



Memorandum

Date: November 25, 2020

To: Jill Remick, Director Property Valuation and Review

From: Karen Horn, Director, Public Policy and Advocacy (khorn@vlct.org)

RE: Billing and Collection of Education Property Tax

The Vermont League of Cities and Towns membership voted at its annual meeting on September 30, to support “directing the Vermont Department of Taxes to bill and collect education property taxes”. Thank you for your attention to the following considerations.

For decades we have urged the legislature to address the over-reliance on the property tax for funding education, a need that is always highlighted in legislators’ campaigns and has never been substantively addressed. In addition to this fact, please find below reasons spurring the membership to take this action.

The total amount of property taxes billed by the city, town or village includes education property taxes that range from 50 to more than 90 percent of the entire bill, leaving little if any capacity or room for flexibility on the municipal side to address pressing needs.

The law requires that municipalities must pay the state or their school district on specific dates whether or not they have collected the billed education property taxes. Thus education property tax takes precedence over municipal property tax revenues that are used to pay for plowing the roads, recreation and after school programs, law enforcement and many more vital programs that protect the health and safety of Vermonters.

The fact that local officials must bill and collect the education property tax means that local officials take the blame for its relentless increase every year, for its complexity, for its disconnection from the school budgets that voters adopt, and for the fact that the dysfunction that legislation built into the system is never rectified.

The education property tax system is endlessly complicated, confusing and disconnected from the education budgets that voters adopt at the local level. Nor is there is any sign that legislators have an appetite for making it significantly less complicated or confusing.

There is no ceiling on the education property tax. When school budgets are adopted, if there are insufficient sales tax or other state raised revenues to pay the resulting bill, the education property tax fills the gap. The welcome efforts of the legislature to address the potentially devastating shortfall in Education Fund revenues due to the COVID-19 pandemic instead of leaving the education property tax to pick up the slack was an historic anomaly.

The relationship between the Tax Department and municipal officials is likewise complicated, a fact amply demonstrated by the lengthy explanations, lists of responsibilities , back and forth over individual town education property tax rates, and calendars on the Department of Taxes website for municipal officials.(<https://tax.vermont.gov/municipal-officials/resources#pub>).

