

## **Town of Essex and City of Essex Junction Municipal-wide Reappraisal of Real Property 2023-2025**

The Town of Essex (“Town”) and City of Essex Junction (“City”) have begun the initial steps in starting a municipal-wide reappraisal of all real property.

Every year, the State of Vermont Department of Taxes conducts an Equalization Study with every municipality. The Equalization Study’s purpose is to assess how close the grand list assessed values compare to 100% of Fair Market Value – which is derived from the past three years property sales history. The Equalization Study relies upon two qualifying factors, the CLA and COD:

The **Common Level of Appraisal (CLA)** is a statistic that measures the general status of the valuations of property in a grand list. It is a measure of how close a municipality’s local assessments are to 100% of Fair Market Value. The CLA is used to equalize education taxes statewide with the goal of having properties of equal value pay equal amounts of school taxes. Vermont municipalities must reappraise the properties in their town/city when the CLA ratio falls below 85% or rises above 115% (32 V.S.A § 4041(a)). A town’s/city’s CLA has no effect on the amount of property taxes owed on the town/city portion of a property tax bill. In Vermont law, it is “the ratio-of the aggregate value of local education property tax Grand List to the aggregate value of the equalized education property tax Grand List.” (32 V.S.A. § 5401(3)). In Essex, the current CLA is 85.08%, meaning that on average Essex properties are 14.92% lower than 100% or market value. Staying as close to 100% is the target and we want to stay as close to that as possible for as long as possible. As the market inevitably shifts, it becomes more important that we maintain equity than attempt to capture current Fair Market Value – hence the Coefficient of Dispersion measure as described by the following.

Equity between the valuation of property is tracked by the State of Vermont in a % statistic called the **Coefficient of Dispersion (COD)**. The COD tells us the equity of the valuations for all property in the Town and City. A COD below 10% is considered good, but as the number approaches 20% it can trigger a mandatory reappraisal order from the State of Vermont.

For example, the COD figure could rise if properties at or below \$300,000 are consistently selling for less than the grand list assessment and, conversely, properties above \$600,000 are consistently selling for more than the grand list assessment. In this sequence a case can be made that properties assessed at \$300,000 or less may be overvalued while properties assessed at \$600,000 or more may be undervalued. This is just an example as the valuation threshold could encompass any home value. It should also not be assumed that all properties within these sections are subject to inequity issues with valuations. Again, this statistic is used to measure the disparity in equity of the Grand List based on recent valid sales data. Currently Essex’s 8.88% COD indicates an excellent uniformity of assessment in our Grand List.

### **FACTS:**

CLA: 85.08%

COD: 8.88%

Educational Equalized Grand List 2021: \$3,180,409,890

Last Municipal-wide reappraisal: 2007

Following is the Town of Essex and City of Essex Junction Educational Equalized Grand List History since the last reappraisal:

<b>Years (2007-2021)</b>	<b>Educational Equalized Grand List (\$) Value</b>	<b>CLA (%)</b>	<b>COD (%)</b>
2007 Essex Junction	978,833,740	102.28	7.95
2007 Essex Town	1,227,076,106	102.32	7.95
2008 Essex Junction	1,022,601,271	98.78	5.52
2008 Essex Town	1,290,981,196	98.31	5.52
2009 Essex Junction	1,034,967,968	98.58	5.76
2009 Essex Town	1,312,250,122	98.23	5.76
2010 Essex Junction	1,029,128,924	99.76	6.16
2010 Essex Town	1,302,735,099	99.79	6.16
2011 Essex Junction	1,025,211,422	100.99	5.90
2011 Essex Town	1,295,886,563	101.10	5.90
2012 Essex Junction	1,036,117,021	100.96	5.53
2012 Essex Town	1,323,254,650	101.23	5.53
2013 Essex Junction	1,046,108,137	100.82	5.78
2013 Essex Town	1,335,088,339	100.96	5.78
2014 Essex Junction	1,063,594,457	100.27	5.59
2014 Essex Town	1,369,864,897	100.52	5.59
2015 Essex Junction	1,096,584,309	99.07	5.75
2015 Essex Town	1,424,224,576	98.98	5.75
2016 Essex Junction	1,113,829,469	97.50	5.49
2016 Essex Town	1,479,517,710	97.45	5.49
2017 Essex Junction	1,149,396,867	95.48	5.70
2017 Essex Town	1,559,066,171	95.53	5.70
2018 Essex Town**	2,790,818,980	94.15	6.17
2019 Essex Town	2,884,695,736	91.86*	6.99
2020 Essex Town	3,011,675,365	89.05	7.77
2021 Essex Town	3,180,409,890	85.08	8.88

\*2019 The State changed the minimum CLA threshold from 80% to 85%

\*\*Combined CLA & CODs (no longer separated)

## **Q&A About Reappraisal of Real Property**

### **How often is a reappraisal done in the Town/City, and why are we doing one now?**

A span between reappraisals creates more opportunity for inequities to grow and usually leads to much larger and unpredictable changes to property values. As the inequities increase, the tax burden on individual property owners becomes unfair. Remember that the tax value used for 2022 is the appraised value from the last reappraisal in 2007, or based on any changes since 2007 due to permits, grievances, etc. Over the past 15 years, some property values have gone up or down significantly.

### **What is the definition of market value?**

Market value is the most probable price a property would bring in an open and competitive market. The Assessor does not create market value; rather, analyzes the patterns and trends of the local real estate market and use that information to estimate market values for all properties. Assessors spend a substantial amount of time qualifying all sales used to develop fair market values for property. Automated valuation models, or 'AVMs' such as those used by sites like Zillow or Trulia, do not research sales to determine if they meet requirements for qualification. These sites also do not have knowledge of local market variations.

### **How will a reappraisal impact what I pay in property taxes?**

Property taxes are based on property values. Without periodic reappraisals, some property owners would pay relatively more while others would pay relatively less. Reappraisal resets property values to their current market value so that the property tax burden is equalized for all taxpayers. Reappraisal assures every property owner they are only paying their fair share. However, appraisal and taxation are separate issues. The Assessor determines the market value, and the municipality and State tax rates have no impact on the valuation process. Each taxing authority establishes its own tax rate. Municipal Tax Rates are set based on the need to raise money for municipality highway and general fund expenses. The municipal rate is levied against the municipal grand list. The Education Tax Rates are based on a homestead education tax rate and a non-homestead education tax rate which are set annually by the commissioner of taxes. The Education Tax Rates are levied against all homestead and non-homestead parcels on the education grand list.

Even if your assessment doubled that does not mean your taxes would double. Remember the total grand list has changed as well. The tax rate will adjust because of the reappraisal.

**I have not done any improvements to my house; how can the value go up or down?**

That is because the market has changed since the last reappraisal. The last reappraisal was completed in 2007. At that time the assessment base was established and has not been changed since that time. The purpose of the reappraisal is to bring the values established several years ago to current market values and to establish equity across parcels.