

Fredette: Rest of the story, Rutland Herald, December 19th, 2023

Open letter to Reps. Brady, Holcombe and Priestley:

Thank you for your commentary, “Rising spending,” in the Dec. 13 edition of the Rutland Herald. I have made similar attempts over the years to share “the rest of the story” — as Paul Harvey would put it — when governors and others have pointed fingers at school budgets as the bane of Vermont property taxpayers. Your observations about what could, and should, be done to help our schools thrive rather than blaming them for increases to tax rates, are spot-on, but please allow me to add to the list of things people might not be aware of.

TIFs: Tax Increment Finance Districts. Designed to stimulate economies by providing infrastructure — at taxpayer expense — to encourage developers to invest in projects that may increase property values and hence, lower property tax rates in the long run, if the projects come to fruition as planned. A reasonable idea, and there are some good success stories, like the ongoing revitalization of downtown St. Albans. That said, while I’m sure municipalities and developers embrace the concept, I see three major problems with the system.

- The presumption developers would shy away from projects “but for” the taxpayer-subsidized needs like water, sewer and roads;
- Another presumption the project will actually be completed and property owners will receive a return on investments — perhaps decades down the road; and
- The subsidies are made by siphoning money away from municipal budgets and the Education Fund. At a time when Vermonters are bearing ever-increasing tax obligations, voters in the Town of Killington approved creation of a TIF to provide infrastructure so a developer would then build a multi-million dollar village at the ski area. Estimates from July 2022 predict \$87 million additional property tax revenues for education (possibly) being generated over 20 years, with \$26 million going to the Ed Fund, and \$61 million to paying off the bond, instead of the entire \$87 million lowering Vermont residents’ taxes. I’ve yet to hear an explanation of how subsidizing a ski village is an appropriate use of education dollars.

And while taxpayers from every corner of the state will bear the costs, only residents of Killington got to vote on this.

CLAs: Common Level of Appraisals. About this same time last year, just after the annual “Tax Letter” was released by Commissioner Craig Bolio, a commentary of mine attempting to shine a light on this factor’s impact on education tax rates was published.

In short, the system of adjusting property tax rates to account for changes in property values is long overdue for updating, and that became more critical when COVID, and then extreme weather events, prompted people to buy “a place in Vermont,” oftentimes at well above listed values. When this happens, the CLA drives everybody else’s property tax rate up because the system deems their homes are undervalued. A more reasonable approach might be to reappraise the newcomers’ homes here to more accurately reflect what they agreed to pay for them, thereby not driving up the tax rates of all others in that town.

It’s telling that the letter I penned a year ago would still be accurate this year with only minor tweaking, which brings us to a third, and possibly the most onerous, issue with property tax rates in Vermont.

Governors and others: I have watched with disdain various shell games over the years from administrations bent on balancing the state budget on the backs of property owners by not providing appropriate monies to the Ed Fund, while at the same time overtly blaming schools. Jim Douglas held back \$12.5 million from what was legally required to be transferred from the General Fund, saying it would not raise property taxes one dime; the rest of the story is property tax rates would have gone down if the proper transfer had been made. Peter Shumlin held back \$25 million, saying schools would save that much when his new health insurance program rolled out; the rest of the story is that never happened, but the \$25 million was already gone, and had to be made up through increased property taxes. Phil Scott held back \$50 million, saying schools should be able to make that up by negotiating changes to health insurance offered to teachers; the rest of the story is, astoundingly, that administration further exacerbated the pressure on schools by not sending them all of the funds that were approved by voters, overriding the people’s decisions, and forcing increases to the next year’s school budgets before districts even began working on them.

The rest of the story is to be continued. Stay informed, and vote.

Ken Fredette lives in Wallingford.