

01/07/2016

## 2015 Current Use Summary:

### Grand List Transmission

For some municipalities, there will be a two-week delay for the transmission of final municipal Grand Lists. This is primarily due to delays in the exchange of information between PVR and the towns caused by additional workload in the Current Use section generated by the Easy-Out program, Agricultural Certification, and the eCuse modernization project. This delay will not affect the final financial "true-up" between the Agency of Education and the towns in March.

### Impacts of the New Land Use Change Tax Revenue Distribution

There is no revenue to report related to the Land Use Change Tax calculation method and revenue distribution change made effective on October 2<sup>nd</sup>, 2015 as there have not been any discontinuances with development demonstrated after Oct. 2, 2015 processed by PVR.

### Conservation Easements

Discussions are ongoing and include representatives from the Vermont Land Trust, Vermont Housing and Conservation Board, and the Vermont Association of Listers and Assessors in order to produce this report by the April 1, 2016 deadline.

### 2015 Current Use Audit Requirement

In the 2015 Vermont legislative session Act 57 Section 56 added 32 V.S.A. § 3760a to require the Director of PVR to, on an annual basis, audit three towns with land enrolled in Current Use. These audit findings could have a significant impact on the hold harmless payments in 2017 and moving forward. The 2015 Current Use Audit has been completed for 1 out of the 3 towns and will be completed in January 2016 for the other 2 towns.

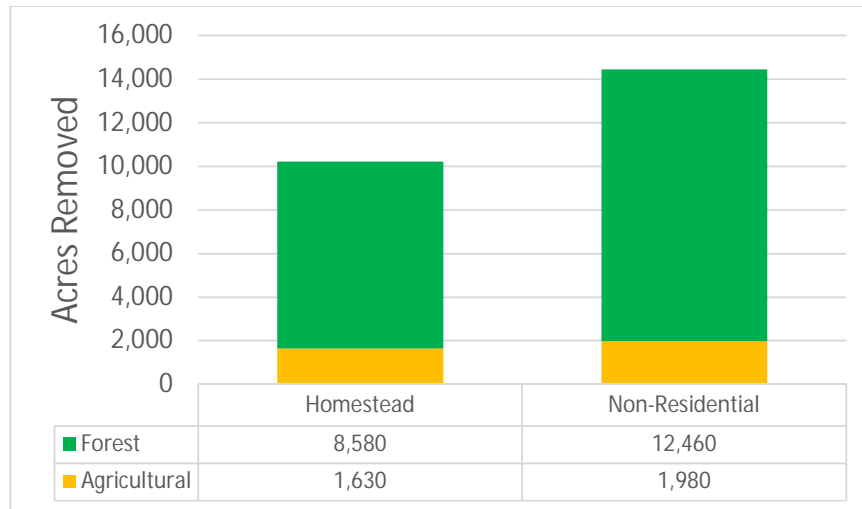
### 2015 Easy-Out Program

In the 2015 Vermont legislative session Act 57 Section 53 created the "Easy-Out" program to allow Current Use enrollees to submit an application between July 1 and October 1 of 2015 to discontinue enrollment in Current Use and be relieved of the first \$50,000 of the LUCT liability.

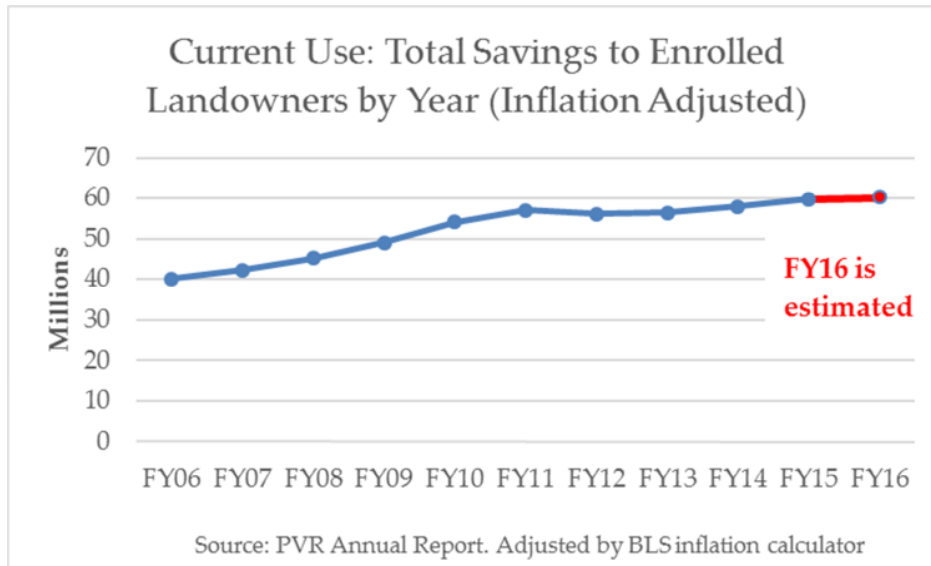
	Count	Acres	LUCT	LUCT Over \$50,000	Grand List Property Value
Entire	273	17,733	\$3,486,182	\$83,670	\$26,501,294
Partial	606	6,697	\$1,519,414	\$5,689	\$12,233,252 (estimate)
Denied	20	N/A	N/A	N/A	N/A

- In 2014 there were 18,020 parcels for a total of 2.4M acres and \$3.15B in property value enrolled in Current Use. The cost of the program (savings to taxpayers) was \$59.7M in FY15
- 900 easy-out applications were submitted to the Tax Department
- 273 parcels were entirely removed, 606 were partially removed, and 20 applications were denied

- 24,700 acres, or 1% of the entire 2014 program, was removed
- The median acreage removed was 10 acres and the average was 28 acres. The maximum was 500 acres
- More of the acreage was Non-Residential than Homestead and most of the acreage removed was forest



- \$4.9M of Land Use Change Tax was forgiven. Approximately \$100,000 was assessed
- \$38M of land value was removed from the program, saving the state approximately \$200,000 in hold harmless payments and generating approximately \$600,000 for the education fund for FY16; even without accounting for increases in property values or tax rates this represents approximately \$4,000,000 in savings over a 5-year period
- In 2015 there were approximately 400 new parcels enrolled despite the new parameters. With some routine processing of parcels still left to do by PVR, the approximate size of Current Use is now 18,150 Parcels for a total of 2.43M acres and \$3.17B in property value
- The cost of the program (savings to taxpayers) in FY16 will be approximately \$60.2M: \$14.7M “hold harmless” payments to towns (to compensate them for lost municipal taxes) and \$45.2 in foregone education fund revenue
- This graph shows program growth over the past decade. Please note that dollar figures have been adjusted for inflation



#### Annual Agricultural Certification Status Report

In August of 2015 over 7,300 Annual Agricultural Certifications (Ag Certs) were mailed to Current Use enrollees; Ag Certs which have been returned to the Department are currently being evaluated and a second mailing will be generated in January of 2016 to address issues identified or non-responsive enrollees. Ag Certs submitted on or before Sept. 1, 2015 will impact the enrollment status for tax year 2016 to remain consistent with the annual application cycle.

Impacts of the Ag Certs to Current Use enrollments will not be available for analysis until the summer of 2016. Initial assessment of the Ag Certs by PVR indicates that some recipients of the Ag Cert chose to file an easy-out application to remove their land from Current Use, however, this observation will take some time to validate.

#### Current Use Allocation Language Change

In the 2015 Vermont legislative session Act 57 Section 50 amended 32 V.S.A. § 3756(d) to clarify the proper method of determining the current use allocation for parcels which are not completely enrolled in current use.

PVR's initial assessment of the impacts of this change are that, as it is implemented statewide, it will reduce the hold harmless payment by reducing the value allocated to the enrolled land on the Grand List. PVR intends to work in cooperation with the municipal officials to implement this methodology statewide and will report on the impact to the Committee in September 2016.

For questions regarding this information please contact:

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