

## **The Bottom Line: S.866 Municipal Tax Relief**

Gives municipalities an option to shift part of the local tax load off homeowners' property tax bills and onto a voter-approved, time-limited local sales tax.

### **Main benefits to taxpayers**

- Allows a city or town, with voter approval, to impose up to a 1% municipal sales tax dedicated to property tax relief for owner-occupied homes and specified capital projects.
- Allows residents to vote whether to adopt the tax at a November general election and to renew it after it automatically sunsets (after eight years or when listed projects are completed).

### **How it reduces property taxes**

- Requires that sales tax revenue be used to provide a credit on municipal property tax bills for eligible homeowners, or a mix of credits plus funding for listed infrastructure or capital projects.
- Keeps any leftover revenue, after funding the voter-approved project list, earmarked for additional property tax relief rather than general spending.

### **Guardrails and predictability**

- Mandates specific referendum language that lists proposed projects and discloses that remaining revenue must go to property tax relief, giving taxpayers clarity about how money will be used.
- Limits the municipal sales tax to a maximum rate (1%), a set duration, and a defined purpose, so taxpayers can see both the added sales tax cost and the expected reduction in their property tax burden.