

## S.286 Fiscal Estimates

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### Current Meals and Rooms Tax Revenue and Allocations:

#### *Allocations:*

General Fund: 69%

Education Fund: 25%\*

Clean Water Fund: 6%

### Total FY25 Meals and Rooms Revenue (includes STR 3%): \$262.3 million

\*The Education Fund receives 100% of the revenue from the 3% Short-Term Rental Surcharge

### Meals and Rooms Tax Rates (Current and Proposed)

	Meals	Rooms	Rooms - STR Surcharge	Alcohol
Current Statewide Rate	9%	9%	12%	10%
Statewide Rate + 2% Surcharge	11%	11%	14%	12%
Towns with a Local Option*	10%	10%	13%	11%
LOT Towns + 2% Surcharge	12%	12%	15%	13%

\*Burlington has a gross receipts tax of 2.5% on meals and alcoholic beverages, 4% on hotel/motels, and 9% on short-term rentals; Rutland City has a 1% gross receipts tax on rooms, meals, and entertainment.

### Preliminary Revenue Estimates – 2% Meals and Rooms Tax Surcharge (\$ millions)

	Meals	Rooms	Alcohol	Total
FY 2027 (first-year implementation)	\$29.3	\$18.1	\$5.8	\$53.1
FY 2028 (full-year)	\$33.1	\$20.4	\$6.5	\$60.0

- 100% of these estimated revenues would flow to the School Construction Aid Special Fund, which was created by Act 73 of 2025. The Special Fund currently does not have a dedicated revenue source.
- As outlined in 16 V.S.A. § 3445, base awards to districts for school construction would be equal to 20% of the total debt service of the project. Bonus incentives could provide up to an additional 20% of debt service cost. The Secretary of Education would also be able to issue emergency aid of 30% eligible project costs up to a maximum eligible total project cost of \$300,000.