

Commissioner Trenholm's Draft Introduction – v1

Tax Structure Commission, Our Charge from the Legislature

The Vermont Tax Structure Commission was created by Act 11 of 2018 to analyze Vermont's revenue system, recommend improvements and modernization, and provide a long-term vision for the tax structure. Independent from both the legislative and executive branches of government, the Commission aims to make the tax system more understandable for the public, help policymakers compare the merits of various options, and offer recommendations that can help Vermont's revenue system work better for Vermonters.

The Commissioners were appointed in fall 2018 and will serve until they deliver their final report on January 15, 2021.

The Commission defined its Goals, Principles of a Tax System and our Purpose in our paper published May 29, 2019.

As directed by the legislature, we used the principles of a high-quality revenue system to pursue three objectives:

- 1) Analyze Vermont's tax structure
- 2) Recommend improvements and modernization
- 3) Provide a long-term vision

Our guiding principles were adapted from National Conference of State Legislatures (NCSL), Principles of a High-quality State Revenue System focusing on Sustainability, Equity and Appropriateness.

The Commission adopted a workplan to include oral and written testimony from the Joint Fiscal Office, the Tax Department, Senators, Representatives and members of the public who expressed an interest in testifying about a particular matter. The Commission also specifically requested persons with expertise in the Education Finance Tax, and other areas of Vermont taxation whose testimony is available on the Commission website.

In executing that plan, we have worked for over two years, during which time we held XXX public meetings, both in-person and online, and took written and oral testimony from YYY Vermonters, including legislators, members of the Administration, staff professionals from the Legislative Joint Fiscal Office and the Department of Taxes, leaders of non-profit advocacy groups, and members of the public.

The Commission also reviewed the Blue Ribbon Tax Commission Report Final Report dated January 13, 2011 as a base-line for our work, building on the work the Blue Ribbon Tax Structure Commission had previously done to see what recommendations made by that Commission had been implemented and of those not implemented, what should this Commission study further.

The Commission, through our Staff Director and Consultant, produced two backgrounder papers and a Full Report entitled, "Population Changes and Vermont State Revenue" for publication on our website as

resources to be used in writing our final report. The Commissioners also did some research and developed chapters of the Final Report to include, Education Finance/Property Tax, Consumption Taxes, Income Taxes, Estate Tax and an obsolete tax, the Telephone Property Tax also using the resources and testimony prepared and received. **With our very different professional backgrounds and approaches to taxation, we believe that any recommendation of which we all approved was likely to be robust, so we committed at the beginning of the process to working toward recommendations that had our unanimous support. Consequently,** these Chapters contain recommendations to the Legislature that the entire Commission has agreed upon.

The Commissioners would like to thank the Legislature and Governor for the opportunity to serve on this Commission, our Staff Director, Staff Associate and Consultant, and all those who testified before us to bring this report and its recommendations to the Legislature.