The Grand List: Understanding It and Why It Matters

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Many newly elected selectboard members hear the term "grand list" but are not always sure what it means or why it is important. Understanding the grand list can help local officials make better decisions about community growth, budgeting, and property taxes.

What Is the Grand List*?

The grand list is the total value of all taxable property in a town – what's officially called a town's total taxable value. This includes homes, businesses, land, and other taxable properties (ex. electric utilities, hydro plants, solar arrays, natural gas pipelines, telecommunications, etc.). You can think of the grand list as a town's property tax base. It represents all the taxable value that helps pay for local government services and public education. Every year, municipalities across Vermont update their grand list to reflect changes in property ownership, new construction, and improvements to existing properties. Sometimes these changes are to just the affected properties while other times towns may conduct a larger reappraisal effort, like a townwide reappraisal which is now required by Vermont law to be done every six (6) years (Act 68 of 2023). The ultimate goal is that values for all properties reflect 100% fair market value. This ensures that property taxes are levied equitably across all property owners.

**A note on terms: You'll hear "grand list" used two ways around town. In this piece and in most everyday conversation it means a town's total taxable value: the whole property tax base. Vermont statute uses the term a little more narrowly. Officially, the "grand list" is one percent of that total taxable value, a holdover from the days when tax rates were set per $100 of property value. Either way, the idea is the same, it's just a matter of where the decimal point sits. (See the Vermont Department of Taxes glossary: tax.vermont.gov/glossary*

Why Does the Grand List Matter?

The grand list plays a major role in determining property tax rates. To pay for municipal services such as roads, public safety, and town administration, a town must raise a certain amount of money through property taxes – this is the “Municipal Tax” on your property tax bill and it is the primary source of general fund revenue. The larger the grand list, the more property value there is to share in the costs.

For example, imagine a town needs to raise $2 million in property taxes. If the town's grand list is worth $200 million, the tax rate will need to be higher than if the grand list is worth $250 million. In the second example, the same cost is spread across more taxable value. This is why a healthy and growing grand list can help reduce pressure on property tax rates over time.

Can Growing the Grand List Lower Taxes?

It could! A growing grand list creates opportunities to stabilize property taxes, keeping them more affordable over time. By adding new housing, businesses, and investment, towns expand their tax base and spread the cost of local services across more taxable value. This can help moderate tax rates while supporting the services residents depend on. For this reason, many communities view responsible growth as an important part of their long-term financial strategy. These communities may define responsible growth as development that is included in your town plan, pays for itself over time, fits within your current and future municipal infrastructure planning (think: capital plan) and is financially sustainable.

The key word here is “responsible”. Growth isn't free, of course, new homes and businesses can mean more calls for the fire department, more wear on the roads. But when that growth is planned well, the new tax revenue generated typically outpaces the added cost of serving it. Responsible growth paired with responsible spending helps ensure your residents' needs are more easily met without taking more out of their wallets.

How Can a Town Grow Its Grand List?

Creating new housing (single family houses, duplexes, multifamily apartment buildings, accessory dwelling units [ADU], condominiums, co-housing, cottage development, etc.) is one of the most effective ways a town can grow its grand list because new homes add taxable value to the community. As new housing is built, the town's tax base expands, allowing the cost of local services to be spread across more payers. In addition to strengthening the grand list, new housing helps attract workers, supports local businesses, and keeps communities vibrant – it might even deepen the pool of candidates to serve in local government! Over time, responsible housing development can help ease pressure on property tax rates while creating more opportunities for people to live, work, serve and volunteer in your area.

Creating new housing doesn't have to mean new construction. Towns can also encourage the redevelopment of existing properties that are vacant or underutilized. Bringing these properties back into productive use can increase their taxable value, grow your grand list and strengthen the local economy.

Developing or improving municipal infrastructure like water and sewer can significantly grow a town's grand list. These systems create capacity for new, higher-density housing development by removing the constraints and limitations of private wells and septic systems. They also allow for businesses to sprout that would otherwise be impossible – like a brewery, restaurant, café, bakery, hair salon, laundromat.

Property valuation does not grow tax base - public and private investment into existing properties does.

What About Reappraisals?

Some people assume that increases in property assessments through reappraisals will change taxes. Reappraisals serve a different purpose. A reappraisal updates property values, so they more accurately reflect current market conditions and fair market value. This helps ensure that taxes are distributed fairly among property owners. A reappraisal may increase the total value shown on the grand list, but it does not create new wealth or new development. Instead, it adjusts existing values so that each property owner pays their fair share. Reappraisals improve fairness. New development grows the tax base. The municipal budget determines the tax rate.

Questions for Selectboards to Consider

When discussing budgets and community development, selectboards should ask:

- Is our grand list growing?
- Is that growth coming from new development and improvements to property or simply changes in assessed values?
- Are we creating opportunities for housing and business investment?
- How does growth in the grand list compare to growth in municipal spending?

These questions can help local officials understand the long-term financial health of their community.

The Bottom Line

The grand list is the foundation of a town's property tax system. A larger grand list means the cost of local government can be spread across more taxable value. While growing the grand list does not automatically lower taxes, it can help reduce pressure on tax rates when spending is kept under control. For many Vermont communities, making infrastructure investments to support the creation of new housing and businesses, encouraging housing development, supporting local businesses, and redeveloping underused properties are important ways to strengthen the grand list and improve long-term affordability for taxpayers.

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