

## Townshend, VT Tax Rates Since Last Full Reappraisal, FY 24

Taxes are calculated based on 1% of the appraised value. For example, on a piece of property appraised at \$100,000, taxes are calculated by multiplying the total tax rate, education + town (municipal), by \$1000.

For town taxes, the tax rate is set based on the budgets that the voters approved at Town Meeting. This is then calculated using 100% of the value of **all** the properties in town based on the "Municipal Grand List". There is no rate difference between residential and non-residential properties.

For education taxes, the tax rate is set by the State of Vermont. The State levies a set tax figure on non-residential properties (statewide). This is **not** a result of actions taken at the Annual School District Meetings.

Residents pay a different tax that **is** based on budgets approved at Annual School District Meeting. (The West River Education District) The "Residential Tax Rate" may be more or less than the "Non-Residential Tax Rate" depending upon the amount of "local spending".

Both of the educational tax rates are calculated based on the "Education Grand List" which will, in most instances, be close to the "Municipal Grand List" but the two are rarely exactly the same. In addition the "Education Grand List" is divided in to "Homestead" (Residential) and "Non-Homestead" (Non-Residential).

Then, Vermont interjects the "Common Level of Appraisal" in to the calculations for educational taxes.

As defined by The State of Vermont, the Common Level of Appraisal (CLA) is:

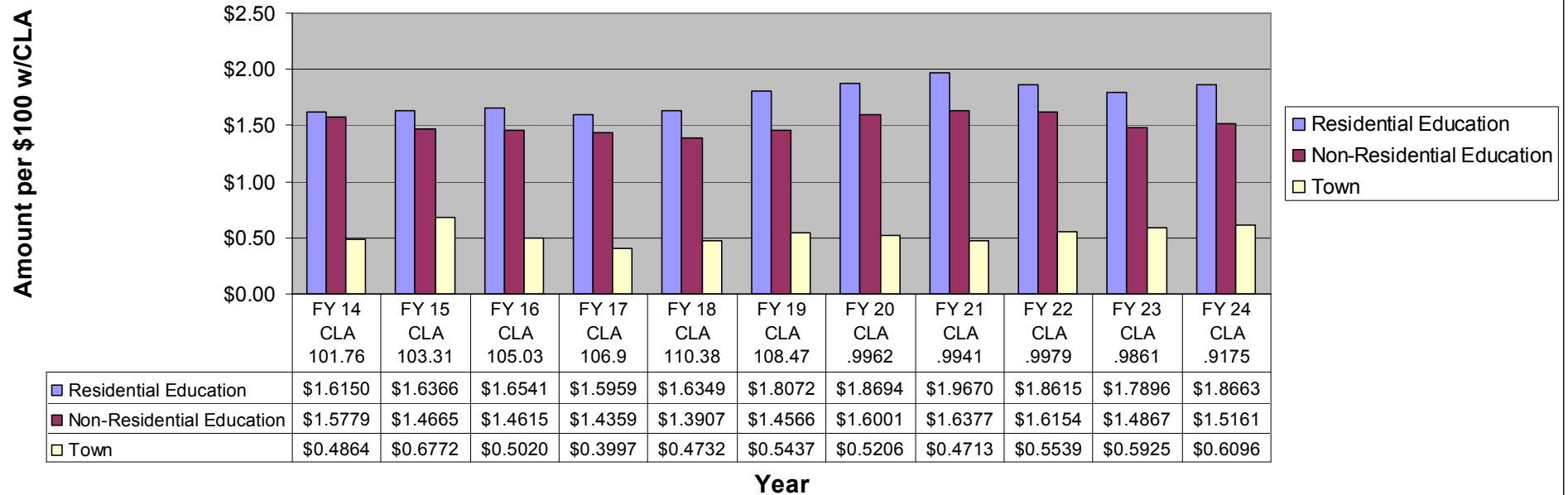
A measure of how close a municipality's local appraisals are to the actual Fair Market Value. The CLA is used to equalize education taxes statewide with the goal of having properties of equal value pay equal amounts of school taxes. VT municipalities must reappraise the properties in their town when the CLA falls below 80% ([32 VSA § 4041\(a\)](#)). A town's CLA has no effect on the amount of property taxes owed on the town portion of a property tax bill. In VT law, it is "the ratio of the aggregate value of local education property tax Grand List to the aggregate value of the equalized education property tax Grand List." ([32 VSA § 5401\(3\)](#))

Through FY19, since the last reappraisal, Townshend's CLA had been above 100%. What this had done was to reduce the actual figure used to calculate educational property taxes that would be due if the properties were at 100% of fair market value. If the CLA falls below 100%, which happened in FY 20, then that effectively increases the amount of education taxes that all property owners are charged, residential **and** non-residential. **Actual taxes may go up or down even with level funded budgets.**

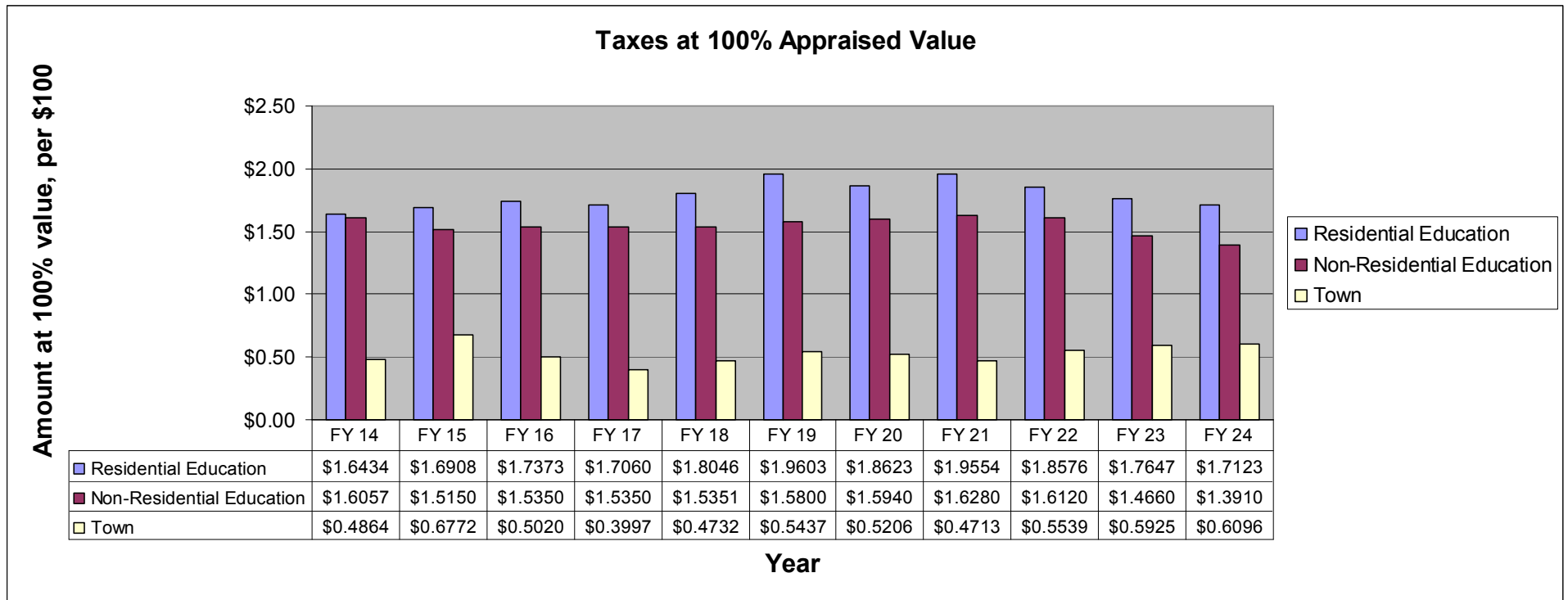
Again, a reminder that Town (Municipal) taxes are always calculated at 100% of the appraised value. Only the education taxes are calculated using the CLA.

The following chart shows all tax rates (separately) that were used to calculate property taxes since the last full re-appraisal. These are the actual tax rates though there may be variances in hundredths of cents from the actual based on a variety of factors. FY 14 is an anomaly when it comes to education taxes. (Based on calculations, using the declared non-residential tax rate at 100%, as a control, they were higher than they should have been). The general opinion is that this was caused by the Grand List not being completely "set" by the time Vermont calculated education property taxes.

**Taxes Using CLA**

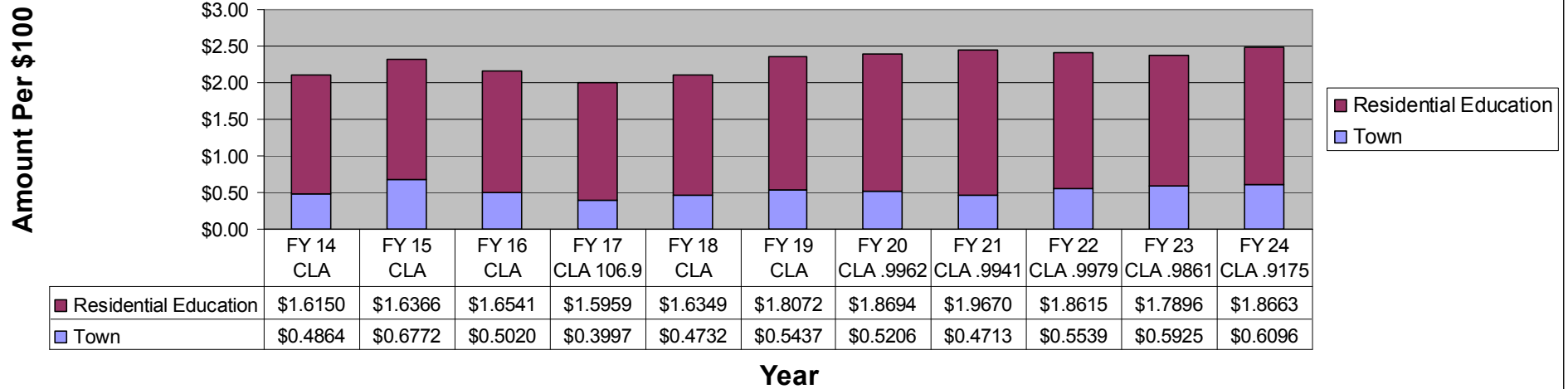


The chart below shows what the property tax rates would have been if property values in Townshend were at 100%. Note that there is no difference in the Town (Municipal) rate but, from FY 20 on, the education rate would be just slightly lower for both residential and non-residential properties without the CLA calculated in to the tax rate. Again, the FY14 results are an anomaly.

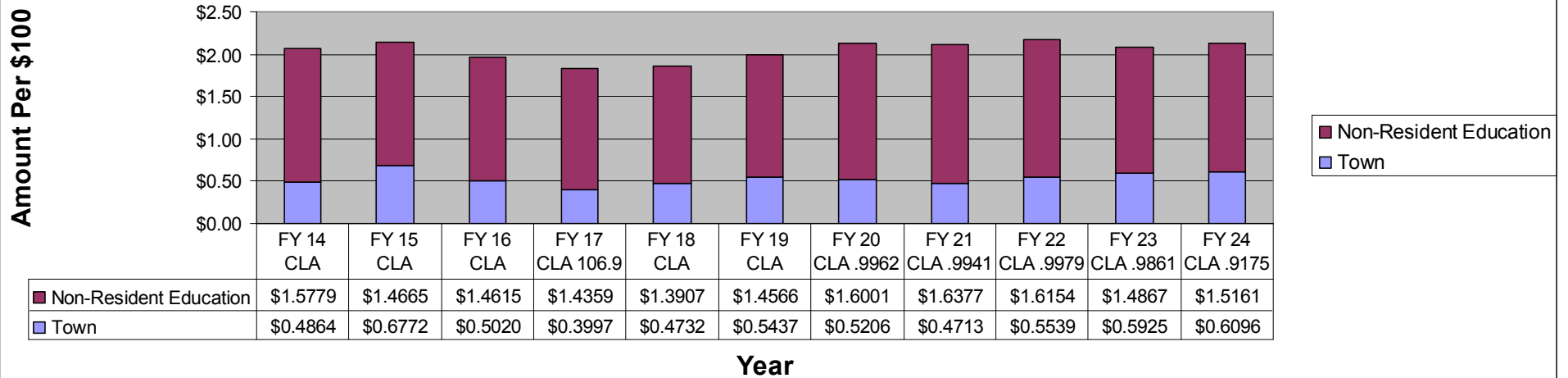


The next two charts represent the **total** tax rates for both residential and non-residential properties (**combined** Town and Education) over the years using the CLA. Therefore, they represent what the *actual* tax rates are/were. Same FY14 anomaly. However, the *non-residential* chart shows exactly what can happen when the CLA dramatically shifts from one year to the next. The non-residential educational tax rate, set by the State, was increased by only 1.4 cents but, because of the dramatic change in the CLA between FY 19 and FY 20, the *actual* tax rate charged for non-residential properties increased by fourteen and one half cents. This was just because of a large drop in the CLA. These charts also show the significant difference between the municipal tax rate and the educational tax rate(s). For example, the tax rate for education for **residential** properties is over three times what the municipal tax rate is over most of the 10 years covered by these charts.

### Total Taxes, Residential Using CLA



### Total Taxes, Non-Residential Using CLA



The following two charts offer a comparison of the total taxes assessed for residential and non-residential properties, one at the actual tax figure that uses the CLA to calculate the tax rate and the other, what the property taxes would be based on 100% of value. Same FY14 anomaly. As you can see, in both charts, now that Townshend is well below the 100% CLA mark, the actual tax rate for FY24 is

well beyond what it would be at 100%. In FY 24, there is a significant difference in what total tax rates are for both residential and non-residential properties because of the lower CLA number.

