932 received in the first two quarters of FY2026 alone; and

*Whereas*, even with a modest investment in economic development, this proposed appropriation represents just 0.06% of the FY2026 General Fund budget, which can yield a significant return. If economic development efforts drive just 10% of local receipts, this investment delivers a return on investment (ROI) of more than 546%. These revenues fund Northampton's schools, public safety, public works, and other essential services; and

*Whereas*, Northampton continues to face economic headwinds. Federal relief funds are winding down, and reduced support for health and human services, education, community and social safety nets, and environmental and regional programs are just some examples of a broad withdrawal of federal investment. At the state level, Governor Healey's proposed budget reduces funding for key social service programs that cities like Northampton rely on to meet local needs. Combined with volatile business conditions and cumulative inflation in the Boston area now exceeding 22.46% since 2020 (per the U.S. Bureau of Labor Statistics), these pressures make it all the more critical for Northampton to strengthen its locally generated revenue base through strategic economic development; and

*Whereas*, the city will continue to partner with the Arts & Culture Department and groups like the Downtown Northampton Association, the Greater Northampton Chamber of Commerce, Signature Sounds, and the Iron Horse on events such as Summer on Strong, The Taste of Northampton, Market Street Market, and the Back Porch

Festival, and continue initiatives like Bands on Brewster, Salsa in the Plaza, Parties in the Park, the Florence Concert Series, outdoor dining, and more; and

*Whereas*, the city will apply to the FY27 round of the Community One Stop for Growth for up to \$50,000 in refundable state tax credits through the updated Vacant Storefront Program; and

*Whereas*, this economic development appropriation will help position the city competitively by continuing to provide municipal matching funds and resources to manage the outreach, application, and recruitment process for the MSVP program and to support the many worthwhile downtown economic activities that have proven successful over the past five years.

*Now, Therefore be it Ordered, that*

The sum of \$90,000 be appropriated from the FY2026 General Fund Undesignated Fund Balance (Free Cash) for economic development projects and initiatives, including but not limited to activities that support the city's participation in the FY27 Vacant Storefront Program, ongoing economic development efforts, and related revitalization efforts.