

## **Town of Panton Appraisal Process Q&As**

### **What makes up the Panton property taxes?**

There are two parts of your Panton property tax bill: municipal taxes and education taxes. Panton funds its town operations through a municipal tax on property. Annually, the town sets a budget and then apportions a share of responsibility for funding that budget to each of the properties in town.

The town determines the amount of your share as a rate of the appraised value of your property. (As an example, if your property is assessed at \$300,000, and the total tax rate is \$3.00 per \$100 value, your tax would be \$9,000. In Panton, this is due in two installments, the first on 11/1 and the second on 5/1. Our tax year begins on 7/1 of any year and runs to the following 6/30.

The education tax makes up approximately 70 - 80% of a Panton tax bill. The Vermont State Legislature sets education property tax rates annually at the level necessary to fund voter-approved school budgets. The Town of Panton has no control over the education tax.

### **What are property appraisals?**

All real property in Panton needs to have a value assigned to it for property tax purposes. This value is called an appraisal, and it includes the value of land that makes up a parcel as well as any structures on it.

### **What is a parcel?**

A parcel is an individual taxable entity on the town's Grand List. It can be as small as 1/4 acre of open land to hundreds of acres with a primary home and many other structures on it. It is registered by deed to an owner or owners.

### **How are these appraisals done?**

In 2011, the Selectboard hired a professional appraiser to do a town-wide appraisal. Panton is made up of approximately 330 individual parcels. That appraiser used an appraisal system called a CAMA (Computer Assisted Mass Appraisal) to assess property values. Between town-wide appraisals, a professional assessor works with the town listers to complete appraisals.

### **How does CAMA work?**

CAMA consists of 60 data tables which are used to assign values to both land and structures, based on their size (square footage of a house or barn, or acreage of land) and the quality of materials for structures or the location and quality of a property for land.

### **How much of this data is subjective and how much objective?**

The size of a building is an objective measurement as well as the type of materials used in its construction. For instance, standing seam versus asphalt shingle roofing have different valuations. Assessing the quality, also known as "grade," of a building or land is subjective and depended upon the judgment of the professional appraiser, who was certified to assess property.

Another subjective determination is the perceived depreciation of a structure. In 2012, the assessor made a judgment of how much the current cost of constructing a home needed to be decreased based on its perceived age. Two identical homes built 30 years apart have very different current values.

### **Were the criteria used to make these subjective judgments shared with the Panton Selectboard or Listers?**

No, and that is one main reason we recommend a new town-wide appraisal. New structures constructed after 2012, both new homes and new outbuildings, have been assessed by various Listers and independent appraisal contractors who may make different judgment calls on a structure's quality, or the value of a particular piece of land.

Since CAMA uses a cost of construction approach, and new home appraisals are done using the same tables uploaded to CAMA in 2012, more recent market values (including the value of land or construction materials) are not taken into account.

### **Would a new town-wide appraisal solve this problem?**

Yes. It will bring the values of all parcels up to their current market values, taking into account the current cost of construction materials. The longer the town goes without a reappraisal, the larger these potential discrepancies could be. Towns are advised by the state to generally do reappraisals every 10 years, but this is not an absolute requirement. We have found some towns that have waited 15 or more years between reappraisals.

### **What is another advantage of a reappraisal?**

The Appraisal Research Committee was advised that the data tables used in CAMA for assessments, which are in continuous use today, are quite outdated and assign what we believe are incorrect and inconsistent values to structures and land that are appraised today.

### **How much would a new appraisal cost the town?**

The market rate is about \$100/parcel at this time. This would mean the total cost would be about \$30,000 for our town. The town budget each year includes a line item to set aside money for this effort and its current balance is \$36,740.

### **Would my taxes go up if the town reappraises my home?**

Not necessarily. If all new appraisals go up by an equal percentage, then everyone will still pay the same share of municipal taxes each year. This does not take into account increases or decreases in the annual municipal budget voted on by Panton residents by Australian ballot. Your new increased value is still the same share of the new total town assessment. Any municipal tax increases or decreases would only be incurred by property owners whose value goes up or down more than the town average.

Education taxes, which make up a larger percent of annual property taxes (roughly 75%), are calculated by the state and, as such, we can not say what impact a reappraisal will have on them.

### **What would happen if the town does not do a reappraisal?**

Failing to do a town-wide reappraisal creates unfairness which worsens with the passage of time. Some properties may have declined in value while others may have increased and some increases are more dramatic than others. Leaving the current assessments in place causes some to pay more than their fair share of taxes, while others pay less than their fair share. The challenge is to maintain a fair and equitable system.

If the town does not do a town-wide reappraisal at this time, the state may mandate it. Under state law, a mandate for reappraisal is issued when the assessed values of properties in the town vary significantly from the selling prices ("market value"). Because there has been a trend of sales prices exceeding our current assessments, it is anticipated that the state might require a town-wide reappraisal. When a reappraisal is mandated, there may be less time to plan it in the most cost-efficient way.