

## **Representative McCarthy and Members of the Committee**

Thank you for this opportunity to provide you with information on the Town of Shelburne's decision to amend its Town Charter to authorize its Selectboard to levy a 1% tax on sales, meals and alcoholic beverages and rooms. The Town seeks enactment of H.489 to enable this Town Charter amendment.

I am Lee Suskin, a former State Court Administrator and former Chair of Shelburne's Ethics Committee. I now serve on the Town's Finance Committee. I am here at the request of Representative Brumsted and our Selectboard Chair, Michael Ashooh, to introduce H.489 to you.

### **Read only if Required!**

**H.489, as introduced and sponsored by Representatives Brumsted of Shelburne and Lalley of Shelburne proposes to approve an amendment to the charter of the Town of Shelburne to authorize the Town to adopt a one percent local option tax on sales, meals and alcoholic beverages, and rooms. It reads:**

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

#### **Sec. 1. CHARTER AMENDMENT APPROVAL**

**The General Assembly approves an amendment to the charter of the Town of Shelburne as set forth in this act. Voters approved the proposal of amendment on March 7, 2023.**

**Sec. 2. 24 V.S.A. chapter 147 is amended to read:**

#### **CHAPTER 147. TOWN OF SHELBURNE.**

##### **Subchapter 9. Taxation**

##### **§ 9.3. LOCAL OPTION TAX**

**The Town Selectboard shall be authorized to levy a one percent tax on sales, meals and alcoholic beverages, and rooms. Any tax imposed under the authority of this section shall be collected and administered pursuant to 24 7 V.S.A. § 138.**

#### **Sec. 3. EFFECTIVE DATE**

**This act shall take effect on passage.**

I will take less than 10 minutes to provide the Committee with some background on the factors that the Town considered before adoption, anticipated additional revenue generated, the Town's policy on how the additional revenue will be spent, and steps taken to inform all residents, businesses and voters about the local sales tax.

In April, 2022, the Shelburne Selectboard held a Retreat with as its theme: "Shelburne 2035, long term steps to achieving town goals." Many members of the public participated. The participants learned of anticipated \$60 million plus dollars in capital expenses facing Shelburne in the next five to seven years. At the Retreat, the Selectboard identified a local option tax as a possible revenue source.

The Selectboard asked the Town's Finance Committee to gain an understanding of the local option tax and to explore whether it will aid the Town to continue to provide the high level and quality of municipal services to residents, businesses, and visitors/tourists to our community.

The Finance Committee accepted the challenge. We learned that just as the state sales tax exempts many basic necessities from the tax, so will the Town. We learned that the State and not the Town will administer and collect the tax, and not the Town and that the local tax will not place additional burdens on retailers to report sales and submit the tax. We learned that the State will retain 30% of receipts to fund the Payment of Lieu of Taxes Program (PILOT). And we learned that the local tax will include online/E-commerce retail sales.

The Finance Committee used the State Tax Department's sales data to project Shelburne's annual local option tax revenue to total approximately One Million Dollars. To place that amount in perspective, Shelburne now collects a total of 9.8 million dollars, approximately 80% from property taxes and the balance from fees.

The Finance Committee also examined the visitor/tourist activity in the Town. Shelburne Farms, Shelburne Museum and the Teddy Bear Factory alone attract hundreds of thousands of visitors annually. We determined that LOT would enable visitors to the Town to help pay for the Town's roads, facilities, and services that they use while in Shelburne.

We learned that 24 of Vermont's municipalities already levy a local option tax, including both St. Albans City and Town, Montpelier, Colchester and South Hero. Six of our neighboring municipalities have adopted LOT.

The Selectboard asked the Finance Committee to present what we learned to Town residents and businesses, to identify possible advantages and disadvantages, to answer questions and to hear their concerns. We did so. We notified local churches, businesses, and restaurants that we would make ourselves available to present information to their congregants and employees. We produced information handouts for distribution at the Farmers' Market. We prepared a slide show and used it to present information to the Rotary, the Business and Professional Association and senior living facilities.

After informing and hearing from residents and businesses, we recommended that the Selectboard amend the Charter to authorize the tax. The Selectboard held public meeting and took public comments. The Selectboard determined that it was important to diversify the community's high reliance on property tax revenues with a dependable revenue source.

In response to those comments and to ease concerns as to how additional revenue would be spent, the Selectboard adopted a policy restricting LOT revenue to capital expenditures, debt reductions, reserve funds for capital projects, repairs or other emergency needs related to a declared disaster, and land conservation/open space protections.

The Selectboard decided to place an Article on the Town Ballot in March asking voters to decide whether to adopt an addition to the charter with the language you see before you in H.489. Note that thanks to guidance from Representative Brumsted, the Selectboard made sure to adopt language that this Committee and the Legislature have approved for other municipalities in the past.

The voters decided to amend the Charter Change, with 57.6% voting to do so.

The Town needs LOT revenue to pay for fire and rescue upgrades, road equipment, bike and pedestrian paths, repairs and insulation of our buildings to reduce heating bills and our use of fossil fuels and to pay for capital improvements that Town voters want and have approved in recent years.

The Town requests that your Committee vote yes on H.489 so that the Town can do so.

**Does any member have any questions?**