

Engaging in the process of policy reform in the downtown district of Rutland, Vermont:
participatory action research in the case of land value taxation

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Abstract

The current framework of municipal taxation is fraught with inequities and unforeseen negative consequences, resulting in absentee landlords, great degrees of land speculation, and clear disincentives to new development and building improvements. Current taxation is collected from a parcel's total value (built and land combined), but most of the burden falls on the property's built value; any new improvements or additional development is hit with a greater tax. In areas of concern, like Vermont's downtowns and village centers where development is encouraged, this taxation framework is antithetical to the region's goals. Alternatively, land value taxation, which collects a greater percentage of property taxes from the parcels' land values, appropriately corrects these inequities; speculation is discouraged, development and renovation is incentivized, and concise development is concentrated on valuable land in the urban or village hub. Not yet established in Vermont, land value taxation can significantly alter the viability of our downtowns, village centers, and smart growth centers. In this thesis project, I participated with community partners and stakeholders in downtown Rutland, Vermont, including the downtown manager, city assessor, Community and Economic Development Committee of the Board of Aldermen, and property owners in the downtown district. After a land value tax shift was calculated, communication continued between all community partners and project stakeholders. Through this project of participatory action research (PAR), I studied firsthand the process of public policy and effecting change in downtown Rutland. If adopted in downtown Rutland, land value taxation would entice property owners to make efficient use of the valuable land in the downtown district. This project was a successful PAR attempt in effecting public policy reform in Rutland.