

Taxation of Solar Plants used to Generate Electricity

By Bill Johnson, Director PV&R

With the passage of Act 127 of the 2012 Legislative Session, a new taxation system was established for solar photovoltaic plants that generate electricity. The new system has four basic components.

The law establishes a State education tax for all solar generating plants that have a name-plate capacity that is greater than 10 kW. This tax, to be assessed and collected by the State, creates an annual tax liability for plant owners of \$4.00 per kW capacity as specified on the plant's Certificate of Public Good (CPG).

The law requires a State education property tax on the value of the land associated with the solar plant with a capacity greater than 10 kW. This tax is based on the highest and best use of the land without regard to the presence of the plant. The tax is to be assessed and collected by municipalities as part of the overall property tax system.

The law requires a municipal property tax on electric generating solar plants with a capacity greater than 10 kW. This tax, to be assessed and collected by municipalities, is based on the fair market value of the plant.

The law also exempts from both the State capacity tax and the property tax (both the State and municipal property taxes) all electric generating solar plants with a capacity of 10 kW or less as specified by their CPG. This exemption begins with the 2013 tax years and extends for 10 years at which time it is automatically repealed unless the Legislature acts to extend the exempt.

Please go to valavt.org to read the remainder of this important article!

President's Report

Spring 2013 has been slow to arrive, but April is on the calendar and your grand list is waiting for all your parcel updates, current use changes, personal property changes, etc.

Too often the grand list is often considered a static document except for the changes addressed in April each year. The grand list is really a dynamic document that should be continually reviewed throughout the year, **not just in April.**

Analyzing your annual equalization ratio study provides excellent insights as to what is happening in your town:

- Has your COD been rising over the past three years?
- Is your CLA continuing to move above 100% or below 100%?
- Have you examined your categories in the study? Is there one category or more than one category that is impacting your overall CLA/COD?
- Have you identified category trends over the past three years?
- Have you researched what is causing the problem categories?
- Are there demographic changes in your town? Are there businesses opening or closing? Are any businesses expanding/contracting? Are there a large number of foreclosures? Is there above average market activity in the unimproved land market, potential development? Is there a surplus or scarcity of rental properties? These are just a few examples of trends that will impact sales market, your equalization study, and CLA/COD.
- What is happening in your local mortgage market?
- Do you prepare your own most current equalization study analysis after April 1st? What trends can you identify?

When a Grand List is left alone, inequities will soon begin to appear. Listers need to be examining closely the factors that need to be addressed to maintain grand list equity. Real estate markets are always changing. What are you doing to understand these changes to maintain grand list equity?

Listers no longer have the luxury of beginning their work in April to produce a billed GL in July/August and begin in the next assessment year.

How many of the bullets questions can you answer with "Yes"?

John Fike, VALA President



TODAY'S QUOTE: EXPERIENCE IS THAT MARVELOUS THING THAT ENABLES YOU TO RECOGNIZE A MISTAKE WHEN YOU MAKE IT AGAIN.

AUTHOR: FRANKLIN P. JONES

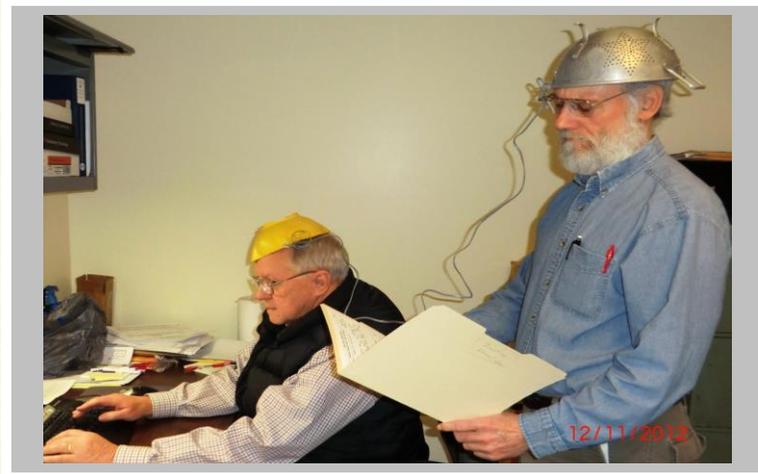
MEMBERSHIP COMMITTEE UPDATE BY PENNY ALLYN

There are currently 164 VALA members across the state of Vermont, who represents 79 towns. We also now have 15 professional members from all walks of life that include individuals from several private appraisal firms, PV&R, Ludlow Town Manager, NEMRC and Avitar Mapping Services.

During the month of June we will send out renewal membership forms! Membership fees for the 2013-2014 year will be the same as this year~

- \$25.00 for a single Lister Membership
- \$50.00 for a Lister Office Membership (can be up to three Listers)
- \$35.00 for a professional membership

Currently we are putting together a list of towns for our County Directors to contact during our annual membership drive. We want to get the word out to listers and towns about the benefits of becoming a member of VALA! In addition to keeping up with the ever changing Legislation, we offer on going educational opportunities. Members are able to lend a unified voice in things that directly or indirectly them. We value your input and each of you has a voice in VALA!



Pat French (electronically transferring years of historical Lister knowledge) to Don Sweetser!

“Just a little VALA humor”!

VERMONT LEAGUE OF CITIES & TOWNS PRESENTS: SUCCESSFULLY NAVIGATING THE PROPERTY TAX ASSESSMENT APPEAL PROCESS

Tues, May 7, 2013 @ Lake Morey Resort, Fairlee, VT
Thurs, May 9, 2013 @ Middlebury Inn, Middlebury, VT

Who should attend and why:

This popular workshop is designed for selectboard members, listers, justices of the peace, town treasurers & town clerks, however all local officials are welcome & are encouraged to attend. Learn what your town needs to do to conduct effective property tax grievances and appeals.

Registration fee (per person) per workshop

\$60.00 VLCT PACIF Members

\$90.00 VLCT Members

\$150.00 Non-Members

If you have questions regarding registration, please call 800-649-7915. Registration deadline is May 1st, 2013
**Please include an additional \$10.00 per person for registration received after the above deadline. For a full refund, please cancel in writing by the same deadline.

Workshop Agenda:

- Introduction to Fair Market Value, Equalization & the Property Tax Assessment Appeal Process.
- Conducting Effective Lister Grievances.
- Conducting Effective BCA Hearings.
- Presenting Appeals before the State Appraiser.

Workshop Speaker Jim Barlow Senior Staff Attorney for the VLCT Municipal Assistance Center has been assisting Board of Civil Authority members and listers with tax appeals questions since 2004. A regular speaker at the annual VLCT Tax Appeal Workshop, he has conducted numerous onsite workshops for BCA members and listers around the state. Prior to joining the League, Jim was an associate attorney with Jacobs, McClintock & Scanlon, LPC, in Bennington, VT.

Quote for the Day:

Democracy is based upon the conviction that there are extraordinary possibilities in ordinary people.

Harry Emmerson Fosdick
(1879-1969)

A great deal of gratitude goes out to all those who have contributed articles, pictures and information for the VALA Quarterly Newsletter!
To name a few—Bill Johnson Director PV&R, John Vickery & Todd LeBlanc Education Committee, Tom Vickery Legislation Committee, and countless others who have contributed to our publication! Thank you!

LEGISLATIVE COMMITTEE

H.87

The H.87 Bill asking the state to share the cost of appeals and education tax beyond the BCA will not be taken up this session in Ways & Means. Hopefully it will be taken up in January in the second year of the biennium. This is a difficult bill due to the state budget situation as it will cost the state money rather than raise revenue.

All Listers' and Assessors!! We need your help!!!

H. 329

The H.329 Current Use Program Reform Bill *has passed the House* easily but now resides in the Senate Agriculture Committee where there appears to be substantial resistance. Senator Bob Starr chair of the Senate Agriculture Committee requested it be brought to his committee, and Rep. Allison Clarkson presented the bill. H. 329 addresses concerns raised by listers about some enrollees using the program to "park" land that they fully intend to develop in the program in a short period of time just for the tax break provided. Under the bill, town listers would have the responsibility to set a fair market value for land withdrawn from the program for development. Towns would receive one-half of the land use change tax charged.

Contact your Senators. Tell them to support reforms in the current use program to discourage the use of the program for the "parking" of land that is intended to be developed. Tell them to support H. 329. Also contact Senator Robert Starr rstarr@leg.state.vt.us Chair of the Senate Finance Committee and let him know you support this bill and please, give him any examples of parcels you have in current use that you can show has having been "parked" in the program and have been or will be developed.

Contact your Senators right now! Find their email addresses at www.leg.state.vt.us/ResearchMain.cfm or call the State House at 800-322-5616 and leave a message with the Sergeant at Arms.

Randy Viens, Legislative Committee

PV&R CORNER

Vermont's municipal Listers and Assessors perform a vital function to assess equitable and fair valuations in support of the property tax throughout the state. The Division of Property Valuation and Review (PVR) of the Vermont Department of Taxes values the job you do and seeks to provide educational opportunities and advancement through the Vermont Property Appraiser Certification Program (VPACP) for Listers and Assessors. This is a voluntary program, administered by PVR, to encourage and recognize professionalism among Listers and Assessors in Vermont.

PVR has created a Program Handbook to help you understand the requirements for each of the four levels of certification. The handbook includes a program overview, frequently asked questions, a criteria overview, and application forms. A copy of the handbook is available online at:

www.tax.vermont.gov/pvrlistereducation.shtml

If you have any questions about VPACP's requirements and courses, please contact PVR at 802-828-5860.

VALA OFFICERS 2012-2013

President – John Fike

Vice President – Pat French

Secretary – Carol Hammond

Treasurer – Don Sweetser

Testimony for House Bill H.406-House- Gov. Opts. Committee by John Fike

The VALA Board of Directors tabled action on this bill at the bi-monthly meeting on March 6th because the majority had not read the complete H.406 Bill. Below are important points and my response.

Red flags go up with many listers who already have strained relationships between Listers and their town's Selectboard. However the intent, purpose and details come later in the Bill and these details should alleviate many of the listers concerns.

A section deals with the basic lister problem in many small towns that led to this bill; why is it difficult to get someone to run for the Lister position? The time and training it takes to meet the responsibilities for the position has increased significantly since Act 60/Act 68 were enacted nearly 15 years ago. Today Listers need to be computer savvy for data entry, computer generated reports, photos, current use, tax maps, CAD/CAM building sketching, land schedules, cost tables, in addition to ratio studies to understand the annual equalization reports that are used to determine the Common Level of Appraisal. These are only a partial list. New assessing areas are always evolving such as solar farms, wind turbines, hydro plants, pipe lines, cell towers, subsidized housing just to name a few.

For a person elected to the position, who may have little background in these areas it can be overwhelming! Meeting these responsibilities on a limited part-time basis, in the evening, or on weekends is extremely difficult.

Over the last five years PV&R, VALA & NEMRC have formed a successful partnership to provide many educational opportunities for new and more experienced listers. The opportunities consist of, but not limited, to workshops, one/multiple day classes and webinars. The newest program is a lister certification program that will recognize a professional lister who has taken the required courses. There are several professional levels.

Adequate education funds in lister budgets are essential to be an effective lister. Too often in some towns the officials lack an understanding or appreciation of the changing responsibilities for the office of listers. Lister budgets that are restricted or cut can prevent availability of education opportunities. The legislature did pass a few years ago a small education funding formulas for listers, but the formula has not been changed to reflect the expanding need for lister education.

Other lister safeguards include in the event the board of listers for a municipality falls below a majority (below two in most towns) and the selectboard is unable to find a person or persons to appoint as lister, under the provisions of 24 V.S.A. the selectboard may appoint an assessor. This person need not be a resident and will perform the same responsibilities of lister until the next annual meeting.

The town may vote by ballot at an annual meeting to eliminate the office of lister. If approved the selectboard shall contract with a professional assessor to perform the duties of listers 45 days after the date of the Town Meeting or date the assessor is hired.

The bill *does* address a problem in many towns where there may be no available listers or only one lister. The bill also provides for a defined series of events that would lead to a town voting to eliminate the office of the lister. The town voters can at a future town meeting vote to bring back the office of the lister.

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