



VLCT LEGISLATIVE ACTION ALERT

SERVING AND STRENGTHENING VERMONT LOCAL GOVERNMENTS

Date: April 24, 2017

To: Selectboards, Managers, Mayors

From: Karen B. Horn, Director, Public Policy & Advocacy (khorn@vlct.org)

Re: Proposal to Pay \$7,896,261 of Teachers' Retirement from Education Fund

The full Senate is taking up the appropriations bill, H 518 on Tuesday, April 25. As it overwhelmingly passed the House, H. 518 shifted no new costs to the Education Property Tax. Throughout the campaign and legislative session legislators heard that Vermont's overreliance on the property tax is crushing competitiveness and city, town and village capacity to meet their obligations. According to the non-partisan Tax Foundation (using 2014 data), Vermont has the fourth highest property tax rates in the country. <https://taxfoundation.org/property-taxes-percent-collections/>

H. 518 as it appears on the Senate calendar addendum, includes an increase in property taxes due to shifting a portion of teachers' retirement obligations from the General Fund to the Education Fund. While the increase may not be substantial this year, the opportunity for future increases, once the line item is in the Education Fund, is. Section B. 514 of the bill establishes the full obligation for teachers' retirement at \$83,809,437. Of that amount, in the Senate Appropriations Committee version of H. 518, \$75,912,816 would be funded from the General Fund and \$7,896,621 would be funded from the property tax portion of the Education Fund. The bill may be found here: <http://legislature.vermont.gov/assets/Documents/2018/Docs/CALENDAR/sc170424a.pdf>

The Education Fund Outlook is here: <http://www.leg.state.vt.us/jfo/education/EF%20Outlook%20-%20House%20vs%20Senate.pdf>

The Senate Appropriations Committee proposal on Section B. 514 of H. 518 is a pared down version of the Governor's budget proposal to transfer retired teachers' health insurance, teachers' retirement, early childhood and higher education, to the Education Fund. Once the obligation for Teachers' Retirement is transferred to the Education Fund, our experience is that it will only grow as will the property tax needed to fund it.

Contact your Senators. Urge them to oppose the transfer of any portion of the General Fund obligation for teachers' retirement to the Education Fund.

To contact your Senators, find their email at the legislative website (<http://legislature.vermont.gov>) or call the Sergeant at Arms to leave a message (802)-828-2228.

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