

## Commissioner Brighton's Draft Initial Outline on Volatility Section

### **To the governmental fund: Revenue Volatility** From Year to Year

Is affected by: (charts of each)

1. Taxbase (adjusted by CPI) over X years
  - VT Taxable Income
  - Sales Tax base
  - EEGL
2. PIT Brackets
  - a. VT Taxable Income at each bracket over X years (chart)
3. Ed Property Tax –
  - a. Can't compare revenue volatility because the rate is set to meet the estimated need
  - b. Volatility due more to: Ed Spending, Other Revenues, Other Uses, PTA, Charts?

### **To the Taxpayer: tax bill volatility**

Is due to change in tax base

Is due to changes in taxpayer circumstances (e.g. income, purchases, real estate)

Is due to changes in benefits received (e.g. school addition, reduced health care premium)

Local Ed Tax: all of the above plus changes in other EF revenues, other EF uses, PTA from last year, spending in other districts. Taxpayers understand the first 3, but not the complex calculation of the ed tax...

### **To the economy: automatic stabilizers**

Income-based taxes (and income-based transfers) are considered automatic economic stabilizers. Stabilizer because they maintain the purchasing power of households as incomes fall, and automatic because they kick in immediately rather than requiring a new plan to be crafted and adopted by the legislature