Massachusetts Municipal Association

A Revenue Sharing Partnership Plan to Build a Stronger Massachusetts

STRONGER COMMUNITIES BUILD A STRONGER COMMONWEALTH

State and local government in Massachusetts have a long and rich history of working together to make the Bay State one of the most prosperous and progressive states in the nation. Our leading rankings in knowledge and wealth are due in no small part to the investments made at both the state and local level in education and vital initiatives and services that support the creativity and ingenuity of all our citizens.

"Increasing the overall fiscal capacity of cities and towns turns out to be central to the future prosperity of the Commonwealth." – Northeastern Economic Report

The partnership between cities and towns and state government must strengthen for us to meet the needs of our residents and businesses in a rapidly changing world. Together, state and local government face many common challenges, ranging from investments in world-class education and public infrastructure to ensuring that we have safe neighborhoods and streets, an adequate safety net for needy citizens and great recreational and cultural facilities.

The task facing local and state leaders is to bring forward and act on the ideas and plans that will keep Massachusetts a vital and exciting place to live and work.

As this report will document, Massachusetts needs a new **Revenue Sharing Partnership** to solidify, renew and revitalize the fiscal health of local government, so that cities and towns can fulfill their crucial role as building blocks for prosperity and progress for our residents, our economy and our future.

AN AGENDA TO STRENGTHEN OUR ECONOMY AND AVERT A LOOMING MUNICIPAL FISCAL CRISIS

As we look ahead to fiscal 2009, revenue sharing and reinvesting in municipal aid is a top priority for two related and compelling reasons: to solve the fiscal distress that is extending its reach to more and more cities and towns, and to ensure a turnaround in our sagging and underperforming state economy.

Massachusetts Municipal Association, October 11, 2007 One Winthrop Square, Boston, MA 02110 • 617-426-7272 • www.mma.org The past several years have been very challenging for state and local leaders, as municipal and Commonwealth officials have struggled to deliver essential government services, balance budgets and deal with the fallout from a flagging economy that has seen Massachusetts lose tens of thousands of jobs and thousands of residents and families to our competitor states.

Cities and towns throughout the state are facing severe fiscal distress. Communities have increased their reliance on the regressive property tax to a 25-year high, eliminated or reduced important services, depleted reserves, and are projecting major structural deficits for fiscal 2009 and beyond. Unless communities and the state form a stronger and more robust fiscal partnership anchored by revenue sharing and increased local aid, this distress will grow into a widespread fiscal crisis. In short, we are heading in the wrong direction.

CITIES AND TOWNS ARE ESSENTIAL TO OUR ECONOMY

The connection between the fiscal health of cities and towns and the success of the state's economy has become increasingly clear in recent years, beginning with the release of *Revenue Sharing and the Future of the Massachusetts Economy,* authored by economists at the Center for Urban and Regional Policy (CURP) at Northeastern University in 2006.

Unless communities and the state form a stronger and more robust fiscal partnership anchored by revenue sharing and increased local aid, this distress will grow into a widespread fiscal crisis.

Based on detailed research and analysis, the findings were unequivocal: "Increasing the overall fiscal capacity of cities and towns turns out to be central to the future prosperity of the Commonwealth... providing communities with the resources to deliver the services and amenities that workers want for their families is critical to the state's future development and prosperity... (and) equally important is making sure that local municipalities have the ability to provide the economic and social environment that is attractive to industry."

This economic analysis has been affirmed by powerful voices, including Fannie Mae, The Brookings Institution, George Washington University, the Boston Foundation, and others.

"States that ignore the economic well-being of their cities (and towns) will pay dearly, because cities are at the heart of real economies of goods and service production and innovation." – GWU & CSU Economic Report

Early this year, George Washington University's Institute of Public Policy and Cleveland State University's Office of Economic Development published *States and Their Cities: Partnerships for the Future*, a major report sponsored by Fannie Mae. Their findings: "State economies exist within a fiercely competitive international environment...in this global economy, cities are an increasingly important determinant of state economic performance... states that ignore the economic well-being of their cities (and towns) will pay dearly, because cities are at the heart of real economies of goods and service production and innovation."

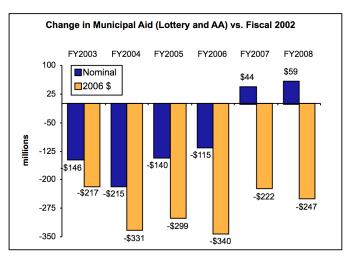
Further, the Brookings Institution's Metropolitan Policy Program's 2007 report, *Restoring Prosperity*, calls for a renewed partnership and state government investment in urban areas and in communities in general, noting that such investments will bring enormous benefits, including reducing unemployment and poverty, increasing income and wealth, improving the quality of life for families, increasing the jobs, amenities and housing choices for urban and suburban residents, enhancing the regional market for business location, increasing property values, and improving the overall competitiveness of metropolitan areas. The report says all of this is in the states' own interests: "Ultimately, this all adds up to stronger, healthier, more productive cities and regions that are a boon to, rather than a drain on, state budgets evidence, to be sure, of money well spent."

Restoring the fiscal health of communities and the economic health of Massachusetts through revenue sharing will build a stronger future for our state. Unfortunately, without revenue sharing and increases in municipal aid, local budget shortfalls will continue, property tax reliance will be too high, municipal

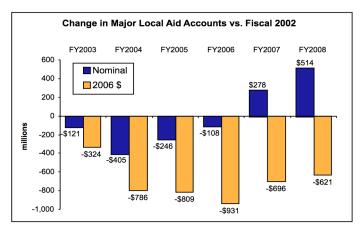
Massachusetts Municipal Association, October 11, 2007 One Winthrop Square, Boston, MA 02110 • 617-426-7272 • www.mma.org services will be curtailed, and our state economy will fall further behind the rest of the nation.

MUNICIPALITIES FACE FISCAL DISTRESS

This year, direct municipal aid increased by \$15 million, or just about 1%, not enough to keep pace with growing costs. Moreover, when accounting for inflation, this municipal aid (Lottery and Additional Assistance) is \$247 million (16%) *below* fiscal 2002 levels, even after the Legislature's extraordinary and deeply appreciated action to fully uncap the Lottery in 2006. This spring, as state leaders gave great attention to education funding, and balancing the state's tight operating budget, municipal aid was confined to Lottery aid and level-funded Additional Assistance.



In the half dozen years since the 2001 recession, there has been some measure of recovery and stability in school aid programs. After cuts in fiscal years 2003 and 2004, Chapter 70 and school transportation aid has rebounded modestly and this year is about \$455 million (14 percent) higher than in fiscal 2002, before adjusting for inflation. After accounting for inflation, this school aid is down by \$374 million (10%), and combined municipal and school aid in these accounts is down by 11%, or \$621 million.



Ever since Proposition 2½ became law in 1980, cities and towns have relied heavily on local aid and revenue sharing, yet municipal finances are heading in the wrong direction. With local aid down, reliance on property taxes increasing, and widespread cuts and reductions in local services over the past several years, more and more communities are facing structural budget deficits that cannot be closed without doing more harm to our economy, and eroding the foundation for the Commonwealth's growth and prosperity.

Lagging Lottery Performance Unmasks a Deeper Threat to Municipalities

Municipal assistance has grown by about \$95 million (almost 7 percent) over the past six years, averaging about 1 percent annually. Almost all of the growth following the \$230 million in municipal aid cuts in fiscal years 2003 and 2004 has been in the form of new Lottery distributions. The state's municipal assistance policy since 1990 and since the 2001 recession has been a Lottery-only policy to provide revenues to help pay for municipal services and ease reliance on the property tax.

The steady stream of Lottery dollars that helped pay for municipal services and ease reliance on the over-burdened property tax for the past two decades has started to run dry, leaving the fiscal 2008 Cherry Sheet municipal assistance program in deficit by more than \$100 million.

The Cherry Sheet Lottery distribution for fiscal 2008 allocates \$935 million to help balance local budgets, yet available Lottery revenues this year and next year are not expected to exceed \$800 million. This shortfall will be made up from the state's general fund.

Since 1992, Lottery profits have provided the only source of new general municipal assistance dollars. The appropriation for the other municipal assistance program, Additional Assistance, has been level-funded or reduced over this period. These two mainstays of municipal finance total more than \$1.3 billion this year.

The Lottery shortfall in fiscal 2007 and predicted for this year (fiscal 2008) and fiscal 2009 marks the practical end of a Lottery-only municipal assistance policy. If Lottery distributions and total municipal aid are funded next year based on actual proceeds from the Lottery, municipal assistance would go down by an estimated \$135 million, and total municipal assistance in fiscal 2009 would be about \$40 million less than in fiscal 2002, seven years ago.

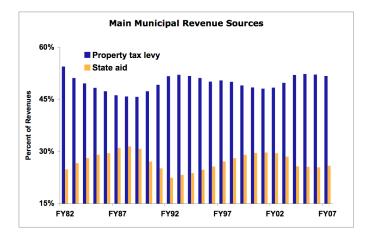
The Lottery deficit is not small and it is not going to go away, which means that state policy-makers and municipal officials need to start working together on the next generation of state revenue sharing in time for the fiscal 2009 state budget. The Massachusetts Municipal Association, October 11, 2007 One Winthrop Square, Boston, MA 02110 • 617-426-7272 • www.mma.org Lottery will always be important, but Massachusetts desperately needs new and expanded funding for municipal aid.

Cities and towns cannot sustain a 10-15 percent cut in general municipal aid next year without significantly higher reliance on the property tax and reduced municipal services. With the Lottery badly missing its revenue benchmarks and struggling with poor performance, this unmasks a glaring shortfall in funding for non-school services, as the major nonproperty tax source of funds for municipal programs is clearly not enough to maintain current needs, now and into the future.

The MMA and others, including the Massachusetts Taxpayers Foundation, the Center for Urban and Regional Policy at Northeastern, and the Hamill Commission, support a longrange plan to devote 40% of the state's tax revenues to share with cities and towns, funding expanded municipal and school aid. This framework would be phased in over time, in careful consideration of the urgent local need and our concurrent obligation to make the plan affordable and sustainable for the state.

Over-Reliance on the Regressive Property Tax

Communities now rely on the property tax to fund 52% of their budgets, among the very highest of levels in the past 25 years, and residents are calling out for more balanced solutions, including restoring local aid and broadening the tax base beyond the property tax.



Municipal leaders have been standing up at home, and taking difficult positions to increase local property taxes and cut local services, not because they want to, but because without revenue sharing and other local revenue powers, these are the only choices. Yet these choices are inadequate. So far this year, 55% of the communities that have attempted overrides were unsuccessful, and only about 28% of the

override revenues requested have been approved by voters. The difference has been made up by deep budget cuts, including closing schools, reducing public safety personnel and teachers, cutting library hours, deferring important public works repairs, and imposing fees on residents.

REVENUE SHARING IS THE SOLUTION

In the new global economy cities and towns mean more to our prosperity and success than ever before. The challenge is for local and state officials to unite and avert the municipal fiscal crisis that looms on the horizon, and invest in communities to foster our economic growth.

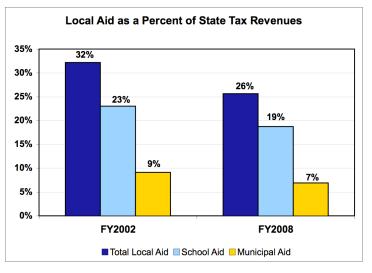
Revenue Sharing: Dedicating a Fixed Share of State Tax Collections to Support Local Government Services and Reduce Reliance on the Property Tax

The Massachusetts Municipal Association is calling for a revitalized state tax revenue sharing policy based on a fixed share of state tax collections dedicated to the support of municipal services and public education. The MMA's "40-10 Plan" recommends that 40% of the state's three growth taxes (personal income, corporate excise, and sales) be set aside for direct municipal and school aid payments and that 10% of growth taxes (one-quarter of the 40% amount) be dedicated to a renewed municipal aid program that is currently limited to Additional Assistance and Lottery distributions.

Revenue sharing has received widespread support, including backing by the Massachusetts Taxpayers Foundation, local officials from every corner of the Commonwealth, the Municipal Finance Task Force, and the Center for Urban and Regional Policy at Northeastern University.

"Fixed share" revenue sharing has received widespread support, including backing by the Massachusetts Taxpayers Foundation (November 2005) and local officials from every corner of the Commonwealth, and was included as a key recommendation in the September 2005 report of the Municipal Finance Task Force, *Local Communities at Risk*, and in the January 2006 report by the Center for Urban and Regional Policy at Northeastern University, *Revenue Sharing* and the Future of the Massachusetts Economy.

The MMA 40-10 Plan is based on historical levels of revenue sharing over the past two dozen years since Proposition 2½ took effect. If it was in place during the recent recession, cities and towns would have received local aid cuts that matched the actual drop in state revenues, and eventually local aid levels would have been restored as the state's tax base recovered. For purposes of comparison, the MMA's analysis shows that at the 40% revenue sharing mark, local aid would have been restored to pre-recession levels by fiscal year 2007. As it is, local aid for cities and towns has declined as a percentage of state tax revenues, and our communities have imposed municipal service cutbacks, increased property taxes and still face fiscal distress.



As this new revenue sharing partnership is put in place, it could be implemented over time in a way that responds to fiscal needs at both the state and local levels. The MMA recommends five years to phase in the proposed municipal aid program.

Cities and Towns Provide "Building-Block" Services

Cities and towns in Massachusetts are responsible for a great variety of public services that are highly valued by citizens and businesses and play a fundamental role in the state's economic future. These services include the education of nearly one million school children; police, fire and emergency protection for six million residents and for thousands of businesses; the maintenance of 30 thousand miles of roads and bridges; and the vital but less heralded cultural and human services that are provided locally. These local services are crucial to attracting and retaining families, businesses, jobs and investment in Massachusetts. • Local public schools educate for the workforce and higher education more than 950,000 school children, including 40,000 children in mandated bilingual education programs and 160,000 children who receive special education services required by state and federal law.

• Municipal police and fire departments protect the safety of the state's six million residents and the property and employees of its businesses.

• Local public works departments maintain and plow snow from the almost 30,000 miles of roads under local jurisdiction, maintain safe drinking water supplies and wastewater treatment facilities, and collect and dispose of locallygenerated trash.

• Free public libraries in cities and towns across the state make available 30 million books and other resources, including Internet service, for the millions of people who walk through library doors each year.

• Public health departments, code enforcement agencies and human and elder service offices ensure safe homes, work places and neighborhoods, provide services to the homeless and other needy local citizens.

• Local recreation and conservation commissions protect open space and other local environmental resources and provide athletic and other recreational facilities and programs for local youth.

• State and federal spending mandates impose further obligations and expensive requirements at the local level to provide specific services at high standards in areas such as special education, infrastructure construction, landfill capping, safe drinking water delivery, and sewage treatment.

The state's compelling interest in revenue sharing is based on the vital importance to economic growth and prosperity of a first-class system of public education, and safe and vibrant cities and towns.

Local voters and elected officials appropriate more than \$21 billion to pay for these services, drawing \$11 billion from the tightly capped property tax, the main source of locally controlled revenues. The enormous mismatch between locally controlled revenues and local service obligations has historically and rightly been addressed by state tax revenue

Massachusetts Municipal Association, October 11, 2007 One Winthrop Square, Boston, MA 02110 • 617-426-7272 • www.mma.org sharing through a variety of "local aid" programs. Revenue sharing from the state totals \$5.5 billion this year, or about one-quarter of local spending.

The deep local aid cuts in fiscal 2003 and fiscal 2004 following the 2001 recession have led to disarray and uncertainty in state revenue sharing policy and to over-use of the property tax to support municipal and school services. The unfortunate truth is that these local aid cuts have reduced the quality of the municipal services that are so important to our economic prosperity, and communities now rely far too much on the property tax.

The Concept of Revenue Sharing

The structure of government services we have here in Massachusetts presumes a vigorous revenue sharing program through which state tax collections are used to ensure that city and town services can be adequately funded without undue reliance on the property tax. The state's compelling interest in revenue sharing is based on the vital importance to economic growth and prosperity of a first-class system of public education, and safe and vibrant cities and towns.

Massachusetts citizens depend on government to provide a certain array and level of services so that they may pursue their lives and exercise their rights. The state and its cities and towns provide very different types of public services although in both cases the services are vitally important to the citizens that benefit from them.

Cities and towns generally provide broadly used community services such as public education, police and fire protection, and local road maintenance and snow plowing — just to name a few. The state pays for state services, such as public higher education, the courts and corrections, and state highway maintenance and other state and local capital programs. A significant part of the state budget also provides payments to and provides support for disadvantaged individuals and families, such as public health and public welfare programs.

State and municipal governments budget roughly similar amounts for their direct service responsibilities, approximately \$21 billion by local government for Fiscal 2008, including spending from state revenue sharing, and about \$24 billion by state government, after deducting local government assistance. Including these distributions, state spending this year is expected to total about \$29 billion.

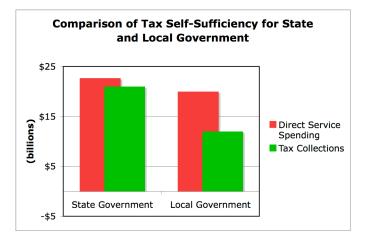
One key piece of this state-local puzzle is the \$4 billion in state tax revenues distributed to local government to help pay for more than \$10 billion in municipal responsibilities for the operation of schools that is assigned to local government by state law. A second component is the \$1.3 billion in additional assistance and lottery distributions made available to support municipal services and to reduce reliance on the property tax.

Paying For Government Services as Partners

While there is a rough level of parity in the scope of state and local government services, measured in dollar terms, there is a significant inequality between the ability of the two levels of government to raise the revenues necessary to support these services. The state retains full control over what taxes may be levied at both the state and local level.

The property tax is the only major tax available to local government. The state levies the personal income tax, the sales and use taxes, the corporate excise and several others. Local government administers the regressive local property tax while the state has available to it a range of less regressive and more progressive tax options.

State and local taxes are paid by businesses and residents of all cities and towns in expectation of adequately funded services at both the state and local level. This mismatch in taxing authority can be balanced if the state shares tax revenues with local government.



A revenue sharing plan for the future should recognize the high value that citizens attach to both locally provided services and to state services and acknowledge that local governments cannot support municipal services with only the property tax, and thus it is imperative that the state share its tax revenues.

Revenue sharing has many core benefits, in that it allows communities to plan, ensures stability and predictability, allows for adequate funding of key services, grows with the economy, ensures a level of equity across all cities and towns in the ability to provide certain basic levels of municipal services, and provide protections during an economic downturn. A good revenue sharing plan also recognizes that communities are best able to prioritize and shape the types and levels of local services and the state should not try to micro-manage local services through such devices as earmarking.

In Massachusetts, the state and its local governments provide very different types of high quality services for state residents. At both levels of government, these services are valued and supported by residents and taxpayers as essential to a high quality of life. Because the Legislature has sole authority to enact taxes as well as a disproportionate ability under current tax law to raise revenues in relation to the services it has a direct responsibility to provide, the state must recognize its obligation to share its tax collections with local government to help pay for municipal services and to avoid over-reliance on the local property tax. State revenue sharing policy must acknowledge that the property tax is regressive compared to others taxes available for use by state and local government in Massachusetts.

AUGMENTING REVENUE SHARING WITH KEY LEGISLATION AND POLICIES

There is no one magic or easy solution to the problems confronting communities. Cities and towns here in Massachusetts need a number of vital tools in addition to revenue sharing and local aid — expanded revenue raising powers in the form of local option taxes, greater control over the local property tax base by closing the telecommunications tax loophole, and greater management authority in the form of parity with state officials in their ability to shape personnel benefits and manage day-to-day affairs. These are all steps on the road to recovery.

Local leaders are willing to take on the added responsibility of implementing other local taxes, such as meals and lodging taxes, if given that power. Similarly, if state officials need to enact additional revenues to balance their budget and fund essential priorities for the good of the state, from infrastructure investment to human services to revenue sharing, local leaders will stand up with them.

Local Option Taxes to Diversify Local Revenues and Reduce Reliance on the Property Tax

Local government in Massachusetts has strictly limited authority to raise taxes, mainly the property tax and a few much smaller taxes such as the motor vehicle and boat excises and the local option room occupancy and jet fuel excises. Most states authorize their local governments to implement a much broader array of local option taxes, including local option sales taxes, and even local payroll taxes.

At a minimum, the Massachusetts Municipal Association urges the Commonwealth to authorize cities and towns to adopt a local option meals tax of up to 2%, and an increase of up to 2% in the current local option hotel-motel tax, which would immediately allow many communities to diversify their revenues, reduce their overall reliance on the property tax, and fund core services that are essential to the region. Further, the Legislature could work with municipal and state stakeholders to examine other ways to diversify local revenue sources and to provide an alternative to the property tax.

Closing the Telecommunications Tax Loophole

The state's property tax law is old and outdated, and in too many instances has not kept up with rapidly changing social and business practices. There are loopholes in the law that enable certain taxpayers, most recently telecommunication companies, to avoid local taxation simply by changing businesses practices or company status. This exemption, provided decades ago, no longer serves its original purpose, and allows telephone companies to dodge nearly \$80 million in taxes and shift the burden onto the homeowners. businesses and remaining taxpayers in the community. The MMA recommends closing the telecommunications loophole that has allowed telephone companies to avoid paying their fair share of local property taxes.

Expanding Targeted Property Tax Relief

The property tax burden is a major concern for municipal officials in cities and towns across the state, poor and wealthy, who increasingly find elderly homeowners and other needy taxpayers experiencing real hardship due to normal property tax increases and the impact of override and exclusion votes.

Property taxes are necessary to fund local services, the current system of exemptions and abatements at the local level and the state administered property tax "circuit breaker" in the state income tax isn't providing adequate relief to many taxpayers who qualify and is missing many other burdened taxpayers completely. The most effective means of reducing overall local reliance on the property tax is to enact the permanent 40-10 revenue sharing plan, so that cities and towns can fund vital local services and lower the percentage of local budgets funded through real estate taxes. Beyond revenue sharing, additional measures can be offered to augment, improve and target tax relief, including the state circuit breaker program, which is funded through the state's more progressive tax system.

Further, state and municipal officials can work together to evaluate the system of property tax relief in the so-called "clause exemption" programs to ensure that needy taxpayers are receiving adequate relief across all cities and towns. Reforms or expansions could be drafted to provide effective

and targeted tax relief, without eroding the ability of communities to fund services.

Addressing the Future of Funding Education

The state's partnership with cities and towns and the investment in municipal and school services takes shape in a real way through the great variety of Cherry Sheet and other allocations of state assistance to individual cities and towns. These payments and programs frequently reflect joint commitments to achieve worthy program goals, such as community policing or special education services for disabled students.

The Patrick-Murray Administration's Readiness Project will provide an opportunity to review the Chapter 70 school finance law, particularly the "Foundation Budget" that defines the minimum level of adequate spending for each municipal and regional school district. The MMA, working with the education community, believes that the 15-year old foundation standard does not reflect the current cost of funding first-rate schools and should be updated. Indeed, most analysts agree that cities, towns and school districts generally spend an average of 20% more than the Foundation Budget in order to provide a basic education. Further, to help reduce reliance on the property tax and bring Massachusetts in line with most other states, the MMA recommends that Chapter 70 be based on a fair fifty-fifty state-local sharing of the statewide cost of schools rather than the almost sixty-forty split that is now state policy.

Fixing the Flaws in Charter School Funding

While charter schools have become a part of public education here in Massachusetts, the flawed funding system creates tremendous animosity and hardship locally, and the system needs to be reformed. Dozens of communities have been forced to cut their own public school services due to losses in Chapter 70 aid caused by the flawed charter school funding system. Even as the Readiness Project takes a fresh look at how charter schools could constructively fit into our education program, it is imperative that the state's fiscal 2009 budget address this major issue by holding local districts harmless from further losses, and ensuring adequate levels of aid, including at least minimum aid for all. This is an immediate and urgent issue that must be resolved.

Funding Key Municipal-Side Programs

On the municipal side, police, fire and other public safety services are dependent on an adequate and predictable stream of municipal aid that is not earmarked for school budgets or for any other purpose. This year, Additional Assistance and Lottery distributions totaled \$1.3 billion in flexible unearmarked revenues for local appropriations, a bare minimum level of discretionary aid.

Flexible (unearmarked) aid distributions must be the guiding policy for the state and dedicated revenues should be used for limited joint programs. Past experiences have clearly shown that it is not possible for state policy makers to develop mandate-based programs and formulas that anticipate needs and preferences across all 351 cities and towns. General discretionary municipal aid is essential to allow cities and towns to fund the full range of vital local services without state interference and the inefficiencies that would result.

There are a number of smaller but very important targeted programs that contribute to joint state-local public safety goals and public policies, including the police incentive pay program, community policing grants, the payment-in-lieu-oftaxes program, and school transportation reimbursements. These are important state investments that dedicate revenue for particular purposes, and state and local leaders should work as partners to ensure that the state's level of funding and reimbursement is appropriate to meet local needs.

WORKING TOGETHER TO STRENGTHEN OUR ECONOMY AND OUR COMMUNITIES

These are very challenging times for state and local leaders, as municipal and Commonwealth officials have struggled to deliver essential government services, balance budgets and deal with the fallout from a sagging economy that has seen Massachusetts lose tens of thousands of jobs and thousands of residents and families to competitor states.

As we look ahead to fiscal 2009, revenue sharing and reinvesting in municipal aid must be a top priority for two related and compelling reasons: to solve the fiscal distress that is extending its reach to nearly every city and town, and to ensure a turnaround in our sagging and underperforming state economy. Cities and towns are facing fiscal distress, having increased their reliance on the regressive property tax to a 25-year high, eliminated or reduced important services, depleted reserves, and projecting major structural deficits for fiscal 2009 and beyond. We have the opportunity to establish a stronger and more robust fiscal partnership anchored by revenue sharing and increased local aid, and keep this distress from growing into a widespread fiscal crisis.

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Revenue Sharing is a Partnership for the Future

Now, more than ever, municipal and state leaders must stand together as partners to overcome the challenges and obstacles ahead and build a stronger Massachusetts for our residents and businesses. We must be open to change, innovation and shared responsibility. We must recognize that our economic competition is not New England or the rest of the nation — it is global. We must be prepared to listen and act, not just on state or local ideas, but all good ideas. To do this, we must maintain a dynamic dialogue, both formal and informal, to guide and shape this new partnership.