

# Understanding Local Option Tax

## What is Local Option Tax?

Local option tax is a way for municipalities in Vermont to raise additional revenue. A municipality may vote to levy the following 1% local option taxes in addition to state business taxes:

### **Local Option Sales Tax**

6% sales tax + 1% = 7% total tax

### **Local Option Meals Tax**

9% meals tax + 1% = 10% total tax

### **Local Option Alcoholic Beverages Tax**

10% alcohol tax + 1% = 11% total tax

### **Local Option Rooms Tax**

9% rooms tax + 1% = 10% total tax

*Please note:* Local option tax does not apply to the sale or rental of motor vehicles which are subject to the motor vehicle purchase and use tax.

## Calculating and Remitting Local Option Tax

Local option tax is calculated as 1% of the taxable (net) sales for each town. Would you like to [learn more](#)?

A transaction is subject to local option tax if it is subject to the Vermont sales, meals, rooms, or alcoholic beverage tax. Local option tax is “destination-based.” In other words, the tax is collected based on the location where the buyer takes possession of the item or where it is delivered.

All vendors, including out of state vendors, authorized to collect taxes in Vermont are required to collect and remit to the Vermont Department of Taxes all applicable local option taxes for sales that occur in participating municipalities. No additional registration with the Department is necessary.

Although local option tax is levied by the municipality, the Department collects and administers the tax. Vendors who collect this tax file and remit it to the Department along with their state taxes, online or by paper form.

- [Form SU-451, Sales and Use Tax Return](#)

- [Form MR-441, Meals and Rooms Tax Return](#)

Be sure to charge, collect, and remit local option tax for applicable purchases in the municipality where the buyer is consuming or taking possession of the item or where the item is being delivered.

## Participating Municipalities

### Local Option Sales Tax

The following municipalities have a 1% local option sales tax:

<b>Town</b>	<b>Effective Date</b>
Brandon	Oct. 2016
Brattleboro	Jul. 2019
Burlington	Jul. 2006
Colchester	Oct. 2015
Dover	Jul. 2007
Killington	Oct. 2008 ( <i>rescinded as of 7/1/2018</i> )
Manchester	Apr. 1999
Middlebury	Oct. 2008
Rutland Town	Apr. 2009
St. Albans Town	Jul. 2014
South Burlington	Oct. 2007
Stratton	Jul. 2004
Williston	Jul. 2003
Wilmington	Jul. 2012
Winhall	Jul. 2010
Winooski	Jul. 2019

## Local Option Meals and Rooms Tax, & Alcoholic Beverages Tax

The following municipalities have a 1% local option meals, alcoholic beverages, and rooms tax:

<b>Town</b>	<b>Effective Date</b>
Brandon	Oct. 2016
Brattleboro	Apr. 2007
City of Barre	Oct. 2018
Colchester	Oct. 2015
Dover	Jul. 2007
Hartford <sup>1</sup>	Oct. 2017
Killington	Oct. 2008
Manchester	Apr. 2008
Middlebury	Oct. 2008
Montpelier	Oct. 2016
Rutland Town	Apr. 2009
St. Albans Town	Jul. 2014
South Burlington	Oct. 2007
Stowe	Jul. 2006
Stratton	Jul. 2004
Williston	Jul. 2003
Wilmington	Jul. 2012
Winhall	Jul. 2010
Winooski	Jul. 2019
Woodstock	Jul. 2015

<sup>1</sup>The Town of Hartford includes Quechee, White River Junction, West Hartford, and Wilder.

**Please note:** The City of Burlington, City of Rutland, and City of St. Albans administer and collect their own local meals, entertainment, lodging, or alcoholic beverage taxes. If you have a business in Burlington, Rutland City, or St. Albans City, please contact the appropriate city for information on how to pay and remit the tax.

## Chapter 113 : Town Of Colchester

### **Subchapter 007 : Taxation**

**(Cite as: 24 App. V.S.A. ch. 113, § 703)**

- **§ 113-703. Local sales, rooms, and meals and alcohol beverages tax**

(a) Upon resolution of the Selectboard, or upon receipt of a petition submitted by five percent of the registered voters of the Town, at an annual or special meeting warned for the purpose by a majority of those present and voting, the voters of the Town may vote to assess any or all of the following:

(1) a one percent sales tax;

(2) a one percent rooms tax; and

(3) a one percent meals and alcoholic beverage tax.

(b) A tax imposed under the authority of this section shall be collected and administered and may be rescinded as provided by the general laws of the State.

(c) Revenues received through the imposition of a tax imposed under this section shall be used for expenses or financing of voter-approved capital projects within the Town and voter-approved intermunicipal financial support related thereto. (Added 2015, No. M-10, § 2, eff. May 26, 2015.)

## Chapter 150 : Town Of St. Albans

**(Cite as: 24 App. V.S.A. ch. 150, § 3)**

- **§ 150-3. Local option tax**

(a) If the Selectboard of the Town of St. Albans by a majority vote recommends, the voters of the Town may, at an annual or special meeting warned for the purpose, by a majority vote of those present and voting, assess any or all of the following:

(1) a one-percent sales tax;

(2) a one-percent meals and alcoholic beverages tax;

(3) a one-percent rooms tax.

(b) Any local option tax assessed under subsection (a) of this section shall be collected and administered and may be rescinded as provided by the general laws of this State. (Added 2013, No. M-3, § 2, eff. May 14, 2013.)

## **Chapter 013 : City Of South Burlington**

### **Subchapter 015 : Taxation**

**(Cite as: 24 App. V.S.A. ch. 13, § 1506)**

- **§ 13-1506. Sales, rooms, meals, and alcoholic beverages tax**

(a) The City Council may impose a tax on those transactions in the City involving sales, rooms, meals, and alcoholic beverages which are subject to taxation by the State of Vermont. The authority of the City Council to impose a tax on these transactions was approved by the voters on November 7, 2006. Imposition of any tax by the City Council under this section shall be at the rate or rates specified in 24 V.S.A. § 138, and shall be imposed in accordance with the requirements of 24 V.S.A. § 138(a)(2), (c), and (d).

(b) The City Council shall impose a tax authorized by this section by adopting an ordinance in the manner provided by sections 106-109 of this chapter.

(c) Sales tax revenue received by the City shall be used to reduce the municipal property tax collected on the City grand list and shall not be used to increase total City revenues.

(d) Rooms, meals, and alcoholic beverage tax revenues received by the City may, at the sole discretion of the City Council, be used in any of the following ways:

(1) to deposit in a reserve fund established by the City Council to fund the purchase of land or for construction or reconstruction of City buildings and infrastructure;

(2) to reduce the municipal property tax collected on the City grand list without increasing total City revenues; or

(3) any combination of subdivisions (1) and (2) of this subsection. (Added 2007, No. M-13, § 2; eff. May 8, 2007.)

## **Chapter 129 : Town Of Milton**

### **Subchapter 010 : Budgets And Taxation**

**(Cite as: 24 App. V.S.A. ch. 129, § 1009)**

- **§ 129-1009. Taxation**

(a) Commencing on July 1 in all subsequent years, taxes on real and personal property may be paid and shall be accepted in three equal installments payable on the following dates: September 15, February 15, and due in full on May 15.

(b) A penalty of eight percent shall be assessed on all delinquent taxes on the day following the due date of May 15. Interest of one percent per month shall be assessed on all outstanding balances beginning 30 days from the due date.