

## **MMA “Navigating the Storm” talking points for members**

- This new report is the follow-up to the “Perfect Storm” report the MMA produced back in October that did such an effective job showing how cities and towns — which deliver the essential services all residents rely on every day — are being pushed to a fiscal breaking point.
- The “Perfect Storm” report documented the size, scope, and origins of the problem. The “Navigating the Storm” report is the MMA’s recommended actions to help put municipalities back on sounder fiscal footing.
- By far the **most important recommendation** is the need for a major infusion of Unrestricted General Government Aid (**UGGA**) to make up for the local aid from the Commonwealth that cities and towns lost during the Great Recession of 2008-2010.
  - 18 years after those reductions, UGGA has just returned to fiscal 2008 levels in the most recent (fiscal 2026) state budget, *NOT adjusting for inflation*.
- The MMA is calling for a **\$351 million UGGA increase** to restore the state partnership to pre-recession levels — *“the most direct and immediate way to strengthen the foundation of municipal government.”*
- Along with making up the lost ground on UGGA, the MMA report advocates for ensuring all other local aid programs remain fully funded going forward: Chapter 70, the special education “circuit breaker,” other school-related accounts, payments to cities and towns for non-taxable state property within their borders (forests, parks, schools, etc.) and more.
- The MMA is also advocating for cities and towns to have: 1) more flexibility for raising local revenues, and 2) more options for raising local-option taxes and cutting costs, as proposed in Governor Healey’s Municipal Empowerment Act:
  - Prop 2 1/2: Keep the overall framework, but let local voters choose, if they wish, to implement gradual, multi-year overrides ... or replace today’s 2.5 percent annual levy limit increase, temporarily or permanently, with a higher fixed cap like the CPI
  - More local flexibility on reclassification and shifting tax load between commercial/industrial and residential/personal property, including making it easier to enact tax exemptions for seniors, veterans, and others
  - Some new or increased local-option taxes, including a slightly higher local hotel/motel tax and meals tax, a local-option surcharge on motor vehicle excise tax bills, and a local-option tax on real-estate transfers to fund affordable housing
  - More incentives for regionalizing services and reducing municipal government costs, in line with the Governor’s Municipal Empowerment Act
- Bottom line: The MMA is recommending a wide-ranging, thoughtful package of measures to shore up municipal finances and more local-option ways to grow revenue and cut costs, including some flexibility on the Prop 2 1/2 revenue cap for communities whose voters OK it.
  - **Far and away the most important piece** is the **\$351 million** in UGGA funding to just get us back to where we were for so many years in the 1990s and early 2000s before the Great Recession hit and cutbacks then never got restored.