



April 10, 2023

Commissioner Craig Bolio  
Vermont Department of Taxes  
133 State Street  
Montpelier, VT 05602

Commissioner Bolio,

As you are likely aware, the City of Essex Junction enacted a local option tax on October 1, 2022. The Town of Essex, from which the City of Essex Junction recently separated, does not have this tax and has previously voted this tax down. These two municipalities share a common zip code, as does parts of Westford, which has led to the local option taxes being improperly collected outside of the City of Essex Junction.

The Tax Department sent a letter to all businesses in Essex (Junction and Town) in late summer/early Fall of 2022. This created much confusion by businesses and many erroneously assumed they were supposed to collect the tax due to this letter's vague instructions.

Any person or business can call the tax department to inquire whether they should be collecting the Local Option Tax based on their physical address. However, this puts the responsibility on the individual business, many of whom feel they are collecting the tax correctly due to the letter they received from your Department.

Staff from the Town of Essex and Chittenden County Regional Planning Commission have done and continue to do a lot of outreach and education to Essex businesses about local option tax collection. Even so, we continue to hear from residents and businesses about local option tax being collected in error.

The Selectboard is asking that the Tax Department send a letter to all businesses within the Town of Essex who should *not* be collecting the tax to clarify the earlier letter. We feel that the root cause of the confusion is due to the letter initially sent.

We also have an ongoing problem with local option tax being erroneously collected by online vendors. Over the Christmas holidays, it became apparent that many online vendors were collecting the local option tax from every customer within the 05452 zip code. The most prominent online vendor that did not tax Town of Essex residents was Amazon – and their system uses the extended zip code with the additional four numbers for the street address.

We request the Tax Department send an enforcement letter to all e-commerce sites who remit local option tax to the Tax Department collected from 05452 residents, referencing the Vermont Sales and Use Tax Regulations, Reg. § 1.138(a)(2): “If a seller or CSP (certified service provider) is unable to determine the applicable rate and jurisdiction using an address-based database record after exercising due diligence, the seller or CSP may apply the nine digit zip code designation applicable to a purchase.”

Thank you for your consideration.

Sincerely,

Town of Essex Selectboard

Cc: Rep. Emilie Kornheiser, Chair, House Ways and Means Committee  
Rep. Alyssa Black  
Rep. Leonora Dodge  
Rep. Rey Garofano