

# Common Level of Appraisal Overview

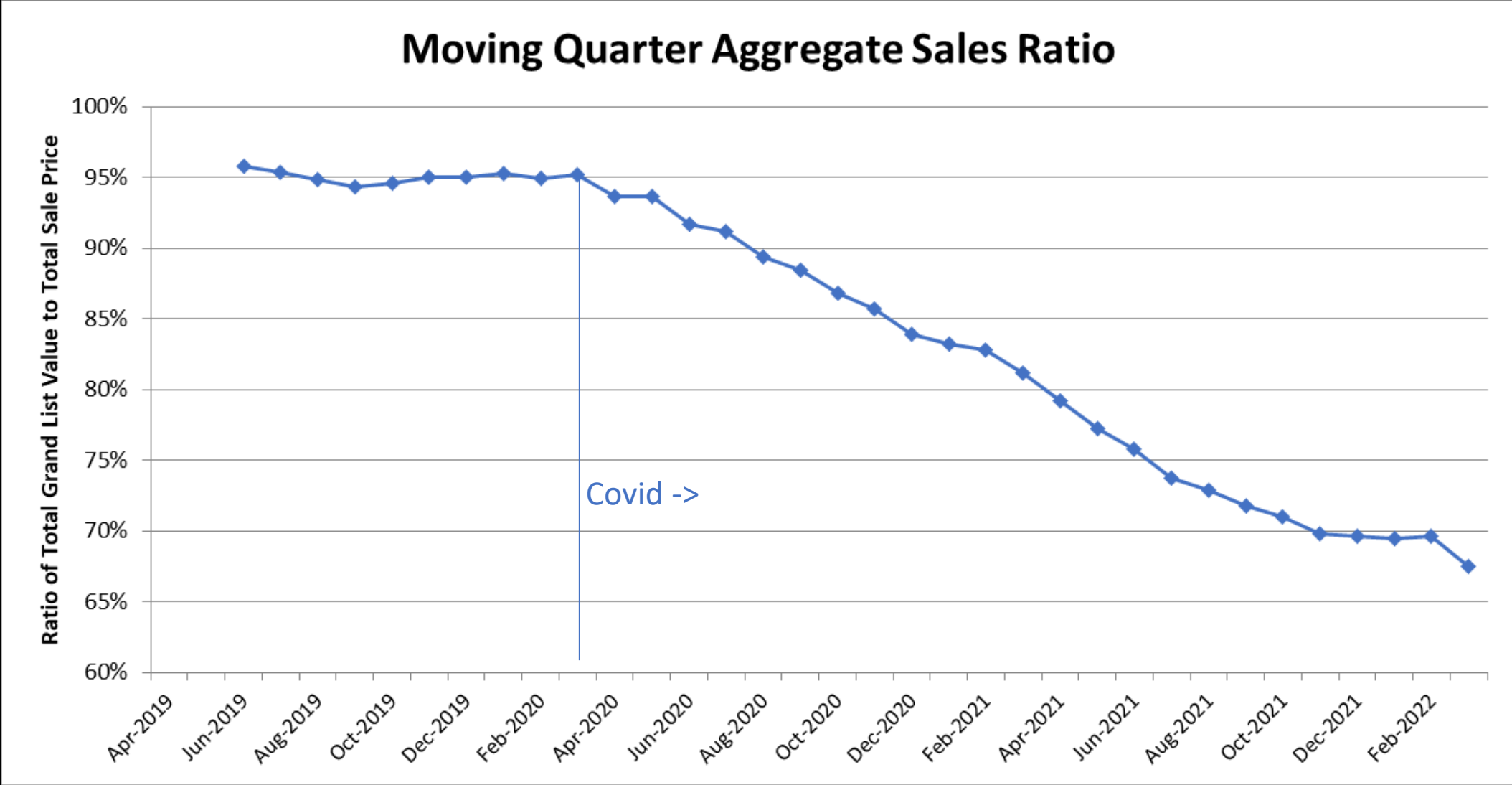
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# What is a CLA?

- ◆ A CLA (Common Level of Appraisal) is a factor applied to a town's education property tax rates to make sure the towns is sending its fair share to the State's education fund.
- ◆ CLAs for each town come from PVR's annual Equalization Study, which compares grand list values to sale prices over the prior three years.
- ◆ CLAs are an example of "indirect equalization" because they are applied to the town's tax rate, not the property value of the owner.
- ◆ A town where properties are generally selling for less than they're listed for in the Grand List will have a CLA over 100%. A town where properties are selling for more than they're listed for will have a CLA under 100%.

# What's going on with Vermont's Real Estate Market?



# How have CLAs changed over the past five years?

Equalization Study Results: Number of Towns by CLA Bracket by Year					
	2018 (FY20)	2019 (FY21)	2020 (FY22)	2021 (FY23)	2022 (FY24)
Less than 85%	3	4	5	24	137
85 to 100%	112	150	176	203	110
100 to 115%	142	105	79	33	13
115% or More	3	1	0	0	0

First year listed is the year of the equalization study, second year is the fiscal year impacted

Equalization study results are superseded by a reappraisal CLA, if applicable

CLAs below 85% or above 115% trigger a reappraisal, per 32 V.S.A. § 4041a

What is the  
Statewide CLA  
and how has it  
changed?

Tax Year	Statewide CLA
2022	83.1%
2021	91.2%
2020	93.2%
2019	95.6%
2018	97.3%
2017	98.7%
2016	99.5%
2015	100.2%
2014	100.2%
2013	100.3%
2012	99.6%
2011	97.6%
2010	94.2%
2009	90.1%

# What's going on with my town's CLA?

CLAs from the 2022 study were lower for every town in the state (that did not reappraise in 2022) except one, Somerset. The average change was a decrease of about nine percentage points from 2021.

CLAs going down are reflective of the equalized education grand list growing, which makes yields go up and equalized rates go down.

Tax Commissioner's December 1 <sup>st</sup> Letter Estimates		
	FY23 (Current Year)	FY24 (Forecast)
Homestead Yield	\$13,314	\$15,479
Avg. Homestead Equalized Rate	\$1.38	\$1.31

But actual rates, which are what taxpayers see on their bills and are after the CLA is applied, are forecast to go up by about 7 cents and average tax bills are forecast to go up by 3.7%.

# How is the CLA Applied?

Example:  
Montpelier,  
FY23

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Homesteads: Per pupil spending divided by “property yield” = Equalized tax rate

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Per pupil spending is \$18,027; yield is \$13,314

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$$\$18,027 / \$13,314 = 1.354$$

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Equalized tax rate divided by CLA = Actual tax rate

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$1.354 / 80.76\% = 1.6766$  (per \$100 of property value)  
is the actual homestead rate taxpayers see on the bill

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The actual non-homestead rate in a town is the  
uniform statewide rate divided by the town’s CLA

# What happens in a reappraisal year?

- Towns don't "win" or "lose" with respect to how much they pay into the Ed fund.
- The reappraisal year CLA is calculated differently: The town's new total listed value divided by PVR's most recent estimate of total equalized grand list value ([32 V.S.A. § 5406](#))
- Burlington example, FY22 (reappraised for April 1, 2021)
- FY21 CLA was 74.77% and the actual HS tax rate was 2.0576
- FY22 CLA (after reappraisal) was 105.32% and actual HS tax rate was 1.4553
- Listed property values went up, but actual tax rates went down 42%
- Since property tax credits are based on the prior year taxes, if the property value went up by about 42%, the credit was consistent



# 2023 and beyond: Reappraisals

- The preliminary results of the 2022 Equalization Study indicate that 165 of the 254 municipalities will be subject to a reappraisal order (CLA <85%, CLA>115% or COD>20%).
- 36 of these 165 municipalities were previously under reappraisal order, and 42 have reappraisals planned for 2023 - 2027.
- This leaves 123 new towns in need of a reappraisal work.
- Over the past 10 years, reappraisal contractors in Vermont have averaged 16 municipal reappraisals per year (approximately 6% of towns per year).

# 2023 and beyond: Reappraisals

- Of the 165 towns eligible to receive a reappraisal order, 102 municipalities have not reappraised since 2015.
- The International Association of Assessing Officers (IAAO) recommends that municipalities reassess property values every *4-6 years*.

Last Year of Reappraisal	Number of Towns	2022 Reappraisal Order (CLA <85%, COD>20%)
2005	3	3
2006	15	13
2007	13	9
2008	15	10
2009	15	10
2010	17	10
2011	14	10
2012	15	14
2013	10	6
2014	11	8
2015	11	9
2016	17	17
2017	16	14
2018	13	11
2019	22	16
2020	16	5
2021	15	0
2022	16	0
<b>Total</b>	<b>254</b>	<b>165</b>

# Where can I find out more?

- FY24 CLAs from PVR's 2022 equalization study are posted here:  
<https://tax.vermont.gov/municipalities/reports/equalization-study>
- Current year (FY23) education tax rates are posted here:  
<https://tax.vermont.gov/property/education-property-tax-rates>
- That part of our website also has some “frequently asked questions” (FAQs) related to tax rates and bills:  
<https://tax.vermont.gov/property/education-property-tax-rates/faqs>