



PROPERTY VALUATION AND REVIEW **2023 ANNUAL REPORT**

BASED ON 2022 GRAND LIST DATA

PROPERTY VALUATION AND REVIEW 2023 ANNUAL REPORT

SUBMITTED TO

House Committee on Ways and Means
House Committee on Government Operations
Senate Committee on Finance
Senate Committee on Government Operations

SUBMITTED BY

Division of Property Valuation and Review
Vermont Department of Taxes

PREPARED BY

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DATE SUBMITTED

January 15, 2023
Publication RP-1295-2023

32 V.S.A. § 3412. Annual report

Before January 15 of each year, the Director shall deliver to the Speaker of the House of Representatives and to the President Pro Tempore of the Senate copies of an annual report including in that report all rules issued in the preceding year. The report shall include the rate per dollar and the amount of all taxes assessed in each and all of the towns, gores, school and fire districts, and villages for and during the year ending with June 30 preceding, and the value of all exempt property on each grand list as required by subsection 4152(a) of this title. The report shall also include an analysis of the appraisal practices and methods employed through the State. The Director shall include recommendations for statutory changes as he or she feels necessary. Copies of the annual report shall be forwarded to the Chair of the Selectboard of each town. The presiding officer shall refer the report to the appropriate committees of the General Assembly for their review and recommendation. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this section.

LETTER FROM THE DIRECTOR

The Vermont Department of Taxes Division of Property Valuation and Review (PVR) has worked directly with Vermont municipalities for decades to administer the complex education property tax system. Throughout this time, we have seen significant changes in the listing and assessing community that affect Vermont's ability to maintain an accurate and equitable Grand List.

Historically, a lister's job was a seasonal and part-time elected position with minimal compensation and no benefits. Listers spent a few days, weeks, or months out of the year collecting data on new and improved properties to produce and defend municipal property values, also known as the "Grand List." However, ongoing legislation and taxation complexities have brought about many changes to municipal assessing in Vermont. The lister's job has grown markedly and as the time and knowledge requirements grow, fewer are willing or able to take on this important work for the compensation provided.



In a statewide survey conducted by PVR in the Spring of 2022, Vermont towns reported having significant difficulty finding local individuals willing to serve as listers, with about 50% of towns that responded indicating they have or anticipate having a vacancy in their assessing office, or that another municipal official is currently filling the lister position. Municipal respondents were asked to provide comments and feedback about their current situations. Several themes stood out in their comments:

- Municipalities are struggling to fill vacant lister positions, noting lack of interest, complexity of the job, low pay, inconsistent hours, and residency restrictions (small towns) as key deterrents. Municipalities are also having difficulty filling professional assessor positions and there are a limited number of contract assessors in the State.
- In most towns, there is not enough lister work to make it a stable and consistent part-time job (that could potentially provide benefits); hours are also split across the lister board and are variable across the year.
- Inconsistent limited hours and low compensation make it challenging to attract younger applicants.
- The majority of current listers are older/retired residents who have been doing the job for many years. Some of whom noted a desire to retire but feel there is no one to take their place.

In response to these challenges, towns are considering restructuring their assessment offices. Approaches to restructuring include:

- Approximately 40 towns indicated they have abolished their board of listers, and another 10 to 15 towns indicated it is under consideration. Some respondents mentioned that towns are considering hiring an assessor (either contracted or employed by the town depending on size) to do the day-to-day work. Ideally, they would like to transition the board of listers to a board of appeals. This would significantly limit the amount of work required and make it more of a community service position. Towns have indicated that they would appreciate more support and guidance on how to make this transition.
- Towns are considering the idea of sharing assessors across multiple communities which could make it a full-time position with benefits. PVR notes that the first shared regional assessor position was just posted for Lamoille County. The job will be hosted by the Lamoille County Planning Commission, with three member towns all contributing proportionally to the cost of the employee.

In addition to these day-to-day challenges, municipalities across the state are navigating outdated Grand Lists and require a reappraisal of municipal property values. This is both a function of time and the acceleration in the current real estate market. The average last year of reappraisal in Vermont is 2014 and the recommended standard is a revaluation of property values every four to six years.

The disconnect between listed values and current sale prices has grown to the point that, as demonstrated in this year's equalization study, 65% of municipalities (165 towns) in the state require reappraisal. In Vermont reappraisal is statutorily mandated based on the results of the annual equalization study. The reappraisal schedule is not based on a specified timeline.

There are not enough professional assessors and appraisal firms in Vermont to handle the volume of reappraisal work that is required, the need for which has been significantly exacerbated by the escalated real estate market. On average, in the past 10 years there have been about 16 municipal reappraisals each year, or about 6% of all towns. Firms are currently booking reappraisals for 2024 – 2027.

The PVR division is tasked with regulating and evaluating municipal reappraisals. The reappraisal rules have not been amended since the late 1980's and are currently undergoing administrative review. In conjunction with that work, the department is proposing minor updates to the relevant reappraisal statute to ensure individuals hired or contracted by municipalities meet minimum qualifications. However, the current system may no longer be sustainable. Vermont may want to consider requiring a reappraisal cycle no greater than six years while encouraging more shared contracting across town boundaries and/or a more systematic statewide approach to Grand List maintenance.

Shared Service Model

The department has seen promising partnerships across town boundaries for shared assessment and reappraisal services, and we hope to continue to foster those partnerships. The shared services model helps Vermont towns leverage economy of scale and shared expertise to accomplish similar goals. As highlighted in Lamoille County, the shared assessing position can also create a more attractive assessing job with salaries and benefits which no single town could offer on their own.

Current Vermont law also allows towns to go one step further, to form an assessment district per 32 V.S.A. § 5403, where municipalities can merge with other municipalities in the same unified union school district to create an assessment district for the purpose of standardized property valuation. No municipalities have yet established an assessment district.

Cyclical Reappraisal Schedule

Cyclical reappraisal, used by many other states, would provide consistency, predictability, and accuracy in the Grand List statewide. National standards for reappraisals are every four to six years, even when paired with an annual equalization study such as Vermont's. This would not alleviate the current need for reappraisals, which stems from outdated Grand Lists, but could help create consistency for both the municipalities and reappraisal firms going forward and reappraisal resources could be more evenly distributed across a specified timeline.

Sincerely,



Jill Remick

Director of Property Valuation and Review

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INTRODUCTION

Vermont utilizes a statewide property tax system – all revenue raised goes to support education across the State using a statewide funding model. Within this statewide system, local municipalities are still responsible for maintaining their local Grand Lists/property values. The Division of Property Valuation and Review (PVR) oversees the administration and municipal coordination of the statewide program.

The PVR annual report seeks to detail and expand on the annual process of property tax administration in Vermont which includes but is not limited to:

- Management of the data exchange between local municipalities and the State
- Provision of education and training to local listers and assessors
- Conducting the annual Equalization Study
- Reappraisal process
- Management of the Current Use Program
- Oversight of statutory property tax exemptions
- Collection and reporting of municipal and education property tax rates
- Administration of property tax appeals to the Director of PVR
- Administration of municipal grant programs

The report also summarizes relevant data pertaining to the statewide property tax and education fund including:

- Results of the annual Equalization Study
- Education and municipal property tax rates
- Tax savings/program costs associated with Current Use
- Value of statutorily exempt properties
- Property tax credits
- Real estate transaction and land use change taxes

Town-level data is available in supplemental digital data reports that accompany this report and are [available for download on the Tax Department's website \(tax.vermont.gov\)](#).

In 2022 the content of the PVR Annual Report changed significantly. If there is information that was available in previous report that was not included here, please contact PVR at tax.pvr@vermont.gov, or call (802) 828-5860 and our staff will provide you with the required information.

The Division of Property Valuation and Review staff includes both office staff located in Montpelier as well as traveling regional District Advisors. District Advisors (DAs) offer direct support, including legal and technical advice, to local assessment officials or listers to help municipalities generate and maintain their property values in adherence with the statewide education property tax statutes. The expertise available from DAs is essential as many local officials have a limited background in property assessment. The availability of such support enhances the reliability of property assessments and results in greater standardization of assessment practices throughout the state, providing greater accuracy in the Grand List (Vermont's record of statewide municipal property values).

PVR also provides additional support to local officials with assistance from department attorneys and other Montpelier-based staff with expertise in property assessment, property tax administration, and property tax law.

PVR supports computer software programs used locally for Grand List valuation and property tax administration, and provides municipal officials with training, online tools, and a wide variety of information to help ensure property is assessed fairly and equitably.

A summary of the work performed, and programs administered by PVR is detailed throughout this report.

MANAGEMENT OF THE DATA EXCHANGE BETWEEN LOCAL MUNICIPALITIES AND THE STATE

The Department of Taxes hosts a statewide data and software system, Vermont Property Information Exchange (VTPIE) to collect the education Grand Lists from each municipality per 32 V.S.A. §5404(b) and to implement the statewide education property tax system. This system facilitates the collection of municipal and education property tax and is used by every municipality in the state.

Grand List data is electronically aggregated from municipalities and analyzed at the PVR Division of the Department of Taxes and other offices. This is a mission-critical system for the State of Vermont as it collects millions of dollars in Education Fund revenue and provides key data for economic analysis.

In addition to compiling, aggregating, and publicizing the statewide Grand List data, this system manages all data required to generate and issue property tax bills, including but not limited to Current Use enrollments, homestead declarations, statutory and locally voted exemptions, tax increment financing districts, and tax rates.

To carry out these functions, the software must integrate with each municipality's unique local property management programs (Computer Assisted Mass Appraisal software, known as CAMA), various accounting and municipal service software systems, and the Tax Department's VTax software. To achieve this functionality, the State contracts with software developers specialized in property tax management.

The contractor, Axiomatic LLC, of New Hampshire, provides application and software development and design services, project management and consulting, support, maintenance and continued system upgrades, user training, as well as data backup and recovery services.

LISTER EDUCATION AND TRAINING

The overarching responsibility of the lister (and frequently municipal assessors) is municipal Grand List maintenance and assessment equity. Assessment equity is, generally, the degree to which assessments bear a consistent relationship to market value. In order to achieve this, listers must understand appraisal methods and property assessment administration in Vermont. For more information on the role and duties of Listers and Assessors in Vermont please refer to the Lister and Assessor Handbook.

Years ago, a lister's job was seasonal and part-time. Listers spent a few days, weeks, or months out of the year collecting data on new and improved properties to produce and defend the Grand List. Since then, ongoing legislation and taxation complexities have brought about many changes in Vermont. The lister's job has grown markedly. Today's role of lister includes daily tasks, extensive knowledge and training, and many more hours than ever before. The most important responsibilities of a lister include becoming educated in listing practices and acquiring real estate knowledge.

PVR's statutory mission is to encourage, promote, and provide educational opportunities and advancement for listers and assessors throughout the state. PVR accomplishes this mission by:

- Creating and promoting relevant educational opportunities for the assessment community;
- Developing cooperative relationships with assessment education entities;
- Communicating with Vermont officials and the public; and
- Publishing and providing guidelines for fair and equitable standards.

PVR provides listers, assessors, and other valuation professionals with training in many aspects of property valuation, tax administration, and assessment. PVR works with the Vermont Assessors and Listers Association, Vermont League of Cities and Towns, Vermont State Archives and Records Administration, and the International Association of Assessing Officers (IAAO) to offer an assortment of collaborative opportunities and expanded access.

A positive outcome of the COVID-19 pandemic is that PVR has begun hosting and recording [web-based educational opportunities \(tax.vermont.gov\)](https://tax.vermont.gov) and courses which have significantly increased attendance.

Through attendance to PVR education and training, Listers and Assessors can become certified as a Vermont Property Assessor through PVR's Vermont Property Assessor Certification Program (VPACP). VPACP creates four levels of designation. Each level has prerequisites and requirements, including levels of work experience and training. This certification is designed to encourage seasoned and beginning listers to participate and acquire essential knowledge. This is particularly important since their work impacts Grand Lists in every municipality in the state.

In addition to the VPACP Program, [PVR is responsible for the accreditation and approval of Vermont appraisal firms \(tax.vermont.gov\)](https://tax.vermont.gov). These firms comprise supervisors, appraisers, and appraiser trainees who are available to work for and with municipalities whose cities or towns require assessment services or may be undergoing reappraisals. The Tax Department maintains and regularly updates this list on the Tax Department's website.

EQUALIZATION STUDY

In 1997 the Vermont Legislature passed Act 60 in an effort to equalize education funding across the state. Before Act 60 was passed, the amount a town could raise to fund its schools was limited by the amount of property value in the town. Because of that, levels of school funding and educational opportunities varied widely across the state. Act 60 shifted education funding to the state level, creating a statewide education property tax rate and a state “Education Fund” to collect the revenue. This new arrangement of shared education funding responsibility made it necessary to check the accuracy of the town Grand Lists as they are maintained by town listers and assessors, not the State.

In this shared system, in order to treat all municipalities fairly throughout Vermont, local municipal Grand List values are adjusted annually to bring each municipality’s Grand List to fair market value. Fair market value is the price a property is likely to bring if sold on the current open market by a willing seller to a willing buyer.

If the Grand List in a town did not reflect fair market value, then the town would be sending more, or less, tax revenue than its fair share to the statewide Education Fund. Since towns don’t reappraise every year, and real estate markets are constantly changing, a correction factor, or “Common Level of Appraisal,” was developed to equalize what is paid in education property taxes across towns.

The Common Level of Appraisal (CLA) for every Vermont town is the primary result of the equalization study performed by the Department of Taxes every year.

In general, the equalization study is based on a review of sales of real estate in each municipality throughout the state over a three-year period. In each town, local Grand List values are compared to sales in the prior three-year period and a ratio of Grand List listed value to sales price is determined. The equalization study considers arm’s length transactions. The criteria for an arm’s length sale include: a willing seller and a willing buyer with no significant prior relationship; reasonably equal access to knowledge about the property; and absence of compulsion to sell or buy. For example, a sale between family members is considered invalid (not arm’s length).

In 2022, local municipal officials and the PVR District Advisors reviewed 22,497 sales for the equalization study. The 2022 study analyzed real estate sales from April 1, 2019, to March 31, 2022.

A ratio of listed-value-to-sale-price on all arm’s length transactions is determined. The ratios computed from the sample are then applied to all similar property types within that municipality to determine a reliable estimation of the total fair market value of all taxable properties in the municipality. This estimation is known as the Equalized Education Property Value (EPPV). The EPPV determined in the equalization study is used as the basis for the Statewide education property tax and the setting of education tax rates for all Vermont school districts.

A Coefficient of Dispersion (COD) is also calculated from the results of the equalization study to assess the internal fairness of each municipal Grand List. The COD represents the degree to which individual property valuations vary from the median level of appraisal in that municipality.

The ratio of a municipality’s total taxable education property Grand List value to the total taxable EPPV is the common level of appraisal (CLA).

- If Grand List values are generally less than sale prices for recent sales, the town will have a CLA less than one hundred percent.

- If Grand List values are generally more than sale prices for the recent sales, the town will have a CLA of more than one hundred percent.

Once the CLA is determined, it is used to adjust or “equalize” the homestead and nonhomestead education property tax rates throughout the state. The CLA does not change taxpayers’ property values, it only changes a town’s education tax rates. This is an example of indirect equalization.

As per 32 V.S.A. § 5405, the Division of Property Valuation and Review (PVR) of the Vermont Department of Taxes annually determines the Equalized Education Property Value (EPPV) and Coefficient of Dispersion (COD) for each municipality in Vermont. Each year the equalization study is based on the assessed value of property as established by each municipality as of April 1.

Municipalities are notified by January 1 of each year. The Secretary of the Agency of Education is notified of these values annually by April 1, 32 V.S.A §5406. The State of Vermont provides each municipality with \$1 per parcel annually for their assistance with the Statewide equalization study.

Per 32 V.S.A §5408, a municipality may petition the Director of PVR for a redetermination of the municipality’s equalized education property value and coefficient of dispersion.

For an in-depth explanation and discussion of the equalization study please [review the Tax Department’s Introduction to Vermont Equalization Study \(tax.vermont.gov\)](https://tax.vermont.gov).

The [annual results of the equalization study by town are available on the Department’s website \(tax.vermont.gov\)](https://tax.vermont.gov) and included in supplemental digital data reports associated with this publication. Statewide results are summarized in the following section.

Equalized Education and Municipal Property Values

In Vermont property is organized into 15 categories (Table 1), which specifies the property’s highest and best use.

Table 1: Grand List Categories

Category Number	Grand List Category Code	Use Class
1	R1 - Residential with fewer than 6 acres	Residential
2	R2 - Residential with 6 or more acres	Residential
3	MHU - Mobile home un-landed	Residential
4	MHL - Mobile home landed	Residential
5	S1 - Seasonal home with fewer than 6 acres	Residential
6	S2 - Seasonal home with 6 or more acres	Residential
7	C - Commercial	Commercial/Industrial
8	CA - Commercial Apartments	Commercial/Industrial
9	I - Industrial	Commercial/Industrial
10	F - Farm	Land
11	UE - Utility Electric	Utility
12	UO - Utility Other	Commercial/Industrial or as applicable

Category Number	Grand List Category Code	Use Class
13	O - Other	Category used to isolate a unique type of property, such as condominiums or lakefront properties
14	W - Woodland	Land
15	M - Miscellaneous	Land

A summary of the listed and equalized education and municipal value by Grand List categories are detailed in Tables 2 and 3.

Table 2: Summary of Listed and Equalized Education and Municipal Values by Category

Category	Property Count	Education Listed Value	Education Equalized Value
R1 - Residential with fewer than 6 acres	157,926	39,144,747,242	47,753,714,130
R2 - Residential with 6 or more acres	55,680	19,229,460,854	23,197,400,018
MHU - Mobile home un-landed	9,757	264,974,100	316,834,714
MHL - Mobile home landed	10,676	1,139,634,801	1,359,832,142
S1 - Seasonal home with fewer than 6 acres	9,345	1,590,230,827	1,909,464,268
S2 - Seasonal home with 6 or more acres	5,698	881,666,014	1,016,905,862
C - Commercial	14,615	9,847,298,915	11,785,067,595
CA - Commercial Apartments	2,308	1,998,845,975	2,359,235,197
I - Industrial	890	1,348,535,453	1,609,948,061
F - Farm	2,551	862,418,004	1,004,078,354
UE - Utility Electric	1,138	3,407,361,576	3,573,873,400
UO - Utility Other	147	385,655,911	468,017,411
O - Other	23,904	6,371,749,928	7,856,209,927
W - Woodland	5,781	382,807,755	442,060,074
M - Miscellaneous	27,067	1,909,036,427	2,240,065,369
Personal Property - Cable		115,090,681	115,090,681
Personal Property - Inventory		Exempt	Exempt
Personal Property - Machine and Equipment		Exempt	Exempt
State Total	327,483	88,879,514,463	107,007,797,202

Table 3: Summary of Listed and Equalized Municipal Values by Category

Category	Property Count	Municipal Listed Value	Municipal Equalized Value
R1 - Residential with fewer than 6 acres	157,926	39,080,556,960	47,676,144,626
R2 - Residential with 6 or more acres	55,680	19,199,926,617	23,163,576,183
MHU - Mobile home unlanded	9,757	263,574,000	315,165,695
MHL - Mobile home landed	10,676	1,135,010,101	1,354,363,532
S1 - Seasonal home with fewer than 6 acres	9,345	1,589,715,227	1,908,844,721

Category	Property Count	Municipal Listed Value	Municipal Equalized Value
S2 - Seasonal home with 6 or more acres	5,698	880,525,914	1,015,701,857
C - Commercial	14,615	10,002,538,060	11,989,058,007
CA - Commercial Apartments	2,308	2,036,360,877	2,403,129,800
I - Industrial	890	1,350,025,404	1,610,844,220
F - Farm	2,551	853,306,187	992,658,326
UE - Utility Electric	1,138	3,749,539,583	3,930,977,780
UO - Utility Other	147	389,555,140	472,853,481
O - Other	23,904	6,369,881,528	7,854,022,315
W - Woodland	5,781	382,322,235	441,523,066
M - Miscellaneous	27,067	1,909,500,944	2,240,937,130
Personal Property - Cable		33,827,952	33,827,952
Personal Property - Inventory		127,754,672	127,754,672
Personal Property - Machinery and Equipment		903,642,412	903,642,412
State Total	327,483	90,257,563,813	108,435,025,776

As summarized in Table 4, statewide, the total listed value went up about 2.0%. Two factors generally affect the change in listed values: new construction and reappraisals.

The state's total equalized education property value increased by about 12.1% this year compared to 7.1% in 2021. From 2015 – 2020 the growth rates in the equalized education property tax ranged from 1-3% as the real estate market recovered from the 2008-2009 economic downturn. This continual improvement has been further augmented by the COVID-19 pandemic which has significantly bolstered Vermont's real estate market. The annual equalization study considers sales in the prior three-year period.

Table 4: Listed and Equalized Education Property Values and Equalized Municipal Property Value by Year (\$ Billion)

Tax Year	Education List Value	% Change	Equalized Education Property Value (EEPV)	% Change	Municipal Equalized Property Value	% Change
2022	88.9	2.0%	107.0	12.1%	108.4	12.1%
2021	87.1	4.8%	95.5	7.1%	96.7	7.1%
2020	83.1	0.6%	89.2	3.2%	90.3	3.2%
2019	82.6	0.9%	86.3	2.7%	87.5	2.7%
2018	81.8	0.7%	84.1	2.1%	85.2	2.7%
2017	81.3	0.9%	82.4	1.7%	83.4	1.7%
2016	80.6	0.6%	81.0	1.4%	82.0	1.3%
2015	80.1	1.3%	79.9	1.4%	80.9	1.2%
2014	79.0	0.6%	78.8	0.8%	80.0	0.9%

Tax Year	Education List Value	% Change	Equalized Education Property Value (EEPV)	% Change	Municipal Equalized Property Value	% Change
2013	78.6	0.3%	78.1	-0.5%	79.3	-0.4%
2012	78.4	0.7%	78.5	-1.5%	79.6	-1.4%
2011	77.8	2.0%	79.6	-2.0%	80.7	-1.8%
2010	76.3	2.6%	81.3	-1.6%	82.2	-1.9%
2009	74.4	4.1%	82.6	2.2%	83.8	2.1%
2008	71.5	-	80.9	-	82.1	-

The equalized municipal property value is derived from the Grand List that municipalities use to assess municipal (e.g., non-education) property taxes. Some of the differences between the equalized municipal property values and the equalized education property values result from the inclusion of business personal property (machinery and equipment, inventory) in municipal property values (Table 5). There are also differences in the allowable veterans' exemptions (\$10,000 limit for education property value and up to \$40,000 for municipal property value) and other exemptions voted by the town. More information on property tax exemptions can be found in a following section of this report.

Table 5: Listed Value of Personal Property Included on Municipal Grand List

Tax Year	Personal Property on Municipal Grand List (\$ Millions)	Municipalities That Tax Machinery and Equipment	Municipalities That Tax Inventory
2022	1,031.4	43	8
2021	1,006.5	46	8
2020	976.9	46	8
2019	970.6	45	9
2018	929.0	45	7
2017	924.4	30	10
2016	924.4	60	13
2015	923.1	60	13
2014	914.0	61	15
2013	922.4	62	34
2012	843.5	-	-
2011	845.2	-	-
2010	827.8	-	-
2009	852.2	-	-

Statewide, in 2022, the ratio of total education taxable value to equalized education taxable value as derived through PVR's equalization study is 83.1% (Table 6). This indicates that on average across the state properties are listed at 83.1% of their current fair market value as determined by analysis of the three years of real estate sales used in the 2022 equalization study.

Table 6: Statewide CLA by Year

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%

Assessment Equity: The CLA and the Coefficient of Dispersion (COD)

There are two widely used measures for evaluating assessment practices in Vermont—the Common Level of Appraisal (CLA) and the Coefficient of Dispersion (COD).

The COD is a measure of equity across assessments in a single municipality’s Grand List and is a primary indicator of fairness within a municipality. The COD measures the degree to which individual property valuations vary from the median level of appraisal in a municipality. If a town’s Grand List experiences a CLA of 90% and all properties are assessed relatively close to 90% of their market value, there is a high degree of equity, and the municipality will have a relatively low COD (0-10%). If, in this same community, individual property assessments ranged from 50 to 150% of market value then the municipality would exhibit an elevated COD (20% or greater), even if the average level of assessment (CLA) was 90%. In this example, the property that is assessed at 50% of market value would experience a much lower property tax burden than the property assessed at 150% of market value.

Assessment standards generally hold that CODs of 15% or less are good and that for newer, homogenous property types like condominiums, a COD of 10% or less is considered sufficient.

Assessment equity, both within a town (as measured by the COD) and throughout the state (as defined by the CLA) is important to meet the equal protection requirements of the Vermont and United States constitutions.

The distribution of municipal CODs and CLAs as determined in the equalization study are highlighted in Tables 7 and 8. Recall that a municipality may appeal its annual equalization study results. All the information provided in this report reflects the results of the study completed each December and does not reflect municipal appeals. A municipality must appeal within 35 days of the date of their equalization study results. It is noted that typically, while municipal appeals do not significantly change study results, they may change the

inclusion or exclusion of one or two sales, but overall, their results remain consistent.

Table 7: Distribution of Municipal Coefficient of Dispersions (COD) by Year

Tax Year	10% and less	>10% and <=20%	>20% and <= 30%	>30%
2022	14	141	97	2
2021	42	190	22	0
2020	63	181	10	0
2019	70	171	13	0
2018	70	169	15	0
2017	68	175	11	1
2016	65	173	16	1

Table 8: Distribution of Municipal Common Level of Appraisal (CLA) by Year

Tax Year	80% and less	>80% and <=85%	>85% and <=90%	>90% and <=95%	>95% and <=100%	>100% and <=105%	>105% and <=110%	>110% and <=115%	>115% and <=120%	>120%
2022	68	70	65	25	13	8	5	0	0	0
2021	4	20	62	74	61	27	5	1	0	0
2020	3	2	19	65	87	50	24	4	0	0
2019	1	3	13	38	93	68	31	6	1	0
2018	1	2	8	22	82	86	36	14	2	1
2017	1	1	5	22	71	82	44	18	8	2
2016	0	1	8	25	60	77	54	20	7	3

The results of this year’s equalization study are consistent with the current real estate market trends. Throughout the COVID-19 pandemic demand for housing in Vermont increased, this accompanied with limited supply, effectively increased the sales prices of real estate in Vermont. Recall, fair market value is determined through an analysis of all arm’s lengths transactions (a willing seller and a willing buyer with no significant prior relationship).

Additionally, many Vermont municipalities have not consistently maintained their municipal Grand Lists through reappraisal practices. On average the last year of reappraisal in Vermont is 2014. The International Association of Assessing Officials (IAAO) recommends a reappraisal every five to six years. Vermont does not mandate reappraisal based on a set number of years but rather as a function of their CLA and COD.

Vermont Law 32 V.S.A. § 4041a(b), requires that a municipality maintain its Education Grand List at a CLA that is between 85% and 115% or a COD that is at or below 20%, as determined by the Director of Property Valuation and Review (PVR). If the Education Grand List falls outside either of these parameters, the Director must order the municipality to reappraise. It is noted that in recent years a town that is ordered to reappraise will likely be unable to complete the reappraisal within a one- or even two-year timeframe, as such towns may have calculated CLA’s less than 80% while scheduling, working towards or completing reappraisal activity. Reappraisal is discussed in more detail in the following section.

REAPPRAISAL

In conjunction with the equalization study, which annually determines the ratio of locally listed Grand List values to current fair market real estate values, when a town updates their local Grand List through a reappraisal of property values, they must notify and work with the State to ensure that all reappraised properties were treated equitably and that the results are valid for inclusion in the statewide equalization study.

The evaluation of reappraisal activity involves the calculation of three statistical equity measures:

- Equal treatment of sold and unsold properties
- Equal treatment of homestead and nonhomestead properties
- Overall reappraisal coverage.

This is done using the reappraised Grand List values and, where appropriate, comparing these values to the prior year's Grand List values. More detail on these equity measures can be found in the PVR publication: [Reappraisal Activity for the Equalization Study \(tax.vermont.gov\)](https://tax.vermont.gov).

Recall that the equalization study is a ratio study that adjusts a town's Grand List based on the comparison of listed values to sales prices. As a rule, the listed value at the time of a sale is compared to the sale price. This procedure does not work for reappraisal towns where the Grand List has been updated to reflect more appropriate values. To evaluate a reappraised Grand List, it is necessary to use the new Grand List values to calculate ratios that reflect the reappraisal activity. In the year that a town updates their Grand List values and completes a reappraisal, they will receive a recalculated CLA for the purposes of setting their education property tax rates, 32 V.S.A. § 5406(c).

PVR District Advisors and staff assist towns throughout the reappraisal process. Towns are required to submitted detailed reappraisal plans to PVR for review, which not only provides notification of the reappraisal activity but allows for review and communication to ensure that the reappraisal results will be acceptable and relevant for the equalization study.

Additionally, per 32 V.S.A. § 4052, municipalities carrying out appraisals of real property for the purpose of taxation must employ a person, firm, or corporation approved by the Director of PVR. The program for certification by the Director of PVR requires the completion of certain education and certifications. Renewal must be completed every five years upon evidence of continued education. As highlighted throughout this report, PVR offers courses and education for the advancement and training of municipal listers and assessors across the State.

As highlighted in a following section the State of Vermont provides each municipality with \$8.50 per parcel annually to assist with the costs associated with municipal reappraisal.

Local municipalities may either voluntarily choose to reappraise their Grand List or municipalities may be statutorily directed to reappraise. Vermont Law 32 V.S.A. § 4041a(b), requires that a municipality maintain its Education Grand List at a common level of appraisal (CLA) that is between 85% and 115% or a coefficient of dispersion (COD) that is at or below 20%, as determined by the Director of Property Valuation and Review (PVR). If the Education Grand List falls outside either of these parameters, the Director must order the

municipality to reappraise. In 2021, PVR issued 42 reappraisal orders, for 36 towns it was their first year falling out of the statutory bounds, six received an order in the prior year and have not yet completed their scheduled reappraisal. This represents approximately 16% of Vermont municipalities.

As briefly discussed in the prior section, there is concern about the significant need for reappraisal in Vermont and the availability of professionals needed to perform the work. As seen in the Table 9, in the past 10 years there have been approximately 16 reappraisals completed each year. It is becoming increasingly difficult for towns that require a reappraisal to reappraise in a timely manner.

Table 9: Number of Municipalities Reappraised per Year

Tax Year	Reappraisals
2022	16
2021	15
2020	16
2019	22
2018	14
2017	17
2016	18
2015	11
2014	17
2013	20
2012	21

CURRENT USE

In 1978, the Vermont legislature passed a law establishing the Use Value Appraisal of Agricultural, Forest, Conservation and, Farm Buildings Property. Today, this program is known as “Current Use” and is administered by PVR with assistance from the Department of Forests, Parks and Recreation, local assessing officials, and town clerks. The purposes of the program as defined by 32 V.S.A. § 3751 are to:

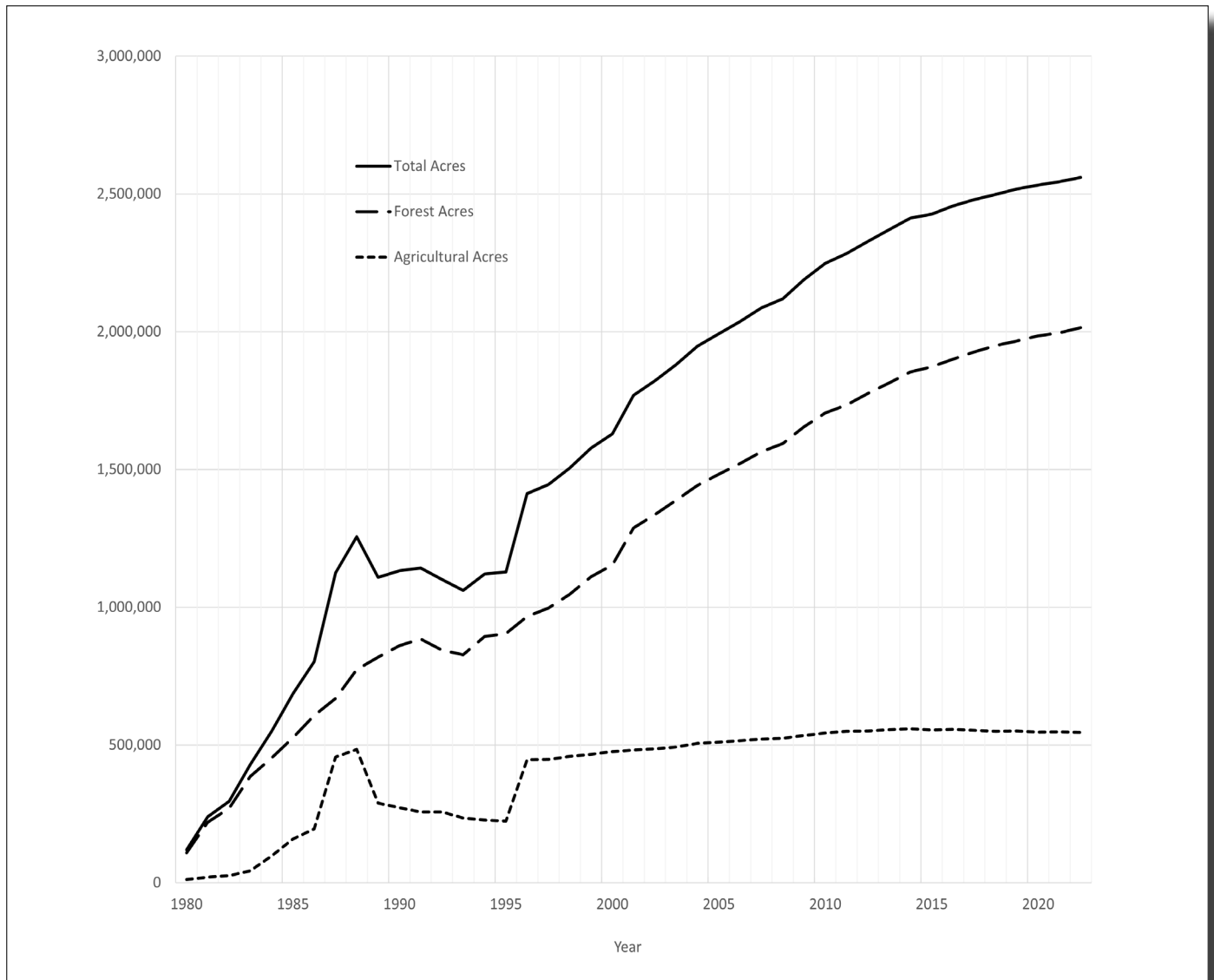
- Encourage and assist the maintenance of Vermont’s productive agricultural and forestland;
- Encourage and assist in their conservation and preservation for future productive use and for the protection of natural ecological systems;
- Prevent the accelerated conversion of these lands to more intensive use by the pressure of property taxation at values incompatible with the productive capacity of the land;
- Achieve more equitable taxation for undeveloped lands;
- Encourage and assist in the preservation and enhancement of Vermont’s scenic natural resources;
- Enable the citizens of Vermont to plan its orderly growth in the face of increasing development pressures in the interests of the public health, safety and welfare

Landowners may apply to have eligible land and farm buildings enrolled in the program. In return for agreeing to keep the property in agricultural and forest production, the landowner pays both education and municipal property taxes based on use value rather than assessed value.

Enrolled land is encumbered with a contingent lien in favor of the State of Vermont to ensure payment of the land use change tax. The land use change tax is due when the property is developed or if the owner wishes to remove the lien. Details on the land use change tax and withdrawals are detailed below.

In 1980 when the program started providing property tax benefits, there were fewer than 120,000 acres enrolled. Currently, there are more than 19,000 parcels of land enrolled totaling more than 2.5 million acres, about one-third of Vermont’s total land (Figure 1 and Table 10). Based upon an analysis of owners’ ZIP codes, 23% of parcels are owned by persons living out-of-state and they account for 30% of the land enrolled.

Figure 1: Acreage Enrolled in Current Use Program by Year



The underlying data for Figure 1 is included with the supplemental digital data provided with this report.

For 2022, the Current Use Program reviewed 2,031 applications. Of these, 361 were new enrollments, 318 were additions, and 1,351 were associated with transfers. Of the 2,031 applications, the Department of Forests, Parks, and Recreation’s County Foresters were involved in the review of 1,742 applications.

Table 10: Annual Current Use Enrollment

Tax Year	Parcels	Owners	Agricultural Acres	Forest Acres	Total Acres
2022	19,535	15,954	545,477	2,014,163	2,559,641
2021	19,415	15,840	547,617	1,996,378	2,543,995
2020	19,258	15,669	547,019	1,984,714	2,531,733
2019	19,086	15,490	551,230	1,966,681	2,517,911
2018	18,910	15,307	549,319	1,949,198	2,498,517

Tax Year	Parcels	Owners	Agricultural Acres	Forest Acres	Total Acres
2017	18,723	15,147	553,372	1,926,499	2,479,871
2016	18,457	14,905	556,489	1,900,188	2,456,636
2015	18,154	14,653	554,078	1,872,070	2,426,149
2014	18,020	14,553	558,320	1,853,765	2,412,096
2013	17,647	14,246	555,234	1,814,585	2,369,819
2012	17,190	13,831	551,055	1,776,153	2,327,208

Enrolled Farm Buildings

Farm buildings in active agricultural use may be enrolled in the program. To enroll farm buildings, either the owner must earn 50% of their gross annual income from the business of farming or they must lease to a person who earns 50% of their gross annual income from the business of farming. This includes dwellings used for farm employee housing.

By statute, the use value on farm buildings is established at 0% of fair market value, which means the landowner pays no property tax on these buildings (32 V.S.A. § 3752(12)). For 2022, the value of farm buildings on a parcel enrolled in the program ranged from \$500 to \$7.129 million. The total assessed value of enrolled farm buildings for the 2022 tax year was \$307,433,299 on 1,761 parcels (Table 11).

Table 11: Farm Building Enrollment

Tax Year	Parcels with Farm Buildings	Listed Value of Farm Buildings
2022	1,761	\$307,433,299
2021	1,793	\$307,157,889
2020	1,810	\$305,068,797
2019	1,826	\$303,037,074
2018	1,840	\$296,843,298
2017	1,877	\$293,998,305
2016	1,892	\$286,186,203
2015	1,843	\$266,363,596
2014	1,879	\$272,374,020
2013	1,883	\$266,749,350
2012	1,857	\$257,446,331
2011	1,851	\$251,682,401

Use Values

The Current Use Advisory Board (CUAB) is charged with adopting rules, providing administrative oversight, and establishing use values. The CUAB meets annually to set use values using data provided by the Agency of Agriculture, Food and Markets and by the Department of Forests, Parks and Recreation. Pertinent data includes but is not limited to the net annual stumpage value per acre for forestland use values. Pasture and crop land rental are the basis for determining the use value of agricultural land. The Current Use Advisory Board meets in mid-January to establish the use values for the year. Annual Use values are summarized in Table 12.

Table 12: Annual Use Values

Tax Year	Forest Land Value per Acre	Forest Land Value Greater than One Mile from Road per Acre	Agriculture Land Value per Acre
2023	TBD	TBD	TBD
2022	\$170	\$128	\$429
2021	\$152	\$114	\$405
2020	\$151	\$113	\$382
2019	\$145	\$109	\$362
2018	\$136	\$102	\$347
2017	\$135	\$101	\$326
2016	\$135	\$101	\$306
2015	\$131	\$98	\$289
2014	\$118	\$89	\$279
2013	\$119	\$89	\$265
2012	\$123	\$92	\$254

Program Costs and Tax Savings

The cost of the Current Use Program is defined by the loss of education and municipal property tax revenues that the owners don't pay because they are taxed at the Use Value instead of the assessed value of their enrolled land and buildings. Conversely, an owner would view this difference as a tax savings because they were enrolled in the program. The value of the program to Vermont's working landscape, related industries, and environmental quality are not quantified here, but are viewed as significant. The tax savings shown in Table 13 are provided in more detail, at a statewide and municipal level, in the supplemental data accompanying this report.

Table 13: Current Use Tax Savings to Landowners

Tax Year	Municipal Tax Savings to Enrolled Landowners	Education Tax Savings to Enrolled Landowners	Total Tax Savings to Enrolled Landowners
2022	\$18,075,693	\$47,552,112	\$65,630,805
2021	\$17,237,387	\$49,377,071	\$66,614,458
2020	\$17,322,844**	\$49,179,608**	\$66,502,452**
2019	\$16,507,284	\$47,594,167	\$64,101,451
2018	\$16,195,274**	\$46,925,733**	\$63,121,007**
2017	\$15,553,999**	\$45,361,043**	\$60,915,042**
2016	\$14,530,332**	\$45,161,146**	\$59,691,478**
2015	\$14,519,248	\$44,609,223	\$59,128,471
2014	\$14,530,332	\$45,161,146	\$59,691,478
2013	\$13,890,827	\$43,110,537	\$57,001,364
2012	\$13,384,246	\$41,209,109	\$54,593,355

**These figures have been updated from prior year reports.

The municipal tax savings to enrolled landowners is the total municipal taxes that are not paid due to enrollment in the State Current Use program. To compensate municipalities for the loss in property tax revenue, municipalities receive an annual payment from the state, often called the “Hold Harmless Payment.” This payment is designed to make up the difference between the municipal taxes paid at use value and the municipal taxes that would be paid on the fair market value of enrolled land and buildings. These municipal payments are paid out of the State’s General Fund. The landowner tax savings for the education property taxes are forgone revenue (taxes never paid) to the State Education Fund.

Land Use Change Tax

A one-time Land Use Change Tax (LUCT) is levied when enrolled land is “developed” according to the Current Use Statute, 32 V.S.A. § 3752(5). The LUCT becomes due when enrolled land or previously enrolled land becomes developed, or the owner wishes to remove the lien. Alternatively, landowners may withdraw from the program without paying the tax, provided they have not developed the land and the lien continues. The lien remains on the land until the LUCT is paid.

Withdrawals of enrolled land and buildings are summarized in Table 14. The LUCT is currently assessed at 10% of the fair market value of the developed land. Half of the LUCT assessed up to a maximum of \$2,000 is remitted to the municipality where the property is located.

Enrolled buildings do not have a lien placed on them and no LUCT is calculated or due when they are removed from enrollment.

Table 14: Withdrawals of Enrolled Land and Buildings and Land Use Change Tax (LUCT)

Calendar Year	LUCT Assessed on Developed Acres	LUCT passed on to Municipality	Acres Developed and/or Lien Removal Requested	Acres Withdrawn (LUCT Not Due)	Number of Farm Buildings With-drawn	Number of Completed Withdrawals
2022	\$1,725,911	\$556,911	2,013	23,516	260	778
2021	\$1,289,306	\$407,463	1,466	18,259	90	511
2020	\$516,061	\$229,261	889	20,362	106	451
2019	\$761,257	\$274,904	1,196	17,452	133	492
2018	\$714,088	\$311,085	1,028	19,844	295	592
2017	\$753,392	\$210,935	1,502	9,865	-	399
2016	\$432,534	-	1,487	9,792	-	344
2015	\$398,881	-	1,483	5,119	-	358
2014	\$418,604	-	1,826	10,863	-	453
2013	\$575,675	-	2,350	8,331	-	457
2012	\$528,492	-	3,005	8,792	-	432
2011	\$539,781	-	2,865	10,271	-	412
2010	\$528,710	-	1,807	5,484	-	341

PROPERTY TAX EXEMPTIONS

As per 32 V.S.A. Chapter 125, certain classifications of property are exempt from property taxation. PVR assists towns in managing statutory exemptions and annually reports on the number of property tax exemptions by town.

By statute, several types of properties are exempt, including the following:

- Property owned by the United States
- State and municipal governments
- Organizations chartered by act of Congress including veterans' organizations
- Red Cross
- Boy and Girl Scout organizations

Also covered under this statute are real and personal estate that is:

- Used for public, pious, and charitable uses
- Property owned and occupied by a Young Men's or a Women's Christian Association
- Land and buildings used for cemetery purposes
- Grounds and property owned by agricultural societies so long as the same are used annually for agricultural fairs
- Property owned by a Native American tribe or owned by a nonprofit organization that is organized for the tribe's benefit and controlled by the tribe, provided the property is used for purposes of the tribe and is not leased or rented for profit (added as of April 1, 2023)

Towns should list the statutorily exempt properties in their Grand Lists using a fair market value assessment. State Statute 32 V.S.A. § 3802(a) requires the owners of exempt properties to report the insurance replacement cost of certain types of exempt properties.

As explained in the previous section, Current Use is not a direct exemption. Current Use is a reduction in assessed value, resulting in fewer property taxes collected on the enrolled acreage.

If a municipality or city has a locally voted exemption or tax stabilization agreement which applies to the education property tax, the municipality must raise the forgone education revenue. Per 32 V.S.A. § 5404a(d) the municipality must assess a tax on its municipal Grand List at a rate sufficient to raise an amount equal to the difference between the municipality's total education property tax liability to the State, and the amount collected from education property taxes in the municipality after any municipally determined reductions. This tax must be identified on the tax bill of the municipality as a sperate separate tax, often called the local agreement tax rate.

A common example of a municipally voted exemption is per 32 V.S.A. § 3802(C) towns may vote to increase the education property tax exemption available to veterans from \$10,000 to \$40,000.

Data on the number of exempt properties, valuation method, and total listed value by town is included in the supplemental data accompanying this report. Statewide, in 2022, there were 11,017 statutorily exempt parcels for a total value of \$10.5 billion; 90% of which were valued using assessed value, 9% by insurance value, for 1% of exempt parcels the valuation method was underdetermined.

Tax Increment Financing

Some Vermont municipalities have State-approved Tax Increment Financing (TIF) districts. TIF is an economic development tool that allows a municipality to finance new construction from a portion of the anticipated new property tax revenues associated with the development. In a TIF district this growth in assessed value is referred to as an increment.

The municipality agrees to maintain the property taxes obligations that existed prior to the TIF development. A portion of any property tax revenues that result from the increment is dedicated to repaying the infrastructure debt associated with the development for a set duration, called the retention period. As of 2021, a TIF district in Vermont can retain 70% of the property taxes associated with the development growth. Once the retention period ends, the state/municipality receives the full tax revenue associated with the developed property value.

The education Grand List used in the determination of the CLA includes the value of the “increment” for those towns and cities with active tax increment financing district. The retention of Vermont statewide education property tax revenues associated with the developed increment is facilitated by a property tax exemption, which once applied reduces the education Grand List that will be reported to the Department of Education and used to determine the education tax liability.

As per 32 V.S.A. § 305b the Joint Fiscal Office is tasked with annually providing a consensus estimate of the impact to the Education Fund resulting from the TIF property tax revenue that is diverted at the January meeting of the Emergency Board. The consensus estimate for Fiscal Year 2023 (Grand List year 2022) is \$6.7 million.

HOMESTEAD DECLARATIONS AND PROPERTY TAX CREDITS

Through the State’s software and municipal data exchanges, PVR facilitates the transmission of information on resident homestead property ownership status to municipalities. A homestead is the principal dwelling and parcel of land surrounding the dwelling, owned, and occupied by the resident as the person’s primary domicile, 32 V.S.A. § 5401(7).

By Vermont law, property owners whose homes meet the definition of a Vermont homestead must file a Homestead Declaration annually by the April filing deadline. Filing is imperative to ensure that property owners are assessed the correct education property tax rate. It is the responsibility of the property owner to annually claim the property as a homestead.

In Vermont, all property is subject to education property tax to pay for the state’s schools. For this purpose, property is categorized as either nonhomestead or homestead.

All property is considered nonhomestead unless it is declared as a homestead. The education property tax rate levied on nonhomestead property differs from the rate levied on homestead property. The nonhomestead property tax rate is uniform Statewide, while the homestead education property tax rates are a function of locally voted education spending. The more a community elects to spend on education, the higher their homestead education tax rate will be. Both Statewide nonhomestead and spending-adjusted homestead education tax rates are adjusted by the common level of appraisal (CLA), as determined by the most recent equalization study.

In addition to receiving the homestead education property tax rate, income-eligible Vermont homeowners may receive assistance paying their property tax liabilities through the Vermont Property Tax Credit. Annually approximately two-thirds of Vermont homesteads receive a property tax credit. The credits show up on property tax bills as “State Payments.”

The education credit amount is equal to the difference between the education property taxes on the housesite (dwelling and up to two surrounding acres) for the prior year and education taxes based on prior calendar year income, both of which are tied to local per-pupil education spending. Households with income under \$47,000 may also receive an additional credit to their education property taxes based on income as prescribed in statute, regardless of per-pupil spending amounts. The total amount of foregone revenue to the education fund in FY22 for these credits is in the “Education Property Tax Credit” column in Table 14. Households with income of \$47,000 or less are also eligible for a municipal tax credit if their housesite municipal property taxes for the prior year exceeded the applicable percentage of income prescribed in statute. The state general fund reimburses municipalities for the revenue lost due to the municipal tax credit.

[Annual state and town level property tax credit statistics are available on the Department of Taxes website \(tax.vermont.gov\).](https://tax.vermont.gov)

A summary of property education property tax credits by year is included in Table 15.

Table 15a: Education Property Tax Credits by Year

Tax Year	Education Property Tax Credit	Municipal Property Tax Credit	Total	% Change
2022	163,443,433	15,601,393	179,044,826	-4.73%
2021	171,994,644	15,946,742	187,941,386	-0.27%
2020	171,763,068	16,680,080	188,443,148	2.68%
2019	167,148,100	16,374,320	183,522,419	1.79%

*Please note report format change from 2018 to 2019.

Table 15b: Education Property Tax Credits by Year

Tax Year	School Property Tax Adjustment	Circuit Breaker Adjustment	Total	% Change
2018	158,404,367	21,898,863	180,303,230	-4.59%
2017	165,982,509	22,989,536	188,972,045	2.32%
2016	161,682,400	23,004,392	184,686,791	7.01%
2015	150,629,373	21,961,680	172,591,053	3.28%
2014	145,667,879	21,443,241	167,111,120	5.53%
2013	137,532,417	20,821,834	158,354,251	2.81%
2012	134,703,320	19,327,021	154,030,341	-5.44%
2011	142,955,566	19,937,335	162,892,901	-1.65%
2010	145,309,090	20,321,655	165,630,745	6.98%
2009	135,850,961	18,968,027	154,818,988	16.96%
2008	115,395,480	16,973,707	132,369,187	1.32%
2007	114,675,634	15,971,405	130,647,039	-

* To make property tax bills easier to understand, Act 11 of 2018 split the calculation and appearance of property tax credit on the taxpayer's bill into its education and municipal components. The presentation of the credit totals in the table above were revamped to reflect that change, and to provide totals consistent with other state accounting documents.

STATEWIDE EDUCATION AND MUNICIPAL PROPERTY TAX RATES

The information and design of Statewide education property tax bills are statutorily defined. The statewide Grand List and property tax administration software provides municipalities tools to print tax bills. Municipalities may also use this functionality to print their municipal tax bills.

PVR collects data on all municipal tax rates. Municipal tax rates, local agreement tax rates, and education tax rates for the current year accompany this report in [digital spreadsheet format \(tax.vermont.gov\)](https://tax.vermont.gov/digital-spreadsheet-format).

Each year the Legislature sets a homestead education property yield and a nonhomestead tax rate to fully fund all the locally voted school budgets across the state. The statewide education homestead property yield, nonhomestead education rate, and education spending, are detailed in Table 16. Education spending is uniquely defined in 16 V.S.A. § 4001(6).

For more information on the [determination of education tax rates please refer to the Tax Department website for in-depth explanations on the process \(tax.vermont.gov\)](https://tax.vermont.gov/determination-of-education-tax-rates).

Table 16: Education Property Tax Yield, Equalized Nonhomestead Tax Rate and Education Spending by Year

Tax Year	Homestead Base Rate (%)	Homestead Property Yield (\$)	Nonhomestead Equalized/Base Rate (%)	Education Spending (\$)
2022	1.00	13,314	1.466	1,576,698,173
2021	1.00	11,317	1.612	1,496,610,620
2020	1.00	10,998	1.628	1,481,991,518*
2019	1.00	10,648	1.594	1,426,223,756
2018	1.00	10,220	1.580	1,371,380,462
2017	1.00	10,160	1.535	1,348,459,844
2016	1.00	9,701	1.535	1,304,289,466
2015	0.99	-	1.535	1,285,834,776
2014	0.98	-	1.515	1,250,342,064
2013	0.94	-	1.440	1,217,808,313
2012	0.89	-	1.380	1,158,753,333
2011	0.87	-	1.360	1,125,189,915
2010	0.86	-	1.35	1,130,803,523
2009	0.86	-	1.35	1,132,474,781

*Revised FY21 education spending to include Oxbow USD; in January of 2020 they had not yet passed their FY21 school budget.

The amount of tax revenue raised by application of the statewide homestead property yield, nonhomestead property tax rate and municipal taxes are detailed in the Table 17. The data presented reflect the gross amount of property tax revenue raised based on exclusively on property value. The gross revenue numbers do not

reflect the property tax credits awarded to Vermont taxpayers that are eligible to pay a portion of the property tax liabilities based on their household income.

Table 17: Gross Education, Municipal, and Total Taxes Assessed, Prior to Application of Property Tax Credits (\$ Millions)

Tax Year	Education Funding Taxes	Municipal Taxes*	Total Taxes	% Change in Education Funding Taxes	% Change in Municipal Taxes	Total % Change
2022	1,372	592	1,964	-2.4%	5.9%	0.0%
2021	1,406	559	1,965	2.8%	2.1%	2.6%
2020	1,367	547	1,915	4.2%	4.4%	4.2%
2019	1,313	524	1,837	3.0%	4.0%	3.3%
2018	1,275	504	1,779	3.3%	4.0%	3.5%
2017	1,234	485	1,719	1.0%	3.0%	1.5%
2016	1,223	470	1,693	1.0%	2.3%	1.3%
2015	1,211	460	1,671	2.7%	3.7%	2.9%
2014	1,180	443	1,623	5.3%	3.6%	4.9%
2013	1,120	428	1,548	4.1%	4.5%	4.2%
2012	1,075	409	1,485	0.9%	3.7%	1.7%
2011	1,065	395	1,460	-0.6%	1.8%	0.0%
2010	1,072	388	1,459	1.9%	1.9%	1.9%
2009	1,052	381	1,432	5.1%	3.3%	4.6%

*Municipal taxes include town/city level taxes plus taxes of villages and special districts.

Effective Tax Rates

Effective tax rates can be defined as the rates that would be in effect if all towns were appraised at 100% of fair market value. In practice they are calculated as the property tax revenues paid in a given calendar year divided by the equalized Grand List for that year. Effective tax rates can only be calculated at the end of the year once the equalized Grand List has been determined in the annual PVR equalization study.

Table 18: Education, Municipal and Total Effective Tax Rates (EFT)

Tax Year	Homestead Education EFT	Nonhomestead Education EFT	Municipal EFT*	Homestead Total EFT	Nonhomestead Total EFT
2022	1.25	1.31	0.55	1.79	1.86
2021	1.44	1.50	0.58	2.01	2.08
2020	1.49	1.57	0.61	2.10	2.17
2019	1.48	1.55	0.60	2.08	2.15
2018	1.48	1.55	0.59	2.07	2.14
2017	1.49	1.51	0.59	2.08	2.10
2016	1.53	1.54	0.57	2.10	2.11

Tax Year	Homestead Education EFT	Nonhomestead Education EFT	Municipal EFT*	Homestead Total EFT	Nonhomestead Total EFT
2015	1.52	1.53	0.57	2.08	2.09
2014	1.49	1.50	0.55	2.04	2.05
2013	1.41	1.45	0.51	1.92	1.96
2012	1.34	1.40	0.50	1.84	1.90
2011	1.29	1.39	0.47	1.76	1.86
2010	1.26	1.38	0.45	1.71	1.83
2009	1.21	1.33	0.44	1.65	1.77

*Municipal taxes include town/city level taxes plus taxes of villages and special districts.

APPEALS TO THE PROPERTY TAX HEARING OFFICER

Property owners can appeal, or “grieve” their property values established by the municipality. Under 32 V.S.A. §§ 4461-4469, property owners have the right to appeal decisions of the local boards of civil authority to either the Superior Court or the Director of PVR. The application fee to appeal to the Director of PVR is considerably lower than the fee to appeal to the Superior Court. In a PVR hearing either party may be represented by counsel, but legal representation is not required.

The PVR appeal is a property owner’s opportunity to have someone outside of town government listen to the property owner’s concerns. This is an important part of assuring the property owner that the appeal process is ultimately fair and impartial. Prior to the appeal reaching PVR, the property owner will have presented the case to the listers who set the value in the first instance, and then appeal the value to the Board of Civil Authority (BCA). The BCA is made up of elected municipal officials (legislative body and justices of the peace, primarily) who may have little or no experience with property valuation questions.

The hearing officer does not conduct an independent appraisal to determine a value of the property. The role of the hearing officer is to collect evidence from the parties involved in the appeal, weigh the evidence to find the essential facts relevant to the questions on appeal, and use the evidence to prepare written findings and reach a conclusion.

The Director appoints independent hearing officers. A hearing officer must have the skills to apply the law related to property value appeals (burden of proof, presumption of validity of the town’s valuation, and similar procedural matters) as well as a basic understanding of the concepts of property law.

PVR pays a per diem and related expenses to the hearing officers and provides legal and administrative support on an as-needed basis. Once assigned, the hearing officers handle most administrative and recordkeeping functions, such as mailing notices, coordinating hearings, and maintaining the record, as well as conducting the hearing and writing the decision.

A PVR docket clerk handles the docketing of appeals, appeal assignments, monitors case flow, and distributes the final decisions, as well as offers administrative support when a decision of a hearing officer is appealed to the Vermont Supreme Court.

Currently, there are four hearing officers. PVR is actively recruiting to increase the number of hearing officers, to ensure hearings are conducted in a timely manner.

More [detailed information and guidance about the appeals process is available \(tax.vermont.gov\)](https://tax.vermont.gov).

Appeal Activity

PVR received 44 appeals based on the 2021 Grand List. Combined with prior-year active appeals, in calendar year 2022, 42 appeals were closed while 13 remain open (12, Grand List 2021, and 1, Grand List 2020). The results and status of these prior year appeals are summarized in Figure 2 and Figure 3. In the figures, FMV stands for fair market value.

Figure 2: PVR Appeal Activity in Calendar Year 2022

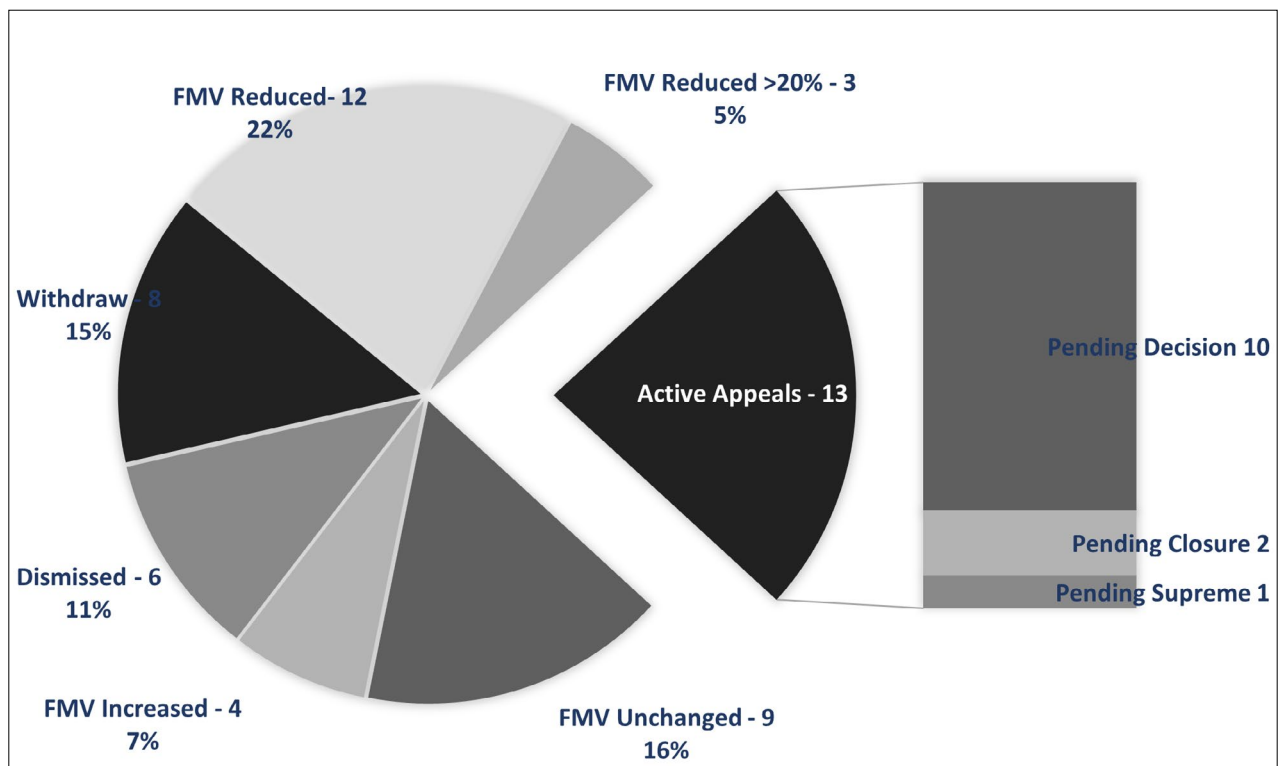
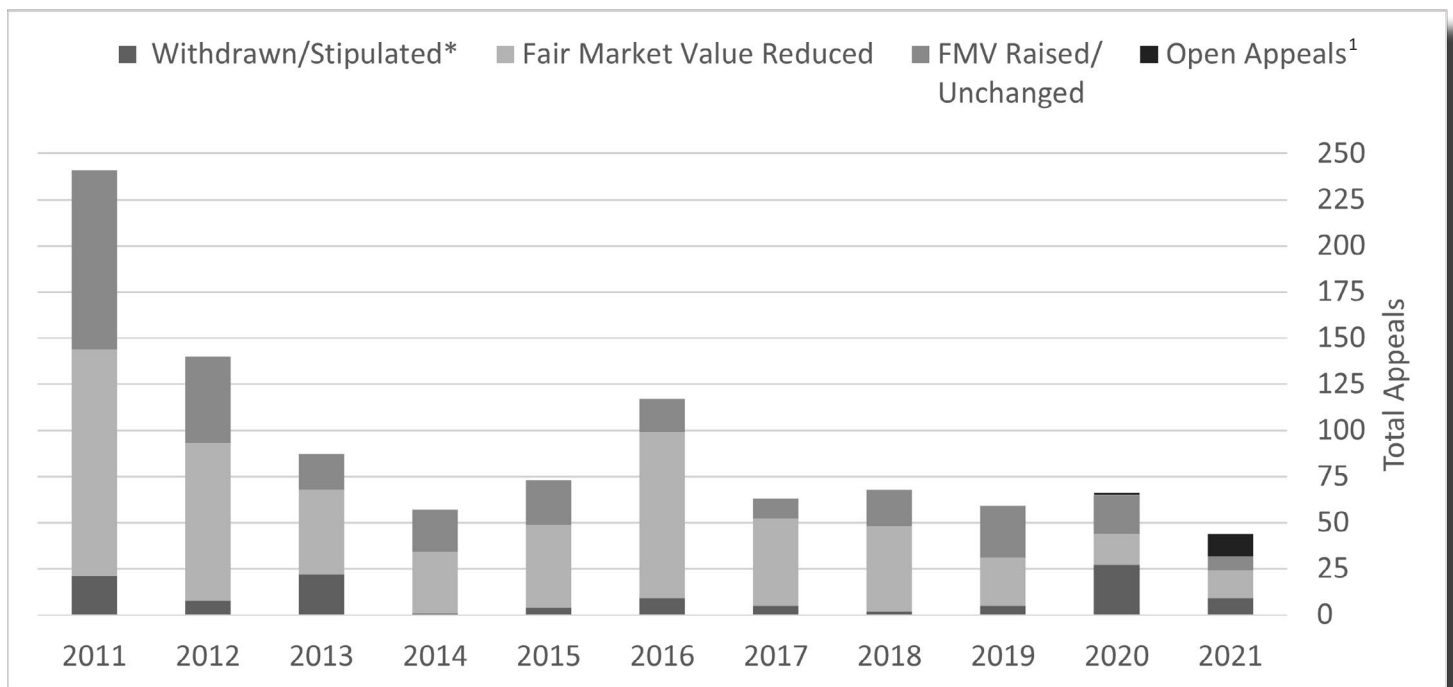


Figure 3: Current Status of Appeals by Year 2011 - 2021



¹“Open appeals” were distinguished from total appeals beginning in 2015.

*Beginning in 2019, stipulations are separated from withdrawals and incorporated into raised/reduced FMV totals.

As of December 20, 2022, PVR has received 11 appeals based on the 2022 Grand List. Appeals based on the 2022 Grand List will continue to be received as appeals move through the legal process.

MUNICIPAL GRANT PROGRAMS

The Vermont Department of Taxes assists the Agency of Administration in issuing payments to Vermont towns and cities for several programs. The breakdown of all appropriations/payments for fiscal year 2023 follows:

Program	Fund	Amount
Current Use Hold Harmless Payment	General Fund	\$17,708,638
PILOT for State Owned Buildings	General Fund	\$9,750,000
Reappraisal and Grand List Maintenance	General Fund	\$2,855,184
Assistance with Equalization Study	General Fund	\$335,904
Lister Education	General Fund	\$100,000
Request for List Value Adjustment	Education Fund	\$1,000,000

The largest of the department programs is the municipal Hold Harmless payment for the Current Use program. This program reimburses municipalities for property tax revenue not collected from persons enrolled in the Current Use program. The Current Use program is described in detail in this report. [Current and historical hold harmless payments are available on the Tax Department's website \(tax.vermont.gov\)](https://tax.vermont.gov).

The Department's second largest payment program is Payment-In-Lieu-Of-Taxes (PILOT). Annual PILOT payments are made to municipalities to compensate for municipal taxes not collected due to the presence of state-owned buildings in a municipality. These payments are made annually on or before November 1. Payment is based on the value of state-owned property under 32 V.S.A. § 3701. More information on the [PILOT program and payments is available on the Tax Department's website \(tax.vermont.gov\)](https://tax.vermont.gov).

For the most part, the remaining General Fund programs provide payments to municipalities to assist them with the cost of Grand List maintenance and to help pay for the cost of reappraisals.

These programs make annual payments to municipalities for the following:

- Payments (\$8.50 per parcel) that must be used by a municipality for Grand List maintenance and reappraisal costs
- Payments (\$1 per parcel) to reimburse municipalities for the assistance they provide to PVR in conducting the annual equalization study

Since the passage of Act 60 and Act 68, funding on a per-parcel basis has been available for each municipality for costs related to acquiring assessment education for municipal assessment officials under 32 V.S.A. § 3436. Lister Education funds are used by PVR to offer educational courses to Vermont listers and assessors. The goal is that the funds are used as intended, so that all listers regardless of location or finances can access these courses, to ensure consistent and widespread education of assessing officials for the protection of the Grand List and subsequent taxation implications.

Municipalities are eligible to receive assistance from the Education Fund for list value adjustments. As per 32 V.S.A. § 5412, PVR annually considers requests from municipalities for a recalculation of education property tax liabilities when the municipal education Grand List has lost value due to a determination, declaratory judgement, or settlement. Appeals and determinations can often take several years to settle. The municipality will have already passed the education property tax revenue associated with the appealed property on to the Education Fund. Therefore, when the appeal is finalized at a lower Grand List value, the municipality

must reimburse the property owner the education and municipal property tax liabilities associated with the reduction from their municipal funds.

In the year that the appeal has been finalized a municipality can apply for a recalculation of their past education property tax liabilities based on the settled grant list values. The municipality must demonstrate that their actions in the appeal or court action were consistent with the best practices for property valuation as published and maintained by PVR. PVR will review each determination for proof that the settlement resulted in a parcel valuation that is consistent with fair market value.

Applications are due in January for determinations of property valuation appeals that were resolved in the previous year. The appeals and settlements can span multiple years and can be attributed to any education property tax classification.

There is an annual limit of the amount of education funds available for reimbursement to municipalities across the state. If reduction amount associated with appeals and settlements exceeds the funding, PVR will prorate the reduction adjustments across all the municipal requests. This may result in all approved municipalities receiving an adjustment of less than the full financial impact of the settled reduction in Grand List value.

The approved and prorated (if applicable) reduction amount will be applied as a property exemption in the education Grand List associated with the calendar year of settlement. The exemption value when multiplied by the municipal education tax rate will be equal to the education property tax owed to the municipality for the reimbursement associated with the appeal/settlement. No money will directly exchange hands, the overall current year education tax liability for the municipality will be reduced by the PVR-awarded reduction amount. Exemptions are awarded in March and are applied to the current fiscal year education property tax liabilities.

The history of the best practice awards is summarized in Table 19. The program was initiated in 2017. As of January 1, 2023, the appropriation for this program was increased from \$100,000 to \$1,000,000 annually. Awards administered in March of 2023, for settlements finalized in calendar year 2022 will be eligible for the increased reimbursement.

Table 19: Awarded Requests for List Value Adjustments

Calendar Year of Settlements	Number of Towns Awarded Adjustment	Total Reduction Value Requested	Total Reduction Value
2021	3	\$142,600	\$100,000
2020	2	\$56,012	\$56,012
2019	1	\$3,163	\$3,163
2018	1	\$8,191	\$8,191
2017	6	\$104,237	\$100,000

REAL ESTATE TRANSACTION TAXES

Property Transfer Tax

Property transfer tax is a tax on the transfer of title to real property in Vermont. The tax applies to both property transfers by deed and to acquisitions of a controlling interest in an entity with title to a property. The property transfer tax is based upon the value of the property, although exemptions exist that may reduce or waive this tax. A property transfer tax return must be filed even if no tax is due.

Property transfer tax returns provide critical information that is used by the Department of Taxes, real estate professionals, and the public. Uses of the data include tracking real estate trends, identifying changes to the Current Use program enrollments, and providing the main data set for the equalization study discussed extensively in this report. [Information and reporting on the property transfer taxes can be found on the Tax Department's website \(tax.vermont.gov\)](https://tax.vermont.gov).

The revenue from the property transfer tax, net of adjustments, is summarized in the Table 20.

Table 20: Net Revenue from Property Transfer Tax

Fiscal Year	Property Transfer Tax Revenue
2022	\$77,663,704
2021	\$73,920,769
2020	\$42,279,041
2019	\$41,130,560
2018	\$46,144,652

Land Gains Tax

Land gains tax is a tax on the gain from land that has been purchased and subdivided by the transferor within six years prior to the sale or exchange of the land, or timber or rights to timber when sold within six years of their purchase, provided the underlying land is also sold within six years. Underlying land means the land from which timber or timber rights have been separated, whether subdivided or not.

The main purpose of a land gains tax is to discourage “speculation,” the holding of subdivided land for a short period and selling at a profit. The tax rate is calculated on a sliding scale based on the seller’s holding period and the percentage of the gain relative to the basis. Tax rates decrease as the length of the holding period increases. Tax rates increase as the percentage of gain realized increases. Act 71 created an exemption for land transferred in a downtown development district, a village center, growth center, or new town center development.

The land gains tax is typically paid by the seller, though in certain circumstances, this liability is transferred to the buyer. If there isn’t an exemption to waive filing the tax return, the buyer is required to withhold 10% of the purchase price of the land at closing and send this money to the Department of Taxes. Both the buyer and seller are required to file returns to report the transfer within 30 days of the closing, and the withholding is credited towards any tax due as shown on the returns. The seller may avoid the 10% withholding payment by either obtaining a Commissioner’s Certificate from the Department or by paying the actual tax due at closing.

The revenue from the property transfer tax, net of adjustments, is summarized in the Table 21.

Table 21: Net Revenue from Land Gains Tax

Fiscal Year	Land Gains Tax Revenue
2022	\$614,393
2021	\$244,333
2020*	\$36,565
2019	\$2,086,725
2018	\$2,621,606

*A legislative change effective January 1, 2020, limited the land gains tax obligation to subdivided properties, reducing the tax basis and the associated land gains tax revenue. The reduced net revenue in FY20 is partially attributable to refund activity from prior years being netted against a smaller inflow of revenue.

Real Estate Withholding

State income tax is due on a capital gain from the sale of some real estate sold in Vermont. If the seller is a nonresident of Vermont, the buyer is required to withhold 2.5% of the payment for the property being transferred and remit it to the Vermont Department of Taxes. Although the buyer is responsible for retaining the real estate withholding at closing, the seller receives a credit to be used on the seller's income tax return. Since a gain from the sale of real estate is taxable to a nonresident, the withholding provides assurance that an income tax return will be filed with Vermont. The rate of withholding is 2.5% of the sales price.

The Department may issue a Commissioner's Certificate for reduced withholding when the seller can establish the 2.5% withholding exceeds the seller's maximum tax liability. The seller must meet certain requirements to be eligible for a certificate.

The amount of real estate withholding collected by the Department is summarized in the Table 22

Table 22: Real Estate Withholding Collected

Fiscal Year	Real Estate Withholding Collected
2022	\$39,817,095
2021	\$27,949,159
2020	\$12,558,744
2019	\$14,141,016
2018	\$14,124,327

The amount of tax due on the real estate transaction is finalized when the nonresident seller files their income tax return. The real estate withholding retained at closing is provided as a credit against their tax liability. If the amount withheld is greater than the tax due, a refund is issued. If the withholding does not sufficiently cover the liability, the seller is responsible to pay the additional tax due. Revenue figures associated with overpayments and underpayments associated with nonresident real estate transactions are incorporated into the overall income tax revenue statistics.

CONCLUSION

The Vermont statewide education property tax is reliant on coordination and cooperation from all the municipal officials that maintain their local Grand Lists, many of whom have been serving for many years. We would like to offer our appreciation to these dedicated Vermonters.

ACRONYMS AND TERMINOLOGY

Term	Definition
Arm's Length Sale	In real estate, an arm's length transaction is when the buyer and seller each act independently in their own self-interest and have no relationship to each other.
Average Circuit Breaker	The Circuit Breaker Adjustment for a specific town divided by the number of Circuit Breaker Recipients.
Average Educational Fund Adjustment	The total Education Fund Tax Adjustments divided by the number of recipients.
Common Level of Appraisal (CLA)	The ratio of a school district's total taxable unequalized education property value to the total taxable EEPV is the common level of appraisal (CLA). The CLA is used to equalize the education property tax rates throughout the state.
Computer Assisted Mass Appraisal System (CAMA)	A tool used by listers and appraisers to standardize property assessment.
Circuit Breaker Adjustment	The additional adjustment provided to households with income under \$47,000 per year that caps the total property tax liability at the specified percentage of income.
Circuit Breaker Recipients	The number of housesite claimants qualifying for the Circuit Breaker Adjustment.
Coefficient of Dispersion (COD)	Measure of the equity across property assessments in a given category and the municipality's grand list. The COD represents the degree to which individual property valuations vary from the average level of appraisal in that particular municipality. A high COD indicates a need for a reappraisal.
Current Use Advisory Board (CUAB)	Charged with adopting rules, providing administrative oversight, and establishing use values for the Current Use Program.
Current Use Program	Also known as the Use Value Appraisal Program. The purpose of the Current Use Program is to allow the valuation and taxation of farm and forest land based on its remaining in agricultural or forest use instead of its value in the marketplace. The primary objectives of the program are to keep Vermont's agricultural and forest land in production, help slow the development of these lands, and achieve greater equity in property taxation on undeveloped land.

Term	Definition
Education Fund Tax Adjustment	The amount of revenue foregone by the Education Fund to pay for the property tax adjustment credits, excluding the Circuit Breaker.
Equalized Education Property Value (EPPV)	The equalization study's estimate of market value for a municipality .
Effective Tax Rate (EFT)	Rates that would be in effect if all towns were appraised at 100% of market value with no equalization adjustment.
Fair Market Value	The value at which a property would be expected to sell in an arm's length sale.
Grand List	Sum total of property value in a municipality divided by 100.
Housesite	A residence including supporting buildings and the surrounding land, up to two acres. For the purposes of enrollment in the Current Use program, more than one dwelling may share the same housesite, provided the dwellings are contained within a two-acre area. This allowance does not apply for unenrolled property.
International Association of Assessing Officers (IAAO)	IAAO (iaao.org) is a nonprofit, educational, and research association. It is a professional membership organization of government assessment officials and others interested in the administration of the property tax.
Land Use Change Tax (LUCT)	A tax that is assessed to participants in the Current Use Program (also known as Use Value Appraisal Program) when any portion of enrolled land is developed or removed from the program by the owner.
New England Municipal Resource Center (NEMRC)	Develops computer products and services for municipal governments. See NEMRC (nemrc.com/generalinfo.php) .
Nonhomestead	All property is considered "nonhomestead" (formerly "nonresidential"), unless it is declared as a homestead.
Payment-In-Lieu-Of-Taxes (PILOT)	Annual payments made to municipalities to compensate them for lost municipal tax revenue due to the presence of state-owned buildings in a municipality.
Property Valuation and Review (PVR)	A division of the Vermont Department of Taxes that oversees assessment and assessment practices, for the purpose of administering the statewide education property tax.

Term	Definition
Residential property, under six acres (R1)	A property category code used in identifying categories of properties on the Grand List.
Seasonal property, under six acres (S1)	A property category code used in identifying categories of properties on the Grand List.
Tax Increment Financing district (TIF)	A special program through the Vermont Economic Progress Council that allows towns to hold back a portion of their town’s education payment obligation to pay for infrastructure.
Use Value Program	See Current Use Program.
Unified Towns and Gores of Essex County (UTG)	The municipal government that consolidated administration for Averill, Avery’s Gore, Ferdinand, Lewis, Warner’s Grant, and Warren Gore.
Vermont Assessors and Listers Association (VALA)	VALA (vala.org) is a trade association for Vermont listers and assessors. Its mission is to advocate for the recognition of Listers and Assessors as qualified property valuation authorities throughout Vermont.
VTax	The Vermont Department of Taxes’ modern integrated tax system, which streamlines filing and paying taxes. Taxpayers can access the system through the online portal (myvtax.vermont.gov) . The conversion to VTax and myVTax was a four-year program from 2014-2017.
Vermont Property Information Exchange (VTPIE)	The statewide data and software system used to aggregate municipal property information (Grand Lists) and implement the statewide education property tax. In addition to facilitating the collection of municipal and education property taxes for every municipality in the state, the system manages parcels enrolled in Current Use; Tax Increment Financing; property tax exemptions; analysis for the Statewide Equalization Study; oversight of town-wide reappraisals and other required data.