

To: Legislative Policy Committee

From: Amanda Campbell, Legislative Advocate

Date: September 18, 2024

RE: Local Option Sales Tax (LOST) – Legislation Worksheet

Before language can be drafted for a LOST bill, several components must be considered. Please review the following options prior to the meeting and come ready to discuss which components you feel should be included and why.

WHO DECIDES?

The most recent LOST bills have required a local referendum vote to approve a local tax. What other options are available for approval of a new tax? Legislative body at Town Meeting? Town Councils? Would the process require a public hearing?

WHAT WILL BE TAXED?

Prior bills have suggested all items, some items and very specific items. Should the tax include retail, food and/or lodging?

HOW MUCH?

What additional % should be imposed?

HOW WILL IT BE USED?

Will there be a restriction on how the additional revenue can be used? Last session one bill required the revenue to be used for affordable housing. One made no restrictions at all.

OTHER CONSIDERATIONS

Administration, disbursement of funds, definitions, effect on revenue sharing and other state aid programs...

CONSTITUTIONALITY

One consistent hurdle during previous attempts to pass a LOST bill is the question of the constitutionality of a local tax/fee/levy. At a tax committee meeting last spring, the Attorney General's office stated no concerns regarding constitutionality and that the legislature's passage of a bill would meet the "consent of the people or of their representatives in the Legislature" as is stated in Article 1 Section 22. That opinion was given during a work session for a bill that designated HOW those revenues could be used (not sure if that specificity played into the opinion).