

Town of Lincoln  
Selectboard Special Meeting  
August 19, 2024

{Draft} Meeting Minutes

<https://us06web.zoom.us/rec/share/3UeWIZT13ILq1yz8jxsHPjOuob-YpezGMhot3nwJ54kR9JMBok2v0Cq5RS9Hresv.xDWqU4aZ1kngL6Cg>

Vote format: YES/NO/Vacant, Absent, Abstention, Recusal

Called to order at 7:01 PM by Tim McGowan, Chair.

Present: Amanda Allen, Joe Martell, Conor McDonough, Tim McGowan (Victor Atkins absent)

Other officials present: Trish Waugh, Town Administrator; Kristyn Brady, Selectboard Assistant

Public present: Nancy Stevens, Reed Prescott, Whitey Mayo, James Needham, Daniel Guy, Bill Finger, Paul Forlenza, Erika French, Lisa Sargent, Ben Shepard, Trish Shepard, Ken Pohlman, Kudd Rood, Dennis Fillian, Owen Farnsworth, Dave Thompson, Jeanne Albert, Mary Rogers, Robert Reiber

Attending virtually: Anne Fraioli, Nick McDougal, Tatanka True, Deirdre Kelly, Anna Smith, David Whetmore, Ven Dhyani, Sally Ober, Veronica Rhodes, Mary Nicholas

Agenda

**MOTION** by Tim, 2<sup>nd</sup> by Joe to approve the agenda as written.

**PASSED** 4/0/1

Public Meeting with State Elected Officials Regarding Property Tax Increases

Introduction

Selectboard members, speakers, and town staff introduced themselves briefly. Tim McGowan thanked the elected officials for participating and went over how the meeting would be conducted. He shared that this was the first forum of its kind outside of Town Meeting, and the Selectboard wanted to create a space for the public to ask questions of their decision makers after receiving tax bills. He shared that the municipal budget passed at Town Meeting was essentially flat compared to the previous year, and the school district budget went up just 6%, which – with the move to independence – is pretty remarkable. But the education tax rates determined by the legislature and applied to higher home values have created unsustainable increases to property taxes in Lincoln. He asked that public participants help the representatives understand the real impacts of the increased tax rates.

Rep. Caleb Elder Remarks (5 minutes)

Rep. Elder served on school boards for six years and shared some basic background on the challenge of trying to keep up with growing school budgets and fewer students. He talked about this being the first budget year since COVID that, for the most part, there hasn't been COVID relief/stimulus funding to offset costs. This funding was previously deployed in large part to address social and

emotional needs of students. These needs were particularly widespread after COVID but still remain, even as that federal funding has gone away. He explained that the legislature started its budget process facing the need for a quarter of a billion dollars in additional spending and pared that back to \$150 million. At least \$50 million of that is just for teacher healthcare. He said that these are major inflationary pressures, and we see them in every business, but it's a remarkable increase for the education system. This is combined with the growing cost of debt and construction – there is \$6 billion in potential need for school construction right now. He won't be returning to the legislature after January, but says he continues to think about this a lot.

Rep. Elder said he believes the Lincoln Elementary School can do wonderful things for its students – things that take care of the whole child. But he feels we need efficiencies of administration state and nationwide. Cuts shouldn't come at the curriculum level or by sacrificing the needs of great, talented teachers.

#### Rep. Mari Cordes Remarks (5 minutes)

Rep. Cordes thanked the public for participating and the Selectboard members for stepping up to run for local office. With so much misinformation going around about property tax increases, she asked that attendees use what they learn at this event to spread the truth.

By law, she said, the legislature has a duty to raise whatever revenue is necessary to fund the school budgets passed across the state. Over hundreds of hours of testimony from educators, tax experts, school district leaders, and others, decision makers brought the average state education tax rate down from 20% to 13%. Lincoln and Starksboro's rates went down a significant amount. Bristol's went up. She pointed to the Common Level of Reappraisal (CLA) figure and reappraised home values as responsible for the majority of the tax increase in Lincoln.

She has also seen how mental health and social services are underfunded, so the services that kids need are coming out of the education fund when this spending should come out of the general fund. There are big problems that are not going away next year. Vermont is a small tax base. The vast majority of people in Vermont have health insurance through employer, medicare, or military, and very little is actually regulated by the VT legislature.

Rep. Cordes closed by saying that we are all very concerned about property taxes. The legislature did manage to bring the average education tax rate down from 20% to 13% and will be back at it next year. She urged the public to follow the process and get involved, particularly in the work of the commission on the future of public education. She looks forward to working together with the public.

#### Q&A from the floor and via Zoom

Lisa Sargent asked about the CLA and how it came to be that, in an unrealistic market during and after COVID, driven by out-of-state cash buyers, all the towns are facing reappraisals and now the impact falls on homeowners who are already overtaxed.

Rep. Elder responded that many towns got behind the 80% fair market value that is required and triggered a reappraisal, but there was a bottleneck on resources to conduct these reappraisals, so the CLA was supposed to make an adjustment statewide instead of having a rolling process that takes years to catch up. He wondered why the state approved the 115% CLA when Lincoln overshot the mark – Starksboro overshot and had to come down.

Rep. Cordes shared that she introduced a bill to eliminate the practice of funding education based on property value to make it more income sensitive. She wants people who live in Vermont to be able to afford to live here. The legislature also passed a property transfer tax and set the threshold really high, so it would only impact folks who could afford it – not owners of modest homes and camps. She emphasized that in Vermont the legislature always balances the budget rather than carry a deficit. She also shared that included in the yield bill was a small surcharge on people who rent from AirBnB. She supports short-term rental businesses in VT as part of the tourist economy, and now a big portion of this new surcharge goes into the education fund. She said she's interested in the funding part of the system and how to make the revenue side more fair.

Dave Thompson asked about what is going on with commercial vacancies in Vermont. Rep. Elder shared that they are up in places like Burlington, but in general nationwide there's a trend away from commercial real estate. He feels we need to work on transitioning commercial vacancies to residential real estate.

Owen Farnsworth introduced himself as someone who lived in Lincoln full-time for years and moved to Idaho where taxes are half what they are in Vermont. He now keeps a second home in Lincoln and is willing to be taxed more than the static non-homestead rate to drive down education tax that needs to be raised. He was for the penalty that used to be applied to school districts that spent more than a state-set limit. He also thinks the Current Use Program represents a huge revenue base that's being given away — it has essentially become a conservation tool. He complained that the legislature raised taxes on small businesses by 18%, which indicates that lawmakers don't care about the economic base. He would like to see some kind of disincentive to raise school budgets.

Rep. Cordes addressed the idea that school boards have champagne tastes on a beer budget – she does not see that as the case. The majority of school boards across the state struggled to get budgets passed while addressing the needs of kids and higher cost of living. This shouldn't be compared to haywire spending like at a fancy dinner. She also mentioned that the spending cap suspension was necessary and a deliberate thought-out move.

Rep. Elder pointed out that nobody raises all their own money for education. Districts set their budgets, the legislature takes the total and compares them to what's in the bucket for revenue. Then they raise enough taxes to make up the difference. He is glad to see data-driven decision making for first time after gathering research on the actual cost to fund the education of students in rural settings, learning english for first time, or with mental health issues. He suggested that it may be necessary to lower the ceiling for districts like CVU and raise the floor for towns that struggled to pass budgets and therefore have lowest school resources in the state.

Bill Finger shared the total impact of rate and home value increases on his property taxes over the last two years. For as long as he can remember, the state has been coming up with new formulas for education spending, and he thinks it's time to admit that the system is broken and no amount of tinkering will fix it. He would recommend that the Selectboard give the community a chance to talk to all of the candidates currently running for office, not just the ones currently serving. Another issue he raised is that close to 50% of the land in town is in federal ownership. Between that and the current use program, the biggest burden falls on very few properties. He said it is distressing to see how this turned out, combining the reappraisal with the education tax rate.

Rep. Cordes responded that it is untenable and agrees 100% that we need systemic reform, not tinkering. She will be pushing with the other legislators and commission on the future of education for systemic reform.

Dennis Fillion introduced himself as a Lincoln resident and retired school teacher, who has been involved in a lot of negotiations of teacher salaries. At some point, the employee health contribution rate for teachers was taken out of the hands of the district and now it's set statewide. He asked that the negotiation be brought back to the districts where they may urge teachers to pay more.

Rep. Cordes responded that the best way to bring rates down is to have a bigger risk pool. Federal lawmakers are also investigating ways to lower costs by optimizing purchasing power. Rep. Elder also offered that since the spending is set statewide, negotiating the contribution rate statewide makes sense as a match. He said it's frustrating that there's no transparency in the healthcare market. The legislators have no idea what the difference in cost is for a teacher in Rutland vs a teacher in another town from procedure to procedure. It's really hard to get cost reforms that way. He thinks the systems are messed up and the best thing we can do is force daylight onto them. As a voter, not just a legislator, he believes we deserve to see the receipts. Rep. Cordes added that steps have been taken to go after pharmaceutical companies for their role in jacking up healthcare costs.

Kudd Rood asked about the impact of income tax and whether wealthy people are just too good at hiding their wealth. He thinks that if land is in the current use program and is therefore publicly funded, you shouldn't be able to post it. Rep. Elder offered that in 2019 there was a policy considered to move to income-based education tax so that the contribution for the wealthiest residents wouldn't level off.

Donnie Sargent decried party line voting and how out of touch the legislators are with voters. Conor McDonough called for civility and kindness. This is an open forum – not a venue for personal attacks.

Ken Pohlman asked what is the future of reappraisals and will it happen every five years now. Rep. Elder shared that the legislature addresses this through the CLA and how we keep up with it over time, but property valuation is under the governor and the tax department. In terms of the appraisal, he says Lincoln was low for a while and now it hurts to be brought up to fair market value.

Allen Isham introduced himself as a landowner in Lincoln since 1984; a lot of his relatives grew up in this town and may not be able to afford it much longer. He urged the crowd to vote for people who won't be tied to special interests and get back to a citizen government. He said we won't get change if we keep sending the same people back to Montpelier, where failing to vote with the House speaker gets lawmakers "put in the corner." He also thinks young people are so disgusted they won't even vote.

Rep. Elder shared that he has voted 92% of the time with the Democrats and 8% of the time against, and, yes, this has got him moved to three different committees in as many years. Rep. Cordes said she has experienced the same thing – no one tells her how to vote, and she is proud to be known as a troublemaker and independent voter in the Democratic party.

Paul Forlenza pointed out that it may not be that young people are uninvolved – more seniors are engaged in this issue, because they're on fixed incomes and these impacts are very scary for someone who must bear greater costs with no hope of greater income.

Jeanne Albert shared that a question came up in town meeting about having the school district budget voted on via Australian ballot, and she wanted to clarify that, yes, this will be the process in 2025.

Mary Nicholas, participating over Zoom, shared that there's no easy solution here, but one idea might be breaking up the monopoly that UVM network has on healthcare in the state. Even if you want to shop around, there is very little outside of UVM. She thinks the Lincoln school district hasn't done us any favors by going off on our own. For 80 kids, she points out that we bear the full administrative burden of a full-time superintendent, business manager, and a part-time administrator. She would love to see Lincoln have a conversation about getting back into the school district. She was relieved to hear that the school district budget will be on the Australian ballot in March.

Paul Forlenza also commented on Lincoln school being on its own. He said that the MAUSD administration cost is huge, and consultants have told them to lower it. He thinks Lincoln did the right thing as a small school.

Karen Neders shared what she believes is misunderstood about the rates going up so much: towns are required to be at 100% fair market value and once you go under you are taxed at 125% to adjust for it. She thought it was necessary to clarify that the municipal tax rate isn't higher, and the school budget only went up 6% – that's just not what we're paying because we take a share of all education spending statewide. She's proud of our school district for smart spending, especially considering all the things we need to be a district on top of the needs we have just to be a school.

There was a question about how CLA works and why it went up when values went up. It was addressed quickly by other members of the public. Lisa Sargent reiterated that the reassessment was based on a market that was unrealistic and driven by cash buyers. There was a question about whether the town can challenge our CLA rate.

Kate McGowan suggested that if we're keeping our education taxes tied to property taxes and the rate of adjustment is out of our control, legislators could set a cap for fluctuation. She thinks the market can't sustain these prices, there are not enough jobs and not enough people moving here. So lawmakers could put some guardrails on rate increases so people can budget to that instead. She also wondered if legislators could take a look at housing stock and which property owners are sitting on valuable assets just to use them three weekends a year, then raise their taxes. She learned that Vancouver had a problem with foreign real estate investors using all the housing stock, and the city doubled taxes on anyone who isn't using a property for more than half the year. Rep. Cordes shared that these policy solutions are sound and attempts have been made to do some of this. She called it a political problem that more hasn't been done and said she will continue to keep pushing for solutions.

Reed Prescott asked why 80% of towns in Vermont are below 100% fair market value. Rep. Elder pointed to the lack of resources for completing reappraisals and the move to correct this through the CLA.

Owen Farnsworth shared that he rents out the lower-level apartment in the house he built in 2002, and he won't be able to keep that rent low based on the newest tax rates. He still believes the fundamental issue is not property value, but education spending and the decision making.

Paul Forlenza asked how we have confidence in the accuracy of the appraisal. It was a tight timeframe to get it done, and mistakes happen. He said he was also not clear how experienced the appraisers were. Can there be a second opinion from another firm? He also acknowledged that a lot of these other issues are very complicated. He thanked the Selectboard and state reps for their engagement and courage.

There were closing remarks from Rep. Cordes and Rep. Elder.

Tim McGowan made a personal appeal for more people to get involved to ensure that these unsustainable increases do not continue.

**MOTION** by Tim, 2<sup>nd</sup> by Amanda to adjourn.  
**PASSED** 4/0/1

Adjourned at 9:01 PM.

Respectfully submitted: Kristyn Brady