



April 30, 2020

Honorable Catherine (Kitty) Toll, Chair
House Appropriations Committee
Vermont State House
115 State Street
Montpelier VT 05633-5301

Dear Chairperson Toll:

Cities and towns in Vermont face the same kinds of fiscal challenges with which the state government is currently struggling. I have written to you previously about the obligations of municipalities and the financial distress they face as they work to meet those obligations. We greatly appreciate your consideration of our request for assistance.

Revenues to cities and towns will be reduced by at least five percent in FY2020, but the picture is far more dire for FY2021: Revenues are currently projected to be reduced by at least 20 percent across city and town governments.

We collected the figures for the 2019 and 2020 total operating budgets for 247 cities, towns and villages from several sources*. Those operating budgets at the city and town level total \$802,311,877.

- Five percent of that amount is \$40,115,594.
- Twenty percent of that amount is \$160,462,375.

As the representative for Vermont's cities and towns, we ask you to commit resources to fill those gaps.

Revenue comes to cities and towns through the property tax, water and sewer payments, user and program fees, license revenues, fines, local option taxes (in fifteen towns), and special assessment districts (in a few others). Sixty three municipalities have final property tax payments due in May or June of this year according to the Joint Fiscal Office. Early indications are that there will likely be a ten percent reduction in municipal property tax payments alone due to delinquencies in those final payments. These incomplete payments are a precursor of the property tax revenue shortfalls that cities and towns will face in FY21.

Cities and towns are also spending now on priorities that were not predicted by any budget at the beginning of March when most town and city budgets were adopted. Police services, providing split shifts for essential personnel such as wastewater and water supply operators, providing equipment to enable staff to work from remote locations, providing meals to those in need, furnishing cleaning supplies and personal protective equipment, implementing the ability to teleconference, and volunteer management are some of those new cost centers.

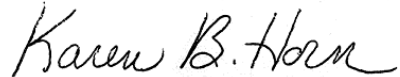
The CARES Act provided that up to 45 percent of funds go to municipalities of more than 500,000 population. That obviously does not apply to Vermont. We also understand that CARES Act funds may not be used to recover lost funds. However, in other states, commitments are being made to help towns with CARES Act funding. In Louisiana, for instance, the governor has committed to distributing that 45 percent to municipalities and parishes, without any requirement for a population threshold. (The population of New Orleans, the largest city, was 391,006 in 2018). We understand that there may be direct assistance to cities, towns and states in the next aid

package from the federal government although it remains to be seen if such funds would be applied to smaller cities and towns in a rural state.

Please note that the request embodied in this letter does not address the additional crises represented by the Education Fund, education property taxes, and cities and towns' roles in collecting education property taxes. We are pursuing solutions to that issue in the Senate Finance and House Ways and Means committees.

We are very grateful for your attention to the crisis facing cities and towns as a result of the COVID 19 pandemic.

Sincerely,

A handwritten signature in cursive script that reads "Karen B. Horn".

Karen B. Horn, Director
Public Policy & Advocacy

* VLCT's 2019 Compensation and Benefits Survey report, and 2020 numbers from municipal websites, town meeting reports and warnings, as well as news articles reporting Town Meeting results.