

Current Use and Property Valuation

Guidance: How to Assess Land Subject to Use Value Appraisal

Overview of the Process

To assess land enrolled in the Current Use Program, begin by valuing an entire parcel at its fair market value as you would any other similar parcel in the municipality. If the entire parcel is enrolled, the fair market value is the grand list value. If only a portion of the parcel is enrolled, you have to allocate the value of the portion of the parcel that is not enrolled (the excluded land). You will find guidance on how to allocate the value of the excluded portion below. After calculating a value for the excluded land, the remaining value should be attributed to the enrolled portion. The total value of the excluded portion and the enrolled portion should always equal the fair market value of the entire parcel.

Note that the law has changed beginning with the 2016 tax year. The allocation described in this guidance is based on the new law.

32 V.S.A. § 3756(d): “The assessing officials shall appraise qualifying agricultural and managed forestland and farm buildings at use value appraisal as defined in subdivision 3752(12) of this title. If the land to be appraised is a portion of a parcel, any portion not receiving a use value appraisal shall be valued at its fair market value as a stand-alone parcel, and, for the purposes of the payment under section 3760 of this chapter, the entire parcel shall be valued at its fair market value as other similar parcels in the municipality.”

Where to Find the Current Use Data You Need

Your municipality will receive an electronic exchange file through your New England Municipal Resource Center (NEMRC) grand list program from the Vermont Department of Taxes. The file will include the newly enrolled parcels in your municipality, the enrolled parcels that experienced a change in previous year, and the enrolled parcels that experienced no change. Application information for all parcels is available in your land records and in the Electronic Current Use (eCuse) system. The eCuse system is a separate system from the exchange, which is designed for clerks to electronically retrieve and submit recording information for current use data. Assessing officials can access eCuse to view and print applications and research status of parcels.

Assessing officials must look at every parcel individually. The value for land excluded from current use is no longer a prorated value. The law now requires excluded land to be valued as a stand-alone parcel. This requires an understanding of the land schedule and the Computer Assisted Mass Appraisal (CAMA) system you are using. The Department encourages all assessing officials to attend upcoming trainings on the new legislation and to consult with a district advisor to ensure that all excluded land is being valued correctly.

In the spring you will receive the electronic current use exchange that contains, among other things, information related to portions of parcels that were removed from enrollment in the previous year. To find this information on the current use exchange, go to number nine on the main menu in NEMRC, under “State Current Use Maintenance.” This information is essential to identifying the land on the parcel that is excluded from current use enrollment. Under the new law, the excluded land must be separately valued as a stand-alone parcel.

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Disclaimer: This fact sheet is intended to provide an overview only. Vermont tax statutes, regulations, Vermont Department of Taxes rulings, or court decisions supersede information provided in this fact sheet.

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Check for Differences Between the Grand List Information and the Current Use Information

For every individual parcel, first determine whether the total current use acreage for a parcel matches the total grand list acreage in your system. The current use acreage is based on the application information provided by the landowner. If there is a discrepancy, you should assume that the grand list is correct until you find out why there is a difference. There are several possible reasons for a mismatch, including the recent subdivision of the parcel; a purchase by the landowner of contiguous land; an inaccuracy on your maps; or a historic transfer that was previously unidentified. Research the reason for a discrepancy and report it through the current use exchange. To report your research, use the "Reasons for Change" checkboxes under "Acres" to code the error and then type comments in the "Town" comment field. Please keep your research.

Remember that the current use maps are not a survey and should not be relied upon for acreage accuracy. If there is a difference in acreage for the parcel, you would prorate the enrolled acreage to make the total acreage match your grand list. The excluded acreage would remain the same. The only time you would adjust excluded acreage is if the property owner purchased an abutting property and you have not revised the application to indicate that the portion is enrolled.

Next, determine whether the current use parcel number, ownership, and SPAN match the information on the grand list. The reasons for a mismatch may include: the order of the names listed on a property transfer tax return are different than the order given on the current use application; there was a recent transfer to a new owner; there was a transfer involving a life estate or trust; or there was a subdivision.

Please see "Checking for Differences Between the Grand List and Current Use Records" on page 6.

Research the reason for a discrepancy and report it through the current use exchange. To report, use the "Request Parcel Change" drop down to code errors and type notes in the "Town" comment field. Please keep your research.

Allocating Value to the Excluded Portion of a Parcel

You can now set up a test parcel that can be used to calculate and determine value without changing a current cost sheet. Create a new parcel in the grand list and assign it a parcel number that will make it appear first on the list. If you are using the NEMRC Microsolve CAMA, make the parcel inactive in NEMRC (under "Parcel Status") and give it a residential CAMA link. The parcel will now appear in your CAMA database.

Next, find the actual parcel you are working on in the CAMA database and note the neighborhood code on the parcel tab. Open the test parcel and code its neighborhood to match the parcel you are working on. Use the current use map for the parcel you are working on to determine the excluded land and any attributes that may factor into your valuation, such as topography, views, drainage, and access. Land attributes such as these will affect the grade multiplier that you will apply to the portion of land. If you lack information related to the land attributes, you may need a site visit. Review the current use application for any description of the excluded portion.

At this stage, please be sure to code and value only the excluded portion. Do not enter the total acreage of the parcel here as that would not be treating it as a stand-alone parcel with an independent value.

The following example assumes you are currently using the NEMRC Microsolve CAMA system. If you are using another CAMA system, you will need to develop a test parcel in that system to allocate values.

Example: A parcel has total excluded land of seven acres. You look at the map and see that two acres is a housesite and five acres is in a corner and is not touching the other two acres. You should value the two housesite acres using a building lot coded as 1/1 for two acres at the grade currently applied on the cost sheet. You should code the other five acres as 2/5 at an appropriate grade based on your knowledge and research of that portion of land. Account for all factors that affect the grade of that parcel of land.

This image shows how you code a 1/1 for a two-acre housesite. This coding will treat the two acres as site value from the full land schedule or the site land schedule. This example shows a house site that was determined to be an average grade of 1.0.

The screenshot shows the 'Parcel Information' window with the 'Land/OB' tab selected. The 'Parcel ID' is 'test parcel'. The 'Land ID' is set to 1, 'Calc Method' is 1 (Site), and 'Land Type' is 1 (Bldg Lot). The 'Area' is 2.00 and the 'Grade' is 1.00. Other fields include 'Quality', 'Quantity', 'SI Name', 'Rate', 'Finish', 'Class', 'Quality', '% Good', 'Name', 'Rate', 'Add to Hsite', 'Add to Hmstd', 'Outbld ID', 'Type', 'Area/Diam', 'Siding', and 'Silo Height'. The 'Add' and 'Delete' buttons are at the bottom.

This image shows how you code 5 acres at 2/5. This coding will treat the land as five acres from the residual schedule. This example shows that this land was determined to be a 0.8 grade based on the physical attributes of the land.

The screenshot shows the 'Parcel Information' window with the 'Land/OB' tab selected. The 'Parcel ID' is 'test parcel'. The 'Land ID' is set to 2, 'Calc Method' is 2 (Acreage), and 'Land Type' is 5 (Other). The 'Area' is 5.00 and the 'Grade' is 0.80. Other fields include 'Quality', 'Quantity', 'SI Name', 'Rate', 'Finish', 'Class', 'Quality', '% Good', 'Name', 'Rate', 'Add to Hsite', 'Add to Hmstd', 'Outbld ID', 'Type', 'Area/Diam', 'Siding', and 'Silo Height'. The 'Add' and 'Delete' buttons are at the bottom.

Using the land tab on the test parcel, code the excluded land as a stand-alone parcel that includes the total acreage of all excluded land (see example below). Be sure to note the configuration and location. You now have a value for the excluded land, which will be the excluded land value for current use allocation. You will be able to print a copy of this test parcel.

Next, run the cost and preview it. Consider whether the value makes sense for the amount of acreage based on what you know of the land. Consider whether this represents fair market value.

This image shows the preview screen after running the cost for a test parcel. This is an example only. Land schedules and land values differ from town to town. Do not expect these to be the values you see in your system.

Property ID: test parcel	Span #:	Last Inspected: / /	Cost Update: 03/14/2016		
Owner(s):		Sale Price: 0	Book:	Validity: No Data	
Address:		Sale Date: / /	Page:		
City/St/Zip:		Bldg Type: No Data	Quality: 0.00		
Location: 0		Style: No Data	Frame: No Data		
Description:		Area: 0	Yr Built: 0	Eff Age: 0	
Tax Map #:		# Rms: 0	# Bedrm: 0	# Ktchns: 0	
		# 1/2 Bath: 0	# Baths: 0		
Item	Description	Percent	Quantity	Unit Cost	Total
BASE COST					
ADJUSTED BASE COST					
Subtotal					
REPLACEMENT COST NEW					
REPLACEMENT COST NEW LESS DEPRECIATION					
LAND PRICES	Size	Nbhd Mult	Grade	Depth/Rate	
SI Bldg Lot	2.00	1.00	1.00		65,000
AC Other	5.00	1.00	0.80		30,000
Total	7.00				95,000
TOTAL PROPERTY VALUE					95,000
NOTES					

Please Note: This is only an example and there may be situations where the allocation process will need to be adjusted. Every parcel must be considered separately, and the highest and best use as a stand-alone parcel must always be considered.

You are now ready to input the value allocation in the current use download edit screen. Enter the excluded land value as determined by your test parcel cost sheet first. Then, look at the total land value on your original cost sheet and subtract the value of the excluded land that you just entered. The remaining value is the value of enrolled land. Enter that value as the enrolled land value, which concludes the land allocation process.

Continue the value allocation for the remaining components of the parcel. This includes any houses, outbuildings, site improvements, and enrolled farm buildings. Hover the mouse pointer over the total value, which is located under "enrolled land." In the upper right corner of the screen, there will be a grand list value for the parcel and the split between homestead and nonresidential. Check the appropriate tab ("Read Only Farm and Building Details") and the current use application for information related to farm buildings. Enrolled farm buildings are always nonresidential, so be sure to code them as nonresidential in CAMA and re-cost if necessary. **The total parcel value should not change and the allocated value should never exceed the total value of the parcel.**

If you are using the NEMRC Microsolve CAMA system, input all remaining values until all the columns are green, signifying a match with your grand list. To complete the process, validate and save the parcel. Repeat this process for all parcels with land enrolled in current use.

The test parcel you created will be a tool you can use repeatedly to allocate all current use values. You can also use this to determine a current use penalty value for a portion that was recently removed from enrollment. Remember to print every test record before moving to the next test so that you have a record of your work.

See “Checking for Differences Between the Grand List and Current Use Records” on page 6.

Checking for Differences Between the Grand List and Current Use Records

Parcel Number/Ownership/SPAN – Current Use vs. Grand List

Verify whether the name and SPAN from the current use records match the grand list. If they do not match, try to find out why there is a difference. To report a transfer, split, deletion, or other change, use the drop down box labeled **“Request Parcel Change.”** Add specific comments relating to your findings in the **“New Town Comments”** box.

“Use Value” means [the number of acres enrolled in the program, including all agricultural land, forest land, and other] multiplied by [use value per acre of the type of land] multiplied by [the municipality’s CLA].

“Grand List” is a value that is the taxable amount after the reduction is applied.

The **“Reduction”** will be loaded as an exemption on the value screen under parcel maintenance.

Value Breakdown Comparing Current Use Records and the Grand List

“Total” is the total listed value and should match the total value on your cost sheet once you have allocated all the parts.

“Homestead” is the total listed value of homestead property and should match the homestead value on your cost sheet after you have allocated all the parts. Note that land is always **“homestead”** if a homestead declaration was filed.

“Non-resident” is the total listed value of non-homestead property (nonresident and business uses) and should match the [total value] minus [homestead value] on your cost sheet once you have allocated all the parts. Note that enrolled farm buildings are always nonresidential because they are considered a business use.

Acreege Comparison of Current Use Records and the Grand List

Verify whether the total matches the grand list. If there is a difference, try to find out why. Report back using the check boxes under **“Acres Reason(s) for Change”** and include specific comments in the **“New Town Comments”** box.