TOWN OF KILLINGTON VERMONT

Tax Reform Committee
Report to the SelectBoard
August 28, 2012

On April 10th, the Killington Selectboard unanimously adopted a strategic operating plan to focus its 2012-13 efforts on making the Town a premier resort community. To offer residents a high quality of life and tourists a memorable mountain adventure, the plan outlines four simple goals: maintain fiscal strength and low municipal taxes; provide efficient municipal services; increase tourism and year round employment, and maintain strong educational and cultural institutions.

Appointing a Community Growth Committee & Tax Reform Committee to make recommendations on future Town policies is an important part of the plan.

The Selectboard appointed one board member, three volunteers and the Town Manager to analyze how our community can retain more tax dollars locally. The "Tax Reform Committee" was be tasked with researching the issue and make specific recommendations to the Board.

Committee Members were: Jim Haff, Mike Solimano, Bob Montgomery, Patty McGrath, Seth Webb. Other Residents in attendance who contributed: Ed Fowler, Vito Rasenas

The Committee had four recommendations to the Board:

Recommendation 1: Create case studies to help educate lawmakers and citizens about the effects of Act 60/68.

Case studies of (1) a Private Residence, (2) Small Business, and (3) Killington Resort: were created to:

1. Demonstrate how tax burdens have limited capital reinvestment and marketing for businesses

2. Share with Rep. Eckhart and Ski Vermont to support lobbying efforts for tax reform

3. Educate the Board and public about the effect of Act 60/68 and the difference between state and municipal taxes

Resident (Ed Fowler – Individual House)

Year	Total Property Tax
1997	$1,900
2003	$6,507
2004	$10,282
2005	$11,106
2006	$13,009
2008	$11,063
2009	$11,524
2010	$11,467
2011	$9,551*
2012	$9,330

**Reduction is the result of granted grievance from BCA*

- From 1997 to 2012, his property taxes increased over 491%
  - Spiked in 2010 with an over 600% increase
- This limits retirees' (who are often on fixed income or may not qualify for income sensitivity) abilities to live comfortably in Killington
- Limits funds to improve or maintain the property
- Provides a major barrier to selling

Small Businesses (Patty McGrath, Long Trail Inn)

- From 1994 to 2012, her property taxes increased from .37 to 1.46, with a spike in 2010 to 1.90
- The increase from 1994 to 2012 represents a 394% jump (It was a 540% increase in 2010)
- This increase resulted in 10-90% reductions capital improvements and upgrades and a 10-40% reduction in marketing for the inn and restaurant
- These cutbacks adversely effected her ability to maintain "curb appeal" and attract new business
- Like residents, the increases also creates a major barrier to selling the business

Ski Resort (Killington/Pico Ski Resort Partners, LLC)

- Between 1996 and 2012, Killington Resort's property taxes increased 345%
- In 1996, Killington Resort paid $226,000 in property taxes
- In 2012, Killington Resort (without the 1% tax) paid $780,000 in property taxes

- As a result, Killington's ability to reinvest in its infrastructure has been significantly impacted. Marketing programs have seen reductions as well.
- Over 50% of Killington's skiers come from NY/NJ/CT. Killington's competition is not limited to other Vermont resorts. It competes against resorts in ME, NH, CO, UT, and CA. Increased taxes have hindered the Resort's ability to maintain its competitive edge in an already challenging industry.
- One of the three pillars of Vermont's economy is Tourism. Resorts like Killington are major drivers of this sector of the VT economy but state tax policy has made being competitive more challenging.
- Also during the same time period when Act 60/68 were implemented, the State has not increased its commitment to funding tourism. Meanwhile our neighbors, NY, NH and ME, as well as our other competitors CO, CA, and UT all significantly outspend VT.

Other Observations from Case Studies

- The state increase on property taxes put extreme pressure on the municipality to keep its taxes low which limited reinvestment in the town and amenities for residents and tourists

Recommendation 2: Seek to retain the full Options Tax to use for capital reinvestment/economic development as it effectively helps counter-act the negative effects of Act 60/68.

- Demonstrate how utilizing the full Options Tax can not only counter the negative effects of Act 60/68 but also generate more income to the state through increased tax revenue. Demonstrate how retaining the 100% of the Options tax in Killington will better help the state meet its revenue goals (and not stifle its economic engine – tourism).

Recommendation 3: Consider dedicating the personal property tax, which is a business tax, and currently generates approximately $100,000/yr., to support an important issue for businesses, the beautification of Killington Road.

Recommendation 4: Ask the Community Growth Committee consider/analyze making a payment from the Town to the school.

- The belief discussed is that paying the school $40k could result in a savings to the residential tax base of approximately $200,000; this would occur because the school payment would lower the residential education property tax rate.