

Tax Structure Commission – Possible Topics for White Papers/Research Papers

A. Evaluation of Vermont’s Tax Structure

1. Structural analysis of Vermont’s revenue system
 - Identify taxes that are out-of-date—Update? Eliminate? Replace?
 - Identify taxes or other revenue streams that no longer meet needs (e.g., gas tax; fuel gross receipts tax)
2. Review tax expenditures to evaluate if purposes for which they were created are out-of-date
3. Review of BRTSC recommendations—What was implemented and did results meet expectations? What wasn’t implemented and why?
4. Taxation of assets in Vermont—what is taxed and how does it compare to other states?

B. Impacts of Demographic Changes and Possible Responses

1. Impacts on revenue from income, sales, and other tax sources
2. Impacts on revenue from certain tax expenditures (e.g., exclusion of some social security income taxable at federal level)
3. Impacts on education funding—Will increased funding for the elderly crowd out K-12 funding?

C. Vermont’s Education System and Financing

1. Lessons from original Picus report (2012) and policy brief (2014). What changes have occurred and what are needed? Expected?
2. An overview of education financing system; who pays?
3. Alternative models for financing education in Vermont
4. Can the system be simplified to increase understanding and informed decision making?
5. Equalization and common level of appraisal; potential for statewide appraisal and its issues

6. Property tax expenditures that affect education financing

D. Business Taxation

1. Examination of corporate vs. pass-through taxation in Vermont and best practices
2. Non-resident withholding on pass-through entities; treatment in other states
3. Market-based vs. cost-of-performance sourcing; treatment in other states
4. Review of sales taxation of services in other states, especially New England states

E. Future Needs and Priorities

1. Environmental taxes and future needs
 - Lake clean up, flood resilience, climate change, land conservation
 - Use value appraisal, property transfer tax, land gains tax, parcel fee, carbon tax, license fees
2. Impacts of economic and technological changes
 - Effect of technological changes on employment and income tax revenues
 - Changing nature of vehicle purchases; impact on gas and diesel tax revenues
 - Changes in infrastructure needs, including telecommunications
3. Health care needs and sources of revenue
 - Review of health care-related taxes; how assessed and impact on costs

Framing questions:

1. Where can the Commission add greatest value?
2. How to achieve balance between providing near-term practical solutions and long-term vision for Vermont's tax system?
3. How to prioritize topics?
4. How will this topic contribute to TSC's vision?