

Resolution Relating to

THE FAIRNESS OF THE REAPPRAISAL PROCESS AND THE PROPERTY TAX SYSTEM (REVISED)

RESOLUTION _____

Sponsor(s): Councilors Magee,
Hanson, Hightower, Stromberg, Tracy
Introduced: _____
Referred to: _____

Action: _____

Date: _____

Signed by Mayor: _____

CITY OF BURLINGTON

In the year Two Thousand Twenty-one.....

Resolved by the City Council of the City of Burlington, as follows:

1 That WHEREAS, Burlington recently completed its first city-wide property value reappraisal, since 2005,
2 over 15 years; and

3 WHEREAS, this reappraisal resulted in taxes for residential properties increasing as a share of the
4 City's property tax collections by over \$10 million, which is an increase of almost 2% to 80.6% of the total
5 property taxes generated¹; and

6 WHEREAS, the increases were significant in every ward: Ward 1 by 12.3%, Ward 2 by 12%, Ward 3
7 by 18.5%, Ward 4 by 7.9%, Ward 5 by 18.1%, Ward 6 by 9.4%, Ward 7 by 9.9%, and Ward 8 by 16.4%²; and

8 WHEREAS, these increases have resulted in significantly higher living expenses and potential home
9 losses³; and

10 WHEREAS, the administration down-played the impact of reappraisal on residents' tax bills⁴; and

11 WHEREAS, this reappraisal also resulted in taxes for commercial properties decreasing by over
12 \$900,000, which is a decrease of 2.2% to 16.2% of the total property taxes generated; and

13 WHEREAS, the valuation method used for commercial appraisals accounted for pandemic related
14 decreases in business income; and

15 WHEREAS, the reappraisal did not account for the economic hardship experienced by residents as a
16 result of the COVID-19 Pandemic; and

17 WHEREAS, the shift of tax burden away from commercial properties due to COVID driving incomes
18 down could have been anticipated and shared with the community sooner; and

¹ <https://www.sevendaysvt.com/vermont/tax-burdened-residents-bear-the-brunt-of-burlingtons-first-property-reassessment-in-16-years/Content?oid=33632279>

² <https://www.sevendaysvt.com/vermont/tax-burdened-residents-bear-the-brunt-of-burlingtons-first-property-reassessment-in-16-years/Content?oid=33632279>

³ <https://www.sevendaysvt.com/vermont/tax-burdened-residents-bear-the-brunt-of-burlingtons-first-property-reassessment-in-16-years/Content?oid=33632279>

⁴ https://www.sevendaysvt.com/OffMessage/archives/2021/04/13/some-burlington-home-owners-shocked-by-reappraisal-figures?_ga=2.30655999.1707607063.1636051964-1645375984.1632670895

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19 WHEREAS, residents, renters, and homeowners, have spoken out against the high cost of the City's
20 housing, which they say has been exacerbated by this reappraisal; and

21 WHEREAS, in press reports and constituent grievances, homeowners have raised serious concerns
22 about the length of time between reappraisals, the process used by, and the accuracy of the City's contracted
23 residential reappraisal consultant, Tyler Technologies; and

24 WHEREAS, residents' grievances regarding the reappraisal process include:

- 25 • the lack of advanced notice as to the extent of potential increases;
- 26 • the failure to consider the effects of the COVID pandemic on the timing of the reappraisal and the
27 economic insecurity caused by the pandemic;
- 28 • factual errors that were not corrected by the time of the tax appeals process;
- 29 • a confusing process;
- 30 • the failure of Tyler to conduct initial appeals in a way that gave residents a fair chance to correct
31 errors and point out inequities, including
 - 32 ○ rushed appeals;
 - 33 ○ Tyler representatives who did not understand the properties and neighborhoods they were
34 assessing thereby causing Tyler to make significant errors; and
 - 35 ○ Tyler representatives who were generally unresponsive, uninformed, unprepared, and
36 unprofessional;
- 37 • failure to explain the basis for decisions; and
- 38 • appearance of arbitrary decisions; and

39 WHEREAS, although Vermont's education tax system has income sensitivity built into it through its
40 rebate system, the property tax increases caused by this reappraisal are not eligible for increased rebates for
41 the current 2021-2022 tax year due to the rules of the statewide education tax system; and

42 WHEREAS, this reappraisal also revealed systemic problems, including:

- 43 • unfairness of considering financial hardship in calculating values for commercial properties but not
44 considering financial hardship in calculating residential valuations;
- 45 • insufficient and less than accessible information about residential appraisals and the appeal process
46 in general, thereby making it confusing;
- 47 • the start of appeal period before the issuance of a statement on the actual or carefully estimated net
48 impact on a homeowners' tax bill; and

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- 49 • the lack of technical assistance and advocacy for owners trying to navigate the system, other than
50 the assessor's office which has a conflict of interest as it is the office that oversees the reappraisal
51 process, including participating in the appeals process in defense of the values arrived at; and

52 WHEREAS, a reasonable assessment of the above stated problems indicates that there are potential
53 systemic solutions to them, including that:

- 54 • each reappraisal notice to residential property owners includes a statement of the actual or carefully
55 estimated net impact on the homeowner's tax bill, thereby supplying key missing data to support an
56 informed decision about whether to appeal a reappraisal;
- 57 • the appraisal appeal process starts when a tax bill has been issued or a carefully estimated
58 statement of tax impact has been provided;
- 59 • city-wide reappraisals occur more regularly (15 years is too long);
- 60 • the City provide technical assistance to residential property owners, including access to an
61 independent ombudsperson or residential property owner advocate; and

62 WHEREAS, the City should review current property taxation policy and propose changes that provide
63 more equity for our lowest income residents; some ideas to achieve might include:

- 64 • property tax credits for affordable residential rents
- 65 • differential tax rate for second homes
- 66 • property transfer tax
- 67 • surcharge tax on short-term rentals
- 68 • tax classification of rental properties
- 69 • municipal tax income sensitivity
- 70 • increasing the city commercial property tax rate

71

72 NOW, THEREFORE, BE IT RESOLVED that before December 20, 2021, the Council President shall appoint
73 a special ad hoc committee to formally gather public testimony about the recently conducted reappraisal,
74 including appeals, and potential changes to the current process, in consultation with the City Assessor and
75 with staff support provided by the office of the City Attorney; and

76 BE IT FURTHER RESOLVED that the committee be comprised of not more than nine members, to
77 include a resident from each of City's four districts, at least two homeowners, two renters, a commercial

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78 property owner, one person with experience on the Board of Tax Appeals, one person with experience on the
79 Board of Assessors, and one City Councilor; and

80 BE IT FURTHER RESOLVED that the City Clerk shall advertise the vacancies, with applications due
81 by December 15th; and

82 BE IT FURTHER RESOLVED that the ad hoc committee hold public hearings to gather public
83 testimony before January 31, 2022; and

84 BE IT FURTHER RESOLVED that the ad-hoc committee work with the City Attorney to provide a
85 report to the City Council by the body's last meeting in April 2022 which includes:

- 86 • Identification of timelines and practices during the assessment process that are impediments to citizen
87 participation and fair valuations; and recommendations around those;
- 88 • Review of the appeals process and recommendations;
- 89 • Develop a best practice around education and participation of citizens in the assessment process and
90 how their properties are valued. Provide recommendations on how that support will be offered;
- 91 • Develop recommendations for the frequency of citywide reappraisals including; funding, criteria for
92 selection of consultants, and consideration of a rolling appraisal process;
- 93 • Review capacity of the Assessor's Office, including staffing and IT needs.
- 94 • Opinions on which of the recommended changes are consistent with the authority already vested in the
95 City Council and which require a charter change; and

96 BE IT FURTHER RESOLVED that, beginning in January 2022, the Community Development and
97 Neighborhood Revitalization Committee, with staff support from offices of the City Treasurer and the City
98 Attorney, as well as the Community and Economic Development Office, be charged with further
99 investigation, study, and analysis of the fairness of Burlington's property tax system, including:

- 100 • Review of the city's revenue raising options, with particular focus on the property tax;
- 101 • Analysis of the of the burdens of property taxation on various property types;
- 102 • Review and recommendations on shifts in burden with the goal of reducing tax impact on our lowest
103 income residents;
- 104 • Analysis of proposals and recommendations on city revenue with review by the Finance Committee;
105 and

106 BE IT FURTHER RESOLVED that the Community Economic Development Office in consultation with the
107 Community Development and Neighborhood Revitalization Committee, shall develop a request for proposals

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108 to retain a consultant with the goal of further analyzing Burlington's tax system, including the above
109 suggested changes, with a report due to the committee upon completion. Proposals and recommendations will
110 be vetted by the committee for review on other impact's i.e., housing affordability, business development or
111 growth in the city

112

113 *TM/JM//Resolutions 2021/Reappraisal Policy Changes*

114 *November 8, 2021*