

For Discussion – Commissioner Kleppner’s Preliminary Draft Outline for Final Report – Updated 9/19/19

I. Introduction

A. Our charge from the legislature, including building on the previous work of the BRTC and others, and what our charge is not (spending, budget structure, education reform, etc.)

B. Our guiding principles, including looking at the whole structure for balance and sustainability, fairness, and simplicity.

C. How we did this work: review of existing work, testimony from X legislators, Y advocates, Z admin officials, x1 biz group reps, y1 members of the public, etc

II. Our changing landscape and implications for the tax structure over the next 20 years

1. Demographic – aging, urbanizing, fragmenting

2. Technology and economy: shift to online, shift to services, electrification

3. Climate change

III. Taxes used to fund education.

A. Education portion of property tax reform

1. What the projected trends suggest about property tax revenue in the future

2. Recommendation re State taking over appraisals of big, complicated properties

3. Recommendations re. state-wide education portion of property tax

4. Recommendations re. municipal portion of property tax.

5. Other recommendations

B. Education portion of sales & use

C. Portion of education spending that actually social services spending

IV. Non-education portion of property taxes (need to address complexity and lack of understanding somewhere).

V. Sales tax reform

A. What the projected trends suggest about sales tax revenue in the future

B. Recommendation for online transactions

C. Recommendation re. services

D. Other recommendations

V. Income tax reform

A. What the projected trends suggest about future income tax revenue.

B. Recommendation re. mandatory composite filing

C. Other recommendations

VI. Obsolete and inefficient taxes

VII. Recommended timeline and order

VIII. Unmet needs and future work

A. Health care

B. Climate change

IX. Conclusion

Appendices

1. Stakeholder involvement/testimony/information gathering

- A. Proposals considered regarding education tax
 - 1. VLCT: Reduce Education Fund reliance on property taxes, which currently make up about 2/3 of Education Fund revenues, in order to leave more property tax with the municipalities to fund everything else they need.
 - 2. Public Assets Institute: Move state-wide school funding to income-based tax for everyone.
 - 3. Vermont NEA: Move to income-based tax for everyone to fund education.
- 2. Demographic paper
- 3. The Blue Ribbon Tax Commission
 - A. BRTC recommendations that have been implemented
 - B. BRTC recommendations that have not been implemented, and why
- 4. Commissioner biographies
- 5. Staff biographies