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Vermont League of Cities and Towns 2025 Legislative Priorities



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Local Option Tax for Short Term Rental

VLCT supports expanded authority to tax and regulate STR's at the local level. Housing market impacts and economic development opportunities presented by the Short Term Rental market vary community to community.

Why not just use a Rooms Tax?

- All Meals & Rooms LOT adopted before FY26 were established through charter and likely obligate those revenues.
- Traditional lodging businesses contribute other state and local revenues and benefits.

The regulation of STR's create a municipal resource challenge:

- Fire inspection & Public Safety demands
- Registration, Compliance
- Wastewater permitting vs. Occupancy



Infrastructure Needs

In VLCT's membership survey last October, 35 municipalities reported that they currently have plans to build or expand municipal water or sewer systems. From those 35 projects:

- 28% have received some state funding, 16% have received some federal funding.
- The average total cost for the project is about \$14 million, the median is about \$10.2 million
- Anticipated date of completion from 2025 to 2030
- Total anticipated costs from all survey respondents is \$393,871,000 and the funding secured to date is \$151,912,000.

That means that Vermont needs to find over **\$240 million** just to meet expected costs for local infrastructure projects underway.

Infrastructure Sustainability Fund

VLCT supports investments for municipal infrastructure to enable housing

- Eligible activities: VLCT survey found the top three needs for funding assistance were construction, planning and design, and project management (including finance/grants management)
- Consider expanded geographic application criteria, such as settlement areas, villages, fire districts
- **Consider investment above \$9.1 million, support \$15 million**



Considerations for Tax Increment (CHIP)

VLCT supports Tax Increment Financing to fund public infrastructure for the types of housing and at the density envisioned by the community and allowed for in local bylaw.

- Vermont needs 30,000 homes - building all types of housing for all incomes is for the public good
- Prioritize housing and consider flood resiliency for program eligibility
- Include opportunities for all municipalities to fund critical infrastructure and realize housing development, regardless of Tier 1 status
- Tax increment formula for state and local property tax that supports new development and redevelopment projects
- Stable and immediate contributions to the Education Fund
- Pair appropriate technical support for municipalities

Understanding Grand List Growth

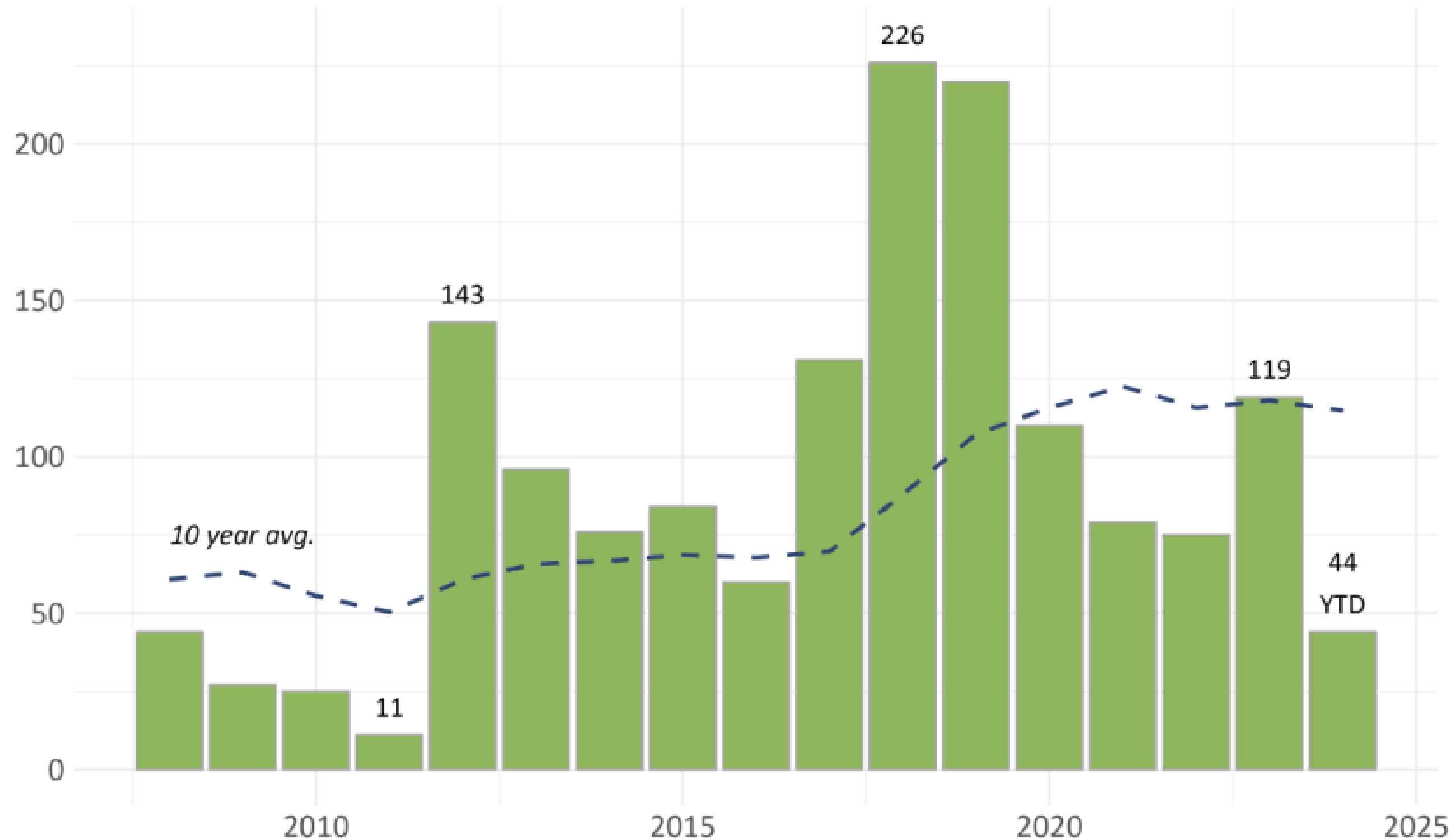
To assess background growth for the purpose of analyzing the potential impacts of the CHIP proposal, it is problematic to include grand list growth from revaluation. Revaluation is tax revenue neutral. We must assess grand list growth from development or renovation.

- The equalization study (CLA) is a method of revaluation based on current fair market value
- Scarcity of housing inflates the value of homes
- Revaluation does not change the amount of property tax revenue to the Education Fund
- Development of new housing increases grand list revenue
- Annual municipal grand list growth (new revenue) is understood to be around or below .8% - 3%
- Per VHFA, Between 2010-2020 Vermont's housing stock increased by an average rate of 0.4% (1,178 homes per year)



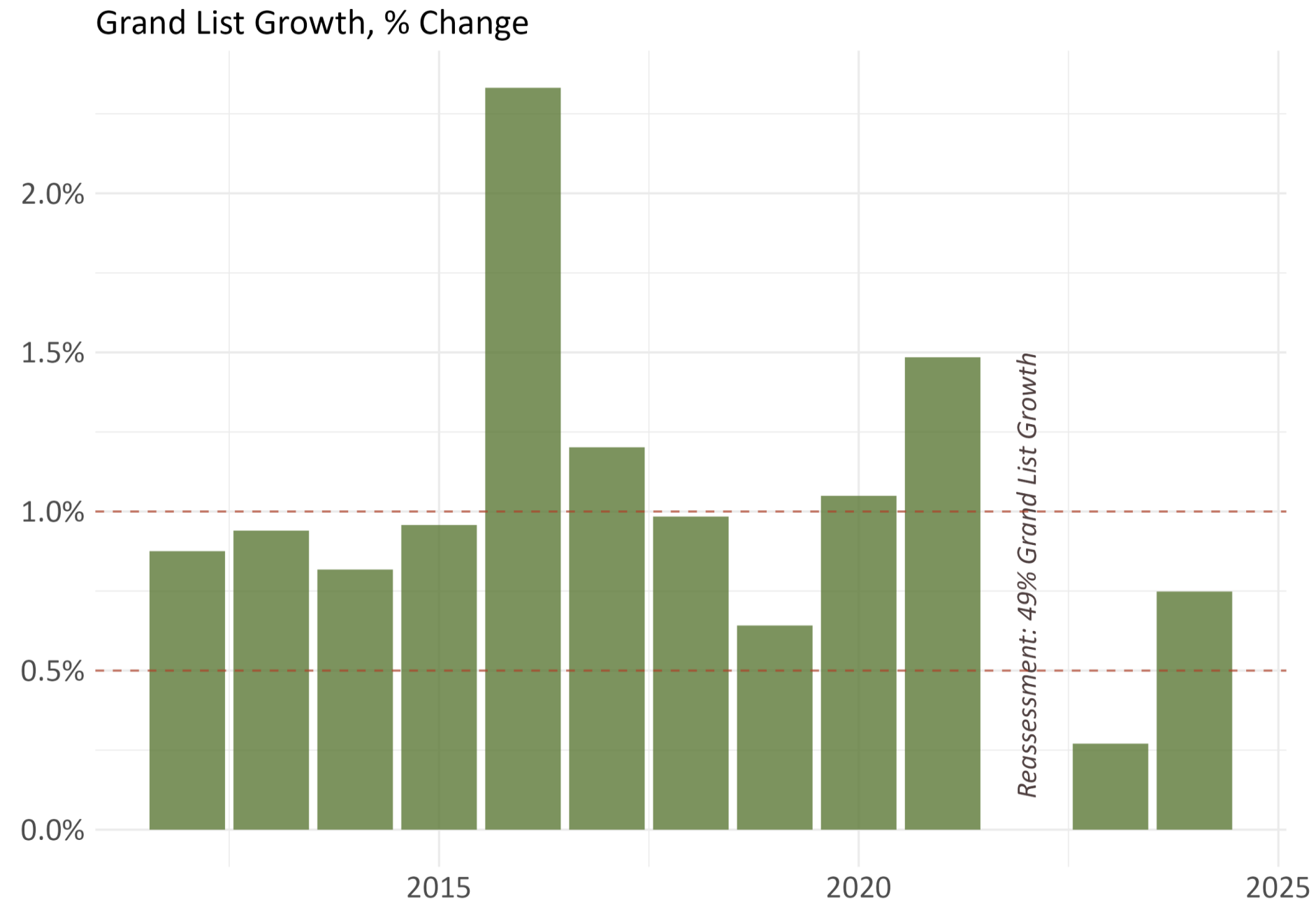
New Housing Units Constructed in Burlington, Per Year

In 2012, the ten-year average was 61 new units per year; in 2023, this average was 119 units per year -- about a 200% increase in rate of development.



Percent of Grand List Growth in Burlington, Controlled for Reappraisal

Even building an average of 119 units per year over the last decade, Burlington has only experienced year-over-year growth of the grand list above 2% once.



Excludes personal property.

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Questions???



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