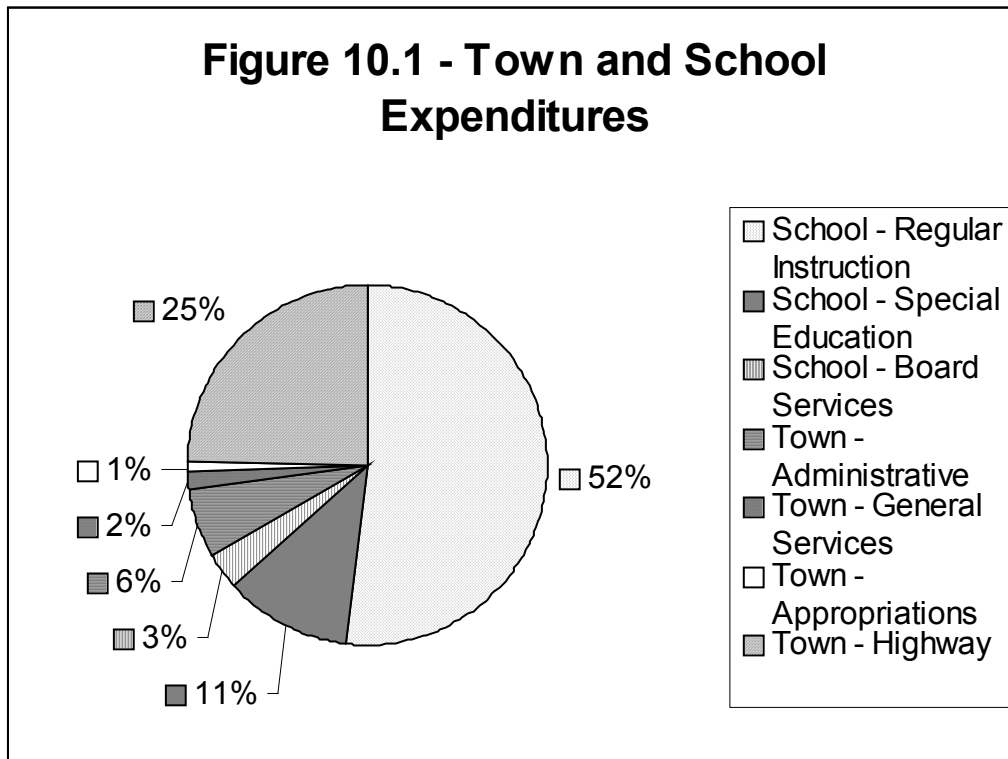


## X. MUNICIPAL FINANCE

### 10.1 Budget and Tax Issues

The fact that town, and especially school, costs have risen steadily over the past ten years was documented in Section 5.2 (Table 5-1). The largest portions of the budget are the school tuition and town highway expenditures (Figure 10-1). The large increases in these items -- especially the school tuition costs -- have been primarily responsible for a total budget that has almost doubled in ten years.



Predictably, taxes paid by individuals owning property in Sandgate have risen significantly over this same time period. The total property tax assessed on an "average" residential property (mean value of all "R1" properties in Sandgate - house and  $\leq 6$  acres of land) has increased from \$ 928 in 1990 to \$1,735 in 2000 (Table 5-1). Such increases in property taxes have not been uncommon in Vermont communities in recent years, and have led to a number of proposals for tax reform. If the magnitude of the local property tax continues to increase, the burden on the average household's income will become excessive. Efforts to control our growing reliance on property taxes, through fair and equitable reform programs, should be supported.

The town can also improve its ability to handle significant large expenditures through careful capital budgeting and planning. The town should ask questions like: "Which projects should be undertaken?" "When should they be implemented?" and "How should they be paid for?" By answering these questions, the Town can develop a simple capital budget that can help to smooth out a fluctuating tax rate, anticipate problems before crisis conditions develop, coordinate related projects and activities, and assess alternative solutions.

### 10.2 Policies and Recommendations

1. The town should continue to carefully develop annual budgets in an effort to minimize the burden on local taxpayers and consider use of a simple capital budgeting process.