

TSC Work Plan and Calendar

The following slides draw from the work plan adopted at the February meeting, the research topics from the March meeting, and the public engagement plan to be discussed at the May meeting. Specifically:

- 1) “Review of Work Plan Phase 1” serves as a status update to the items contained in Phase 1 of the work plan, along with links to documents from the Commission’s initial phase.
- 2) “What’s on the Horizon” maps the upcoming calendar of activities. The timelines for research topics are placeholders which can be refined as the Commission determines the scope for each.
- 3) “Focusing the Research Topics” contains the research topics from the Commission’s March list. The calendar can be adjusted depending on how the Commission decides to target the research questions in subject-area work plans.
 - Note that personal income and sales tax are covered only as they relate to a) the impact of demographic changes, and b) the tax expenditure component of the tax structure evaluation, because this is what was included in the March research papers list.
 - If the Commission wishes to do additional work in these or other areas, the calendar can be adjusted accordingly.

A Review of Work Plan Phase 1

(green text is lifted verbatim from the Commission's work plan)

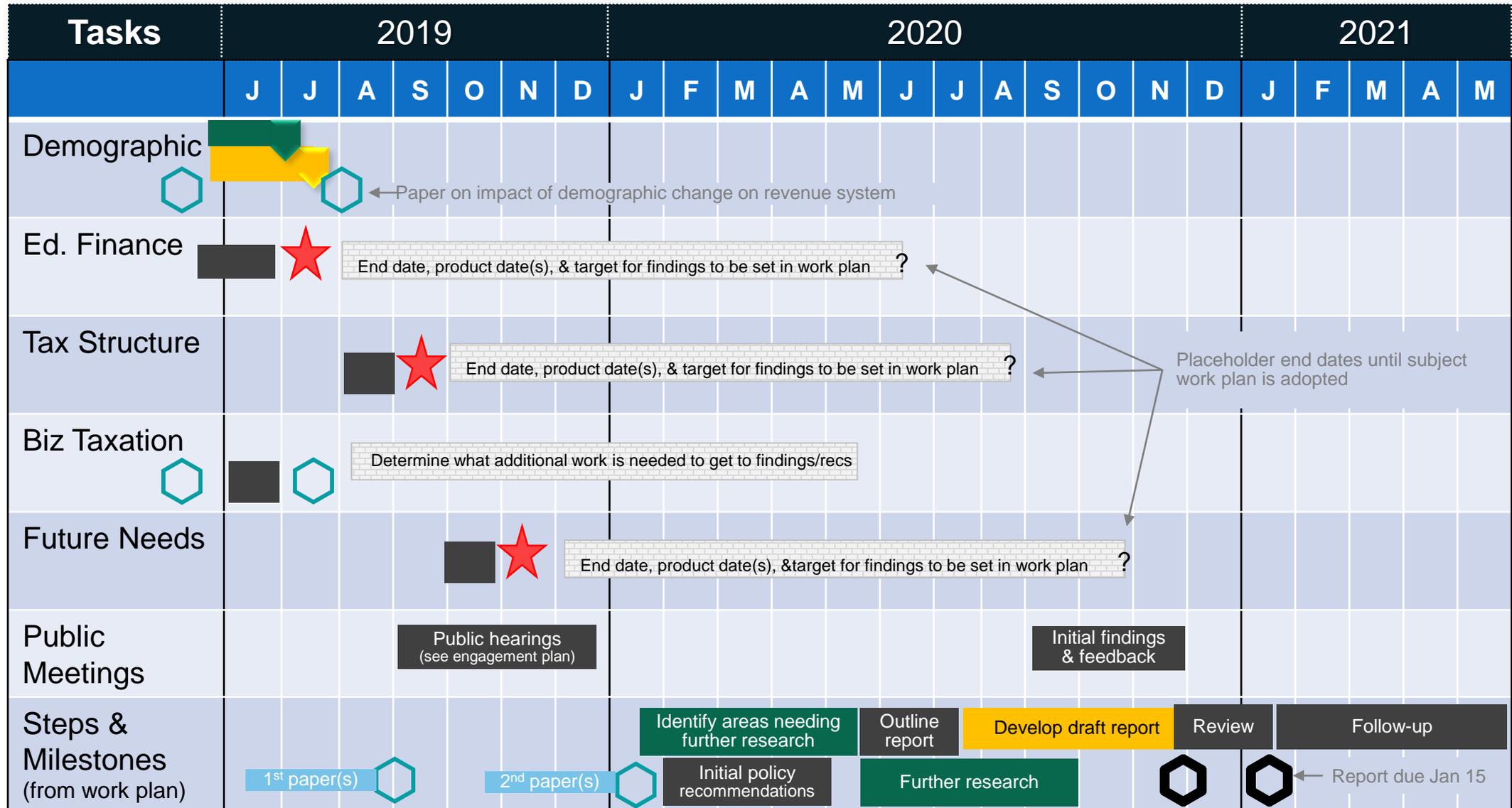
January through July 2019 (Phase 1)

- Finalize Work Plan and Budget – Jan-Feb 2019
 - Done: [Tax Structure Commission Adopted Work Plan](#)
 - Done: [Tax Structure Commission Adopted Budget](#)
- Per authorizing statute, submit Work Plan and Budget to the Joint Fiscal Committee, the Senate Committee on Finance, and the House Committee on Ways and Means – Feb 15, 2019
 - Done: *Links to relevant documents above*
- Reach agreement on general principles on which to evaluate current tax structure and possible recommendations – Feb-March 2019
 - *One-pager drafted and revised*
- Solicit engagement from stakeholders – continuous
 - *Ongoing*
- Presentations to commissioners on current tax/revenue/fund structure, including education financing and property tax systems – Feb-March 2019
 - [Budget Overview](#) (presented Feb. 11)
 - [Revenue and Tax Briefing](#) (presented Feb. 11)
 - [Report on Unfunded Budget Pressures](#) (presented Feb. 11)

- [Introduction to Vermont's Education Finance System](#) (presented Mar. 18)
 - [2-pager from Dept. of Taxes on the Education Fund and Education Finance](#)
 - [1-pager on Other States' Use of Statewide Taxation of Property to Finance K-12 Education](#)
- Review prior relevant reports and recommendations (e.g., Blue Ribbon Tax Structure Commission final report; 2017 Vermont [10-year] Tax Study; tax expenditures biennial reports; DOT Sales Tax on Services Study and JFO Sales Tax on Selected Services Report) – Feb-April 2019
 - [Blue Ribbon Tax Commission Final Report](#)
 - [Vermont Tax Study and presentation](#) (presented Feb 11)
 - [Tax Expenditure Reports](#)
 - [JFO Sales Tax on Selected Services Report](#)
 - *DOT Sales Tax on Services Study (to upload)*
- Commission identifies issues from prior reports and presentations that warrant further research or updating – Feb-March 2019
 - Done: *Links to relevant documents incorporated in "prioritize for research" bullet below*
- Commission identifies areas of interest to be explored in initial set of white papers – Feb-April 2019
 - Done: *Links to relevant documents incorporated in "prioritize for research" bullet below*

- Report status of BRTSC recommendations, including barriers to implementation – March 2019
 - [BRTSC Recommendations Update](#) (presented Apr. 22)
- Identify areas of interest that further the goals of the commission and prioritize for research – March-April 2019
 - *Business Taxes*
 - [Status of Research on Business & Consumption Taxes](#) (presented Apr. 22)
 - [Corporate Revenues from Repatriation](#)
 - [Backgrounder: Corporate Income Tax—Sourcing of Sales for Services](#)
 - [Impact of Vermont's Population Trends on Tax Structure](#) (presented Apr. 22)
 - [2-pager on Northeastern State Tax Treatment of Social Security and Retirement Benefits](#) (presented Apr. 22)
- Develop plan for engaging the public, including low-income advocates and business groups – March-April 2019
 - *List of stakeholders (May 29)*
 - *Engagement plan (May 29)*
- Produce 1-2 initial white papers for review – April-July 2019
 - *Demographics paper in process*

What's on the Horizon - DRAFT Calendar, June 2019-May 2021



As of 5/29/19

Focusing the Research Topics

(green text is lifted verbatim from the Commission's possible research topics document)

Education System and Financing

- Lessons from original Picus report (2012) and policy brief (2014). What changes have occurred and what are needed? Expected?
- An overview of education financing system; who pays?
- Alternative models for financing education in Vermont
- Can the system be simplified to increase understanding and informed decision making?
- Equalization and common level of appraisal; potential for statewide appraisal and its issues
- Property tax expenditures that affect education financing (*note: will be included in demographic paper*)

Evaluation of Vermont's Tax Structure

- 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)
- Review tax expenditures to evaluate if purposes for which they were created are out-of-date
- Review of BRTSC recommendations—what was/wasn't implemented (*done*)
- Taxation of assets in Vermont—what is taxed and how does it compare to other states?

Business Taxation

- These items tend to be well-defined relative to other sections and Susan has already conducted much of the research. The question in laying out the calendar is how much more work the Commission wants to do in this area.
 - Examination of corporate and pass-through taxation in Vermont and best practices
 - Non-resident withholding on pass-through entities; treatment in other states (*in progress*)
 - Market-based vs. cost-of-performance sourcing; treatment in other states (*done*)
 - Review of sales taxation of services in other states, especially New England states (*some research done*)

Future Needs and Priorities

- 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
- 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
- Health care needs and sources of revenue
 - Review of health care-related taxes; how assessed and impact on costs