



Town voters will decide in November 2008 whether or not to adopt up to three 1% local option taxes.

Voters will be asked whether they support charging an additional 1% to the current 6% state retail sales tax. If the new tax passes individuals shopping in Rutland Town would pay a 7% retail tax.

Voters will be asked whether they support adding an additional 1% to Rooms & Meals taxes. The current State Rooms & Meals tax is 9%. If the new tax passes individuals would pay 10% in rooms & Meals taxes.

Voters will be asked whether they support adding an additional 1% to Alcohol taxes. The current State Alcohol tax is 10%. If the new tax passes individuals would pay 11% in alcohol taxes.

According to tax revenue figures provided by the State of Vermont Tax Department the Town of Rutland would have received \$1,023,304.58 for the year 2007. Local option tax revenue can only be spent for Municipal expenditures.

The Town Select Board has voted to apply all tax revenue collected toward reducing the next year's municipal budget.

As an example, in 2008 the Town's General, Highway and Fire budgets totaled \$1,625,386.00. When we subtract the \$1,023,304.58 from \$1,625,386.00 it would result in \$602,082.00 to be paid by Town taxpayers.

In the event the local option taxes generated more money than is required to fund the Town's Municipal budget all excess revenue would go directly to the State of Vermont to fund the PILOT (payment in lieu of taxes) program.

The Town of Rutland would have received the following had the 1% taxes been in place the previous years:

2006	\$1,108,886.56
2005	\$ 949,924.51
2004	\$ 924,225.17
2003	\$ 855,650.80
2002	\$ 708,413.72
2001	\$ 641,583.05
2000	\$ 620,983.15

According to information from the Vermont Tax Department the 1% local retail tax would apply only to those items already subject to the State sales tax. The towns of Dover, Killington, Middlebury, South Burlington, Stratton, Williston, Brattleboro and the cities of Rutland and Burlington have all adopted 1% local option taxes.

Prepared by the Town of Rutland Select Board
Please vote in November 2008

SAMPLE

FOR JUSTICE OF THE PEACE

**RUTLAND TOWN SPECIAL MEETING
NOVEMBER 4, 2008**

Vote for not more than (12) TWELVE

Article 1. Shall the Town of Rutland, pursuant to 24 V.S.A. § 138 and in accordance with state law governing such state taxes, assess on transactions occurring within the Town of Rutland a one percent (1%) tax on each transaction subject to Vermont sales tax, with the revenue generated by this tax to be applied to the Town of Rutland's annual budget for municipal services and thereby reduce the Town's municipal tax rate for local property taxes?

YES
NO

Article 2. Shall the Town of Rutland, pursuant to 24 V.S.A. § 138 and in accordance with state law governing such state taxes, assess on transactions occurring within the Town of Rutland a one percent (1%) tax on each transaction subject to Vermont meals and alcoholic beverages tax, with the revenue generated by this tax to be applied to the Town of Rutland's annual budget for municipal services and thereby reduce the Town's municipal tax rate for local property taxes?

YES
NO

Article 3. Shall the Town of Rutland, pursuant to 24 V.S.A. § 138 and in accordance with state law governing such state taxes, assess on transactions occurring within the Town of Rutland a one percent (1%) tax on each transaction subject to Vermont rooms tax, with the revenue generated by this tax to be applied to the Town of Rutland's annual budget for municipal services and thereby reduce the Town's municipal tax rate for local property taxes?

YES
NO

- MARY C ASHCROFT Democratic
- DICK BAILEY Republican
- NORMA BIATHROW Democratic
- HOWARD J BURGESS Republican
- NORMAN COHEN Democratic
- RICHARD J DEL BIANCO Republican
- ANNE GOODRICH Republican
- CHRISTOPHER K "CHRIS" HOWLAND Republican
- DICK LLOYD Republican
- WILLIAM T MATTESON Republican
- JAMES L MCNEIL Republican
- LORI MESLI Democratic
- KEVIN J MULLIN Republican
- DAVID L SEWARD Republican
- MARK R SKAKEL Democratic
- JANE S SKAKEL Democratic
- JOHN J SQCINSKI Republican
- JOSHUA C TEREZINI Republican
- (Write-in)
- (Write-in)
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**YOU HAVE NOW
COMPLETED VOTING**

**TAX: LOCAL OPTION MEALS & ALCOHOLIC BEVERAGES
TAX AND LOCAL OPTION ROOMS TAX**

TB-25

**SUBJECT: REQUIREMENT TO COLLECT LOCAL OPTION
MEALS & ALCOHOLIC BEVERAGES TAX AND
LOCAL OPTION ROOMS TAX**

Issued: June 3, 2003

Revised: September 12, 2008¹

REFERENCES: 24 V.S.A. § 138(b) (2) & (3)

This bulletin addresses the procedures for collecting and reporting the one percent Local Option Rooms Tax and the one percent Local Option Meals and Alcoholic Beverages Tax. The general principles apply to any jurisdiction that enacts one or both of these local option taxes pursuant to 24 V.S.A. §138(b).

This bulletin does NOT apply to the local taxes imposed by the City of Burlington or the City of Rutland, pursuant to their city charters. These two cities impose their own meals, entertainment and lodging tax as authorized by their city charters. They administer and collect the taxes. Vendors, who have businesses in Burlington or Rutland, should contact the city for information about these taxes. Similarly, this bulletin would not apply to any jurisdictions that, subsequent to the date of this bulletin, enact local taxes under authority granted by charter as opposed to under and in accordance with the provisions of 24 V.S.A. § 138.

GENERAL RULES

Local Option Meals & Rooms Tax applies to charges for rooms rented in a local option jurisdiction, and Local Option Meals and Alcoholic Beverages Tax applies to charges for meals, beverages and alcoholic beverages served in a local option jurisdiction. Vendors who deliver or cater meals or other items subject to the Vermont meals and rooms tax into a local option jurisdiction must collect and remit the Local Option Meals and Alcoholic Beverages Tax, even if their business location is outside of the local option jurisdiction. The Local Option Meals and Alcoholic Beverages Tax applies to all meals, beverages, alcoholic beverages that are subject to Vermont meals and rooms tax. The Local Option Rooms Tax applies to all lodging rentals that are subject to Vermont rooms tax.

¹ As originally issued, TB-25 addressed only Williston's Local Option Rooms and Local Option Meals & Alcoholic Beverages Taxes as Williston was the only municipality that had adopted those taxes pursuant to 24 V.S.A. § 138. Subsequent to the issuance date, other towns have adopted one or both of these taxes. The bulletin has been revised to apply generally to all such jurisdictions.

EXAMPLES

1. A restaurant in Williston (a jurisdiction that has enacted a Local Option Meals and Alcoholic Beverages Tax) serves a meal and alcoholic beverages to a patron. The cost of the meal and the alcoholic beverages are both subject to the Williston Local Option Tax.
2. An inn in South Burlington (a jurisdiction that has enacted a Local Option Rooms Tax) rents a room to a customer. The charge is subject to the South Burlington Local Option Tax.
3. A restaurant in Stowe (a jurisdiction that has enacted a Local Option Meals and Alcoholic Beverages Tax) contracts to cater an event in Waterbury, which is not a Local Option Tax jurisdiction. The restaurant furnishes the meal in Waterbury. The meal is not subject to the Stowe Local Option Meals and Rooms Tax as the meal is furnished in Waterbury.
4. A pizza shop in Brattleboro (a jurisdiction that has enacted a Local Option Meals and Alcoholic Beverages Tax) delivers meals to customers in Brattleboro and the adjacent jurisdictions. Local option tax applies only to the deliveries in Brattleboro. Likewise, a pizza shop located outside of Brattleboro must collect local option tax on deliveries into the jurisdiction of Brattleboro.
5. A mobile vendor sells sandwiches, coffee, and other food subject to Vermont meals and rooms tax at various locations during the day. Local Option Meals and Alcoholic Beverages Tax applies to any transactions that occur in a local option jurisdiction.
6. A real estate agency in Stratton (a jurisdiction that has enacted a Local Option Rooms Tax) rents out a vacation cottage located in Sunderland for one week. The transaction is subject to the Vermont rooms tax, however it is not subject to the Stratton Local Option Rooms Tax as the cottage is located in Sunderland.

REGISTRATION OF VENDORS

Any vendor with a Vermont meals and rooms tax certificate of authority is required to collect the Local Option Meals and Rooms Tax. No additional registration with the Department of Taxes is necessary.

COLLECTION OF TAX BY VENDORS

The Local Option Meals and Alcoholic Beverage Tax may be combined with Vermont Meals Tax and collected as a single 10% tax (11% for alcoholic beverages). The Local Option Rooms Tax may be combined with Vermont Rooms Tax and collected as a single 10% tax. At the vendor's option, the state tax and the local option tax may be shown separately. If sales are made on a tax-included basis, notice must be made to the customer that the price includes both the Vermont sales tax and the local option tax. A vendor may not make sales on a tax-included basis for one tax while separately itemizing the other tax.

FILING RETURNS AND PAYING THE TAX

Vendors report and pay their Local Option Meals and Alcoholic Beverages Tax and Local Option Rooms Tax on their Vermont Meals and Rooms Tax Returns (MR-441). Returns are preprinted with the names of the jurisdictions that have a Local Option Meals and Alcoholic Beverages Tax or Local Option Rooms Tax or both as of the printing date. If additional

jurisdictions enact Local Option Meals, Alcohol or Rooms Tax during the year, vendors should write in the jurisdiction name and the amount of Local Option Tax collected for these jurisdictions. Vendors should visit our website <http://tax.vermont.gov> for updates on new local option meals and rooms jurisdictions.

Molly Bachman
General Counsel

Approved by:

Tom Pelham
Commissioner

TAX: LOCAL OPTION SALES TAX

**TB-37
Replaces TB – 14**

**SUBJECT: REQUIREMENT TO COLLECT
LOCAL OPTION SALES TAXES**

Issued: 03/16/07

REFERENCES: 24 V.S.A. § 138

The purpose of this bulletin is to address collection of Local Option Sales Tax imposed under the provisions of section 138 of Title 24, Vermont Statutes Annotated, July 1, 2002. The principles below will apply to any municipalities that enact Local Option Sales Taxes.

GENERAL RULES

Local Option Sales Tax is collected on a destination sales basis. A vendor located within the borders of a local option sales tax town, and any other vendor that delivers or sends items to a local option sales tax town must collect Local Option Sales Tax (1%) on sales that are subject to the state sales (6%) tax. If the property being delivered or sent is taxable, shipping charges are also subject to both taxes. Sales from a Local Option Sales Tax town where delivery is made to a non-Local Option town are not subject to the Local Option Sales Tax. Out-of-state vendors that have voluntarily agreed to collect Vermont state sales tax through their membership in the Streamlined Sales Tax Project (SSTP) must also collect Local Option Sales Tax.

Persons making amusement charges subject to state sales tax must also collect the Local Option Tax on these charges if the entertainment or recreational facility is in a local option sales tax town. Utility sales subject to state tax (electricity used commercially, cable TV and telecommunications, for example) are subject to the Local Option Tax if the charge is for service provided at an address in a local option sales tax town. Charges for leases or rentals of tangible personal property subject to state sales tax are also subject to the Local Option Tax if the property is located in a local option sales tax town. The Local Option Sales Tax does not apply to motor vehicles subject to the 6% purchase and use tax nor does it apply to automobile rentals.

Sales made from temporary sites are subject to the Local Option Tax if the temporary site is in a local option sales tax town.

EXAMPLES

1. A customer purchases a tennis racquet at Vendor A's Manchester store. Manchester is a Local Option Tax town. Vendor A must collect the 6% state sales tax and the 1% Local Option Sales Tax.
2. A customer from Rutland telephones Vendor A's Williston store and orders a table. The sale is not subject to the Local Option Sales Tax even though Williston is a Local Option Tax town, because the table will be shipped to Rutland which has not adopted Local Option taxes. However, if Vendor A were located in Rutland and the customer in Williston, the sale would be subject to the Local Option Sales Tax because Williston is the destination of the table.

3. The sale is the same as above except the customer is in Hoosick Falls, New York. The sale is not subject to the Local Option Sales Tax because the statewide sales tax is not collected on the out-of-state shipment.
4. A vendor located in Rutland sets up a temporary location at a craft fair in Stratton, a Local Option town. Sales of pillows made from the temporary location are subject to the Local Option Sales Tax. However, if the Vendor were from Stratton and the temporary location is in Rutland, the sales would not be subject to Local Option Sales Tax.
5. A salesperson working for a vendor located in Burlington visits a customer in Rutland and sells a wrench from an inventory in his van. This sale is not subject to the Local Option Sales Tax. If the vendor was from Rutland and the sale was made in Burlington, Local Option Sales Tax would apply.
6. An electrical utility sells electricity subject to Vermont sales tax to customers in Williston and outside Williston. Local Option Sales Tax applies to sales where the service is received in Williston but not to other sales.
7. A fuel oil dealer has offices in Rutland from which customer accounts are serviced. A customer contacts the Rutland office to establish accounts, close accounts or to handle issues regarding service or billing. After accounts have been established, fuel is delivered automatically depending on historical consumption patterns and degree days. The dealer has storage facilities in several towns. Sales by this vendor into local option towns are subject to Local Option Sales Tax, regardless of the location of the storage facility from which the oil is delivered.
8. An operator of a retail business in Burlington acquires a computer from a mail order business outside of Vermont which does not collect sales or use tax. The computer is subject to the 6% state use tax. It is not subject to the Local Option Sales Tax because the sales tax was not collected by the out-of-state business. If the mail order business is registered to collect Vermont sales tax, the computer is subject to the 6% state sales tax and the Local Option Sales Tax.
9. An operator of a business in Burlington purchases a computer from a Rutland business. No state sales tax is collected because the purchaser holds a direct-pay permit. The transaction is subject to the Local Option Sales tax, and the seller must report and pay a Local Option Sales Tax on its state sales tax return.
10. A leasing company located in Rutland collects Vermont sales tax on lease payments for a bulldozer located in Williston. These lease payments are subject to the Local Option Sales Tax. However, if the leasing company were in Williston and the bulldozer in Rutland, no Local Option Sales Tax is due. The tax on the first lease payment is determined by where the item is received and, to the extent the vendor has knowledge of the location of the bulldozer during subsequent lease periods, the tax is determined by location.
11. A person works out of his home in Burlington. He does not maintain a business office in his home or at any other location. He visits clients at their locations and solicits sales, which his supplier ships directly to his client. If the client is outside of a local option town no Local Option Sales Tax is due. However, if the destination of the item sold is to a local option town, such as Burlington or Stratton, Local Option Sales Tax is due.