



Viewpoints

Cape Cod Times Viewpoint Columns by Chuck Carey

Room Tax on Vacationers

Chuck Carey

In 1987 the state gave towns the right to tax visitors to the Cape 4% of their lodging bill in addition to the 5.7 % room occupancy tax already in place. All but one town on the Cape took advantage and the tax increased to 9.7% of every guest's nightly bill. At the time the tax was imposed, it was stated by some towns to be dedicated to tourism related expenditures. Generally speaking, this has not been the case.

According to figures released by the Department of Revenue, the 9.7% tax produced \$14.9 M in calendar year 1995 and \$15 M in 1996. That means the lodging portion of tourism (not including meals and other sales) produces \$150,000,000 annually. In calendar year '96, the state kept \$8.9 M and the 15 towns on the Cape received \$6 M. Barnstable and Yarmouth, the two most active resort towns, historically account for 20% each of the room occupancy tax. Actual figures from the Department of Revenue show that both towns usually take in the range of \$1.1 M each from guests to the Cape each year. This is on top of the \$1.6 M the state takes from them. Or is it from the hotel, motel and B+B operators ? That's a separate issue.

Either way, the dollars are flowing. Most towns place it in the general fund. Is it ending up in the right place ?

Is it right for guests to the Cape to pay 9.7% tax in the first place ? What other business has a tax that high ? There's no point to debating it - it exists.

But there is a point to debating it's proper destination. Isn't it worth considering that a world renown resort area should spend money so kindly hand delivered (\$150,000,000 annually according the State) on tourism ? If you just said "no" then how about at least some trash cans at the rest area ? Maybe fix up the beaches ?

Barnstable Town Councilor John Boyle states that the town recently assigned \$55,000 to tourism. He quotes studies which show each \$1 brought here by a vacationer circulates 8 times before it leaves the town. If this study is correct does that mean that the \$1.1 M given the town by lodging facilities is really like \$8 M passing through the hands of Cape Codders ? Councilor Boyle says he believes it's wise to reinvest such tourist dollars in tourism related items which help small business and create jobs.

A recent study published by the Cape Codder states that of the \$6 M dollars the 15 towns took from the pockets of tourists, \$278,000 was distributed back to tourism. That's 5%. Dennis, Truro and Eastham gave nothing back.

The pittance that did trickle into tourism related items usually went to the Chambers of Commerce in the respective towns. The towns which do reinvest claim growth in tourism in such areas as shoulder season festivals, etc. perhaps bringing dollars which may not have come otherwise. The reinvestment of room tax dollars will increase the income to the towns and give relief to the general tax burden.

Aside from being smart, it's fair.