

1 H.350

2 Introduced by Representatives Wilson of Manchester, Manwaring of

3 Wilmington, Mook of Bennington, Pearce of Richford, Perley

4 of Enosburg, Smith of Mendon, Stevens of Waterbury,

5 Townsend of Randolph, Turner of Milton and Waite-Simpson

6 of Essex

7 Referred to Committee on

8 Date:

9 Subject: Municipal and county government; county officers; powers and

10 duties; local option taxes

11 Statement of purpose: This bill proposes to expand the existing law relating to

12 local option taxes by making any community eligible to elect to impose such

13 taxes and provides a new formula to redistribute local option taxes.

14 An act relating to local option taxes for all municipalities

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

16 Sec. 1. 24 V.S.A. § 138 is amended to read:

17 § 138. LOCAL OPTION TAXES

18 (a) Local option taxes are authorized under this section for the purpose of

19 affording municipalities an alternative method of raising municipal revenues to

20 ~~facilitate the transition and reduce the dislocations in those municipalities that~~

1 ~~may be caused by reforms to the method of financing public education under~~
2 ~~the Equal Educational Opportunity Act of 1997. Accordingly:~~

3 (1) the local option taxes authorized under this section may be imposed
4 by a municipality; and

5 (2) a municipality opting to impose a local option tax may do so prior to
6 July 1, ~~1998~~ 2010 to be effective beginning January 1, ~~1999~~ 2011, and anytime
7 after December 1, ~~1998~~ 2010 a local option tax shall be effective beginning on
8 the next tax quarter following 90 days' notice to the department of taxes of the
9 imposition; and

10 ~~(3) a local option tax may only be adopted by a municipality in which:~~

11 ~~(A) the education property tax rate in 1997 was less than \$1.10 per~~
12 ~~\$100.00 of equalized education property value; or~~

13 ~~(B) the equalized grand list value of personal property, business~~
14 ~~machinery, inventory, and equipment is at least ten percent of the equalized~~
15 ~~education grand list as reported in the 1998 Annual Report of the Division of~~
16 ~~Property Valuation and Review; or~~

17 ~~(C) the combined education tax rate of the municipality will increase~~
18 ~~by 20 percent or more in fiscal year 1999 or in fiscal year 2000 over the rate of~~
19 ~~the combined education property tax in the previous fiscal year.~~

20 (b) If the legislative body of a municipality by a majority vote
21 recommends, the voters of a municipality may, at an annual or special meeting

1 warned for that purpose, by a majority vote of those present and voting, assess
2 any or all of the following:

3 (1) a one percent sales tax;

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

5 (3) a one percent rooms tax.

6 (c) Any tax imposed under the authority of this section shall be collected
7 and administered by the department of taxes, in accordance with state law
8 governing such state tax or taxes; provided however, that a sales tax imposed
9 under this section shall be collected on each sale that is subject to the Vermont
10 sales tax using a destination basis for taxation. Seventy percent of the costs of
11 administration and collection shall be borne by the municipality, and 30
12 percent shall be borne by the state to be paid from the pilot special fund.

13 (d) ~~Of~~ On a quarterly basis and after reduction for the costs of
14 administration and collection, the taxes collected under this section, ~~70 percent~~
15 ~~of the taxes shall be paid on a quarterly basis to the municipality in which they~~
16 ~~were collected, after reduction for the costs of administration and collection~~
17 ~~under subsection (c) of this section. Revenues received by a municipality may~~
18 ~~be expended for municipal services only, and not for education expenditures.~~
19 ~~Any remaining revenue shall be deposited into the PILOT special fund~~
20 ~~established by 32 V.S.A. § 3709 shall be distributed as follows:~~

1 (1) seventy percent to the participating municipality in which the tax
2 was collected;

3 (2) the first \$5,000,000.00 of the remaining 30 percent to the payment in
4 lieu of taxes special fund established by 32 V.S.A. § 3709; then

5 (3) the remainder to the town highway revolving fund established by
6 19 V.S.A. § 11b.

7 (e) As used in this section, “municipality” means a city, town, or
8 incorporated village and “participating municipality” means a city, town, or an
9 incorporated village that imposes a local option tax under this section.

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

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

16 Sec. 2. EFFECTIVE DATE

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