

## Investing in Bristol: How the Local Option Tax Strengthens Our Community

Bristol stands at a crossroads. The community's aging infrastructure, compounded by climate-related pressures and steady growth, demands immediate attention and significant investment. Yet residents already face mounting costs across housing, utilities, and services.

The Local Option Tax (LOT)—a 1% tax added to sales, meals, alcoholic beverages, and rooms—offers a dedicated solution. This tax would generate approximately **\$250,000 annually** for Bristol, drawn primarily from visitors, tourists, and out-of-town consumers who enjoy our hiking trails, cultural events, restaurants, and lodging. Importantly, Bristol residents pay this tax only when making taxable purchases in town, and essential items like groceries, prescriptions, and clothing remain exempt.

Over 30 Vermont towns already use LOTs to fund critical needs: infrastructure repairs, climate resilience projects, emergency preparedness, and economic development. By strategically deploying these funds, Bristol can invest in its future—from roads and bridges to stormwater management and downtown initiatives—while maintaining fiscal responsibility to its residents.

### Strategic Use of Estimated \$250,000 Annual Revenue

The Local Option Tax revenue will be allocated across three strategic priorities with minimum thresholds that ensure meaningful investment in each area while maintaining flexibility to respond to changing community needs:

- **Capital Infrastructure:** minimum 40%
- **Climate Resilience & Emergency Preparedness:** minimum 20%
- **Economic Development:** minimum 20%

These minimums guarantee that each priority receives substantial funding while allowing the Selectboard to adjust allocations year-to-year based on pressing needs, available matching funds, or strategic opportunities. For example, if a significant state or federal infrastructure grant becomes available requiring local match, the town could allocate more than the minimum to Capital Infrastructure that year while still maintaining meaningful investment in climate resilience and economic development.

### Sustainable Fiscal Strategy for Long-Term Stability

**Capital Infrastructure:** Essential infrastructure projects often require bonding, creating long-term debt service obligations that increase property taxes. Rather than increasing annual draws from capital reserve funds or borrowing for essential projects, LOT revenue will provide dedicated infrastructure funding. This reduces pressure on reserve funds, allowing them to be preserved for equipment replacement and emergency needs while maintaining the facilities our community depends on.

**Climate Resilience & Emergency Preparedness:** Bristol's experience with multiple FEMA disaster declarations demonstrates the increasing frequency and severity of climate-related impacts. LOT revenue will fund flood mitigation projects, stormwater management improvements, storm damage prevention, and local matching requirements for federal and state disaster assistance programs. Rather than scrambling to find emergency funding after each weather event, this dedicated revenue stream allows proactive investments that protect property, reduce recovery costs, and build long-term resilience.

**Economic Development:** A dedicated fund supporting downtown revitalization, business infrastructure improvements, and projects that strengthen Bristol's economy. These strategic investments expand the tax base and increase visitor spending—creating a sustainable cycle where economic growth generates the revenue that funds further community investment.

This fund supports the infrastructure that enables economic growth—whether that's improvements to business districts, tourism amenities, housing-enabling infrastructure, or projects that attract investment. By strengthening Bristol's economy, we expand the tax base and increase the visitor activity that generates LOT revenue, creating a sustainable cycle of growth and community investment.

### **Building a Self-Sustaining Future for Bristol**

This strategic revenue deployment demonstrates sound fiscal stewardship, protecting Bristol's residential taxpayers while securing the town's future. By allocating Local Option Tax revenue to infrastructure, climate resilience, and economic development, Bristol establishes a self-sustaining cycle: visitor-generated funds bolster the town's infrastructure and economic health, which in turn attracts more visitors, thereby reducing the need for property tax increases to fund essential projects.

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#### **Questions?**

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