Use Value Appraisal: Helping to Fulfill the Vision

A Project of the
Current Use Tax Coalition
and the
Vermont Natural Resources Council
Use Value Appraisal – Helping to Fulfill the Vision is the result of a special project co-sponsored by the Current Use Tax Coalition and the Vermont Natural Resources Council. The Current Use Tax Coalition is a joint effort of Vermont natural resource conservation groups, agricultural organizations, and concerned individuals. The Vermont Natural Resources Council, established in 1963, is a membership-based non-profit environmental advocacy and education organization and one of the founding members of the Coalition.

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Page 5: Foresters and landowners examine a spruce and fir strip cut, a management technique used to regenerate the stand without endangering its integrity as a deeryard. Photo by Joan Knight.
Page 16: Chopping corn in Peacham; photo by Craig Line.

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Introduction

In 1977, the Vermont Legislature responded to concerns over rapid land development and the pressure that the property tax, based on fair market value appraisal, placed on farm and forest land. The Use Value Appraisal program (UVA) was established to achieve the following goals:

32 V.S.A. §3751. Statement of purpose

"The purpose of this chapter is

- to encourage and assist the maintenance of Vermont's productive agricultural and forest land;

- to encourage and assist in their conservation and preservation for future productive use and for the protection of natural ecological systems;

- to prevent the accelerated conversion of these lands to more intensive use by the pressure of property taxation at values incompatible with the productive capacity of the land;

- to achieve more equitable taxation for undeveloped lands;

- to encourage and assist in the preservation and enhancement of Vermont's scenic natural resources;

- and to enable the citizens of Vermont to plan its orderly growth in the face of increasing development pressures in the interests of the public health, safety and welfare."

The Use Value Appraisal program offers an alternative to the standard method of calculating property tax on agricultural and forest land. Land which is enrolled in the program and which continues to meet the program's management standards is taxed on an appraisal value based on the land's productivity, rather than its fair market value.

So that the towns do not forego necessary property tax revenues, the state reimburses the municipality for each participant.

In 1987, ten years after the passage of the legislation, this study was undertaken to determine how well the program is meeting its legislated goals. Because there is no "control" state with which to compare Vermont, not even the most rigorous analysis could yield statistics proving the definitive success or failure of the program. The ultimate judge of the worth of the program is the public. Thus, this study includes surveys of citizens -- both those who participate in the program and those who do not. This report relates the results of these surveys, as well as other statistical information, to the goals set out by the Vermont legislature.

Surveys have been tallied separately in four groups: farmers who participate in the program (166 respondents); forest land owners who participate in the program (350 respondents); a random sample of members of the Vermont Chamber of Commerce (155 respondents -- eighteen of whom participate in the program); and members or staff of regional and town planning commissions (55 respondents -- seven of whom participate in the program). Also listed in the page margins are comments excerpted from survey responses.
Goal: To encourage and assist the maintenance of Vermont's productive agricultural and forest land.

This is the first and most comprehensive purpose listed in the Use Value Appraisal legislation. The statement makes it clear from the beginning that this program is designed to maintain productive land, not just to preserve pretty views.

At public meetings held in 1987 to discuss the future of Vermont, citizens talked about the importance of maintaining productive land. They reached the following consensus about the role of the landscape in Vermont's future:

"We cherish a working landscape. Vermont's remarkable beauty is tied to a thoughtful interaction between its people and the land. We cherish a clean environment, but we do not want to be someone's charming back yard. We want a thriving agriculture, a viable forestry industry. We want the land's beauty to be sustained and enhanced by our work, and we want to be shaped by the needs and secrets of the land."

Because this statement reflects the first purpose of the Use Value Appraisal program, the surveys asked people whether they agreed with it (Figure 1), and whether the UVA program is important in achieving that vision (Figure 2). Overall, 74% of the respondents strongly agreed with the vision statement, and 65% felt that the UVA program was very important in achieving that vision.

Respondents recognized that Vermont cannot expect to maintain agricultural and forest land without ensuring the economic viability of the industries. Without use value appraisal, the annual property tax often exceeds the annual income from crops. In Norwich, for example, the average property tax is 130% of the annual income attributed to the land for timber or agricultural crop production.

Representatives of planning commissions and members of the Chamber of Commerce were asked to what extent they felt the UVA program was important in promoting farming and its related support industries (Figure 3). Overall, 60% felt that it was very important.

While some respondents commented that this program is a subsidy, many others felt strongly that the property tax has evolved in such a way that it places an unfair burden on those businesses which are land intensive and land dependent. The Use Value program, by removing this governmental handicap, allows these industries to compete more fairly in the market system.

Many people pointed out that the program does "encourage and assist" the maintenance of productive land, but that use value taxation alone cannot keep the land in production. Several respondents suggested that the state purchase development rights as an important companion effort. Use value taxation makes it easier for farmers to stay in business once they are established, but it does not help new farmers purchase property to begin their operation.

"UVA is helping to delay the loss of farmland."
Lamoille County farmer

"Although this program may turn out to be 'too little too late' anything that helps keep farming viable is bound to be good for all Vermonters."
Justin and Susan Brande, Cornwall

"By helping keep farmers in business UVA helps to maintain healthy communities and businesses that service all farmers, big and small. To really preserve farmland, however, society will have to purchase development rights of the land from current owners."
Bill Murphy, Colchester
Goal: To encourage and assist in [agricultural and forest land] conservation and preservation for future productive use and for the protection of natural ecological systems.

Preservation

The word preservation, as used in this goal, has been very controversial in interpreting the purposes of this program. To many people, preservation connotes pristine wilderness—not managed forest land. They have argued that the program's emphasis on management is misguided, and that land which will be untouched should be allowed to enter. Yet the other provisions of the legislation make it clear that our working landscape, not wilderness, is to be preserved through this program.

The survey asked planning commission representatives and members of the Chamber of Commerce how important they felt the program was in promoting preservation of agricultural and forest land (Figure 4). Over 70% of the respondents in each group answered that it was very important.

![Pie chart showing responses to the survey question: Is this program important in promoting ag/forest land preservation? 72% for planners, 72% for businesspeople.]

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"I could not keep the land unless I had tax relief. I am 78 years old and can't possibly realize a gain financially (from forest management), but it will benefit owners of the property in years to come."

Thomas T. Gould, Newark

"I know every inch of my land and would be taking care of it without use value appraisal. However, taxes on the land have risen sharply in recent years and that poses a real dilemma for large tract landowners, especially in Chittenden County."

Daniel Martin, Richmond

"Small family farms have made Vermont the beautiful state that it is. We need to do all we can to preserve them."

Business person

"The Use Value program is a definite plus, but will not solve the whole growth or preservation issue. Tougher, more expensive measures are needed."

David S. Hume, Andover
Productive Use

The "future productive use" of our land depends on its management today. Forest land in the Use Value Appraisal program must be managed according to a plan and standards approved by the Department of Forests, Parks and Recreation. Each plan differs according to the site conditions and the landowner's objectives, but the management must be silviculturally sound, and it must meet minimum standards for environmental protection. The plan must be followed, and each parcel is inspected at least once every five years.

Several other states, concerned about the effects of clearcutting, overcutting, and soil erosion, have passed regulations of all forestry practices. The management requirements of Vermont's Use Value Appraisal program function as a "forestry practices act" on more than 1/5 of our forest land.

In Vermont, many forest parcels suffer from benign neglect rather than from overcutting. While the lack of cutting is not cause for immediate alarm, it is indicative of a larger problem. If forest management is not economical (and it certainly is not when the property taxes exceed the annual income), then the people who continue to own the land will be those who do so for other reasons. The fact that the land is not managed today affects the quality of the timber base in the future: the fact that forest land must be owned for purposes other than forestry affects the viability of the whole forest industry in the future. According to the survey, 40% of the program participants who are now following forestry management plans had not previously worked with the foresters on their land.

"By using proper management (required by UVA) our forests and agricultural land will be kept in the proper hands and condition to benefit everyone."
Richmond

"The program encourages the conservation and good management of my timber. Before I bought the land it was 'high graded.' The best was cut. It will take years of work to get my forest back to being a good timber stand. This will be good for me and for the timber industry and for Vermont."
Granville

"I have worked in my woods since I bought the place. I cut out weed trees (oh, so many crummy red maples). I have felled mature trees, old hemlocks, bull pines, etc. for saw logs. Tax relief really helps."
Herbert R. Sensenig,
Norwich
The decrease in taxes gives us a few dollars for land clearing, paint, seed, etc. We are tight pinched to meet bills now, but the tax difference helps immensely.”

Hardwick farmer

"The forest land program has sure jacked us up on what we should be doing for our wooded land!"

Justin and Susan Brande, Cornwall

"Use Value Appraisal leads to and supports careful inventorying of land and constructive, active management, following deliberate planning appropriate for specific land areas."

John Pullman, Dummerston

"It makes it possible for landowners to afford to keep the land open and to put savings from taxes into improving and managing the land."

Whitingham

The survey asked forest landowners to report on the forestry management activities which they had undertaken in the five years prior to, and since joining the program (Figure 5). The numbers show a significant increase in management activity; however, the most important consideration is that this activity is carefully planned to protect long-term productivity.

To assess the effectiveness of the program in increasing productivity, the survey asked the opinion of members of planning commissions and members of the Chamber of Commerce (Figure 6). An average of 59% felt that the UVA program was very important in protecting productivity.

There are no management standards for agricultural land in the program. Some respondents felt that certain farm practices, such as pasturing in wooded land, diminish the land productivity and should be prohibited. Others stated that because agricultural crops (unlike forest crops) are annual, productivity must be maintained in order to stay in business from year to year and that governmental standards would be unnecessary. Some farmers commented that the savings from the Use Value program have allowed them to manage more effectively, and as such it has served as an incentive rather than a regulation.
Goal: To encourage and assist in the preservation and enhancement of Vermont's scenic natural resources.

Even though the program is directed at the management of productive land, the importance of that land as scenery is indisputable.

In responding to our survey, many people commented that farms and forests are what make Vermont look like Vermont. This is important not only to those of us who live here, but also to tourists.

To evaluate the public perception of the success of the program in meeting this goal, the survey asked the opinion of representatives of planning commissions and members of the Chamber of Commerce. About 95% of the respondents felt that the program was either somewhat or very important in preserving scenery (Figure 7), and 85% felt that it was either somewhat or very important in promoting tourism (Figure 8).

"We all benefit from a program such as UVA which permits land owners to resist tax and development pressures. Our forest and agriculture lands are the Vermont we know and appreciate. As these change, so must our state."

Norman A. Legge, Sutton

"I believe UVA is heading in the right direction. It improves recreational use of forests and aesthetics. It benefits tourists and Vermonters who appreciate the character of the state."

Stephen M. Springer, Randolph

"Use Value Appraisal helps preserve land that people enjoy visually, it preserves watershed lands, hunting lands, and provides employment for loggers, mill personnel, and private foresters."

Daniel Martin, Richmond

"Just ask realtors and homeowners who profit from the 'open view' about the benefit to the public."

Alger Beal, Bennington
Goal: To prevent the accelerated conversion of these lands to more intensive use by the pressure of property taxation at values incompatible with the productive capacity of the land.

Development of Land in the Program

When agricultural or forest land is enrolled in the program, a perpetual lien is placed on the land so that if the land is ever developed, the owner must pay 10% of the fair market value to the state. The penalty for development of farmland is three times the tax savings in the preceding year.

By the fall of 1987, only 2,000 acres, less than 1/2 of 1% of all the land that has been appraised at use value, had been developed or divided into a lot smaller than 25 acres. It is impossible, however, to determine what would have happened to this land without the use value appraisal program, and to quantify the influence of the program.

To estimate the amount of this land which is "developable" the survey asked participants how the land was zoned, and how much of the land was physically unsuitable for development due to steep slopes, shallow soils, or wet areas. In over 90% of the cases where the town had zoning and where the owners knew the zoning, the land was in some sort of a residential category – with 75% of the land zoned for between one and six acres per residence. On the average, landowners responded that 40% of their land in the program was also physically capable of supporting development.

Rapid Growth Areas

The Current Use Program probably plays its most significant role in "preventing accelerated conversion" in towns which have a high tax burden on land, and which have significant opportunities for sale of the land for development.

An analysis of the fifteen towns which received the most reimbursement in FY 88 shows two types of towns which rely most heavily on the Use Value program: those which are predominantly agricultural, and those in which the tax burden on working land is well above the state average of $7/acre (Table 1). In most cases, an unusually high tax burden on land is due to rapid residential growth which results in higher land values as well as a high tax rate.

Property Taxation

As land values in Vermont municipalities increase, and as more structures are added to the tax base, municipal property tax rates – the amount of money collected per $100 of appraised value – may remain stable or even decrease depending on the demands the development places on schools and services. However, of more crucial importance to someone working the land is the tax burden – the amount of money collected per acre of land – in relation to the income from the land. Even when the tax rate remains stable, the tax burden will rise if land values rise.

Charlotte is an example of this. The tax rates in Charlotte and Ira are similar; yet, because of the difference in land values, a farmer's tax burden in Charlotte is often $25 an acre, while it is about $7 an acre in Ira. Clearly, the UVA program is important in enabling landowners to pay their tax bills in a rapid-growth town like Charlotte.
### Table 1. Ranking of Towns by State Reimbursement - 1987 Tax Year

<table>
<thead>
<tr>
<th>Town</th>
<th>Reimbursement Dollars per Town</th>
<th>Listed Value Dollars per acre</th>
<th>FMV Tax Burden Dollars per acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairfield</td>
<td>159,554</td>
<td>368</td>
<td>8.63</td>
</tr>
<tr>
<td>Addison</td>
<td>139,061</td>
<td>525</td>
<td>10.66</td>
</tr>
<tr>
<td>Middlebury</td>
<td>132,637</td>
<td>540</td>
<td>15.18</td>
</tr>
<tr>
<td>Stowe</td>
<td>113,727</td>
<td>1123</td>
<td>14.82</td>
</tr>
<tr>
<td>Bridport</td>
<td>101,258</td>
<td>340</td>
<td>7.72</td>
</tr>
<tr>
<td>Norwich</td>
<td>100,011</td>
<td>750</td>
<td>16.28</td>
</tr>
<tr>
<td>Shoreham</td>
<td>99,341</td>
<td>360</td>
<td>10.44</td>
</tr>
<tr>
<td>Westminster</td>
<td>95,007</td>
<td>482</td>
<td>13.30</td>
</tr>
<tr>
<td>Cambridge</td>
<td>93,257</td>
<td>427</td>
<td>8.37</td>
</tr>
<tr>
<td>Charlotte</td>
<td>91,679</td>
<td>867</td>
<td>18.21</td>
</tr>
<tr>
<td>Hardwick</td>
<td>85,905</td>
<td>294</td>
<td>10.94</td>
</tr>
<tr>
<td>New Haven</td>
<td>78,768</td>
<td>455</td>
<td>8.92</td>
</tr>
<tr>
<td>Woodstock</td>
<td>75,118</td>
<td>1055</td>
<td>12.37</td>
</tr>
<tr>
<td>Fairfax</td>
<td>73,907</td>
<td>417</td>
<td>9.22</td>
</tr>
<tr>
<td>Thetford</td>
<td>73,366</td>
<td>716</td>
<td>12.94</td>
</tr>
</tbody>
</table>

15 town total $1,512,596 (24% of total state reimbursement)

### Public Perception

The survey asked planning commission representatives and members of the Chamber of Commerce if they felt that the program was important in reducing the pressure to develop; 59% said it was very important (Figure 9).

#### Fig. 9: Is the Program Important in Reducing the Tax Pressure to Develop?

- % 100
- 90
- 80
- 70
- 60
- 50
- 40
- 30
- 20
- 10
- 0

- Not at All
- Somewhat
- Very Important

- 2%
- 9%
- 31%
- 58%
- 60%

- Planners
- Businesspeople

"Without this program we simply would not be able to afford keeping the land the way it is being taxed. We bought this land almost devastated. Today it is a thriving forest."

Gunnar Kristiansson, Fletcher

"I see this program as a major enabling factor to stay in farming by reducing taxes."

David Cadracat, Milton farmer

"I was about to sell my land. I had been to two realtors because of taxes. The Use Value program was suggested and I joined."

Reg Wakefield, Brookfield

"The program may reduce overall property tax burden by slowing (voluntarily) development in outlying areas where road construction, maintenance and school transportation are more expensive."

Bill Sayre, Bristol
Goal: To achieve more equitable taxation for undeveloped lands.

An Historical Perspective

Vermont's Act of 1778 imposed a tax on the Grand List, applying two principles of taxation. First, the amount of tax each person paid was related to the benefit received, because the tax was collected primarily to pay for the protection of property and the property one owned was related to the value of its protection. Second, the amount of tax each person paid was related to his or her ability to pay. As General Walker wrote in 1888, "Whatever was earned, beyond the necessities of life, was turned into property, and presumably the most remunerative kind of property. Property thus became an index of ability, and as such formed a just basis of taxation."*

From the beginning, the state attempted to list all representation of the ability to pay, including "intangible" property such as money and debts owed to a taxpayer. In recognition that a few people reaped the benefit of their wits and did not depend on their property for a living, the lists were directed to value the owner's "facilities" and set the figure in the Grand List. To ensure that the Grand List remained a true index of ability, new manifestations of wealth and income were added throughout the first century. For example, in 1797 watches, clocks and pleasurable carriages were added to the list of taxable items.

Today, because of changes in society, in the economic situation, and in the administration of the property tax, the two basic principles of taxation are no longer met. First, the tax does not relate to the benefit. The property tax now primarily funds education and town services. The amount of farm or forest land someone owns is not directly related to the demands placed on schools or town services.

Second, the value of the property which is subject to the property tax is no longer a good index of the owner's ability to pay. At this time, most personal property is not taxed. Intangible assets are not subject to the property tax, yet a report of the Securities and Exchange Commission estimates that intangible property represents 50% of the nation's private assets. Taxes on farming and forestry are an extremely high percentage of income from the land because such a significant portion of the operation depends on land, rather than on intangible assets. In addition, this land is appraised at values which exceed its value for production.

Equity Measurements

Two comparisons are commonly used to evaluate tax equity: vertical equity and horizontal equity. In this case, vertical equity concerns the taxation of agricultural and forest land in relation to other types of property. Horizontal equity concerns the equal treatment of the same type of land in different towns.

Many survey respondents commented that taxing agricultural and forest land on its use value, rather than on its market value, re-establishes the vertical equity which Vermont had hoped to achieve with the original property tax. On the average, an office building is taxed at 2% of its value as an office building. In contrast, on most working land that is not enrolled in the Use Value program the value property tax is significantly higher than 2% of the value of the land for farming or forestry. In Stowe, for example, the town's property tax amounts to less than 2% of the value of buildings, but 24% of the value of land for agricultural or forest production. The use value is calculated by the state so that, on the average, the property tax will be 2% of the value of the land for agriculture and forestry.

Horizontal equity is improved with use value appraisal because uniform values, established by the state, are applied to land according to its productivity. An acre of meadow land of average productivity is appraised at $200, whether it is in Charlotte or Ira, and whether it abuts a swamp or Lake Champlain. Without the Use Value program, that acre is likely to be appraised at $1,200 in Charlotte, and $400 in Ira.

Unfortunately, equal appraisal values do not produce equal tax burdens. The other part of the equation which calculates the tax bill is the town's tax rate. Even after the Use Value program is in place, owners of an acre of meadow land of average productivity may pay seven times more taxes in one town than in another.

*The Bases of Taxation, Political Science Quarterly, 1888
Goal: To enable the citizens of Vermont to plan its orderly growth in the face of increasing development pressures in the interests of public health, safety and welfare.

Planning for orderly growth must begin with a vision. In the surveys, we found general agreement with the "Working Landscape" statement, which was developed from meetings of Vermont citizens (see page 2 of this booklet). In addition, 97% of the representatives of regional and local planning commissions who responded to the survey felt that the UVA program is consistent with the goals of their plans (Figure 10).

The property tax has long been recognized as a deterrent to planning, as it pressures landowners to sell, and it forces the town to favor commercial and industrial development over farm and forest land. While the Use Value Appraisal program has not eliminated this problem, it has at least reduced the pressures on individual landowners thereby aiding, rather than hindering, local planning efforts. To 94% of the planning commission representatives responding to the survey, the program is important in achieving the goals of their plans (Figure 11).

Fig. 10: To What Extent Is the Program Consistent With Your Plan?

Fig. 11: Is the UVA Program Important in Achieving the Goals of Your Plan?
Complementary Techniques

In addition to UVA, planning commission members were asked about other methods useful in maintaining agricultural and forest land. They most frequently suggest these three: tax stabilization contracts, purchase of development rights, and zoning. The Use Value Appraisal Program can be used effectively in conjunction with each one.

Tax Stabilization

Before the Use Value Program, over thirty towns established their own local tax stabilization contracts for farm and/or forest land. Each town's contract was unique, but the basic mechanism was similar: the landowner agreed to keep the land in production, and the town agreed to lower the property tax. In towns which have a high tax rate, these tax stabilization contracts are not easily accepted because they would increase the tax burden on those who did not participate. If the majority of the town's Grand List were made up of farms, these stabilization contracts would be ineffective; they would simply shift the tax burden from the farmer's land to the farmer's house as there is little other tax base.

The Use Value Program achieves the same goals as the local tax stabilization contracts, yet it has the advantage of providing a state reimbursement so that it does not undermine the local tax base. But the local stabilization option still exists, giving towns an opportunity to craft a creative program which meets particular local needs. The town of Westminster, which has a high tax rate, has developed a "piggyback" stabilization program which offers additional tax savings to farmers. Another town is considering stabilization contracts on small fields which are leased to a farmer. Parcels which are smaller than twenty-five acres and not owned by a farmer are not eligible for the state program. The citizens would like to offer their own stabilization contracts because they know that these fields are important to the future of agriculture in the town.

Purchase of Development Rights

Many respondents commented that the Use Value Appraisal Program is only part of the answer. It makes maintenance of productive land more possible for those so inclined, and it gives us a little more time to work out more permanent solutions. A logical companion, according to respondents, would be the purchase of development rights by a public agency. Purchase of development rights on a farm parcel enables a beginning farmer to purchase the remaining rights of the land for farming at a reasonable price, and it perpetually forecloses the development option.

The town of Middlebury has taken steps to protect some areas permanently. The town has directed half of the state Use Value reimbursement funds to a land trust which will purchase important parcels of land or development rights.

Zoning

Many of the 181 towns and cities in Vermont which have zoning have found it extremely difficult to delineate areas which should remain in agriculture and forestry. Landowners often resist, pointing out that their development rights are being taken, yet the town continues to tax them on the potential for development.

One regional planning commission and three towns have reported that they are mapping land in the Use Value program in order to develop zoning plans. They look at the map as voluntary zoning, and will use this as the starting point. They also recognize that landowners are much more likely to accept agricultural or forest zoning of their land when the land will be taxed accordingly.
Answers to Frequently-Asked Questions About UVA

- What difference has the farmland category made?

In 1986, the Vermont Legislature added a special category for Farmland. Although agricultural land had always been eligible, many legislators felt it was unreasonable to expect working farmers to place a perpetual lien on their land during this time of economic instability. The Farmland category allows agricultural land owned by a farmer to enter the Use Value Appraisal program with a short term obligation, and a reduced penalty for conversion. Farmers must keep the land in agriculture for a minimum of three years. If the land is developed, the penalty is equal to three times the tax-savings in the preceding year. On the average, this amounts to less than half of the amount of the penalty in the other categories.

Farmers who entered the program in 1987 were asked why they decided to enroll. Half the farmers who answered the survey indicated that they entered because the new farmland provisions made the state program more advantageous. Others stated that they entered because the taxes jumped significantly (27%), or they had just heard about the program (20%), or they had just purchased the land (4%).

Although final figures for enrollment in the Farmland category had not been yet tallied at the time of this printing, early applications were submitted for 300,000 acres, more than doubling the agricultural land enrolled. While the increase in enrollment indicates that the state has developed a program which better meets the needs of farmers, several people surveyed questioned the wisdom of the public investment in the Farmland category because there are no management standards and the minimal penalty will probably not deter development.

- What percentage of UVA program funds go to Vermont residents?

In 1986, land owned by people with a Vermont address claimed 78% of the state's reimbursement. Because the creation of the Farmland category encouraged many Vermont farmers to enroll in 1987, the percentage of funds which will reduce taxes of Vermonters is expected to increase significantly.

- What does the UVA program mean to forestry?

Forest management is a long-term proposition; each crop takes about a century to mature. Many of the activities undertaken now, such as thinning to reduce the competition for better trees, will increase the yield and quality of the future harvest.

The USDA Northeastern Forest Experiment Station conducts decennial surveys of forest land to assess volume, growth, quality and health. In order to analyze the effectiveness of the program in improving forest stands in the future, the Experiment Station, in cooperation with the Department of Forests Parks and Recreation, has identified the survey plots which are on land enrolled in the program. In future surveys the growth and quality of merchantable volume will be compared between these plots and plots which are not in the program.

Survey analysis revealed that people consider the Use Value Appraisal program to be more important in promoting the Vermont image for marketing, scenery, and tourism than it is in promoting the wood products industry. Representatives of forest industry pointed out, however, that the working landscape is not only an economical approach to keeping a backdrop for tourism; it is also a vital component of an important sector of Vermont's economy. In a report on Vermont's timber economy, for example, it is estimated that "the $9.2 million worth of stumpage cut in 1980 was worth an additional $459 million to the state's economy. Harvesting added $23 million; primary and secondary manufacturing, $115 and $161 million, respectively; construction, $96 million; transportation, $14 million; and marketing, $50 million."*


"It has helped to make our sheep farm possible."
Randolph T. Major, Jr.
Westminster farmer

"Reappraisal has greatly increased taxes for all persons. We farmers are being forced to sell land to pay taxes. The program helps us to keep land which benefits all who value land."
Ferrisburg farmer

"It is a very needed program to aid farmers. We are being taxed over what we can afford to pay. UVA means the difference between farmers selling and keeping a farm in some cases."
Fairfax farmer

"It helps farmers with escalating taxes. I am very satisfied with the program as I need tax help and it makes me want to keep livestock and open land instead of selling lots."
Lois White, farmer
Windsor
The Use Value program is vital to this industry, primarily because it makes forest management an economic possibility. The program has already increased the amount of land in the “timber base,” as 40% of the participants had not previously been involved in forestry activities. The management requirements will improve the quality and increase the value of harvests. And, because harvests are scheduled with silvicultural considerations, there will be more stability in the availability of wood to the market.

Is UVA land posted?

According to the survey, 75% of the participants do not post their land at all. Those participants who do post often allow hunting by permission (7%). Others post only against specific activities: no hunting (20%); no fishing (6%); no trapping (10%). About 10% of the participants post a safety zone around their buildings.

Does the program place too much emphasis on timber?

Many participants recognize the value of their land for wildlife and recreation. Forest land owners responded that their forest management plans have been tailored to incorporate considerations of wildlife (86%), recreation (31%), and aesthetics (45%).
Conclusions

A compilation of the survey results shows that the public considers the Use Value Appraisal program to be important in achieving the goals set out by the Legislature in 1977 (Figure 12).

![Fig. 12: How Important Is the Use Value Appraisal Program in Achieving These Goals?](image)

This graph is a compilation of survey responses from members of planning commissions and the Vermont Chamber of Commerce. 12% of the respondents were UVA participants.

The program is relied on most heavily in towns which are predominantly agricultural, towns which are experiencing rapid growth, and towns which have an unusually high tax burden. This is consistent with the goals of the Legislature in 1977 which recognized the difficulty that towns would have in maintaining productive land in the face of increasing pressures from development. It is also consistent with the goals of the Legislature in 1986 which recognized the pressure that the property tax places on farmers.

Although most town and regional plans call for the preservation of farm and forest land, local planners have recognized that the property tax acts as a deterrent to this goal. The Use Value Appraisal program, however, allows local property taxation based on productivity without undermining the town's tax base, thus removing some of the obstacles to maintaining open land. According to the survey, 97% of the local and regional planners who responded feel that the UVA program is consistent with the goals of their plans, and 94% feel that the program is either somewhat or very important in helping them to fulfill their plans.

Perhaps the greatest success of the program relates not to land preservation, but to land management. Under the UVA program, forest land owners examine their goals, and set up a plan which can incorporate such aims as wildlife management, aesthetics or recreation with timber management. The Vermont Department of Forests, Parks and Recreation reviews and approves the plans, and conducts inspections to ensure that all activities meet state standards. At this time, about 700,000 acres (one-fifth of Vermont's forest land) is in the program and under careful management. Prior to the program, only 25% of these acres had been managed according to a plan, and only 26% of the owners had worked with a consulting forester.

The overall conclusion from the survey results is that the use value appraisal program is valuable and should be continued, although it alone cannot solve all Vermont's land use problems. Members of planning commissions and of the Chamber of Commerce were asked if the benefits warranted the expenditure (Figure 13). The answer was yes.

![Fig. 13: Is UVA Worth the Expenditure?](image)
Participation Profile

Average parcel size*: 275 acres (1987)

Average number of years the property has been owned by the current owner*: 22 (1987)

Average tax savings as a percent of total tax bill**: 75% (1986)

Average value of the lien***: $42/acre (1986)

Total value of the liens***: $34 million (1986)

Acres in UVA program which later were developed**: 2080 (1980-1987). This is 0.27% of land appraised at use value in 1986.

Forest acres inspected****: 71,407

Acres found in violation of forestry standards or plan to date**: 252 (1987)

Agricultural acres in the program: 420,000 – 53% of potentially eligible agricultural acres (1987 estimate)

Forest acres in the program: 700,000 – 21% of potentially eligible forest acres (1987 estimate)

* C.U.T.C. survey results
** Derived from Property Valuation and Review records
*** Based on equalized listed value of land in the program
**** Vermont Department of Forests, Parks and Recreation records
<table>
<thead>
<tr>
<th>Year</th>
<th>Agricultural Acres in UVA</th>
<th>Forest Acres in UVA</th>
<th>Reimbursement</th>
<th>Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
<td></td>
<td></td>
<td></td>
<td>32 V.S.A. Chapter 124 adopted</td>
</tr>
<tr>
<td>1980</td>
<td>11,900</td>
<td>108,000</td>
<td>$ 400,000</td>
<td>First tax year in which the Use Value Appraisal Program was in effect</td>
</tr>
<tr>
<td>1981</td>
<td>20,500</td>
<td>219,000</td>
<td>800,000</td>
<td>Legislation passed setting a maximum reimbursement per acre</td>
</tr>
<tr>
<td>1982</td>
<td>26,000</td>
<td>270,000</td>
<td>1,000,000</td>
<td>Morse-Giuliani established penalty for towns which do not list property within 20% of fair market value</td>
</tr>
<tr>
<td>1983</td>
<td>43,000</td>
<td>386,000</td>
<td>1,500,000</td>
<td>Legislation passed to strengthen forest management requirements</td>
</tr>
<tr>
<td>1984</td>
<td>97,032</td>
<td>453,000</td>
<td>2,120,000</td>
<td></td>
</tr>
<tr>
<td>1985</td>
<td>159,000</td>
<td>527,000</td>
<td>3,062,000</td>
<td></td>
</tr>
<tr>
<td>1986</td>
<td>182,970</td>
<td>590,035</td>
<td>4,000,000</td>
<td>Legislation passed to create Farmland Category</td>
</tr>
<tr>
<td>1987</td>
<td>420,000</td>
<td>700,000</td>
<td>6,200,000</td>
<td>First tax year in which the Farmland Category was effective</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Legislation passed to shift administrative burden from town listers to the state</td>
</tr>
</tbody>
</table>