Town of
Wilmington

(802) 464-8591 (Voice)
(802) 464-8477 (FAX)
www.wilmingtonvermont.us

January 16, 2024

Mr. Ted Brady
Vermont League of Cities & Towns
89 Main St Suite 4
Montpelier VT 05602

Re: Bill H.629

Dear Mr. Brady,

In reviewing the bill as introduced regarding tax sale of properties I have a large list of concerns. Tax sales are a difficult process and not one that our town takes lightly. As Finance Officer/Treasurer for the Town of Wilmington, I have been holding tax sales for 18-years now and consider any year where I can get everyone paid or on a plan to pay-off their balances a great year. It is disheartening to have to put a house through tax sale, especially when it is a primary residence. Most of the properties that go to tax sale in Wilmington are land. I believe I have only transferred a home just a handful of times during my 18-years. One home was abandoned by the owner, another was a foreclosure that the bank missed, and the third was a second home.

In H.629 under 5252(a), it states that a property must be two years delinquent and over $15,000 owed in taxes, not including interest or fees. Our current policy in Wilmington is that one year, or two payments, is eligible for tax sale. We had a property that went 3-years as a delinquent account, and the tax bill was so large they were unable to come up with the taxes, nor were they able to make payments big enough to touch the balance. I believe they ended up having the bank foreclose on them.

The second part in H.629 of having the total be $15,000 is simply too high. Many lower-income homeowners have very small bills after the home rebate is applied. I have one in particular whose bill is $1,138.68 a year after applying the state payment. It would take over 13 years for their bill to be over the threshold stated here. This is a person who has been delinquent since the day I started and every year we set up a payment plan. Without the annual threat of tax sale, they would not be coming in to make regular payments. Sadly, this is not the only example that I have in a similar situation. I have several taxpayers who I call my perpetual tax sale people, always on my list year-after-year. They are primary homeowners who, without the threat of tax sale would likely never pay anything. If their bill reached $15,000, they would never be able to get out from under it. I currently have an individual who has a bill over $6,000, struggling to find a way to get the bill paid. Unfortunately, he has not wanted to ask for help from any of the agencies who were offering to assist in the last few years due to COVID, either.

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I have another taxpayer who struggled for years and made payment plans during those years to stay on top of the delinquencies because of the threat of tax sale, and they are now paying on time and are no longer on my delinquent list, let alone my tax sale list.

In regards to H.629, section 5252 (a)(3) our town is unique in that about two thirds of our properties are second homes for taxpayers. Some taxpayers with second homes live in New York or Connecticut, but we have others in California and even a few who are overseas. How would we go about using personal service for these situations? And would the individual have to pay this cost in addition to all the other fees for tax sale? Would this not make it that much harder for them to pay the bill? Our town attorney currently calls taxpayers when the certified mailing is returned and we are uncertain if they know of the tax sale proceedings.

In regards to H.629 section 5252 (a)(6)(c) what will a reasonable repayment plan look like? We currently offer up to one year to pay the back taxes, basically the same time period that it took to accrue them. At this time, the town must still pay for all the education taxes due to both the school and the state, which is currently about 75% of the tax bill we collect. If towns have to extend the amount for too long, they will need to borrow to pay their bills. If a tax payer is in a repayment plan, does the interest continues to accrue; this is my assumption as there is nothing mentioned about it in the bill. If their payments are too small, in my opinion they will never be able to pay the principal.

In H.629, section 5253 talks about the redemption period being either 3 or 5 years. The bill is not clear. Who will pay the taxes at the end of the redemption period? If the property changes hands, does the new owner have to pay 3 or 5 years of taxes plus interest and penalty? That will most likely deter some investors which will mean more towns will end up with properties and have to figure what to do with them. If the property is redeemed at the last possible minute this will mean several more years of uncollected taxes for the town. Which means that the taxpayers who pay on time will shoulder the delinquencies, through increased taxes.

H.629 section 5260 (a) goes into a very complex calculation for how interest is to be calculated. Currently, I have bidders at tax sale who ask about this as they do not really want to take possession of the property, they simply are looking to make some interest on their money at the time of redemption. The current formula is easy to explain and calculate. I am concerned that this bill will be too confusing, and again the town will lose bidders at the tax sale.

H.629 section 5260 (b) talks about notices each year during the redemption period being given with an additional 90 or 180 days prior to the final date. We currently send a delinquent notice monthly to everyone who owes. Many of these notices just go unopened. I fear adding more

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paper to an overburdened taxpayer is not going to help the situation. This will just increase the work in town offices.

In H.629 section 5261 (b), if I'm reading this correctly, a winning bidder at tax sale will have to pay the individual who lost the property the amount on the grand list minus what the owner would've had to pay to redeem, plus $500. This would basically be making the bidder pay the full amount of the property which again will deter many from bidding on the property. Which means that the town will end up with more properties. Where would the town come up with the money to pay this amount to the owner? What would happen in a case where the property was damaged between the time the grand list was lodged and the time of the tax sale transfer? We had a property where the house burned down in the spring right before we started tax sale. The grand list still had the value for the house set before the fire destroyed the home, as the grant list is not changed until the next year. Would a bidder on that property have to still pay the grand list value even though there is no house?

If the primary goal here is to help low-income families so they can retain their primary home, I think there are better ways to accomplish this goal. There are families who do not file for the homestead rebate ever, so making sure this is done would help many of them with a more manageable bill. I have to believe that most towns already offer payment plans for a homeowner who is falling behind, but if there are some that do not then making sure all towns offer a plan is a good beginning. If a homeowner just ignores the bill and doesn't even communicate with their town then that is another issue to be addressed. Most properties that end up at a tax sale are not typically a "one-off" occurrence, from my experience, but are more of a perpetual cycle. Without the threat of tax sale on a regular or annual basis, I fear more homeowners will lose their homes as H.629 is currently written.

Thank you for your time.

Christine Richter
Finance Officer/Treasurer

Cc: Brian Campion
Dick Sears
Tristan Roberts