

**STATE OF VERMONT
VALUATION APPEAL BOARD**

In Re:) Appeal of 2007 EEPV & COD
Appeal of the Unified Towns and Gores) (Grand List 2006)
)

State's Proposed Findings of Fact

Background

1. For valuation purposes the Unified Towns and Gores (the "UTGs") are managed as a single assessment entity. *Testimony of William Johnson.*
2. The UTGs are governed by a single Board of Governors. *Testimony of William Johnson.*
3. The UTGs' grand lists are maintained by a single Board of Appraisers. *Testimony of John Westinghouse; Testimony of William Johnson.*
4. All six UTG entities were reappraised at the same time in 1999, and again in 2007, by the same mass appraisal firm, using a uniform methodology. *Testimony of John Westinghouse; Testimony of William Johnson; Testimony of David Lafoe.*
5. The same land schedule and cost tables are used for all six of the UTGs. *Testimony of John Westinghouse.*
6. All six UTG entities are similar in nature, with the same mix of properties as any other town, and geography, located in the extreme northeast corner of the state. *Testimony of John Westinghouse.*

PVR Appraisals

7. State's Exhibits A, B and C provide a breakdown of parcel counts, property values, and sales and appraisals by UTG entity and property category. State's Exs. A, B and C.
8. There were 23 valid sales in the UTGs' sales sample for the 2006 Equalization Study. *Testimony of John Westinghouse; State's Ex. C.*
9. PVR conducted over 40 appraisals to supplement the sales sample for the UTGs' 2006 Equalization Study. *Testimony of John Westinghouse; State's Ex. C.*
10. PVR's supplemental appraisals were conducted by David Bolton, PVR's former District Advisor Supervisor, and John Westinghouse, PVR's District Advisor to the UTGs. *Testimony of John Westinghouse.*

11. PVR performed the appraisals to counter the UTGs' claim in its 2005 Equalization Study appeal that the 2005 sample was unduly influenced by properties on Averill Lake. *Testimony of William Johnson; Testimony of John Westinghouse.*
12. PVR selected the properties it appraised to obtain a sample that was representative across all UTG entities and property categories when combined with the 23 valid sales. *Testimony of John Westinghouse.*
13. PVR appraised a large number of properties in Averill that were non-lakefront properties to balance the affect, if any, of sales of lakefront properties. *Testimony of John Westinghouse; State's Ex. C.*
14. The appraisals calculated land values using the State's Agency of Natural Resources ("ANR") database of thousands of land sales from across the state, which PVR localized to the UTGs with a geographical adjustment factor using sales from the database in Essex County. The appraisals also used the same grade factor assigned to the subject properties by the UTGs. *Testimony of John Westinghouse.*
15. PVR appraised properties in Averill, Ferdinand, Warner's Grant and Warren Gore. 91% of all non-electric utility property is located in these four UTG entities. *Testimony of John Westinghouse; State's Ex. B.*
16. PVR appraised properties in the Vacation 1, Vacation 2, Woodland and Miscellaneous categories, which comprise 89% of all non-electric utility property in the UTGs. *Testimony of John Westinghouse; State's Ex. B.*
17. There were no sales or appraisals of property in Lewis or Avery's Gore, which are similar in nature to other UTG entities and comprise 3.7% and 5.3%, respectively, of the total value of all non-electric utility property in the UTGs. *Testimony of John Westinghouse; Testimony of William Smith; State's Ex. B.*
18. There were no sales or appraisals of year-round residences, unlanded camps and commercial properties because these categories comprise a relatively small percentage of the UTGs' total parcel value. *Testimony of John Westinghouse; State's Ex. B.*
19. Unlanded camps comprise 2.9% of the total value of all non-electric utility property in the UTGs. *See UTGs Grand Lists.*

20. There are only two commercial properties in the UTGs, comprising 3.3% of the overall value of all non-electric utility property. The larger of these two properties (representing 75 percent of the total commercial value in the UTGs) essentially serves the same purposes as and may have a highest and best use as the V1 and V2 properties. *Testimony of William Johnson.*
21. PVR's appraisals, combined with the 23 valid sales, produced a sample representative of property across the UTG entities and property categories. Findings of Fact 7 - 20.

Equalization Study

22. PVR is charged with finding the Equalized Education Property Tax Grand List, or as reported to towns, the Equalized Education Property Value or “EPPV,” and the Coefficient of Dispersion (“COD”). *Testimony of William Smith.*
23. To find this single estimate of value—the EPPV—PVR’s Equalization Study employs “indirect equalization” where the total market value of an entire jurisdiction is estimated, as compared to “direct equalization” where individual property values are changed. *Testimony of William Smith.*
24. The State performs indirect equalization to come up with a town value; towns perform their duties to come up with individual values for taxation purposes. *Testimony of William Smith.*
25. The IAAO Standard on Ratio Studies, version 17.03, approved by the IAAO Executive Board on July 21, 2007, provides guidance for local officials and oversight agencies on the use of ratio studies for appraisal performance monitoring and equalization. The IAAO Standard on Ratio Studies is the professional standard for performing equalization studies. *Testimony of William Smith.*
26. Indirect equalization requires a sample that is representative of grand list values that is sufficiently large to be used for reliable statistical estimation. *Testimony of William Smith; State’s Ex. D (IAAO Standard on Ratio Studies) at 30, lines 1296-1298.*
27. A stratified sample is appropriate when there is evidence of internal bias where certain types of properties are assessed at significantly different levels of appraisal value than other property types. In those cases, stratification minimizes distortions in the grand list due to different assessment levels. *Testimony of William Smith; State’s Ex. D at 33, lines 1438-1442.*
28. PVR classifies sales into 15 property categories and uses equalization ratios for these strata, if sufficient information is available for a reliable sample, to minimize the distortions of internal biases in a town, if any. In most cases where there is minimal bias, the total equalized value estimate is not significantly different from what it would have been without stratification. *Testimony of William Smith.*
29. If there are not reliable samples at the category or class levels, the town sample is sufficient for an estimate of total town market value if it is reliable and representative. *Testimony of William Smith.*
30. There is no evidence of internal bias in the sample used for the UTGs’ 2006 Equalization Study. *Testimony of William Johnson; Testimony of William Smith; State’s Ex. (UTGs’ 2006 Equalization Study Redetermination Results).*
31. The UTGs’ 2006 Redetermined Sales Report demonstrates a lack of internal bias. Reasonably uniform aggregate ratios are found in the V1 category (49.70%), V2 category

(57.84%), Woodland category (50.74%) and Miscellaneous category (47.54%). State's Ex. E; *see also Testimony of William Johnson; Testimony of William Smith.*

32. The sample used for the UTGs' 2006 Equalization Study was representative of property across the UTG entities and property categories. *Testimony of William Smith; State's Ex. F (UTG Equalization Samples spreadsheet).*
33. The average listed value of the sample of \$56,560 is very close to the average listed value of all parcels of \$55,499, which demonstrates the representativeness of the sample. *Testimony of William Smith; State's Ex. F (UTG Equalization Samples spreadsheet).*
34. The sample was also statistically reliable with a sampling error of 6.36%, well below the acceptable level of 10%. *Testimony of William Smith; State's Ex. F (UTG Equalization Samples spreadsheet).*

Single Assessment Entity

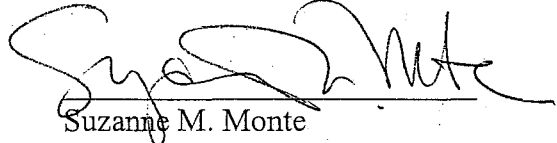
35. Two or more entities can be combined into a single assessment entity if the combined entities form a common assessing unit and there is no evidence of bias in the assessment practices among the entities. *Testimony of William Johnson; Testimony of William Smith.*
36. There is no evidence of bias in the assessment practices of the UTGs. All UTG entities were reappraised at the same time by the same reappraisal firm with a uniform methodology, which indicates uniformity of assessment practices and a lack of bias. *Testimony of William Johnson.*
37. Statistically, it is appropriate to combine categories and classes to achieve a more reliable sample. *Testimony of William Smith.*
38. PVR also uses a single sales sample to equalize separate incorporated school districts within a town. This practice is based on the Almy Report, an independent study of PVR's equalization procedures performed in 1999, which recognized the benefits of using a single sales sample when a common assessor exists and there is no evidence of internal bias in assessment practices. The Almy Report addressed incorporated school districts associated with a town and adjacent towns. *Testimony of William Johnson; State's Ex. I (relevant portions of Almy Report).*
39. Other states also combine entities into a single assessment entity for the purposes of ratio studies. For example, New York state law permits two or more municipalities to form a single assessment district called a "coordinated assessing program." The state then views the entire district as a single entity to establish a sales sample for its ratio study. Further, it is typical practice across much of the United States to assess property on a regional basis. Generally, the region is defined as an entire county. As long as uniform assessment methods are used within the entire jurisdiction, it is common practice to conduct equalization procedures across the entire entity. *Testimony of William Johnson; State's Ex. J (copy of New York practice).*

Sample Size Needed for Separate CODs

40. To achieve a reliable sample in all categories within each UTG entity, and a separate COD for each UTG entity, at least 65 sales and/or appraisals would be required in each sample. *Testimony of William Smith; State's Ex. G (Sample Size Estimation worksheet).*
41. For a reliable sample in each entity at the category level there would need to be a sales sample of 353 or 76% of the total parcels, which would require 330 supplemental appraisals (in addition to the 23 valid sales). *Testimony of William Smith; State's Ex. H (UTG Supplemental Appraisals spreadsheet).*
42. For a reliable sample in each entity at the class level there would need to be a sales sample of 328 or 70% of the total parcels, which would require 305 supplemental appraisals. *Testimony of William Smith; State's Ex. H (UTG Supplemental Appraisals spreadsheet).*
43. For a reliable sample in each entity at the townwide level there would need to be a sales sample of 243 or 52% of the total parcels, which would require 220 supplemental appraisals. *Testimony of William Smith; State's Ex. H (UTG Supplemental Appraisals spreadsheet).*
44. The statewide sample is approximately 12.5% of all parcels. *Testimony of William Smith; State's Ex. H (UTG Supplemental Appraisals spreadsheet).*
45. If the required statistical sample size exceeds the population, all parcels would need to be appraised to achieve a separate, reliable sample. This is the case in Avery's Gore, Lewis, Warner's Grant and Warren Gore (at the category, class and townwide levels) and Ferdinand (at the category and class levels). In these cases, there would no longer be a statistical sample but a complete reappraisal performed by PVR. *Testimony of William Smith; State's Ex. H (UTG Supplemental Appraisals spreadsheet).*
46. PVR does not have the resources available to conduct this level of additional appraisals, nor would it be a prudent allocation of resources because there would be little difference in the ultimate result. *Testimony of William Johnson; Testimony of William Smith.*
47. For purposes of supplementing sales in the Equalization Study, PVR typically conducts less than 25 appraisals across the entire state each year. This is well below the nearly 330 additional appraisals needed to achieve separate, reliable samples for each UTG. *Testimony of William Johnson.*
48. The level of appraisals requested by the UTGs would have significant implications statewide in terms of requiring a separate, reliable sample for every property category and is beyond the resources available to PVR. *Testimony of William Johnson.*

12/14/07
Date

Respectfully Submitted,



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