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## Should Vt. Have a Sales Tax Holiday?

*By Kate Duffy*  
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Michael Dingman is shopping for new speakers to pump music to his backyard.

And he likes the sound of a sales tax holiday.

"I'm definitely a believer," he said. "It's a way of lowering the cost, making it more affordable. There's no doubt."

His new speakers rang up close to \$750. Of that, \$49.06 was sales tax he would have saved if the state has another sales-tax holiday.

The Superstore says last year's tax-free weekend was huge.

"It was the busiest weekend we ever had in our history," electronics manager Todd MacDuff said. "It's tough to describe beyond that. We never saw anything like it. We saw business easily four to five times more than we would see even on a Black Friday weekend after Thanksgiving."

MacDuff says shoppers came in from New York and Quebec -- markets he doesn't usually reach. And retailers could use another boost like that.

"It has been a difficult year for a lot of retailers," he said. "We're seeing everybody is toning down hours and cutting back on employees. We think this type of event gives retailers the needed capital to get through a difficult summer and to help us going into the fall."

Executives at the University Mall in South Burlington reported similar sales. "It was like Black Friday," vice president Heather Tremblay said.

Tremblay said sales at the mall's sporting goods stores were up 264 percent from the same weekend the year before. Jewelry stores were even more impressive -- up 600 percent. Clothing and shoe store sales increased 65 percent. "Interesting, since there is never a tax on these items," Tremblay said. "I think that shows that the sales tax holiday encourages overall consumer spending."

But not everyone thinks it's such a good idea. Economist Tom Kavet called the sales tax holiday "among the most misguided state policy initiatives." He told the legislative joint fiscal office in a report released in February, it "may serve political or social objectives, but it will do nothing on balance for the Vermont economy during a time of recession."

Policy analyst Paul Cillo of the Public Assets Institute says a sales tax holiday makes sense only in times of surplus.

"In the time of a budget crisis we have now with revenues having taken a sharp drop, we should be looking, and we have been looking, at every turn to find revenue," Cillo said. "And this is just giving money away for something that actually has very little economic benefit to the state."

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