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Vermont College of Fine Arts v. City of Montpelier

Supreme Court of Vermont - February 10, 2017 - A.3d ----2017 WL 562865 - 2017 VT 12

College brought action against city, seeking declaratory judgment that it was entitled to public schools or public use exemptions from property tax for its building, which was partially leased to the state during the years at issue.

The Superior Court granted summary judgment for city. College appealed.

The Supreme Court of Vermont held that:

- City's board of civil authority was authorized to rule on tax-exempt status, and thus college was required to appeal to board;
- Supreme Court would address merits of college's appeal, despite college's failure to exhaust administrative remedies;
- College was permitted to apply for exemptions under multiple clauses of governing subsection;
- College was not entitled to public schools exemption; and
- College was not entitled to public use exemption.

City's board of civil authority was authorized to rule on tax-exempt status, and thus college, in order to satisfy requirement that it exhaust administrative remedies before seeking a judicial remedy, was required to appeal to the board the city assessor's decision finding college's property did not qualify under public schools or public use exemptions from property tax; statute governing appeals to the board provided that the board would "hear and determine such appeals until all questions and objections [were] heard and decided."

Supreme Court would address the merits of college's claim that it was entitled to exemption from property tax under public schools or public use exemptions, notwithstanding college's failure to exhaust administrative remedies by failing to appeal to city's board of civil authority the city assessor's finding that college was not entitled to exemption, where Court's jurisprudence regarding exhaustion of administrative remedies in challenging the determination of tax exempt status under the public schools and public use exemptions was inconsistent.

College was permitted to apply for exemptions from property tax under multiple clauses of statute's subsection governing public schools and public use exemptions; public schools exemption was separate and independent from public use exemption.

College was not entitled to public schools exemption from property tax for its building for years in which the state leased a portion of the building and the college used another portion for storage of equipment; neither the fact that the building had been used for educational purposes in the past, nor the possibility that it could be used for such purposes in the future, impacted the analysis, but rather the relevant test was the use of the property during the tax years in question.

College was not entitled to public use exemption from property tax for its building for years in which

the state leased a portion of the building, where college’s nonprofit ownership and state’s use lacked concurrence, such that the two did not have a single mission.

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