

March 18, 2025

Members of the Ways and Means Committee

Vermont State House
115 State Street
Montpelier, VT 05633

Dear Members of the Ways and Means Committee,

I am submitting this written testimony in opposition to the proposed legislation to impose a 1% tax on Short-Term Rentals (STRs) in Vermont. Unfortunately, I did not have the opportunity to testify in person, but I strongly believe that it is crucial to share my perspective as a resident of Stowe and a representative of Stowe Resort Homes (SRH), a business that plays a significant role in the local economy.

While I fully recognize the importance of creating fair and effective tax policies for all sectors of the economy, I believe that this particular provision unfairly targets small-scale local businesses, such as Stowe Resort Homes (SRH), and would have serious negative consequences for Vermont's tourism and economy.

Stowe Resort Homes operates as a luxury short-term rental business, providing high-end vacation accommodations in the Stowe region. We are different from larger, corporate entities as SRH focuses on personalized experiences for our guests, working closely with local suppliers, businesses, and contractors. We employ 8 full-time employees in a variety of roles, including property managers, maintenance staff, housekeepers and administrative personnel. Additionally, we employ part time and seasonal employees and contracted workers, including cleaning crews, landscapers, tradespersons and other local vendors. These employees, contracted workers and vendors are local residents who rely on SRH and other vacation rental managers for their livelihood.

The 3% state tax on STRs, implemented in August 2024, was already a significant adjustment for small businesses like SRH. The additional 1% local option tax (LOT) proposed in H.479 would further increase operational costs, which could lead to higher prices for guests, reduced demand for our properties, and, ultimately, fewer bookings. This would negatively affect not only SRH's ability to provide jobs for our employees and contractors but also hurt the broader Stowe economy. Fewer visitors would lead to reduced revenue for local businesses such as restaurants, retail shops, and service providers that depend on tourism to stay afloat. While the tax is levied on visitors, this increase ultimately makes staying in a small, local business like ours more expensive compared to larger hotel chains such as Hyatt, Hilton or Marriott, which have greater resources to absorb these costs. This price disparity can deter tourists from choosing locally-owned accommodations, thus hurting small businesses that rely on the tourism industry.

By imposing an additional tax on STRs, we risk driving away visitors who are already concerned about the high cost of staying in Vermont. STRs play a vital role in supporting the local economy, directly employing over 6,000 people across the state. Many of these jobs are tied to small businesses in rural areas where accommodation options are limited. For example, on-farm short-term rentals help Vermont farmers stay operational, allowing them to continue their crucial

work. Imposing an additional tax would harm these businesses and could result in job losses that directly affect Vermont families.

I urge the Committee to consider the broader implications of this provision and ask the following questions:

- 1. What is the justification for taxing small, local business owners more than large, national corporations like Hilton and Marriott, which have far greater resources to absorb such costs?**
- 2. What will happen to our local economy if state and local government policies continue to discourage tourism, which is a key driver of revenue and jobs in Vermont?**
- 3. How can tax policies effectively generate revenue if towns are allowed to restrict and ban STRs through zoning and ordinances, thus limiting the supply of rental options and damaging the overall tourism industry?**

Vermont's tourism industry is a cornerstone of our state's economy, and it is essential that we implement policies that foster growth rather than hinder it. As a business deeply connected to our community, Stowe Resort Homes is committed to supporting local employees and the economy. However, additional taxes, like the proposed 1% LOT on STRs, would disproportionately impact small, locally-owned businesses like ours. Rather than discouraging tourism and placing further financial strain on small businesses, I urge you to find a more balanced approach that ensures both the success of Vermont's tourism industry and the continued prosperity of our local communities.

Thank you for your time and attention to this important matter. I trust that you will give thoughtful consideration to the potential impact of this provision on Vermont's families, small businesses, and local economies.

Sincerely,

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