



Memorandum

To: Senate Finance Committee

From: Karen Horn, Director, Public Policy and Advocacy

Date: April 9, 2020

Re: COVID-19 Priority Issues for Municipalities

Thank you for asking about local government issues that the legislature may help to resolve. Municipalities are on the front lines and being asked to do everything from organizing the sewing of masks and volunteer efforts to assisting businesses accessing resources to working on internet, highway repair, wastewater and remote recreation opportunities.

➤ Local legislative bodies need clear authority to change tax due dates and to abate interest and penalties on late tax payments during the COVID 19 declared emergency. According to Act 92, signed last week, municipalities are authorized to extend or waive deadlines applicable to their licenses, permits, programs, or plans. Any expiring license, permit, program, or plan due to the municipality for review or renewal is to remain valid for 90 days after the declared emergency ends. However, we understand that some are not convinced this authority applies to property tax payments.

➤ Authorize local legislative bodies to reduce the current municipal tax rate during the declared emergency. While some costs are increasing exponentially, others are being reduced (particularly around general non-emergency highway projects). As selectboards and city councils shift their priorities and tighten belts, expenditures will likely be less than were expected or voted at Town Meeting.

➤ Work with local governments, the administration and the Congressional delegation to assure that CARES Act funds are available to pay for municipal costs associated with the COVID-19 declared emergency. Likewise, advocate for any CARES-4 package to include direct funding to local governments of fewer than 500,000 population.

We do not know yet what municipal funding or borrowing needs may be. However, property tax payers may be unable to pay property taxes in a timely manner, which will result in increased delinquencies and requests for abatement both in the current fiscal year and likely to a far greater extent, in the next fiscal year. In Burlington for instance, a Property Tax Relief Plan was announced this week to allow those who are not able to make their June 12, 2020 property and business personal property tax payments on time to apply for deferment. The city may borrow up to \$20 million to cover the revenue gap until taxes are paid. <https://www.burlingtonvt.gov/covid-19/propertytaxrelief>

➤ Provide a framework within which municipalities may abate property taxes during the COVID-19 declared emergency. Craft a solution that eliminates the need for municipalities to make the Education Fund whole if payments from towns to the Education Fund are incomplete during the COVID-19 declared emergency. Municipalities do not have the capacity to backfill the Education Fund.

Sponsor of:

VLCT Employment
Resource and Benefits
Trust, Inc.

VLCT Municipal
Assistance Center

VLCT Property and
Casualty Intermunicipal
Fund, Inc.

➤ Support efforts at the Tax Department, VLCT, the Vermont Municipal Clerks and Treasurers Association (VMCTA) and Vermont Listers and Assessors Association (VALA) to navigate the statutory deadlines for filing grand lists, establishing homestead declarations and property tax credit claims. It may be necessary to amend that schedule or otherwise shift the process as the fallout from the COVID-19 declared emergency continues.

➤ Assure adequate funding to keep our emergency medical services personnel and establishments, whether municipal, private or non-profit, solvent and able to provide essential services. The Senate Government Operations Committee is working on S. 182 to allow emergency medical services to continue operations as many face insolvency in the next week or two.

➤ Provide for deployment of high speed internet to all corners of the state. The broadband and telecommunications inadequacies in much of Vermont are often extreme as all of us are now acutely aware. The world will look very different when the present crisis is over and the need for internet connectivity to participate in the next economy will only expand. Portions of the \$1.25 billion coming to Vermont as general assistance to the state and local governments could potentially be used to fund connectivity programs and reliable, secure teleconferencing capabilities.

Our memo of April 2, describing municipal needs to the House Appropriations Committee is here: <https://www.vlct.org/sites/default/files/2020-04-02%20house%20appropriations.pdf>

Thank you for your consideration of these issues and your concern for local governments during this crisis.