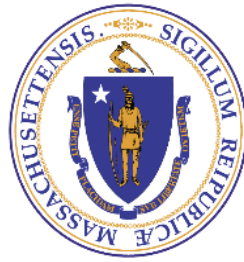


Commonwealth of Massachusetts



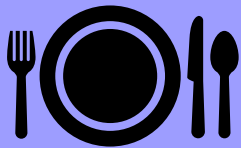
DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Supporting a Commonwealth of Communities

Adopting Local Option Excise Taxes for Room Occupancy, Meals, Adult Use Recreational Marijuana and the Short-term Rental Community Impact Fee

DLS: Local Options Excise/Community Impact Fee



Massachusetts cities and towns may vote to impose a local option tax on:

- Room occupancy and short-term rentals (impact fee)
 - Marijuana retail sales
 - Meals
-



Collection and payment



MassTaxConnect

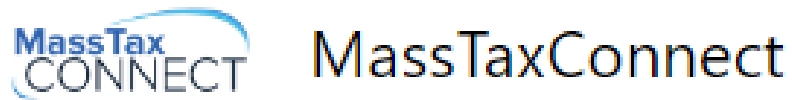
The Massachusetts
Department of Revenue
collects any locally imposed tax
along with state taxes

- Returns are filed monthly through Mass Tax Connect
 - Payments to communities are made quarterly
-



Short-term Rentals

Short-term rental owners must obtain a certificate of registration from DOR



Airbnb, Vrbo and similar companies must include the certificate number when filing returns



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Supporting a Commonwealth of Communities

DLS Responsibilities

- Receive **Notice of Acceptance** from cities/towns
- Verify and process information received from communities and Mass DOR

Community responsibility:

Notify DLS of the vote within **48 hours**

Email: Databank@dor.state.ma.us

For more information: www.mass.gov/DLS



Choose a rate and effective date

Local Excise Tax Rate

0% Max%

Local Excise Tax Rate
becomes effective on

<

July 2023

>

SU	MO	TU	WE	TH	FR	SA
25	26	27	28	29	30	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5





Adoption timetable

FY Quarter	Quarter Start Date	Local Action Deadline	Month Tax Assessed by Establishment	Month Tax Revenue Collected by DOR	Distribution Date
Quarter 1	July 1st	May 31st	July	August	September 30th
Quarter 2	October 1st	August 31st	October	November	December 31st
Quarter 3	January 1st	December 1st	January	February	March 31st
Quarter 4	April 1st	March 1st	April	May	June 30th

- Communities adopting the local option excise for meals, rooms or cannabis or the community impact fee on short-term rentals must submit the notification of acceptance no later than the date listed under the local action deadline
- Failure to notify DLS timely will push the effective date to the next quarter.

[Databank@dor.state.ma.us](https://databank@dor.state.ma.us)



Room Occupancy/Community Impact Fee

Room occupancy

State Room Occupancy

The state's room occupancy excise tax rate is 5.7%. Note that while the statute provides for a 5% rate, an uncoded surtax adds .7% to that rate.

Room occupancy

Local Option

**Up to 6%
(6.5 % Boston only)**

In addition to the state excise, Massachusetts cities and towns are permitted to charge a local room occupancy excise tax up to 6% (6.5% for Boston).

Room occupancy

Short-term Rentals Community
Impact Fee

Up to 3%

Beginning July 1, 2019, for short-term rentals only, cities and towns are permitted to charge an additional community impact fee up to 3% if an operator has more than one property in that locality or is renting an owner-occupied 2 or 3 family house on a short-term rental basis.



Marijuana and Meals taxes

Sales tax on marijuana

Adult use marijuana is subject to:

Up to 3%

- a state sales tax 6.25% (state sales tax)
- a state excise tax 10.75% (state excise tax)
- a local option for cities or towns up to 3% (local option for cities and towns)

Sales tax on meals, prepared food and all beverages

All "restaurant" food and on-premises
consumption of any beverage in any
amount. 6.25%

**Up to
0.75%**

A city or town may also charge a local
sales tax on the sales of restaurant
meals.

Visit [TIR 09-13](#).

<https://www.mass.gov/service-details/massachusetts-tax-rates>



Room Occupancy and Community Impact Fee



Room Occupancy: up to 6%
(Boston 6.5%)



Short-term Rentals
Community Impact Fee: up to 3%

Only in communities that have also adopted a local
Room Occupancy Excise



Room Occupancy and Community Impact Fee



Only in communities that have also adopted a local Room Occupancy Excise

Short-term Rentals Community Impact Fee: up to 3%

**First Local Option
Community Impact Fee
(G.L. c. 64G, § 3D(a))**

“Professionally managed unit”:

- 2 or more units in same city/town
- Not within 1, 2 or 3-family unit that includes the operator’s primary residence

**Second Local Option
Community Impact Fee
(G.L. c. 64G, § 3D(b))**

If Option 1 is adopted:

- Also apply fee to 2 or 3-family unit including the operator’s primary residence
-



Room occupancy – short-term rentals

To adopt Room Occupancy Excise under MGL c. 64G, §3A
and the Community Impact Fee § 3D(a-b)

Use 3 warrant articles:

Article 1 – vote to impose local option excise on room occupancy transfers

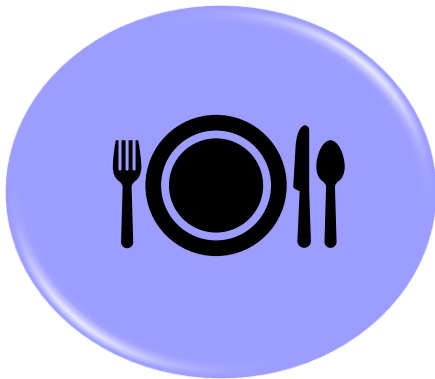
Article 2 – MGL c. 64G, § **3D(a)** vote to impose a local option fee on Short Term Rental room occupancy transfers for “professionally managed units”

Article 3 – MGL c. 64G, § **3D(b)** vote to additionally impose a local option fee on Short Term Rental room occupancy transfers in 2-3 family homes that includes the operator’s primary residence

***** If Article 1 fails, Articles 2 and 3 fail automatically *****

***** If Article 2 fails, Article 3 fails automatically *****

Local Option Meals Tax



- MGL C. 64L, § 2(a) allows for an additional tax to be applied to the sales of meals (0.75% cap)
 - Establishments file returns monthly; payments are made to communities quarterly if DLS is notified timely
 - “Meals” include all prepared food: grocery salad bars, catered meals, gas station food
 - Tax is imposed where the food is sourced (made), not where it’s delivered
-

Local Sales Tax: Restaurant Meals

The local option tax depends on where the food is sourced (made)



- Made in town with NO tax – delivered to town WITH tax
No local option tax will be imposed
- Made in town WITH tax – delivered to town with NO tax
Local option tax will be imposed

Catering company located in city with local tax delivers food to a wedding held in town with no tax



- Newlyweds will be charged the local option tax – it goes to the city where the food was prepared



Local Sales Tax: Restaurant Meals

Tax is imposed according to where the food is sourced



Prepares food in town with local option tax
Sells meals in communities that both do and don't impose the tax

Every meal should include the additional tax, which goes to the town where the food was prepared

Food trucks and food providers at fairs:

- Register with all communities they do business in
- File a return for each location in a community imposing a local meals tax

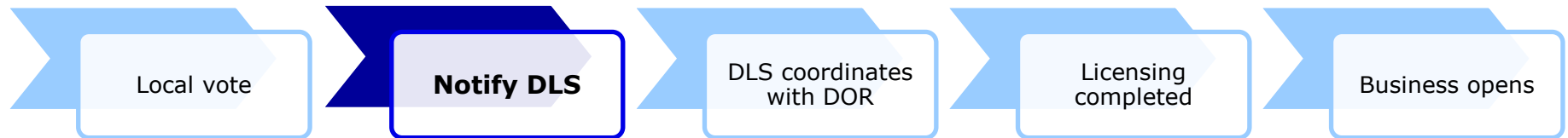




Adult Use Recreational Marijuana



- MGL C. 64N, § 3 allows for an additional tax to be applied to the retail sale of marijuana for adult use, effective on or after July 1, 2018
- Local option can be up to 3% of gross sales
- Excludes medical marijuana
- Notify DLS immediately following the vote



- Returns are filed monthly, payments made quarterly



DLS has no role in host agreements

- Negotiated between the marijuana retailer and community directly
- Payments are made directly from the retailer to the community

DLS: Adopting Local Options Excise/Community Impact Fee



Questions?

Email us: Databank@dor.state.ma.us

To review this information, visit

www.mass.gov/local-option-excise-taxes

Division of Local Services

(DLS)



www.mass.gov/DLS