



March 13, 2023

Chair Lanpher
House Committee on Appropriations
Via email

Dear Chair Lanpher and Members of the House Committee on Appropriations:

On behalf of the Vermont Natural Resources Council (VNRC), I am writing to share our support for Governor Scott's FY24 budget proposal to study the feasibility of a Land Value Tax. The House Committee on Commerce & Economic Development is supportive of the study and has noted it as a High Priority in their recommendation.

The budget proposes \$150,000 for the Department of Housing and Community Development (DHCD) to partner with the Department of Taxes to "explore the potential economic and community development benefits of aligning local property tax policy to spur revitalization and economic development."

VNRC has supported considering land value taxation for over two decades as a tool to encourage smart growth and to help curb sprawl. As we face a housing crisis - compounded by continued in-migration by people with means - it is more urgent than ever to ensure that state programs and policies are appropriately designed to avoid land speculation, increase the supply of housing in our downtowns and village centers, and protect our farms, forests, and natural resources.

Land value taxation places all or most of a property tax on the value of the land as opposed to the building. This strategy can discourage speculators and property owners from allowing valuable downtown land to remain vacant, underutilized, or deteriorated. A land value tax also captures and capitalizes on the value created by municipal and state infrastructure investments.

VNRC partnered with DHCD this past fall to re-start this conversation by bringing the consulting firm [Urban3](#) - experts in land value economics - to speak with a range of stakeholders in December, and again to the House Committee on Ways & Means this February. The take-away from those discussions is that we have a lot to learn about how our property tax system aligns - or not - with state land use goals.

We would be happy to contribute to discussions to help shape an effective, equity-focused assessment.

Sincerely,
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