

**MINUTES
BOARD OF CIVIL AUTHORITY (BCA)**

**TAX APPEAL HEARINGS
MONDAY, AUGUST 3, 2015**

Meeting convened at 6:00 p.m. in the conference room of the Barnet Town Clerk's Office.

Board members present: Steven Adler, Gary Bunnell, Susan Copenrath, William Graves, Benjamin Heisholt, Dennis McLam, Jeremy Roberts, and Maurice Roberts.

Others present:

- **Listers:** John Cook and Scott Renfrew.
- **Appellants:** Carol Morrison, Zachary Drown, and Michael Vereline (Blue Sky Builders, Inc.).
- **Others:** Ernest Begin and Charles Somers.

1. Tax appeal hearings:

Board members signed member oaths. Listers signed witness oaths.

Chair William Graves disclosed that he has had business relationships, as his customers or employees, with individuals representing three of the four appeals scheduled for this evening (Carol S. Morrison, Zachary Drown, and Beverly W. Chapman/Richard A. Willey). Mr. Graves indicated that he did not believe that these relationships would impede him from participating as in the appeals in an unbiased and equitable manner. The Board concurred.

a. Morrison, Carol S.- Parcel ID #0023-01-35

Carol Morrison appeared as appellant, along with her representative Ernest Begin. Charles Somers, who has the property under contract for purchase, was also present. All three signed witness oaths.

Chairman Graves reviewed procedures for BCA tax appeal hearings.

Chairman Graves named the Board members present and thereby eligible to participate in a decision in this matter. Mr. Graves then read the appellant's letter of appeal. The letter indicates that the property, currently assessed by the Listers at \$147,100 was recently listed for sale at \$62,500. The letter requests a reduction in assessment to \$62,500 on the basis of poor maintenance and the need of major renovations.

Appellant's Testimony

Mr. Begin, Ms. Morrison's realtor, spoke on her behalf, giving testimony as summarized as follows:

- The request in reduction is to \$65,000, the current listed sale price; the letter was in error regarding the listed sale price.
- Mr. Begin submitted a real estate listing sheet, which indicates a listed price of \$65,000.

- The house is structurally sound, but has had no maintenance in decades. It needs a complete renovation.
- Upon listing the property there were quickly three interested buyers who looked at the property. One of these made an offer, and the property is currently under contract at the asking price.
- The condition of the house precludes financing; a buyer would need to finance the purchase with cash or an in-house loan.
- Three recent residential sales in McIndoe Falls were at \$90,000, \$140,000, and \$144,000. All three of these properties were in better condition than Ms. Morrison's property, but the \$90,000 sale is the closest in terms of condition.
- The fair market value of the property should be determined by the sales price of the property.

Testimony by Listers

John Cook appeared for the Listers. His testimony consisted of a detailed review the Listers' cost sheet for the parcel, in which he described how the Listers arrived at their value for the house by determining cost of construction and deducting depreciation.

Discussion

Discussion followed between BCA, Listers, and the appellant, as summarized as follows:

- Maurice Roberts asked if the appellant could provide a list of comparable properties in similar condition.
 - Mr. Begin indicated that he was not aware of any such properties in Barnet.
- Steven Adler asked if a real estate appraisal has been performed in connection with the sale of the property.
 - Mr. Begin indicated that an appraisal has not been performed.
- Steven Adler asked how the purchase is being financed.
 - Mr. Somers indicated that financing is not through a bank.
- Mr. Begin indicated that the property was listed for sale two weeks ago, and that the sale is an arms-length transaction.
- Mr. Cook indicated that Listers' records indicate that the house was constructed circa 1887.
- Mr. Cook indicated that the Listers' determination of depreciation is not based solely on age but primarily on the condition of the structure regardless of age.
- Steven Adler asked if, at the Listers' June 2014 inspection of the property, the Listers would have considered the house habitable.
 - Mr. Cook indicated that the house requires renovation, but "habitable" is a highly subjective word.
- Steven Adler asked if the Listers assign a certain depreciation factor at the dividing line between habitable and non-habitable.
 - Mr. Cook indicated that there is no specific factor assigned.
- Steven Adler asked if the Listers set their assessments to the sales price of parcels when there is an arms-length sale.
 - Mr. Cook indicated that this would not necessarily be the case.
 - Mr. Begin indicated that the State Appraiser does tie the fair market value to the sales price of a property.

Committee Appointment

Committee appointed for inspection of property: Dennis McLam, Jeremy Roberts, and Maurice Roberts. Committee plans to meet on Tuesday, August 11, 2015 at 4:00 p.m.

b. Drown, Zachary – Parcel ID #0024-01-55

Zachary Drown appeared as appellant and signed a witness oath.

Chairman Graves disclosed that he is a former employer of Mr. Drown; Jeremy Roberts disclosed that he is a neighbor of Mr. Drown. Both indicated that they did not believe that these relationships would impede them from participating as in the appeal in an unbiased and equitable manner. Mr. Drown and the Board concurred with Mr. Graves and Mr. Roberts.

Chairman Graves reviewed procedures for BCA tax appeal hearings.

Chairman Graves named the Board members present and thereby eligible to participate in a decision in this matter. Mr. Graves then read the appellant's letter of appeal. The letter indicates that a 2014 bank appraisal used six comparable properties ranging from \$129,000 to \$179,000 in list price. The letter also discusses the unfinished and depreciated condition of the house.

Appellant's Testimony

Mr. Drown gave testimony as summarized as follows:

- Mr. Drown submitted a packet of documentation including his letter of appeal, a Union Bank appraisal, listers' cards from 2010 and 2014, a result of grievance day appeal notice, a change in appraisal of real estate notice, and a sketch of the dwelling.
- All of the comparables used in the bank appraisal were of completed housing.
- One-third of the house is new construction. The new construction is on a slab foundation.
- The other two-thirds of the house consists of two apartments. Apartments are worth less on the market than single family dwellings.
- 2010 listers' cards indicate the property was assigned 10% functional depreciation and 15% economic depreciation. These should remain the same, but the current listers card indicates no functional or economic depreciation.

Testimony by Listers

John Cook appeared for the Listers. His testimony consisted of a review the Listers' cost sheet for the parcel, in which he described how the Listers arrived at their value for the house by determining cost of construction and deducting depreciation.

Discussion

Discussion followed between BCA, Listers, and the appellant, as summarized as follows:

- Mr. Cook indicated that the appellant took down a wing of the house and replaced it with new construction; this lessened the physical depreciation.
- Mr. Renfrew indicated that the 67% "business or rental use" listed in the depreciation section of the current listers' card is due to the rental use of the property; this is used for Vermont Department of Taxes purposes in calculating homestead-related figures.
- The listers indicated that they are not certain why functional and economic depreciation appeared on the 2010 listers' card, and not the current listers' card.

- Chairman Graves asked if any construction work has been done to the property since April 1, 2015.
 - Mr. Drown indicated that no work has been done since April 1, 2015.
- Mr. Drown indicated that he is satisfied with the listers' assessment of the barn on the property.
- Mr. Drown explained that the Union Bank appraisal stems from a 2014 application for a line of credit. This appraisal values the property at \$165,000. An appraisal performed prior to the renovations valued the property at \$100,000.
- Jeremy Roberts asked if the company that performed the appraisal (Beeman Real Estate) is an appraisal company or a real estate sales company.
 - The Board did not receive a conclusive answer to this question.
- Chairman Graves asked if the parcel's land is flat.
 - Mr. Drown indicated that the land is generally not flat.

Committee Appointment

Committee appointed for inspection of property: Steven Adler, Gary Bunnell, and Susan Copenrath. Committee plans to meet on Tuesday, August 4, 2015 at 5:30 p.m.

c. Blue Sky Builders, Inc. – Parcel ID #0020-21-32.11

Michael Vereline, owner of Blue Sky Builders, Inc., appeared as appellant and signed a witness oath.

Chairman Graves reviewed procedures for BCA tax appeal hearings.

Chairman Graves named Board members present and thereby eligible to participate in a decision in this matter. Mr. Graves then read the appellant's letter of appeal. The letter indicates that the methodology used by the listers ignores the market value and the manner in which the property is currently used. The letter also notes that only two of the three listers signed off on the result of grievance notice.

Appellant's Testimony

Mr. Vereline gave testimony as summarized as follows:

- Mr. Vereline submitted a handwritten document that summarizes the former and current listers' assessments for each section of the property, including the primary dwelling, and each of nine cabins. The document indicates a former assessment at \$1,072,150 and a current assessment at \$1,453,300.
- The only change that initiated a change in value is the change in legal designation from a campground to a condominium complex. Mr. Vereline indicated a fundamental disagreement with a 36% increase in value of the property based solely on filing of condominium paperwork.
- The increase in value of a condominium is caused by the sale of a unit; as yet none of the units have sold. The listers' assessment is performed as if all of the units were already sold.

Testimony by Listers

John Cook appeared for the Listers. His testimony consisted of a review the Listers' cost sheet for the parcel, in which he described how the Listers arrived at their value for the property.

Discussion

Discussion followed between BCA, Listers, and the appellant, as summarized as follows:

- Mr. Vereline indicated that the listers previously separated the primary dwelling from the campground parcel; in 2015 these are combined in a single parcel.
- Mr. Renfrew indicated that the previous parcel (now inactive) containing only the primary dwelling and three acres of land was valued at \$206,400. The current value for this portion, listed on the handwritten document at \$703,300 includes the dwelling, the garage, the recreation hall, and all of the land including frontage.
- Mr. Cook indicated that the condominium document specifies that all of the land is owned equally by condominium owners, each holding a 10% share.
- Mr. Cook and Mr. Renfrew indicated that the filing of the condominium paperwork did affect the assessment, but the listers also adjusted the value because they believed the prior assessment to be below fair market value.
- Mr. Renfrew indicated that land “behind” the lake frontage is assigned a 1.25 grade; the lake frontage is assessed at a 0.80 grade because some of the frontage is on the outlet channel.
- Mr. Vereline indicated that some of this channel-front property is devalued because the channel is filled with sediment and is narrow and shallow.
- Mr. Vereline indicated that the septic system was built in 1990 and remains unchanged aside from routine maintenance. The septic permit is seasonal and allows use only from May 1 through November 1.

Committee Appointment

Committee appointed for inspection of property: Benjamin Heisholt, Dennis McLam, and Jeremy Roberts. Committee plans to meet on Thursday, August 13, 2015 at 5:00 p.m.

d. Chapman, Beverly W. & Willey, Richard A. – Parcel ID #0023-01-44

No appellant or appellant’s representative appeared at this hearing.

Chairman Graves disclosed that he is the former employer of Gary Cochran, who represents the appellant in this appeal, and that appellant Mr. Willey is a former customer. Mr. Graves indicated that he did not believe that these relationships would impede him from participating as in the appeal in an unbiased and equitable manner. The Board concurred with Mr. Graves.

Mr. Graves read the letter of appeal. The letter is from Gary and Kari Cochran, the current owners of the parcel. Mr. and Mrs. Cochran acquired the parcel after April 1, 2015 and thus are not the named appellants. The letter argues the following points:

- “Fair market value is based on what a knowledgeable, willing, and unpressured buyer would pay to a knowledgeable, willing, and unpressured seller in the market.”
- The actual sale of this parcel in 2015 meets the criteria for a fair market value transaction. The property had been on the market for two years at the price of \$180,000; when the asking price was lowered to \$140,000 the property was sold quickly.
- The listers’ assessment at \$182,600 is therefore unreasonable.
- In September 2014 a portion of the subject parcel, then owned by Ms. Chapman and Mr. Willey, consisting of 0.6 acre was sold to Gary Thompson. The listers did not make an

adjustment in the assessment of the Chapman/Willey parcel as a result of the sale. Mr. Thompson's property, however, was increased in assessed value by \$6,000. This appears to be double-taxation of the 0.6 acre portion.

- Mr. and Mrs. Cochran requested an opportunity to meet with the Board at a later date.

Mr. Graves read a letter signed by Beverly W. Chapman and Richard A. Willey, which gives Gary and Kari Cochran the authority to make an appeal of the 2015 assessment of the property.

Appellant's Testimony

Because there was no appearance by the appellant or the appellant's representative, the letter from Mr. and Mrs. Cochran forms the substance of the appellant's testimony.

Testimony by Listers

John Cook appeared for the Listers. His testimony consisted of a review the Listers' cost sheet for the parcel, in which he described how the Listers arrived at their value for the parcel.

Discussion

Discussion followed between BCA and the Listers, as summarized as follows:

- Mr. Renfrew explained how the listers arrived at the assessed value of the land after the sale of 0.6 acre to Gary Thompson. The parcel was formerly 2.4 acres. This consisted of a 2.0 acre housesite valued at \$30,000 and additional acreage of 0.4 valued at \$1,800. The 1.8 acre lot that remained after the sale is entirely a housesite lot. Because smaller housesite parcels are valued at a greater per-acre assessment, the resulting 1.8 acre lot is worth more (\$33,000) than the original 2.4 acre parcel (\$31,800).

Committee Appointment

Committee appointed for inspection of property: Dennis McLam, Jeremy Roberts, and Maurice Roberts. Committee plans to meet on Tuesday, August 11, 2015 at 4:30 p.m.

2. Adjournment

Dennis McLam moved to adjourn the meeting. Seconded by Maurice Roberts and approved by voice vote.

Meeting adjourned at 9:00 p.m.

A true record.

Attest: _____

Town Clerk