

VILLAGE OF ESSEX JUNCTION NEWS

"In the whole world, there is only one Essex Junction."

Issue No. 32

February 2009

Trustees Support Local Option Tax Proposal

At their December 9 meeting, the Essex Junction Trustees unanimously agreed to join the Essex Select Board in proposing a community-wide 1% local option tax. If voters approve the measure the tax will go into effect at the start of the new fiscal year in July.

The trustees understand that Essex Junction residents will have many concerns about the tax. The Village government has a long tradition of holding municipal tax increases below the rate of inflation, and discussing any significant new taxes with the village community before making a decision. However, because the tax will affect the entire Essex community, both village and town, it is the Essex Select Board's responsibility to seek approval at the annual Essex Town meeting in March, which precedes the annual Village meeting on April 1. Village residents, in their capacity as citizens of Essex Town, will have the opportunity to vote for or against the tax at the town's annual meeting on March 2.

Some basic information about the local option tax:

How much is the tax? *The tax is 1% of the price paid for the item. The tax on a \$10 item would be 10 cents. The tax on a \$100 purchase would be \$1 dollar.*

Who gets the money? *All the money collected by the tax initially goes to the State of Vermont. The state will take 30% of the total and return the remaining 70% to the Essex Town government. The town government will keep 50% for itself and send the remaining 50% to the village government. For example, if the option tax generates \$1 million dollars, the state would keep \$300,000, the town would receive \$350,000 and the village would receive \$350,000.*

Who will pay the tax? *Anyone who shops in Essex Junction or Essex Town. That means people from outside of Essex Junction who shop in the village or the town will pay the tax.*

How will the Village and Town governments use the money? *The town and village governments intend to use most of the money to help reduce local property taxes. From the example above, the village government could use the \$350,000 it receives from the tax to reduce the village budget by \$350,000. That would lower the tax rate for all village homeowners and businesses. This is particularly important for village homeowners, because they are also town residents, and pay taxes to the town. If the village and the town governments both use the money to reduce their budgets, village residents will see a benefit on their village and town municipal tax bills.*

Local Option Tax continued...

Do other Vermont towns have an option tax? Yes. Burlington, South Burlington, and Williston already have local option taxes. Every time you shop in one of those communities, you are contributing to their general fund and helping reduce their tax rates. The fact that other communities have successfully implemented the tax, and benefited from it, was one of the key reasons the Essex Junction Trustees decided to support it.

Will it negatively impact local businesses? The trustees believe it will not put local businesses at a disadvantage. No conclusive studies have been done, but the local option tax does not appear to have harmed businesses in the communities that have adopted it. Village businesses would simply be on the same footing as businesses in Williston, South Burlington, and Burlington. In fact, the tax might benefit local businesses in two ways. First, the money collected from the tax will go to reduce local property taxes, which businesses also pay. Second, the village and town governments both plan to use a portion of the money for local economic development, specifically to help local businesses and improve the overall economic climate in the community.

Who decides if the tax proposal is adopted? You do. The trustees and select board support the local option tax. They believe it will provide tax relief for village and town property owners by creating an alternative source of revenue, as it has in other communities. But the citizens have the final say. If the proposal is voted down at the Essex Town meeting in March, there will be no local option tax in Essex Junction or Essex Town.

Village-Town cooperation: The trustees believe that one of the other benefits of the local option tax is the spirit of cooperation it is likely to generate between the village and town governments. Right now, state tax collectors cannot determine how much taxable revenue is generated in the village and how much is generated in the town. Rather than pushing the state to change its accounting methods, the Essex Select Board and the Essex Junction Trustees agreed that a 50/50 split was the fairest and most reasonable way to proceed. That means each government now has an equal stake in the overall economic growth and success of the entire Essex community, rather than setting the two governments up to compete with each other for locally-generated funds. The trustees believe this could be the basis for further cooperative efforts between the two governments.

Essex Junction Business Group

A new group has formed in Essex Junction with the purpose of promoting Village businesses. Our goals are to increase public awareness of the many businesses in the Village (both retail and service), to educate consumers about the importance of shopping locally and to enhance the Village's image as a destination that's easy to get to and has lots to offer. In January the group began implementing a marketing plan for the Village that was presented to the Village Trustees in December. If you are a Village business owner, employee or resident interested in rolling up your sleeves to do some hands-on marketing, we'd love for you to join us. We're looking for people with lots of enthusiasm and ideas to help us put into action a marketing plan with many different parts. So whether you have great connections, a knack for a catchy ad or jingle, a savvy marketing mind or a love of our community, there's a place for you at the table. If you're interested in joining us, call Elaine Sopchak at 878-9949 or Michelle Ottaviano at 878-3499. Together, we can make Essex Junction a great place for business.

FY 10 PROPOSED BUDGET

GENERAL FUND REVENUES

	FY08 Budget	FY08 Actual	FY09 Budget	FY10 Proposed Budget
Unrestricted Fund Balance	0	0	70,000	59,000
Property Taxes	2,115,692	2,109,438	2,086,843	2,302,382
State for Pilot & Current Use	1,000	1,917	1,800	1,200
IBM Subsidy	363,300	363,300	302,755	242,211
Penalties/Interest Delinq. Taxes	5,000	6,501	5,000	6,000
License & Zoning Fees	32,500	47,156	25,000	32,000
Service Fee - Water	32,000	32,000	42,000	99,420
Service Fee - WWTP	19,500	19,500	24,500	49,710
Service Fee - Sanitation	5,000	5,000	15,000	99,420
State District Court Fines	2,931	4,340	5,000	4,000
State Highway Aid	95,000	99,764	98,000	90,000
EJSD Tax Collection Fee	35,824	34,974	48,499	48,184
Lincoln Hall Rentals	426	378	427	140
Miscellaneous Fire Receipts	0	10	30	20
Miscellaneous Street Receipts	4,000	2,164	6,000	3,000
Miscellaneous Library Receipts	750	555	600	300
Essex Town Contribution to Library	15,000	15,000	15,000	15,000
Interest Earnings	10,000	17,682	15,000	5,000
Miscellaneous Grants	0	33,355	0	0
Misc. Receipts	2,000	5,558	7,500	7,500
TOTAL REVENUES	2,739,923	2,798,592	2,768,954	3,064,487

GENERAL FUND BUDGET SUMMARY

GENERAL FUND EXPENDITURES

	FY08 Budget	FY08 Actual	FY09 Budget	FY10 Proposed Budget
GENERAL GOVERNMENT:				
Administration	487,712	420,149	471,013	526,716
Transfers & Misc Expenditures	469,521	469,521	470,940	498,582
Grant and Other Unanticipated Exp.	0	43,355	0	0
Fire Department	226,068	225,729	232,805	264,985
Library	582,808	569,834	585,181	630,869
Lincoln Hall	41,299	38,154	43,174	45,472
Planning Department	206,150	185,370	210,886	245,494
Economic Development	20,000	6,276	20,000	40,000
Street Department	706,365	699,705	734,955	812,369
GENERAL FUND TOTAL	2,739,923	2,658,093	2,768,954	3,064,487

Important Dates for Village Residents

<u>Feb. 28, 2009</u>	Winter Carnival, Maple Street Park, 10 AM-3 PM
<u>March 2, 2009</u>	Town of Essex Annual Meeting , 7:30 PM, Essex High School (E.H.S.)
<u>March 3, 2009</u>	Town and Village residents vote 7 AM-7 PM, E.H.S.
<u>March 10, 2009</u>	Public Hearing on Charter Changes, Lincoln Hall, 6:30 PM
<u>March 16, 2009</u>	Second installment of property taxes due
<u>March 24, 2009</u>	Public Hearing on Charter Changes, Lincoln Hall, 7:30 PM
<u>April 1, 2009</u>	Village Community Supper, 6 PM, E.H.S. Village of Essex Junction Annual Meeting , 7 PM, E.H.S.
<u>April 14, 2009</u>	Village residents vote 7 AM-7 PM, E.H.S.
<u>May 22, 2009</u>	Memorial Service and Candlelight Vigil, First Congregational Church, 8 PM
<u>May 23, 2009</u>	Memorial Day Parade, 10 AM
<u>June 1, 2009</u>	Water/sewer bills due (mailed April 30, 2009)
<u>July 18, 2009</u>	Block Party & Street Dance, Railroad Avenue, 4-9 PM

COMMUNITY SUPPER PRIOR TO VILLAGE ANNUAL MEETING – APRIL 1

Please join your neighbors and friends for the 6th Annual Community Supper on Wednesday, April 1, 2009 at 6 PM in the Essex High School cafeteria. The supper is free - but we ask that you bring a dessert to share. The lasagna supper will be prepared by the high school's culinary students as part of a community service project, and will be followed by the Village Annual Meeting in the auditorium at 7 PM. Please join us!

VILLAGE OF ESSEX JUNCTION

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