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## City of St. Albans Local Option Tax Policy

### Introduction

Vermont communities can adopt a one percent tax on sales, rooms, meals, and alcohol sales. The U.S. Supreme Court has recently determined that local sales taxes apply to internet purchases. This creates a substantial opportunity to accomplish local policy objectives using sources other than the property tax. The consulting economist forecasts a revenue estimate of \$630,000 per year in FY 21 if voters adopt a local option tax.

### Findings

- City services should be funded by diverse revenue streams.
- The City must continue to invest in neighborhoods, the central business district, recreational offerings, and public safety.
- Diversified revenue streams allow the City to reduce the cost of recreational programming for disadvantaged groups and those on fixed incomes.

### Policy Guidelines

- Utilization of local option revenues will be proposed to the voters through the annual budgeting process.
- Local option revenues should reduce pressure on the property tax while continuing the City's record of public investment.
- At least 7.5 percent of annual local option revenues shall be utilized to reduce the cost and increase access to recreation programming for the disadvantaged and the elderly.
- At least 5 percent of annual local option revenues shall be saved and used to create a Rainy Day Fund or undesignated fund balance.
- At least 5 percent of annual local option revenues shall be directed to replenish the Redevelopment Fund.