SELECTBOARD MEETING MINUTES
OF OCTOBER 7, 2025

Members: Don McDowell, Laura Streets, Richard Craig, George Cormier, Leah Hollenberger

Absent:

ADMINISTRATION and STAFF: Brent Raymond, Town Manager; Judi Alberi, Executive Assistant

PARTICIPANTS/GUESTS: Chris Palermo, Jen Hubbard, Martin & Laura Green, Tom Cloutier, Skip & Maria Ward, Jerry Throne, Dan McLaughlin, Allen Van Anda, Ed Loewenton, Martha Battle, Sam Guy, Bob, Bortree, Nancy Dunavan*

**participating via Zoom*

5:30PM - CALL SELECTBOARD MEETING TO ORDER
Don McDowell called the Selectboard Meeting to order at 5:31 PM at the Tegu Building.

5:31PM - AGENDA CHANGES/ADDITIONS
None

5:33PM - COMMUNITY COMMENTS
Bob Bortree inquired about the letter regarding the quarry permit. That letter has been filed with Act 250 department and is a public record.

5:43PM - NEW BUSINESS

1. **Presentation by Jeff Carr, Economist on Local Option Tax revenue**
   Jeff Carr, a state economist with extensive experience in local option taxes, presented an updated overview to the town. He explained that the process for implementing a local option tax has become more streamlined, eliminating the need for legislative approval of charter changes. The tax department now administers the tax, and communities receive 75% of the revenue, up from 70%. Carr estimated that the town could collect between $1.2 and $1.6 million annually, which gives Morristown the ability to collect from non-residents. He recommended developing a policy for spending the funds, suggesting that capacity-building projects like infrastructure or recreational facilities would be ideal uses. Carr emphasized the importance of comprehensive public education about the tax and recommended forming a working group to investigate the option further.

   The meeting focused on discussing a local option tax (LOT) for Morrisville. Don noted that as a revenue source, the LOT offered the biggest opportunity to bring in significant financial resources to address the multiple needs facing the town. The group discussed how to allocate the LOT proceeds, with Jeff recommending that the Selectboard establish a policy for determining how the proceeds would be used. Jeff Carr suggested the Selectboard obtain the town attorney's input. Many infrastructure projects need extensive attention.

   A discussion ensued with comments by the public. Ed Loewenton inquired about the availability of a detailed report on the LOT tax and suggested collecting zip code data to track tax impacts. Jen Hubbard raised questions about the proposed combination of meals, rooms, and alcohol fees, suggesting they could be parsed separately. Martin Green supported starting with a consumption tax on meals and alcohol, while Allen Van Anda emphasized that Morristown is not Stowe and highlighted the town's current challenges in

attracting tourists.
Bob Bortee expressed support for the tax, provided it was specifically used for roads and infrastructure needs. Sam Guy shared his experience implementing a similar tax in other locations, noting that businesses could absorb the cost without affecting sales. Chris Palermo highlighted the town's infrastructure needs and calculated that the tax could raise $1.2 million, equivalent to a 10.25-cent increase in the tax rate.

The Selectboard will hold more meetings to continue public input before proceeding with a potential March vote.

7:00PM - ADJOURN

Motion made by Richard Craig to adjourn. Motion seconded by George Cormier. Motion carried. (5/0)

Meeting adjourned at 7:15 pm
Submitted and filed this 10/9/25.
Bonnie McDermott, Scribe

Please note all minutes are in Draft form and are subject to approval at the next Selectboard meeting.

Memo

To: Brent Raymond, Town Manager
From: Jeffrey B. Carr, *Economic & Policy Resources*
Date: September 29, 2025
Re: Update of Considerations for a Morristown Local Option Tax Proposal

The following was prepared as an update to the previous memo to the former Charter Committee back on April 05, 2024 regarding various considerations involving a potential recommendation to the Selectboard to adopt a one percent local option (hereafter referred to as a "1% LOT") Sales Tax and/or a local option Meals, Rooms, and Alcohol Tax. Although the committee later did not include a proposal to assess a 1% LOT, this memo was prepared pursuant to your request to provide an update on the 1% LOT issue.

Since April 2024, there have been a number of changes regarding a decision to adopt a Local Option Tax ("LOT") or Local Option Taxes. The biggest changes include: (1) the municipality no longer needs to propose to and go through the Vermont General Assembly for a charter change to adopt a LOT, and (2) the LOT revenue percentage that can be retained by the Town was increased from 70% of LOT proceeds to 75% of LOT proceeds—effective July 1, 2025. Of course, the increase in the percentage of LOT revenues retained by the community also comes with an increase in the Town's responsibility to pay the costs of administration, and that has similarly increased from 70% of the $5.96 per document processed fee paid to the Vermont Department of Taxes to 75% of that document processing fee per document—also effective as of July 1, 2025. The results of those two changes have: (1) simplified and shortened the process to implement a LOT by the Town by removing the need for a prospective Town charter change to be approved by the Vermont General Assembly, and (2) increased the Town's LOT revenues received by roughly 6-7% depending on the final list of components with a prospective 1% LOT assessment.

The same issues with respect to incidence (or "Who pays?"), just how much revenue that a LOT will actually generate for the Town, and what the prospective proceeds from a potential 1% LOT assessment could be used for remain largely unchanged. With the rest of this memo, we hope to present those issues within that updated context and environment to facilitate a decision by the committee that could then be recommended to the Selectboard one way or the other.

Potential Action-Voter Question:
Shall the Town move forward to recommend to the voters of the Town a charter change to enact:

(1) a one percent local option Sales & Use Tax, within the Town, and/or
(2) a one percent local option Meals, Rooms, and Alcohol Tax within the Town;

Consistent with 24 V.S.A. Sec. 138a, to be administered by the State of Vermont?

Background on the Issue

As was discussed previously with the Town, the ability to assess a local option tax at the municipal level in Vermont is authorized by Vermont Statute for the purpose of "…affording municipalities an alternative method of raising municipal revenues…" other than property taxes. As such, the Vermont Local Option Tax (LOT) allows municipalities to adopt a 1% tax on the purchase of items and services which are already subject to the statewide Sales, Meals, Alcoholic Beverages, and Rooms rental taxes. The local option Sales Tax would be assessed on these items at the level of 1% of the gross purchase price, in addition to the baseline statewide tax. The local option Meals and Rooms Tax would assess an additional 1% on sales of non-exempt retail items, alcoholic beverages, meals, and room rentals within the Town. By statute the LOT does not apply to items subject to use tax portion of the statewide Sales and Use Tax. A prospective 1% LOT assessment would also not be assessed with respect to any transaction associated with the acquisition of motor vehicles or fuel purchases which are covered by other state level consumption taxes—including Motor Vehicle Purchase and Use Tax on vehicles purchased, leased and/or registered in Vermont (if the vehicle was acquired from an out-of-state seller), the statewide tax on gasoline and diesel fuel purchases.

Currently, the State assesses a 6% Sales and Use Tax on a number of goods (including e-commerce sales based on the local where the goods are delivered) and services (e.g. utility bills and cable TV). The State also assesses a 6% Use tax—which as mentioned above is not a part of the LOT. The State assesses a 9% tax on meals and rooms charges, and a 10% tax on the sale of alcoholic beverages. The LOT for the Town would add a percentage point to those qualifying purchases. Therefore, within the Town, the LOT Sales tax would be 7% on qualifying purchases—with one percentage point of those tax receipts inuring to the Town on a quarterly basis—reduced by an updated 25% assessment for the State's PILOT program (or the state's "Payment in lieu of Taxes" Program, and net the Town's prospective administrative costs at the level of 75% of the $5.96 per document-item administrative charge assessed by the Vermont Department of Taxes. The LOT would mean restaurant meals and room charges would be subject to total 10% tax—with one percentage point of those taxes inuring to the Town net of the PILOT allocation reduction and the statutory Department of Taxes administrative charges. Eligible room charges under the LOT within the Town including those from existing lodging facilities in the Town and also from e-commerce payers of lodging taxes through providers located within the Town such as Air BnB, Home Away, Expedia, and others providing properties for short-term rentals which also must pay the State tax on room charges. Alcohol beverage purchases from providers within the Town would be taxed at the rate of 11%—again with one percentage point of those taxes inuring to the Town after the 25% PILOT reduction and the payment of 75% of the Department of Taxes' $5.96 per return administrative charge.

As of July 1, 2025, there were 59 municipalities in Vermont that have adopted a 1% LOT in one form or another. That is up significantly from the 23 municipalities that imposed a 1% LOT as of January 2024—which was the total back in April 2024 when the LOT issue when we last discussed the LOT issue with the committee. Most involve a 1% assessment on sales, and on meals, room rentals, and alcoholic beverage sales. The cities of Burlington (with a 2% LOT) and Rutland (with a 1% LOT) each have a locally administered "Gross Receipts" taxes on rooms, restaurants, and entertainment/admissions, on top of the statewide tax applied to these items. A total of 29 municipalities impose a local option Sales Tax—with the Town of Montgomery's 1% LOT on sales to be rescinded effective October 1, 2025 (although its recently enacted 1% LOT on Meals, Rooms, and Alcohol sales imposed starting in October 2022 will remain in effect). Three municipalities added a 1% LOT assessment of Sales effective July 1, 2025. A total of 31 municipalities in Vermont have a 1% LOT assessment on room rentals, meals, and alcohol sales, with three municipalities adding a 1% LOT assessment on meals, rooms, and alcohol sales effective July 1, 2025. The towns of Putney, Wardsboro, and Westmore impose a 1% LOT on room rentals only. The Town of South Hero imposes a 1% LOT on meals and alcoholic beverage sales. Also in the surrounding area, the towns of Stowe and Waterbury each have a 1% LOT on sales, meals, rooms, and alcohol beverage sales, while the Town of Elmore has a 1% LOT on room rentals. In nearby central Vermont, the City of Montpelier the City of Barre City employment centers impose a 1% LOT on sales, meals, rooms, and alcohol.

As was discussed last time with the former Charter Committee, the issue of who pays 1% LOT taxes (e.g., town residents versus non-residents such as visitors[1]) include a wide array of views both "pro and con." This proposal, and as we understand the Town's prior experience with LOT, suggests there will be both some support and opposition within the community to the concept of establishing one or more 1% LOTs. Support for a 1% LOT is typically tied to how the proceeds of any LOT assessment will be used. To some proponents of 1% LOTs, there is a recognition that a LOT can be viewed as a "user-charge" for both visitors and Town residents alike who value the assets of the community enough to voluntarily patronize the Town's various services retail establishments and other venues-amenities for purposes such as recreation. Because 1% LOT assessments are consumption-based taxes, most recognize that they are largely an elective economic decision. If potential 1% LOT payers do not wish to pay the 1% LOT assessment for whatever reason, they have "the option" not to patronize the Town establishment that assesses a 1% LOT. Moreover, many view a 1% LOT as a way for non-resident users to more directly financially support the town services needed to financially sustain the Town's attractions-amenity base instead of only relying indirectly on property tax payments made by the community's businesses as visitors patronize them. In many cases, a 1% LOT represents the only way to charge non-resident users of the Town's amenities and for the reimbursement of costs incurred by the Town to provide public safety, recreational, and transportation services (e.g., police, roads, pedestrian sidewalks-paths, and "way-finding assets," etc.) to non-resident users.

Opposition to 1% LOT proposals typically come from parties within the community concerned about the competitive impact on local businesses and the perceived administrative burdens on those local businesses who must charge, collect, and remit the 1% LOT—despite the ability to quite easily change (e.g., reprogram) modern point-of-purchase software for most merchant retailers and e-commerce vendors. There also can be expected to be some degree of opposition to any 1% LOT proposal (and most likely a tax change of any kind—except for a tax reduction) from those who tend to be philosophically opposed to any increase in the Town's taxes and/or

[1] Visitors to the town typically include residents of other towns that work at employers located in the community and tourists which visit the town as the vacation in Vermont—and particularly in the greater Stowe region.

fees. The largest "grey area" associated with incidence for town residents concerns the local option sales tax component, where a significant portion of that 1% LOT is likely to be paid by town residents through the 1% LOT assessment that would be due on e-commerce sales for product purchases through vendors such as Amazon that are delivered to residential addresses located within the town. Although those e-commerce product purchases are still voluntary by-and-large, the cost of the 1% LOT assessment would still be largely borne by residents and businesses located within the community where those e-commerce packages were to be delivered.

In addition to incidence and administration burden issues, another typical concern involves how a prospective 1% LOT might impact the competitiveness of town businesses versus businesses in neighboring communities that do not have a 1% LOT assessment. Behaviorally, actual experience with 1% LOT assessments has shown that impacts tend to be very small (e.g. $1.00 per every $100 dollars spent)—if there is any impact at all. Generally speaking, the experience with 1% LOTs in the parts of the state where 1% LOTs have been in place suggests that differences in total bills of that magnitude (in relation to the total bill) have not been significant enough to alter consumption behavior-habits in a meaningful way. This is especially important for the Town to consider as it is a key part of a destination for many non-residents and visitors throughout Lamoille County region—including Canadian visitors. As mentioned above, the Town—if it were to proceed with a LOT of some type—would not necessarily be at a disadvantage with other potentially competing commercial-destination centers in the region that also have LOT on the books (e.g. the Town of Stowe's local option sales tax and meals, rooms, and alcohol tax, the Town of Elmore's local option rooms tax, the City of Montpelier's 1% LOT on meals, rooms, and alcohol sales, and Barre City's sales, meals, rooms, and alcohol 1% LOT). Traveling any significant distance to avoid a 1% LOT assessment would have to contend with the costs of fuel and lost time for that tax-avoidance travel—particularly with respect to the hospitality, services, and amenity offerings in surrounding municipalities—including both employment and tourism centers. In addition, a Town 1% LOT would also not likely put the community at a competitive disadvantage with municipalities throughout the northwest Vermont region—as possible more distant competing regions—which also have one or more 1% LOT assessments in effect as of July 1, 2025. Those 1% LOT assessing communities include the City of Burlington, Town of Williston, Town of Colchester, the Town of Shelburne, the City of Winooski, the City and Town of St. Albans, and the Town of Middlebury.

"Second Draft" Estimate of Revenue Potential (Which is Still Subject to Further Analysis-Confirmation as Updated Data Becomes Available): With the above discussion as background and following up on the initial estimates by 1% LOT source presented back in 2024, the following table sets forth an estimate of potential 1% LOT tax receipts by prospective major 1% LOT source for the potential first fiscal year that the 1% LOT could be implemented—assuming a prospective LOT would be in place for four quarters for the 2026-27 fiscal year (meaning that the 1% LOT assessments would begin on July 1, 2026). Because 1% LOT remittances from the Vermont Department of Taxes are paid on a one-quarter lagged basis (usually by the end of the second month following the end of each quarter[2]), that would result in three quarters of 1% LOT revenues being received by the Town in the first year of a prospective 1% LOT implementation for fiscal year 2026-27. The base estimate for fiscal year 2026-27 uses the latest available data from the Vermont Department of Taxes for both the potential 1% LOT on sales and on meals, rooms, and alcohol, and therefore assumes that the revenue potential for the Town would include a 1% LOT assessment on Sales and on Meals, rooms, and alcohol sales. The prospective 1% LOT tax revenue estimate uses the latest historical "brick and mortar" sales data from the Vermont Department of taxes (using 180-day data from those returns) through fiscal year 2024—which establishes the base revenue potential for the Town—for items and services that could be subject to a 1% LOT assessment on sales, meals, rooms, and alcohol tax—if approved.[3] We then used the latest preliminary data through fiscal year 2024-25 to estimate the revenue potential for a prospective LOT across all of those above listed components as of fiscal year 2024-25. The revenue potential for a prospective 1% LOT assessment was then estimated for fiscal year 2025-26 (and then annually through fiscal year 2029-30) using the statewide growth rates for those tax sources using the consensus Legislative-Scott Administration revenue estimates for fiscal year 2025-26 period as approved by the Vermont Emergency Board on July 31, 2025. Prospective 1% LOT revenues for the sales, and meals-rooms, and alcohol tax sources were then estimated from fiscal year 2030-31 through fiscal year 2035-36 using the September 2025 consensus Legislative-Scott Administration revenue forecast used in the statewide Capital Debt Affordability Advisory Committee (or "CDAAC") process which is used by Vermont to determine "an affordable" level of new long-term debt" that can be responsibly authorized by the Vermont Legislature for the state's upcoming fiscal year.

These estimates of the 1% LOT revenue potential for the Town assume no significant diminutive impact associated with the imposition of the 1% LOT taxes on consumption-sales (which has proven to be correct given experience with other 1% LOT proposals over the last five years) and that the reported bricks and mortar" sales tax receipts and meals, rooms, and alcohol receipts data as reported by the Vermont Department of Taxes are substantially correct in terms of the sales activity across those items—and data revisions will not dramatically alter the past sales activity's representativeness for forecasting 1% LOT revenues going forward. Since there is no current data set for e-commerce sales within the Town, this initial estimate of local option sales taxes uses a per person estimate of total retail sales and the percentage of which is estimated on average to be "e-commerce sales" subject to the LOT sales tax (at 50% of the estimated per person average per a Capital One Bank 2025 survey of e-commerce sales by state). That per person estimate of e-commerce sales has been adjusted to account for the Town's less than average level of median household income (at $62,923 for calendar year 2023) relative to the

[2] This is because sales tax and meals and room tax returns are filed by payers with the Department of Taxes on the 25th of the month following the end of the previous month (for monthly filers) and by the 25th of the month following the end of the quarter for quarterly filers. It takes some time (usually a couple of weeks) for the Department of Taxes to fully reconcile those returns from the purposes of remitting LOT revenues to the LOT assessing municipalities.

[3] Please note that the Vermont Department of Taxes does not publish gross sales data by municipality when there are fewer than ten taxpayers for confidentiality reasons. Since the Town contains fewer than ten rooms taxpayers, the historical data used for this analysis does not include estimated rooms tax for the historical period back to FY 2006. This means that this analysis likely underestimates LOT revenue to the Town that was calculated based on this non-reported historical data.

statewide average of $81,200 (also for calendar year 2023)—or 77.5% of the statewide average. Since there is no data for the short-term rentals from providers in the Town (from companies such as Air BnB, Home Away, Expedia, etc. that are likely operating within the Town), this initial 1% LOT estimate has not included any specific estimate of 1% LOT rooms tax data from those possible providers (although we acknowledge some of that activity could be in the e-commerce numbers). The possibility that this part of the rooms rental activity may be substantially excluded from this initial estimate of 1% LOT assessment revenue potential means that there is likely to be some degree of upside risk to the overall room rentals revenue estimate presented below.

On the other side of the risk ledger for this initial estimate of 1% LOT revenue potential is the potential downside revenue risk within 1% LOT revenue estimate for 1% LOT sales tax revenues. While this is clearly a significant remains a significant "soft-spot" in the 1% LOT revenue estimate and forecast. We believe we have made an appropriately conservative estimate of that e-commerce sales activity. Because the Town does not currently have a 1% LOT assessment on sales, there is no way to know how much retail e-commerce activity is occurring within the Town. There in fact there will be no data in this regard unless (or until) the Town makes such a 1% LOT assessment, and then that data will be reported by Vermont Department of Taxes because it will have a 1% LOT administrative reason collect and report overall 1% LOT sales tax revenues. If a 1% LOT on sales is eventually adopted, there will be a way to estimate that level of e-commerce sales activity by mathematically back-calculating an estimate of e-commerce sales as a residual after the final "bricks and mortar" retail sales numbers are reported by the Department of Taxes for retail establishments within the Town.

The other "soft-spot" in these estimates is Rooms rents portion of a prospective 1% LOT assessment. This is because the number of reporting units in the Town for lodging establishments has fallen below the level of 10 reporting establishments. As a result, we have not had an actual reported receipts level for that part of a potential LOT assessment since fiscal year 2019-20 (or right around the COVID pandemic hit the Town and state). We have used only 75% of that fiscal year 2020 base to be conservative in this estimate of prospective LOT revenues from that source. In the scheme of things, the prospective 1% LOT assessment on rooms is by far the smallest of the potential 1% LOT revenue sources at only 0.2% of the calculated fiscal year 2025-26 base.

The two tables below set forth the initial 1% LOT revenue estimate for fiscal year 2026-27 and 2027-28 by major prospective 1% LOT component and then going forward in total assuming the Town proceeds with both a 1% LOT sales tax and 1% LOT assessment on meals, rooms, and alcohol sales. These estimates can be adjusted if the Committee (and/or the Selectboard) decides differently either in terms of the timing of the start of a prospective 1% LOT program or if it is decided that the preferred 1% LOT program would not include all of the prospective 1% LOT candidate sales activity areas. We also believe that the suppressed data for room receipts since fiscal year 2020 likely makes the 2024 base estimate and forward-looking revenue estimate "likely" on the conservative side of potential differences. It is possible that the 1% LOT revenues from the Meals, Rooms and Alcohol1% LOT could be significantly higher than estimated in the Table below and in the forward-looking table in Attachment A when the Air BnB, Home Away, Expedia, and similar providers are included. The initial fiscal year 2026-27 1% LOT revenue estimate was based on three quarters of revenue (given the one-quarter lagged character to receipts). The second year 1% LOT revenue estimate was calculated using the one-quarter lagged nature of receipts based on fiscal year activity orientation of when the 1% LOT tax liabilities are determined and includes four total quarters of prospective 1% LOT revenues. All data from the Tax Department are based on 180-day (or six month) data which are "FINAL" for these Tax Department reported data where possible. There was limited use of the preliminary data in order to use as much up-to-date data as possible recognizing that the preliminary data was subject to further revision for the data from "late reporting units" (and there are always some in each reporting period).

Table A: Year #1 and Year #2 1% LOT Revenue Estimate

Year-by-Year Preliminary Revenue Estimate	Year		1			2	
		FY 2026/27 (3 Quarters Only)			FY 2027/28		
LOT Category	100.00%	LOT Sales	LOT Receipts	Net Revenue*	LOT Sales	LOT Receipts	Net Revenue*
Different rate for each fiscal year, enter rates here =>		2.6%	S&U		2.8%	S&U	
		3.1%	M&R		3.4%	M&R	
Annual Taxable Retail Sales (from FY'24 base)		$ 110,093,197	$ 825,699	$ 788,065	$ 138,639,996	$ 1,039,800	$ 1,001,528
Annual Meals Receipts (FY'24 base)		17,460,909	$ 130,957	$ 128,092	$ 21,493,100	$ 161,198	$ 158,285
Annual Rooms Receipts (FY'20 base)--# is Surpressed (used 75% of FY'20--as the last actual observation)		531,628	$ 3,987	$ 1,122	$ 671,404	$ 5,036	$ 2,122
Annual Alcohol Receipts (FY'24 base)		1,474,530	$ 11,059	$ 11,059	$ 1,770,268	$ 13,277	$ 13,277
Projected Online Sales - @ 50% of $4,057 per person before adjustment for Lower HH YP		8,925,634	$ 66,942	$ 56,499	$ 11,429,273	$ 85,720	$ 74,530
Total		$ 138,485,898	$ 1,038,644	$ 984,837	$ 174,004,041	$ 1,305,030	$ 1,249,742
							26.9%

Table B: Long-Term FY 2026-27 Thru FY 2035-36 1% LOT Revenue Estimate

Fiscal Year	Town LOT Revenues	% Change	S&L Price Index* (CY 2017=100)	% Change
2027f	$ 984,837	NM	137.9	3.0%
2028f	$ 1,249,742	26.9%	141.5	2.6%
2029f	$ 1,290,046	3.2%	145.0	2.5%
2030f	$ 1,334,687	3.5%	148.6	2.5%
2031f	$ 1,384,389	3.7%	152.5	2.6%
2032f	$ 1,426,611	3.0%	156.0	2.3%
2033f	$ 1,461,320	2.4%	159.4	2.2%
2034f	$ 1,497,562	2.5%	162.9	2.2%
2035f	$ 1,539,367	2.8%	166.7	2.3%
2036f	$ 1,589,053	3.2%	170.5	2.3%
NOTES:				
a=Actual **f=Forecasted**			*** Projected U.S. State & Local Government Price Index**	

This analysis found that the Town has an annual 1% LOT receipts base revenue potential across the fiscal year 2026-27 (as the first partial year) of just under $1.0 million. For fiscal year 2027-28—as the first fiscal year with four full quarters of prospective 1% LOT revenues—has a revenue potential of between $1.2 million and $1.3 million. Over the ten-year fiscal year 2026-27 through fiscal year 2035-36 period, we found that the Town could expect a total of just under $13.8 million in 1% LOT revenues utilizing all 1% LOT options over that time frame. That represents a significant level of fiscal capacity that the Town could utilize for a number of prospective needs—including capital budget and contingency to address any unforeseen or emergency financial needs as they may potentially arise over the next ten fiscal years. The table also includes data relating to the annual rate of change in the price index for State and Local Government purchases of goods and services—from fiscal year 2026-27 though fiscal year 2035-36 using the Legislative-Scott Administration long-term consensus economic forecast from the September 2025 CDAAC process. This is a measure of the inflation rate for State and Local Governments so the committee can see how the rate of change in prospective 1% LOT revenues track relative to the State and Local Government rate of inflation (sort of like a Consumer Price Index—or CPI—for state and local governments. The chart shows that prospective 1% LOT revenues have the potential to provide a source of fiscal resources that could be expected to increase at a rate that is somewhat above the Town's likely rate of inflation over the ten fiscal year timeframe of this analysis-initial forecast.

Key Decision Points for a Prospective 1% LOT Proposal

The following represents a discussion of considerations by decision-point for the Town to consider

Key Decision Area #1:

- The Town staff along with the Selectboard should decide on whether or not to pursue a 1% LOT of any type, and if so—which 1% LOT assessment to pursue (Sales, Meals, Rooms and Alcohol) or decide to pursue both. If the Town determines that it will pursue a 1% LOT in some form, a townwide vote would be held to see if the voters of the Town agree with whatever decision is made, and ultimately the Selectboard, would potentially make. If the decision is to not recommend a 1% LOT, the discussion of this issue ends at this time.

Key Decision Area #2:

- If the Town staff and Selectboard decides to recommend a 1% LOT in some form to the voters, the town should consider formulating a municipal policy for how to use the proceeds of a prospective 1% LOT of whatever type. This has proven to be important policy consideration for any 1% LOT proposal to the residents of the community for any municipality that elected to go forward to seek the voter approval of a 1% LOT proposal.

- Examples of municipal policies used elsewhere pertaining allowable uses of 1% LOT proceeds have included the following:
    - To fund general municipal services expenditures (e.g., such as adding a highly valued new municipal service; and/or to replace some funds used to support municipal services that have historically been paid for by the municipal property tax (such as what the Town of Williston does[4]);
    - To fund "Pay as You Go" expenditures for "high priority" municipal infrastructure projects or capital investments in other "highly- valued" municipal amenities" (such as the Town of Shelburne);

[4] It should be recognized that using prospective LOT revenues to fund "run-of-the-mill" municipal expenditures have generally been met with resistance by fiscal conservatives within the community.

- To fund debt service for Town infrastructure or important Town amenity investments included in a municipality's 5-year capital budget (such as the City of St. Albans and the Town of Shelburne);
- To provide funds for fiscal emergencies experienced by the municipality; or
- To fund any individual, combination of one, some, and/or all of the above (such as the Town of Shelburne).

Key Decision Area #3:

- Following the first two decision areas, if the decision is made to pursue a 1% LOT in some format, the Selectboard should commission town staff to engage with the Town Attorney to draft charter change language for review and possible approval by the Selectboard. This charter change package should also include the timing of a prospective Town-wide vote so as to allow for the prospective 1% LOT—in whatever format—to be implemented by July 1, 2026.

Key Decision Area #4:

- Assuming that a prospective 1% LOT assessment is to be presented to the voters in one form or another, the Town should begin the effort to engage with community stakeholders in outreach regarding the 1% LOT issue and the Town's proposal as soon as possible to facilitate the information needed for a town-wide vote. The Town will need an active factual Voter/Stakeholder outreach program including a number of information meetings (including the required two public hearings) on a proposed charter change for the Town to disseminate full and complete information for a possible Town-wide vote potentially next Spring (e.g., on Town Meeting Day).

Key Follow-Up Action After a Possible Successful Town-Wide Vote:

- With an affirmative Town-wide vote on a possible 1% LOT proposal of some type, official notification with all supporting town-wide voting results from the Town Clerk regarding the ballot question should be sent to Sharon Asay, Director of Finance, the Vermont Department of Taxes (e-mail: Asay, Sharon Sharon.Asay@vermont.gov; telephone 802.828.2525).

- This notification will be important to set in motion the administrative functions at the Vermont Department of Taxes to administer any 1% LOT on behalf of the Town. The exact date of that voter approval notification will determine the "starting date" for any prospective 1% LOT alternative among the possibilities discussed above. In order to assure an implementation date of no later than July 1, 2025, notification of the Vermont Department of Taxes by the Town of a successful town-wide vote should be done by March 31, 2026—if at all possible.