

Good morning Chair Ann Cummings and Senate Finance Committee

Notes for my testimony today 4/3/2024:

Thank you for the opportunity to testify for Senate Finance today. I believe it is really important for this committee to continue to take input from stakeholders due to the enormous revenue implications of this bill. I am here to speak about the utility valuation portion of H.546.

While some of the information I will present today is based upon my role as Chair of the Listers in West Rutland and Assessor for the town of Proctor, I do have consensus among the legislative committee for VALA to share the following four points of concern:

1. This legislation was very rushed and somewhat secretive with a lack of transparency evident throughout
2. There has been a lack of consultation with municipal officials, including Listers and Assessors. The legislators moving this bill have moved forward acting on information shared with their own committees and with the Tax Department. This is not due diligence in understanding the topic, but is nothing but an echo chamber.
3. Based on published information, there have been no projections as to the potential Ed Tax Revenue to be lost (or gained) as a result of this Bill
4. A serious concern exists with the growing conflict of interest with the Tax Department making valuation decisions yet remaining the body that evaluates and “judges” the equity of town assessment practices.

Regarding point 3, I would ask if the committee or sponsors have considered if the state becomes responsible for Grand List values for utilities, what will happen when utilities sue the state (the one entity now responsible) and realize drastic reductions in values state-wide? Has the committee or sponsors researched how this has worked out in other states?

Further regarding point 3, I will share my experiences in West Rutland and in Proctor, which highlight the significant disparity between full appraisals contracted for utility properties versus the state inventory method.

In West Rutland in 2019 the substation was valued at \$42.634 million by an independent utility appraiser contracted with the town. The inventory value for that same plant was \$29.874 million. After appeal and negotiations, we arrived at a settlement value of \$36 million, with adjustments made to the those 3 years moving forward so that we would not have credits for prior years for which the town would have to reimburse the state.

In Proctor in 2021 the 10 mW hydroelectric plant was valued at \$15.296 million by an independent utility appraiser contracted with the town. The inventory value for that

same plant was \$9.122 million. After lengthy appeals and negotiations, we arrived at a 10 year agreement starting at \$14 million and increasing incrementally each year.

Recommendation for amendment/changes to this bill:

1. The bill should only require the state to produce “advisory value opinions” like the state of New York does. These should not be mandatory but advisory only. This has worked well in NY. Further, it has been the system in place in Vermont to date. (This is what VALA and Listers/Assessors interacting with PVR have been told was the plan regarding the Utility Appraiser hired by the state and the in-progress revamping of the state methodology on utility valuation.)
2. If a town opts to use a state advisory, then the state should be responsible to defend the value including all costs. If the appeal is lost, the town should be reimbursed for those tax losses.

Thank you for listening, please re-consider this legislation, which we believe will have many negative unintended consequences and is very bad legislation.

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