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# CITY OF NORTHAMPTON

MASSACHUSETTS

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*In City Council,* ..... March 7, 2013.....

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Upon the recommendation of the City Council/School Committee Conference Committee

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## RESOLUTION

WHEREAS, beginning in 1998, there have been significant changes to the state tax code, including a series of phased cuts to the state personal income tax (from 5.95% to 5.3%) and cuts in the tax rate applied to dividend and interest income (from 12% to 5.3%).

WHEREAS, the net effect of all state tax reductions and increases since 1998 is that total tax revenue as a share of state personal income has declined by one percentage point (from 6.3% in FY 1998 to 5.3% in FY 2012), amounting to a loss of \$3.8 billion in annual tax revenue for the Commonwealth, according to the Massachusetts Budget and Policy Center.

WHEREAS, this substantial decline in revenue has produced an ongoing fiscal crisis for the Commonwealth, resulting in deep funding cuts in essential public investments and compromising the state's long term growth potential and the current and future well-being of Massachusetts residents.

WHEREAS, Northampton's state aid has been cut by nearly \$4 million since Fiscal Year 2002, from \$13.5 million in Fiscal Year 2002 to \$9.6 million in Fiscal Year 2013.

WHEREAS, Northampton has taken every possible measure to raise local revenue to offset the impact of state aid cuts, including: the passage of a \$2 million general operating override for Fiscal Year 2010, the adoption of the local hotel and meals taxes, and increases in parking fines and other fees, including licenses and permits, water and sewer rates and trash disposal.

WHEREAS, Northampton has implemented dozens of cost saving measures and continues to do so, including: consolidation of departmental functions, adoption of Municipal Health Insurance Reform, implementation of major energy improvements and performance management systems.

WHEREAS, for the Fiscal Year 2014 budget, Northampton currently faces another substantial budget gap, which will require more cuts to our public school system and city services.

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WHEREAS, Governor Patrick has recognized the critical need to invest in our education and transportation systems across the Commonwealth in order to preserve and build Massachusetts' economic and social health.

WHEREAS, in order to make that investment possible, Governor Patrick has proposed a \$1.9 billion progressive tax package that would increase the income tax from 5.25 to 6.25% (while doubling the automatic personal exemptions), decrease the sales tax from 6.25% to 4.5% and eliminate a number of specific existing personal income tax exemptions and deductions.

WHEREAS, State Senator Sonia Chang Diaz and State Representative Jim O'Day, along with our own State Representative Peter Kocot as co-sponsor, have re-introduced the Act to Invest in Our Communities, a bill that would raise \$2 billion in revenue through a combination of income tax and capital gains tax rate increases, while increasing personal and other exemptions, making the tax code more equitable.

WHEREAS, the growing recognition that we can no longer expect local communities to preserve basic services without more state revenue makes this legislative session a crucial opportunity to take bold steps for tax reform and investment;

BE IT THEREFORE RESOLVED,

the Northampton City Council/Northampton School Committee Conference Committee urges the state legislature to consider the proposals outlined above and adopt fair and equitable tax reform to raise substantial revenue, a sufficient portion of which will be allocated to local aid so that the City of Northampton can continue to provide the level of public service its citizens require and deserve.

In City Council, March 7, 2013  
Passed First Reading on Roll Call Vote of 7 Yes, 2 No (Councilor Murphy, Councilor Tacy)

Attest: May L. Medina, Clerk of Council

In City Council, March 21, 2013  
Passed Second Reading on Roll Call Vote of 6 Yes, 2 No (Councilor Murphy, Councilor Tacy),  
1 Absent (Councilor Spector)

Attest: May L. Medina, Clerk of Council

Approved: David J. Narkewicz, Mayor

Rules suspended, passed two readings and enrolled.

I hereby certify that the above Order passed the Northampton City Council on March 21, 2013  
On Roll Call Vote of 6 Yes, 2 No (Councilor Murphy, Councilor Tacy),  
1 Absent (Councilor Spector)

David J. Narkewicz, Mayor approved the Order on March 22, 2013

Attest: May L. Medina, Clerk of Council