

S.260 Revenue Choices (Preliminary estimates)

Joint Fiscal Office

4/19/2018

Option 1 - \$2 Occupancy Surcharge (Jan. 1, 2020 start date)

	Revenue	State Cost	Net
FY20	2,700,000	(25,000)	2,675,000
FY21	7,100,000	-	7,100,000

Notes:

The Tax Dept. estimated implementation cost to be \$25,000 for M&R tax collection system updates and has cautioned that the new surcharge would add some additional complexity to audits that could be addressed with a new FTE but Tax will not request an FTE at this time

This option was passed in the House Natural Resources recommendation of amendment to S.260

Assumes surcharge would be effective Jan. 1, 2020 (5 mo. of collections in FY20)

Option 2 - 0.5% on the Meals and Rooms tax (no alcohol) (Jan. 1, 2020 start date)

	Revenue	State Cost	Net		
FY20	3,500,000	(25,000)	3,475,000		
FY21	9,200,000	-	9,200,000		
	M&R tax forecast	New revenue	Total	96% to GF	4% to CWF
FY20	183,900,000	3,500,000	187,400,000	183,729,120	3,670,880
FY21	187,700,000	9,200,000	196,900,000	189,024,000	7,876,000

Notes:

Assumes that the tax change would not create any new administrative costs due to existing M&R tax reporting infrastructure but would require a one-time \$25,000 expenditure for system updates

M&R tax forecast is based on the Jan. 2018 consensus revenue forecast

The required allocation of M&R revenues would likely result in new revenues not matching what ultimately goes to the Clean Water Fund

Assumes tax change would be effective Jan. 1, 2020 (5 mo. of collections in FY20)

Option 3 - Impervious Surface Fee

** Modeled partly on a proposal from a prior year

	Fee	Parcels	Revenue
All Residential Property	\$70	245,404	\$17,178,280
All Commercial/Industrial Property	\$120	21,282	\$2,553,840
All Other Property	\$100	63,300	\$6,330,000

	Revenue	State Cost	Net
per year (1st yr.)	26,062,120	(5,500,000)	20,562,120
per year (2nd yr.)	26,062,120	(4,000,000)	22,062,120

Notes:

This estimate would establish three separate fees to be levied on parcels based on land use

There is no ability at this point to bill based on impervious area. This proposal is a variation of the impervious surface fee but the amount of the fee is dependent solely on parcel category and not on impervious surface area

Cost of administration based on estimates given by Tax Dept. in Act 73 report

A new statewide billing system would be established by Tax Dept.

The timing of receipts in 1st year would be dependent on the effective date of the fee and timing of the billing

Categories of properties are based on lister assessments and could vary from town to town

All communities are included in these estimates, regardless of existing municipal stormwater fees

Some amount of this revenue would likely be uncollectable due to appeals of property category, non-payment, or exemption by federal law

Costs exclusive of any ongoing mapping/data update costs outside of Tax Dept.

Option 4 - Flat Per Parcel Fee

** Modeled on S.260 As Introduced with a modified fee

	Fee	Parcels	Revenue
All Parcels in Vermont	\$20	335,331	\$6,706,620
	Revenue	State Cost	Net
per year (1st yr.)	6,706,620	(102,156)	6,604,464
per year (2nd yr.)	6,706,620	(82,156)	6,624,464

Notes:

This proposal would be a flat fee on all parcels in Vermont that would be collected at the municipal level. (Municipal costs not included)

There would be some start-up costs that are unknown at this time. NEMRC estimates \$20,000 to add fields to tax bills. The ongoing cost is estimated to be 1% of collections

This fee would be placed on existing property tax bills with assumption that it would be administered like the statewide education tax for billing and collection purposes. Municipalities would keep 0.225%

The timing of receipts in 1st year would be dependent on the effective date of the fee and timing of the billing

All communities are included in these estimates, regardless of existing municipal stormwater fees

Some amount of this revenue may be uncollectable due to appeals or exemption by federal law

Option 5 - Flat Per Parcel plus acreage additions

** Modeled on a proposal from a prior year

	Fee	Parcels	Revenue
All Parcels in Vermont under 25 acres	\$25	335,331	\$8,383,275
All Parcels in Vermont at or over 25 acres (per acre)	\$1	3,730,408	\$3,730,408
	Revenue	State Cost	Net
per year (1st yr.)	12,113,683	192,094	12,305,777
per year (2nd yr.)	12,113,683	212,094	12,325,777

Notes:

This proposal would be a \$25 flat fee on all parcels in Vermont plus a \$1 per acre fee for all parcels over 25 acres and collected at municipal level (Municipal costs not included)

There would be some start-up costs that are unknown at this time. NEMRC estimates \$20,000 to add fields to tax bills. The ongoing cost would be estimated to be 2% of collections

This fee would be placed on existing property tax bills with assumption that it would be administered like the statewide education tax for billing and collection purposes. Municipalities would keep 0.225%

All communities are included in these estimates, regardless of existing municipal stormwater fees

The timing of receipts in 1st year would be dependent on the effective date of the fee and timing of the billing

Acreages of properties are based on lister assessments and could vary from actual acreages

Some amount of this revenue would likely be uncollectable due to appeals of acreage