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H.802

Introduced by Representative Carroll of Bennington

Referred to Committee on

Date:

Subject: Municipal and county government; local option taxes

Statement of purpose of bill as introduced: This bill proposes to require every city, town, and incorporated village to adopt a one percent local option tax on any combination of sales, meals and rooms, or alcoholic beverages.

An act relating to local option taxes

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

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

§ 138. LOCAL OPTION TAXES

(a) Local option taxes are authorized under this section for the purpose of affording municipalities an alternative method of raising municipal revenues ~~to facilitate the transition and reduce the dislocations in those municipalities that may be caused by reforms to the method of financing public education under the Equal Educational Opportunity Act of 1997.~~ Accordingly:

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

1 ~~(2) a municipality opting to impose a local option tax may do so prior to~~
2 ~~July 1, 1998 to be effective beginning January 1, 1999, and anytime after~~
3 ~~December 1, 1998 a~~ A local option tax shall be effective beginning on the next
4 tax quarter following 90 days' notice to the Department of Taxes of the
5 imposition; and

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

7 ~~(A) the education property tax rate in 1997 was less than \$1.10 per~~
8 ~~\$100.00 of equalized education property value; or~~

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

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

16 (b) ~~If the~~ The legislative body of a municipality by a majority vote
17 ~~recommends, the voters of a municipality may, at an annual or special meeting~~
18 ~~warned for that purpose, by a majority vote of those present and voting, shall~~
19 assess any or all of the following:

20 (1) a one percent sales tax;

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

