

1 S.60

2 Introduced by Senators Chittenden and Ram Hinsdale

3 Referred to Committee on Finance

4 Date: February 7, 2023

5 Subject: Municipal government; local option taxes

6 Statement of purpose of bill as introduced: This bill proposes to authorize:

7 (1) any Vermont municipality to adopt a one percent local option tax on
8 sales, meals and alcoholic beverages, and rooms; and

9 (2) the Commissioner of Taxes to disclose a municipality's local option
10 tax data to the town manager or legislative body of that municipality, provided
11 that the disclosure subjects the recipient to the penalties for unauthorized
12 disclosure of confidential tax data.

13 An act relating to local option taxes

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

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

16 § 138. LOCAL OPTION TAXES

17 (a) Local option taxes are authorized under this section for the purpose of
18 affording municipalities an alternative method of raising municipal revenues to
19 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;~~

5 (2) ~~a municipality opting to impose a local option tax may do so prior to~~
6 ~~July 1, 1998 to be effective beginning January 1, 1999, and anytime after~~
7 ~~December 1, 1998~~ a A local option tax shall be effective beginning on the next
8 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 * * *

7 ~~Sec. 2, 22 V.S.A. § 3102 is amended to read:~~

8 § 3102. CONFIDENTIALITY OF TAX RECORDS

9 * * *

10 (e) The Commissioner may, in the Commissioner's discretion and subject
11 to such conditions and requirements as the Commissioner may provide,
12 including any confidentiality requirements of the Internal Revenue Service,
13 disclose a return or return information:

14 * * *

15 (3)(A) To any officer, employee, or agent of any other state or Vermont
16 municipality that administers its own local option sales tax or meals and rooms
17 tax or gross receipts tax under its charter, provided that the information will be
18 used by that state or municipality for tax administration and that state or
19 municipality grants substantially similar disclosure privileges to this State and
20 provides for the secrecy of records in terms substantially similar to those
21 provided by this section.

1 ~~(B) To the legislative body or town manager of a municipality that~~
2 ~~has voted to impose a local option tax, pursuant to 24 V.S.A. § 138 or~~
3 ~~municipal charter, that is administered by the Department of Taxes, provided~~
4 ~~that the disclosure pertains to that municipality's local option tax data and shall~~
5 ~~subject the recipient of the disclosed data to the penalties for unauthorized~~
6 ~~disclosures under subsections (a) and (h) of this section.~~

7 ~~***~~

Sec. 2. VALIDATION OF 2022 LOCAL OPTION TAX VOTES

The General Assembly authorizes a municipality to assess any local option tax that was approved by the voters, pursuant to 24 V.S.A. § 138, at the municipality's 2022 annual municipal meeting.

8 Sec. 3. EFFECTIVE DATE

9 This act shall take effect on July 1, 2023.