

Beginning a Town-wide Reappraisal- A primer on the process

How do I know I need a reappraisal?

- **State Mandate** - the state will mandate (order) the town to perform a reappraisal if the statistical measures for that town (CLA and/or COD) fall outside of the statutory requirements (Title 32, Section 4041 (a)). A town must not fall below 85% or rise above 115% on the CLA (Common Level of Appraisal) or rise above 20 on the COD (Coefficient of Dispersion). The process called the equalization study is a yearly analysis performed by a division of the Tax Department known as Property Valuation & Review. These statistics are determined through equalization.

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of Reappraisals	43	47	56	49	46	38	39	23	21	20	17	11	24	17	14	22	16	15	16

- ❖ Equalization Study - Annually, Property Valuation & Review conducts a study based on sales data that results in estimates of the fair market value of all taxable property in all Vermont school districts. The major product of the study is an estimate of the total fair market value of property that is taxable for school purposes (the equalized education grand list – EEGL). The EEGL is used by the State in determining State Education and property tax liabilities for all Vermont School Districts.
- ❖ CLA- Common Level of Appraisal- this is a weighted measurement of the total Listed Value divided by the total Sales Price of all valid transactions for the town in a given period. PVR measures three years of valid sales with an adjustment for utility property and current use. Further, this is an overall measure of the percentage a town is assessing at relative to 100% of fair market value. This figure is then used to “equalize” each town to 100% of fair market value.
- ❖ COD- Coefficient of Dispersion- is a measurement of the equity between properties measured by comparing the spread of the ratios around the Median (middle) ratio, indicating that some properties are assessed at a higher percentage of FMV than most and some are assessed at a lower percentage of FMV than most. Equalization Study Explanation Purpose – to develop an Equalized Education Grand List (EEGL) (Required by VSA 32 § 5406, definitions in VSA 32 § 5401) a. Find fair market value for all properties in towns (Including those exempt by law). b. How is that done? - Developing ratios between fair market sales and their listed value. c. Listed value is converted to 100% fair market value (equalized) by application of ratios to categories including valuation of Utility properties.

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- **Internal Town Study** – indicates Reappraisal is needed- although PVR conducts the equalization study on an annual basis, there are many reasons why a town should perform their own analysis of sale prices compared to listed values and other sales analysis.
- **Can you use PVR’s study?** - Yes, but you should also conduct your own study and research trends and market data in your area. Why?
 1. PVR’s study includes three years of sales- towns can study sales annually to separate and isolate how the market is affected by time. Study by the town is done on an ongoing basis.
 2. PVR’s equalization study is for a specific purpose- equalization of the grand list to convert 411 values to 100% for education purposes.
 3. PVR’s study does not break down neighborhoods or other more specific market influences that could affect certain local market (lakes, ski areas, condos, and neighborhood market fluctuations, commercial).
 4. These analyses may allow a town to perform an alternative type of reappraisal, other than a complete reappraisal, because they were able to determine from the sales which alternative type was justified.
 5. Some sales that are not valid for equalization can be used to measure your market and may be a valid transaction for you study.

How do I make sure I have the resources?

Reappraisal Payment—payment by State of Vermont to compensate municipalities for costs related to reappraisals and to maintaining their Grand List. [32 V.S.A. § 4041a](#)

\$8.50/per parcel per year

Equalization Payment—payment by State of Vermont to compensate municipalities for their work in helping PVR to collect data for the annual Equalization Study. [32 V.S.A. § 5405](#)

\$1 per parcel per year

Where will they appear?

These payments are issued through the State of Vermont Treasurer's Office VISION Portal. You may access the Vendor Portal to view the payment advice online at:

<https://secure2.vermonttreasurer.gov/vendorpaymentportal/>

24 V.S.A. § 2804. Reserve funds; use

At an annual or special meeting duly warned, a municipality may establish a reserve fund to be under the control and direction of the legislative branch of the municipality. The reserve fund shall be kept in a separate account and invested as are other public funds and may be expended for such purposes for which established, or when authorized by a majority of the voters present and voting at an annual or special meeting duly warned, for other purposes. (Amended 1997, No. 71 (Adj. Sess.), § 103, eff. March 11, 1998.)

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128 Vt. 153 (1969). Only selectboard approval of funds -- assuming the listers do not have a separate budget that they control. (If they do, then they may choose to take this action on their own.) See Royalton Taxpayers Protective Association v Wassmandorf.

Additional reappraisal expenses to consider

Budget how much money you need, how much you have and consider if the town should vote to collect an additional amount each year towards reappraisal. Ask treasurer for periodic balance to monitor.

- Consider any added costs you might have and need to budget for- examples might be:
 - ✓ Additional Printing & Mailing Costs
 - ✓ Upgrades to software
 - ✓ Upgrades to Computers, printers
 - ✓ Additional Lister time anticipated
 - ✓ Specialized Appraisal Costs (if applicable)
 - ✓ Appeal Costs
- Do you have enough money now or should you ask for a town vote to add money each year to the reappraisal fund?

How do I hire/choose a contractor?

Send Request for Proposal (RFP) to firms available on PVR website.

1. List of firms on website: [Approved Appraisers-09Aug2022.pdf \(vermont.gov\)](#)
2. Prior to sending an RFP, invite all potential appraisers/contractors to your town.
3. Request for Proposal Recommendations (Vermont Assessor & Listers Association) <http://www.valavt.org/sample-documents/>
4. Award Contract to best qualified firm available- Revaluation Contract <http://www.valavt.org/sample-documents/>

How do I monitor and make sure my project is well managed?

- Be part of the process throughout-
 1. Schedule appointments for contractor/data collectors
 2. Go in the field on a certain percentage and make sure that is budgeted for
 3. Be part of the review process
 4. Put training in the contract
 5. Ask for copies of sales studies, land schedules etc.
 6. Get documentation and understand how schedules were developed

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Other considerations-

- **Contract items to consider adding / editing:**
 1. Make clear what buildings are to be sketched and what buildings are to be photographed – define how specific you want to be – i.e., Orientation of sketch, road designation, north designation.
 2. Make clear who (town or contractor) prints what and who (town or contractor) pays for the printing and supplies to print.
 3. Make clear who (town or contractor) mails what and who (town or contractor) pays for the mailings. Clarify method of mailing, i.e., Certificate of Mailing, etc.
 4. Three prong tests to be produced and defended by company (reappraisal contractor) to PVR. Make clarification on what will happen if test fails.
 5. Deliverables – land schedule & documentation, neighborhood delineations, cost multipliers, depreciation schedule with documentation and sales analysis, (sales books, three prong test, CLA & COD calculation, cost multiplier documentation and analysis). These items should be delivered to listers and understood by the listers before the end of the contract.
 6. Who from the company will attend and represent the company at the appeal levels? What appeal levels are covered under the contract?
 7. Exactly what extent and amount of training (time amount specified) the appraisal contractor will provide the town Listers in the appraisal programs/software.
 8. Who (town or contractor) receives call backs from taxpayers and makes appointments for revisits?
 9. Who does data entry?
 10. Progress report, status plan by the reappraisal company. How funds will be released based on progress. Define project completion for final payment.
 11. How will the firm handle special properties (ski areas, large commercial, etc.)?
 12. What are the firm's computer needs? What are the firm's software needs?
 13. Who does review and what is the time frame?
 14. Who is calculating homestead / housesite breakdown general & from reports?
 15. Who is calculating all current use allocations

How to Comply with a Reappraisal Order

1. Reappraisal Order
2. Detailed Compliance Plan <http://tax.vermont.gov/content/form-ra-308>
3. When Reappraisal is Completed <https://tax.vermont.gov/content/form-ra-310>

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Steps to a Reappraisal

Vermont municipalities are required to appraise properties within their borders to set property values so that properties are fairly and equitably assessed/taxed. The Division of Property Valuation and Review (PVR) at the Vermont Department of Taxes may require a town to reappraise if its Common Level of Appraisal (CLA) falls below 85 percent or rises above 115, or if the Coefficient of Dispersion is above 20. A town may also opt on its own to reappraise even if not required by Vermont law. This list outlines the steps taken by towns, assessors, and PVR toward completing a town's reappraisal process.

1. Determine if a reappraisal is needed (from Equalization Study results, independent sales ratio study, state mandate, or lister determination).
2. Obtain Reappraisal Packet.
3. Determine reappraisal type (full appraisal, statistical update, Other – neighborhood / category / property type). Determine what the lister/assessor involvement will be in the reappraisal process.
4. Notify the Selectboard of the need for a reappraisal (to address costs & other issues).
5. Listers form a committee of interested municipal officers to draft and review RFPs.
6. The town sends out a Request for Proposal or letters to companies on PVR's list of Approved Appraisal Firms. Potential contractors respond. VALA may have sample letters on their website to use as a reference. Send with RFP: - 411 - Requests for contractors to appraise: commercial properties / special properties / exempt (non-tax) properties, utilities / subsidized housing.
7. The committee reviews returned proposals, checks references, and chooses a firm. Ask your District Advisor for help and look at PVR's website for related information (firms, etc.).
8. Interview candidates, negotiate, and complete a contract with the selected approved reappraisal firm. Ask your District Advisor for help if needed. Review the contract with the town's attorney prior to executing it.
9. Town to submit Form RA-308, Detailed Reappraisal Compliance Plan. Set the parameters of the reappraisal and make a detailed compliance plan. A compliance plan to PVR is required within 150 days of an order to reappraise. Towns that are not under order but completing reappraisal activity must submit a plan to be recognized by PVR for recalculation.
10. PVR will acknowledge receipt of the reappraisal plan by notifying the listers. If further action is needed, the listers will be contacted.
11. A municipality planning to complete a reappraisal in any given year must notify the director of PVR of that plan on or before January 1 of the same year. This helps PVR include all sales figures into the three-year Equalization Study, as well as resetting the Current Use CLA applied to Use Values.

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- 12.** In the year that the completion of the reappraisal is declared, a confirmation will be sent to the listers by PVR.
- 13.** Town conducts preliminary meetings with the public and notifies taxpayers about the reappraisal process (i.e., public relations - educating the taxpayers / meetings or mailings to inform them of the process and to get feedback).
- 14.** The appraisal company typically does preliminary work including:
 - a. Sales analysis - detailed research and analysis of land sales
 - b. Development of land schedule(s), land grades, and neighborhoods
 - c. Sales analysis - improved sales
 - d. Detailed research of improved sales
 - e. Development and calibration of a model
 - f. Development of depreciation schedules through sales analysis
 - g. Training both in the office and in the field
- 15.** Data collection & entry (this may begin during or before the research process & continue until complete).
- 16.** Review of values & testing.
Finalization of models & schedules:
 - a. Sales analysis / modeling
 - b. Land schedule
 - c. Depreciation schedules (dwellings / outbuildings / commercial / mobile homes)
 - d. Local multipliers
 - e. Comparable sales support
 - f. Sales book or spreadsheet
 - g. Sales ratio study (overall and by category)Quality Control:
 - a. data accuracy
 - b. verify all properties have been valued
 - c. value review
 - d. desk review
 - e. field review
- 17.** Use 100% CLA for electric utilities (if it is a full reappraisal).
- 18.** Update Homestead/Housesite values.
- 19.** Update Current Use allocations using reappraisal values. Make sure Current Use CLA applied is 100%.
- 20.** Listers and assessors finalize the values and produce the grand list abstract. Review for accuracy, consistency, and fairness.
- 21.** Listers notify property owners of new values and announce the grievance process and schedule.
* Make sure to send all notices with Certificate of Mailing and do not use bulk mail.

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- Review notice or booklet with your District Advisor before printing.

*Allow more time than normal years.

- 22.** Form 411/Grand List to be transmitted to the state electronically.
- 23.** The town submits Form RA-310, Report of Reappraised Grand List to PVR.
- 24.** PVR will determine a new CLA for tax rate setting purposes and set the fiscal year's education tax rates using that new CLA.
- 25.** PVR will evaluate the validity of the reappraisal results using the 3-Prong Test. You can review our Reappraisal Activity Evaluation for Equalization Study for a detailed description of this evaluation. This cannot be completed until the town has validated all sales for Equalization and PVR has reviewed that data.
- 26.** Assuming the town passes all levels of the three-prong test, new values are applied for equalization and the December equalization study will reflect the new CLA, based on sales data.
- 27.** Get all deliverable items from the reappraisal firm prior to their departure.