

Report Income, Home Value, and School Tax Data

School property taxes pay for the bulk of public education in Vermont. They are the state's biggest source of revenue, projected to be \$860 million in Fiscal 2009.

Who is paying these taxes and what do they earn? Information about household income, home values, and property taxes is necessary to making decisions about school funding and other issues. The state currently collects much of this information, but does not make it available in usable form.

In the mid-1990s, the Tax Department collected and published data on Vermonters' property taxes and income. These reports were critical to building tax equity into Vermont's current education funding system. Before Vermont considers more changes to the system, the Legislature and the public need a thorough analysis of how the cost of education is distributed among taxpayers.

The Tax Department now has a better system for collecting data than it had 10 years ago, but it stopped publishing the property tax and income reports in 1999. Today, the department can link all residential property with a state income tax return. Without revealing confidential information, the state could publish annual statistical reports linking house values and property taxes with income levels.

To get a complete picture of the relationship between income and school taxes, the state also needs information on all property occupants — not just the owners. In addition, the Tax Department should collect data from renters to determine how much they are contributing to support schools and local government.

Recommendation: The Legislature should direct the Tax Department to provide statistical reports on property taxes, income, and home values based on existing information. In addition, it should provide for the collection of additional information on other household members and renters. This statistical information should be made available to the public without disclosing confidential data.