

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; property tax; reappraisals; reports

4 Statement of purpose of bill as introduced: This bill proposes to remove
5 municipalities from the property reappraisal process and require instead that
6 the Division of Property Valuation and Review within the Department of
7 Taxes conduct full and statistical reappraisals for all municipalities in the State.
8 This bill also proposes to require a written plan and progress report from the
9 Department of Taxes to the General Assembly on the implementation of the
10 new statewide system of full and statistical reappraisals. Additionally, this bill
11 requires the Department of Taxes to report to the General Assembly
12 recommending new categories of property for the grand list. This bill also
13 makes miscellaneous changes to lister and assessor education laws.

14 An act relating to property valuation and reappraisals

15 It is hereby enacted by the General Assembly of the State of Vermont:

16 ***** Findings and Intent *****

17 **Sec. 1. FINDINGS AND INTENT**

18

19

1 (d) ~~A sum not to exceed \$100,000.00 each year shall be paid from the~~
2 ~~Education Fund to the Division of Property Valuation and Review for the~~
3 ~~purpose of providing assessment education for municipal assessing officials.~~
4 ~~The Director is authorized to establish guidelines and requirements for~~
5 ~~education programs to be provided using the funds described in this section.~~
6 ~~Education programs provided using funds described in this section shall be~~
7 ~~provided at no cost or minimal cost to the municipal assessing officials. In~~
8 ~~addition to providing the annual education programs as described in this~~
9 ~~section, up to 20 percent of the amount available for education programs may~~
10 ~~be reserved as a scholarship fund to permit municipal assessing officials to~~
11 ~~attend national programs providing education opportunities on advanced~~
12 ~~assessment topics. All applications for scholarships shall be submitted to and~~
13 ~~approved by the Director.~~

14 (e) The Director shall adopt rules necessary for administration of this
15 section.

16 Sec. 3. 32 V.S.A. § 4041a(a) is amended to read:

17 (a) A municipality shall be paid \$8.50 per grand list parcel per year from
18 the Education Fund to be used only for reappraisal and costs related to
19 reappraisal of its grand list properties and for maintenance of the grand list.

20 [Repealed.]

1 **Sec. 4. ONE-TIME APPROPRIATION; DIVISION OF PROPERTY**

2 **VALUATION AND REVIEW; STATEWIDE REAPPRAISALS**

3 It is the intent of the Generally Assembly to appropriate, on January 1,
4 2025, \$XX,000,000.00 [or: a sufficient sum] from the General Fund to the
5 Division of Property Valuation and Review to fund the implementation costs
6 of creating and operating an office of statewide reappraisals pursuant to this
7 act. The amount of the appropriation authorized under this section shall be
8 based on the recommendation of the Department of Taxes in the
9 implementation plan required under this act.

10 Sec. 5. 32 V.S.A. § 4041a is amended to read:

11 § 4041a. REAPPRAISAL

12 (b)(a) If the Director of Property Valuation and Review determines that a
13 municipality's grand list has a coefficient of dispersion greater than 20, the
14 Director shall order a state reappraisal of the municipality's ~~shall reappraise its~~
15 ~~grand list properties pursuant to subsection 5413(e) of this title.~~ If the Director
16 orders a reappraisal, and the Director shall send the municipality written notice
17 of the decision order. The municipality shall be given 30 days to contest the
18 finding under procedural rules adopted by the Director, to develop a
19 compliance plan, or both. If the Director accepts a proposed compliance plan
20 submitted by the municipality, the Director shall not order commencement of
21 the reappraisal until the municipality has had one year to carry out that plan.

1 ~~(c) If a municipality fails to submit an acceptable plan or fails to carry out~~
2 ~~the plan, pursuant to subsection (b) of this section, the State shall withhold the~~
3 ~~education, transportation, and other funds from the municipality until the~~
4 ~~Director certifies that the town has carried out that plan.~~

5 ~~(d)(b) The Director shall adopt rules necessary for administration of this~~
6 ~~section.~~

7 Sec. 6. 32 V.S.A. § 5413 is amended to read:

8 § 5413. STATE APPRAISAL, REAPPRAISAL, AND LITIGATION
9 ASSISTANCE PROGRAM

10 (a)(1) A State appraisal, reappraisal, and litigation assistance program shall
11 be created within the Division of Property Valuation and Review of the
12 Department of Taxes ~~to assist municipalities with~~ for the following purposes:

13 (A) ~~valuation~~ assisting municipalities with the appraisal of complex
14 commercial or other unique properties within a municipality's jurisdiction and
15 ~~to assist with any appeals arising from those valuations~~ appraisals; and

16 (B) conducting full and statistical reappraisals of each municipality's
17 grand list properties for purposes of the municipal and statewide education
18 grand lists as required under subsection (c) of this section.

19 (2) The Commissioner of Taxes may contract with one or more
20 ~~commercial~~ appraisers to provide State appraisal and litigation assistance to

1 municipalities and to conduct full and statistical reappraisals under this section.

2 The Commissioner may adopt rules to administer ~~the provisions of~~ this section.

3 (b) ~~The Commissioner shall~~ For complex commercial or other unique
4 properties:

5 (1) the Commissioner shall determine the conditions for a property to be
6 eligible for State appraisal and litigation assistance, including the grand list
7 value or category of the property or other relevant factors as determined by the
8 Commissioner; ~~and~~

9 (2) the Commissioner shall provide a process by which a municipality
10 may apply for appraisal and litigation assistance under this ~~section~~ subsection
11 for one or more complex commercial or other unique properties; and

12 (3) any municipality assisted under this subsection shall be considered
13 to have followed best practices pursuant to subdivision 5412(a)(1)(D) of this
14 title.

15 (c)(1) Any municipality assisted under this section shall be considered to
16 have followed best practices pursuant to subdivision 5412(a)(1)(D) of this title
17 For purposes of reappraising the municipal and statewide education grand lists
18 in this State, the Commissioner shall:

19 (A) determine a reappraisal schedule for each municipality's grand
20 list and shall publish the schedule annually;

1 (B) conduct or contract with one or more appraisers to conduct
2 statistical reappraisals for each municipality that shall commence not later than
3 two years after the commencement of the immediately preceding full
4 reappraisal, provided that a statistical reappraisal shall not be required in the
5 same year as a full reappraisal in the same municipality; and

6 (C) conduct or contract with one or more appraisers to conduct full
7 reappraisals for each municipality that shall commence not later than six years
8 after the commencement of the most recent full reappraisal.

9 (2) Upon completion of a reappraisal pursuant to this subsection, the
10 property values set by the Commissioner shall be binding on the municipality
11 and the municipality's municipal and statewide education grand lists.

12 (3) Annually, on January 1, \$XX,000,000.00 shall be paid from the
13 General Fund to the Division of Property Valuation and Review for the
14 purpose of funding statewide reappraisals pursuant to this subsection.

15 Sec. 7. 32 V.S.A. § 5405(f) is amended to read:

16 (f) Within the limits of the resources available for that purpose, the
17 Commissioner may employ such individuals, whether on a permanent,
18 temporary, or contractual basis, as shall be necessary, in the judgment of the
19 Commissioner, to aid in the performance of duties under this section. The
20 Commissioner shall pay each municipality the sum of ~~\$1.00~~ \$2.00 per grand
21 list parcel in the municipality for services provided to the Commissioner in

1 connection with the performance of duties under this section and for costs
2 related to the maintenance of the grand list. Each municipality shall deposit
3 payments received under this subsection into a special fund that shall be used
4 to support the preparation of the education property tax grand list.

5 Sec. 8. IMPLEMENTATION PLAN AND PROGRESS REPORT;

6 STATEWIDE REAPPRAISALS; PROPERTY GRAND LIST

7 CATEGORIES; DEPARTMENT OF TAXES

8 (a) On or before December 15, 2023, the Department of Taxes shall submit
9 in writing to the House Committee on Ways and Means and the Senate
10 Committee on Finance a progress report on the first six months of:

11 (1) implementation of the office of statewide reappraisals; and

12 (2) defining new categories of homestead and nonhomestead property
13 that apply to both municipal and statewide education grand lists and property
14 taxes, including a preliminary proposal for statutory definitions.

15 (b)(1) On or before December 15, 2024, the Department of Taxes shall
16 submit in writing to the House Committee on Ways and Means and the Senate
17 Committee on Finance:

18 (A) a detailed implementation plan and progress report on the first 18
19 months of implementation of the statewide system to conduct reappraisals of
20 both municipal and statewide education grand lists administered by the State
21 appraisal, reappraisal, and litigation assistance program within the Division of

1 Property Valuation and Review of the Department of Taxes pursuant to 32
2 V.S.A. § 5413; and

3 (B) recommended legislative language to define new categories of
4 homestead and nonhomestead property that apply to both municipal and
5 statewide education grand lists and property taxes and a detailed plan for
6 certifying or designating new property categories and integrating them into
7 both municipal and statewide education grand lists in 2025.

8 (2) The written submission required under this subsection shall identify
9 and recommend the means to achieve consistency in property valuation and
10 taxation across the State in order to prioritize the elimination of racial and
11 other implicit bias.

12 (3) The report required under subdivision (1)(A) of this subsection
13 regarding the implementation of the statewide office of reappraisals shall make
14 recommendations and propose legislative language regarding the following:

15 (A) Adequate funding, including cost saving measures and
16 reallocating the revenues from the per parcel fee under 32 V.S.A. § 4041a(a),
17 repealed pursuant to this act, to operate the office of statewide reappraisals.
18 The report shall address staffing costs for **hiring or contracting with trained**
19 **assessors, or both,** to carry out reappraisals and hearing officers to hold appeals
20 at locations across the State.

1 (B)(i) Administration of full and statistical reappraisals of each
2 municipality’s municipal and statewide education grand list, including:

3 (I) selection and prioritization criteria;

4 (II) any proposed adjustments to the coefficient of dispersion
5 threshold that causes a reappraisal order pursuant to 32 V.S.A. § 4041a;

6 (III) any proposed adjustments to the frequency of conducting
7 statistical reappraisals; and

8 (IV) any other recommendations for establishing a reappraisal
9 schedule.

10 (ii) The report shall list the municipalities that, at the time of
11 passage of this act, have been ordered to reappraise pursuant to 32 V.S.A. §
12 4041a for the longest duration of time and propose the means to prioritize a
13 first State-level reappraisal for those municipalities’ grand lists, provided no
14 municipality shall be required to reappraise in fewer than five years after
15 completion of the most recent full reappraisal. The report shall further list the
16 municipalities that have recently undergone or are currently undergoing a
17 reappraisal and propose the means to ensure that those municipalities’ grand
18 lists are not scheduled for a first State-level reappraisal in fewer than five years
19 after completion of the most recent full reappraisal.

20 (C) Creation of a reappraisal appeal structure that:

1 (i) ensures impartiality and installs procedural safeguards against
2 conflicts of interest;

3 (ii) ensures all communities have convenient and reasonable
4 access to State appeal hearings, regardless of the geographical location of the
5 appellant;

6 (iii) based on a study of other State administrative appeal
7 structures, incorporates the strengths and advantages of those appeal structures;
8 and

9 (iv) takes into consideration any other matters identified by the
10 Department relating to appeals, including a recommendation on potentially
11 narrowing or eliminating the role of Boards of Civil Authority within the
12 appraisal appeal process.

13 (D) Streamlining, integrating, and updating State and municipal
14 software vendor agreements relating to reappraisals and maintaining both
15 municipal and statewide education grand lists, including the integration of new
16 property categories as required in subdivision (1)(B) of this subsection (b)
17 beginning in 2025. The report shall further estimate costs and analyze any
18 other considerations regarding software vendor agreements.

19 (E) Distinguishing between contiguous parcels for purposes of
20 property valuation and the payment of the per parcel fee under 32 V.S.A.
21 § 5405(f).

1 (F) Incorporating the principles of a high-quality tax system into the
2 statewide reappraisal system as enumerated by the National Conference of
3 State Legislatures, “Tax Policy Handbook for State Legislators” (February
4 2010), 3rd ed., including sustainability, reliability, fairness, simplicity,
5 economic competitiveness, tax neutrality, and accountability.

6 (4) The recommendations and detailed plan required under subdivision
7 (1)(B) of this subsection regarding new property categories that apply to both
8 municipal and statewide education grand lists and property taxes and the State
9 homestead and nonhomestead property classifications shall include the
10 following:

11 (A) Legislative language that distinguishes between different
12 property types and uses in a way that reconfigures and consolidates existing
13 municipal and statewide education grand list property categories in order to
14 obtain detailed, accurate, and consistent data on all properties throughout the
15 State. The plan shall include discrete categories for different types of rental
16 housing properties, including affordable housing.

17 (B) Creation of a certification or other designation process for
18 categorizing property in a detailed, accurate, and consistent way that takes into
19 consideration the compliance and administrative burdens placed on both
20 property owners and municipal and State administrators. The plan shall
21 provide clear and actionable guidance on the new property categories and the

1 certification or other designation process for both property owners and
2 municipal listers and assessors.

3 (C) Assistance during the transition period for municipal listers and
4 assessors with conducting the initial categorization of properties under any
5 new statutory definitions.

6 (D) Integration of new categories into the statewide reappraisal
7 system.

8 Sec. 9. 2022 Acts and Resolves No. 163, Sec. 8(2) is amended to read:

9 (2) Sec. 3 (State appraisal and litigation assistance program) shall take
10 effect on July 1, 2023, ~~provided the General Assembly has, on or before July 1,~~
11 ~~2023, appropriated funding to cover the Department of Taxes' operating costs~~
12 ~~required to create, implement, and maintain a new State appraisal and litigation~~
13 ~~assistance program.~~

14 * * * Lister and Appraiser Education * * *

15 Sec. 10. 32 V.S.A. § 3436 is amended to read:

16 § 3436. ASSESSMENT EDUCATION

17 (a) The Director shall certify assessment education programs for municipal
18 listers and assessors at convenient times and places during the year and is
19 authorized to contract with one or more persons to provide part or all of the
20 assessment instruction. Certified programs may include instruction in lister
21 duties, property inspection, data collection, valuation methods, mass appraisal

1 techniques, property tax administration, or such other subjects as the Director
2 deems beneficial to listers and may be presented by Property Valuation and
3 Review or a person pursuant to a contract with Property Valuation and Review,
4 the International Association of Assessing Officials, the Vermont Assessors
5 and Listers Association, or the Vermont League of Cities and Towns.

6 (b) The Director shall establish designations recognizing levels of
7 achievement and the necessary course work or evaluation of equivalent
8 experience required to attain each designation. Designation for any one level
9 shall be for a period of three years.

10 (c) Designation obtained under subsection (b) of this section may be
11 renewed for three-year periods upon completion of requirements as determined
12 by the ~~director~~ Director.

13 (d) The Director shall also notify all towns annually of any new approaches
14 that the Division of Property Valuation and Review is aware of for ~~obtaining or~~
15 ~~performing mass reappraisals and for grand list maintenance.~~

16 (e) A sum not to exceed \$100,000.00 each year shall be paid from the
17 Education Fund to the Division of Property Valuation and Review for the
18 purpose of providing assessment education for municipal listers and assessors.
19 The Director is authorized to establish guidelines and requirements for
20 education programs to be provided using the funds described in this section.
21 Education programs provided using funds described in this section shall be

1 provided at no cost or minimal cost to the municipal listers and assessors. In
2 addition to providing the annual education programs described in this section,
3 up to 20 percent of the amount available for education programs may be
4 reserved as a scholarship fund to permit municipal listers and assessors to
5 attend national programs providing education opportunities on advanced
6 assessment topics. All applications for scholarships shall be submitted to and
7 approved by the Director.

8 Sec. 11. 32 V.S.A. § 4052 is amended to read:

9 § 4052. CONTRACT APPRAISALS; CERTIFICATION ASSESSOR
10 AND LISTER QUALIFICATIONS

11 (a) No municipality shall employ or contract a person, firm, or corporation
12 shall be employed by a municipality to perform and no elected lister or board
13 of listers shall perform appraisals of real property for the purpose of property
14 taxation unless approved by the Director of Property Valuation and Review as
15 qualified under this section.

16 (b) No person shall conduct the work of an elected lister, board of listers, or
17 assessor employed or contracted by a municipality pursuant to 17 V.S.A. §
18 2651c(b) unless the person meets the training requirements established by the
19 Director of Property Valuation and Review under this section.

20 (c) The Director shall establish by rule reasonable qualifications for
21 approval and training requirements, which shall include successful completion

1 of educational and training courses approved by the Director and, in the case of
2 an appraiser hired to do ~~a townwide reappraisal~~ reappraisals, at least one year's
3 experience with an appraiser who has satisfactorily completed ~~townwide~~
4 reappraisals.

5 ~~(e)~~(d) This section shall not apply to elected or appointed officials of any
6 town except elected listers or boards of listers.

7 Sec. 12. 17 V.S.A. § 2651c is amended to read:

8 § 2651c. LACK OF ELECTED LISTER; APPOINTMENT OF LISTER;
9 ELIMINATION OF OFFICE; HIRING ASSESSORS

10 (a)(1) Notwithstanding any other provisions of law to the contrary and
11 except as provided in subsection (b) of this section, in the event the board of
12 listers of a town falls below a majority and the selectboard is unable to find a
13 person or persons to appoint as a lister or listers under the provisions of 24
14 V.S.A. § 963, the selectboard may appoint an assessor to perform the duties of
15 a lister as set forth in Title 32 until the next annual meeting.

16 (2) The appointed person need not be a resident of the town and shall
17 have the same powers and be subject to the same duties and penalties as a duly
18 elected lister for the town.

19 (b)(1) A town may vote by ballot at an annual meeting to eliminate the
20 office of lister.

1 (2)(A) If a town votes to eliminate the office of lister, the selectboard
2 shall ~~contract with or employ~~ notify the Director of Property Valuation and
3 Review within 14 days and employ or contract a professionally qualified
4 assessor, who, prior to conducting any work, shall meet the training
5 requirements established by the Director under 32 V.S.A. § 4052 and need not
6 be a resident of the town.

7 (B) The assessor shall have the same powers, discharge the same
8 duties, proceed in the discharge thereof in the same manner, and be subject to
9 the same liabilities as are prescribed for listers or the board of listers under the
10 provisions of Title 32.

11 (3) A vote to eliminate the office of lister shall remain in effect until
12 rescinded by majority vote of the registered voters present and voting at an
13 annual or special meeting warned for that purpose.

14 (c) The term of office of any lister in office on the date a town votes to
15 eliminate that office shall expire on the 45th day after the vote or on the date
16 upon which the selectboard ~~appoints~~ employs or contracts an assessor under
17 this subsection, whichever occurs first.

18 (d) The authority to vote to eliminate the office of lister as provided in this
19 section shall extend to all towns except those towns that have a charter that
20 specifically provides for the election or appointment of the office of lister.

1 (e) If an assessor is employed or contracted to assist an elected board of
2 listers, the board of listers shall retain the same powers and duties, discharge
3 those powers and duties in the same manner, and be subject to the same
4 liabilities as those imposed on listers or the board of listers under the
5 provisions of Title 32.

6 * * * Conforming Revisions; Repeal of Town Reappraisals * * *

7 Sec. 13. CONFORMING REVISIONS; TOWN REAPPRAISALS

8 When preparing the Vermont Statutes Annotated for publication, the Office
9 of Legislative Counsel shall make the following revisions throughout Title 32
10 as needed for consistency with this act relating to repealing the municipal
11 requirement to conduct townwide reappraisals, provided that the revisions have
12 no other effect on the meaning of the affected statutes:

13 (1) replace “reappraisal” with “appraisal” or strike “reappraisal” or
14 “townwide” preceding “reappraisal” in 32 V.S.A. chapters 129, 131, and 135;
15 and

16 (2) revisions that are substantially similar to those described in
17 subdivision (1) of this section.

18 * * * Effective Dates * * *

19 Sec. 14. EFFECTIVE DATES

20 This act shall take effect on July 1, 2023, except:

- 1 (1) notwithstanding 1 V.S.A. § 214, Sec. 2, 32 V.S.A. § 4041a(b),
2 (reappraisal orders) shall apply retroactively to grand lists lodged on and after
3 April 1, 2022;
- 4 (2) Secs. 3, 32 V.S.A. § 4041a(a), (repeal of per parcel fee) and 4 (one-
5 time appropriation to PVR) shall take effect on January 1, 2025; and
- 6 (3) Secs. 5, 32 V.S.A. § 4041a, (repeal of municipal requirement to
7 conduct reappraisals), 6, 32 V.S.A. § 5413 (State appraisal, reappraisal, and
8 litigation assistance program), and 7, 32 V.S.A. § 5405(f), (per parcel fee) shall
9 take effect on July 1, 2025.

DRAFT