



**Aggregate CLA Legislative Study Committee of Act 132 of 2016 – Kickoff Meeting**  
**July 20, 2016 Room 10, Statehouse 2-4 p.m.**  
**Via Conference Call: (Toll-free): 1 877 309 2070 Access Code: 464-788-181**

## **Meeting Minutes**

(prepared by Jill Remick)

### **Present:**

**Douglas Farnham**, Director, Property Valuation and Review, Vermont Department of Taxes  
**Jon Mowry (via phone)**, Vermont School Boards Association representative  
**Tom Vickery**, Vermont Assessors and Listers Association representative  
**Randy Viens**, Vermont Assessors and Listers Association representative  
**Maura Carroll**, Executive Director, Vermont League of Cities and Towns (representing VLCT appointee **Bill Shepeluk**, Town Manager in Waterbury)

**Tax Department Staff:** **Jake Feldman**, Research Statistician; **Jill Remick**, PVR Analyst; **Kirby Keeton**, Policy Analyst

### **Overview of Act 132 and Charge to the Committee** (Jill Remick)

Per [Act 132 \(H.853\) of 2016](#), a Common Level of Appraisal (CLA) Study Committee has been created to study the use of an aggregate common level of appraisal in a merged school district to determine the statewide education tax for each municipality in that district. “On or before **December 15, 2016**, the Committee shall submit a written report to the House Committees on Ways and Means and on Education and the Senate Committees on Finance and on Education with its findings and any recommendations for legislative action.”

### **Overview of Vermont’s CLA and Tax Rates** (Jake Feldman)

(See Overview text materials)

### **Current State of Affairs and Impressions** (Douglas Farnham)

**Committee Discussion:** The Committee spent the remainder of the meeting addressing current issues, concerns and questions regarding CLA and COD related to Vermont education property tax assessment. Below is a summary of the discussion:

### **Questions and Additional Data Requests**

- Seeking additional examples and modeling, for example unified high school districts such as U32 or Harwood.
- Jake will explore the timing currently of the CLA calculations and release to towns.
- Non-residential and residential tax rates in some communities are shifting to be much closer together. Why even have two separate rates?
- For August meeting, Tax will bring back dollar figures from the example and take the example further through the process.

- Tax may ask NEMRC to estimate the cost of reappraisal if this is changed; may check what towns that have recently reappraised estimate as a per parcel cost.
- Jon Mowry will check with VSBA to survey other school boards about their observations and experiences.

### **Observations**

- Some towns use the anticipated CLA to inform school budget development and communication.
- Taxpayers need to make the connection between per-pupil spending and the rates.
- Taxpayers need to understand better how these numbers come about.
- Some towns may incorrectly adjust based on CLA or defer appeals. Tax has not seen evidence of this.
- The current Equalization Study uses 3 years to try to tamp down the volatility somewhat, but swings remain, as evidenced by Weston’s change from one year to the next.
- In smaller towns or markets, the swings in CLA can come about from outliers.
- Vermont goes further than IAAO standards currently.
- Vermont applies a statistical estimate as a hard number, which is further than it was intended and articulated by IAAO standards.
- Act 46 will be fully implemented in 2019 per statute, so the committee should operate under that assumption that the aggregate CLA would be in place by then.
- Any suggested changes can be made within the purview of the Act 132 requirement, noting that the potential to do this statewide should be considered. Rather than piecemeal, changes to the Equalization Study should be made statewide.
- When the Coefficient of Dispersion is too disparate, the results are less reliable.
- Even within towns, the different sectors are subject to different assessments and values (ie residential vs business)
- Smaller towns are at a real disadvantage in keeping their Grand List up to date because of lack of resources and expertise.
- There are too many categories currently that further muddies the CLA and rates.
- Towns are supposed to be saving up their annual allocation for reappraisal (Grand List Maintenance).

### **Factors to Consider**

- Markets fluctuate widely outside and within towns.
- Demographics, assessing practices, timing and economic impacts all alter the assessments in Vermont towns.
- In order for an aggregate CLA to work, the towns must have the same timing of appraisal. This would be costly at the onset for towns with currently disparate CLAs.
- Phasing in for existing, upcoming and non-merged districts.
- When does reappraisal become required, and how is that enforced?
- How would the aggregate CLA be voted upon?

### **Common Themes and Exploratory Ideas**

- “Assessment Districts” concept: keep listers in each town but treat the new aggregate district as one for the purpose of the Equalization Study.
- Assessment districts and aggregate CLAs may help with decreasing volatility.
- Apply the CLA to the property value on the tax bill rather than rate

- Communicate with public: The CLA is what the real estate market in your town has done since your last reappraisal.
- Common Tax bill that includes the CLA adjustment shown on the bill for taxpayers.
- Invest in communicating with the school board about how CLA works.
- Setting an interval within which CLA defaults to 100, such as between 95 and 105, incentivizing outlier towns to reappraise or face CLA adjustment. This is aligned with IAAO standards.
- Set a common sense threshold for merging districts that allows for more recent reappraisal (2-3 years or less) to start from that place rather than having to reappraise immediately.
- Select option for voting on aggregate CLA participation: automatic upon merger vote, vote of binding referendum (with minimum time period), decision by local officials after merger vote.
- Possible pilot district could try this out.
- Incentivize Assessment districts, like Act 46 does with education districts.

### **Goals**

- Equity and fairness
- Not overly burdensome costs
- Adequate timing
- Information and transparency for taxpayers
- Remove volatility for smaller towns
- Ensure 100% fair market value or as close to that as possible
- Require outliers to reappraise

### **Materials:**

- Tom Vickery shared a handout of some projections he has done demonstrating the impact of the varied CLAs.
- Tax shared a one-page color map from Agency of Education showing Merger Activity as of June 8, 2016.
- Agenda
- Overview by Tax

### **Next meetings:**

- Thursday, August 18 from 2-4 p.m.
- Wednesday, September 21 from 2-4 p.m.
- Wednesday, October 26 from 2-4 p.m.
- Wednesday, November 9 from 2-4 p.m.
- Friday, December 9 from 2-4 p.m.