

Vt. Senate Approves Tax Hikes

By Rachael Morrow

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Lighting up could soon cost more. To balance the budget, state senators want to increase the tax on a pack of cigarettes by 25 cents.

Drinkers will pay 10 percent more in taxes for hard alcohol and a six-pack of malt flavored drinks will go up 90 cents.

"Right now it's our judgment that without some revenue we'd have to make some horrendous cuts to Vermonters that rely on government," said Sen. Peter Shumlin, D-Vt. President Pro Tem.

Also on the table; increasing the tax on satellite TV, putting in a sales tax for clothing above \$110, and taxing digital downloads for music and movies. In total the Senate bill raises \$26 million.

"I think it's a fairly mild way of raising the revenue we need," Shumlin said.

"Give us a break-- that's what I'm here to ask you to do," said Dianne Pedley, of The Joinery.

Business owners came to the Statehouse lining up in opposition to any tax increase and calling for cuts.

"Everything if I don't have it has to be cut and that's what the state of Vermont has to do. It's a big business; it has to start running like a big business. It has no more clients that have any money to pay it," said Jim Eckhardt of Censor Security.

And retailers worry the sales tax increase will drive shoppers away.

"Right now, as you know, retail is having difficult times and consumers are very price sensitive. We would anticipate consumers, especially along the border, would cross over into New Hampshire to make purchases," said Tasha Wallis of the Vt. Retailers Association.

The tax plan does have an income tax break from 2-5 percent paid for by increasing the tax on capital gains, like selling stock or land.

"I feel if we can reduce income taxes for Vermonters across the board in tough economic times when they are losing jobs, having trouble paying their bills, it's the right thing to do," Shumlin said.

The bill passed the Senate by a vote of 18-12. It's up for final approval in the Senate tomorrow. Differences will have to be worked out with the House since representatives passed a bill calling for an income tax hike. The governor has said he doesn't like either plan.

Kristin Carlson - WCAX News