



# Bulletin

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2009-17B

## LOCAL OPTION EXCISE REVENUES

TO: Assessors, Accountants, Auditors, Mayors, Selectmen, City/Town Managers, Finance Directors and City/Town Councils

FROM: Robert G. Nunes, Deputy Commissioner & Director of Municipal Affairs

DATE: July 2009

SUBJECT: Use of Local Meals or Room Occupancy Excise Revenues in Fiscal Year 2010 Tax Rate

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This *Bulletin* provides information about the use of new local option meals or room occupancy excise revenue in the Fiscal Year 2010 tax rate.

### Required Local Action

Please refer to [Bulletin 2009-15B](#) for the procedures for implementing sections of the FY10 state budget regarding local option excises on restaurant meals and room occupancies, including notification requirements. As provided in the Bulletin, in order to use any new revenues in the FY10 tax rate, a community must have accepted the local option meals or room occupancy excises, or amended its existing local room occupancy excise rate, **before** the tax rate is set.

### Allowable Estimated Receipts

We have posted on our website a [spreadsheet](#) with estimates of the amount of new revenues each city and town could realize during FY10 from imposing the local meals excise, or imposing a local room occupancy excise of one percent, beginning on October 1, 2009. As indicated in [Bulletin 2009-15B](#), October 1 implementation will result in a distribution of eight months of collections during FY10. For FY10 tax rate purposes, the maximum estimated receipts a city or town adopting these options may use will be determined as follows. **Estimates using any other method will not be accepted.**

**Room Occupancy Excise Revenues** - The estimates for room occupancy excise revenues shown in the posted spreadsheet are based on returns filed with the Department of Revenue (DOR). For FY10 tax rate purposes, a city or town may use its actual excise collections during FY09, or the amount shown in the spreadsheet for each percent imposed, to project its anticipated new revenues for the period the new rate is effective.

**Meals Excise Revenues** – Restaurant operators do not currently report meals tax collections to DOR by municipality. In order to estimate the amount of reported collections attributable to each city and town, DOR also reviewed United States Census information about restaurant sales and number of establishments. Until FY11 when actual excise collection data by municipality will be available, the amounts shown in the posted spreadsheet reflect the most reasonable estimate of new revenue a city or town could realize from imposing the excise. Therefore, any anticipated new revenues used by a city or town for FY10 tax rate purposes **may not exceed** the estimate shown in the spreadsheet prorated for the period the excise is effective.

If you have questions about these tax rate requirements, please contact your Bureau of Accounts representative.