



# MEMO From the Office of the Town Manager

To: Colchester Selectboard  
From: Aaron Frank, Town Manager  
Date: November 30, 2021  
Re: Tax Exemption and Payments in Lieu of Taxes

The Selectboard requested information comparing the percentage of non-taxable property in Chittenden County communities. Working with Assessor Robert Vickery, we provided consultant Stephen Fabel with input on how to gain this information. His findings are attached.

Here is a comparison of non-profit Payments in Lieu of Taxes

Community / FY 22	Budget	PILOT Pmts.	PILOT % of Revenues
Colchester	\$ 13,482,862	\$ 55,016	0.4%
Burlington	\$ 87,533,144	\$ 6,038,745	6.9%

**Source:** <https://www.burlingtonvt.gov/sites/default/files/4.%20General%20Fund%20Budget%20-v2.pdf>

Colchester's payment is comprised of \$18,000 from UVM Home Health and Hospice and \$37,016 from UVM Medical Center.

## MEMORANDUM

**To: Aaron Frank and Robert Vickery**

**From: Stephen Falbel**

**Re: Non-Taxable Property**

**Date: November 29, 2021**

This memorandum presents a comparison of the percentage of property value in municipalities in Chittenden County that are non-taxable. This analysis excludes exemptions for veterans and the Use Value Appraisal Program (Current Use), focusing instead on properties that are wholly exempt from property taxes because they are state or municipally owned (such as schools) or belong to non-profit institutions that have warranted exemptions.

### **Methodology**

Steadman Hill Consulting used two primary sources to determine the percentage of property in each municipality that was exempt from property taxes. For several cities and towns, SHC obtained grand lists and/or “411” reports that list exempt properties. Using this information, the percentage of value that was exempt was calculated by dividing the sum of the values of exempt properties by the total valuation in the town. This calculation used non-equalized valuations (that is, not adjusted for the CLA) and used the municipal grand lists rather than the education grand lists.

The second source was a pair of reports available from the Vermont Department of Taxes. These reports show the total assessed value in each city/town and the total statutory exemption in each town. The statutory exemption can include veterans’ and Current Use exemptions, so it is not as precise as analyzing the grand lists and can overstate the amount of exempt property.

Using the state reports, all Chittenden County municipalities were ranked by the percentage of “statutory exempt” value. SHC had already obtained grand list data for several of the core communities as part of earlier analysis. Additional grand lists were obtained for towns that ranked higher than Colchester in terms of percentage of exempt value in order to determine how much of that exemption was due to Current Use or other exemptions that were to be excluded from the analysis. These steps resulted in a final ranking of Chittenden County towns.

### **Results**

The results of the analysis are shown in the table below. Towns marked with an asterisk are those that were calculated using detailed grand list data. Note that Essex is divided into the Village of Essex Junction and the Town of Essex.

<b>Municipality</b>	<b>Percent of Value</b>
<b>(* = based on Grand</b>	<b>that is Non-Taxable</b>

List data)	
<b>Burlington*</b>	27.9%
<b>Jericho*</b>	12.6%
<b>Colchester*</b>	8.6%
<b>Essex Junction*</b>	8.5%
<b>Shelburne</b>	7.4%
<b>Winooski*</b>	6.6%
<b>So Burlington*</b>	6.4%
<b>Underhill</b>	6.1%
<b>Richmond</b>	5.9%
<b>Bolton*</b>	4.8%
<b>Essex Town*</b>	4.5%
<b>Huntington</b>	4.2%
<b>Williston*</b>	3.9%
<b>Milton</b>	3.4%
<b>Hinesburg</b>	3.3%
<b>Charlotte</b>	2.7%
<b>Westford</b>	2.2%
<b>St. George</b>	1.3%
<b>Buels Gore</b>	0.0%

The analysis shows that Colchester has the third highest percentage of tax-exempt property in Chittenden County, only slightly higher than Essex Junction. The many state and institutional buildings in Burlington account for its high percentage. In Jericho, the Ethan Allen Firing Range, owned by the US Government, accounts for a significant percentage of the non-taxable property. In addition, school buildings in Jericho, led by Mount Mansfield Union High School, account for 6.8% of the total property value in the town. That is a high percentage relative to other municipalities such as Burlington (1.5%), South Burlington (2.0%) and Colchester (1.3%). If not for the very high valuation of school property in Jericho, it is likely that Colchester would have the second highest percentage of non-taxable property, trailing only Burlington.