

# Tracking Parcelization Through the Property Transfer Tax Return – Feasibility, Rationale, and Uses

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Since VNRC first studied the parcelization of land in Vermont in 2010, land data bases have become more consistent and more available, and GIS applications have improved dramatically. While the Parcelization Project continues to use the same methodology to track parcelization in the state for consistency utilizing data from the Grand List, we also recently explored the feasibility of incorporating information that is reported when a parcel is subdivided and transferred. This would offer two advantages: it would improve timeliness, and it would provide the location of each parcel that was subdivided. These locations could be layered on various GIS maps to determine the suitability of development in the area subdivided, by indicating the current land cover of the area, the locally designated land use districts, and whether or not the subdivision occurred in areas that are designated for high density growth, or more sensitive areas, such as high priority forest blocks.

## Process

When a parcel is transferred in Vermont, a Property Transfer Tax Return (PTTR) is filed with the deed at the Town Clerk's office. The form includes information on the buyer and the seller, the sales price, the parcel identification number, the acres transferred, and the rights transferred. The form is also filed with the state Tax Department, which reviews and compiles the data every two weeks.

<https://tax.vermont.gov/sites/tax/files/documents/PTT-172-2020.pdf>

The Tax Commissioner determines the information required on the form. Although the main purpose of the form is to collect the Property Transfer Tax and/or the Land Gains Tax, the legislation recognizes that the data may be used for other purposes, such as determining if the transfer is subject to 10 V.S.A chapter 151 (Act 250). Most of the data fields (except the email addresses of the buyers and sellers) are public information. The data are also used by the Division of Property Valuation and Review in the annual determination of each town's equalization ratio. (32 V.S.A. § 9606).

When a parcel is subdivided and a portion is transferred to a new owner, a new parcel is created. The subdivision requires a survey delineating the boundaries, and a new deed indicating the change in ownership—both of which must be recorded in the land records. It would be logical to have the Property Tax Transfer Return indicate if the transfer is a subdivision and, if so, the original parcel being subdivided, and a link to the survey delineating the new boundaries. However, as of 2022, the PTTR instructions and form do not clearly ask for this information, and it is not completed uniformly.

The Tax Department has realized that it is time to update the process of collecting, cleaning, and making the data available. As part of that update, we have suggested:

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1. When a survey is recorded, a SPAN (parcel id) should be assigned for any new lots. The SPAN should be inactive unless/until it becomes a separate parcel for property tax purposes.
2. The Property Transfer Return should ask: is this a subdivision? If so, what is the SPAN of the parent parcel; and
3. The Property Transfer Return should provide a link to the survey and to the SPAN of the lot, if the SPAN has been assigned.

The link to the survey, the SPAN of the original (parent) parcel, and the SPAN of the newly created parcel should be verified by the Town Clerk. In addition, education and trainings will be necessary to promote high quality data through consistent data entry.

We have received tentative agreement with the second point. This will enable us to locate and map a parcel that has been subdivided (the parent) shortly after the transfer has been filed.

The link to the survey may be more difficult. Although a survey is required for a subdivision (27 V.S.A. § 341), and although surveyors are directed to file them with VCGI (27 V.S.A. § 1401), a system has not been created for linking the surveys to parcel identification numbers. Part of the problem is that a parcel is not created for tax purposes until it is transferred to different ownership, and towns handle this differently. Some towns assign SPANs when the surveys are submitted, but the SPAN is inactive until a transfer actually takes place. Other towns only assign SPANs when a transfer takes place and a separate parcel is created for property tax purposes. The timely link between the transfer return, the creation of a SPAN for the new parcel, and the survey would allow the GIS parcel layer to stay up to date.

For the purposes of tracking parcelization, identifying the SPAN of the parcel subdivided at the time of transfer would allow timely identification and mapping of the parcels being subdivided. Identifying the survey of the newly created parcel at the time of transfer would allow timely mapping of the parcel boundaries resulting from the subdivision. It would also provide advance information about future development, which would be helpful in planning for growth. Consistency in the implementation of

### **Case Study: Addison County**

To demonstrate the potential uses of the proposed change, the Parcelization Project undertook a case study of subdivisions in Addison County between 2018 and 2021. The parcels that were subdivided were identified on a GIS map, and then layered over maps showing current land cover, municipal planning areas, local zoning, and priority forest blocks. Although various state and local programs aim to protect large forest blocks and direct development to small lots in designated village or town centers, the subdivisions do not indicate this is occurring, at least at a meaningful scale.

Because the proposed change to identifying subdivisions is not currently in place, this case study used data from the Property Transfer Tax Returns after they had been compiled and reviewed by town officials to be used in tracking the sale prices of parcels. The town officials' main review criterion was that the sale was an "arm's length transaction." In the case of a subdivision, the SPAN in the data file was usually that of the newly created parcel—but not necessarily. Finding the parent parcel, therefore, took some

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sleuthing—a tedious step that would be avoided by putting the parent SPAN on the transfer form in the first place. As a result, some of the parent parcels could not be positively identified. The case study used only a subset of all subdivisions; some transfers could not be verified by the town officials for their sales use, and some transfers could not be linked accurately to the parent parcel.

Although the data are not perfect, the following results illustrate the utility of identification and mapping of subdivisions.

### **Land Cover**

An appropriate first question is often what type of land is being subdivided? How much of it is located in natural resource areas such as agricultural land or forestland? While we often hear of a hot real estate market in employment centers, it is appropriate to examine whether subdivisions are taking place in developed areas, or areas with natural land cover?

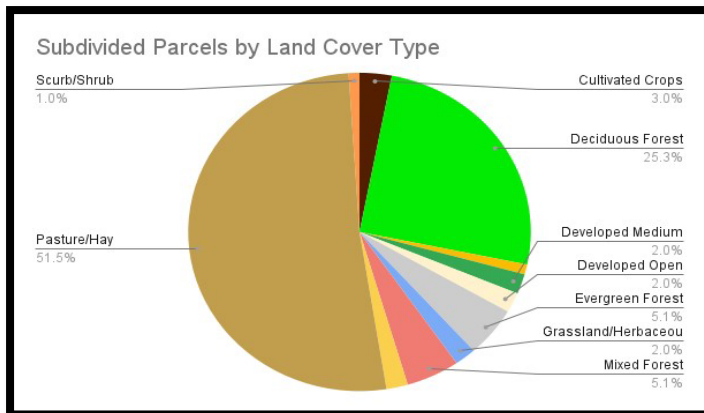
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Overlaying the subdivisions in Addison County on a map of land cover reveals first, that the subdivisions are scattered rather than concentrated in certain areas.

In addition, the overlay shows that 52% of the subdivided parcels are in land that is currently agricultural, and 36% of the subdivided parcels are in areas with forest cover.

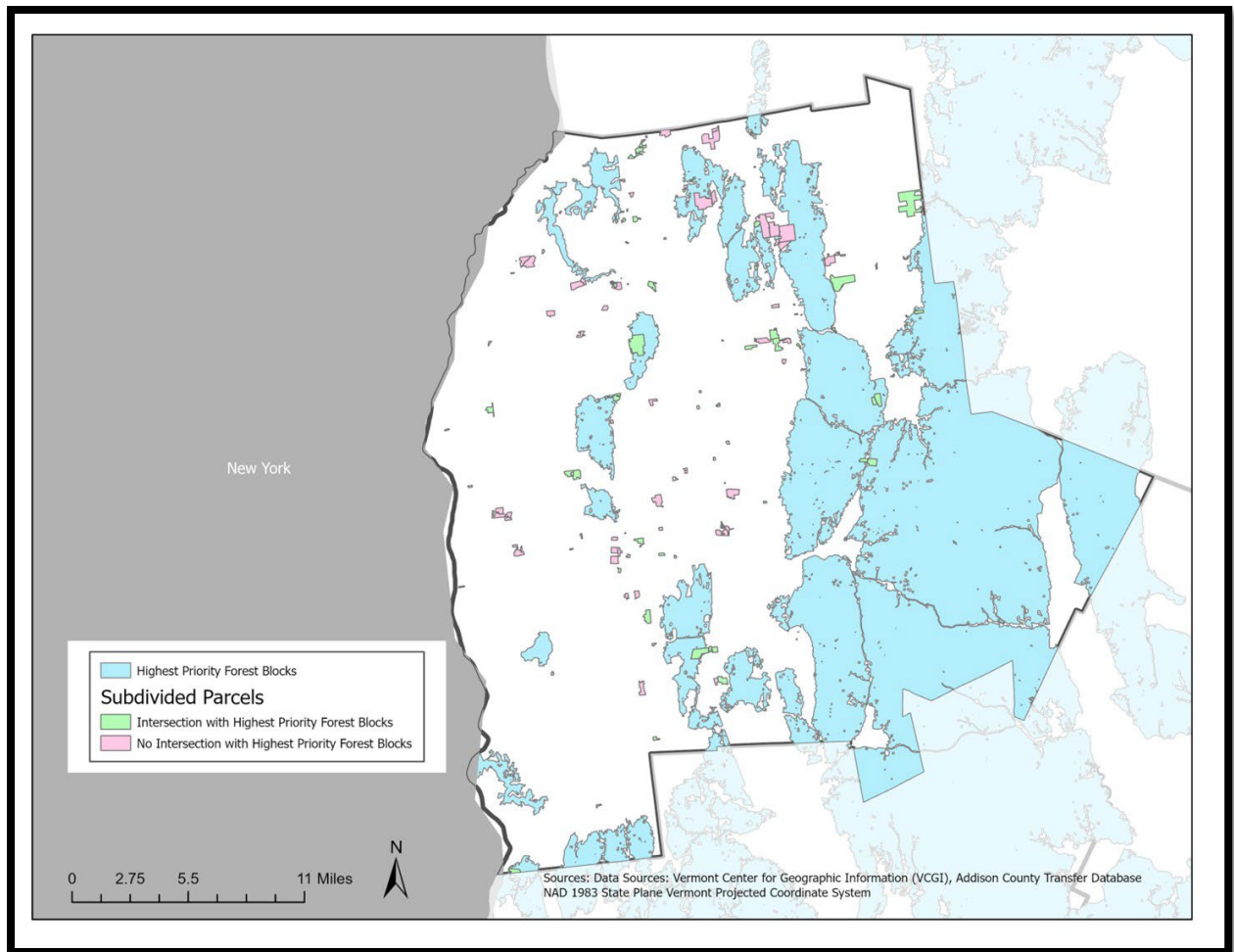
*Addison County Subdivisions by Land Cover Type*



### Highest Priority Forest Blocks

The Vermont Agency of Natural Resources (ANR) has identified the forest blocks in the state that are the highest priority in conserving ecological integrity. Overlaying the subdivided parcels with the map of Addison County's highest priority forest blocks reveals that 43% are at least partially within these important forest blocks.

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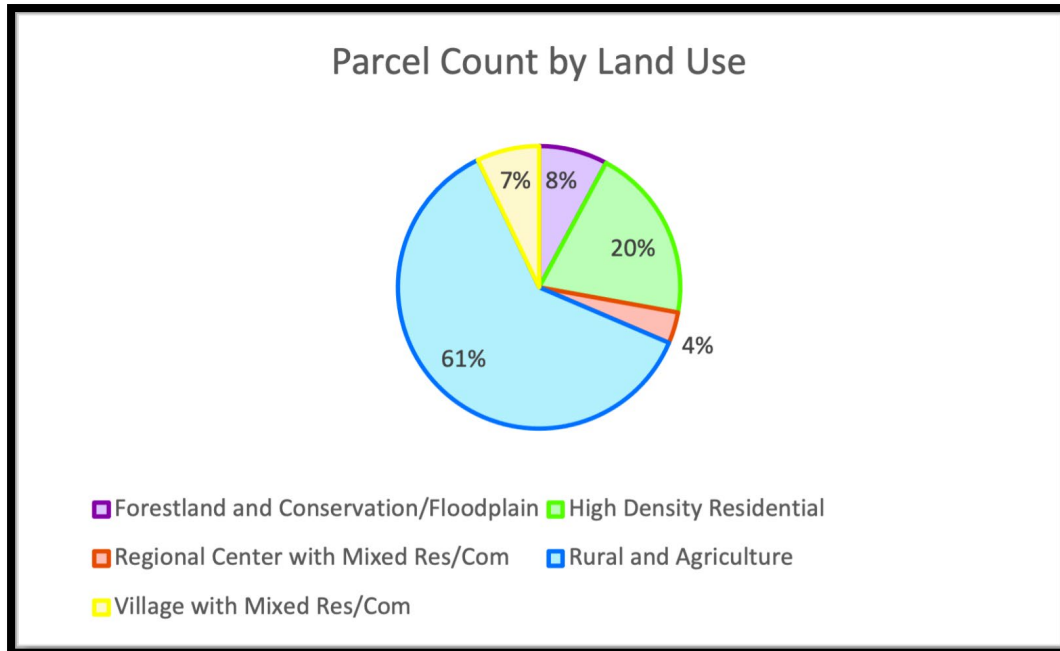
The ANR has also identified high priority forest blocks, which are also important, yet not as crucial. The overlay revealed that 91% of the subdivided parcels were at least partially within an area considered to be either a high or highest priority forest block.

### Land Use Regions

Using data from the ANR (including Vermont Conservation Design), the Census E911, the Agency of Transportation, VHFA, and town surveys each town in the county developed a town plan which designated desired land use regions. The resulting regions reflect the existing conditions and capabilities, public sentiment, and best efforts to meet state, regional and local goals. Although the towns may have given the land use regions different names, the Regional Planning Commission grouped the regions into county-wide generalized land use categories, based on the goals of the region. There were three generalized land use regions designated for development: Regional Center with Mixed Residential and Commercial Development; Village Center with Mixed Residential and Commercial Development; and High Density Residential. There were two generalized land use regions designated for conservation with low density development: Forest Land/Conservation/Floodplain, Rural/Agricultural.

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Less than one third of the subdivisions occurred in the three areas where higher density development was desired; two thirds occurred in rural areas with an emphasis on agriculture, forests and conservation.

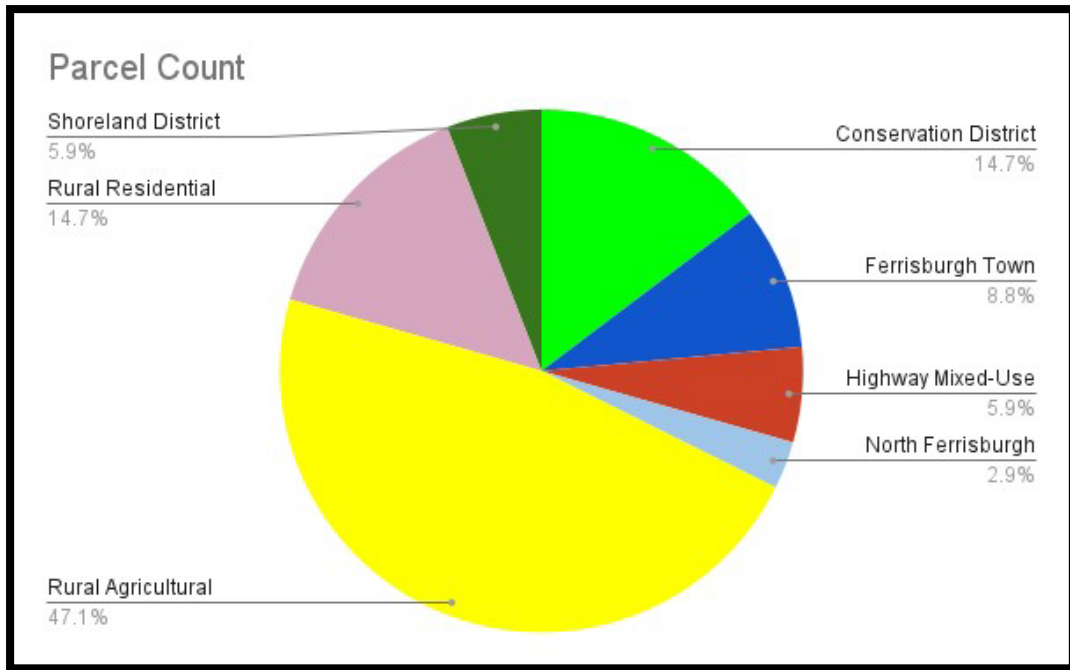


*Subdivisions in Addison County by Planned Land Use Region*

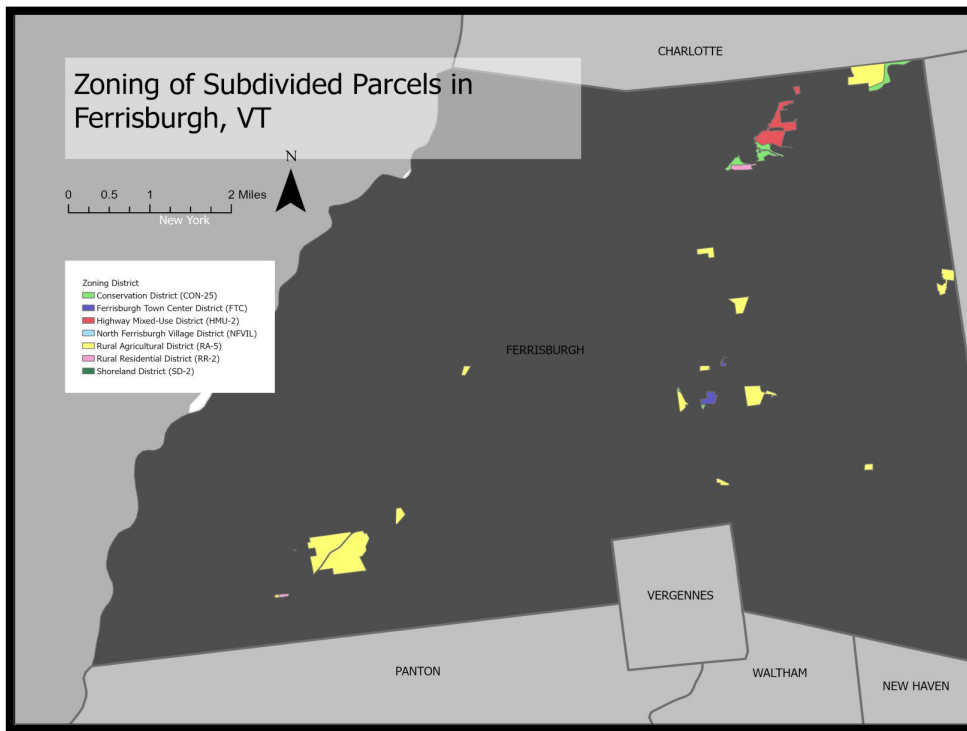
### Zoning Districts

Because zoning districts are more finely delineated versions of local land use districts, it would make sense that the match between subdivisions and zoning districts would show a similar pattern: about one third of the subdivisions are occurring in zoning districts designated for development, and about two-thirds occurring in areas designated to be rural. In the town of Ferrisburgh, for example, an overlay of subdivisions with the zoning map reveals that 62% of the subdivisions occurred in conservation or rural agricultural districts; 16% occurred in rural/residential zoning districts; and only about 18% occurred in zoning districts designated for high density development.

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*Subdivisions in Ferrisburgh by Zoning District*



*Spatial Location of Subdivided Parcels in Ferrisburgh by Zoning District*

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At the town level, spatial analysis showing where the subdivisions are taking place may be highly instructive to redesign zoning criteria (to discourage scattered development in conservation areas) and also to redesign or incentivize districts to accommodate growth where it is occurring naturally. Many rural towns have a small village with limited possibilities for expansion, and planning efforts should address how to manage growth in rural areas. Early understanding of subdivision patterns may help designate new concentrated village-type development, and aid in the conservation of high priority conservation land.

Statewide planning efforts should continue to examine how to promote the spatial analysis of subdivision data to encourage effective land use planning and policy efforts.