

VLCT Advocacy – What to Expect in 2021

December 15, 2020

The year 2020 delivered a collision of the second half of a legislative biennium, the COVID-19 pandemic, swiftly learning how to work remotely, plus the already scheduled but now transformed campaign season and election. While some of those issues are now behind us, the pandemic and its economic fallout plus remote legislative sessions are not. From our vantagepoint, 2020 could not end soon enough.

The Evolving Session. As of this writing, we do not know what the 2021 legislative session will look like, although we *do* know who will serve in the legislature. Will it be conducted entirely remotely? Will legislators meet in person in the State House or at other locations, with or without staff, lobbyists, visitors, school trips, and constituent groups? Will public attendance be allowed by reservation? How will social distancing be accomplished? What testing protocols will be required? Throughout Vermont's legislative history – until last March – people were free to simply walk into the State House, only occasionally needing to have their bags checked at the door by the Capitol police. We may have been the last state house in the country with such unrestricted access. Due to health concerns, we are unlikely to see such open physical access again. Call it a dividend of the pandemic.

Since March, the unanticipated advantage of remote State House meetings has been that attending them no longer required travelling to the capital city, finding a parking space, then crowding into small committee rooms with poor air quality and sitting shoulder-to-shoulder with other attendees for hours at a time in order to hear about issues relevant to you. Instead, you could view a Zoom Meeting from the comfort of your home – *as long as you had adequate internet service*. The gain in committee meeting transparency was clear. Less clear was how the deals were worked out, and who had access to leadership as the session unfolded.

Advocacy Needs Your Voice. VLCT will not host a “Local Government Day in the Legislature,” either in-person or virtual, in 2021. Instead, we will ask local officials to involve

themselves on key issues and in new ways as the session proceeds. We will continue to provide weekly updates of legislative action and ask you to weigh in with your legislators as they make decisions that can affect the future of your city or town. Vermont has one of the most centralized governments in the country and, for better or worse, your municipality's destiny is in their hands.

The New General Assembly. Whatever procedural structure the General Assembly agrees to, the 2021-2022 legislative biennium promises full agendas and repeats of issues left unresolved at the end of the 2020 session. The House will have 92 Democrats, 46 Republicans, seven Progressives, and five Independents; the Senate will have 21 Democrats, seven Republicans, and two Progressives. The Senate and House will need to elect a new president pro tempore and speaker, respectively, and a new lieutenant governor will preside.

Property Tax and Other Revenues. State tax receipts for the first quarter of FY21 were stronger than anticipated, however that trend is unlikely to continue, especially if no further federal aid becomes available. Legislators will have to address the predicted budget shortfalls for FY22 and increased needs due to lingering economic effects of the pandemic. (The Joint Fiscal Office's [FY21 Revenue Target Tracking webpage](#) is a good resource that is updated each month.) The federal government provided state and local governments with no additional aid to cope with the economic fallout from the pandemic, and that is hitting states, cities, and towns – and especially the people to whom they provide services – exceedingly hard.

Most likely, your taxes – particularly property taxes – increased again this year. In the last thirty years, legislators have promised to rein in education costs but without any modicum of success as property taxes, which contribute fully one-third of Education Fund revenues, have only increased. When there are shortfalls in other Education Fund revenue sources, Vermont law provides that the property tax picks up the slack, a result that was avoided in FY21 only because Coronavirus Relief Fund dollars and Education Fund reserve and rainy day funds were applied to fill the gap.

At the same time, the legislature, even as its members lament rising property taxes, has refused to allow cities and towns to expand their sole tax revenue base beyond property taxes, for instance by providing cannabis tax revenues to towns or general authority to adopt local option sales, meals, and rooms taxes.

We have to ask again: When and for whom are property tax increases truly unsustainable? How out of balance are they with other revenue sources? A report due from the Tax Structure Commission by January 15 will include recommendations on re-balancing tax revenue among sources. Closely related (in pre-COVID 2020), the legislature received the [Pupil Weighting Factors Report](#), a damning assessment of the flawed methodology the state uses to establish pupil counts, which determines Education Fund payments to schools. In the end, the legislature did nothing with the report, but the issues it raised remain central to the entire education funding discussion.

Housing. The residential real estate market has been red hot the past year. Properties are selling at higher amounts, and, as of last October, property transfer tax revenues were \$1.4 million (39 percent) above target. Whether any of those unanticipated property transfer tax revenues will be directed to increasing appropriations for municipal planning efforts (as promised by Act 200, the planning law passed in 1988) is a question worth asking your legislators. Municipal planning grants have been funded at \$460,000 in each of the last ten years. The need to plan for housing opportunities, real estate development, and economic recovery has never been stronger or more apparent. It is therefore perfectly logical to increase funding that allows cities and towns to undertake those efforts.

Local Value. With their hopes high, local officials in 2019 started a new conversation with the legislature around self-governance. The Senate passed a modified bill, S.106, that would have provided a pilot program for up to ten cities and towns to develop local solutions to “meet their unique, truly local needs” by establishing a Municipal Self Governance Commission. The House never took up the bill, despite six of the eleven members of the committee of jurisdiction having served on local legislative bodies. Yet these same legislators, along with their constituents and the administration, turned to local governments to address the many crises that arose from the COVID-19 pandemic. They relied on local officials to keep the wheels of government turning; to manage local volunteers; to provide emergency medical services, outdoor recreation, after school care, and public spaces for peaceful protests; to help take care of Vermont’s vulnerable and homeless populations; to allow for limited farmers’ markets and modified celebrations, and safe tourist activities; to provide face masks and other personal protective equipment; and so much more. If COVID-19 demonstrated anything, it was that local governments can be nimble and creative when the need arises.

We encourage you to work with us as we advocate on your behalf during the 2021 legislative session!

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