

Agenda Summary
December 4, 2025

Agenda Item No. B-2

Alternative Revenue Sources – Charter Amendment Discussion

Summary: At your 11/5/25 meeting, the Selectboard made a motion to “move to instruct staff to provide draft charter amendment language which would increase local option taxes by one percent on both sales tax and rooms, meals & alcohol tax, and to draft the language such that it would be two separate ballot items for voter consideration.”

Enclosed are draft articles that has been reviewed by Town Counsel. It would accomplish this if approved by the voters and the Vermont Legislature. The articles also reflect the language that would appear in the Stowe Town Charter.

Town Plan & Other Policy Impact: N/A

Fiscal & Staff Impact: To date about 35 +/- hours of staff time has been devoted to researching this topic and preparing the articles for the Selectboard’s consideration.

Recommendation: Discuss and advise if the enclosed articles are in acceptable form. If so, move to instruct staff to advance for Selectboard consideration on December 18 a charter amendment proposal and a January 14 public hearing notice.

PROPOSED CHARTER CHANGE – LOCAL OPTION TAX ALTERNATIVES

Article 1. Shall the Charter of the Town of Stowe be amended:

(a) By adding Section 904 entitled “Local option taxes” to read as follows:

§ 904. Local option taxes

The Selectboard is authorized to levy a two (2) percent sales tax to be collected and distributed by the Vermont Department of Taxes in accordance with 24 V.S.A. § 138.

(b) Upon the effective date of this provision, any previously approved local option sales tax is repealed and superseded.

Article 2. Shall the Charter of the Town of Stowe be amended:

(a). By adding Section 904 entitled “Local option taxes” to read as follows:

§ 904. Local option taxes

The Selectboard is authorized to levy a two (2) percent rooms, meals, and alcohol tax to be collected and distributed by the Vermont Department of Taxes in accordance with 24 V.S.A. § 138.

(b) Upon the effective date of this provision, any previously approved local option rooms, meals, and alcohol taxes are repealed and superseded.

Charter Amendment Schedule – Town Meeting 2026

Tuesday, March 3, 2026	Town Meeting Vote
Wednesday, January 28, 2026	Second public hearing and Australian Ballot warning adoption
Wednesday, January 14, 2026	First public hearing
Friday, January 2, 2026	Deadline to record proposed charter amendments
Thursday, December 18, 2025	Selectboard approval of proposed charter amendments
Wednesday, December 3, 2025	Selectboard discussion of draft charter amendments

Status Quo Total Revenue (ESTIMATE +/-)

Tax	0.75 of 1%	0.80 of 1%	0.75 of 2%	0.80 of 2%	0.75 of 3%	0.80 of 3%
Sales	\$1,600,000	\$1,707,000	\$3,313,000	\$3,534,000	\$5,026,000	\$5,361,000
MRA	\$1,808,000	\$1,928,000	\$3,625,000	\$3,867,000	\$5,443,000	\$5,806,000
Meals	\$669,000	\$714,000	\$1,341,000	\$1,431,000	\$2,014,000	\$2,148,000
Rooms	\$904,000	\$964,000	\$1,813,000	\$1,933,000	\$2,721,000	\$2,903,000
Alcohol	\$235,000	\$250,000	\$471,000	\$503,000	\$708,000	\$755,000
STR (est.)	\$360,000	\$385,000	\$725,000	\$775,000	\$1,090,000	\$1,160,000

**Amounts based on 1-year 2.5% growth on final FY25 LOT remittance figures received August 2025.

Additional Revenue vs. Status Quo

Tax	0.75 of 1%	0.80 of 1%	0.75 of 2%	0.80 of 2%	0.75 of 3%	0.80 of 3%
Sales	-	\$107,000	\$1,713,000	\$1,934,000	\$3,426,000	\$3,761,000
MRA	-	\$120,000	\$1,817,000	\$2,059,000	\$3,635,000	\$3,998,000
Meals	-	\$45,000	\$672,000	\$762,000	\$1,345,000	\$1,479,000
Rooms	-	\$60,000	\$909,000	\$1,029,000	\$1,817,000	\$1,999,000
Alcohol	-	\$15,000	\$236,000	\$268,000	\$473,000	\$520,000
STR (est.)	\$360,000	\$385,000	\$725,000	\$775,000	\$1,090,000	\$1,160,000

Tax Rate for Equivalent Revenue Raised via Property Taxes

Tax	0.75 of 1%	0.80 of 1%	0.75 of 2%	0.80 of 2%	0.75 of 3%	0.80 of 3%
Sales	-	\$0.0020	\$0.0319	\$0.0360	\$0.0637	\$0.0700
MRA	-	\$0.0022	\$0.0338	\$0.0383	\$0.0676	\$0.0744
Meals	-	\$0.0008	\$0.0125	\$0.0142	\$0.0250	\$0.0275
Rooms	-	\$0.0011	\$0.0169	\$0.0191	\$0.0338	\$0.0372
Alcohol	-	\$0.0003	\$0.0044	\$0.0050	\$0.0088	\$0.0097
STR (est.)	\$0.0067	\$0.0072	\$0.0135	\$0.0144	\$0.0203	\$0.0216

Offset in Property Tax per \$1 million assessed

Tax	0.75 of 1%	0.80 of 1%	0.75 of 2%	0.80 of 2%	0.75 of 3%	0.80 of 3%
Sales	-	\$20	\$319	\$360	\$637	\$700
MRA	-	\$22	\$338	\$383	\$676	\$744
Meals	-	\$8	\$125	\$142	\$250	\$275
Rooms	-	\$11	\$169	\$191	\$338	\$372
Alcohol	-	\$3	\$44	\$50	\$88	\$97
STR (est.)	\$67	\$72	\$135	\$144	\$203	\$216



Local Option Sales and Use Tax - Stowe Information

<u>Dates Returns Processed</u>	<u>Returns Processed</u>	<u>Tax Collected</u>	<u>70% of Tax Collected</u>	<u>Minus 70% Fee (\$5.9600/rtn)</u>	<u>Town Check Amount</u>
08/03/2024 - 11/01/2024	5,906	\$456,166.06	\$319,316.24	\$24,639.83	\$294,676.41
11/04/2024 - 02/04/2025	6,487	\$569,365.91	\$398,556.14	\$27,063.76	\$371,492.38
02/05/2025 - 05/04/2025	6,364	\$774,457.89	\$542,120.52	\$26,550.61	\$515,569.91
05/05/2025 - 08/05/2025	6,465	\$428,244.11	\$299,770.88	\$26,971.98	\$272,798.90
	25,222	\$2,228,233.97	\$1,559,763.78	\$105,226.18	\$1,454,537.60

Local Option Meals and Rooms Tax - Stowe Information

<u>Dates Returns Processed</u>	<u>Returns Processed</u>	<u>Tax Collected</u>	<u>70% of Tax Collected</u>	<u>Minus 70% Fee (\$5.9600/rtn)</u>	<u>Town Check Amount</u>
08/03/2024 - 11/01/2024	536	\$628,766.84	\$440,136.79	\$2,236.19	\$437,900.60
11/02/2024 - 02/04/2025	588	\$641,084.07	\$448,758.85	\$2,453.14	\$446,305.71
02/05/2025 - 05/04/2025	569	\$774,233.80	\$541,963.66	\$2,373.87	\$539,589.79
05/05/2025 - 08/05/2025	434	\$320,093.64	\$224,065.55	\$1,810.65	\$222,254.90
	2,127	\$2,364,178.36	\$1,654,924.85	\$8,873.85	\$1,646,051.00

<u>Account Type</u>	<u>Total Returns</u>	<u>Tax Collected</u>	<u>Adjusted Tax Collected</u>	<u>Minus Fees</u>	<u>Remaining Balance</u>
SUT	25,222	\$2,228,233.97	\$1,559,763.78	\$105,226.18	\$1,454,537.60
MRT	2,127	\$2,364,178.36	\$1,654,924.85	\$8,873.85	\$1,646,051.00
	27,349	\$4,592,412.33	\$3,214,688.63	\$114,100.03	\$3,100,588.60