Education Finance Proposal Testimony

Vermont Ski Areas Association
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Thank you Chair Kornheiser, Vice Chair Canfield and Committee for the opportunity to testify on the Education Finance proposal this morning. The Vermont Ski Areas Association, also known as Ski Vermont, is a non-profit trade association with 22 alpine and 27 cross-country ski area members across the state. Our members range in size from volunteer-run community areas to the state's largest ski areas.

Thank you for all your work on this timely, important and complex issue. Adequately funding education is important, and we need a better and more transparent system.

That said, we have concerns regarding the proposed "Resort" property tax classification in section 12 of the bill, which targets a single, heavily weather dependent industry to create a narrow tax base.

I'll offer some brief background on the industry and then talk about this proposal. Ski areas are not only major economic drivers and employers in the rural communities where most are located, but skiing is also an important part of the state's tourism, heritage, and culture. Ski areas have successfully conserved and protected lands through master planning and careful management to benefit our state, its natural resources, and the environment over many decades.

Vermont is the top ski state in the East and number four in the country behind Colorado, California and Utah, as measured by business levels. Skiing brings close to a billion dollars in direct visitor spending to the state each winter and much of that spending occurs in the ski areas' local communities -- and all that spending yields rooms and meals and sales tax receipts for the state. The industry supports roughly 13,000 jobs; twenty five percent of which are year-round. Beyond the jobs directly supported, the visitation driven by ski areas helps thousands of other businesses remain open year-round and provide year-round jobs. Ski areas also support their communities in many other ways including through volunteering, philanthropy, contributing to public transportation and by hosting thousands of children in weekly programs at low cost so that skiing and snowboarding are accessible to Vermont kids.

The ski industry brings significant benefit to Vermont through careful management, planning and investment. Ski areas maintain substantial real property, and skiing is a capital-intensive business. It takes sustained investment to stay competitive, improve operational efficiencies and reduce carbon emissions. These projects and investments make product delivery to guests better and make electric energy available for other uses, like transportation, and building heating and cooling. They have made Vermont ski areas industry leaders and ensure that skiers and snowboarders continue to visit Vermont and support our economy.

This tax proposal seeks to classify our state's 24 ski areas, half of which are small to medium sized ski areas and technically not resorts, into their own narrow classification. We suggest that a better approach would be to keep resorts, ski areas and hotels together within the broader "Commercial" category, which would treat recreation and hotels consistently.

We understand that this tax classification is based on one in Hawaii, so we looked at the data there to compare the scope to Vermont. First, Hawaii classes resorts and hotels together and does not include recreation. The Vermont proposal would tax some outdoor recreation differently than other outdoor recreation and similarly, would split hotels into "resort hotels" and "other hotels" and tax them inconsistently.

In 2024, resorts and hotels comprised 2.2% of Hawaii's total taxed properties or 12,457 properties (of a total 553,773)*. For comparison's sake, if you were to apply that same 2.2 percentage to Vermont's 328,613 parcels, you get just over 7,200 parcels which I believe far outnumbers the actual number of parcels controlled by ski areas in Vermont. So, put another way, the resorts and hotels category in Hawaii is a much broader segment than our 24 ski areas in Vermont.

Our tax policy should not be a disincentive to investments that keep an important industry competitive and attracts visitor spending that in turn puts millions in sales and rooms and meals tax revenue into state coffers. More investment generates more economic growth and a broader tax base for the state.

And finally, ski area business levels can be heavily weather dependent. I'll use a three-year period as an example. In 2014-15 Vermont posted 4.7 million skier visits. The following year, visitation saw a 31% drop to 3.2 million skier visits and then in 2016-17, it increased 22% to 3.9 million skier visits. This demonstrates that the ski industry, if classed by itself, could be volatile and cause tax rate changes to other classifications to make up the difference, or, worse, it could mean that ski areas could be taxed more heavily following a bad year which could put some businesses in jeopardy.

Creating nine non-homestead tax classifications will potentially change businesses' tax burdens year to year, resulting in less predictability for businesses and the government. It will add more complexity to the other side of an education funding system that needs more transparency and simplicity.

In closing, we suggest instead that resorts, ski areas and other hospitality businesses be treated consistently and remain in the broader "Commercial" classification. I realize that this is early in the conversation and appreciate the opportunity to comment now. We are interested in this issue and would like to remain engaged.

Thank you, I appreciate the committee's time and attention.

*Source: Real Property Assessment Division, Department of Budget and Fiscal Services, City and County of Honolulu. August 2024