
RE: Question on Local Option Tax that returns to the Municipality

From Magnus, Abigail <Abigail.Magnus@vermont.gov>

Date Fri 7/17/2026 2:02 PM

To Josh Arneson <jarneson@richmondvt.gov>

Cc Sameroff, Rebecca <Rebecca.Sameroff@vermont.gov>

Hi Josh,

I have confirmed with legal division and included the following responses to your questions below:

- Can the article for the LOT contain a sunset for the tax so it is only valid for a set number of years?
 - This is not prohibited, we just ask you tell us when the end date is.
- Are gas and fuel included in the LOT?
 - No, highway and home heating fuel are not in the sales tax base and would not be subject to a sales tax LOT. Sec. 9741(7) exempts motor fuels and 9741(26) exempts domestic use of fuel. If fuel is sold NOT for domestic use, it could be subject to a sales tax LOT depending on what the use is (farming and manufacturing are other exemptions for fuel).
- I understand the LOT applies to where the customer takes possession of the item. What about larger items like excavators? First, does LOT apply to construction equipment like excavators? Second, if the purchaser picks up the excavator at Milton Cat (located in Richmond) I assume the LOT would apply. But if Milton Cat delivers the excavator to a purchaser outside of Richmond, then there would not be and LOT for Richmond. Is that correct?
 - LOT applies to where the sale takes place which is where the customer takes possession. If a purchase is delivered to an address, this would be where the sale takes place, otherwise the sale occurs at the location of the vendor.
 - Vehicles can be a little tricky because the application of LOT is dependent on the type of vehicle. Motor vehicles registered for highway use are not subject to sales and use tax but are subject to the DMV Purchase and Use Tax which does not have a LOT component. Vehicles for off-road use are generally subject to sales tax (unless they are for forestry or farming), and if they are tracked vehicles there is a cap on the amount of sales tax and LOT tax charged.
- Richmond is also home to the contractor J Hutchins. I assume that any of their taxable projects that occur outside of the Town of Richmond would not be subject to Richmond's LOT?
 - The LOT would apply to the purchase of any items made in or delivered into Richmond. If this contractor purchased taxable items to be delivered to their shop, these would be subject to the Richmond LOT. If the contractor purchased building materials to be delivered to a job site, the LOT tax would depend on where the job site is located. It does not matter where the location of the job site is if the materials are first shipped to the contractor. A good example is if you drove to Williston to make a purchase, it is the status of the LOT in Williston that matters, not the status of the LOT in the town you intend to use the product.
- How does the State verify if a sale is made in Richmond or if the item was delivered or shipped to a customer outside of Richmond?
 - The sales tax vendor is responsible for knowing where the sale takes place and whether LOT applies at that location, and then reporting the LOT information back to the Tax Department on their return.

Best,

Abby

From: Josh Arneson <jarneson@richmondvt.gov>

Sent: July 17, 2026 6:22 AM

To: Magnus, Abigail <Abigail.Magnus@vermont.gov>

Cc: Sameroff, Rebecca <Rebecca.Sameroff@vermont.gov>

Subject: Re: Question on Local Option Tax that returns to the Municipality

EXTERNAL SENDER: Do not open attachments or click on links unless you recognize and trust the sender.

Abby and Rebecca,

Just following up to see if you can help answer the questions I emailed last week. See below. Thanks.

Josh Arneson (he/him)

Town Manager
Town of Richmond
P.O. Box 285