

Economic Development Committee

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

**Tuesday, December 01, 2015**

**6:30 pm**

**Unapproved Meeting Minutes**

Committee members Present: Jeremy Hansen, Wanda Baril, Dan Cambra, Keith Robinson, Paul Irons  
Town Staff: Dana Hadley, Town Administrator, Diane Isabelle, Town Treasurer

**6:30 Call to order by Chair, Hansen:**

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

Hansen asked for Public Comment – No Public Comment

Hansen wanted to have a discussion with the business owners in the room to see where they feel the charge of this committee should go.

Hansen moved the Route 302 Paving Project discussion ahead of the Local Option Tax. With the approval of Baril, Hansen asked for questions and comments from the business owners who were attending the meeting, he spoke of the sidewalks and road diet planned:

Nicastro, (Walker Motors) is concerned that the paving project would be disruptive to the businesses on the Barre-Montpelier Road, he had experienced the difficulties from the round-about project, he feels the only way it will not negatively impact business is to have the paving completed at night. Nicastro said he did not understand a lot about the project, only that it would impact 302. Hansen responded that it is a State project and that the Town of Berlin does not have a role in the project other than we did a study on how to change the traffic configuration.

Hansen asked

Wernecke if he had additional information on the project. Wernecke answered that he felt the State has had outreach projects to improve communication on these types of projects such as what was done when Barre City had undergone their road improvements. We are only at the stage of knowing when the State plans to start the project.

Wernecke also commented that the project moving forward will depend on the State's timeline and that the project is supposed to begin at the Wayside and end at the Barre City line. We have agreed to try a bike path along the road, the project should be a two or three month project, and they are reducing the 5 lane section to a three lane section. The State will be looking hard at how this will work and evaluating for themselves what is and is not working as that would be the time to change it.

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Hansen asked if there was other feedback or questions on this topic, no response, Hansen said we would move forward with speaking on the options tax. Hansen had provided a power point pamphlet explaining the option tax scenario.

Hansen said he would explain the information in the pamphlet briefly and leave time for questions and comments after.

The Town of Berlin looks at alternative sources of revenue, this was spoken about in this committee in previous years when Pat MacDonald was chair, as well as other items pertaining to the businesses and residents of the Town. We started looking at this a couple of months ago and here we are to discuss the presentation.

Hansen discussed what the local option tax is, what is and is not taxed and how much potential revenue we could expect. (Scenario is attached to the minutes).

Hansen said the use of the income has not been set yet, it has been suggested by others on the board that reducing taxes and capital improvement projects would be a good start. There was some interest a few years ago in increasing the Police coverage, currently we do not have 24 hour coverage, or perhaps increasing the response time for the Fire Department by adding time at the Fire Department. It was decided to present it to the Select Board as reducing the taxes by 10 percent and the rest be Capital Expenses. .

Paul Irons said he thought that part of this was to repeal the Personal Property tax. Hansen responded that the committee had spoken about that at the last two meetings, and the committee did not feel that was something they wanted to explore at this time.

Hansen said that a resident whose home has a value of \$200,000.00 would have a reduction of approximately \$170.00, you would have to spend more than \$17,000.00 annually on goods subject to sales tax to pay more in taxes.

Hansen said it does not appear to discourage economic growth, Hansen has looked at studies on this subject. Conventional wisdom says that raising a tax will drive business away, but there are no studies to prove that theory. In the studies that Hansen viewed, it appeared that the Vermont Towns that do have the tax did have growth each year after the tax was implemented. There was a uniformly positive result.

Hansen asked for questions and comments from the attendees.

Isabelle, (Barre Electric) commented that when he looks at his biggest sale event, it is when there is a tax holiday.

Mitchell, (Mid State Dodge) commented that the perception from people is that the sales and use tax on a car is projected as the 6% sales tax when in fact it is not. We need to educate the public about what is subject to this tax. Although the options tax would not affect his business greatly, larger companies such as Enterprise will go where it is cheaper if only by a few cents. Some of the Towns that have implemented the tax are more use tax fees and he wants to see Berlin grow and conceptionally that may not happen at first if the options tax is implemented.

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Malek, (CVEDC) it doesn't matter if it accelerates or leaves the growth as it is, you are adding Kohl's to the mix so I hope the sales will be higher than what they were two years ago.

Hansen responded that this is hypothetical and did dampen or enhance growth as there may have been other factors in the mix. He cannot figure a way to measure that statement and if he could be pointed in the direction to prove the theory, he would look into it.

Malek, (CVEDC) commented that there is nothing in Hansen's report that suggests any caps and that in fact unless the school tax is capped there is no proof there will be any savings to a resident, the recipient of the monies will be the State of Vermont and not the homeowner. He feels that you will take out four times the amount from what the "customer" pays as opposed to the savings of the local resident.

Hansen asked Malek or whomever wanted to answer the question: given the information from Chief Wolfe that the majority police calls are spent at commercial businesses rather than the residents, does it make sense that the local residents pay for the police coverage, just a thought.

LaGue, (Comfort Inn) did not feel that the police spend more time at the local businesses.

Mitchell, (Mid State Dodge) responded that he felt the Town of Berlin has a favorable tax rate however he feels the Police have not had to come to his business and the few times he has called them, they did not respond immediately. He feels he is paying his fair share of the budget for the police.

Peyerl, (Mattress Land) agreed with Mitchell on the commercial business issues, he would only have to lose one customer every few months to make up the savings on his taxes, it does not take much tax to drive a customer away. If he were to advertise savings of 6 percent, no one would come, the State gives a tax holiday, and he did a month's worth of business in one day.

Irons, what Berlin does matters to the Barre – Montpelier areas as well? If the other two towns were to vote to have an options tax that would drive business to us in Berlin.

Nicastro, (Walker Motors) we want to draw more customers to the area and feels the options tax would deter that. Williston has an options tax but there is more to do there so there is more of a draw to go there. We don't have the same draw so why would anyone come to my store when they can buy it one percent cheaper in the next town. There should be better ways to generate more income, building up the area with good businesses that would pay taxes rather than taxing our consumers.

Hass, (Washington World) if the other two towns were to vote for the options tax, it would be a bonanza to us.

Ormsby, (Ormsby Computer) what we do with our products is so competitive, if I could make 7 percent on what I sell, I would be happy, but when customers have so many options on what to buy, they may negatively affect my sales. Asked for clarification on what would be taxed. Hansen explained that if you charge them 6 percent sales tax then that would be subject to the options tax.

LaGue, (Comfort Inn) asked about the rooms and meals tax, Hansen answered that the committee had looked at that and did not feel it was a significant source of revenue so did not pursue it. LaGue feels that getting more businesses in Berlin is the answer as opposed to taxing more. We need more

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businesses so when people are driving through, they may find more restaurants and other businesses that have items they may want to purchase, and we need growth.

Nicastro, (Walker Motors) why don't we try to make the Town more business friendly instead of taxing the consumer?

Hansen asked the group for future direction for the economic development committee:

Brian, (Wayside) Although there are not great incentives or giveaways to keep businesses here, he is happy that the businesses are allowed to put signs up for their business and the Town of Berlin has always made him feel welcome. There is a comfort level for people in business or who are talking about their business with the Town of Berlin.

Mitchell (Mid State Dodge) thinks this information should be on the Town's website. What is going on in Berlin is positive, looks good to have more buildings being built.

Hansen said the committee wants to promote the businesses in town and perhaps the business owners could create a list. How do we do that in a way that is going to be affective? Mitchell suggested getting positive statements from business owners and posting them to the Town's website.

A need for certain roads that are dirt to be paved? Would that promote commercial access?

Spoke of a zip code or having a post office, Baril said they have been trying for years about a post office or having space at the mall to retrieve mail, have spoken to the Postmaster General in Washington DC to no avail.

Need new signage for the Town of Berlin, Hadley said it would be brought up in the FY17 budget process with the Select Board.

Hansen adjourned the meeting at 7:40 pm