

Economic Development Committee

**Town of Berlin
Municipal Office Building
108 Shed Road
Berlin, VT 05602**

Wednesday, November 04, 2015

6:00 pm

Unapproved Meeting Minutes

Committee members Present: Jeremy Hansen, Wanda Baril, Dan Cambra, Keith Robinson

Absent: Paul Irons

Advisory: Sam Andersen-Central Vermont Economic Development Corporation

Town Staff: Diane Isabelle, Treasurer

6:00 Call to order by Chair, Hansen:

The meeting was called to order by Hansen, (Chair)

Discussion of Strategic Plan:

Sam was asking why the Strategic Plan the Economic Development Committee had compiled was not on the website. Isabelle asked if any member could send it to her, it would be posted to the website. The members present did not have a copy of the completed document. Pat McDonald should have the completed document, Isabelle will follow up with Pat.

Minutes of Previous meeting:

Hansen asked the members if they had reviewed the minutes from the previous meeting. The minutes were approved by Robinson and seconded by Cambra.

1% Options Tax discussion:

Hansen reviewed the results of the research he had done, Wilmington had passed their local options tax in 2012. Hansen analyzed the information by looking at the 2 years prior to the local option tax and the 2 years after the tax had been implemented. Hansen compared the commercial activity both prior and after to the State's activity as an average.

South Burlington's activity in 2005 and 2006 was .375% lower than the State average, in the two years after the implementation of the options tax, the increase in sales was 2.1 over the State's average. In every case with the exception of the Town of Rutland the data reflects the sales were higher after the options tax. (It was the consensus of the other members that the information from Rutland was not accurate). When the committee had the conversation with Rutland, they had indicated they did not have any problems.

Wilmington's sales were close to the lowest in the State, close to Dover's sales, they were 6 percent lower than the State's average growth, the two years after, their sales were up by 16 percent, and

Hansen would hesitate to say the options tax was the cause of the increase. From this information Hansen does not feel that the local options tax is an economic drag to the Towns.

Colchester's local option tax went into effect in 2014 so cannot determine how effective it is yet. The data does not support that the local options tax is an economic drag on Towns.

Hansen said the personal property taxes has added \$220,000.00 to tax revenues for 2015. Isabelle commented that the personal property taxes tend to be collected without many delinquencies. Isabelle also commented that personal property taxes rarely get abated.

Hansen asked Isabelle if she felt the businesses were reporting accurate levels of inventory and equipment. Isabelle did not feel that was an issue as most of the businesses send the information from their tax returns. Some of the smaller businesses do not send their tax information, but the inventory and equipment tends to be of a lesser value.

Sam asked if the committee was considering eliminating the personal property tax in lieu of the options tax. Hansen said it is a consideration and needs further discussion.

Hansen asked how the personal property tax was calculated. Isabelle said the amounts of the inventory and equipment are added to the grand list and taxed with our municipal rate, it is not a separate rate. Isabelle reviewed the amounts added to the grand list for inventory and equipment, Hansen asked if it is treated like a form of real estate, Isabelle answered yes.

Sam said that the local options tax would be passed along to the consumer directly. Isabelle said yes, the tax can be calculated right on the cash register, even the small cash registers from an office supply store can be programmed to calculate the appropriate tax. Isabelle explained how businesses to report the sales taxes collected to the State of Vermont.

Hansen commented that many people who buy from the stores in Berlin do not live in Berlin, however the options tax they pay would help to maintain the roads, etc. Sam commented that the taxes raised could help reduce property taxes to the residents but also help pay for the services the Town provides. Hansen commented that Kohl's would also add to the personal property taxes assessed.

Hansen said there were 4 different taxes that could be part of the local options tax. Sales of items such as household goods, clothing over \$120.00, etc. Also the tax could be applied to alcoholic beverages, meals tax and rooms' tax. We could ask for all 4 to be taxed or any combination of the 4 taxes.

The next meeting was scheduled for Tuesday, November 24th, 2 days prior to Thanksgiving. Hansen has suggested we have a meeting in December and discuss the paving project with businesses effected on Rte 302. It was decided to book a conference room at the Comfort Inn on December 01, 2015 and serve coffee and cookies. The discussion will be on the impact of the road work in the spring of 2016.

Isabelle has offered to find the addresses of the local businesses and have a letter sent by the committee speaking of the meeting and its purpose.

Motion to adjourn: Robinson/Baril

