

Ordinance Committee
Thursday, May 23, 2024 at 11:00AM
Remote via Zoom

DRAFT MINUTES

Members Present: Councilor Shannon (Chair), Councilor Bergman, Councilor Brown McKnight

Staff Present: Erik Ramakrishnan (Assistant City Attorney), Erin Jacobsen (Mayor's Chief of Staff)

Public Present: Kelly Devine

Meeting called to order at 11:02 AM.

1.0 Adopt the Agenda

1.01 Adopt the Agenda

Motion to Adopt Agenda as drafted.

Motion by Councilor Bergman, seconded by Councilor Brown McKnight.

Final Resolution: Motion Passes

Yes: Unanimous

2.0 Adopt Draft Minutes from May 16, 2024

2.01 Adopt Draft Minutes from May 16, 2024

Motion to Table the Adoption of Draft Minutes from May 16, 2024.

Motion by Councilor Bergman, seconded by Councilor Brown McKnight.

Final Resolution: Motion Passes

Yes: Unanimous

3.0 Public Comment

Kelly Devine: I wanted to thank councilors for the discussion on the gross receipts ordinance at the last council meeting. The draft changes would be a substantial tax increase on lodging. I would like to see language that connects the tax increase to public safety initiatives. I am concerned about the impact of this tax increase on the downtown economy. Travelers from larger metro areas seem to be less effected compared to a visitor from another place in Vermont or upstate New York. There are many other choices for lodging in South Burlington and this would put hotels that host events or conferences at a disadvantage. I think it makes sense to have a one year sunset on this tax or at least have a review after one year.

Councilor Shannon asked Kelly Devine if she had any data on the issue of lodging taxes. Kelly Devine said she is working on getting the data from the State, but the data is always lagging.

4.0 Gross Receipts Ordinance Discussion

Councilor Bergman agreed with Kelly Devine's suggestion of having a review of the tax changes. He said that the review should be put into the budget resolution rather than the ordinance itself. He also said that the monies from the new tax should go to public safety.

Councilor Brown McKnight said she would like a sunset on the gross receipts increase added into the ordinance.

Attorney Ramakrishnan shared the draft ordinance changes with the Committee. *The draft ordinance changes are available in the meeting agenda packet.* Attorney Ramakrishnan explained that the opening paragraphs provide a basic summary of the changes and the legislative history for the ordinance.

Councilor Shannon asked about Short Term Rental (STR) taxes. Attorney Ramakrishnan said that STRs fit into their own category and pay the higher rate of 9%. That money has been dedicated to a specific purpose. Councilor Shannon said she would be interested in having the STR taxes also go into the general fund.

Councilor Bergman said he would like to hear more about STR taxes, but the ordinance in front of the Committee needs to be put forward to the City Council on June 3rd.

Councilor Shannon said she added an edit to the last sentence of Section 1 of the draft ordinance to indicate that the tax increase would focus the funds towards public safety. Attorney Ramakrishnan said it would be easier to have that focus laid out in a budget resolution as resolutions are easier to amend than ordinances.

Councilor Bergman said it would be inappropriate to splinter the tax revenues. He said he cannot support the current draft ordinance and wondered what the Mayor or CAO thought about the sunset on the hotel tax increase. He said that he would like to have a sunset on the lodging and meals tax increases. Councilor Bergman noted that this ordinance change was part of Mayor Weinberger's attempt to close the budget gap.

Councilor Shannon said that Mayor Weinberger had expressed interest in having a sunset. Councilor Bergman said he had not heard anything about that in a public meeting.

Councilor Shannon said she would be fine having a sunset on the tax increase in both the ordinance and budget resolution. Councilor Bergman agreed so long as the sunset was clearly only for the 2% increase on hotels. He said he doesn't want there to be confusion that the sunset might also apply to the current 2% tax on hotels. He is in favor of keeping the current underlying 2%. Councilors Shannon and Brown McKnight both agreed.

Councilor Shannon said she would like the current draft changes to the ordinance to be kept, but have the sunset clearly communicated to the Council. She is concerned that, because there is such a short timeline to adopt this ordinance, there could be more conversations about what could go into the budget resolution instead of the ordinance. She wants to get the ordinance warned quickly so the public can comment on it.

Councilor Bergman said he would support a memo coming from the Committee that lays out the discussion and potential amendments, so long as the memo makes clear that he does not support the underlying policy as it stands.

Attorney Ramakrishnan said that he could change the draft language to place the 2% hotel tax increase under the new Sec. 21-31 (II)(G) that lays out the temporary rate increases. This would make clear that the 2% increase on hotels will sunset in one year just as the other gross receipts taxes in that section do. Councilors Shannon and Bergman agreed to that suggestion.

Councilor Shannon asked Attorney Ramakrishnan to draft amendment language that earmarks the funds from the increase to go to public safety. This amendment would not be included in the ordinance, but could be added as an amendment once the ordinance goes to the full Council. Councilor Brown McKnight agreed that having the language ready would be helpful.

Councilor Bergman said he was fine having some further amendment language come from the City Attorney's Office for consideration, but he would prefer if the draft ordinance did not come from the Committee. He said councilors Shannon and Brown McKnight could sponsor the ordinance instead of the Committee.

Councilor Shannon said she doesn't want to approve the current language as a Committee without language about the earmark for public safety. She said that the councilors have yet to hear about the budget from the police department so there are still unknowns.

Erin Jacobsen (Mayor's Chief of Staff) said she would flag the sunset for the hotel tax issue for the Mayor. She continued that the earmark for public safety language would have to include programs beyond just enforcement. She said that CAO Schad calculated that the tax increase would yield about a million dollars, but Chief of Police Jon Murad said it is unlikely there will be any hiring of additional officers in FY25.

Councilor Shannon summarized that the councilors still need more information on the upcoming budget, but that there is consensus on having a one year sunset on the tax increase. She said she would also like to have that language about the earmark for public safety drafted by the City Attorney's Office so it is ready to be added in the full Council.

Councilor Shannon asked if the Committee is supportive of her amendment adding that the Clerk/Treasurer's Office would submit quarterly reports to the Council on the revenues generated by the gross receipts ordinance. Councilor Bergman was not supportive of this amendment. He said that such language should not be in ordinance.

Motion to amend the draft ordinance to include the language "The Clerk/Treasurer's Office shall provide a quarterly report to the City Council on the amount of revenues generated by the gross receipts taxes set forth in Section 1 above."

Motion by Councilor Shannon, seconded by Councilor Brown McKnight.

Final Resolution: Motion Passes

Yes: Councilors Shannon and Brown McKnight

No: Councilor Bergman

Councilor Shannon said she will send a memo to the Council that describes the language not included in the current draft ordinance.

Motion to refer the draft ordinance language back to City Council without a recommendation from the Ordinance Committee.

Motion by Councilor Bergman, seconded by Councilor Shannon.

Final Resolution: Motion Passes

Yes: Unanimous

5.0 Any Other Committee Business

No other Committee business.

6.0 Adjournment

Motion to adjourn by Councilor Bergman, without objection.

Final Resolution: Motion Passes

Meeting was adjourned at 12:01 PM.