

What crisis?

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It is a startling statistic. Over the past 10 years school taxes in Vermont, as a percentage of income, have gone down by about a half a percentage point.

These numbers come in a commentary on the opposite page by Paul Cillo, a policy analyst who, as a member of the Vermont House in 1997, was one of the principal architects of Act 60, the state's revolutionary school funding law. Cillo has continued to champion the benefits of Act 60 and its successor, Act 68. Indeed, he closes his commentary by saying that Act 68, for all its complications, is still the best school funding law in the nation.

The percentage that Cillo cites shows that in 1996 school taxes took 5.4 percent of Vermonters' income. In 2006 that percentage had fallen to 4.9 percent.

How could this be so? What of the continuing hardship caused by skyrocketing property taxes, driven ever higher by rising property values and school budgets pushed higher by expanding school services?

The burden of property taxes is real, and in individual cases it causes hardship. As Gov. James Douglas has noted, in arguing for a state-imposed cap on school spending, double-digit increases in school spending cannot be sustained, particularly at a time when school enrollment is dropping.

Several factors have worked together to constrain the growth of school taxes as a percentage of income.

For one thing incomes have grown. For another, Act 60 created an Education Fund that draws significant revenue from the General Fund, which draws its revenues from broad-based taxes other than the property tax. In addition, Act 68 shifted part of the school tax bill from residential property to business property and second homes, constraining the upward pressure on residential property taxes.

One of the principal ways that Act 60 protects property tax payers is through its income-sensitivity provisions, which links the taxpayer's property tax bill to his or her income — to his or her ability to pay. About a quarter of the residential property tax revenue that is collected is actually funneled back to taxpayers in the form of "prebates."

Critics of the property tax system often suggest that the tax system would be fairer if school costs were shifted from the property tax to the income tax. But that is what Acts 60 and 68, in essence,

have done. The fact that income growth has exceeded property tax growth is a sign of that.

The Legislature has much work ahead of it in finding ways to contain school costs. Property taxes continue to take a significant toll on the family budget.

But the sense of crisis that has surrounded this question, emanating chiefly from the property-rich towns where the new system has never been popular, is exaggerated.

The Legislature need not be rushed into an ill-advised reform of a system that mostly is working.