

1 TO THE HONORABLE SENATE:

2 The Committee on Agriculture to which was referred House Bill No. 329
3 entitled “An act relating to use value appraisals” respectfully reports that it has
4 considered the same and recommends that the Senate propose to the House that
5 the bill be amended by striking out all after the enacting clause and inserting in
6 lieu thereof the following:

7 * * * **Methane Digesters** * * *

8 Sec. 1. 32 V.S.A. § 3607a is amended to read:

9 § 3607a. BARNs, SILOS, AND OTHER FARM STRUCTURES

10 (a) Barns, silos, sugarhouses, and bunkers used for silage storage shall be
11 entered in the grand list at fair market value as defined in subdivision 3481(1)
12 of this title, except that by a majority vote of those present and voting at an
13 annual or special meeting warned for the purpose, a municipality may elect to
14 exempt, or to appraise at less than fair market value, barns, silos, sugarhouses,
15 and bunkers used for silage storage located within the municipality which are
16 owned or leased by a farmer as defined in subdivision 3752(7) of this title and
17 used by the farmer as part of a farming operation. An election to exempt or to
18 reduce appraisals made under this section shall remain in effect for future tax
19 years until amended or repealed by a similar vote of the municipality.

20 (b) Methane digesters, located on farms, shall be valued by a cost method
21 for purpose of taxation. The Director of the Division of Property Valuation

1 and Review shall provide uniform guidance to local assessing officials on the
2 appropriate cost method of valuing methane digesters.

3 *** * * Portions of Parcels * * ***

4 Sec. 2. 32 V.S.A. § 3756 is amended to read:

5 § 3756. QUALIFICATION FOR USE VALUE APPRAISAL

6 (a) The owner of eligible agricultural land, farm buildings, or managed
7 forestland shall be entitled to have eligible property appraised at its use value
8 provided the owner shall have applied to the Director on or before September 1
9 of the previous tax year, on a form approved by the Board and provided by the
10 Director. A farmer, whose application has been accepted on or before
11 December 31 by the Director of the Division of Property Valuation and
12 Review of the Department of Taxes for enrollment for the use value program
13 for the current tax year, shall be entitled to have eligible property appraised at
14 its use value, if he or she was prevented from applying on or before
15 September 1 of the previous year due to the severe illness of the farmer.

16 (b) ~~{Deleted.}~~ When applying for a use value appraisal, the owner of
17 eligible agricultural land or managed forestland may designate a portion of the
18 parcel, not to exceed two acres, that shall be valued at the average current fair
19 market value per acre of the parcel, instead of at the use value appraisal. The
20 designated portion does not need to represent a fixed location, or portion of the
21 parcel, and an owner may designate more than one portion per parcel.

1 Notwithstanding any other provision of law, when the owner develops the
2 portion of the parcel designated under this subsection, it shall be valued at its
3 fair market value for purposes of calculating the land use change tax under
4 section 3757 of this title.

5 (c) The Director shall notify the applicant no later than April 15 of his or
6 her decision to classify or refusal to classify his or her property as eligible for
7 use value appraisal by delivery of such notification to him or her in person or
8 by mailing such notification to his or her last and usual place of abode. In the
9 case of a refusal, the Director shall state the reasons therefor in the notification.

10 (d) The assessing officials shall appraise qualifying agricultural land and
11 managed forestland and farm buildings at use value appraisal as defined in
12 subdivision 3752(12) of this title. If the land to be appraised is a portion of a
13 parcel, the assessing officials shall:

14 ~~(1) determine the contributory value of each portion such that the fair~~
15 ~~market value of the total parcel is comparable with other similar parcels in the~~
16 ~~municipality; and~~

17 ~~(2) notify the landowner according to the procedures for notification of~~
18 ~~change of appraisal. The portion of the parcel that is not to be appraised at use~~
19 ~~value shall be appraised at its fair market value. determine the fair market~~
20 value of the entire parcel that is comparable with similar parcels in the
21 municipality;

1 (5) The Director’s calculation of payment amounts to municipalities
2 shall be based on grand list values and total tax appropriations as submitted to
3 the ~~director~~ Director for the prior year-; provided however:

4 (A) The Director shall exclude from his or her calculation of the
5 grand list values the portion of any property value assigned to an animal
6 manure storage system. Annually, the local assessing officials shall provide
7 the Director with the value assigned to any animal manure storage system on
8 land subject to a use value appraisal. If the Director is unable to obtain the
9 value assigned by the local assessing official, the Director may withhold any
10 payment due the municipality under this section until he or she receives the
11 assessed value information.

12 (B) Notwithstanding any other provision of law, for the purposes of
13 farm buildings subject to a use value appraisal, the Director shall be eligible to
14 appeal the fair market value assessment of a farm building by a local listing
15 official under sections 4044 and 4461 of this title. However, any appeal by the
16 Director under section 4461 of this title shall only be to Superior Court.

17 ***** Audit Language *****

18 Sec. 4. 32 V.S.A. § 3760a is added to read:

19 § 3760a. VALUATION AUDITS

1 (a) Annually, the Director shall conduct an audit of ten towns with enrolled
2 land to ensure that parcels with a use value appraisal are appraised by the local
3 assessing officials consistent with the appraisals for nonenrolled parcels.

4 (b) In determining which towns to select for an audit, the Director shall
5 consider factors that demonstrate a deviation from consistent valuations,
6 including the following:

7 (1) the fair market value per acre of enrolled land in each town;

8 (2) the fair market value of enrolled land versus unenrolled land in the
9 same town;

10 (3) the fair market value of enrolled farm buildings in each town; and

11 (4) the fair market value of enrolled farm buildings in relation to the fair
12 market value of the associated land.

13 (c) For each town selected for an audit, the Director shall:

14 (1) conduct an independent appraisal of enrolled parcels and enrolled
15 farm buildings in that town;

16 (2) compare the appraisals reached by the Director for each enrolled
17 parcel with the appraisal reach by the local assessing officials; and

18 (3) review the land schedule and appraisal model applied by the town.

19 (d) If, as a result of an audit, the Director determines that an appraisal
20 reached by the Director differs from the appraisal reached by the local
21 assessing officials by more than 10 percent, then the Director shall substitute

1 his or her appraisal of fair market value for the appraisal reached by the local
2 assessing officials. A substitution of a fair market appraisal under this
3 subsection shall be treated as a substitution by the Director under subsection
4 3760(b) of this title.

5 *** * * Agricultural Lands * * ***

6 Sec. 5. AGRICULTURAL LANDS SUBJECT TO A USE VALUE

7 APPRAISAL

8 The Commissioner of Taxes, in consultation with the Secretary of
9 Agriculture, Food and Markets, shall establish rules to ensure that agricultural
10 lands subject to a use value appraisal continue to meet the statutory
11 requirements for those appraisals.

12 *** * * County Foresters * * ***

13 Sec. 6. COUNTY FORESTERS

14 (a) The Secretary of Natural Resources, in consultation with the
15 Commissioner of Taxes and the Commissioner of Forest, Parks and
16 Recreation, shall report to the Senate Committee on Finance and House
17 Committee on Ways and Means on whether the current number of county
18 foresters is sufficient to oversee compliance of forestland subject to a use value
19 appraisal under 32 V.S.A. chapter 124, given the increasing number of
20 forestland parcels, and the increasing acreage of forestland, in the current use
21 program. In addition to any issues the Secretary considers relevant to this

1 report, he or she shall specifically consider whether any or all of the following
2 would be appropriate to strengthening the current use program:

3 (1) providing an additional forester whose sole responsibility would be
4 investigating alleged violations of the current use requirements and doing spot
5 compliance checks for forestland parcels;

6 (2) adding additional foresters to reflect the growth in forestland parcels
7 subject to a use value appraisal; and

8 (3) requiring consulting foresters to be licensed by the State.

9 (b) The report of the Secretary of Natural Resources under this section shall
10 be due on January 15, 2015.

11 * * *

12 * * * Effective Date * * *

13 Sec. 7. EFFECTIVE DATE

14 This act shall take effect on July 1, 2014 and apply to grand lists compiled
15 after that date.

16
17

18 (Committee vote: _____)

19 _____

20 Senator [surname]

21 FOR THE COMMITTEE