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TWO RECENT TAX FOUNDATION REPORTS PROVE VERMONT'S HIGH PROPERTY TAXES ARE OUT OF PROPORTION WITH NATION

October 16, 2009, Montpelier Vermont. Vermont derives a larger portion of its state and local tax revenue from property taxes than any other state except New Hampshire, according to reports recently released by the nonpartisan Washington, D.C.-based Tax Foundation. The reports also revealed that the median Vermont homeowner pays a larger property tax bill as a portion of their income than taxpayers in all but three other states.

According to Steven Jeffrey, Vermont League of Cities and Towns Executive Director, Vermonters' already high property tax burden will only increase due to the actions of the 2009 legislature and proposals being considered for 2010. "We estimate that the property taxes being paid in 2009 are \$23 million more than they should be due to actions included in the current state budget." Jeffrey cited a cut in state General Fund support for education from statutory requirements and the shifting of state costs such as corrections and human service programs to the Education Fund from the General Fund as examples. "A much larger shift to the property tax is being proposed for the 2010 session by shifting to the property tax the costs of the state's retirement system for teachers," Jeffrey said. "Vermont's property taxes were out of whack with the rest of the nation before these additional shifts being imposed by the state. They'll be off the charts if the administration and legislature follow through with more shifts in 2010."

The state's General Fund is supported by the income and sales taxes among others whereas almost 70% of the Education Fund comes from property taxes.

The first study, released October 6th, shows Vermont derived 42.1% of its total state and local tax load from property taxes during fiscal 2007, compared to the national average of 30.1%. Only New Hampshire, with no state income or sales taxes, was higher with 61.3%. Other states relying most heavily on the property tax were New Jersey, Texas and Rhode Island, all with more than 40% of all taxes coming from property. In all, nine states rely on the property tax for less than 20% of total state and local taxes, with New Mexico having the lowest reliance at just 13.6%.

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That study (found at www.taxfoundation.org/publications/show/25301.html) also shows that Vermont relies relatively little on the personal income tax, generating

only 19.9% of total state and local taxes compared to a national average of 22.6%. The same is true of the general sales tax where Vermont relies on sales tax the least of any state levying the tax. Vermont's sale tax represents just 11.5% of all state and local taxes compared to a national average of 23.5%.

Another Tax Foundation study released last month shows that the median Vermont homeowner paid 5.22% of their income in annual property taxes in 2008. The study (www.taxfoundation.org/taxdata/show/1913.html) shows that the median Vermont homeowner paid \$3,188 in property taxes on the median homeowner income of \$59,436. The only three states with homeowners paying a larger percentage of their income in property taxes are New Jersey, New Hampshire, and Connecticut.

The mission of the Tax Foundation is to educate taxpayers about sound tax policy and the size of the tax burden borne by Americans at all levels of government. It was founded in 1937.