



VALA SUMMER 2016

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Is the CLA Still a CLA in a Reappraisal Year?

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Full version of this article is available at
<http://www.valavt.org/whenisacla/notacla-website-version/>

Abbreviated version Please go to the following link to get the full version

To start understanding that the 2016 equalization published in January uses values from the 2015 grand list. The sales used in that study cover the period from April 1, 2012 through March 31, 2015. When that report was published in January 2016 the equalized GL was calculated using the certified CLA covering that period.

Now let's jump ahead to the completion of a reappraisal as of April 1, 2016. You do the good work, and you calculate an assessment ratio of 100 percent based on the sales used for your reappraisal. These sales probably cover the period from April 1, 2013 to March 31, 2016. Everybody is relieved to be done and the Selectboard and clerk are ready to set the tax rates and run the bills to get some money coming in. The State determines the education rates and sends you the estimated CLA. However, it is something different than what you and the Selectboard expected. You just spent thousands of dollars on a reappraisal and your CLA is not at or close to a 100%, well the listers must have done a poor job right???

Now you have to explain it. What you can say is that this CLA is not a true CLA in the year the reappraisal is completed. The equalization completed after the lodging of the reappraisal grand is a true measure of the reappraisal.

What happens in a reappraisal with the CLA is different and here is why....

The CLA during a reappraisal year is not calculated the same as a non-reappraisal GL year. The new reappraisal values have yet to be input into the equalization sales file; that is a process you go over with your District Advisor during the summer.

Thus, the new assessed values are not compared with the recent sales data when the tax rate is calculated in the reappraisal year because that data is not available at that time.

So what number is used? Your new GL value is used from the reappraisal, except that this GL is compared with last years Equalized GL. The CLA determined in this manner is not a "true" estimate of market value because it is missing a whole year of sales (from April 1, 2015 to March 31, 2016). This process makes that equalization number the year before the completion of a reappraisal a very important number. If it is wrong, then the determination of the CLA used to set the current tax rate will be wrong. Also, this new CLA will probably not match the sales ratios calculated for the reappraisal. The applicable statute for this process is:

§ 5406. Notice of fair market value and coefficient of dispersion

(c) If the Director of Property Valuation and Review certifies that a municipality has completed a town wide reappraisal, the common level of appraisal for that municipality shall be equal to its new grand list value divided by its most recent equalized grand list value, for purposes of determining education property tax rates.

There is a moral to this story. Now that many towns are contemplating the start of reappraisal projects (after all many have gone 10 or more years), it is imperative that the data used in determining the CLA in the year PRIOR to the reappraisal completion year be accurate. That equalized GL value will be used to determine the "CLA" used to calculate your tax rate from your reappraisal.

Secondly, be prepared to explain why the new CLA is not what was expected. It will not match your sales ratio study completed to substantiate the new values for the reappraisal. The CLA published the following January will include the new values and the recent sales from the reappraisal.

Now that we understand the implications of poor listing practices, and the importance of properly vetting our sales, we can devote the time necessary to develop the perfect grand list. Of course the Selectboard and the town's people will all appreciate our efforts and reward us appropriately. Life is good.

Doug Lay, PVR District Advisor Supervisor, provided editorial assistance for this article.



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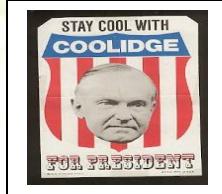


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VALA Annual Meeting 2016

The VALA Annual will be held at the Lake Morey Resort in Fairley for the second year in a row. The Lake Morey Resort provides the tranquil setting that Municipal Listing Officials need and deserve if for only one fun filled day of excitement.

This year's featured speakers include Leslie Pelch from Vermont Center for Geographical Information, Douglas Farnham – Director of PVR, and our very own Tom and John Vickery who will discuss making corrections to the CLA when it is greater than 110%. Chris Miele from NEMRC will also be discussing how to handle transfers for subdivisions.

Lunch will be served alongside the shores of Lake Morey and as always there will be the appropriately named Cookies for Listers presentation!

Here is the link to the annual meeting on the VALA website

<http://www.valavt.org/home/attachment/annual-meeting-flyer-2/>



Town Fair 2016

Town Fair is the annual conference of the Vermont League of Cities and Towns. This event – which alternates between the Champlain Valley Exposition in Essex and the Killington Grand Hotel in Killington – encompasses member training, annual meetings (VLCT, PACIF and VERB), as well as an exhibitor trade show. Town Fair 2016 will take place on Wednesday, October 5 and Thursday, October 6, at the Champlain Valley Exposition in Essex Junction, Vermont.

Map Error Can Cause Phony Parcel Sale, A Cautionary Tale

Here is what happened when Listers accepted a revised map, apparently with no supporting documentation. The property owners did not object to the change of acres in the grand list. Nor did the new buyer do a title search, or a survey, or any other due diligence about what they were buying. Decades later...

A young man came into the Lister office, on behalf of his grandfather. His grandfather has owned vacant land along a side street in the village for many decades, paid his taxes and not done much of anything with the parcel. His grandson visited the street to check out what his grandfather owns, and noticed a "for Sale" sign posted where he understood his grandfather to say the property was located. Grandfather is not selling the property, did not post that sign. So, grandson was in the Listers office wondering how the property is shown on the town map.

The town map showed that the parcel lines were quite different than his grandfather thought. So, he trundled back to his grandfather with the news. Grandfather pulled out the deed, which shows a much larger parcel than the copy of the town map parcel describes. Grandson returns to the Listers office to show us the deed and question the map. On the map, there is a now separate parcel where the "for sale" sign is located, different owner.

But this parcel has sold twice in the last two decades! Therefore there is a deed to be researched, or two.

After considerable research, it was determined that a map revision/error caused a cascade of actions leading to this situation. It involved the abutting landowner, who sold a portion of his property that the town was telling him he owned evidently on the town map, before subdivisions permits were required. Apparently, due to the expansion of a parcel on some earlier map, the Listers revised the acres in the grand list of the earlier abutter to the grandfather, and shrank the acres of the grandfather. Neither objected to the action of the Listers apparently, as this error continued. The abutter paid the tax bill and apparently did not make any issue from that expanded acreage. Instead he decided to sell the "extra" acres, before subdivision permits were required. The next owner having paid real money for a deed and transfer etc, and paid taxes on this supposed parcel for years, now decided to sell his property, hence the "for sale" sign.

The grandson took all his research, documents in hand and went in person to the supposed grand list owner, to explain the situation. The fellow who had bought the property and was now trying to sell it, looked it all over carefully. He came to the same conclusion. He said to the young man "I guess I got took."

The current Listers cleared up the mess in the grand list and on the map, removed the phony parcel. The grandfather has a slightly larger tax bill with the acreage returned to the original number. The grandson is satisfied.

MyVTax system in development by PVR

The MyTax system currently in development by PVR will replace the ePTTR for 2017

PVR plans to launch a new web platform by the end of this year for an integrated electronic tax forms system. The ePTTR system now in use will end, being replaced with property transfer and land gains tax forms in the new online system.

In May a focus group met to learn about the new system goals and to provide input for the developers. The meeting included PVR staff, town clerks, VALA members, and lawyers to specifically work on the property transfer forms component.

Douglas Farnham, Director of PVR, explained the goals of the new system. The information in the PTTR will be connected to other useful search functions, such as sales data across the state. Functional features of the current system will be utilized in the new system, and problems will be improved. The new system will cure at least one problem... there are now over 6,000 transfer files in the current system that are not legitimate, being abandoned in the midst of the process of creating them, or are duplicates.

Filing of PTTRs will be mandated in electronic format, with waivers for individuals. To get a waiver and file a paper copy, an individual will have to apply to PVR.

When this is complete there will be trainings available to learn to use the new system.

