

# Room tax expansion sought

Cape leaders tell a legislative panel revenue from short-term rentals would fill budget gaps.

By **SARAH SHEMKUS**  
sshemkus@capecodonline.com

In a packed hearing room on Beacon Hill yesterday, Cape legislators and selectmen testified in favor of a proposal to expand the existing room occupancy tax to include the short-term rental of second homes, condominiums and time shares.

If passed, the expanded tax could create millions in additional revenue for municipalities at a time when the state and towns alike are struggling with the impact of the ongoing recession on their budgets, supporters say.

"Basically, people are doing short-term rentals, they're running it like a business, and we're not getting rooms tax from it," said Mary-Jo Avellar, a member of the Provincetown Board of Selectmen, who testified at yesterday's hearing.

The hearing, which was held by the Legislature's Joint Committee on Revenue, included comments from high-level officials in the Deval Patrick administration, Boston Mayor Thomas Menino and lawmakers from across the state.

The testimony covered topics including possible increases in meals and room occupancy taxes, the closing of a loophole that allows telecommunications companies to avoid paying property taxes on poles and wires, and proposals to change the way alcoholic

beverages are taxed.

The main concern for speakers from the Cape area was the expansion of the room occupancy tax.

Currently, the state collects a room occupancy tax of 5.7 percent for stays in hotels, motels and inns. Towns have the option of adding a further 4 percent assessment.

All municipalities in Massachusetts have embraced this option, bringing the lodging tax to 9.7 percent.

The bill filed by 1st Barnstable District Rep. Cleon Turner, D-Dennis, and 4th Barnstable District Rep. Sarah Peake, D-Provincetown, would simply expand the types of properties that are included in this tax.

see **TAX**, page 7

"We've seen a change in where people stay when they

come for vacation ... a decline in hotel rooms and an increase in condos and cottages."

**REP. SARAH PEAKE**  
D-Provincetown



## Tax: Cape towns see revenue source

from B6

"We've seen a change in where people stay when they come for vacation - we've seen a decline in hotel rooms and an increase in condos and cottages," Peake said. "I think it's time to look at the existing law and make sure it's keeping up with the reality of the times."

Dennis alone could see an influx of more than a half-million dollars if the bill is passed, Turner said.

Based on town records, he said, there are approximately 1,400 seasonal rental proper-

ties in Dennis. If each of these is rented for 10 weeks at \$1,000 per week, the town could receive an additional \$560,000 in revenue, Turner calculated.

And the extra money could give towns more control over their own decisions at a time when revenue projections and state assistance are in doubt.

"Dennis and Yarmouth are both facing overrides on schools this year," Turner said. "If they had that extra money the override situation would be substantially less than it is."

A similar bill was filed last year but received little atten-

tion, Peake and Turner said.

Since then, however, the economic climate and people's understanding of the proposal have both changed, making people more interested in discussing the idea, they said.

"Giving towns more options is clearly up for discussion this term where it wasn't last term," Turner said.

Though interest in the proposal has increased, the legislators are unsure about the future



**REP. CLEON TURNER**

of the bill.

"It's gotten much, much, much more discussion this term than it did last term," Turner said. "It doesn't mean it will pass, but at least it's getting more discussion."

The revenue committee must now decide whether to recommend the legislation, before it can be voted on and signed into law.

House debate on the state budget is scheduled to begin in late April.