



March 25, 2015

The Honorable Tim Ashe
Chair, Senate Committee on Finance
Vermont Senate
115 State Street
Montpelier, VT 05602

The Honorable Mark A. MacDonald
Vice Chair, Senate Committee on Finance
Vermont Senate
115 State Street
Montpelier, VT 05602

Dear Members of the Senate Committee on Finance,

The version of the miscellaneous tax bill passed by the House of Representatives removed a proposal by the Tax Department that clarified the property tax exemption for municipal parking garages with long term leases. The Vermont Mayors Coalition requests that the Senate Committee on Finance restore the provision and make clear that municipal parking garages remain exempt from taxation when used for public parking the majority of the time. We believe that taxing municipal parking garages negatively impacts economic development, smart growth principals, and efficient land use.

Please consider the following:

- Economic Development – Building a parking garage costs between \$12,000 and \$30,000 per space. Buildings cannot be financed without parking, yet the cost to develop parking in downtowns is prohibitive. Allowing developers to lease parts of municipal garages for part of the day is critical in attracting investment in downtowns.
- Environment – Parking garages owned by a municipality allow parking spaces to be used all day every day rather than just when a particular building is occupied. Businesses share spaces with residents assuring that fewer spaces are needed. Fewer structured spaces allow greater development density. Storm water run-off is limited to one level and is treated before entering the ecosystem, unlike a proliferation of smaller lots.
- Efficient Land Use – Downtowns have limited land area to support development. Paved surface lots significantly reduce development potential, while garages make efficient use of available land.



We believe that taxing parking garages with long-term leases for part of the day will be very difficult to achieve. It is impossible to separate the value of a garage from the properties it serves since buildings have little value without assigned parking, leaving assessors uncertain about how to value the building and parking separately.

While we understand the need to generate tax revenue, we believe that taxing garages will not yield any significant revenue, will place municipalities and developers in an untenable position trying to sort out value, and will raise an unnecessary barrier to growth. In the end, this policy may in fact make growth harder to achieve or drive development into the countryside.

Municipal parking garages should be exempt from taxation because they are owned by municipalities as part of their obligation to provide infrastructure for their citizens and business owners. Parking, like roads, water, waste water, and utilities, should not be subject to taxation.

Please restore the provision in the miscellaneous tax bill exempting municipal parking facilities from taxation.

Sincerely,

The Vermont Mayors Coalition

cc: The Honorable John Campbell, Senate President Pro Tempore
 The Honorable Virginia Lyons The Honorable Richard Westman
 The Honorable Kevin Mullin The Honorable Michael Sirotnik
 The Honorable Claire Ayer