

What is the Common Level of Appraisal (CLA)?

(And what is its purpose?)

The Common Level of Appraisal (CLA) is an indicator of the level at which properties in a town are appraised in relation to the actual Fair Market Value (FMV). The CLA is used to equalize education taxes statewide with the goal of having properties of equal value pay equal amounts of school taxes. A town's CLA has no effect on the amount of property taxes owed on the town portion of a property tax bill.

By State Statute, if a town's CLA drops below 80%, the State is required to withhold education, transportation and other funds from the offending town. Compliance with this law is one of the reasons that Huntington performs a reappraisal every five years, ensuring that our CLA remains well within the statutory limits.

Here's how it works. Each year the Property Valuation & Review Division of the Vermont Department of Taxes determines each town's CLA by performing a statistical study of property sales. The study seeks to determine how close the appraised values found in the Grand List are to the actual FMV. If the State study finds that properties, on average, sell for less than the appraised amounts, the CLA will be greater than 100%. Conversely, if properties in a town sell for more than the appraised values, the CLA will be less than 100%. For example, if you have a property appraised at \$100,000 and the CLA is 105%, the theoretical FMV would be \$95,238 ($100,000 / 1.05$). If your appraised value is \$100,000 and the CLA is 95%, then the FMV would be \$105,263 ($100,000 / 0.95$).

It would be unfair to use the locally established Grand List values and the same school tax rate in every town without the CLA adjustment. If your town had just reappraised so your appraised value was equal to FMV, you would pay a larger tax amount than the owner of a property with the same market value living in a town that listed their property values for amounts lower than the FMV.

Here's an example. Let's say you have a camp in East Overshoe that is worth \$100,000. Your Listers just completed a reappraisal and they've assessed you at the full \$100,000. There's also a nearly identical camp on the same pond just across the town line in West Overshoe that is also worth \$100,000. The Town of West Overshoe hasn't reappraised for a number of years and that camp is assessed at \$85,000 (even though it's worth \$100,000). It wouldn't be fair if both properties were taxed at the same statewide school property tax rate of \$1.35. You would pay \$1,350 ($100,000 \times .0135$) while your West Overshoe neighbor would only pay \$1,148 ($85,000 \times .0135$) or \$202.00 less. The CLA adjustment addresses this inequity.

Rather than thinking of the Common Level of Appraisal as adjusting the tax rate, think of it as adjusting the listed value of the property to Fair Market Value. The West Overshoe camp is adjusted by the CLA to bring its listed value into line with the market ($\$85,000 \div 0.85 = \$100,000$).

The CLA adjustment attempts to ensure that property owners throughout the state pay school taxes based on a level playing field when it comes to their property's assessed values.