

April 3, 2018

I would like to start by explaining what the process is that Towns go through for the billing and collecting of taxes. I will use my own Town, Charlotte, in this explanation and it will be more simplified than other Towns, only because we have one due date for taxes, annually. The State provides us with the education tax rates, Homestead and Non-residential, and the Town sets a municipal tax rate based on our approved budget. We set our tax rate in July, bill taxes in August with a due date each year on November 15th. From the moment I bill out the taxes, I send “revised” tax bills weekly as a consequence of receiving new batches of Homestead Declarations, weekly, from the State. Each time I receive that download from the State, before I send out revised bills, I need to go into my tax administration module, into each one of those parcels' accounts and make sure there have been no payments made to date. If there has been a payment made already, the late Homestead Declaration means that either there is a credit due because of overpayment or simply a reduced payment due because the Homestead tax rate is lower than the non-residential tax rate. Each time the State sends out the list of property tax adjustments, (I will just say “prebates” to simplify), I am prompted to send out revised tax bills. So again, I am first printing new tax bills—a copy for the Town and a copy for the taxpayer. Then I go into each individual account to see if any payments have already been made to see if I need to credit the new tax bill with a payment made and note the remainder due or do I need to send the new tax bill out along with a check for overpayment. The process is already cumbersome and Charlotte is a small Town with 1700+ tax bills to send out and collect.

So, why would we be required to send out one bill for municipal taxes and one bill for education taxes, and how would that possibly work? If I have a taxpayer with a total tax bill of \$10,152.43; \$1089.39 is municipal & \$9,063.04 is education taxes and the person gives me a partial payment of \$500.00—how am I posting that? People send in partial payments all the time, they give me pre-payments as well. For example, this year in December, I collected almost \$900,000 in pre-payments for November 2018. How would I be dividing those up between separate accounts for education & municipal taxes? I have delinquent taxpayers every year, which tax am I going to apply payments to first—am I going to pay the Town first and then the State, how would I be applying the penalty and interest? How are mortgage companies and banks going to be able to handle the tax payments for their escrow accounts? As I have said in my initial letter, we get large checks from mortgage companies and banks that cover multiple taxpayer accounts. I could receive a single check from Wells Fargo for \$175,000 with the list of accounts it is to be applied to—the tax amounts due, as far as the mortgage company is concerned, are not always correct. That is because people are declaring homesteads late, and receiving prebates late, sometimes receiving additional prebates, and the mortgage companies could be relying on earlier tax data to make their payments. Again, we are in the position of issuing checks because a credit is due, or issuing a revised bill with additional taxes due because the mortgage company has shorted us. I want to understand how this would all work with two separate bills due.

The phrase “education taxes are income sensitive” is a misnomer. That phrase would seem to mean that lower income taxpayers would get assistance on the education portion of their taxes. The prebate system is flawed and it continues to be flawed, and yet year after year, it is never addressed by the legislature. Taxpayers with plenty of assets/funds to maintain their lifestyle, owning high value properties, are receiving some of the highest prebates possible—why is that? It is not right and that same group of taxpayers will benefit further with the passage of H.911! No one looking at the population or property values in the Town of Charlotte would guess that we received \$1,768,212 in prebates, it is just not right.

Here are some examples:

1. Housesite value - \$1,041,700	Housesite ed. Taxes - \$14,897.35	State payment - \$7,652.00
2. Housesite value - \$698,100	Housesite ed. Taxes - \$9,983.53	State payment - \$7,012.00
3. Housesite value - \$1,067,100	Housesite ed. Taxes - \$15,260.60	State payment - \$7,669.00
4. Housesite value - \$600,700	Housesite ed. Taxes - \$8,590.61	State payment - \$7,187.00
5. Housesite value - \$543,000	Housesite ed. Taxes - \$7,765.44	State payment - \$7,084.00
6. Housesite value - \$704,100	Housesite ed. Taxes - \$10,069.33	State payment - \$6,216.00
7. Housesite value - \$620,900	Housesite ed. Taxes - \$8,879.49	State payment - \$8,000.00
8. Housesite value - \$461,800	Housesite ed. Taxes - \$6,604.20	State payment - \$8,000.00
9. Housesite value - \$1,264,800	Housesite ed. Taxes - \$18,087.90	State payment - \$6,282.00
10. Housesite value - \$569,000	Housesite ed. Taxes - \$8,137.27	State payment - \$6,592.00

And then, we also have those taxpayers who receive more than they are billed. I am not quite sure how someone gets more money in a state payment than is owed in taxes, and why I would be in a position where I have to credit them back a check at the same time I am sending them a tax bill.

1. Housesite value - \$347,300	Housesite ed. Taxes - \$4,966.74	State payment - \$6,265.00
2. Housesite value - \$337,900	Housesite ed. Taxes - \$4,832.31	State payment - \$5,602.00

This is a tiny sampling and these property owners are not elderly, nor are they in need of any “assistance” to pay their property taxes or anything else. But the rest of us are paying higher taxes so this group can continue to receive assistance from the State. And now H.911 will apparently give those taxpayers even more “assistance” with the additional property tax adjustment from municipal taxes.

This entire bill is wrong, and it will only magnify everything that is wrong now. Bills like this are making Vermont a place unlivable for the young people who grew up here and would like to stay here, work here, and raise their families here. You are on your way to making that impossible for them.

Mary A. Mead
Town Clerk/Treasurer