

Bristol: Local Option Tax FAQ for Voters (draft 2025-12-17)

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 may also capture online sales delivered locally, creating major new revenue.

How are LOTs used?

Over 30 Vermont towns have successfully implemented Local Option Taxes, including Middlebury (generating \$1.3M+ annually since 2008), Brandon, Londonderry, Burlington, Waterbury, Manchester, Woodstock, Berlin, and Winooski. These communities use LOT revenue to fund capital projects, infrastructure improvements, and essential services—demonstrating a proven model for sustainable municipal funding.

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, Pocomock Rocks, and the Harvest Festival
- Shoppers in Bristol stores and businesses and 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 Priority: minimum 55%

- Roads, bridges, sidewalks, municipal buildings, equipment

Climate Resilience & Emergency Preparedness: minimum 25%

- Stormwater management, flood mitigation, energy efficiency, and emergency response

Economic Development Catalyst: minimum 20%

- 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 ~\$0.07 per \$100 assessed value
- **Home valued at \$250,000 = \$171.50 annual increase**

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.

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

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.

Why now?

Bristol faces urgent infrastructure challenges: aging roads, bridges, and culverts; municipal buildings requiring energy efficiency upgrades; and increasing climate-related damages. The town needs a new Public Works facility and significant stormwater drainage improvements to prevent flooding. Critical gaps in emergency preparedness must also be addressed to protect public safety.

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

Questions?

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