

1 BENNINGTON SELECT BOARD

2 BENNINGTON FIRE FACILITY

3 130 RIVER STREET

4 BENNINGTON, VERMONT 05201

5 FEBRUARY 17, 2020

6 MINUTES

7 **SELECT BOARD MEMBERS PRESENT:** Donald Campbell-Chair; Jeannie Jenkins-Vice Chair; Jeanne Conner;
8 and Bruce Lee-Clark.

9 **SELECT BOARD MEMBERS ABSENT:** Jim Carroll; Chad Gordon; and Bill Scully.

10 **ALSO PRESENT:** Stuart Hurd-Town Manager; Shannon Barsotti-Community Development Director; Kevin
11 Hoyt; Colleen Harrington; John Shannahan; Matt Willey; Nancy White; Lynn Green; Maru Leon; Lora
12 Block; Sheila Harden; Ted Cutsumpas; Ryan Hassett; Tom Jacobs; Michael Keane; Linda Foulsham; Sarah
13 Perrin; Betsy Greenawalt; Dean Oberti; Rose Talbot; 20 citizens; CAT-TV; Jim Therrien-Bennington
14 Banner and Nancy H. Lively-Secretary.

15 At 6:04pm, Chair Donald Campbell called the meeting to order.

16 **1. LOCAL OPTION TAX**

17 Mr. Campbell explained the process of the Local Option Tax thus far as follows:

- 18 • The Charter Committee included the Local Option Tax concept in the Charter review a couple of
19 years ago.
- 20 • The Charter was passed by the Legislature this past fall.
- 21 • The Board decided this winter that we should bring this opportunity to the voters for them to
22 decide at the March 2020 vote.
- 23 • Reasons for pursuing this -
 - 24 1. Take pressure off property taxes.
 - 25 2. Do more for the community without relying on property taxes.
 - 26 3. To reduce short term debt.
 - 27 4. Help mitigate current costs, such as, the increase in health care.
- 28 • To pass a Local Option Tax Revenue Spending Guideline Policy at the February 24th meeting that
29 will include - "The Bennington Select Board recognizes the importance of community dialogue
30 and input during the annual budget sessions and will establish two additional public meetings
31 every year during budget season to designate spending guidelines for any revenue created from
32 a local option tax. These revenues will be held in reserve and will only be spent on the agreed
33 upon annual guidelines for that tax year."

34 Mr. Hurd clarified the following on how the amount of property taxes paid is determined:

- 35 ➤ We pay Town and School taxes.
- 36 ➤ The Town tax is made up of:
 - 37 ✓ The General Fund which is based on the Grand Lists of Bennington, Old Bennington, and
38 North Bennington.

- 39 ✓ The Highway Tax - only includes the Grand List for the old Village of Bennington, and
40 does not include Old Bennington or North Bennington.
- 41 ✓ The Fire Tax - only includes the Grand List for the old Village of Bennington, and does not
42 include Bennington Rural or North Bennington.
- 43 ✓ The Local School Tax - is made up of the assessed value that is lost because the
44 community voted to give veterans a \$40,000 credit on their assessed value if they were
45 50% disabled. The State takes care of the first 10% with school taxes and the taxpayers
46 take care of the rest.
- 47 ✓ Last year, in FY20, the municipal tax was 45% of the School Tax. This year it is 55%.
- 48 ✓ The Local Option Tax is only for the Town Tax and will not change the School Tax at all.
- 49 ✓ By using the examples provided with 50% of the Local Option Tax generated to reduce
50 property taxes, taxes would be reduced by 8%.

51 Ms. Barsotti did the following presentation:

- 52 ❖ The Local Option Taxes, if approved, would add 1% to the current sales tax of 6%; 1% to the
53 current meals tax of 9%; 1% to the current room tax of 9%; and 1% to the current alcohol tax of
54 10%, respectively.
- 55 ❖ 70% of the tax generated goes to the Town and 30% to the State. From that 30%, the State
56 reimburses towns that house State buildings and covers the administrative costs of operating the
57 program.
- 58 ❖ There are 20 communities in Vermont that have the Local Option Tax. Our closes neighbors of
59 Manchester, Brattleboro, Wilmington, and Rutland Town each have all four.
- 60 ❖ These towns have used their funds as follows:
 - 61 ○ Manchester - To reduce - and keep - property taxes lower and town/recreational
62 improvements as indicated by the residents.
 - 63 ○ Brattleboro - To reduce property taxes, sustainability, community marketing, and the arts.
 - 64 ○ Rutland Town - Add it to the General Fund.
 - 65 ○ Wilmington - Set up a match fund for community development.
- 66 ❖ Bennington town staff proposed the following possible uses of our funds as:
 - 67 ○ 50% Tax Reduction
 - 68 ○ 20% Debt Reduction
 - 69 ○ 20% Community Built Park Replacement at Willow Park
 - 70 ○ 10% Marketing
- 71 ❖ The Tax Savings based from the above proposal assumes \$100,000 = \$0.01/tax rate to the
72 assessed values below would be:
 - 73 ○ \$100,000 = \$95.55
 - 74 ○ \$150,000 = \$143.33
 - 75 ○ \$200,000 = \$191.11
 - 76 ○ \$250,000 = \$238.88
- 77 ❖ From FY15-FY19, our total taxes collected for Sales, Meals, Rooms, and Alcohol went from
78 \$167,740,000 to \$184,802,242. So, in FY19, our 1% would have been \$1,848,022.
- 79 ❖ There are many necessities that are tax exempt - groceries, prescription and over-the-counter
80 medications, medical equipment and supplies, clothing, fuel for home heating, farm equipment,
81 etc.

82 *Public comments:*

83 Lora Block: What happens to the taxes collected with online sales, and Mr. Hurd answered that the Tax
84 Department doesn't know where to allocate those funds because they don't know where the sales
85 originated from. This is something the Tax Department needs to figure out.

86 Lora Block: Perhaps how the money is spent could be to have a "wish list" with, at least some of it, put
87 out to bid for businesses and/or organizations that present an RFP for ideas that they may have.

88 Matt Willey: Is in favor of the tax if it's used in the right way but feels that the process has been rushed.
89 This town needs "something big".

90 Sheela Harden: Is totally in favor of it - even though it would be a burden to Bennington Potters -
91 because Bennington needs to be "remarkable" to attract people and businesses here. She is against
92 lowering property taxes and prefers to "move the needle in Bennington". Perhaps 70% could go to debt
93 reduction with some put away for future use.

94 Colleen Harrington: It works in Manchester because they are a tourist destination so, with only 4,400
95 residents, most of their tax is paid by non-residents in meals, rooms, and alcohol. Whereas, in
96 Bennington, most of our tax comes from sales paid by our 15,000 residents. This is being pushed upon
97 us too quickly without a solid plan in place as to how these dollars would be spent. We should have a 5-
98 year plan on how to "reinvent" Bennington.

99 Kevin Hoyt: Is against the tax and feels that Bennington should be focused on marketing our outdoor
100 natural resources which is what draws tourists here. We should not try to encourage people to live here
101 and open businesses because we don't have anything to offer them.

102 Maru Leon: Is in favor of the tax for something big in Bennington and that all four options should be
103 approved.

104 Lynn Green: Is in favor of the tax for something big in Bennington and that all four options should be
105 approved.

106 Ted Cutsumpas: Is against the tax and all four options should be voted down. Bennington is struggling
107 and this is not the time to increase taxes that will hit the local people and businesses.

108 Ryan Hassett: Was against the tax at first but is now in favor of it. It should be used to market
109 Bennington to bring more people here to share the property tax burden which will naturally lower the
110 taxes. We need something big for the Town.

111 Tom Jacobs: Is in favor of the tax and it should be used for capital projects that will attract outsiders who
112 will invest in the Town and effectively lower our property taxes. It should not be used to just lower
113 taxes.

114 Michael Keane: Is in favor of the tax to be used to do something big to "reverse the economic and
115 demographic slump". A "vision commitment" should be made out 3-4 years, and not be revisited every
116 year, to be the most effective.

117 Linda Foulsham: Is in favor of the tax to be used for something big and marketing.

118 Sarah Perrin: Has been back and forth on this but is now in favor of all four options passing to do
119 something big for the Town, however, more information is needed on the policy.

120 Betsy Greenawalt: Is against the tax and listed various retail items used by most people that are taxed
121 and would be an additional burden on them. Also, we don't know how it will be spent.

122 Dean Oberti: Is against the tax at this time because there is no commitment on how it would be spent.
123 We need to slow down the process and vote down all four options for now.

124 Nancy White: Is against the tax because the process was rushed. We need more information and these
125 discussions should have started months ago.

126 John Shannahan: Is in favor of the tax because it gives us an opportunity to share some of the financial
127 responsibility of the Town with those who visit Bennington. He agrees that there needs to be something
128 big done for Bennington, marketing, and promotion of our recreational area.

129 Rose Talbot: It seems that we're always counting on other people to make things better for the Town
130 and spending money that we don't have. Mr. Hurd responded that we are spending money on what the
131 people are demanding but we are not deficit spending. Local option tax money will allow us to do what
132 we can't do now.

133 Jonah Spivak (not present - email to Mr. Hurd):

134 "I do not support a local option tax if it will be used for tax relief for two reasons.

135 1. Tax relief is fleeting. Any reductions generated from a local option tax would result in a lower tax bill
136 for the first year, and then would start to increase again. After a few years, any tax relief will have been
137 wiped out and we will be back where we started, except we would ALSO have a new tax burden.

138 2. The tax relief would be expensive. Small towns with a large percentage of the tax being paid by non-
139 residents creates a more favorable argument for a local option tax. For a town like Bennington, it makes
140 very little sense because if we generously say that HALF of the tax would be paid by non-residents, it
141 means that it costs us a dollar to get .50¢ of tax relief. And from that .50¢, another .15¢ will go to the
142 State resulting in a net of only .35¢ of tax relief for every dollar we spend. To be fair, what about those
143 dollars spend by non-residents? Those dollars would get us .70¢ of tax relief, so to be fair, we need to
144 average the two in order to get a final result of .53¢ (rounded up) of tax relief for every extra dollar of
145 taxes paid. I consider that to be very expensive tax relief. (NOTE: it is true that the state portion is used
146 to offset payments in lieu of taxes for state owned land, but that payment will occur regardless of
147 whether we have an option tax, and any increase generated by us having one would be spread over ALL
148 state owned property state-wide.)

149 I do support a local option tax if it will be used to transform Bennington.

150 I would propose that the first 1,000,000 raised from the option tax be earmarked for the sole use of
151 doing something transformational for Bennington on a yearly basis. What that thing is can change over
152 time, but the key is that we commit those funds to be used outside of the regular pressures of the town
153 budget so that it can be truly transformational. Anything beyond the first million can go into the general
154 fund to be used as the town sees fit. If tax revenue is less than 1,000,000 then the entire amount would
155 be put towards this transformational effort.

156 How to spend that yearly first million should be up to the taxpayers. A commission including citizens,
157 taxpayers, select board member(s), and town official(s), should be created to receive proposals and
158 suggestions on how the funds could be used. The first goal of the commission should be to set initial

159 guidelines for how the money could be used. Future commissions could revisit those guidelines. A paid
160 accountant should be included as a non-partisan advisor to the commission to assist in their review of
161 the suggestions/proposals. Proposals that meet the guidelines set by the commission would then be
162 included on the ballot for the citizens to vote via Australian Ballot so that those proposals would be
163 ranked and funded according to that ranking.

164 Some ideas include: rebuild Willow Park, buy the former SVC (and build a gondola connector to
165 downtown), pay down our debt to save interest, save the Walloomsac Inn, create new recreational
166 opportunities, add to the facilities around the Battle Monument for the 250th celebrations, finish/create
167 bike/walking trails, marketing campaigns for Bennington, buyout out-of-town landlords, to just name a
168 few. I don't think we would ever lack for good ideas!

169 *Board comments:*

170 Mr. Lee-Clark: Voters will know how the dollars will be spent this year on February 24th and the Board
171 has not made that decision yet.

172 Mr. Campbell: We are not going to put it on the ballot in such a way that earmarks funds that future
173 select boards cannot change.

174 Mr. Hurd added that, if the tax passes, it would not be implemented until July 1, 2020 with the first
175 quarterly payment to arrive in September 2020 which gives the Board time to decide on how it will be
176 spent this year. The policy will allow for the decision on how it will be spent in subsequent years.

177 *Additional Board comments:*

178 Mr. Campbell: There are two "polar opposites" of how to use the money - one, reinvest in Bennington,
179 and the other, reduce taxes. It comes down to "Should property tax payers pay for everything or should
180 there be some balance between property tax payers and consumer tax payers?"

181 Ms. Jenkins: This is "an opportunity for us to think bigger than we've been able to and for those that
182 don't necessarily live here to create something that we cannot do on the backs of the property
183 taxpayers".

184 Ms. Conner: This is "an opportunity and we would be foolish to not pass all four of these". Likes the idea
185 of a 5-year plan, but also likes the idea of flexibility should something catastrophic present itself. "No
186 matter what we do or how we balance it, there will something in here for everyone."

187 Mr. Lee-Clark: Is "not a strong proponent of the tax, particularly resales". There are arguments to be
188 made to support, and not to support, the tax. Each of the four option taxes presented separately will
189 allow the voters to decide how they feel about each one. The process of how we decide on the
190 spending needs to be balanced with folks coming into town utilizing services, and also, having them pay
191 taxes. The harder balance is "who makes the decision" on the spending of the tax? He likes the idea of
192 a matching fund account for future projects but is the decision of those projects "a Select Board function
193 only or is that a Select Board function after a review of a larger community canvas?". Any decision made
194 next week on "the use of these funds will be absolutely provisional, and probably my inclination is to not
195 designate as much as we cannot designate, but I also believe that the taxpayers of this Town deserve to
196 have some relief - even briefly". "I'm persuadable".

197 The Board thanked everyone for their participation, ideas, and comments.

198 *Local Option Tax Discussion will be an agenda item at the February 24, 2020 Select Board*
199 *Meeting.*

200 *At 7:55pm, Bruce Lee-Clark moved and Jeannie Jenkins seconded the adjournment of the*
201 *meeting. The motion carried with Jim Carroll, Chad Gordon, and Bill Scully absent.*

202 Respectfully submitted, Nancy H. Lively, Secretary