



## VILLAGE OF ESSEX JUNCTION TOWN OF ESSEX

Essex Junction, VT 05452

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### SERIOUS MISINFORMATION ABOUT MERGER

Last week two Essex residents made a presentation on Town Meeting Television about merger that contained a great deal of misinformation, some very serious. Some of the more serious incorrect statements and assertions are listed below, followed by accurate information that rebuts those false assertions.

1. The presenters assert that Town outside the Village (TOV) residents will see a tax increase on average of \$2,062. **This is absolutely NOT correct.** The merger-based annual tax increase for TOV taxpayers after 12 years will total approximately \$330 for the average property valued at \$280,000. The calculation of the \$330 increase for TOV taxpayers over 12 years was made by the Town and Village Finance Director. It takes into account all factors of both budgets and how taxation in the two municipalities occurs. It is **absolutely false** that total taxes for TOV taxpayers would grow by 2.5 times.
2. The presenters claim that Village residents receive 90% of the taxes they pay to the Town back in the form of services. **This is inaccurate because the claim is based on incomplete and incorrect information.** The presenters did not include the \$1.2 million Town capital budget in their calculations. They also significantly understated the cost of the Town recreation department. The numbers they used to back up this claim were incomplete and misrepresented the taxes Village taxpayers pay.
3. The presenters claim that the Village must retain its debt in merger because of poor negotiation on the part of the Village. They also claim that the Town is violating an Essex precedent that the Village should share its debt with the Town. **Both claims are false.**
4. One presenter claimed that the Essex Westford School District has “no desire” to move their budget vote to March to align with Town Meeting. **This claim is false.** EWSD board members expressed general agreement that they would explore it.

Below is more detailed, accurate information that refutes the false claims made by the presenters last week.

1. Under merger, TOV taxes would **NOT increase by over \$2,000.**

The merger plan calls for an average \$25-\$30 per year increase in TOV property taxes for 12 years. The presenters claim that this amount, compounded over 13 years, will result in a total tax increase for the average TOV property of \$2,062, not \$330 in total as has been calculated and presented by the Town Finance Director. **This claim is false and is a serious misrepresentation of the merger plan.**

The Selectboard [presented the merger plan on Town Meeting Television on January 14<sup>th</sup>](#) and shared the following table that shows the per-year increase expected for the TOV.



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## Annual Merger-Related Tax Changes

### \$280,000 Property Value

Town Outside the Village													
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Ave. over 13 years
\$11	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$24	\$52	\$25
Village													
(\$20)	(\$35)	(\$34)	(\$34)	(\$34)	(\$34)	(\$34)	(\$35)	(\$34)	(\$35)	(\$35)	(\$34)	(\$73)	(\$36)

Figures based on FY2020 voter-approved revenue. All figures are approximate.

The total change is an increase of approximately \$330 for Town Outside the Village and a decrease of approximately \$470 for the Village.

Below is a demonstration of how the increase will impact a TOV residential property tax bill of \$1,500.00 using the yearly figures from the above table.

	<b>Current tax bill: \$ 1,500.00</b>
Year 1 merger-related increase: \$ 11.00	Year 1 new tax amount: \$ 1,511.00
Year 2 merger-related increase: \$ 24.00	Year 2 new tax amount: \$ 1,535.00
Year 3 merger-related increase: \$ 24.00	Year 3 new tax amount: \$ 1,559.00
Year 4 merger-related increase: \$ 24.00	Year 4 new tax amount: \$ 1,583.00
Year 5 merger-related increase: \$ 24.00	Year 5 new tax amount: \$ 1,607.00
Year 6 merger-related increase: \$ 24.00	Year 6 new tax amount: \$ 1,631.00
Year 7 merger-related increase: \$ 24.00	Year 7 new tax amount: \$ 1,655.00
Year 8 merger-related increase: \$ 24.00	Year 8 new tax amount: \$ 1,679.00
Year 9 merger-related increase: \$ 24.00	Year 9 new tax amount: \$ 1,703.00
Year 10 merger-related increase: \$ 24.00	Year 10 new tax amount: \$ 1,727.00
Year 11 merger-related increase: \$ 24.00	Year 11 new tax amount: \$ 1,751.00
Year 12 merger-related increase: \$ 24.00	Year 12 new tax amount: \$ 1,775.00
Year 13 merger-related increase: \$ 52.00	Year 13 new tax amount: \$ 1,827.00

**Total increase after 13 years: \$ 327.00**



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It is clear from the table above that the overall increase to an average TOV property tax bill as a result of merger is just under \$330, NOT over \$2,000. ***This claim by the presenters is not only false and inaccurate but attempts to mislead residents that their taxes are going up significantly and that the Town is hiding the truth.*** The Town has been very clear for many months about the 12-year taxation plan and the figures have been publicly available since last year. The presenters incorrectly claim taxes for TOV taxpayers will go up \$172 a year for 12 years. The Village tax levy in FY20 was about \$3,500,000; divided by 12 years it is \$291,667/year, which, without grand list growth, is a tax increase of about \$30/year. Grand list growth will *lower* that amount.

### **2. Village residents do NOT receive 90% of the taxes they pay to the town in the form of services.**

The presenters shared information about the portion of the Town's property tax revenue that they believe comes from Town residents living in the Village. They correctly state that because a lot of consolidation has already happened, the Village does receive a portion of the taxes they pay to the Town back in services.

TOV residents receive 100% of the taxes they pay to the Town back in services. Unless Village residents also receive 100% of the taxes they pay to the Town in services from the Town, any percentage less than 100% is inequitable.

Several Town departments do not provide full services to the Village or are not sized to address the 21,000+ residents of the entire Town. Here are some examples:

- The Town Community Development Department serves only the TOV.
- The Town's Recreation Department staffing and facilities are undersized for a community of 21,000 people, requiring the Village to provide recreation services for itself.
- In FY22 the Town's 2-cent capital tax will generate nearly \$532,000, but that revenue is spent primarily in the TOV.

The presenters' claim is based only on the General Fund portion of the budget. They did not refer at all to the Capital Fund. The Town charges a 2-cent capital tax on all properties and uses the funds collected for construction projects and other infrastructure needs. However, in FY22, as in past years, the Town will spend the majority of that budget on projects located outside of the Village, even though Town residents inside the Village fund those projects with their tax dollars. ***The presenters failed to mention this significant budget and therefore underrepresented the total amount of taxes Town residents inside the Village pay.***

The Town's 2-cent capital tax will raise approximately \$532,000 in FY22. Town residents who live in the Village pay 42% of the total capital funds collected each year (or \$223,347 in FY22) through this capital tax, which is a separate line item on the tax bill.

In FY22 the budgeted amount for the capital fund is \$1,225,830. The estimated spending of capital funds for FY22 is \$1,479,856.

The Town capital plan currently has 73 total projects on it. Of these, 13 projects are specific to the water and sewer enterprise fund which are funded by those rate payers only and do not leverage any tax dollars. Of the



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60 projects eligible for tax funding, ten projects are paid for with developer impact fees.. The remaining 50 projects are located in the Town outside the Village. This means that 83% of the projects that the Village pays for as Town taxpayers are not located within the borders of the Village.

The Town does not pay for any of the capital projects that are located inside the Village. Those projects are funded entirely through the Village budget (\$760,730 of their \$3,500,000 budget).

However, the Town and Village stormwater plans are consolidated, and there are 3 stormwater projects in the Town capital plan that are located in the Village. These are paid for by grant funds, with the Town paying the grant match. There are zero funds related to these grants planned to be spent in FY22.

There are 5 non-stormwater projects in the Town capital plan that are shared by the Town and Village. They include:

- Building improvements at the Tree Farm (\$11K in FY22)
- Records preservation (no expense in FY22)
- Building Facilities Needs Study (no expense in FY22)
- Police Department equipment (\$15K in FY22)
- Senior vans (no expense in FY22)

Based on this list, the Town is planning to spend a total of \$26,000 of estimated FY22 capital spending on non-stormwater related capital projects in the Village. None of the projects listed is related to construction.

To be clear, the Village definitely receives a portion of the Town taxes they pay back from the Town in the form of services, and over the past seven years that gap has been narrowed through consolidation. But to get the complete and accurate picture you must consider *both* the General Fund and Capital Fund together. ***The presenters did not present complete information and therefore their claim is inaccurate and misleading.***

In addition, the presenters mistakenly claim the Town recreation department costs “about \$600,000.” They then based subsequent calculations on this incorrect amount.

This mistake may be attributable to the fact that the Town recreation budget is spread out over 4 different line items (Park, Pool, Recreation Admin, and Senior Activities). It also has 2 separate line items for capital. Nowhere in the Town budget are these figures added together to show taxpayers the total cost of Town recreation in FY20, which was \$989,082. Actually, the Town General Fund recreation budget in FY20 was 29% higher than the Village General Fund recreation budget, which is listed as a single budget line item of \$769,483 in the Village’s FY20 budget. This is an excellent example of how having a single, unified budget under merger would provide more transparency. If there were just one, clear budget, taxpayers would see accurate representations of where their tax dollars are going. That’s what we mean when we say merger will help make us more transparent. ***The presenters’ calculations and conclusions are significantly inaccurate and therefore misleading.***



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### 3. The Village cannot, by law, share its remaining debt with the Town.

The presenters claim that the Village must retain its debt in merger because of poor negotiation on the part of the Village. **This statement is completely false.** By state law, a bond (debt) can only be taxed to the voters that approved that bond. TOV voters did not vote on the Village's road construction bond, so therefore they are not legally obligated to pay for it. The Village must repay the debt in full, which is why the merger plan contains a Debt Repayment District—to legally prevent the TOV from paying off that bond, which has 12 years left, and cannot be prepaid.

The presenters also claim there is an Essex precedent that shows the Village should share its debt with the Town. They are referring to the former Village of Essex Center, which was formed in 1949 as a water and fire district, and dissolved in 1973 when the Chittenden Water District was formed. (Learn more about this district [here](#).) When this village was dissolved, the Town of Essex assumed its debt of \$48,000 by act of the Vermont Legislature. The Town assumed this debt as part of the dissolution of a utility that would be continued at a regional level, which is completely different from absorbing the debt of an entire municipality. **Stating that the Town is not following precedent by not taking on the Village's debt is inaccurate and misleading.**

### 4. The EWSD will consider moving its budget vote from April to March.

One presenter claims that the Essex Westford School District told Selectboard members at a recent meeting that they have "no desire" to move their budget vote to March to align with Town Meeting. **This claim is false.** In fact, a co-chair of the EWSD board has, since that meeting, confirmed that the consensus of their board is that changing their budget vote from April to March to align with the Essex budget vote if merger is approved is a good idea and their board will discuss it.

### Go to the source for the facts.

It is imperative that Essex voters receive accurate information to help make a critical decision about whether to vote in favor of merger. The Town Selectboard and Village Board of Trustees have worked together, along with one of the presenters, over the past seven-plus years to bring our community closer together. We painstakingly developed a Plan of Merger that allowed for a thoughtful, gradual equalization of the tax burden to a level of an average of between \$25 and \$30 a year. Essex's elected officials would **never** consider a tax hike of \$2,000+ and we would **never** try to hide it. It is very unfortunate that two anti-merger voters are misrepresenting merger in such a blatantly false and misleading way.

We urge all voters to read the materials on this website to understand the facts. We encourage you to ask questions of Selectboard members, Village Trustees, and Town and Village staff to get the information you need to make an informed decision. We also urge you to think critically about the information you see online or hear from sources that are not directly connected to the Town.



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Please watch the [video presentation of merger provided by the Selectboard](#). Please attend the public hearings on February 1st and 16<sup>th</sup> at 6:30pm online. Please attend the informational Town Meeting on March 1<sup>st</sup> at 7:30pm.

Above all, please think for yourself. Do not let others try to sway you with false and misleading information. Go to the source for the facts, and then make your own decision.

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