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• For Immediate Release

Press Release

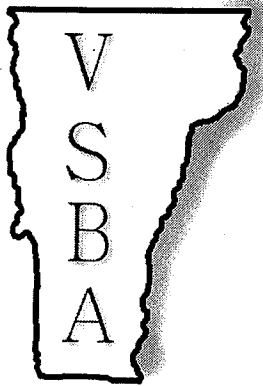
Local Groups Call on Tax Commissioner to Issue Property Tax Reduction Recommendation

2009 Education Taxes Could be Lowered by \$18 Million or More

Montpelier, Wednesday, December 10, 2008: The Vermont League of Cities and Towns and the Vermont School Boards Association today called upon the Vermont Tax Commissioner to follow the state law that requires him to recommend a lowering of the state education property tax rates for 2009. The groups estimate that the move could save property taxpayers as much as \$18 million in the coming year.

In a letter to Commissioner Tom Pelham, the groups point out that Vermont law (32 V.S.A. 5402b) requires him to recommend to the General Assembly a "reduction, for the following fiscal year only, in the statewide education tax rates which will retain the projected education fund budget stabilization reserve at the five percent maximum level authorized" on December 1. Instead of complying with the law, the Commissioner instead wrote a letter to legislative leaders stating that "a recommendation from me regarding 2010 tax rates may be extraneous or even harmful to the flexibility you and the Governor need to craft an overall fiscal course for the state in these times."

According to VLCT Executive Director Steven Jeffrey, the organizations called upon the Commissioner to immediately comply with law. In the letter, the groups stated that "[t]o do otherwise puts property taxpayers and school budget preparation efforts in jeopardy to say nothing of the fact that it is the law and we are all obligated to comply with the laws of the state.



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You have already ignored the law by not issuing such a recommendation by December 1 and should rectify this situation immediately.”

Recent figures from the legislature’s Joint Fiscal Office show that the state education property tax rates for the current school year set by the legislature last year were too high – by an estimated \$18.3 million. Jeffrey said, “This means that property taxpayers paid \$18 million more in state education property taxes than was necessary, and they should have that money returned to them in the form of lower state property tax rates for the coming year.” In the letter to the Commissioner, the groups responded to the excuse used in his letter to legislative leaders: “To not return that money and instead provide the “flexibility [the legislature] and the Governor need to craft an overall fiscal course for the state in these times” as you state in your letter to the House Speaker and Senate President shows the intent to use these extra property tax dollars imposed for some purpose other than that allowed under the law.” The groups are concerned that property taxpayers will be called upon to retire state deficits created in other state funds by transferring the Education Fund surplus to other state programs.

John Nelson, Executive Director of the Vermont School Boards Association, stated another reason why the timing of the property tax reduction is critical. “Vermont’s school boards are obligated by state law to provide to their voters not less than 30 days prior to Town Meeting a budget that is built upon and contains the anticipated homestead tax rate and the percentage of household income used to determine income sensitivity in the district as a result of passage of the budget, including those portions of the tax rate attributable to the union school and supervisory union assessments.” Nelson continued, “The Commissioner’s refusal to comply with the law and provide these tax rates in a timely fashion for school boards to be able to craft school budgets totaling \$1.3 billion makes an already difficult task impossible. The rationale for denying school boards this key piece of information in a time of great economic upheaval and for the first budget that school boards are preparing under the ‘two-vote’ mandate is incomprehensible.” Nelson pointed out that even though the law requires the legislature to finally set the tax rates, it will not be coming into session until the second week of January and will have to elect officers and appoint committees before they can begin their work. “Not having the Commissioner’s recommendation leave school boards in a vacuum at this crucial juncture in the budgeting process,” Nelson said.

The groups closed their letter to the Commissioner by stating that "School boards and municipal officials are facing the same "extraordinary fiscal choices" you use in your letter as an excuse for ignoring your obligations under the law. Local officials do not believe they are entitled to break the law to provide "flexibility" to deal with difficult times. We urge you, for the property taxpayers, for the school boards and for setting a good example and following the laws of the State even when they are uncomfortable, issue your recommendations for a reduction in the 2009 state education property tax rates."

For further information or a copy of the actual letter to the Commissioner, contact Steve Jeffrey, (802) 229-9111 or sjeffrey@vlct.org; or John Nelson, (802) 223-3580 or jnelson@vtvsba.org.