

Concerns Regarding Reappraisal and Homestead Classification Legislation

VALA Legislative Committee

April 2, 2025

To: Members of the Vermont Legislature and House Ways and Means Committee

Subject: Urgent Concerns Regarding Property Assessment Legislation

Dear House Ways and Means Committee,

We are writing to express our deep concerns about the proposed legislation to centralize Vermont's property assessment system. While some reform may be necessary, the current approach, particularly regarding the Municipal Grand List, raises significant concerns. The Grand List is fundamental to municipal governance, and removing local control over it undermines accountability, accuracy, and public trust.

Grand List Authority and Local Oversight

Municipalities must maintain authority over their Grand Lists. The proposed legislation shifts this responsibility to a District Advisor who may lack the local knowledge and understanding necessary for effective oversight. Towns should have the right to review, contest, and influence reappraisals conducted within their jurisdictions. This legislation poses a threat to the ability of qualified Listers and Assessors to maintain fair and community-informed property valuations.

The Municipal Grand List directly influences local tax rates and funding. Removing control from municipalities while requiring them to finance oversight boards and reappraisals is both unfair and impractical. Furthermore, the loss of local oversight increases the risk of inconsistent valuations and public dissatisfaction.

Municipalities must also preserve their right to appeal the Common Level of Appraisal (CLA), Coefficient of Dispersion, and Equalized Grand List, as permitted under current law.

Classification and Tax System Concerns

Some municipal tax programs are able to apply varying tax rates to specific parcels, a practice commonly seen in areas with villages and special business districts. However, a major concern is figuring out which parcels should be assigned to different tax classifications and identifying the authoritative source of truth for this information. The existing complexity of Homestead Declaration forms already places a heavy administrative load on towns, especially when it comes to managing percentages for business and rental properties. Introducing these new classifications would further complicate the work for Town Clerks, Treasurers, Listers, and Assessors. To prevent additional issues, clear guidelines and a streamlined process will be essential.

Additionally, the repeal of the 'contiguous parcel rule' may be necessary, but its removal could introduce new complications. A well-structured and phased implementation will be necessary to ensure a smooth transition.

Burden on Boards and Municipal Resources

The proposed regional boards for grievance hearings present challenges in fairness and funding. In multi-town districts, certain towns may generate a disproportionate number of hearings, placing financial and operational burdens on other municipalities. For example, in a five-town district, if one town accounts for 80% of the hearings, the other four towns may end up subsidizing the costs. A fair allocation of costs and resources must be addressed before implementation.

Additionally, merging RAD/AD functions extends beyond property assessments and will likely require integration with other municipal services, such as Planning and Zoning, GIS mapping, and digital record-keeping. Consideration must be given to existing municipal investments in systems like aerial imagery, online property data, and secure remote access. Who will oversee and fund these integrations? Will the state provide necessary resources, or will municipalities face additional costs?

Cost and Implementation Concerns

No comprehensive financial analysis has been provided to support the restructuring effort. Key questions remain regarding the costs of creating large versus small reappraisal districts, the ability to recruit and retain qualified staff, and whether taxpayers will experience long-term savings. Without a clear financial strategy, municipalities risk incurring increased costs without guaranteed benefits.

One critical point that the legislature seems to overlook is that, while it may be feasible to conduct a complete reappraisal of approximately 55,000 parcels on a county-wide basis, performing simultaneous reappraisals for around 55,000 parcels across 45 different towns each year is an overwhelming task. This challenge is further complicated by the shortage of reappraisal vendors. This bill will further reduce the number of available reappraisal vendors, as most approved firms in Vermont are too small to handle a county-wide reappraisal. Additionally, many local Vermont-based small reappraisal firms that specialize in serving small towns may no longer be able to offer their services because a county-wide reappraisal is simply too large for them to manage.

Legislative Process and Caution

Previous legislative changes, such as the contiguous parcel rule, were implemented without full consideration of long-term consequences, leading to ongoing issues. This proposed legislation appears to follow a similar pattern. Any major reform must undergo thorough review, with stakeholder input and a careful legislative process, rather than being rushed through as part of a miscellaneous tax bill.

Recommendations

We respectfully urge the Legislature to:

1. Establish a working group with local officials and professionals *before* the passage of this bill.
2. Conduct a full cost-benefit and feasibility analysis *before* the passage of this bill.
3. Implement changes gradually, ensuring infrastructure is in place first.
4. Preserve municipal rights to contest valuations and equalization results.

A transparent, collaborative approach is necessary to maintain public confidence in Vermont's property tax system. We strongly encourage thoughtful consideration before implementing changes of this magnitude.

Thank you for your time and consideration.

Sincerely,

VALA Legislative Committee