

**State of Vermont
Valuation Appeal Board**

In Re: Unified Towns and Gores

**Appeal of 2007 EEPV
(From 2006 Grand List)**

UNIFIED TOWNS AND GORE'S REQUESTS FOR FINDINGS OF FACT AND
CONCLUSIONS OF LAW

The Unified Towns and Gores ("UTG") requests that the Valuation Appeals Board ("Board") make the following findings of fact and conclusions of law:

1. The Unified Towns and Gores consist of six separate entities: Averill, Avery's Gore, Ferdinand, Lewis, Warners Grant and Warren Gore.
2. Property Valuation and Review ("PVR") equalizes the grand lists in each entity using the combined sales and appraisals from the entire UTG. A separate, distinct sales sample for each entity is not used.
3. Dave Snedeker, previous Administrator of the UTG, testified that the UTG covers a large land area extending from the Canadian border in Averill south to Ferdinand, distance of about 14 miles. This is equivalent to an area consisting of approximately the towns of Brattleboro, Guilford, Marlboro and Dummerston combined.
4. Just as PVR does not use sales of Guilford properties to equalize the value of Brattleboro homes, the UTG believes it is inappropriate to equalize the value of Ferdinand properties with sales in Averill.
5. Mr. Snedeker stated that there was a wide diversity of property types across the UTG, ranging from year round vacation properties with full utilities and road access on Averill Pond to rustic camps with no utilities, located miles from any road, in the Town of Lewis.
6. Mr. Snedeker stated the sales sample used by PVR for the equalization process consisted of 24 sales of properties, 19 of which were in Averill.
7. PVR added 40 appraisals to the sales sample for the equalization process. This included four vacation properties (V1 and V2) but no camps on leased land. There were appraisals of 19 woodland and 17 miscellaneous properties. Dave Snedeker located the appraisals on a map of the UTG, visually demonstrating that the appraisals were heavily concentrated in the Averill Pond area.
8. Dave Lafoe, Chair of the Board of Governors of the UTG, testified that of the more than 300 vacation properties in the UTG, 115 were camps on leased land. None of the sales or appraisals used to equalize the UTG properties were of camps without land.

9. Mr. Lafoe testified as to the various restrictions on the land of these camps. Many of the camps must be sold only to the U.S. Fish and Wildlife Service or the State of Vermont upon the death of the current owner or within a set number of years. The years vary but typically run for about forty years. The sales price is frequently determined by the government agency.
10. Due to these deed restrictions, the value of these properties will most likely not appreciate in value in the same manner as vacation properties on Averill Pond. PVR assumed the same price appreciation rate held by excluding these properties from its study. PVR did not include any of these leased properties in its study.
11. Richard Heaps, an economist with Northern Economic Consulting, Inc. of Westford, Vermont testified as to the statistical procedure behind PVR's equalization process. Mr. Heaps has testified before public boards such as the Valuation Appeals Board, the Water Resources Board, and several Act 250 commissions since 1985. In addition, he has testified as an economics expert in state and federal court in Vermont for more than twenty years. Mr. Heaps previously taught economics and statistics at the University of Vermont and the University of Illinois.
12. Mr. Heaps testified that for PVR's equalization procedure to be valid it must use a representative sample of the properties from the grand list being equalized.
13. Mr. Heaps testified that PVR did not use a representative sample of properties to conduct the equalization process for the six entities of the UTG.
14. First, PVR used one combined sales sample to carry out the equalization procedure on each of the six entities. The sales sample consisted of 64 sales and appraisals. There were 24 sales, 19 of which were in Averill. There were 40 appraisals, 32 of which were in Averill. The sample included few properties in the five UTG entities outside of Averill.
15. Second, the combined sample included no properties in Lewis.
16. Third, the combined sales sample consisted of 22 transactions in the V1 and V2 categories, of which 17 were on Averill Pond. Only 5 of the transactions were from outside Averill.
17. Four, the combined sales sample did not include any camps on leased land. There are 115 such properties in the UTG, out of a total of about 450 properties.
18. Mr. Heaps testified that the type and mixture of the properties in the six UTG entities differed significantly from one entity to another. The same sales sample could not be used to equalize each of the entities and be representative of the underlying properties of the diverse entities.

19. William Smith testified for the State that if PVR had to equalize each of the entities separately, it would need to have a sample of at least 243 transactions. (See State's Exhibit H.) However, PVR carried out the 2007 equalization with just 64 transactions in the combined sales sample. (See State's Exhibit E.)
20. William Smith testified on cross examination that PVR's equalization process determined the "correct" value for the entities as a whole. On cross examination, he testified that PVR's procedure also determined the "correct" value for each of the entities separately using the combined sales sample of 64 transactions.
21. The previous two statements are simply illogical. If it would take more than 240 transactions to equalize each entity separately, you cannot achieve the same result for each entity with a combined sample of only 64 transactions. Either PVR did not obtain the "correct" value for each of the entities or it does not need a sample as large as 240. Given that none of the 64 sales were from properties in Lewis, it stretches the imagination to believe PVR's procedure calculated the "correct" equalized value of the properties in Lewis.
22. The John Westinghouse, PVR's District Advisor, testified that it took him and another PVR employee two weeks to perform the 40 appraisals that were used in the equalization process. This was a rough estimate. The two PVR employees probably did not spend the full two weeks on this task alone.
23. Richard Heaps roughly calculated the cost of performing the 243 appraisals the state said it would need to equalize the six UTG entities with their own sales samples in the following manner: if 40 appraisals were done in two weeks by two people, the 243 appraisals could be done in about twelve weeks by one person. Assuming the average employee wage at PVR is \$80,000 per year, that is roughly a cost of about \$16,000 for twelve weeks to do the needed 240 appraisals. The appraisals would not need to be performed every year, so the annual cost is less than \$16,000.
24. William Johnson testified on cross examination that the cost of doing this would be "hundreds of thousands of dollars" for all the towns involved and that the \$16,000 cost was beyond the resources of PVR.
25. Dave Lafoe testified that the six UTG entities paid about \$750,000 in school taxes based on the equalization procedure.
26. The UTG concludes that PVR did not properly calculated the EEPV of each of the six UTG entities. A small error of just 2% would mean the UTG paid \$15,000 (2% of \$750,000) more in taxes than it should have paid.
27. The cost to PVR to properly equalize the UTG properties is less than the potential cost to the UTG taxpayers from PVR's errors.

28. PVR should equalize the properties of the UTG entities by developing a separate sales sample for each of the six entities.
29. PVR should include in the sales sample transactions from the 115 properties on leased land. These transactions must reflect the true appreciation in the price of these deed restricted properties and must not simply assume their value appreciates the same as the value of properties on owned land.
30. In the absence of developing a separate sales sample for the 2007 equalization, PVR should set the 2007 equalization value equal to the 2006 equalization value for each of the entities.

DATED at Island Pond, Vermont on this 14th day of November 2007.

By: _____

David Lafoe, Chair
Board of Governors, UTG