



***Upcoming vote on whether or not to merge
Village of Essex Junction and Town of Essex***

The [Town of Essex](#) and the [Village of Essex Junction](#) each has its own government and elected board with taxing authority. For the past few years, the Town of Essex Selectboard and the Village of Essex Junction Board of Trustees have explored a potential merger of the governance of the two municipalities under a single charter. A Governance Subcommittee of the two boards reviewed governance models and organized focus groups and surveys with residents to help create the proposed merger plans. You can learn more about this work at www.greateressex2020.org.

Now, Village voters are being asked to decide on whether the Village and Town should merge. The Village Board of Trustees approved a version of the Essex Charter for a Merged Municipality and voted to include the merger question on the Village of Essex Junction’s November 2020 ballot. The Town Selectboard continues to finalize its own plan of merger, and expects to pose the merger question to all Town voters in March 2021. Learn more about the Village vote at www.essexjunction.org. To learn more about the Selectboard’s merger work, including previous meeting minutes and to receive notifications about upcoming meetings, please visit www.essexvt.org.

Please reach out to your elected officials to ask your questions!

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I received a ballot in the mail asking if I approve the Plan of Merger with Essex Town. What is it for and what does it mean?

The Essex Junction Trustees, the governing body for the Village of Essex Junction, are asking Village voters if they want to merge the Essex Junction Village government with the Town of Essex government.

All Village residents are citizens of two governments, the Essex Junction government and the Essex Town government. As such, Village residents are represented by the Village Trustees and Town Selectboard, and are taxed by both municipalities. Town residents who do not live within the Village of Essex Junction are represented solely by the Town Selectboard, and pay taxes only to the Town of Essex.

The “Plan of Merger” refers to a Municipal Charter, a legally binding, founding document. The Charter describes how the community will be governed and how elections will be held, among other things. If voters approve the Plan of Merger, the Vermont Legislature must then approve all new charters before they become legally binding.

Does the Town of Essex need to agree with the merger?

Yes. The Town of Essex Selectboard must also put a similar question on a ballot and send it to Town voters, including Village voters, asking them if they wish to merge and form a new government with the Village of Essex Junction.

If approved, the two plans of merger – the Village’s and Town’s – would then be sent to the Vermont Legislature for approval. The two plans would then be consolidated into a single plan and new municipal charter. In Vermont, the Legislature controls municipal charters and can approve, amend, or reject charters independent of the outcome of local voting.

Why haven't I received a ballot from the Town of Essex government, asking me to approve a plan of merger with the Village of Essex Junction?

The Town Selectboard continues to work on its Plan of Merger. They tentatively plan to send out ballots asking about merger for the Town Meeting elections in March of 2021.

Why did the Town delay sending our merger ballots until next spring?

The Selectboard has asked the Legislature to clarify feedback from earlier this year regarding a voter-backed proposal to change the current Essex Town Charter to create a six-member Selectboard, with three members elected from inside the Village and three from outside the Village. The Selectboard did not wish to finalize a merger Charter forming a new government with the Village until they received the Legislature’s response.

You mean the Town's plan of merger could be different from Village's plan of merger we're voting on now?

Yes, but that doesn't mean merger can't happen. The Legislature can approve a final plan of merger for a new Essex government as long as there aren't significant differences between the two merger plans approved by Village voters and Town voters. The differences can be reconciled by the Legislature.

What happens if merger does not pass?

The Trustees would consider alternative scenarios, including some form of status quo, although the Trustees would push to equalize the tax disparity between the Village and Town; and separating the Village of Essex Junction from the Town of Essex to become a standalone municipality.

If merger does not pass and if separation is considered, would the schools also separate again?

No, they will remain merged.

Even though merger is what is being voted on, I hear about being merged, being separated and status quo. What would happen with taxes in all scenarios?

1. Merged (what is being voted on): Over a 12-year period the Village and Town tax rates will be equalized meaning that an average \$280K property in the Village will pay approximately the same amount in property taxes as a \$280,000 property in the Town "outside of the Village".

2. Separation: No one can accurately predict the impact of separation on property tax rates because it would depend on whether the Town and Village continue to share some of the services they already share, such as the Essex Police. Also, the Village and Town presently have a contract whereby Village Public Works services are under the control of the Village government, but the cost is included in the Town's Public Works budget. The Town and Village also share administrative costs. Presently, the Village Grand List is 42% of the total grand list of all properties in the Town, but if the Village and Town separated the Village would not save the entire 42%. It would need to compensate for the loss of services and shared costs, like administration, police and public works.

3. Status Quo: If the voters say no to merger the Village and Town tax rates and the services they provide would continue more or less at their present level. The share service agreements would probably remain in place. The Village would continue to push to equalize the tax disparity between the Town and Village. For example: they would want the Town to share its revenue in a more equitable way in areas historically it has not, such as spending on road repairs and capital equipment purchasing. This may eventually achieve the same levels of taxation and service delivery as merger, but is more complicated and does not bring the two communities together into one shared vision.

What happens after the 12 years?

Over the 12-year period as the tax rates are becoming equalized, the Selectboard would work to:

1. Address the sidewalk district: During the 12-year transition period the Town would levy a special tax in the Village to help pay for the higher levels of sidewalk plowing and maintenance

that it receives relative to the Town. But this special highway district/highway tax would end after 12 years unless the community wishes to continue it or expand it into the Town.

2. Debt reconciliation: During the 12 year transition the Village would pay off its residual bonded debt. The last payments would be in the 12th year.

3. Capital District During the 12 year transition the Village will also be considered a capital improvement district which will allow the Town government to charge the Village some additional tax for capital expenditures (infrastructure repair and large equipment, for instance) without impacting taxes in the Town. This will allow the Selectboard to limit some of the financial impact of transferring the Village's expenditures into the Town general fund budget.

4. At the end of 12 years all these special district/tax arrangements would cease and all Village expenditures would be paid for community-wide from the Town general fund. Some elected officials and staff have suggested that during the 12 year transition the Essex government should consider asking voters to approve a local option sales tax, similar to the sales tax in Williston, South Burlington, Winooski, and Burlington. The money raised from this tax would pay for capital expenditures and provide considerable savings on residential property taxes.

Is there a guarantee of a 12-year phase-in? Could the Selectboard shorten that time period or increase the number of years?

There is a 12-year phase in plan to equalize the taxes. Think of it this way: a deal has been made and it is written in the Charter of the new Community, which creates two voting districts. It would take a Charter change approved by the entire community comprised of these two districts, one who is paying more and the other paying less. to agree to change the terms of that agreement. That is to say that an elected board could not unilaterally extend the 12 years – they would need voter approval. And, even if the voters did vote to change the terms, the state legislature has to approve that Charter change. This is where there is a possibility but one has to look at its probability and also look at why the community would vote in such a way as to economically harm others.

What does merging really entail?

Taxes are a big issue but so is direction and ease of use. Would it be better if we had one recreation department that treated all residents the same and charged them the same? Would it be better to have one economic development strategy and plan? Would be more efficient if we had one capital plan and one financial strategy to pay for it?

Is separation an option right now? What would separation mean for the Essex Police Department and Essex Rescue?

The boards are not seeking separation, they believe merger is the best option. Separation does not provide as many benefits to the community as merger. Essex Rescue is a standalone nonprofit organization, not a Village or Town function, but the Town does contribute financially to it. The Essex Police department is 100% funded in the Town budget, which means the cost is levied against all Town and Village residential and business properties. If separation occurs, the Town and the newly separated independent Village would have to negotiate whether the Village wished to “purchase” police services from the Town or pursue other options: use of the

state police, create its own police department or contract for services with a neighboring community.

Not all ordinances are equal. Would they be tailored to the needs of the community?

The Village Trustees have authority to pass ordinances for Essex Junction and the Town Selectboard has authority to pass ordinances for Essex Town outside Essex Junction. Many of the Town and Village ordinances are the same, but there are some significant differences. For example, it is illegal to discharge a firearm anywhere within the Village; the Town has zones where firearm discharge is legal.

Will any positions be cut in order to save tax dollars?

The Town Selectboard and Village Trustees made a commitment at the outset of merger discussions that there would be no loss of present service levels as a result of merger. Because service levels generally are proportionate to staffing levels, this means there are no anticipated staff cuts as a result of merger. However, over time, organizations change as do their priorities and funding abilities. It is likely that as the two organizations come together, the Unified Manager will assess the needs and recommend the movement of resources as positions become vacant either through retirements or where people have taken other positions elsewhere and left the community.

Why not cut spending to equalize taxes? Why raise taxes on the residents in the Town?

The Town Selectboard has decided to not make “promises” of specific tax cuts but has not said/decided on any issues where savings would not be achieved. They instead have focused first on the legalities and vision of a merger. If a merger were to be achieved, the process of integrating departments and services would include the review of necessity of expenditures and savings would be one area highlighted.

Does IBM leaving the Village have anything to do with the desire to merge?

There is a longstanding misunderstanding about IBM in the community. IBM paid property taxes to the Village and the Town. It also paid a “Machinery & Equipment” subsidy worth millions of dollars annually to both governments. Essex Town and Essex Junction annual reports from the 1980s and 1990s, available at local libraries, will show that the Essex Town government routinely received substantially more IBM tax and M&E revenues annually than the Village government. The lingering misunderstanding in the community stems from the M&E compensation that IBM gave to the local Town and Village school districts. IBM, for unclear reasons, gave significantly more M&E revenue to the Village school district than the Town school district. This was a source of understandable resentment. However, when the Vermont Legislature approved Act 60 in 1995, it ended the M&E subsidy for Village schools. In 1999, IBM, the Town, and the Village agreed to phase out the M&E tax over 12 years.