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# Local Option Tax Legislative Alert: Contact Your Senator Today

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Senator Rebecca White plans to introduce an amendment that would increase the amount of local option tax your municipality can retain next year from 75 percent to 80 percent. Please contact your senator immediately to tell them to support Senator White's local option tax amendment to H.933, the miscellaneous tax bill. The tax bill will be on the floor this week – so **it is important that you contact them immediately**

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**Click here to see who your senator is, how to contact them, and a complete list of local option tax communities by senate district.**(opens in a new tab)

The state currently keeps more than 25 percent of all local option tax collected to fund processing tax returns and make payments in lieu of taxes for state-owned property in municipalities. As more and more municipalities collect the tax, the special fund has grown, far exceeding the obligations of the fund. The Administration and Legislature have decided to spend $10 million of that fund instead of amending the formula to reduce the surplus. More upsetting is that the legislature failed to take any testimony from a single city or town that collects the local option tax before spending the surplus.

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The Joint Fiscal Office (JFO) estimates the surplus balance of the Local Option Tax PILOT Fund will be $13,207,355 in 2027. Even after the Administration and Legislature spend the $10 million they've appropriated in 2026 and propose to do in 2027, the JFO anticipates the 2028 surplus balance to still be $10 million. (Check out this chart from the JFO that explains things(opens in a new tab).)

Please contact your senator and remind them that your community depends on the local option tax to maintain its roads, keep its library open, hire police and firefighters, run recreation programming, and whatever other LOCAL priorities LOCAL voices have decided to do with their LOCAL option tax revenue. Feel free to share the below with them also:

- Before the state decides to repurpose local option tax revenue to fund general fund obligations – it should **amend the local option tax retention formula** to keep local dollars local.

- Senator White's amendment would increase the amount of local option my community retains from 75 percent to 80 percent.

- The state would still retain 20 percent of all local option taxes collected, more than enough to fund all obligations for 2027 in the Big Bill AND continue carrying a surplus in the PILOT special fund in 2027 and beyond.

- Senator White's amendment would not require any changes to any other legislation before the Legislature.

- Since last year, when the state increased the retention to 75 percent from 70 percent, 21 new local option taxes have been approved in 13 different municipalities. **This windfall should be shared with local governments.**

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- The amendment would return approximately $2.6 million next year to the 51 communities that have adopted a local option tax.

- The PILOT Special Fund would likely still carry a year-over-year surplus for the next several years if the amendment were adopted, and maybe more if additional cities and towns adopt the local option tax.

- The PILOT Special Fund historically has not carried a year-over-year surplus, and it is not statutorily required to do so.

- Should the PILOT Special Fund not meet revenue forecasts, the Legislature can always amend the formula as it has repeatedly in the past.

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Want to know how much money your community has received from local option taxes or how much your community has contributed to the state's Local Option Tax PILOT Special Fund? See the Vermont Department of Taxes LOT Disbursement Report(opens in a new tab).

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