

April 14, 2024

Senate Committee on Finance
Vermont State House
115 State Street
Montpelier, VT 05633-5301

Dear Senators of the Committee on Finance,

We, the undersigned organizations representing 4,811 employers, urge you to proactively champion reforms that will establish a fair and sustainable funding system for all Vermonters. The yield bill that will soon be sent to you by the House proposes significant increases of 15% for homestead and 18% for non-homestead property taxes without addressing the underlying structural issues that have led to such steep and burdensome costs for Vermont residents.

Amidst the unprecedented rise in property tax rates, many constituents observed the Ways and Means Committee deliberations as they considered meaningful changes to the education funding system. The committee's FY2027 Education Opportunity Payment proposal, shaped by input from numerous legislators, represented a solid step toward future cost containment.

We were initially prepared for the impact of increased taxes on our businesses, believing it would be a temporary burden addressed through financing reform. Unfortunately, the committee opted to maintain the status quo under pressure from organizations that did not offer viable alternatives. This represented a missed opportunity for courageous and innovative leadership.

We respectfully urge you to consider the following proposals:

1. Avoid the transfer of \$25 million in cost from homestead to non-homestead property tax rates that the Ways Means Committee created to subsidize homeowners based on income. Homestead ratepayers, who voted for school budgets contributing to higher education spending should bear the responsibility for their decisions, aligning with the prevalent sentiment among legislators this session.
2. If you support the House's \$25 million buydown, discussed above, we propose that 30% of new revenue generated from the miscellaneous tax bill's provision allowing towns to implement local option taxes be allocated towards reducing the non-homestead rate.
3. Restore the initial language proposed by the Ways and Means Committee to initiate the implementation of the FY2027 Education Opportunity Payment plan by FY28, similar to the approach taken with the Clean Heat Standard, delegate the Task Force established under the House bill to develop an implementation plan by December 15, 2025.
4. While we do not endorse a tax on prewritten software accessed remotely, including Infrastructure as a Service, Platform as a Service, and Software as a Service, if you proceed with the "cloud tax," we request a business-to-business exemption for the tax on prewritten software accessed remotely to avoid tax pyramiding.

5. Review the universal school meals program to ensure subsidies are targeted to those in genuine need, preventing tax increases for lower-income individuals to cover costs for those who do not require assistance.
6. The Task Force lacks diverse voices from taxpayers and those who are employing the workforce that comes out of our school system. We request that you add a representative from a signatory of this letter to the task force, among other representatives, to bring more diverse perspectives.

Your leadership and support are crucial in navigating the state through these challenging times. Thank you for your attention to these important matters.

Sincerely,

Lake Champlain Chamber
Vermont Retail and Grocers Association
Vermont Chamber of Commerce
Vermont Lodging Association
Vermont Fuel Dealers Association
Heating and Cooling Contractors of Vermont
Vermont Vehicle and Automotive Distributors Association
Vermont Ski Areas Association
Vermont Insurance Agents Association
Vermont Veterinary Medical Association
Associated Industries of Vermont
Lamoille Economic Development Corporation