Resolution Relating to

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

RESOLUTION 6.05
Sponsor(s): Councilors Magee, Hanson, Hightower, Stromberg, Tracy
Introduced: 11/08/21
Referred to: ______________________
Action: adopted as amended
Date: 11/08/21
Signed by Mayor: 11/15/21

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, over 15 years; and

2. WHEREAS, this reappraisal resulted in taxes for residential properties increasing as a share of the City’s property tax collections by over $10 million, which is an increase of almost 2% to 80.6% of the total property taxes generated\(^1\); and

3. WHEREAS, the increases were significant in every ward: Ward 1 by 12.3%, Ward 2 by 12%, Ward 3 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

4. WHEREAS, these increases have resulted in significantly higher living expenses and potential home losses\(^3\); and

5. WHEREAS, the administration down-played the impact of reappraisal on residents’ tax bills\(^4\); and

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

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

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

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


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

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

WHEREAS, residents’ grievances regarding the reappraisal process include:

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

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

WHEREAS, this reappraisal also revealed systemic problems, including:

• unfairness of considering financial hardship in calculating values for commercial properties but not considering financial hardship in calculating residential valuations;
• insufficient and less than accessible information about residential appraisals and the appeal process in general, thereby making it confusing;
• the start of appeal period before the issuance of a statement on the actual or carefully estimated net impact on a homeowners’ tax bill; and
Resolution Relating to
THE FAIRNESS OF THE REAPPRAISAL PROCESS AND THE PROPERTY TAX SYSTEM (REVISED)

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

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

  - each reappraisal notice to residential property owners includes a statement of the actual or carefully
    estimated net impact on the homeowner’s tax bill, thereby supplying key missing data to support an
    informed decision about whether to appeal a reappraisal;

  - the appraisal appeal process starts when a tax bill has been issued or a carefully estimated
    statement of tax impact has been provided;

  - city-wide reapraisals occur more regularly (15 years is too long);

  - the City provide technical assistance to residential property owners, including access to an
    independent ombudsperson or residential property owner advocate;

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

  - property tax credits for affordable residential rents
  - differential tax rate for second homes
  - property transfer tax
  - surcharge tax on short-term rentals
  - tax classification of rental properties
  - municipal tax income sensitivity
  - increasing the city commercial property tax rate

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

BE IT FURTHER RESOLVED that the committee be comprised of not more than nine members, to
include a resident from each of City’s four districts, at least two homeowners, two renters, a commercial
property owner, one person with experience on the Board of Tax Appeals, one person with experience on the Board of Assessors, and one City Councillor; and

BE IT FURTHER RESOLVED that the City Clerk shall advertise the vacancies, with applications due by December 15th.

BE IT FURTHER RESOLVED that the ad hoc committee hold public hearings to gather public testimony before February 28th, 2022; and

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

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

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

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

BE IT FURTHER RESOLVED that the Community Economic Development Office in consultation with the Community Development and Neighborhood Revitalization Committee, shall develop a request for proposals to retain a consultant with the goal of further analyzing Burlington’s tax system, including the above
RESOLUTION RELATING TO

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suggested changes, with a report due to the committee upon completion. Proposals and recommendations will be vetted by the committee for review on other impact’s i.e., housing affordability, business development or growth in the city.

November 8, 2021
RESOLUTION RELATING TO

The Fareham of the Reappraisal Process and the Property Tax System (Revised)

ADOPTED BY THE CITY COUNCIL

November 2, 2021

Licensing, Voting and Records Coordinator
Lori Obremski

Mayor

Approved: November 15, 2021

Clerk

[Signature]

Revised

City Attorney’s Office

CEO
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GCP

City Committee

Department(s)

DISTRIBUTION:

[Signatures]