Testimony from:
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Re: H.954.

Thank you for allowing me to testify today with regards to H.954, which passed the House on May 22nd, and is now being considered by the Senate.

Sec. 4 of the bill calls for "the Department of Taxes in consultation with the Vermont League of Cities and Towns, the Vermont Municipal Clerks' and Treasurers' Association, the Vermont Bankers Association, and the Association of Vermont Credit Unions, [to] submit to the House Committees on Ways and Means and on Government Operations and the Senate Committees on Finance and on Government Operations an implementation plan to transition the responsibility for billing and collecting the statewide education property tax from municipalities to the Department."

My number one question on this issue is, "Why?" Why is there a need for a duplicative and confusing billing system? What problem is this meant to solve?

Each Vermont city and town prints property tax bills every year, which include both municipal and education taxes. It's easy for taxpayers to see exactly how their taxes are calculated and how they break down into municipal and education taxes.

If each property owner receives two tax bills – one from the town for municipal taxes and one from the state for education taxes – this will create an expensive and confusing system with more questions than answers:
1. Why confuse taxpayers by issuing two bills? Will they understand they need to pay both of them? Will they understand the payments need to be made separately? How many tax payers will pay both bills to the town, and how much time and money will the towns spend issuing refunds and educating the taxpayers?
2. Will the Department of Taxes establishment payment centers throughout the state, and be prepared to provide the level of customer service town offices currently provide?
3. What happens in the case of delinquencies? Will the Department of Taxes be handling them for education taxes? What if delinquent taxes lead to a tax sale? Does one type of taxes take precedence over another? Who will conduct the tax sale? Who will escrow the funds, and who will be responsible for the necessary paperwork? Can a property be sold for taxes twice – once for municipal taxes and once for education taxes?
4. How will Tax Increment Finance District increments be calculated and collected?
5. Again, why create an unnecessary, duplicative billing system?

The City of Barre issued 3,139 tax bills for the current year, at a cost of $3,833.06, with an average cost/bill of $1.22.

There were 324,667 taxable properties in the state for tax year 2019. Assuming a similar per parcel cost for billing, the cost of mailing education tax bills would be approximately $396,451. This does not take into consideration costs for issuing revised bills, costs associated with providing collection services, or costs associated with billing and collecting delinquent education taxes. What's the benefit for the state? What's the benefit for the taxpayer?

Many people have their taxes escrowed as part of their mortgage payments, and we receive tax payments directly from the mortgage companies. There are frequently errors and confusion that require a significant amount of time contacting escrow companies. Additionally, escrow companies call our offices all the time to confirm tax amounts. I can't imagine the impact on escrow companies when they start receiving double bills from property owners, and have to pay accordingly. Nor can I imagine the Department of Taxes being aware of the volume of calls they'll receive just from escrow companies regarding taxes due.

Having the groups named come together to discuss any issues associated with billing education taxes might be a better way to begin any exploration of changes, but moving right to development of an implementation plan seems premature at best.

Double billing would be inefficient, costly and confusing, especially to the taxpayers.

I'd be happy to answer any questions.