

What limitations are there on the revenue received from parking meters?

State law provides that municipalities may purchase, own, use, and operate parking lots, and, if necessary, may pledge the credit of the municipality in order to do so. This section seems to contemplate revenue bonds as the preferred method of financing, as it provides that credit is derived “from the anticipated income from the operation of parking meters,” though presumably other methods of financing, such as general obligation bonds, would be acceptable as well. 24 V.S.A. § 1864. However you finance the acquisition of parking lots, the law defines revenues as “all rates, fees, charges, or other income received by the municipality” and provides that such revenues must be kept separate and may only be used as follows (24 V.S.A. §§ 1861(7) and 1865): 1. Purchase of parking lots(s); 2. Purchase, install, repair, and operate meters and equipment; 3. Collect, sort, wrap, and account for coin deposits; 4. Police, light, and maintain the meters and lots; 5. Control and regulate traffic; 6. Pay the principal and interest (debt service) on any bonds. Presumably, a portion of the police department expenses would be eligible under criterion four, as would a portion of the highway department that keeps the parking lot plowed; however, an expense that is not directly linked to one of the above criteria, such as parks and recreation, would not be appropriate. In short, the law seems to require that these revenues are user fees, which must remain linked to the costs of providing this service, and not get used for purposes beyond those provided above.

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VLCT News, April 2005