

**Town of
Waitsfield
Local Option Tax
Public Hearing**

What Are Our Needs?

Infrastructure and Capital Projects have historically been funded primarily by property tax revenue and state and federal grants.

Bridges and Culverts (Meadow Road, Covered Bridges)

Town Garage

Fire Station

Emergency Recovery

Transportation and Recreation Improvements

Debt Service

Property Tax Relief



What Is a Local Option Tax?

- A municipal tax of 1% on three existing categories: retail sales, rooms, meals & alcohol.
- Enabled by Vermont statute; requires voter approval.
- Revenue stays in the town for local priorities; paid by consumers, including non-residents.
- Can supplement strained municipal budgets to fund capital needs and help keep property taxes low.

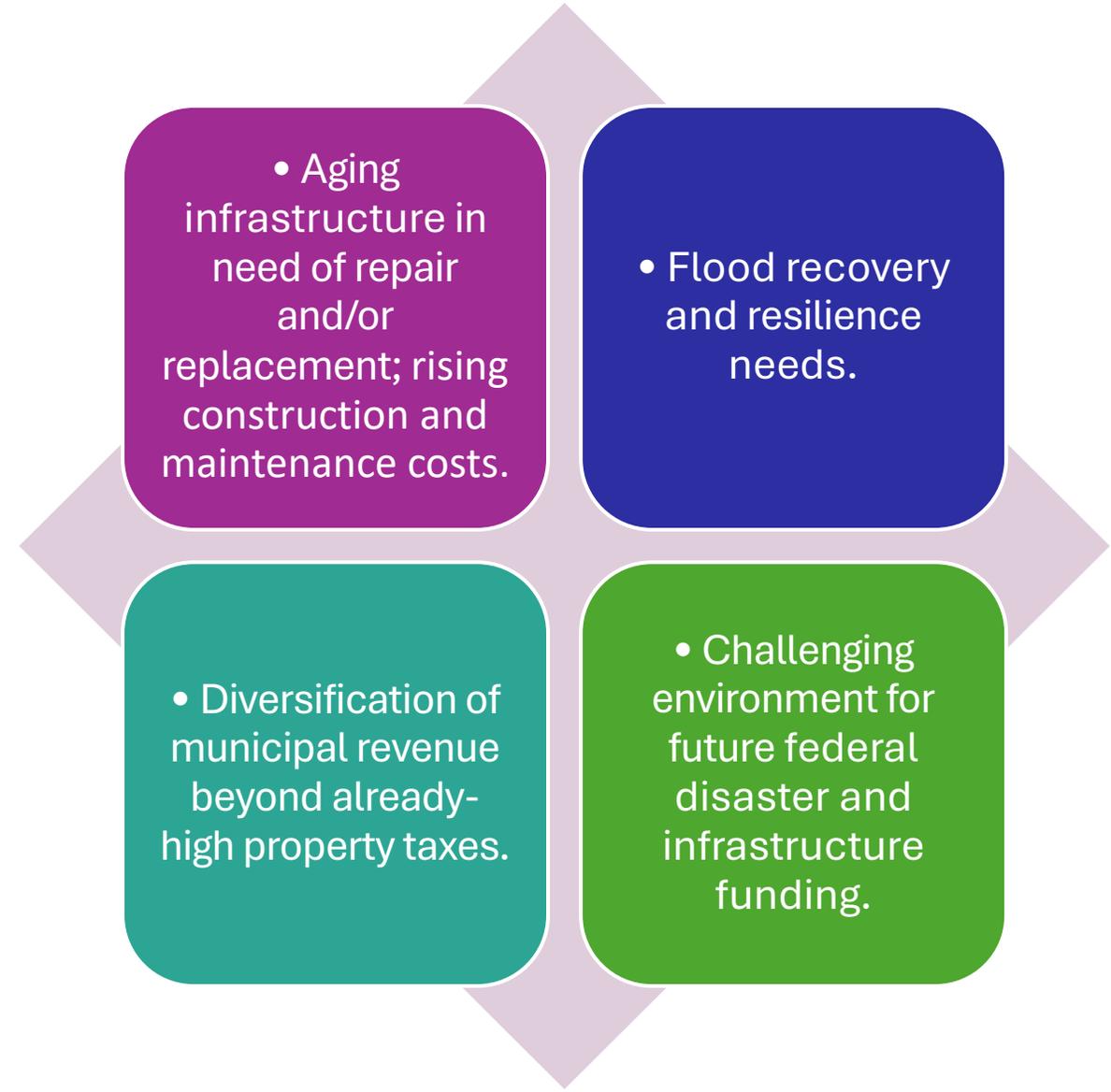
Local Option Taxes are not applied to:

- Most groceries
- Clothing
- Prescription and OTC medications and medical products
- Gasoline
- Residential heating fuels and electricity, municipal utilities
- Most business-to-business purchases
- All other categories exempted from sales or relevant tax, including most services and purchases by and from non-profits

Why Consider a LOT Now?

When LOT was discussed in 2020, towns received 70% (not 75%) of revenues and adoption required a charter change.

The concept at that time was a Valley-wide tax to fund a possible range of Valley-wide projects chosen by an undefined decision-making body – not specifically for Waitsfield infrastructure and capital improvement projects selected by the Selectboard and Town voters.

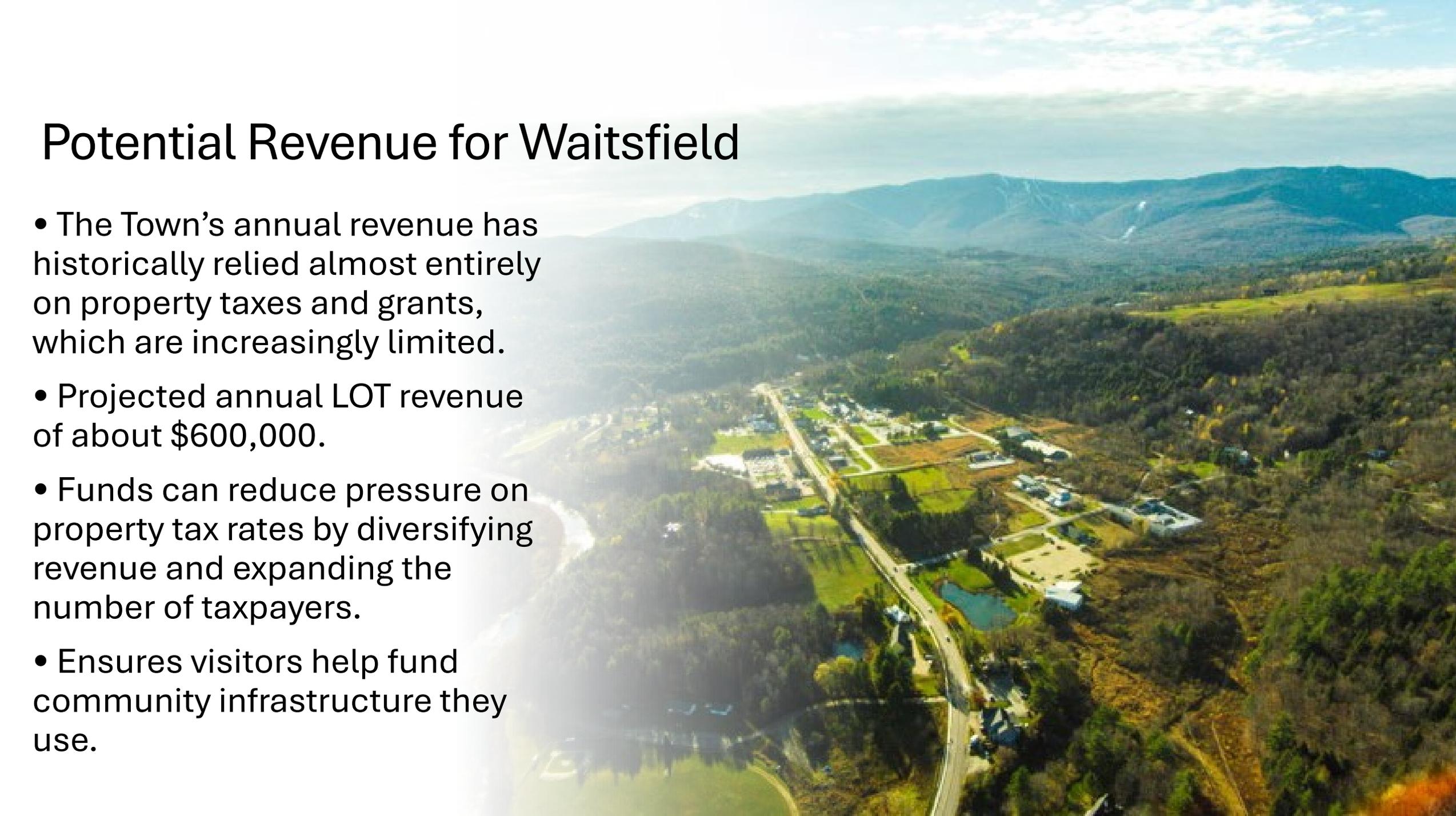




How LOT Revenue Can Be Used

- Capital improvements (Bridges, Culverts, Wastewater)
- Town facilities (Town Garage and Fire Station)
- Matching funds for state and federal grants
- Town financial resilience and emergency response capacity for extreme weather events
- Housing/Economic Development
- Keep property taxes lower by supporting municipal budget

Potential Revenue for Waitsfield

An aerial photograph of Waitsfield, Vermont, showing a road winding through a valley. The landscape is lush with green trees and fields, with mountains visible in the background under a clear sky.

- The Town's annual revenue has historically relied almost entirely on property taxes and grants, which are increasingly limited.
- Projected annual LOT revenue of about \$600,000.
- Funds can reduce pressure on property tax rates by diversifying revenue and expanding the number of taxpayers.
- Ensures visitors help fund community infrastructure they use.

How LOT Works for Waitsfield Residents, Visitors, & Businesses

- 1% added to specific taxable transactions.

- LOT estimated burden: visitors ~82%, Waitsfield residents ~18% (~\$186 per household annually).

- Administered by the State of Vermont.

- Minimal local administrative responsibilities.

- Businesses already remitting state taxes use the same system.

Examples from Other Vermont Towns

- Currently nearly 40 Vermont municipalities have a LOT in some form.

- Commercially competitive neighbors that now have a LOT in all categories include Waterbury, Stowe, Montpelier, Barre City, Berlin, Montpelier, Burlington, South Burlington, Winooski, Colchester, Essex, Williston, Shelburne, Middlebury, Brandon, and Rutland.

- Possibly adding LOT in 2026: Bristol, Morristown, Hinesburg, Cambridge, & more.

- Provides predictable annual revenue to fund necessary infrastructure and municipal priorities; helps reduce pressure on property taxes.

Public Process & Potential Timeline

- Public hearings and community outreach.
- Selectboard approval of ballot language.
- March vote.
- State implementation in the next fiscal quarter beginning at least 90 days after approval and notice (if approved at Town Meeting, LOT starts July 1, 2026).

Summary

- Waitsfield faces significant infrastructure and housing needs.
- Access to State, and especially Federal, funding assistance has become much more challenging.
- A Local Option Tax provides a tool to broaden Waitsfield's tax base and fund much-needed infrastructure.
- Most basic needs are exempted, making it much more progressive than most sales taxes.
- Negligible impact on business competitiveness and consumer behavior when studied.
- Revenues stay local to support long-term resilience and a thriving community; large majority of contributions (82%) estimated to come from non-residents.

Questions & Discussion

- What concerns or clarifications do you have?
- If adopted, how should LOT revenue be prioritized?

More information:

- MRVPD LOT analysis:

https://www.waitsfieldvt.gov/fileadmin/files/General/MRVPD_LOT_Analysis_Memo_-_Waitsfield_1.9.26.pdf

- Vermont LOT website: <https://tax.vermont.gov/business/local-option-tax>