The Vermont Legislative Research Shop

Taxes and "Big Box" Stores

Have any states or localities levied higher taxes on "big box" stores to address the adverse affect those stores might have on smaller retailers or on sprawl? The answer appears, for the most part, ine if

they contained differing sales tax rates at either the state or local level. Connecticut, Massachusetts, Rhode Island, Washington, Alabama, and Georgia reported no such proposed or current sales tax. However, towns in Illinois, Maine, and California have developed solutions for dealing with increased growth.

In Illinois each town can have a different sales tax rate. The fee for general merchandise is generally 6.25% but goes as high as 7.75% in a few towns. Also, towns can levy different sales taxes in "zones" that are set up by each municipality. For more information on Illinois sales tax, visit their web site at: http://www.revenue.state.il.us/LocalGovernment/LTAD/forms.htm

Maine municipalities are supporting a proposal that would allow localities to levy a sales tax as an alternative to higher property taxes. With this 1% sales tax, commuters and visitors would be responsible for the costs of community projects, which would help to lower the expenses that community members have to pay. Surrounding towns could impose the sales tax, as long as voters approve the plan in all of the participating cities and towns. The sales tax revenue would be restricted to capital projects as opposed to ongoing operating expenses.

In California, State Assemblyman Darrell Steinberg, D-Sacramento, has proposed a bill (AB 680) in the 2002 Legislature to equalize revenues in the Sacramento area for the express purpose of encouraging cities to focus on housing rather than on big box stores. This bill is due to be heard in committee March 25, 2002. Senator Steinberg proposes dividing the sales tax three ways (Downey 2001):

And, recently, on March 4, 2002 the residents of Williston, Vermont voted to approve a 1 percent local retail sales tax by a five-to-one margin. The new tax is expected to be implemented

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