

1/20/2015 Current Use testimony before House Ways & Means—Put Blodgett

In Colonial days, when almost everyone was engaged in agriculture, land and buildings were a good indication of wealth. But that is no longer true. Our property tax system has evolved into a current use system for homes, business blocks, manufacturing facilities, etc., but for land it has become not what it is used for, but what it MIGHT be worth, IF it was developed. Farming and forestry simply do not earn enough per acre to pay ad valorem taxes! Hay and trees do not need education.

But every year balancing the budget seems to be a larger and more difficult task. Current Use should be, and has been, examined in this process. From 1992 to 1996 CU was underfunded, in one year it was only funded at the rate of 59%. In the last days of the 2009 session a search for \$1.6 million in added income or savings was instigated. This resulted in H.485 in the next session which received Governor Douglas' only veto of the session. This was followed in subsequent sessions by H.237 and H.329, both of which passed in the House but died in the Senate.

Over the years various proposals have been floated, a "one-time" \$128 charge per enrollee, a pro-rated charge, an 83 cents per acre charge, a cap on acreage valuation, above which full taxation, etc. This year the miscellaneous tax bill proposes taxing farm buildings at 30% instead of 0, a moratorium for sign-up of three years and a \$700,000 cut in the working lands enterprise program. Still searching for \$1.6 mil.

Farmers are going to be hit with manure and phosphorus containment mandates. Hitting them with a jump in property taxes will further burden a struggling economy. When I was farming in the 50's and 60's, there were 10,000 dairy farmers in the state—today there are less than 900! Vermont needs that open farmland!

A three-year moratorium merely postpones the problem of dealing with higher land values and the necessity of more landowners using CU to afford their property taxes. It is also unfair to those in the process of making the required management plan.

The Vermont Council on Rural Development's survey of Vermonters found over 97% endorsed the value of the working landscape of farms and forests. As a result, the Legislature passed H.496, the Working Lands Enterprise Investment bill. Cutting \$700,000 will be the death of that program as the remainder is too small to justify the Ag staff to administer it.

Far better would be to pass a simple restoration of the original 10% of FMV penalty for land use change. NH collects millions each year with its 10% of FMV. VT collects hundreds of thousands with its system of pro-rated value of the entire parcel. Persuade Senate leadership to send the bill to Senate Finance, NOT to Senate Ag!

If the Legislature wants more money from Current Use (UVA) this is the cleanest, simplest way to go and it is an assumption of fiscal responsibility by landowners.