



# Weekly Legislative Report

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### VLCT Requests Help for Impacts of COVID 19 on Cities and Towns

There are many ramifications for cities and towns as they struggle to respond to the COVID 19 pandemic. Legislators are holding several different discussions to address the mounting crises cities and towns are facing.

**S. 344.** On Thursday, the House Government Operations Committee voted to pass S.344, a bill that was sent to them from the Senate early in the week.

S.344 would provide that during the COVID 19 declared state of emergency, a municipality's legislative body is authorized to:

- extend or establish a new time and method to pay property taxes collected by the municipality from taxpayers;
- establish a grace period for, or decrease or waive any penalty, interest, or fee imposed on taxpayers for late payment of those property taxes; and
- reduce the municipal property tax rate (which might be possible because some expenditures in adopted budgets are reduced).

Any such provisions would need to be adopted by a majority vote of the local legislative body and would expire on January 1, 2021. The last section of the bill makes clear that the authorization applies only to property taxes collected by a municipality from the taxpayers. It does *not* apply to deadlines, penalties, or interest the state imposes on a municipality with respect to paying the statewide education property tax or a school district.

While some municipalities will use the authority to provide relief to their tax payers – many of whom are facing unemployment, illness, or other coronavirus-related stresses – others will determine that they cannot delay property tax payments or waive interest and penalties as long as state requirements on municipalities to make the education fund whole or else be subject to excessive penalties remain in place.

**Statewide Education Property Tax.** The Joint Fiscal Office estimates that education fund revenues could be reduced by \$69 million in FY20 and \$113 million in FY21, figures that could change considerably depending on events in the coming months. Estimates for both FY20 and FY 21 assume that all education property taxes will be paid in a timely manner. That is a seriously faulty assumption, which the Joint Fiscal Office acknowledges.

Under current law, if towns and cities – which are merely the collectors of the education property tax – do not remit those taxes to the state or their school districts in a timely manner, they are subject to an 8 percent penalty and, subsequently, a withholding of state funds. In the current situation, the House Ways and Means Committee, the Senate Finance Committee, and the state treasurer are considering ways that the state might pay the interest for a municipality's borrowing to cover the obligation for remitting that portion of education property tax payments it did not receive from the property tax payer. While any proposal is very much in the conceptual phase, it would need to be finalized before June 1 when the next education fund payment is due to the state.

In FY21, barring any changes to law, the entire amount that would need to be raised on the education property tax to make up for shortfalls in non-property tax revenues and empty reserve funds would be \$227.5 million, which would result in as much as a 22-cent increase in education property tax rates. Clearly, that is an impossible ask of Vermont property tax payers, particularly in a year when fiscal distress is widespread. One possibility floated in the Ways and Means Committee on Thursday was to provide a credit, potentially using a portion of the CARES Act funds, to taxpayers on a per-parcel basis. Lots of issues would need to be resolved before such a proposal was ready for prime time, not the least of which is determining if such a use of CARES Act funds is permissible. Nevertheless, the legislature is aware of the scope of the problem and is looking for solutions that do not exacerbate the harm already being done to taxpayers and the cities and towns in which they reside.

**Municipal (City, Town, Village) Shortfalls.** On Thursday, Advocacy staff sent a letter to the chairs of the House and Senate Appropriations committees requesting assistance with shortfalls at the city and town level due to COVID-19-related loss of revenue and unanticipated expenditures.

VLCT Municipal Assistance Center staff compiled figures for the 2019 and 2020 total operating budgets for 247 cities, towns and villages. Those operating budgets at the city and town level total \$802,311,877. Factoring in the best assessments of many local officials who estimated the revenue shortfalls their towns are likely to experience, an average figure for FY 20 is 5 percent (**\$40,115,594**) and an expected percentage drop for FY21 is 20 percent (**\$160,462,375**). Clearly these are estimates and subject to considerable change as the pandemic progresses and economic fallout is realized. However, the figures are still staggering.

Our letter requested assistance in making up those shortfalls while acknowledging the limitations on uses of the \$1.25 billion in CARES Act funding. Meanwhile, we are working with our federal partners to secure direct aid for states, cities, and towns in any further forthcoming aid package from the federal government. A further aid package is under discussion right now in Congress. While it is by no means a done deal, it would provide direct assistance to cities and towns.

Please ensure that your legislators understand what your city or town is putting in place to address the COVID-19 emergency and how much it is costing.

#### Resources

- [Letter to House Appropriations Committee](#)
- [JFO Analysis of a Proposal to Finance Education Spending](#)

## **Remote Legislative Action Vital to Towns**

Continuing to exclusively focus on legislation related to the COVID-19 pandemic, the House and Senate this week acted on several bills that affect municipalities and which local officials support.

**S.182. An act relating to government operations regarding emergency medical services (EMS) and public safety in response to COVID-19.** The House passed this bill on Wednesday and will soon send it to the governor for his signature. The bill makes several small but consequential changes to EMS laws and regulations. Mandatory redundant and unnecessary credentialing by ambulance service providers is eliminated in statute. A licensure term

for ambulance services is extended to a period of three years rather than one year. Both of these measures will alleviate burdensome and unnecessary administrative processes and thus provide some relief to struggling EMS agencies.

**S.344. An act relating to temporary municipal tax rate provisions in response to COVID-19.** The Senate passed this bill on Monday. It is up for a vote on the virtual House floor today. (See article on page 1.)

**S.345. An act relating to temporary municipal meeting provisions in response to the COVID-19 outbreak.** The bill, which the Senate also passed on Monday, is now awaiting committee review in the House Government Operations Committee. S.345 would temporarily adjust the public physical posting requirements for meeting notices and agendas. It would allow municipal public bodies to post any meeting agenda or notice of a special meeting in two designated electronic locations in lieu of the two designated public places in a municipality, or in a combination of a designated electronic location and designated public place. A posting must continue to be posted in or near the town clerk's office and a copy of each notice or agenda must also be emailed to the newspaper of general circulation in the municipality. As Vermonters are currently under stay-at-home orders, these physical posting requirements put municipal public bodies at risk and there is no one out and about – or shouldn't be – to read them, anyway.

#### Resources

- [S.182](#)
- [S.344](#)
- [S.345](#)

## **VLCT Policy Committees**

Even in these socially distanced and uncertain times, your Advocacy staff is looking forward to and preparing for the *next* legislative session. The 2019-2020 biennium will end sometime in the next few months, and legislators will then move onto to the COVID-19-constrained campaign trail. As is perhaps more evident than usual, the legislature has an enormous impact on the functioning of local government.

Prior to each legislative biennium, VLCT develops a municipal legislative policy. The policy is strong and focused because current local officials are deeply involved in its development. The different sections of the policy are developed by five committees: Finance and Intergovernmental Affairs (FAIR), Public Safety, Transportation, Quality of Life and Environment, and Water Quality. Committees meet during the summer to develop the policy and then recommend it to both the VLCT Board of Directors and the VLCT membership. The full policy is then adopted by the membership at the annual meeting in the fall. During the ensuing legislative session, your Advocacy staff may ask for policy committee members to share their expertise before legislative committees.

This year, we will send draft policy proposals to the committee members ahead of the summer meetings, which will be held remotely in June and July. Please complete and submit [this nomination form](#) if you are interested in serving on a policy committee.

We look forward to working with you!

## **State & Local Leader of the Week**

Each week, George Mason University publishes a digital *eNews* that summarizes federal, judicial, and state and local issues and developments for state and local leaders across the country. And each edition features a shout-out to a State & Local Leader of the Week – which, this week is **Winooski City Manager Jessie Baker**. The *eNews* describes her as “absolutely tireless in advocating not only for the people of in Winooski, but also in highlighting solutions that provide cities and towns the authority to make decisions at the local level which serve the needs of

their constituents—Vermont being, like Virginia, a Dillon Rule state. In the current crisis, Manager Baker, Mayor Kristine Lott, and City Council leaders [are] intently focused on leaving no one behind. And she comes well equipped, having completed the Senior Executives in State & Local Government course at the Kennedy School at Harvard, and having served as a senior analyst, aide to the Mayor, and Personnel Director in Somerville, Mass., prior to becoming Assistant Manager in Montpelier. She is in her unspar time also serving as the President of the Vermont Town and City Management Association.”

We, of course, already knew all that about Jessie, but it’s satisfying to have it corroborated by an independent observer!

#### Resource

- [eNews for Week of April 27](#)

### **Vermont Arbor Day**

Although Arbor Day, the day set aside to celebrate trees and their benefits, is typically celebrated on April 24, **Vermont Arbor Day** takes place **today**, May 1. So, celebrate! Plant a tree! And you need not stay six feet away from one to do so!

