

Response to dr req 26-0758 – draft 3.2 Taxation; education property tax; property valuation; tax classifications

Dear Chair and Members of the Committee,

I am writing to outline the administrative realities of Homestead Declaration processing and the operational strain it places on municipal offices, particularly as it pertains to Homestead Classifications. While this work is essential to the State Education Grand List and the proper functioning of Vermont's statewide property tax system, it is performed and funded almost entirely at the municipal level. These responsibilities are separate from assessed property values and the Municipal Grand List, yet they require substantial local time, staffing, coordination, and resources to ensure classifications and adjustments are processed accurately and consistently.

Homestead Declarations involve a complex, multi-system administrative process that directly affects property taxation, state education payments, and the application of exemptions. Accuracy depends on careful coordination, repeated data transfers, and detailed reconciliation across platforms. Municipal staff must ensure that information moves correctly between systems while maintaining consistent and defensible records at every stage of the process.

To complete this work, municipal offices operate within three separate computer systems:

- VTPie, the interface with the Vermont Department of Taxes
- The NEMRC Grand List system, which produces the official Grand List and tax bills
- A Computer Assisted Mass Appraisal (CAMA) system used by Listers and Assessors to determine and maintain property values

Because these systems exchange data in both directions, each requires independent backups, reporting, and verification procedures. Records must be checked repeatedly to confirm that classifications, values, and taxpayer information align across all platforms. Any inconsistency can affect billing accuracy, state payments, and taxpayer records.

The workflow itself is highly specialized and administratively complex. Staff are encouraged to complete a four-hour training course and must rely on a detailed fifteen-page procedural manual to navigate required processes. VTPie remains a relatively new system, which adds to the learning curve and creates ongoing training needs as procedures evolve. Vermont's homestead framework is also unique, requiring specialized appraisal software configuration and a strong working knowledge of state-specific property tax rules.

Homestead determinations influence multiple downstream functions, including state education payments, Current Use exemptions, and property tax billing. As a result, data received from the Tax Department must be carefully integrated into local valuation and billing systems. Errors or delays in processing can lead to incorrect tax bills, taxpayer confusion, and additional administrative work to correct and reissue documentation.

Processing follows a repeating and labor-intensive cycle. Staff must transfer data between systems, review declarations, apply classifications, match and reconcile records, run verification reports, correct discrepancies, process Current Use updates, and continue reconciling systems until all records are finalized. Multiple review stages are essential to prevent billing errors and ensure proper classification.

This cycle repeats weekly from February through December, creating a sustained administrative workload throughout most of the year.

Time demands vary widely depending on case complexity. A straightforward homestead download may take approximately twenty minutes, depending on the size of the municipality. However, more complex cases can require several days of staff time. These situations often involve research, communication with property owners, correcting classifications, reprinting property record cards and tax bills, and preparing legal notices. Some notices require Certificates of Mailing that are available only at qualifying post offices, adding travel time and procedural delays.

Public assistance responsibilities add further workload. Residents frequently seek clarification about Homestead and Housesite classifications and their tax impacts, particularly as payment deadlines approach. On one recent day alone, I handled three in-person visits, one phone call, and multiple emails related to homestead questions. Approximately two and a half hours of staff time were required to explain tax bill details and the Education rate before other essential duties could resume.

The volume of classification changes is also substantial. When my office lodged the 2025 Abstract Grand List, 172 Change of Allocation notices were mailed to reflect value changes. Of those, 46 involved homestead classification changes only, including status adjustments related to business or rental use percentages and outbuilding classifications. This number would increase further if a third classification were introduced.

Between the Abstract Grand List filing and the January submission of Grand List Changes, our office processed:

- 72 Homestead status changes
- 7 Rental and/or Business use changes
- 5 Outbuilding classification changes
- 8 Current Use Change of Appraisal adjustments related to Homestead filings

As a result of these updates, 92 revised tax bills were issued—again, a number that would rise with the addition of a third classification.

This level of activity increases administrative costs, including postage, Certificates of Mailing, paper, ink, envelopes, and the significant staff time required to review, process, and communicate updates accurately. Each revision must be documented, verified, and clearly communicated to taxpayers to maintain transparency and compliance.

In some cases, overlapping changes create confusion for taxpayers. For example, one taxpayer enrolled in Current Use received three separate tax bills reflecting different stages of homestead-related adjustments: Current Use without Homestead, Current Use with Homestead, and a final bill reflecting completed Current Use enrollment. Although each step was procedurally correct, the sequence created understandable confusion and generated additional inquiries and processing.

System communication limits add to this challenge. Character limits on tax bills and Change of Allocation notices make it difficult to clearly explain the nature and sequence of adjustments. Even when staff make every effort to provide clarity, format restrictions prevent full explanations. Two examples are attached for reference.

Timing issues can further complicate administration. In one case involving a late-filed Homestead declaration, records were downloaded during my absence so billing could proceed on schedule. Upon my return, an additional business-use change was identified. This required multiple tax bill revisions and a Change of Appraisal notice that were issued at different times, creating homeowner confusion and necessitating additional staff processing. (Attached Example 1 and 2)

Smaller municipalities face the greatest operational strain. Listers and contracted Assessors in small towns often work only six to eleven hours per week, and in some cases per month. Implementing classifications in the CAMA system alone is time-consuming. Required homestead processing and recommended training can consume most available hours, reducing capacity for property inspections, Grand List maintenance, and other essential municipal functions.

Funding and Staffing Request

Given the scope, complexity, and state-directed nature of this work, I respectfully request targeted support for municipalities administering homestead classifications.

Specifically, I ask the Legislature to consider:

- Direct municipal funding to offset administrative costs, including staff time, training, postage, printing, and legal notice requirements
- Workload grants for small municipalities where limited weekly hours make timely processing difficult
- Ongoing training resources and funding for the Tax Department's Property Valuation and Review staff to reduce errors, improve efficiency, and better support work within Vermont's uniquely complex homestead framework

Homestead administration is a statewide function carried out locally. Keeping classifications simple and ensuring municipalities have adequate staffing, funding, and system support will improve accuracy, reduce taxpayer confusion, and strengthen the integrity of the Education Grand List.

Thank you for your time and consideration. I would be pleased to provide any additional detail or testimony that would be helpful.

Sincerely,

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