

Local Option Tax Proposal Article 9

WHY IS A LOCAL OPTION TAX BEING PROPOSED BY THE SELECTBOARD?

- ⇒ Increased infrastructure investment
- ⇒ Responsible and sustainable economic growth
- ⇒ Environmental protection

A 2014 community survey revealed that 72% of the respondents supported the creation of a Local Option Tax, (LOT). After property tax rate relief, the citizens identified infrastructure investments such as roads, sidewalks, water, sewer, and storm water infrastructure as their top priorities. A Local Option Tax would:

- ⇒ Lower taxes (by 5 %) and reduce debt
- ⇒ Reduce reliance on property taxes
- ⇒ Generate revenues from taxpayers outside of Colchester
- ⇒ Pay for voter approved capital projects

WHAT STEPS ARE BEING TAKEN BY THE TOWN TO BE MORE AFFORDABLE AND SUSTAINABLE?

- ⇒ Reducing spending (lowest budget increase in over 10 years except for reappraisal year)
- ⇒ Cost containment measures implemented by staff (over \$375,000 in 2014)
- ⇒ Considering revenue sources other than property taxes
- ⇒ Focus on taking care of what we have and encouraging responsible growth.

WHAT WOULD BE THE BENEFITS OF THE LOT IF APPROVED AS PROPOSED?

- ⇒ Tax relief for all taxpayers (5 % reduction immediately)
- ⇒ Pay for Town debt
- ⇒ Voter control over the use of the funds

WHO PAYS THE LOT?

It is estimated that 87% of the LOT would be paid by non-residents based on a study based on Census data showing average household expenditures on items subject to the LOT, adjusted for median household income in Colchester.

WHO APPROVES THE USE OF THE LOT?

LOT funds would be restricted to retiring current debt and to fund only those future capital expenses **as approved by voters.**

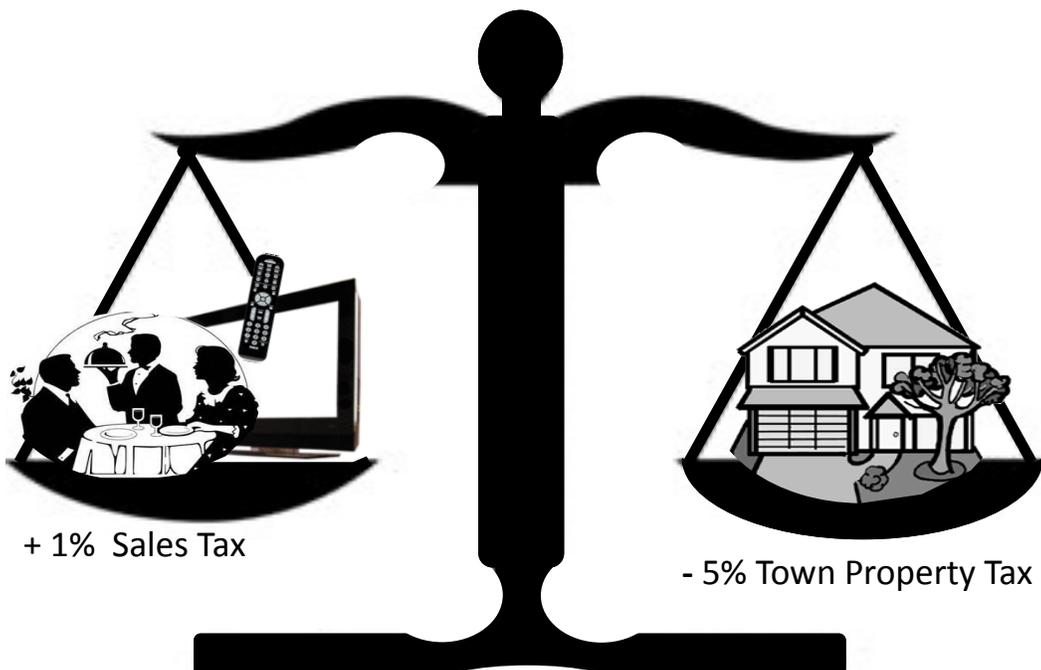
HOW MUCH MONEY WILL THE LOT GENERATE?

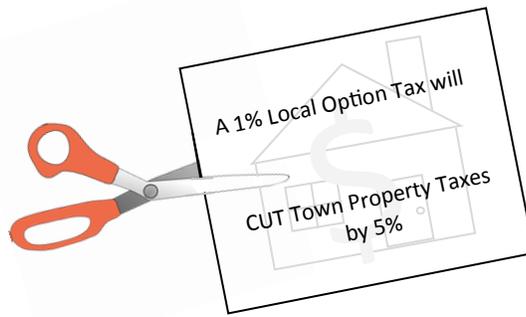
It is estimated the LOT will generate approximately \$1.29 million per year.

WHAT IS EXEMPT FROM THE LOT?

Food products and beverages for off-premise consumption
Clothes and shoes
Drugs, medical supplies, durable medical equipment, mobility enhancing equipment, prosthetic devices
Motor vehicles and fuels
Agricultural supplies, fuel and electricity
Residential heating fuel and electricity
Items taxed by other laws

Local Option Tax Proposal: Article 9





IS A LOCAL OPTION TAX BEING USED BY OTHER MUNICIPALITIES?

A Local Option Tax is a funding source used by 13 other communities across the state. A 1% tax on rooms, meals, alcohol and sales of some goods has resulted in lower property tax rates in Williston, South Burlington, Burlington and St. Albans.

WHAT IS THE QUESTION TO BE VOTED UPON ON MARCH 3RD?

“Shall the Town of Colchester amend its Charter to add Section 703, to allow the annual assessment of a one-percent (1%) Local Option sales, rooms, meals, and alcoholic beverages tax, the proceeds of which shall be used to pay for existing and future voter approved capital projects within the Town as well as voter approved inter-municipal financial support related thereto, effective 10/1/15, pending approval of the Charter change by the Legislature?”

There is more specific language relating to the Charter language that would carry out the above. Additional information and the specific language can be found at: <http://www.colchestervt.gov/Manager/LocalOptionTax.shtml>

Comparison – Inner Chittenden County Town Tax Rates

Williston (LOT)	.27
So. Burlington (LOT)	.4278
Essex Town	.4834
Colchester (4th)	.5714
Essex Jct.	.7543
Burlington (LOT)	.7958
Winooski	1.0133
Average	.6165



LOT : Towns with Local Option Tax

2014-15 MUNICIPAL TAX RATES FROM TOWN LISTER/ASSESSOR'S DATA