

Town of Hardwick
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April 24, 2020

Senate Committee on Government Operations
Room 4

Good afternoon. For the record I am Shaun Fielder (Town Manager – Hardwick). Thanks to the committee for allowing me the opportunity to offer a few comments on behalf of Hardwick and other Vermont communities on some financial challenges municipalities face due to the COVID-19 pandemic.

As noted at this time on the Vermont League of Cities and Towns (VLCT) website, “Federal aid to replace lost revenues at the local level looks unlikely. To support their own budgets, towns are required to collect education property taxes – which often greatly exceed the taxes they receive – and remit them to the state or school districts, and failure to do so will result in significant penalties...”

Since the onset of the state of emergency declaration due to COVID -19 the Town of Hardwick, as with all other Vermont municipalities, has been closely monitoring and evaluating various budget impacts. In Hardwick our fiscal third quarter has closed out near budgeted targets but we are very uncertain where we will stand with the fourth quarter close (June 30, 2020). This date is also our fiscal year close.

As you all are aware work activities have been significantly disrupted leading to unemployment numbers not experienced for a generation or more across Vermont and in Hardwick. A number of Hardwick businesses have completely stopped operations at this time. Due to these factors the revenue return to close out our fiscal year via property tax payments as due May 10 is a big unknown. We are expecting some customers will not be in a position to pay their bill. As of last week the property tax fees due and still to be collected by the town on or before May 10 was \$2.8 million. While this revenue return is uncertain the town still has to keep up with its obligation to pay a \$2.6 million education bill to the district (Hardwick Elementary and Hazen Union High School). As a side note, those served by the Hardwick public water and wastewater system have a quarterly bill due May 15; we are predicting some shortfalls in this revenue return as well.

Given the uncertainty of revenue returns for property tax bills the Town of Hardwick is joining other municipalities and requesting the legislature consider amending state law to waive penalties and fees if there is a revenue shortfall and the town does not have enough funding to pay the full education bill. We assume with this change in place it would allow the town to also waive penalties and fees for anyone that cannot pay their bill by the May 10 deadline as established by Hardwick. Please be advised the town did research its options to push back this due date but was not able to adjust for various reasons. The town is also requesting the State of Vermont be prepared to cover

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Continued – Town of Hardwick testimony to VT Senate Government Operations Committee April 24, 2020

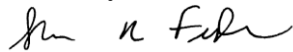
any financial shortfalls due to revenue losses and therefore the state take the responsibility of borrowing to cover unpaid state education taxes. This will ensure the town doesn't have to cover any gap solely by use of limited reserves and or by having to borrow funds to cover the expense.

I would like to pass along a thank you to the Town of Colchester (Aaron Frank - Town Manager & Julie Greater – Clerk/Treasurer) who took a lead role on initiating this conversation. Additional thanks to VLCT for bringing the issue forward with this committee and the legislature.

On behalf of the Town of Hardwick thanks to all the committee members for all you are doing to respond to the state of emergency operation conditions caused by the COVID-19 pandemic and I hope the requests outlined above can be implemented by the legislature. These would be of great value to the Town of Hardwick and other Vermont municipalities.

I will do my best to answer any questions you have at this time.

Sincerely,



Shaun Fielder – Town Manager, Hardwick, VT.