

**State of Vermont
Department of Taxes**

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Agency of Administration

To: House Committee on Agriculture, Food Resiliency, and Forestry

From: Jill Remick, PVR Director

Date: April 17, 2025

**Re: Proposal to Amend Statutory Language Regarding Land Use Change Tax (LUCT)
Valuation Appeals and Procedures**

Background and Purpose:

The current statutory framework for Land Use Change Tax (LUCT) valuation and appeals creates administrative inefficiencies and causes confusion for taxpayers. There are two steps. Town listers are first required to determine the fair market value for parcels subject to LUCT, which is then used by the Division of Property Valuation and Review (PVR) to calculate and impose the tax. Current law provides two different rights of appeal. First, to the town if the taxpayer wishes to appeal the value, and later to PVR if the taxpayer wishes to appeal the tax imposed. The tax imposed is merely a mathematical calculation of value and tax rate; the more complex analysis occurs when the town values the property.

However, a significant proportion of towns (approximately 30%) fail to provide valuations within the 30-day period following PVR's request, and a substantial number of landowners (approximately 25%) appeal to PVR when they receive the assessment, but really intended to appeal the value. That appeal period has already passed when the landowner receives the tax bill. Additionally, taxpayers currently have only 14 days from the date of the town's mailing of the valuation notice to appeal, which is unreasonably short given delays in mail delivery and the time needed to consult with legal or appraisal professionals.

Proposal Summary:**1. Extend Taxpayer Appeal Window:**

Amend the relevant section of statute to establish a 30-day appeal period for LUCT valuation notices, replacing the current 14-day window, which is tied to grand list appeal timelines. This change provides a more reasonable and equitable opportunity for property owners to evaluate the valuation and determine whether to pursue an appeal.

2. Address Town Non-Responsiveness:

Provide statutory authority for the Director of PVR to set the valuation when a town fails to respond within 30 days of PVR's request for a LUCT valuation. In such



cases, the town will forfeit its share of the LUCT (50%, up to \$2,000), reinforcing accountability for timely action.

Proposed Legislative Language (Summary Draft):

Amend 32 V.S.A. § 3757 (Land Use Change Tax) as follows:

- Insert a provision establishing a 30-day period from the date of mailing of the valuation notice for a taxpayer to appeal the fair market value determined by the town.
- Provide that if a town fails to respond to a request for a LUCT valuation within 30 days, the Director may determine the valuation, and the town shall not receive its share of the LUCT revenue for that parcel.
- If that occurs, clarify in 32 V.S.A. § 3758(b) that in these cases, the landowner's appeal of value will be to PVR.

Sec. X. 32 V.S.A. § 3757(c) is amended to read:

(c) For the purposes of the land use change tax, the determination of the fair market value of the land shall be made by the local assessing officials in accordance with the provisions of subsection (b) of this section and divided by the municipality's most recent common level of appraisal as determined by the Director. The determination shall be made within 30 days after the Director notifies the local assessing officials of the date that the owner has petitioned for withdrawal from use value appraisal or that the Director or local assessing official has determined that development has occurred. The local assessing officials shall notify the Director and the owner of their determination, and the provisions for appeal relating to property tax assessments in chapter 131 of this title shall apply, except that the owner shall have 30 days to appeal under this subsection. If the local assessing officials fail to notify the Director of the determination of fair market value within 30 days as required under this subsection, the Director shall establish the fair market value and, notwithstanding subsection (d) of this section, the municipality shall not receive any portion of the land use change tax paid.

Sec. X. 32 V.S.A. § 3758(b) is amended to read:

(b) Any owner who is aggrieved by the determination of the fair market value of classified land for the purpose of computing the land use change tax may appeal in the same manner as an appeal of a grand list valuation. if the value is set by the local assessing official and to the Commissioner if the value is set by the Director pursuant to Section 3757(c) of this Chapter.

