

## Local Option Tax FAQ for Voters (draft 2025-11-07)

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### What is the Local Option Tax (LOT)?

A 1% tax added to state sales, meals, alcoholic beverages, and rooms, with 75% of the revenue going to the municipality. Exemptions include groceries, clothing, and medical supplies. LOTs also capture online sales delivered locally, creating major new revenue.

### How are LOTs used?

Over 30 Vermont towns fund a mix of infrastructure, housing, emergency services, recreation, economic development, and more through their LOTs.

### How much money would this raise for Bristol?

An estimated **\$250,000 per year** based on 2024 data.

### Who would pay this tax?

- Tourists visiting for hiking, outdoor recreation, and scenic exploration
- Attendees at cultural events like Fourth of July, Pocock Rocks, and the Harvest Festival
- Shoppers in Bristol stores and businesses
- Diners at Bristol restaurants
- Guests staying at Bristol lodging including Airbnb and other short-term rentals
- **Bristol residents pay only when making taxable purchases in town**

### Where will the money go?

**Capital Infrastructure Projects:** Roads, bridges, sidewalks, municipal buildings, equipment

**Climate Resilience & Emergency Preparedness:** Stormwater management, flood mitigation, energy efficiency, and emergency response

**Economic Development:** Downtown initiatives, business support, tourism marketing, workforce development

### What would the new tax rates be?

- **Sales:** 7% (currently 6%)
- **Meals:** 10% (currently 9%)
- **Rooms:** 10% (currently 9%)
- **Alcohol:** 11% (currently 10%)

**What's NOT taxed:** Groceries, prescriptions, clothing, medical services, motor vehicles

## **How does this compare to a property tax increase?**

**To raise \$250,000 through property tax:**

- Would increase municipal rate by ~\$0.14 per \$100 assessed value
- **Home valued at \$300,000 = \$420 annual increase**

**With LOT:**

- **\$0 property tax increase**
- Visitors fund Bristol's infrastructure

## **Will this hurt Bristol businesses?**

- 1% difference is minimal for customers. For a \$10 taxable purchase, LOT would cost an additional \$0.10
- Middlebury (9 miles away) has had LOT since 2008—Bristol already competes with this
- State collects automatically—no extra work for businesses already collecting state taxes
- Better infrastructure helps businesses operate and attract customers

## **Who collects and manages this?**

- **Vermont Department of Taxes** collects from businesses (not the Town)
- Bristol receives 75% of revenue quarterly
- 25% goes to the Payment-in-Lieu-of-Taxes (PILOT) Program which reimburses municipalities for state-owned properties. Bristol receives an estimated \$20,000 in National Forest and Fish & Wildlife fee payments yearly.
- Small administrative fee (\$5.96 per return) covers state costs

## **When would it start?**

- **March 2026:** Town Meeting vote
- **March 31, 2026:** Notice to VT Dept of Taxes
- **July 1, 2026:** Effective date (earliest)
- **October 2026:** First revenue payment to Bristol

## **Can we change our minds?**

**Yes.** Voters can repeal the LOT at any annual or special Town Meeting by majority vote.

## **What about neighboring towns?**

**Over 30 Vermont towns have LOT**, including:

- Middlebury: \$1.3M+ annually since 2008
- Brandon: Capital projects funding
- Londonderry: Infrastructure improvements
- Manchester, Woodstock, Berlin, and many more

## **Why now?**

Bristol faces major infrastructure costs:

- Aging roads, bridges, and culverts
- Municipal building energy efficiency and maintenance needs
- Increasing climate-related damages
- New Public Works facility needed
- Stormwater drainage improvements to prevent flooding
- Emergency preparedness gaps

**LOT provides sustainable funding without burdening property taxpayers.**

## **Bottom Line**

- ✓ \$250,000 annual revenue paid largely by visitors
  - ✓ Transparent allocation to infrastructure, climate resilience, and economic development
  - ✓ Bristol controls the revenue—not the state
  - ✓ Can be repealed if voters change their minds
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## **Questions?**

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Town website: [www.bristolvt.org](http://www.bristolvt.org)