


MEMORANDUM

TO: Rep. Janet Ancel, Chair, House Committee on Ways & Means
Sen. Anne Cummings, Chair, Senate Committee on Finance

FROM: Jill Remick, Director of Property Valuation and Review 

DATE: December 6, 2019

RE: Act 73 Report on Reimbursement of Municipal Appeal Losses

Greetings Representative Ancel and Senator Cummings;

Act 73 of 2017 required that the Director of PVR report to the Senate Committee on Finance and the House Committee on Ways and Means on the reimbursement of education tax liabilities to municipalities related to a change in the eligibility for municipal reimbursement of appeal losses. Act 73 specifically required the number of reductions to the education grand list, the annual amount of reimbursements to municipalities, and the annual increase to the grand list, if any.

In 2017, appeals losses were reimbursed to four towns on eight parcels. Total losses for towns which filed for reimbursement and were found to have followed best practices was \$104,237 and resulted in a proration of 95.93%. The Tax Department denied six reimbursement requests; three for not having exhausted all appeals available, one for not occurring within 2017, one for not falling within the criteria for 5412 reimbursement, and one for reaching a settlement that did not reflect fair market value.

In 2018, no proration was necessary as only two towns received reimbursement on 18 parcels. The total amount of reimbursement was \$36,150. The Tax Department denied two reimbursements requests; one for having not exhausted appeal rights and another because the adjustment was voluntarily made by the town and not the result of a court case.

Initial requests for 2019 are still being received so it is too early to evaluate if proration will be necessary.

As to the annual increase in the education grand list, it is difficult to attribute properly. Growth in 2017 and 2018 was 1.7% and 2.1% respectively with 3% growth estimated for 2019. However, this is more likely due to widespread economic conditions like the historically low unemployment rate and the nationwide housing shortage.

One manner of measuring the impact of appeals on the education grand list is evaluating the difference between the grand lists submitted by towns in their initial lodging and the final grand list submitted in January. These annual changes are largely related to resolution of appeals at the town level prior to appealing to either Superior Court or the property valuation hearing officers at PVR.