Act 73 of 2025: Regional Assessment Districts Report

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January 28, 2026

VERMONT
DEPARTMENT OF TAXES

TL;DR

The Department shares the Legislature's keen interest in efficiency, consistency, and equity in property valuation

- State-led models have real administrative appeal
- Successful reform depends on timing and capacity
- Act 73 report focuses on what should be done now while keeping the door open to more centralization once foundational needs are met

Overview

- Legislative charge and context
- What is a Regional Assessment District (RAD)?
- Baseline conditions for success
- Policy recommendations to support RAD structure
- Tradeoffs of State role in reappraisals
- Key takeaways

How Did We Get Here?

- Reappraisal backlog and CLA concerns post-COVID

Act 68 of 2023

- December 2023 Progress Report (GAAs)
- March 2024 IAAO Survey
- December 2024 Final Report
- January 1, 2025: six-year reappraisal cycle begins

Act 73 of 2025

- Summer and fall of 2025 Working Group
- January 2026 Final Report

Legislative Charge (Act 73, Sec. 64)

Advise Legislature on implementing Regional Assessment Districts

- What guidelines, procedures, and rules are needed for a regionalized system
- Analyze advantages and disadvantages of State-run reappraisals
- Recommend statutory changes
  - Contracts
  - Appeals
  - Assessment date
  - Other recommended revisions

Working Group

- Membership from listing, assessing, reappraisal, and municipal government entities
- Meetings held over the summer and fall 2025
- Invaluable perspective and wealth of knowledge
- Clarified possible approaches and areas of need

What Is a Regional Assessment District (RAD)?

- Geographically contiguous group of municipalities
- Aligned with consolidated school district boundaries
- Municipalities reappraise on the same six-year schedule
- RAD treated as one entity for equalization study (single CLA)
- Appeals from lister grievances heard by RAD Appeals Board instead of municipal boards of civil authority (BCAs)

RADs Align with School Districts and Share a CLA

- RAD is one entity for the equalization study calculations
  - Reduces volatility in Common Level of Appraisal (CLA) especially for small towns
  - More sales - improves statistical reliability and equity
- Vastly simplifies education tax communication within new, larger school districts
  - True even if multiple RADs contained within one school district

Baseline Conditions for Success

- Career pipeline: workforce capacity is top priority
- External reappraisal audit: benchmarking and standardization
- Process improvements in shared State/municipal functions
- Legislative action on contiguous parcels
- Data quality and standardization: CAMA standards and digitized land records

System improvements are needed regardless of governance model

Workforce & Career Pipeline

- Current challenge: strained reappraisal workforce
  - Six-year reappraisal cycle took effect January 1, 2025, increasing demand for already scarce assessors and reappraisal firms
  - No existing pipeline for assessors in Vermont
  - State control does not solve labor shortages
- Goal: stable, professional workforce statewide
  - Department recommends prioritizing pipeline and training first
    - Registered apprenticeship program for assessors
    - Explore licensure through Secretary of State
    - Fund lister certification and continuing education

External Reappraisal Audit

- Independent audit to benchmark reappraisal quality
- Establish measurable standards and best practices
- Enable real-time quality monitoring
- Foundation for standardized contracts and accountability

Contiguous Parcels

- Act 73 made the combination of contiguously owned parcels *optional* for both mapping and valuation
  - Results in less uniformity and inequity in valuation
  - Contingently effective
- Department and VCGI propose revised language effective for the 2027 grand list
  - Require contiguously owned parcels to be separately reported for mapping purposes only; combined for taxation and valuation purposes like they are today.

Policy Framework to Implement Regional Appraisal Districts

A. Regionalized Appeal System
B. Standardized Contract Terms and Outcome Expectations
C. Restructure Per Parcel Payments for Reappraisal and Grand List Maintenance
D. Move April 1 Grand List Assessment Date
E. State Support for Reappraisal Contracts and Grand List Assistance

Policy Recommendation: Regionalized Appeals

- RAD appeal boards replace municipal boards of civil authority (BCAs) to hear all valuation appeals, not only after a reappraisal
- Multi-town boards
  - Number of board members based on number of parcels; more parcels = more board members
  - Municipalities within a RAD collectively appoint board members
- Improves impartiality and consistency
- Longer appeals period if assessment date is changed

Policy Recommendation: Regionalized Appeals

Appeal volume

- IAAO survey showed appeal volume depends on level of appeal:
  - 1-5% on all parcels at first level of appeal
  - Up to 1% on all parcels for second level of appeal
  - 0.1% on all parcels for third level of appeal
- Volatility after a reappraisal, market fluctuations, or other system changes

Policy Recommendation: Standardized Contracts

- Uniform contract language and outcome expectations
- Reduce barriers to multi-town contracting
- Improve accountability for reappraisal quality
- Standards informed by external audit findings

Policy Recommendation: Per Parcel Payments

- Separate funding for reappraisal vs. grand list maintenance
  - Isolate funding needs for distinct functions
  - Increase transparency in State vs. municipal cost-sharing
- Use funding to incentivize timely and regional reappraisals
  - Align funding with six-year reappraisal cycle; pause payments when out of compliance

History of Per Parcel Payments to Municipalities

- $8.50 per grand list parcel for reappraisal and reappraisal-related costs and for maintenance of the grand list. 32 V.S.A. § 4041a(a).
  - First enacted in Act 60 of 1997, Sec. 46. The fee became effective in 1998 at $6.00 per parcel. It was amended several times over the next decade and has been set at $8.50 since 2016. Act 134 of 2016, Sec. 6.
- $1.00 per grand list parcel for assistance with the annual equalization study. 32 V.S.A. § 5405(f).
  - First enacted in Act 60 of 1997, Sec. 45 and the amount has never been amended since. The fee became effective in 1998.

Grand List Assessment Date Change

- Shift assessment date from April 1 to January 1
- Extends timelines to complete grievance process
  - Allows reappraisal contractors to participate in more appeals, in turn enabling them to contract with more towns to perform more reappraisals
- Earliest feasible implementation: 2031

Tradeoffs of State Role in Reappraisals

- State control offers administrative advantages
  - Simplified procurement
  - Predictable reappraisal cycles
  - Coordinated regional contracts
- State control also introduces risk
  - Transition and execution failure jeopardizes system (high stakes)
  - Loss of local control
  - Disruption of existing relationships

Key Takeaways

- Workforce and data improvements are urgent priorities
- Centralization should increase gradually
  - Move quickly on foundations, not full centralization
  - Use RADs to coordinate and stabilize the system
  - Preserve flexibility for future regionalization
  - Avoid high-stakes transitions during peak demand years or risk systemic failure to reappraise on time
- Policy and process updates can improve equity and outcomes now