

Senator Cummings,

Thank you for the opportunity to provide testimony regarding inflation and property taxes. Per the request of the Senate Finance Committee, attached is a graph prepared by the Vermont Department of Taxes outlining *How do yields going down effect the credit coverage limits?*. It may help with some understanding of what is occurring in terms of loss of financial benefit to those eligible to receive income sensitivity credits if you look at the column *Municipal Taxes Covered*. Perhaps the Vermont Department of Taxes can help with the further analysis of what occurs when a household property assessment goes over a cap to show the financial impact of the loss of credits to a homeowner over and above the cap, such as when the average house value in Stowe goes from \$323,182 to the projected \$700,000. They would have to apply different income levels to the equation, but it would provide a sense the additional impact when a homeowner goes over the cap.

While this year the property tax burden has increased due to inflation and it is anticipated to be exacerbated to some of the most vulnerable Vermonters by reappraisals that push assessments over the caps, the burden of property taxes is a regular and on-going issue. Not only because it is a regressive tax but using it to fund the State Education Fund puts an additional burden on homeowners, which is the reason the income sensitivity program was created. It was meant to soften this impact, so it shouldn't be just looked at as if the grand list goes up your tax rate goes down. At the end of the day the taxes still have to be paid to support the State Education Fund and municipal government, which was historically recognized as financially burdensome in its own right every year regardless of the community you may live in. However, it is anticipated to be exacerbated in the upcoming years if the caps are not lifted. Rather than keeping pace with increases in assessed values, the Vermont General Assembly lowered the caps in 2018 which is heading in the wrong direction.

I've also attached a graph showing the zoning permit demand in Stowe over a period of time as requested. The demands with processing zoning permits are not just related to numbers but the increasing complexity of projects due to the easily developed sites already being developed. This pushes developers to more challenging sites which may causes permitting challenges and can push up development cost.

I know it is easy to think of Stowe in general as a rich town, so why should anyone care? Stowe homeowners are Vermonters being impacted in the change in the tax structure that relies on property taxes to pay for education. Aside from where citizens may choose to live or are necessitated to for employment reasons, not all of them live on two acres and are wealthy. Some that do live on two acres may not have access to municipal water and sewer to support denser development and/or be located within a growth center that would create eligibility for State investment in affordable housing. Stowe's rural character and historic community centers help attract investment in Vermont and generate tax revenues. The vast majority of property and other taxes raised in Stowe do not stay locally but go to the State (See Attached Property Tax Schedule and Local Option Tax data) which is why we rely on State programs such as the income sensitivity and other State redistribution programs at the State level to support the most vulnerable.

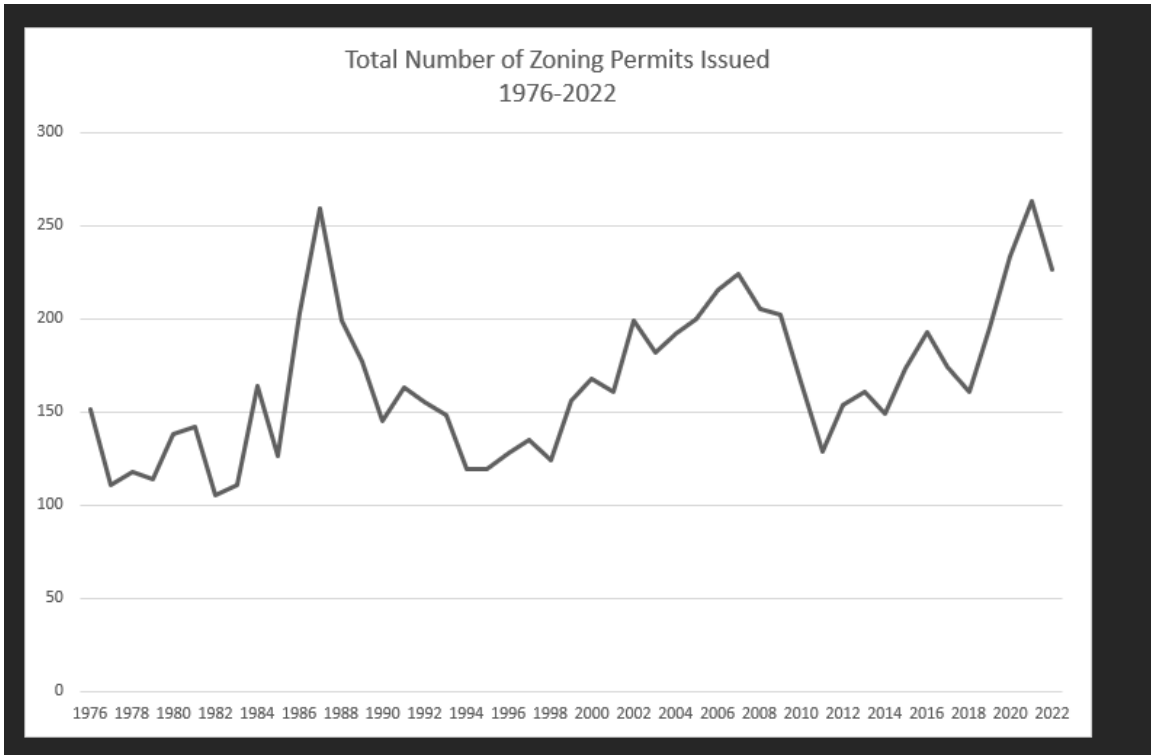
Thank you for your service and consideration. Please let me know if I can be of any further assistance. Charles

Source Document:

<https://legislature.vermont.gov/Documents/2024/WorkGroups/Senate%20Finance/Taxes/W~Jake%20Feldman~The%20Impact%20of%20Increased%20Property%20Value%20on%20Property%20Taxes~2-8-2023.pdf>

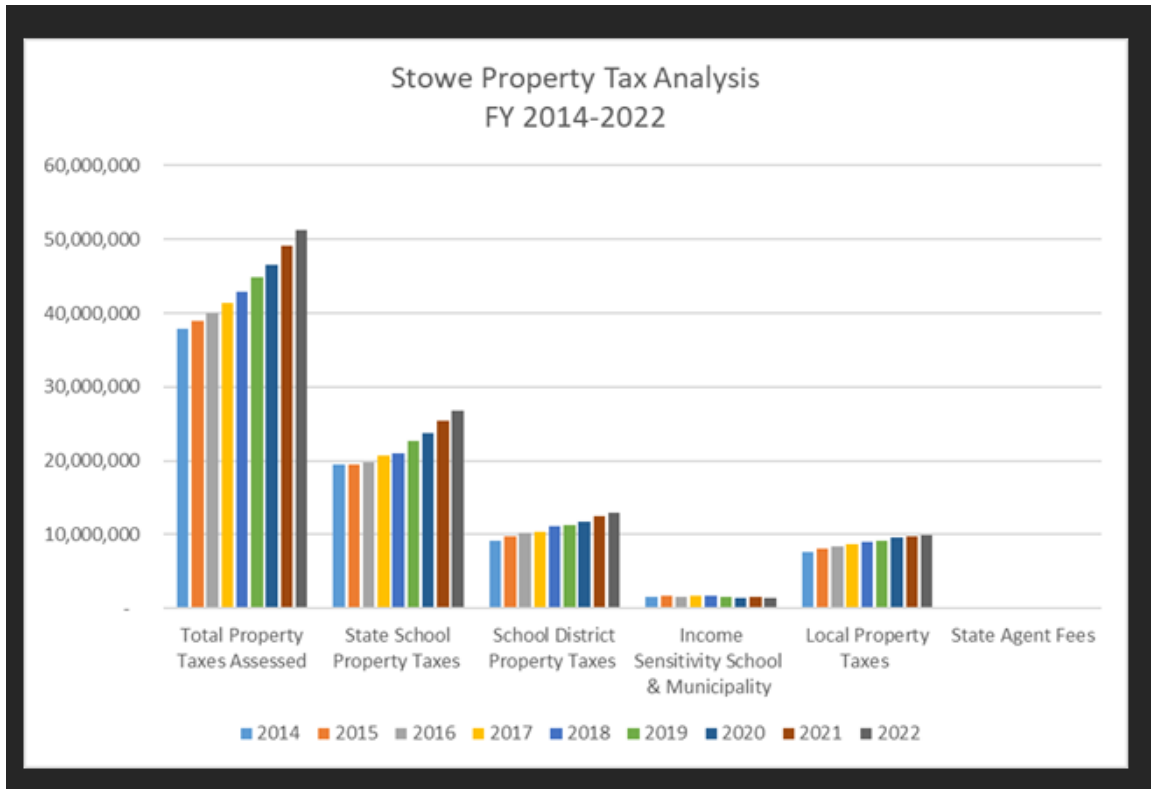
**TOWN OF STOWE**  
2021-2022  
SCHEDULE OF TAXES RAISED

Grand List:			
Municipal Grand List on Tax Certificate		22,892,263	
Total Municipal Grand List			22,892,263
Education Grand List:			
Real Estate-Non Residential Homestead		17,415,649	
Real Estate-Homestead Education		5,385,233	
Total Education Grand List			22,800,882
Taxes Billed:			
General Property:	<u>Grand List Value</u>	<u>Tax Rate</u>	<u>Taxes Assessed</u>
Real Estate	22,892,356	\$ 0.4339	\$ 9,932,993
Education-Non Residential	17,415,649	\$ 1.8421	32,081,367
Education-Residential	5,385,233	\$ 1.7198	9,261,524
-			
Exempted Education-Non Residential	(59,980)	\$ 1.8421	(110,489)
Exempted Education-Residential	(5,100)	\$ 1.7198	(8,771)
Local Agreements-Farmers	22,892,356	\$ 0.0052	119,040
Sub-Total.....			51,275,664
Stowe Electric Department PILOT			42,000
VT State Lands - 1% of Value			122,856
Total Taxes Raised			<u>\$ 51,440,520</u>
Taxes Accounted For as Follows:			
General Property			\$47,318,938
Taxes to Delinquent Collector			<u>\$3,956,726</u>
Property Taxes Billed			\$51,275,664
Stowe Electric Department PILOT			42,000
VT State Lands - 1% of Value			122,856
Sub-Total.....			\$51,440,520
Total Taxes Accounted For			<u>\$51,440,520</u>
<b>DIVISION OF TAXES</b>			
	<u>Tax Rate</u>		<u>Taxes Assessed</u>
Town Assessment	\$ 0.4339		\$ 9,813,733
Local Agreements-Farmers Contracts	\$ 0.0052		119,040
Stowe Electric Department PILOT			42,000
VT State Lands - 1% of Value			122,856
Town of Stowe			<u>\$ 10,097,629</u>
School Assessment-Non Homestead			
State of Vermont	\$ 1.8421		\$ 26,865,523
Local School	\$ 1.8421		5,143,661
Town of Stowe	Collection Agent Fee		72,183
Sub-Total.....			<u>\$ 32,081,367</u>
School Assessment-Homestead			
State of Vermont	\$ 1.7198		\$ 1,418,919
Local School	\$ 1.7198		7,825,019
Town of Stowe	Collection Agent Fee		17,586
Town of Stowe	Late Fee Retained		
Sub-Total.....			<u>\$ 9,261,524</u>
			<u>\$ 51,440,520</u>



Here is a schedule of the Property Taxes assessed and what entities receive the funds.

Fiscal Year	Total Property Taxes Assessed	State School Property Taxes	School District Property Taxes	Income Sensitivity School & Municipality	Local Property Taxes	State Agent Fees
	Actual	Actual	Actual	Actual	Actual	Actual
2014	37,938,818	19,492,346	9,175,337	1,574,546	7,631,610	64,978
2015	38,959,877	19,479,912	9,685,295	1,631,528	8,096,891	66,251
2016	39,994,374	19,805,025	10,155,971	1,566,545	8,400,901	65,933
2017	41,387,888	20,623,749	10,379,995	1,707,316	8,606,191	70,637
2018	42,831,940	21,055,491	11,091,850	1,661,885	8,950,157	72,556
2019	44,833,302	22,735,678	11,309,507	1,536,797	9,173,819	77,501
2020	46,478,725	23,655,233	11,740,996	1,440,702	9,561,972	79,823
2021	49,138,168	25,338,756	12,423,624	1,487,203	9,803,427	85,158
2022	51,280,229	26,838,317	12,968,680	1,444,575	9,938,888	89,769



In FY22, we billed out \$51,280,229 in taxes to property owners in the Town of Stowe. Of those bills, we sent \$26,838,317 to the State Education fund, \$12,968,680 to the local school district, \$9,938,888 to the Town of Stowe Municipal government, \$89,769 to Town of Stowe for acting as State agent to collect taxes, and \$1,444,575 was credited to Stowe residential property owners who qualify for Income Sensitivity.

Fiscal Year	Local Property Taxes	Local Property Taxes	Collection of Prior Period Property Taxes	Corrections	Net Property Tax Revenue
	Budget	Actual	Actual	Actual	Actual
2014	7,695,439	7,631,610	25,237	(5,169)	7,651,679
2015	8,094,346	8,096,891	91,500	(6,202)	8,182,189
2016	8,392,254	8,400,901	(30,600)	(1,190)	8,369,111
2017	8,601,536	8,606,191	41,700	1,063	8,648,954
2018	8,946,836	8,950,157	(12,800)	516	8,937,873
2019	9,169,920	9,173,819	(48,700)	725	9,125,844
2020	9,543,356	9,561,972	(226,800)	-	9,335,172
2021	9,799,818	9,803,427	164,800	-	9,968,227
2022	9,933,908	9,938,888	155,700	-	10,094,588

We budgeted \$9,933,908 for the Town of Stowe Net Budget to raise by assessing taxes against the Grand List in FY22. We actually collected \$9,938,888 based on final grand list. We had corrections to the accounting of taxes of \$0, and we estimate \$155,700 the amount of Collection

of Prior Period Taxes based on balances at 6/30/22. The estimated Net Property tax revenue for FY22 is \$10,094,588.

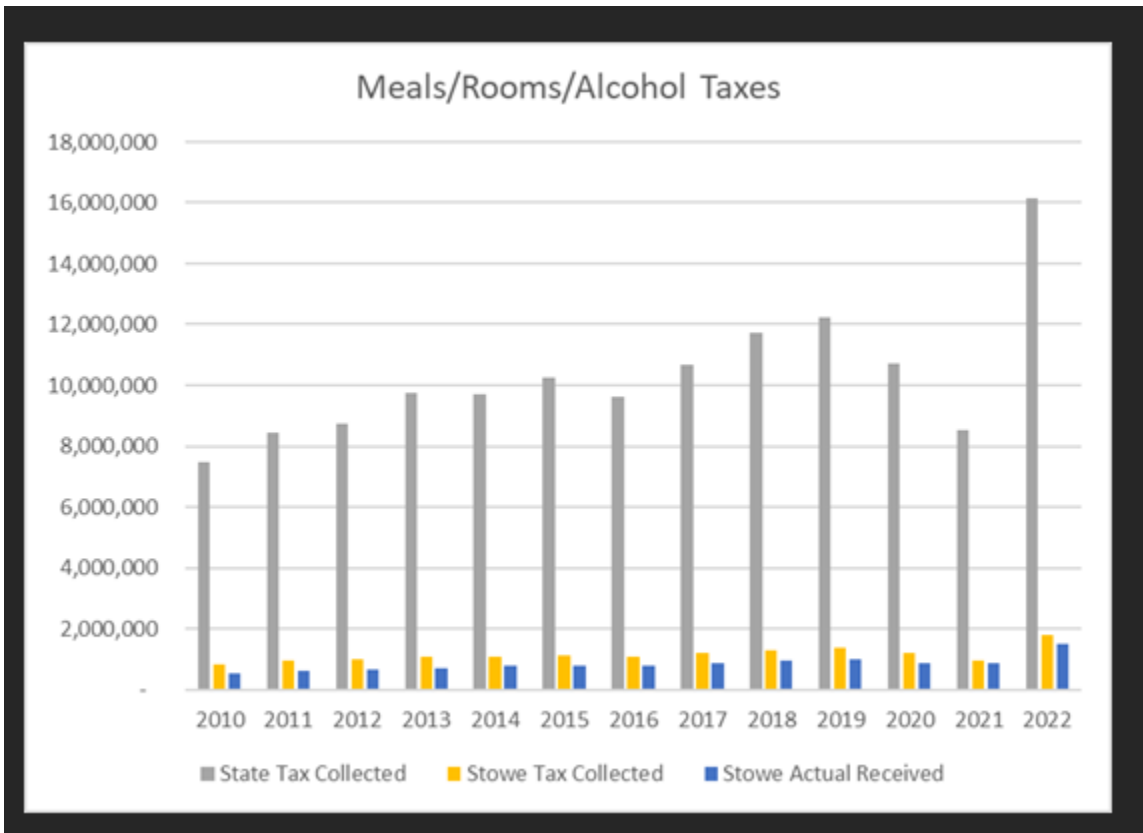
The collection of prior period property taxes is an accounting adjustment to recognize revenue when it is collected. Accounting standards for governments require that we have 60 days beyond the end of the year to recognize property taxes collected. So, any property taxes collected after August 31<sup>st</sup> for the FY22 are removed from revenue, and any property taxes collected in FY22 for prior periods are recognized as revenue in FY22. So, we always have an adjustment at year end to determine what we recognize as Net property tax revenue.

Overall, we had strong collections, and good prediction of grand list growth.

Attached is the 2021-22 Schedule of Taxes Raised that is included in the Town Report. This schedule shows how taxes are billed by classification, and how the Taxes billed are applied against, Municipal, Non Homestead, Homestead properties.

Let me know if you have any questions.

Regards,  
Cindy



	Meals/Rooms/Alcohol Receipts		9%	1%	70%
Year	State of Vermont	Stowe	State Tax Collected	Stowe Tax Collected	Stowe Actual Received
2010	1,311,776,830	83,030,926	7,472,783	830,309	543,543
2011	1,364,838,248	93,630,467	8,426,742	936,305	618,931
2012	1,430,520,833	97,305,133	8,757,462	973,051	641,998
2013	1,518,522,635	108,218,043	9,739,624	1,082,180	713,712
2014	1,514,370,755	107,677,671	9,690,990	1,076,777	774,616
2015	1,608,396,758	113,712,852	10,234,157	1,137,129	798,245
2016	1,687,220,770	107,073,095	9,636,579	1,070,731	789,519
2017	1,821,627,425	118,697,784	10,682,801	1,186,978	859,906
2018	1,908,703,360	130,103,918	11,709,353	1,301,039	951,249
2019	1,995,800,285	135,991,316	12,239,218	1,359,913	1,005,209
2020	1,763,990,495	119,292,405	10,736,316	1,192,924	866,890
2021	1,586,853,308	94,912,946	8,542,165	949,129	858,192
2022	2,384,773,036	179,244,010	16,131,961	1,792,440	1,508,410

**Fiscal Year 2022**

Town	Meals/Rooms/Alcohol Tax Collected
BURLINGTON	229,102,712
STOWE	179,244,009
SOUTH BURLINGTON	133,092,264
MANCHESTER	78,752,508
KILLINGTON	69,102,764
BRATTLEBORO	58,269,416
RUTLAND	56,863,751
WOODSTOCK	49,414,669
COLCHESTER	48,540,385
BENNINGTON	46,442,580
HARTFORD	46,005,309
ESSEX	44,385,495
WILLISTON	43,457,194
MIDDLEBURY	38,743,361
WATERBURY	32,668,783
MONTPELIER	28,764,259
LUDLOW	28,072,634
ST ALBANS	25,638,752
BARRE	21,450,848
BERLIN	20,633,015
CAMBRIDGE	20,053,264
DOVER	19,757,385
WINOOSKI	19,710,429
MORRISTOWN	19,693,716

WAITSFIELD	18,809,685
WARREN	16,949,346
NEWPORT	16,824,195
SPRINGFIELD	16,180,794
RUTLAND TOWN	15,996,556
ST JOHNSBURY	15,926,591
LYNDON	15,509,478
SHELBURNE	14,241,428
WILMINGTON	12,930,376
ST ALBANS TOWN	12,884,172
MILTON	12,846,475
FERRISBURGH	12,078,405
DERBY	11,526,928
STRATTON	11,152,891
BURKE	10,411,094