



May 2022

Host Community Agreements Analysis 2.0

In 2017, the Massachusetts Legislature amended the voter-passed cannabis legalization bill to permit localities in the Commonwealth to collect an “impact fee” equal to 3% of gross revenues for any licensed recreational cannabis establishment. Over the last four years, this impact fee has been the subject of legal and journalistic scrutiny, both over the capacity of the Cannabis Control Commission to regulate collection of the fee, as well as whether towns across Massachusetts can demonstrate actual impacts that the fee is collected to mitigate. In 2021, the McCormack School at the University of Massachusetts Boston published a report titled “[An Analysis of Cannabis Host Community Agreements in the Commonwealth of Massachusetts](#)” that examined the legal agreements in towns with licensed operations, finding that most agreements imposed the maximum allowed impact fee and used a number of different reasons to justify it. Additionally, many agreements called for additional payments or required activities beyond the scope of the impact fees. Until the point of data collection, few towns had collected any impact fees, so the records of towns was rather limited on where the funds for these impact fees might go.

This summary is an updated report on impact fee collections two years after this initial report. We find that the overall picture for impact fees is still very uncertain, with many towns not responding or providing transparency on where the funds have gone. A major theme of our analysis here shows that there are significant disparities between the amounts that are reported as paid to the towns by licensees to the Cannabis Control Commission, and what towns themselves are reporting in response to public records requests. While some of this may come from accounting timelines, there are still large discrepancies in excess of \$1 million both ways. The records provided as well as the narrative replies of towns demonstrates that there is significant variance in how towns are receiving and spending these funds, with a few towns such as Athol and Brookline having very specific plans while many other localities have elected to deposit most or all these revenues into their general funds.

As the Legislature continues to consider policy changes to the 2017 legalization law, this updated data underscores the need for additional transparency and regulation of impact fees and the grant of clear authority to be given to the Cannabis Control Commission. Some towns such as Amherst and Northampton have stopped collecting impact fees given the uncertainty, and the Supreme Judicial Court has scrutinized these payments in recent cases. We continue to urge further research and inquiry into these payments, and for policymakers to provide towns and

cities across Massachusetts a clear and transparent process to address any provable cost impacts of cannabis legalization as the recreational market continues to mature.

This summary, and the underlying data collection, was conducted by Northeastern PEAK Scholar Jack Masliah under the direction of Professor Jeffrey Moyer of the School of Public Policy and Urban Affairs.

Summary of Impact Fee Responses in Massachusetts

This summary consists of 5 sections. First, a list of all cities that were sent public records requests (PRR) and which responded. The second section outlines how much money these towns reported to have received as impact fees. The third section explains where this money is supposed to go as agreed upon by their Host Community Agreements (HCA's). Fourth, we compare how much money they received and how much of this money has actually been used by the town. Lastly, we see the difference between how much money they have received according to their public records requests responses and how much has been reported to the Cannabis Control Commission (CCC).

Public Records Requests Responses

Public records requests were sent in two separate email batches to 88 Massachusetts municipalities between March 28th and May 3rd. The first was sent on March 28th:

Under the Massachusetts Public Records Act § 66-10 we are requesting public records to the collection, budgeting and expenditure of any "impact fees" collected under a Host Community Agreement signed with a licensed cannabis operator in your town, as well as any other donations specified in the Host Community Agreement. If your municipality has not yet spent any funds collected, please provide any relevant records related to plans to expand or return these funds. If there are any fees for searching or copying these records, please inform me if the cost will exceed \$50. However, we would also like to request a waiver of all fees in that the disclosure of the requested information is in the public interest and will contribute significantly to the public's understanding of how these agreements are negotiated as well as how towns and cities are using these funds to address the impact of cannabis legalization, and influence research for policymakers considering further action on this matter. This information is not being sought for commercial purposes.

The Massachusetts Public Records Act requires a response to this request within 10 days. If access to the records we are requesting will take longer than this amount of time, please contact us with information about when we might expect copies of the requested records. If you deny any or all of this request, please cite each specific exemption you feel justifies the refusal to release the information and notify me of the appeal procedures available to us under the law.

The second was sent in April to the towns that responded to the first email with insufficient information:

I am grateful for your quick response and am sorry that I was not clear enough through my first email. The research I am conducting is looking specifically at documents relative to collection, budgeting, and expenditure of so-called “impact fees,” which are any fees collected under a Host Community Agreement signed with a licensed cannabis operator in your town. To reiterate, I would like a list of all the licensed cannabis operators in your town, along with how much money they have provided your town with (as it relates to the HCA) throughout the years, and — if possible — how this money has been spent by the local government.

In total, 54 towns (shown in the table below) responded to this request¹.

Towns that responded = Blue

Towns that did not respond = White

Amesbury	Easthampton	Kingston	New Bedford	Springfield
Amherst	Fall River	Lakeville	Newtown	Sturbridge
Arlington	Fitchburg	Lee	North Brookfield	Taunton
Ashby	Framingham	Leicester	Northampton	Tisbury
Athol	Franklin	Littleton	Orange	Tyngsborough
Ayer	Freetown	Lowell	Oxford	Ware
Barre	Gardner	Lynn	Pittsfield	Wareham
Bellingham	Georgetown	Marlborough	Plainville	Watertown
Blackstone	Gloucester	Maynard	Plymouth	Webster
Boston	Great Barrington	Medway	Provincetown	Wellfleet
Brewster	Greenfield	Melrose	Rowley	West Boylston
Bridgewater	Hadley	Middleborough	Salem	West Stockbridge
Brookline	Hatfield	Milford	Salisbury	Westfield
Cheshire	Haverhill	Millbury	Sharon	Whatley

¹ [Link](#) to all 88 municipalities’ responses to our Public Records Requests.

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Arlington	Fitchburg	Lee	North Brookfield	Taunton
Ashby	Framingham	Leicester	Northampton	Tisbury
Athol	Franklin	Littleton	Orange	Tyngsborough
Charlton	Holbrook	Millis	Sheffield	Williamstown
Chicopee	Holyoke	Millville	Shrewsbury	Worcester
Dracut	Hopkinton	Montague	Somerset	
Dudley	Hudson	Nantucket	Southbridge	

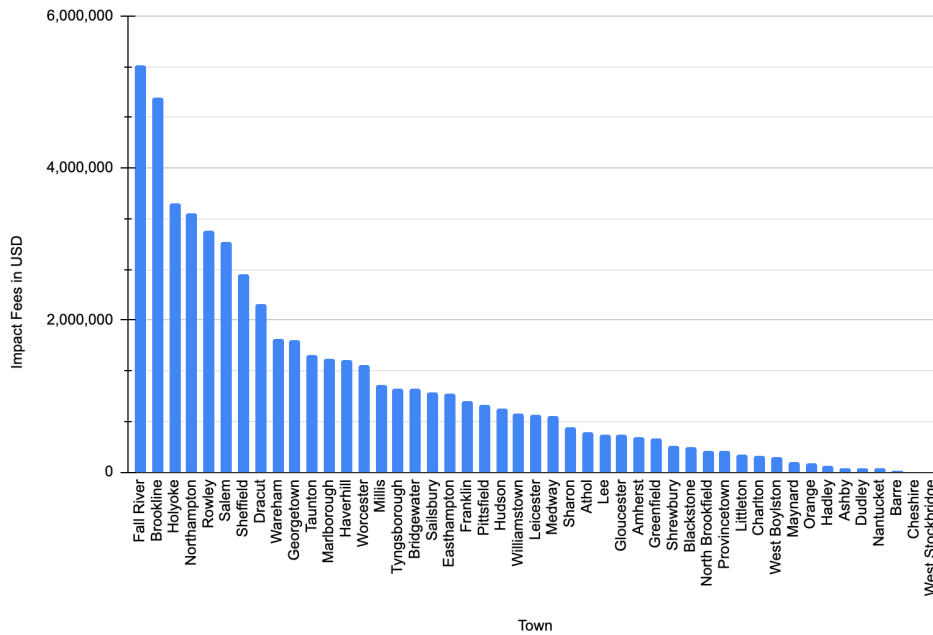
Total Impact Fees Collected

Of the 54 towns that responded, 47 sent a dollar amount showing total funds collected from “impact fees” since the town’s approval of its first HCA. There were three (3) towns that simply did not provide a total amount, nor did they provide an explanation as to why that total amount was not available: Bellingham, Millbury, and Westfield. The remaining four (4) towns that did not provide a total amount of fees collected have either stopped collecting impact fees (Amesbury) or have not yet received any money from their HCA’s (Brewster, Hatfield, and Southbridge).

Amesbury response: “I am writing to notify you that the City has decided to suspend collection of impact fees as provided for in our cannabis establishment host agreements. The City will continue to monitor and review impact from these establishments, including consideration of a study for such impacts, as it determines whether and when to resume collection of impact fees.”

The remaining 47 towns collected a total of \$53,303,559 in “impact fees” since the year 2018. The average “impact fee” amount was \$1,134,118 while the median was \$750,000. The towns that collected the most funds were Fall River (\$5,343,805) followed by Brookline (\$4,916,802), while the towns of West Stockbridge and Cheshire collected the least amount of money (\$3,404 and \$5,000 respectively).

Impact Fees Collected vs. Town

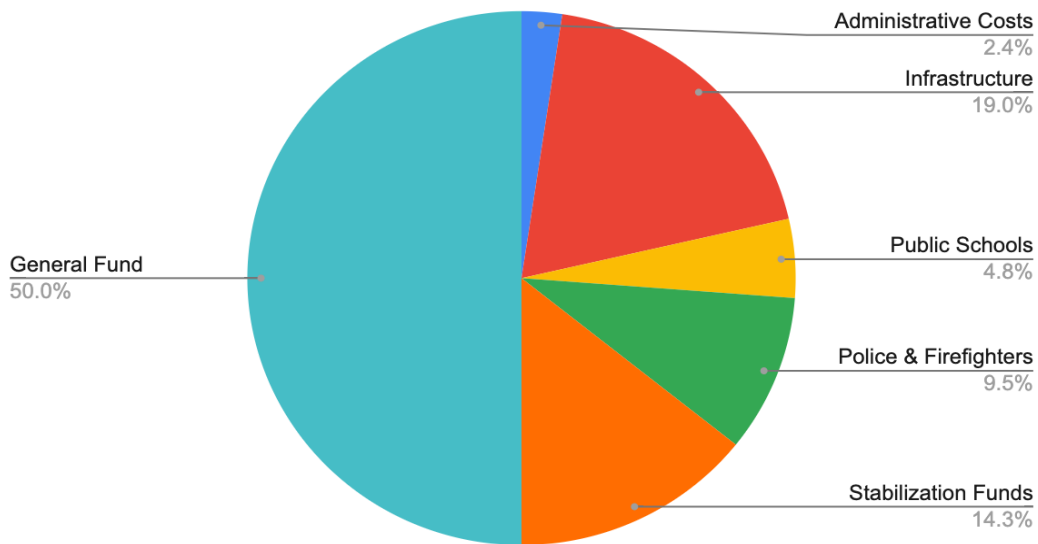


Where the Money is Being Allocated

Out of the 54 towns that responded to our public records request, 42 (totaling \$38,983,482) explained where this money would be going. The 12 towns that did not explain where the money collected under the HCA’s would go or what it would be used for were: Amesbury, Amherst, Bellingham, Brewster, Bridgewater, Brookline, Gloucester, Fall River, Hatfield, Holyoke, Marlborough, and Sheffield.

Out of these 42 towns, 21 stated that they had moved all the money collected under “impact fee payments” into a General Fund. Eight (8) towns used some of the money for infrastructure. Six (6) moved some of the money into a stabilization fund. Four (4) allocated some of the money towards police and firefighting needs. Two (2) allocated some of the money to the public school system. One (1) town spent some of the money on administrative tasks.

Where Impact Fees are Being Allocated

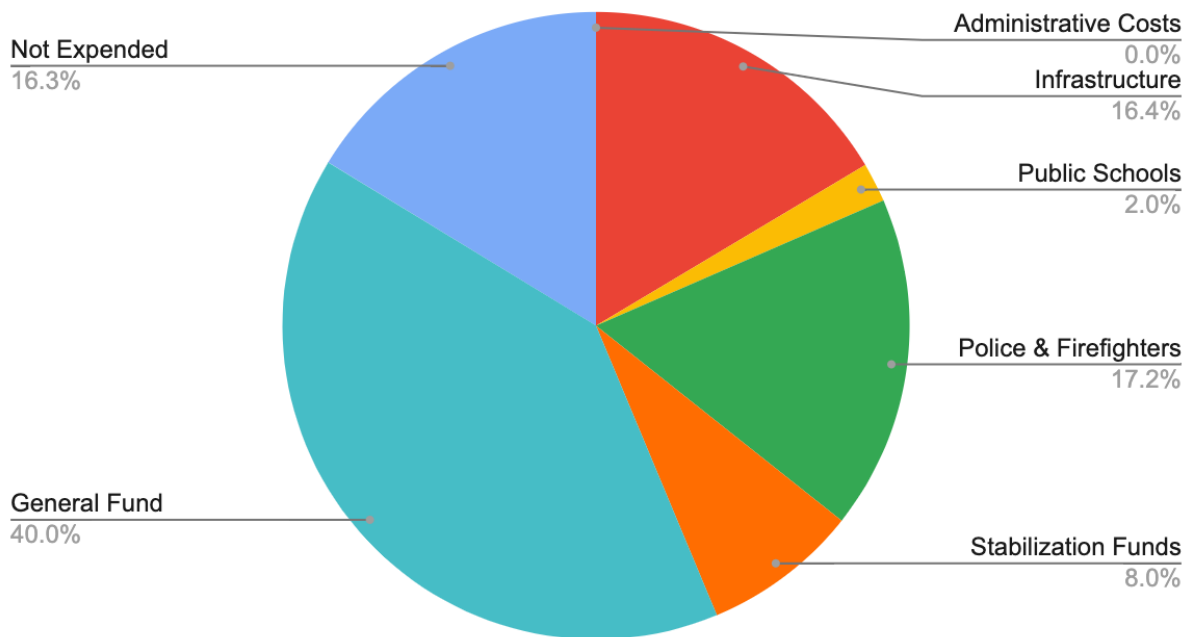


While the 21 towns that collect impact fees into a General Fund reported that the number they received is equal to the number that they have moved into the General Fund, this is hardly the case with the remaining towns that do not move their money into a General Fund. For example, the town (Ashby) that reported spending their impact fee money on “administrative tasks” explained that they only used \$387.5 on said tasks, even though they have collected a total of \$51,266 from impact fees. This means that more than 99% of the money this town has collected is unaccounted for and has not been expended.

Money Allocated vs. Money Received

In total, out of the reported \$38,983,482 received from impact fees from these 42 towns, \$32,643,431 (or **83.7%**) has reportedly been utilized by the city, while the remaining **16.3%** of the money has not been expended. The breakdown of this 83.7% of money that has been used can be further explored below, which shows where this money has been allocated:

Allocation by \$ Amount



Funds Not Expended

- ❑ Towns that reported moving their money into a “General Fund” (which accounts for \$15,601,161) claimed that 100% of it had been transferred to the fund.
- ❑ Towns that reported using their money for “Police & Firefighters” (which accounts for \$6,711,015) had in reality spent 88.7% on “Police & Firefighters,” the rest has not been expended.
- ❑ Towns that reported using their money for “infrastructure” (which accounts for \$6,409,745) had in reality spent 47.1% on “infrastructure,” the rest has not been expended.
- ❑ Towns that reported moving their money to “Stabilization Funds” (which accounts for \$3,131,719) had moved 52.6% into these funds, the rest has not been expended.
- ❑ Towns that reported using their money for “Public Schools” (which accounts for \$789,403) had in reality spent 30.3% on “Public Schools,” the rest has not been expended.
- ❑ Towns that reported using their money for “administrative tasks” (which accounts for \$51,266) had in reality spent less than 1% on “administrative tasks,” the rest has not been expended.

Reported by Town vs. Reported to the CCC

The second column shows the amount of money that each town received from impact fees according to their Public Records Request (PRR) responses. The third column is the amount of money that towns have reported to have received under impact fees to the Cannabis Control Commission (CCC). The last column shows the percent difference between how much money towns reported according to our PRR and how much they reported to the CCC.

For example, Amherst reported to have received \$459,588 from HCA impact fees, but according to the CCC, this number is only \$284,932. Meaning that they have reported 62% of the money that they have received to the CCC. For a town like Brookline, 136.68% can be interpreted as; Brookline reported 36.68% more money to the CCC than was reported through the PRR.

Town	From PRR	From CCC	Difference
Amherst	\$459,589	\$284,932	62.00%
Ashby	\$51,267	\$2,174	4.24%
Athol	\$526,605	\$45,000	8.55%
Barre	\$23,024	\$17,418	75.65%
Blackstone	\$320,651	\$67,432	21.03%
Bridgewater	\$1,094,097	\$419,025	38.30%
Brookline	\$4,916,802	\$6,720,367	136.68%
Charlton	\$221,000	\$32,780	14.83%
Cheshire	\$5,000	\$5,000	100.00%
Dracut	\$2,209,773	\$538,649	24.38%
Dudley	\$50,000	\$20,000	40.00%
Easthampton	\$1,030,858	\$2,253,066	218.56%
Fall River	\$5,343,805	\$6,776,669	126.81%
Franklin	\$925,161	\$1,500,000	162.13%
Georgetown	\$1,741,200	\$64,552	3.71%
Gloucester	\$491,284	\$491,284	100.00%
Greenfield	\$447,065	\$388,004	86.79%
Hadley	\$87,500	\$25,000	28.57%
Haverhill	\$1,469,066	\$1,010,502	68.79%
Holyoke	\$3,527,062	\$911,993	25.86%

Hudson	\$841,674	\$534,779	63.53%
Lee	\$494,022	\$669,011	135.42%
Leicester	\$750,000	\$2,247,199	299.63%
Littleton	\$230,000	\$180,000	78.26%
Marlborough	\$1,487,312	\$1,290,079	86.74%
Maynard	\$137,935	\$26,000	18.85%
Medway	\$738,200	\$1,019,800	138.15%
Millis	\$1,152,296	\$105,046	9.12%
Nantucket	\$50,000	\$300,797	601.59%
North Brookfield	\$285,000	\$30,000	10.53%
Northampton	\$3,399,521	\$6,275,953	184.61%
Orange	\$112,604	\$32,901	29.22%
Pittsfield	\$880,000	\$785,709	89.29%
Provincetown	\$275,748	\$356,541	129.30%
Rowley	\$3,172,548	\$137,171	4.32%
Salisbury	\$1,047,536	\$776,581	74.13%
Salem	\$3,019,998	\$1,283,261	42.49%
Sharon	\$595,116	\$143,304	24.08%
Sheffield	\$2,606,926	\$598,300	22.95%
Shrewsbury	\$338,463	\$56,000	16.55%
Taunton	\$1,536,578	\$40,000	2.60%
Tyngsborough	\$1,096,018	\$288,238	26.30%
Wareham	\$1,743,203	\$1,114,203	63.92%
West Boylston	\$191,816	\$65,066	33.92%
West Stockbridge	\$3,404	\$4,000	117.51%
Williamstown	\$777,167	\$211,376	27.20%
Worcester	\$1,399,667	\$2,660,204	190.06%