

Charlie Kimbell
State Representative, Windsor-5
Vermont State Legislature
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Thank you for the opportunity to speak with you and thank you for your work. Over the next 16 months, while you are deliberating, members of the legislature and the administration and the general public will advance many proposals in the area of tax reform, even while knowing that you are working on a comprehensive, deep review of tax policy in Vermont with the best interests of Vermonters in mind. Alas. I am one of them.

I humbly submit some observations to you.

The statewide education property tax, or the Brigham tax, is complicated, Hard to Understand, difficult to administer, disconnects voters from the impact of local budget decisions, leaves the legislature powerless to affect spending levels.

I've heard many times at school board presentations the chair say, "You'd need a PhD to understand how this is figured out." It is so very frustrating for voters to hear "We have reduced the school budget, but your taxes are going up." Does not compute.

Average Daily Memberships, Reversions, Common Level of Appraisals, Coefficients of Dispersion, Application of surpluses, adjustment to the yield, homestead exemption, income sensitivity...
Uh huh. Uh huh. Let me get this straight. The school budget is lower, but my property taxes are going up?

I posit that because 70% of Vermonters receive a property tax adjustment on their tax bill because of income sensitivity, a major part of our homestead owners are insulated, to a degree, from escalating school budgets. While local spending decisions made by local school districts affect the tax paid by homeowners on the basis of their income, it is not clear that there is enough of a direct correlation to hold school spending down.

Fair Market Value is still the best determinant of taxable value, NOT the assessment.

H.252 This bill proposes to close the use value appraisal program to new applications for one year and permit withdrawals from use value appraisals without penalty for that same period.

H. 248. This bill proposes to move the statewide education property tax from a system that values taxable property at its fair market value to a system in which property is valued at its adjusted basis. The bill would also phase out income sensitivity over five years, prevent any property from being newly enrolled in the current use program, and eliminate the common level of appraisal.

Property Tax Adjustments based on income are borne by the Education Fund, thereby increasing property taxes for those who do not receive an adjustment. In 2020 that increase for the other taxpayers is \$168 million.

Current Use Adjustments are also borne by other property tax holders to make up the difference in property tax revenues of \$44M. Include the municipal taxes paid by the state to hold the towns harmless and it increases to \$60 million.

In Act 46, school districts were given an incentive to merge faster by lowering their education tax rate by \$.10, then \$.08, then \$.04, then \$.02 before becoming fully equalized. The funding for those reductions were borne by...wait for it...the education fund, which required that the state base rate go up to pay for those reductions.

On school construction:

H. 209 is a bill that proposes to (1) require the Agency of Education to oversee and hire a consultant to conduct periodic capital needs assessments of State school buildings, and (2) end the period of suspension of State aid for school construction projects beginning with consolidation projects. There is a very real contradiction and/or disconnect between funding education expenses through a statewide education property tax but leaving the burden of school construction up to LOCAL tax payers. Equal education needs to consider the facilities. Back when Act 60 passed in 1997, there were immediately labeled GOLD towns, those sending significantly more money to the state from the statewide property tax than they were retaining. Remember that Killington in 2004 and 2005 voted overwhelming at its town meeting to Secede from Vermont, claiming they were sending \$20 million in tax revenue to the state but only getting back \$1 million. That effort eventually fizzled out, and legislators claimed that the revenues sent to the state were the property of the state, NOT the town, whether it was sales tax, rooms & meals or property tax. The conversation about sending towns and receiving towns had gone dormant, pretty much, UNTIL we start talking about how to fund school construction.

Because there is not state aid for school construction, the entire tab must be borne by the school district. And it ain't cheap. In the new Modified Union District in Woodstock, A two-year, comprehensive study about education goals and the ability to meet those goals with the current 1956 building determined that a significant rebuild of the failing infrastructure is needed. Of the three concepts developed with the help of an architect, the estimate of a new school building for just the middle and high school is \$60 million. You know the cost estimates for Winooski, Burlington and So. Burlington of \$55 million, \$70 million and \$175 million respectively. Who pays for these projects? Unlike the statewide education property tax, the construction falls on the district towns. Bottom line? We can't afford it on a local basis. Either we model Act 60's statewide education property tax by creating a statewide education capital construction fund, or we go back to a pre-Brigham environment in which local communities fund all of their education spending on a local basis, giving taxing capacity back to the local schools.

Equal access to education must include the quality of facilities. WUHS has a great track team. But we don't have a track. Never have. And we're a sending town.