

1 H.266

2 Introduced by Representative Till of Jericho

3 Referred to Committee on

4 Date:

5 Subject: Municipal and county government; county officers; powers and
6 duties; local option taxes; education property tax

7 Statement of purpose: This bill proposes to expand the existing law relating to
8 local option taxes by making any community eligible to elect to impose such
9 taxes and would provide communities that elect to impose such taxes a credit
10 against that community's education finance tax liability.

11 An act relating to local option taxes for all municipalities

12 It is hereby enacted by the General Assembly of the State of Vermont:

13 Sec. 1. 16 V.S.A. § 4001(6) is amended to read:

14 (6) "Education spending" means the amount of the school district
15 budget, any assessment for a joint contract school, technical center payments
16 made on behalf of the district under subsection 1561(b) of this title, and any
17 amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) which is paid
18 for by the school district, but excluding any portion of the school budget paid
19 for from any other sources such as endowments, parental fund raising, federal
20 funds, nongovernmental grants, local option sales tax funds credited to a

1 school district pursuant to section 138a of Title 24, or other state funds such as
2 special education funds paid under chapter 101 of this title.

3 Sec. 2. 24 V.S.A. § 138a is added to read:

4 § 138a. LOCAL OPTION TAXES FOR ALL MUNICIPALITIES

5 (a) Local option taxes are authorized under this section for any
6 municipality.

7 (b) If the legislative body of a municipality by a majority vote
8 recommends, the voters of a municipality may, at an annual or special meeting
9 warned for that purpose, by a majority vote of those present and voting, assess
10 any or all of the following:

11 (1) a one percent sales tax;

12 (2) a one percent meals and alcoholic beverages tax;

13 (3) a one percent rooms tax.

14 (c) Any tax imposed under the authority of this section shall be collected
15 and administered by the department of taxes, in accordance with state law
16 governing such state tax or taxes; provided, however, that a sales tax imposed
17 under this section shall be collected on each sale that is subject to the Vermont
18 sales tax using a destination basis for taxation.

19 (d) On a quarterly basis and after reduction for the costs of administration
20 and collection, the taxes collected under this section will be paid to the
21 education fund for credit against the homestead education property tax liability

1 of the participating municipalities pro rata based on each participating
2 municipality's number of equalized pupils, as that term is defined in section
3 4001 of Title 16, as a portion of the equalized pupils of all the participating
4 municipalities.

5 (e) For any participating municipality, the tax shall be effective beginning
6 with the next tax quarter following 30 days' notice to the department of taxes
7 of that municipality's participation.

8 (f) Nothing in this section shall affect the validity of any existing provision
9 of law or municipal charter authorizing a municipality to impose a tax similar
10 to the local option taxes authorized in this section.

11 (g) As used in this section, "municipality" means a city, a town, or an
12 incorporated village and "participating municipality" means a city, a town, or
13 an incorporated village that imposes a local option tax under this section.

14 (h) On October 1 of each year, the commissioner of taxes shall notify each
15 participating municipality of the amount of local option sales taxes credited to
16 that municipality under subsection (d) of this section.

17 Sec. 3. EFFECTIVE DATE

18 This act shall take effect on July 1, 2009.