

Thoughts on:
Act 68 Reappraisals and Property Data
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1) Multiple Town Assessment Districts

The discussion about Appraisal Districts comes about because of the dramatic increases in value that occurred during and after Covid. Previously, the trigger for orders to complete a reappraisal was based on a Common Level of Appraisal (CLA) less than 80, or a COD greater than 20. Due to the increases in value hundreds of Vermont towns were placed under orders to reappraise. Because these orders all came at the same time there was not adequate resources to complete the mandated reappraisal projects. There were not enough reappraisal companies to complete all the projects in a short amount of time.

However, the backlog is slowly being diminished. Below is a chart showing the number of reappraisal projects either completed or being completed from 2020 through 2029. This information comes from a list of towns reporting to PVR.

Reapp Year	Towns
2020	16
2021	15
2022	16
2023	21
2024	30
2025	35
2026	33
2027	19
2028	16
2029	14

As shown, the five year period from 2020 to 2024 had 98 reappraisal projects completed. From 2025 through 2029 another 117 projects are to be completed. In all, that is 215 reappraisal projects over the decade. Given that several towns have not provided PVR with their upcoming appraisal agreements, it can be expected that nearly all Vermont towns will complete a reappraisal during this decade. It would appear that the reappraisal crisis is waning at this time.

Vermont will be moving to a six year reappraisal cycle starting in 2030. Once that process is in place, towns and contractors will have a regular and consistent reappraisal schedule. The current group of reappraisal contractors and a few newer companies have seen the challenge and met it.

The Assessment District approach is an attempt to provide large reappraisal companies an incentive to take on projects in Vermont. There has been discussion of creating 10,000 parcels appraisal districts so large companies. Realistically, even a 10,000 parcel district will not be

large enough for the biggest reappraisal contractors. If it is expected that the inspection process is to occur over a 6 year period, it is unrealistic to believe that a large out of state contractor is going to place a staff of four people in Vermont for a six year period. Additionally, there is ongoing assessment work to be completed during that six year period. That is not the business model of the large out of state contractors. This expectation shows a lack of understanding of running a reappraisal business.

What we have seen is a number of small businesses begin to do both assessments and reappraisals. At least 10 small companies have been working in the assessment and reappraisal business. If the 10,000 parcel appraisal districts were created, they would all be out of business.

Grouping multiple towns to create an appraisal district defies the reality of geography. Essex count in the NEK has 6,500 properties. The distance to cover this area, and the difficulty moving around it, will eliminate if for nearly all contractors. On the other hand, Grand Isle County would be a perfect district, but has only 6,300 properties.

Chittenden County has nearly 59,000 parcels. The larger cities in Chittenden County will not be willing to combine into an appraisal district. They each have their own Assessors, who use their chosen CAMA software, and are under the control of their governing bodies. It is unrealistic to think they would lose their autonomy.

The cost of creating these districts will be significant. A 10,000 parcel district will need at least four staff; an Assessor, two Appraisers and Administrative Clerk. The expectation is they will complete the inspections for the six year reappraisal cycle in addition to the regular assessment maintenance of the grand list. A back of the napkin calculation is that just staffing would cost at least \$330,000 (salary and health insurance alone). If 34 (340,000/10,000) appraisal districts were created it would be a cost of over 11 million dollars (granted they may not all be the same size and staff). This is just for staffing costs, and excludes the cost of operating an appraisal district office, with equipment, software, insurance, memberships and training.

There is an incongruity in the appraisal district logic. If the expectation is that the staff in the appraisal district will complete the reappraisal, then there is no need for reappraisal companies to complete reappraisal projects.

The appraisal district concept is basically a solution looking for a problem. It demonstrates a lack of understanding of conducting reappraisal projects in Vermont. And maybe more importantly, who is in charge of the appraisal district? In general this concept has too much government and too little local control. The recent school district fiasco is an example of a model we do not want to emulate.

2. Assessment Date to January 1st

This has been discussed over the years. The April 1st date is no longer working for Vermont. Now that the assessment business is year round, it makes sense to make the switch. One huge problem with April 1st is completing the pre hearings and grievances in a restricted time period. NEMRC is currently completing 14 reappraisal projects. In order to squeeze in all the hearings, and allow two weeks between sets of hearings, we are finalizing our grand lists before April 1st.

Moving to January 1st might also allow PVR to complete some of their tasks in a timelier manner. For example, the education tax rate currently uses a bogus CLA number in the calculation. This switch might allow PVR to use an actual CLA rather than a faux one.

3. Valuation Appeals

The current system of appeals is broken. The recommendation of eliminating the Board of Civil Authority makes some sense. However, there is an important use of the BCA; it allows town officials to be involved with appraisal decisions that can affect the town.

I proposed a Valuation Appeals Board several years ago. I proposed eliminating the State Hearing Officers and also moving Superior Court hearings to a State level Valuation Appeals Board. Appeals beyond that would be to the Supreme Court.

This would create a state level office and they would be fulltime positions. The office would be made up of professionals in law and appraisal.