

Act 68 Reappraisals and RAD
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1) Multiple Regional Assessment Districts

The discussion about Appraisal Districts comes about because of the dramatic increases in value that occurred during and after Covid. Previously, the trigger for orders to complete a reappraisal was based on a Common Level of Appraisal (CLA) less than 85, or a COD greater than 20. Due to the increases in value hundreds of Vermont towns were placed under orders to reappraise. Because these orders all came at the same time there was not adequate resources to complete the mandated reappraisal projects. There were not enough reappraisal companies to complete all the projects in a short amount of time.

However, the backlog is slowly being diminished. Below is a chart showing the number of reappraisal projects either completed or being completed from 2020 through 2029. This information comes from a list of towns reporting to PVR.

Reapp Year	Towns
2020	16
2021	15
2022	16
2023	21
2024	30
2025	35
2026	33
2027	19
2028	16
2029	14

As shown, the five year period from 2020 to 2024 had 98 reappraisal projects completed. From 2025 through 2029 another 117 projects are to be completed. In all, that is 215 reappraisal projects over the decade. Given that several towns have not provided PVR with their upcoming appraisal agreements, it can be expected that nearly all Vermont towns will complete a reappraisal during this decade. It would appear that the reappraisal crisis is waning at this time.

Vermont will be moving to a six year reappraisal cycle starting in 2030. Once that process is in place, towns and contractors will have a regular and consistent reappraisal schedule. The current group of reappraisal contractors and a few newer companies have seen the challenge and met it.

The Assessment District approach is an attempt to centralize assessments in Vermont. The current proposal is to create 12 Reappraisal Assessment Districts (RAD) to complete reappraisals and maintenance of each towns grant list.

The first question of implanting the RAD, is it the expectation that the RAD staff will complete the reappraisal, or contract it out? Second, is the expectation that a portion of the properties will be inspected each year, or complete the project over a two or three year time period. Doing reappraisal in Vermont is not like other states. Geography is a major limiting factor in production, i.e., completing inspections. Staffing for out of state firms is not a given. We have already seen in the Essex reappraisal project where they had to delay for another year because they cannot find staff. Additionally, there is ongoing assessment work to be completed during that six year period. That is not the business model of the large out of state contractors. This expectation shows a lack of understanding of running a reappraisal business.

As mentioned earlier, grouping multiple towns to create a RAD district defies the reality of geography. The Essex/Orleans RAD would be 24,670 parcels. The distance to cover this area, and the difficulty moving around it, will eliminate it for nearly all independent contractors.

What we have seen is a number of small businesses begin to do both assessments and reappraisals. At least 12 small companies have been working in the assessment and reappraisal business. If the RAD's were created, they would all be out of business. That is local money leaving the State.

Chittenden County has nearly 59,000 parcels. I would doubt the larger cities in Chittenden County will be willing to combine into an appraisal district. They each have their own Assessors, who use their chosen CAMA software, and are under the control of their governing bodies. It is unrealistic to think they would want to lose their autonomy.

The cost of creating these districts will be significant. The following chart is an example of the minimum staff required to do reappraisal inspections, let alone regular maintenance work.

RAD	Parcels	Per Year	RAD Staff	Super	AdmClk	Analyst	Total Staff
Addison	17,872	2,979	2	1	1	1	5
Bennington	21,319	3,553	3	1	2	1	7
Caledonia	17,138	2,856	2	1	1	1	5
Chittenden	58,750	9,792	7	1	2	1	11
Essex/Orleans	24,670	4,112	3	1	2	1	7
Franklin/Grand Isle	29,563	4,927	3	1	2	1	7
Lamoille	14,532	2,422	2	1	1	1	5
Orange	16,592	2,765	2	1	1	1	5
Rutland	33,281	5,547	4	1	2	1	8
Washington	29,740	4,957	4	1	2	1	8
Windham	30,252	5,042	4	1	2	1	8
Windsor	34,609	5,768	4	1	2	1	8
	328318		40	12	20	12	84

Appraisal Staff	65000 - 75000	3 M	1.2M	1.3M	1M	6.5M
Supervisor	90000 - 100000					1.68 Millior
Admin Clerk	55000 - 65000					8M
Analyst	80000 - 90000					

The smallest RAD will require at least 5 staff; a Chittenden RAD will take at least 11. If the RAD staff is expected to complete the reappraisal projects each RAD will need an analyst in addition to a supervisor. A back of the napkin calculation is that just staffing would cost at least \$8 million per year. That does not include setting up office space, buying equipment and software licensing. There is an incongruity in the appraisal district logic. If the expectation is that the staff in the appraisal district will complete the reappraisal, then there is no need for reappraisal companies to complete reappraisal projects in Vermont.

The appraisal district concept is basically a solution looking for a problem. It demonstrates a lack of understanding of conducting reappraisal projects in Vermont. And maybe more importantly, this proposal totally eliminates any local input into the assessment process. I would anticipate many more appeals and potentially appeals from the individual towns.

The recent school district fiasco is an example of a model we do not want to emulate. Another example is the implantation of the VTPIE software. This has taken over 4 years and still does not work. And with all due respect to the PVR staff (who are all great and intelligent people), they are not staffed to run these RAD districts. They are excellent at administering the rules, but have limited experience at running reappraisal projects and offices.

2. Assessment Date to January 1st

This has been discussed over the years. The April 1st date is no longer working for Vermont. Now that the assessment business is year round, it makes sense to make the switch. One huge problem with April 1st is completing the pre hearings and grievances in a restricted time period. NEMRC is currently completing 14 reappraisal projects. In order to squeeze in all the hearings, and allow two weeks between sets of hearings, we are finalizing our grand lists before April 1st.

Moving to January 1st might also allow PVR to complete some of their tasks in a timelier manner. For example, the education tax rate currently uses a bogus CLA number in the calculation. This switch might allow PVR to use an actual CLA rather than a faux one.

3. Valuation Appeals

The current system of appeals is broken. However, the proposal of using the RAD staff for appeals underestimates the amount of time that will be needed for appeals.

The expectation is that the RAD appraisal staff will complete the first level grievances; this replaces lister grievance. Next, the RAD supervisor will complete the second level appeals, which is the replacement for BCA appeals. The third level appeals will then be to PVR hearing staff or Superior Court.

The following chart provides an estimate of the number of appeals at the initial grievance level if completed annually, and completed in total for the RAD. The second grouping (G2) shows an estimate of the second level appeals for the RAD supervisor, annually and in Total for the RAD.

RAD	Parcels	Per Year	Annual		Total RAD		Annual		Total RAD	
			Grievance:	G Days	T RAD	TGDays	G2 Griev	G2 Days	RAD Parcels	Total Days
Addison	17,872	2,979	149	6	894	24	15	9	89	47
Bennington	21,319	3,553	178	5	1066	20	18	11	107	55
Caledonia	17,138	2,856	143	6	857	23	14	9	86	45
Chittenden	58,750	9,792	490	5	2938	23	49	26	294	149
Essex/Orleans	24,670	4,112	206	5	1234	23	21	12	123	64
Franklin/Grand Isle	29,563	4,927	246	6	1478	27	25	14	148	76
Lamoille	14,532	2,422	121	5	727	20	12	8	73	38
Orange	16,592	2,765	138	5	830	23	14	9	83	43
Rutland	33,281	5,547	277	5	1664	23	28	16	166	85
Washington	29,740	4,957	248	5	1487	21	25	14	149	76
Windham	30,252	5,042	252	5	1513	21	25	15	151	78
Windsor	34,609	5,768	288	6	1730	24	29	16	173	89
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5% Grievances
20 Hearings / Day
2 Days Decisions

BCA Level
0.005

The assumptions used in the Act 68 proposal was that there would be a 3% appeal rate. Our experience is more along the line of 5%. NEMRC also completes pre hearings to provide information and answer questions for property owners, which reduces the number of appeals.

Doing annual appeals from annual inspections would take 5 to 6 days for the RAD appraisers. If the total RAD were reappraised the number of days could be expected in the 20 to 27 day range.

For the second level appeals it is estimated to take between 8 and 26 days, depending on the size of the RAD. These level of appeals are very time consuming and require an inspection, in addition to writing a lengthy report. If the Total RAD were reappraised it would take between 38 and 149 days, again depending on the size of the RAD. This issue here is that the second level appeal is basically replacing multiple BCA's. In Addison County for example, one RAD supervisor is replacing the BCA of 23 Towns. It is doubtful a single RAD supervisor could adequately adjudicate this number of appeals in the specified time period.

I think the expectation of the appeals process is based on the local jurisdiction perspective, which would go away in the RAD proposal. The time and staffing requirements could potentially increase significantly.

I proposed a Valuation Appeals Board several years ago, eliminating the State Hearing Officers, and moving Superior Court hearings to a State level Valuation Appeals Board. Appeals beyond that would be to the Supreme Court.

This would create a state level office and they would be fulltime positions. The office would be made up of professionals in law and appraisal.

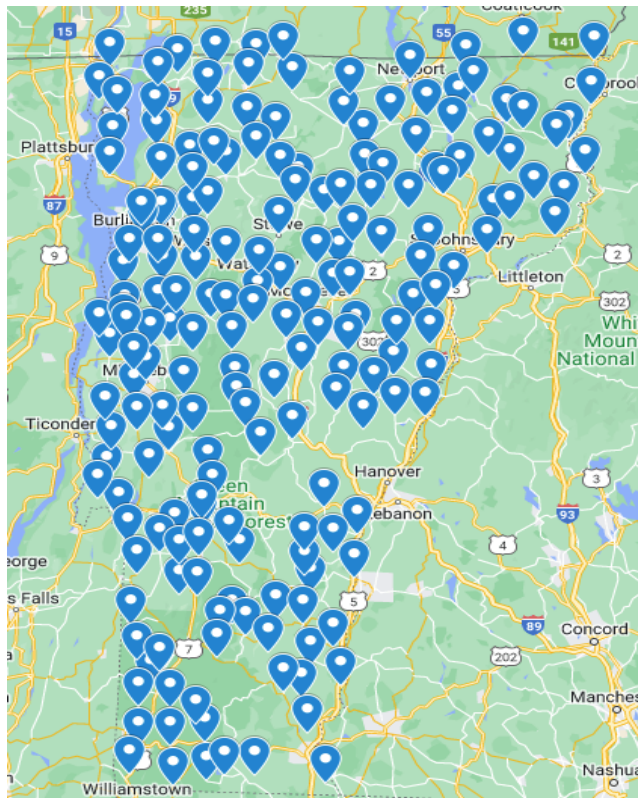
4. Economy of Scale

Repeatedly mentioned is the concept that creating the RAD's saves money due to economy of scale. Creating the RAD's may reduce the costs for listers, which are currently working for lower wages, but it does not reduce the amount of time to complete inspections. If it takes a half hour to inspect a property, it takes the same half hour to inspect 2,000 or 20,000. The more parcels, the more time involved. The more parcels, the more staff is needed to complete the tasks. The more parcels increases the area to be serviced. Doing reappraisals and inspections of property is not like producing a product; it takes time and people. What may be gained in efficiency will be lost in accuracy. There is no way a regional staff can appreciate the valuation nuances in the local municipalities.

5. CAMA System Conversions

This proposal specifies that the same CAMA system is to be utilized in each RAD. There is also the discussion about adopting a State level CAMA system.

Currently 190 municipalities use the NEMRC CAMA system as shown in the graph below.



Combining the data for multiple municipalities into a system RAD is somewhat simplified for NEMRC towns.

There are basically four CAMA systems being used in Vermont. Moving any or all the data into one central system is a difficult and expensive task. Writing the software code to convert the data into an equivalent system is only one part. The data must then be tested and altered as necessary. Asotin County in Washington State converted to the NEMRC CAMA system several years ago and required over a year to finalize the data. NEMRC converted data from a Pro Val system in Milton prior to completing a reappraisal, which also took a year to finalize.

This process cannot be under appreciated in moving to a single RAD system. It takes special expertise to fully understand data conversion.

6. Data Consistency

Much is made of data consistency in Vermont. With 190 municipalities using the NEMRC data set, the data is very consistent. However, there is a perceived need to require additional data fields in the CAMA systems. Mostly, the proposed changes have to do with property categories and property use. These are not really CAMA fields used to value property; adding fields to a CAMA set is relatively straightforward. These are classifications of data that need to be specified and defined. These could be implemented at any time. However, it is doubtful that large out of state CAMA vendors will want to change their systems to accommodate specific Vermont data items.

7. Planning and Zoning

In addition to the RAD inspections for reappraisals, there is a significant amount of work to complete annual inspections for permits. However, many Vermont towns do not have planning or zoning and do not require permits for construction or improvements. Without planning and zoning the RAD's will spend an inordinate amount of time locating improvements each year. If those inspections are not completed the quality of the data will be questionable as demonstrated by high Coefficient of Dispersion statistics.

8. Loss of Listers

It has been increasingly difficult for municipalities to find and keep listers. This is due to an aging Vermont population and low pay for completing increasingly technical and difficult tasks. Several upstart businesses have been created to service the towns. These are typically younger individuals who are attempting to make a career in the assessment business. They are making assessment services their professional career.

However, there are many listers across Vermont who take their jobs seriously, and have taken the time to educate themselves to complete the requirements of generating a grand list for their

respective town. Eliminating listers will remove an immense amount of institutional knowledge in each town. This is part of what local control is about.

When I was a lister in Calais I worked with a lister who was born and raised in Calais. When working on a Saturday we were doing permit inspections when he mentioned he recalled a camp at the top of the hill from when he was younger. We hiked up the hill and there it was. That sort of knowledge will be lost with the implementation of a RAD.