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TAX EXPERT SAYS:

The Land Use Tax Is An Illusion

"The phrase 'land use tax' is now an empty slogan. Everywhere I go in Vermont, people come up to me and say: 'We must have a land use tax.' The slightest probing of the mind of the person who so favors the 'land use tax' quickly reveals that he does not know how a 'land use tax' would work, or what its consequences would be, but that he thinks it is a good idea, in fact a necessity . . ."

Thus began a speech by former Deputy Tax Commissioner Norris Hoyt who discussed land use taxation last month at a conference at Johnson State College. Hoyt, now a Norwich attorney, went on to point out that the strongest current advocates of land use taxation are the environmentalists "who imagine that a land use tax would retard the development of open land.

"Our environmentalists might be surprised to discover," Hoyt went on, "that five years ago the strongest supporters of land use taxation were, and still are, the strongest opponents of environmental regulation." He also emphasized that the purpose of a land use tax "is to reduce the property taxes of some categories of taxpayers and, correspondingly, to increase the property taxes of other groups of taxpayers."

Hoyt proposed that (a) a portion of the property tax burden be shifted to the state income tax (b) that the Senior Citizen's Property Tax Relief law be extended to increase benefits to persons under 65 and that (c) the state enact a capital gains tax on profits from the sale of land, graduated according to the length of time the land has been held by the seller.

"There is no reason why Vermonters should tolerate the subdivision of Vermont land and its merchandising to non-Vermonters," Hoyt said. "A capital gains tax that effectively removed the profits from the sale of lands held less than five years would immediately damp down such speculative land purchases and subdivisions. There is no reason why Vermont should allow its natural environment to be treated as a mere object of private property."

Container Tax In Effect

Vermont's temporary four mill beverage container tax went into effect July 1. The law, passed last winter, is the first phase of a legislative effort to control litter through the eventual banning of non-returnable containers and the creation of recycling centers. Vermont-based manufacturers or distributors pay the four mill tax directly. Where distributors are located out of state the levy is borne by Vermont retailers or retail groups. The tax is designed to give manufacturers time to set up a five cent per container deposit and refund system prior to next July when the non-returnable ban is scheduled to go into effect. Vermont's experiment, coupled with similar laws in other states, should intensify industry's search for biodegradable containers. Paper companies are now developing containers which approach Vermont's strict definition of biodegradability and only containers made with substances which don't impede decomposition would, in theory, be permitted for use here. Revenues from the tax, variously estimated at between \$600,000 and \$1.2 million annually, will be split between communities, for landfill operations, and the Agency of Environmental Conservation, for the creation of recycling centers.

One Small Step Toward

One Stop 250 Shopping

"One Stop Shopping," for Act 250 permits, long a misty gleam in the eyes of developers and state bureaucrats alike, may be a small step closer to reality as the result of a research project underway in Montpelier this Summer. And, contrary to popular sentiment, Act 250 isn't the primary culprit in the quest toward a centralized agency for the processing of development permits.

"The basic problem," says Tom Hall of Rutgers University who is investigating the "One Stop" technique, "is that Act 250 is overlaid over many agency regulations and requirements, some of which were established as long ago as the 1940's." Hall and several associates at Rutgers' Eagleton Institute of Politics are assisting a group of legislators headed by Rep. Brian Burns, D-Burlington, whose goals are to ease the administrative burden now confronting individuals applying for development permits. If successful, their activities would remove one of the major complaints about Act 250 without compromising the environmental protection afforded by that law.

"We're trying to make Act 250 work," says Burns. "Now, a developer gets a lot of grief from a number of state departments. Our objective is to make all of the bureaucracy click." Says Hall: "the idea is to streamline application procedures without sacrificing environmental quality."

Hall says the real problem lies not with the Act 250 process but with the many state agency review activities which must be completed before a permit is granted. His group is evaluating the work of each state department involved in the 250 process with a view toward accelerating the permit procedure. Hall's goal is to develop a permit technique which will speed up "good developments" while enabling "bad developers" to be recognized immediately.

Hall is actually framing a "Two Stop" technique—one environmental district, one local—in hopes of unravelling some of the red tape incidental to the 250 permit procedure. The simplified process would be keyed to the consolidation of all application forms into one master form which would be sent to all pertinent state agencies which would then be required to approve or reject the application within a specified period of time.

Burns fears the difficulties created by a cumbersome permit system might be used by opponents of the law as an excuse for crippling it. "Common Sense Associates is a very powerful group which says it is only out to change attitudes," said Burns. "Act 250 is a philosophy—a prayer on a piece of paper," Burns added concluding he's convinced that a simplification of the permit process will eliminate a major objection to the law and help it to remain intact.

Property Tax Reform Plan

Stimulates Federal Boost

The Rockingham Model, a property tax reform proposal now being investigated by the Administration Agency's Office of Budget and Management, is attracting the interest of several federal departments. The concept, named for the Windham County town where it was first initiated, is designed to dramatically revise the formula for assessing and taxing property to obtain a more equitable distribution of financing education and to preserving open land by curtailing speculative activity.

The federal departments of Housing and Urban Development and Health, Education and Welfare as well as the National Science Foundation are reported ready to furnish funds for a three year program to expand the data base of the Rockingham investigation from one to twenty-four towns. An extension of the Rockingham model was proposed late in the 1972 legislative session, along with a \$50,000 appropriation, but it died with adjournment. HUD interest includes the tax reform elements of the Rockingham model and its built-in urban renewal incentives. HEW is reportedly stimulated by the ramifications of the study on recent court decisions holding that the property tax is an inequitable basis for the distribution of educational assistance while N.S.F. is considering two books on land use taxation and how such a system would effect the economy and environment of a state.

Under the Rockingham Model, only local government costs would be defrayed by a land use tax while educational expenses would be underwritten by a combination of income and/or corporate property taxes. A real property transfer tax and a "cost of buying in" (to a community's educational system) tax would, in theory, curb land speculation. Personal property taxes, business inventory taxes and taxes on structures would be eliminated.

Personnel in the Office of Budget and Management say they are encouraged by interest being shown in the Rockingham Model by a variety of communities around Vermont. They say that instead of having to appeal to towns to allow surveys to be taken, many legislators are approaching them, asking that research be done in their towns.

State Agency Views On Act 250 Planning

The preparation of drafts of Vermont's Land Capability and Development and Land Use plans is now underway. Several of Vermont's state agencies will play critical roles in the implementation of these plans. Here is the way officials of those major agencies view the plans and the planning process.

Human Services

"The problem is that most issues discussed at the hearings have focused on the present or a year or two from now rather than on 20 years in the future," says Human Services Secretary William S. Cowles in giving his views on the preparation of the Capability and Development and Land Use plans. "We are not looking ahead two decades to consider possible changes in the tripod which supports Vermont's economy. What role will agriculture play? What kinds of manufacturing may develop? What will the character of recreation be? We aren't listening to what those who will be adults in 20 years are saying about their career plans."

The Land Capability and Development Plan will influence the Agency of Human Services particularly by affecting population distribution. Cowles suggests that "the plan should help direct public and private capital investment in the state to the places and in the ways in which the total economic and social gain will be greater than the cost. This has a major impact on the form and content of human services. The Capability and Development plan will show how human services such as mental health and the reactive services—corrective and rehabilitative—should follow development."

He points out that the shift of human population from towns and villages to cities and the shift in kinds and location of development has influenced human services in the past 20 years. For instance, two state policies which affected population distribution in the past were the decisions to build access roads to ski areas and to construct union high schools. Both resulted in major changes in housing location as people chose to live near recreation facilities or were given a broader choice of residential sites as the quality of schools improved and good educational facilities became widely distributed rather than being available practically only in Burlington.

Environmental Conservation

Forrest Orr, planning director for the Agency of Environmental Conservation, doesn't know what to expect of the plans. The agency has provided the requested information to the Planning Department—about state park land and wildlife habitat, for instance—but there has been no dialogue, no request for opinions or discussion of philosophy. The citizens have task forces but there have been none in state government, he observes.

Orr thinks some critical elements may be missing from the preparation of the plans. He hasn't sensed any social input. There hasn't been much discussion of the competing demands of housing and agriculture or schools and hospitals and scenic sites. You can't balance development—defined as man-made change—and the environment, he feels. You have to trade off. He doubts that some of the emotional philosophy put forward so far about assuring jobs in agriculture, forestry, and recreation is very realistic since these industries don't really provide many of the kinds of jobs Vermonters want. Many are low-paying and seasonal.

As to how the plans will affect the agency, they will be the key in reviewing Act 250 applications, of course. Beyond that, Orr notes that the land use plan might provide a guide for the agency in deciding what land the state should be acquiring and enable it to plan ahead to do so.

Highways

Assistant Chief Engineer Ed Stickney, who has followed Act 250 for the Highway Department, says highway planners will look at the land use plan as a starting point. He considers the policy statement in the interim plan calling for relating development to established settlement patterns a useful step in stopping strip development and assuring safer highways. Act 250 has already aided the Department by providing more information about proposed development, he says.

Development—Community Affairs

"The Land Capability and Development and Land Use plans will be most helpful if they tell us specifically what development the land **can** support, not what **shall** be done with the land," says Charles E. Wiley, Assistant Secretary of Development and Community Affairs. "We need to know the total carrying load of the land in order to administer Act 250. It is essential to have a standard."

Wiley found some of the policy statements in the Interim Plan disturbing, particularly the one calling for development to be related to established settlements (modified in the adopted Interim Plan). Transportation patterns have changed since most Vermont towns were built. Locating businesses in downtown areas now may cause traffic problems. He believes it is important to allow for new towns while not perpetuating and extending bad development.

The major concern, he says, must be human resources. How are we going to pay for education and health services? If the state buys much open land, residential taxes will skyrocket. If the amount of land to be developed is limited, perhaps the amount of land which the state can buy should also be limited. He opposes "postage stamp" planning which would have the state determining that 20 acres should be open space in a certain town and wonders whether the state wouldn't be voiding town zoning if it bought for green space land which the town had zoned for other uses. Some changes in taxation will have to be worked out, he says, but he doubts that any of them would actually stop speculation.

Discharge Fees Set By Water Resources

The Water Resources Board adopted pollution charge rules required by the 1970 Water Pollution Control Act on June 29, eighteen months after the original deadline. The rules set uniform rates based on units of wastes discharged. The annual charge for one person's wastes is \$4.76, close to the minimum of the \$3.75 to \$30 range for the fees set during the last legislative session. Thus a town would be charged this rate times its population and an industry the same rate times the per person equivalent of its wastes as determined by the Water Resources Department.

A much-discussed earlier proposal prepared for the board by Assistant Attorney General John Hansen and Water Resources Commissioner Martin Johnson was based on the impact of the wastes on the particular stream. Brighton would have paid an annual charge of \$9,552 under the impact approach, reflecting its location on a small stream, while it would pay \$1,428 under the adopted rules regardless of stream size. But few towns or industries are ever likely to pay anything under the laws as amended. In the once considered "landmark" section of the 1970 law, the purpose of the charges was to serve as an economic incentive for polluters to take interim measures to clean up their wastes until treatment could be installed, thus equalizing the cost between those polluting and those already paying for treatment. The amendments turned the charges into incentive for temporary polluters to comply with the terms of their permits. They will be paid only by those who are behind on their abatement schedules and will be refunded even then if the project is completed on time.

Task Forces Will Continue

The seven district planning task forces, assembled a year ago by Governor Davis to analyze problems relating to the Act 250 plans, will continue to meet for the remainder of the year. Several of the citizens groups have met following the informal hearings held in their districts and the State Planning Office says they will not be deactivated until the planning process is concluded. Recommendations made by the task forces were presented during May and June at public meetings called by the Environmental Board. These will presumably be refined during the forthcoming weeks in concert with the development of the Act 250 plans by the State Planning Office.

Environmental news highlights during June included . . .

BURLINGTON—Governor Davis says Vermont's Land Use Plan should not merely be a guideline and that the designation of an area within the state as unsuitable for development "ought to be prima facie evidence that it is unsuitable." Davis said the plans mandated under Act 250 should express land use goals in terms of preferred uses but that recourse should be available for those who disagree with the plans. He said the plans will include three major land designations—urban, forest and rural and that most of Vermont would be categorized as rural.

MONTPELIER—The District Five Environmental Commission (Central Vermont) has requested that the Sugarbush Corporation submit a development plan as a condition for approval of a \$300,000 sewage treatment plant. The board acted after Assistant Secretary Schuyler Jackson of the Environmental Conservation Agency asserted that Act 250 should be enforced to "the perimeter of its intent." In pressing for a development plan from the resort Jackson declared he was anxious to establish precedents "not for now, but for one or two years from now." Jackson feels the intent of Act 250 was not merely to consider the scope of single projects but to evaluate what long range effects developmental activities could be expected to have.

CAMBRIDGE—The District Five Environmental Commission has authorized construction of a 24 unit housing complex at Madonna Village with the precedent-setting stipulation that occupants must be warned that they could be dislocated if the development firm does not install an acceptable sewer system by November of 1973. The commission's ruling came in response to a Water Resources Department edict that the applicant—the Stanmar Corporation—could not use a pristine stream for the discharge of wastes from the proposed housing complex. Water Resources decreed that the Madonna Village development must find an off stream site in which to dump its treated wastes and that if an appropriate treatment facility is not operating by November, 1973 the units involved can no longer be occupied.

MONTPELIER—Vermont is now confronting the possibility that regional units of government may have to be created to conform to the administration of proposed water quality standards which could be established by Congress. State officials have advised a legislative subcommittee that pending federal legislation may require Vermont to administer sewer and water programs at a regional level and that unless such regional units are created the state might become ineligible for federal pollution control assistance.

BURLINGTON—The Vermont Reclamation Company, which has served as a collection and marketing agent for recycling organizations, has been forced to severely limit its activities because of mounting costs. James Fayette, president of the Vermont Fruit Company and organizer of the VRC, says his organization can no longer collect recyclable materials such as glass, cardboard or paper, because it was losing money. Fayette said a variety of factors has contributed to the curtailment of the VRC's activities including diminishing enthusiasm for recycling projects as reflected by a lack of adequate volunteer assistance, a dip in the price of paper and the loss of a subsidy formerly provided by the Vermont Wholesale Beverage Association and the Vermont Soft Drink Bottlers Association.

Aesthetic—Cultural Commission Proposed

Declaring that a strong voice is needed "to speak for the aesthetic qualities that constitute such a large part of what is special about Vermont," Arthur Merkle, the former consultant to the Vermont Planning Office, has called for the creation of a state Aesthetic-Cultural Commission to advise Vermont's District Commissions and the State Environmental Board. Merkle, whose services terminated June 30, said such a "prestigious commission" is needed to provide expert testimony to the regional and state agencies as they weigh applications or appeals which may pertain to the language of Act 250 relating to "aesthetics, historic sites or rare and irreplaceable natural areas." He also suggests that the commission be charged with establishing a register of "places and things" that are of special significance and to prepare a plan for the preservation of Vermont's aesthetic and cultural values. Merkle said the commission should include a small full time staff and a budget, be divided into regional sections, empowered to testify at hearings, and be of sufficient size to adequately represent "all pertinent interests."

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L.C.C. Annual Meeting

The Lake Champlain Committee will hold its annual meeting at 1:30 p.m. Saturday, July 22 at the Valcour Educational Conference Center, Peru, N. Y. The meeting will concentrate on land use planning in New York and Vermont. Leonard U. Wilson and William Cowles from Vermont and George Davis and William Kissel of the Adirondack Park Agency will be principal speakers. Everyone interested in land use planning in the Champlain Valley Basin is invited to attend.

Political Forum

The Vermont Natural Resources Council and the Lake Champlain Committee are among the Vermont conservation organizations co-sponsoring a gubernatorial candidates forum at 8 p.m. August 15 at South Burlington High School. Candidates will be invited to respond to questions relating to environmental management which will be posed by a panel. Jonathan N. Brownell, V.N.R.C. vice chairman and counsel will be moderator.

Planning Hearings Postponed

Formal hearings on drafts of Vermont's Land Use Plan and Land Capability and Development Plan, scheduled to begin August 8 have been postponed for at least six weeks. The Environmental Board approved the delay at its June 28 meeting in the Northeast Kingdom prior to winding up the series of seven state-wide meetings called to obtain citizen reaction to work completed to date by the governor's planning task forces.