



# LOCAL OPTION TAX (LOT)

## Common Questions

- How does LOT get collected and what does the town do with it?
- How much have we collected since the LOT was approved?
- Who is paying the LOT?
- How much LOT have we collected and used in FY19?
- What effect does the LOT have on our tax rate?

# HOW DOES LOCAL OPTION TAX WORK??



Colchester businesses and online retailers file quarterly returns with the State of Vermont



Pay existing voter approved debt



State sends money to the town



Town holds money in bank account until voters approve use for capital projects

Town asks voters for approval to use LOT funds on specific capital projects





## COLCHESTER'S LOCAL OPTION TAX HISTORY

	<b>+ COLLECTIONS</b>	<b>- DEBT PAYMENTS</b>	<b>= FUND BALANCE</b>
<b>FY16</b>	<b>927,807.79</b>	<b>670,944.64</b>	<b>256,863.15</b>
<b>FY17</b>	<b>1,482,495.52</b>	<b>643,135.19</b>	<b>1,096,223.48</b>
<b>FY18</b>	<b>1,599,849.39</b>	<b>627,964.18</b>	<b>2,068,108.69</b>
<b>FY19</b>	<b>1,557,873.79</b> *	<b>594,462.18</b>	<b>3,031,520.30</b>

*\* includes \$288,708.92 which was in the capital projects fund which had completed its projects. The Selectboard moved this funding into the local option tax fund to make it available for future voter approved projects.*



87% of Local Option Tax comes from out of town visitors

Estimated \$4,593,006 has been collected from out of town visitors and \$686,311 from Colchester Residents since the beginning of LOT collections



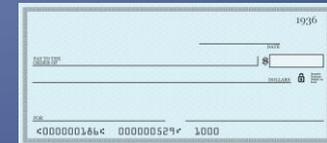
# Local Option Tax

FY18 ending balance → 2,068,108.69

Revenue received from  
State of Vermont → + 1,269,164.87



Debt payments made → - 594,462.18



From Capital Projects → +288,708.92

Current Fund Balance → 3,031,520.30



## What has the local option tax done for my tax rate?

	TAX RATE		ANNUAL TAX ON \$250K HOME		
	WITH LOT	WITHOUT LOT	WITH LOT	WITHOUT LOT	SAVINGS
<b>FY16</b>	0.5405	0.5735	1,351.33	1,433.75	-82.42
<b>FY17</b>	0.5442	0.5751	1,360.38	1,437.85	-77.47
<b>FY18</b>	0.5225	0.5523	1,306.18	1,380.70	-74.52
<b>FY19</b>	0.5352	0.5629	1,337.93	1,407.30	-69.37
<b>FY20</b>	0.5423	0.5662	1,355.80	1,415.43	-59.63
			<b>5-YEAR SAVING</b>		<b>-363.41</b>

Future votes to use LOT funds for capital projects will **NOT** increase tax rates  
 debt payments will be covered with existing LOT funds

