

Good afternoon Chair Sheldon,

Please accept my written comments below regarding your committee's consideration of S.213, An act relating to the regulation of wetlands, river corridor development, and dam safety.

I recommend striking or significantly changing [Section 28 of S 213](#) regarding a Study Committee on Enrollment of Floodplain Management Land in the Use Value Appraisal (Current Use) Program.

A study on this treatment would in large part be a study of existing law. Wetlands and riparian buffers can already be enrolled in the Current Use program in many instances under agriculture rules, and ecologically sensitive treatment areas can already be enrolled under the forestry rules. The definition of agricultural land was expanded several years ago by the Legislature to allow for buffer zones to be enrolled as agricultural land when treated as agricultural land by the Agency of Agriculture, Food and Markets' required agriculture practice rules. Lastly, there are many ways in which property values are reduced due to partial rights and private restrictions. Lands over which the State acquires an easement for flood control are appraised with consideration of that restriction.

We also do not envision many parcels would experience a property tax reduction under this proposal. The land under discussion would already be valued lower by the town assessor. There are other ways to address the goal of this section without expanding the Current Use program, such as flowage easements, valuation guidance, and the land schedule in the town. These things would result in a reduced property tax liability without requiring a contingent lien on the property that enrollment in Current Use imposes.

In order to enroll land in the Current Use program, applicants agreed to have a contingent lien placed on their property. In order to remove that lien or if the land is no longer eligible, a Land Use Change Tax (LUCT) penalty of 10% is applied to the property. In the instances where land in a floodplain becomes subject to the LUCT, the LUCT may negate any property tax savings received during the period of enrollment in Current Use. It is not to be taken lightly that this contingent lien stays on the property until that LUCT is paid. It follows the land, regardless of ownership.

The Current Use program currently costs the Education Fund \$50 million annually. This cost is actually distributed across other property taxpayers in Vermont; it is not forgone revenue. The Current Use program was expanded in 2022 to include reserve forest land, and the Legislature has already required the Departments of Taxes and of Forests, Parks and Recreation to submit a report in January 2026 on additional possible use values for enrollment in the program. We suggest you allow that change to take effect and be evaluated before considering additional amendments to Current Use eligibility.

The Current Use Advisory Board is responsible for establishing administrative rules and proposing legislative changes to the program. If a study of this topic is necessary, I suggest it be asked of the Current Use Advisory Board to discuss and make a recommendation to the Legislature.

Lastly, the Department of Taxes does not have the capacity to support another study committee at this time. Making us solely responsible for the financial, legal and administrative assistance to this committee is problematic. We have so many competing priorities already on our plate. We are already undergoing a major, systemwide study of reappraisals and property tax categories required by Act 68 of 2023, which includes a significant report to the Legislature due in December of 2024. We are also rolling out new State programs regarding utility valuation and litigation assistance for municipalities, as well as our Grand List software.

Please consider removing this Study Committee from this bill at this time. I am happy to testify in your committee if helpful.

Thank you for your consideration,

Jill Remick, Director

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