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Tax-free shopping this weekend

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Buying that \$1,749 Specialized Roubix Elite long-distance endurance bike at Skirack in Burlington this weekend will save you \$123 in sales tax.

On a \$1,100 Samsung 42-inch plasma high-definition television at the Superstore in Williston, you'd save \$77 in sales tax, another \$77 from the store's match of the sales tax savings and \$224 from another in-store promotion.

Vermont is suspending its 6 percent sales tax (7 percent in eight municipalities including Burlington, Williston and South Burlington) for the weekend, followed next week by a tax holiday on energy-efficient appliances. The moves are designed to save Vermonters money and stimulate the economy.

"It's an upbeat tone in a downbeat economy," Tax Commissioner Tom Pelham said. "This is real money to people who are shopping on those days."

At stores across Vermont it has stimulated promotions, with advertisements blaring over airwaves, rolling off printing presses and reaching into exchange-rate-friendly Canada.

"I expect it's going to be good," said John Gunther, vice president of Great Northern Stereo, the controlling partner for the Superstore, which sells electronics, furniture and appliances near Taft Corners in Williston.

"We're very excited about it," said Wiley Mosley, manager of Skirack, a sporting goods store in downtown Burlington. "We're expecting it to be pretty crowded."

The sales-tax holiday was proposed by Gov. Jim Douglas in April and passed the next month by a reluctant Legislature that saw it as more gimmick than good policy.

Rep. Mark Larson, D-Burlington, who led a legislative committee that considered the package, said he encourages people to take advantage of the savings even though he remains unsure that the cost to the state is worthwhile, or whether that money could better be spent on a long-term economic policy. "It was simply how do we get the most for Vermonters," he said.

The loss of revenue from the sales tax is expected to cost the state about \$2 million, Pelham said. The state also is spending \$50,000 to help stores reprogram their cash registers and \$100,000 to reimburse the eight municipalities that have a 1 percent local tax, Pelham said.

The state Department of Tourism has a \$50,000 budget to promote the event, taking out ads that reach Vermonters, Canadians and New Yorkers, deputy Commissioner Steve Cook said.

Retailers are expecting a welcome boost from the event. "In a good economy we'd hope to compare it

to a strong holiday weekend or back-to-school," said Tasha Wallis, executive director of the Vermont Retail Association. "In this economy, we don't know."

As the tax holiday approaches, the state and stores are promoting it heavily.

Retailers and grocers are also conducting a statewide food drive in conjunction with the event, encouraging shoppers to drop off nonperishable food items to be distributed by the Vermont Food Bank. Hundreds of stores, including the supermarket chains and University Mall, have set up drop-off bins. Wal-Mart has donated \$10,000, and Macy's, \$1,000, to the food bank as part of the event.

University Mall has moved its summer clearance sale up a week to pair it with the sales-tax holiday and a Red Sox ticket giveaway, said Geri Ann Higgins, marketing director at the South Burlington mall. "July is our weakest month of the year, so it's great to have this," she said.

Gunther said the Superstore will double the 7 percent savings on items eligible for the sales-tax holiday. The store will boost its staffing for the weekend and has been telling customers that the items they're considering buying will be cheaper on those days, Gunther said.

He said he's been surprised by the number of customers who didn't know about the approaching tax-free weekend. "Sixty-five percent go, 'Really?' We're telling them, 'You might want to think about it.'"

Store managers said they will be eager to see how sales this weekend and this month compare with the same periods last year. Colleagues in Massachusetts, which had a similar tax holiday, told Gunther it had a large impact.

Larson said legislators will be looking for those kinds of indicators, too, to see if projections on the state cost of the tax-free holiday is accurate and to see if it's worth doing again. "We want to make sure we're not giving money away in a way that's not productive," he said.

The sagging economy will make those comparisons difficult, Pelham warned.

The economy isn't hitting all stores, however. Higgins said sales at University Mall are up 2 percent over this time last year, probably because the strong Canadian dollar has brought new shoppers.

Sales at Skirack are more than double what they were a year ago, Mosley said. High gas prices are apparently driving people to buy bicycles, he said.

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