

1 TO THE HONORABLE SENATE:

2 The Committee on Agriculture to which was referred House Bill No. 329
3 entitled “An act relating to use value appraisals” respectfully reports that it has
4 considered the same and recommends that the Senate propose to the House that
5 the bill be amended by striking out all after the enacting clause and inserting in
6 lieu thereof the following:

7 * * * **Definitions** * * *

8 Sec. 1. 32 V.S.A. § 3752 is amended to read:

9 § 3752. DEFINITIONS

10 * * *

11 (8) ~~“Housesite”~~ “House site” means the two acres of land surrounding
12 any house, mobile home, or dwelling, but shall not include any dwelling that
13 houses farm employees if that dwelling qualifies as a “farm building” under
14 subdivision (14) of this section.

15 (9) “Managed forestland” means:

16 (A) any land, exclusive of any house site, which is at least 25 acres in
17 size and which is under active long-term forest management for the purpose of
18 growing and harvesting repeated forest crops in accordance with minimum
19 acceptable standards for forest management. Such land may include eligible
20 ecologically significant treatment areas in accordance with minimum

1 acceptable standards for forest management and as approved by the
2 Commissioner; or

3 * * *

4 (14) “Farm buildings” means all farm buildings and other farm
5 improvements which are actively used by a farmer as part of a farming
6 operation, are owned by a farmer or leased to a farmer under a written lease for
7 a term of three years or more, and are situated on land that is enrolled in a use
8 value appraisal program or on a ~~housesite~~ house site adjoining enrolled land.

9 “Farm buildings” shall include up to \$100,000.00 of the value of a farm facility
10 processing farm crops, a minimum of 75 percent of which are produced on the
11 farm ~~and~~. “Farm buildings” shall not include any dwelling other than a
12 dwelling in use during the preceding tax year exclusively to house one or more
13 farm employees, as defined in 9 V.S.A. § ~~4469~~ § 4469a, and their families, as a
14 nonmonetary benefit of the farm employment, even if such a dwelling is
15 located on a house site that is not contiguous with the land receiving a use
16 value appraisal. This subdivision shall not affect the application of the
17 definition of “farming” in 10 V.S.A. § 6001(22) or the definition of “farm
18 structure” in 24 V.S.A. § 4413(d)(1).

19 * * *

20 (16) “Methane digester” means a system used to convert manure or
21 other farm products into biogas through an anaerobic digesting process.

1 (b) Managed forestland shall be eligible for use value appraisal under this
2 subchapter only if:

3 * * *

4 (3) there has not been filed with the Director an adverse inspection
5 report by the Department stating that the management of the tract is contrary to
6 the forest or conservation management plan, or contrary to the minimum
7 acceptable standards for forest or conservation management. The management
8 activity report shall be on a form prescribed by the Commissioner of Forests,
9 Parks and Recreation in consultation with the Commissioner of Taxes and shall
10 include a detachable section signed by all the owners that shall contain the
11 federal tax identification numbers of all the owners. The section containing
12 federal tax identification numbers shall not be made available to the general
13 public, but shall be forwarded to the Commissioner of Taxes within 30 days
14 after receipt and used for tax administration purposes. If any owner shall
15 satisfy the Department that he or she was prevented by accident, mistake, or
16 misfortune from filing a an initial or revised management plan which is
17 required to be filed on or before October 1, or a management plan update
18 which is required to be filed on or before April 1 of the year in which the plan
19 expires, or a management activity report which is required to be filed on or
20 before February 1 of the year following the year when the management activity
21 occurred, the Department may receive that management plan or management

1 activity report at a later date; provided, however, no initial or revised
2 management plan shall be received later than December 31, and no
3 management plan update shall be received later than one year after April 1 of
4 the year the plan expires, and no management activity report shall be received
5 later than March 1.

6 * * * **Portions of Parcels** * * *

7 Sec. 3. 32 V.S.A. § 3756 is amended to read:

8 § 3756. QUALIFICATION FOR USE VALUE APPRAISAL

9 (a) The owner of eligible agricultural land, farm buildings, or managed
10 forestland shall be entitled to have eligible property appraised at its use value
11 provided the owner shall have applied to the Director on or before September 1
12 of the previous tax year, on a form approved by the Board and provided by the
13 Director. A farmer, whose application has been accepted on or before
14 December 31 by the Director of ~~the Division of~~ Property Valuation and
15 Review of the Department of Taxes for enrollment for the use value program
16 for the current tax year, shall be entitled to have eligible property appraised at
17 its use value, if he or she was prevented from applying on or before
18 September 1 of the previous year due to the severe illness of the farmer.

19 (b) ~~{Deleted.}~~ When applying for a use value appraisal, the owner of
20 eligible agricultural land or managed forestland may:

1 (1) Designate a portion of the parcel, not to exceed two acres, to remain
2 excluded from the program and that shall be valued as a portion of a parcel in
3 accordance with subsection (d) of this section. The designated portion does
4 not need to represent a fixed location. If an owner of managed forestland
5 designates a portion of a parcel under this subdivision and does not fix the
6 location of the designated portion, the entire parcel shall remain under the
7 forest management plan.

8 (2) Exclude an undeveloped, contiguous portion of a parcel from
9 enrollment in the use value program. Until the unenrolled portion is
10 developed, the fair market value of any portion of a parcel that is not subject to
11 a use value appraisal shall be valued as a portion of a parcel in accordance with
12 subsection (d) of this section.

13 (c) The Director shall notify the applicant ~~no later than~~ on or before
14 April 15 of his or her decision to classify or refusal to classify his or her
15 property as eligible for use value appraisal by delivery of such notification to
16 him or her in person or by mailing such notification to his or her last and usual
17 place of abode. In the case of a refusal, the Director shall state the reasons
18 therefor in the notification.

19 (d) The assessing officials shall appraise qualifying agricultural land and
20 managed forestland and farm buildings at use value appraisal as defined in

1 subdivision 3752(12) of this title. If the land to be appraised is a portion of a
2 parcel, the assessing officials shall:

3 ~~(1) determine the contributory value of each portion such that the fair~~
4 ~~market value of the total parcel is comparable with other similar parcels in the~~
5 ~~municipality; and~~

6 ~~(2) notify the landowner according to the procedures for notification of~~
7 ~~change of appraisal. The portion of the parcel that is not to be appraised at use~~
8 ~~value shall be appraised at its fair market value. determine the fair market~~
9 ~~value of the entire parcel that is comparable with similar parcels in the~~
10 ~~municipality;~~

11 ~~(2) determine the fair market value of the portion not being appraised at~~
12 ~~use value as if it were a separate parcel at a value that is comparable with~~
13 ~~similar parcels in the municipality;~~

14 ~~(3) for purposes of the payment to municipalities under section 3760 of~~
15 ~~this title, determine fair market value of the portion being appraised at use~~
16 ~~value as the difference between the value of subdivisions (1) and (2) of this~~
17 ~~subsection; and~~

18 ~~(4) notify the owner of the value used in accordance with the procedures~~
19 ~~for notification of a change of appraisal.~~

20 * * *

1 upon the subsequent development of the same land, nor shall it be construed to
2 require payment of a land use change tax merely because previously eligible
3 land becomes ineligible, provided no development of the land has occurred.

4 Sec. 5. USE VALUE APPRAISAL “EASY-OUT”

5 Notwithstanding any other provision of law, an owner of property enrolled
6 in use value appraisal under 32 V.S.A. chapter 124 for less than 10 continuous
7 years as of the passage of this act who elects to discontinue enrollment of the
8 entire parcel may be relieved of the first \$100,000.00 of land use change tax
9 imposed pursuant to 32 V.S.A. § 3757; provided that if the property owner
10 does elect to discontinue enrollment and be relieved of the first \$100,000.00 of
11 land use change tax, the owner shall pay the full property tax, based upon the
12 property’s full fair market value, for the 2014 assessment, and no State
13 reimbursement shall be paid for that land in fiscal year 2016. No property
14 owner shall be relieved of more than \$100,000.00 in land use change tax under
15 this provision. An election to discontinue enrollment under this provision is
16 effective only if made in writing to the Director of Property Valuation and
17 Review on or before October 1, 2014; and an owner who elects to discontinue
18 enrollment under this section or any successor owner shall not reenroll less
19 than the entire withdrawn parcel in the succeeding five years. If the property
20 owner withdraws less than the entire parcel, the provisions of this section do
21 not apply. The “easy-out” provided for in this section shall not be available for

1 any land that has been developed, as that term is defined in 32 V.S.A.
2 § 3752(5), prior to passage of this act.

3 * * * **Development and Subdivision** * * *

4 Sec. 6. 32 V.S.A. § 3760(b) is amended to read:

5 (b) Assessing officials shall appraise property enrolled in the program at
6 fair market value consistent with other appraisals. On or before July 5, the
7 assessing officials shall provide the Director with the listed value of all
8 enrolled property in the municipality, along with a list of all enrolled properties
9 that were subdivided in the past year, and the size of the resulting parcels. If
10 the Director certifies that the value set by the assessing officials is significantly
11 above the fair market value or is not equitable with other assessments, the
12 Director’s estimate of the fair market value shall be substituted for that of the
13 assessing officials.

14 * * * **Parcel** * * *

15 Sec. 7. 32 V.S.A. § 4152(a)(3) is amended to read:

16 (3) A brief description of each parcel of taxable real estate in the town.
17 ~~“Parcel”~~ As used in this chapter, “parcel” means all contiguous land in the
18 same ownership, together with all improvements thereon;

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***** Audit Language *****

Sec. 8. 32 V.S.A. § 3760a is added to read:

§ 3760a. VALUATION AUDITS

(a) Annually, the Director shall conduct an audit of five towns with enrolled land to ensure that parcels with a use value appraisal are appraised by the local assessing officials consistent with the appraisals for non-enrolled parcels.

(b) In determining which towns to select for an audit, the Director shall consider factors that demonstrate a deviation from consistent valuations, including the following:

(1) the fair market value per acre of enrolled land in each town;

(2) the fair market value of enrolled land versus un-enrolled land in the same town;

(3) the fair market value of enrolled farm buildings in each town; and

(4) the fair market value of enrolled farm buildings in relation to the fair market value of the associated land.

(c) For each town selected for an audit, the Director shall:

(1) conduct an independent appraisal of enrolled parcels and enrolled farm buildings in that town;

(2) compare the appraisals reached by the Director for each enrolled parcel with the appraisal reached by the local assessing officials; and

1 (3) review the land schedule and appraisal model applied by the town.

2 (d) If, as a result of an audit, the Director determines that the townwide
3 appraisal for enrolled parcels reached by the local assessing officials is more
4 than 10 percent higher than the townwide appraisal for enrolled parcels
5 reached by the Director, then the Director shall substitute his or her appraisals
6 of fair market value for the appraisals reached by the local assessing officials,
7 and the Director may collect a portion of the cost or the entire cost of the audit
8 from the town. A substitution of a fair market appraisal under this subsection
9 shall be treated as a substitution by the Director under subsection 3760(b) of
10 this title. Nothing in this subsection shall be construed to prohibit the Director
11 from substituting his or her appraisals for the appraisals of the local assessing
12 officials under subsection 3760(b) of this title.

13 Sec. 9. DIVISION OF PROPERTY VALUATION AND REVIEW UPDATE

14 On or before January 15, 2015, the Division of Property Valuation and
15 Review shall provide a status report on the implementation of the valuation
16 audits required by 32 V.S.A. § 3760a to the House Committee on Agriculture
17 and Forest Products, the Senate Committee on Agriculture, the House
18 Committee on Ways and Means, and the Senate Committee on Finance.

1 program. In addition to any issues the Secretary considers relevant to this
2 report, he or she shall specifically consider whether any or all of the following
3 would be appropriate to strengthening the current use program:

4 (1) providing an additional forester whose sole responsibility would be
5 investigating alleged violations of the current use requirements and doing spot
6 compliance checks for forestland parcels;

7 (2) adding additional foresters to reflect the growth in forestland parcels
8 subject to a use value appraisal; and

9 (3) requiring consulting foresters to be licensed by the State.

10 (b) The report of the Secretary of Natural Resources under this section shall
11 be due on January 15, 2015.

12 * * * **Appropriation** * * *

13 Sec. 12. CURRENT USE ANALYST

14 The establishment of one (1) new classified position – Current Use Analyst
15 – in the Department of Taxes is authorized in fiscal year 2015 for the purpose
16 of conducting valuation audits required by this act and any other job
17 responsibilities related to use value appraisals under 32 V.S.A. chapter 124.

18 The sum of \$75,000.00 is appropriated from the General Fund to the
19 Department of Taxes to fund this position.

1 (Committee vote: _____)

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3

Senator [surname]

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FOR THE COMMITTEE

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