

**Vermont Municipal Clerks & Treasurers Association (VMCTA)
Legislative Committee**

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Re. H.471 technical and administrative changes in tax laws

Thank you for inviting me to share VMCTA's thoughts around H.471, the proposed bill on technical and administrative changes in tax laws.

I will be offering testimony on Sections 14 and 15.

Sec. 14.

This section calls for the state to "prepare and supply" towns with notices in plain language describing the homestead property tax credit, including eligibility requirements and deadlines, for including in property tax bills and delinquent notices.

VMCTA has a number of concerns:

1. While the language in the bill says the Commissioner will "supply" the notices to each town, We're not confident that can be interpreted to mean each town will receive pre-printed notices ready for mailing. Rather it's more likely the notice will be sent as a pdf, and municipalities would bear the cost of printing them, and potential additional postage, depending on what other things towns usually mail out with their tax bills and delinquent notices. The state's notice may push these mailings over into a higher postage bracket.

2. The bill calls for the notices to be mailed "...to taxpayers who own...a homestead...". Towns do not mail out tax bills and delinquent notices based on the homestead status of a property, so it would be cumbersome to figure out a way to sort the bills and notices into homestead and non-homestead, and then include a notice with a certain segment of each mailing. If the language was amended to include the notice in all mailings, it would exacerbate the printing and postage costs.
3. Lastly, and most notably, towns are already required to print – at the towns' expense - a "tax bill backer" (see attached), provided by the Department of Taxes. This document already "describe[es] the homestead property tax credit, including...deadlines", albeit not in what we would call "plain language". Why can't this document be revamped to include the information being required in the "plain language notice"?

Sec. 15

This section would extend the application time for property tax credit claims to be filed; changing the deadline from October 15th to March 15th. Filings made after October 15th would be handled by the state with no local involvement. Payments would be made directly to the claimant, and municipalities wouldn't issue adjusted property tax bills.

VMCTA supports this section of the bill. It would be especially valuable in those towns where tax bills are mailed out later in the fall, or the first payment isn't due until after October 15th. Many homeowners don't realize they haven't filed their homestead declarations or property tax credit claims until after they receive their tax bills, or are getting ready to make their first tax payment in late fall, and if that happens after October 15th, they're out of luck for the year.

Thank you for your time. Please feel free to reach out to me at any time with any questions or for further discussion.

Important Reminders about Vermont Property Taxes

What is the Common Level of Appraisal (CLA)?

The CLA is the primary result of the Equalization Study conducted by the Vermont Department of Taxes every year. The study compares the listed value on the grand list to the sale price for all the arms-length sales in the town during a prior three-year period. The CLA does not change taxpayer's property values, only the education tax rate in a town. It is a method of ensuring that each town is paying its fair share of Education Property Tax to the state's Education Fund, based on actual real estate market trends.

What is the Spending Adjustment?

The Spending Adjustment is calculated based on the per-pupil spending of your school districts, as well as any legislative incentives (such as mergers). Each town has its own district for lower grades, and many towns are also members of union school districts. In those cases, the town gets a tax rate that is a blend of the town's district tax rate and the union district tax rates.

Homestead Declaration (Form HS-122, Section A)

If you meet the requirements to file a Vermont Homestead Declaration, you must file each year. A "homestead" is your principal dwelling and parcel of land surrounding the dwelling. Your town uses the Homestead Declaration to assess the correct Education Property Tax rate.

Property Tax Credit Claim (Form HS-122, Section B with Schedule HI-144)

If you filed a Homestead Declaration, you may be eligible for a Property Tax Credit based on your housesite value and household income. The Property Tax Credit is a credit applied against your property tax bill. The credit is shown on your 2022/2023 property tax bill as a state payment.

File Online for Free

You may file your Homestead Declaration and if eligible, your Property Tax Credit online at myVTax.vermont.gov.

Penalties for Late Filing / Neglecting to File / Fraudulent Filing

If you file your Homestead Declaration after the April 15 deadline, the town may assess a penalty of up to 8%. The penalty depends on whether the non-homestead rate is lower or higher than the homestead education property rate. See Vermont law at legislature.vermont.gov/statutes/section/32/103/03202. If you file after the October 15 extended deadline or fail to file, the town will classify your property as non-homestead and charge you the higher of the two rates, assess a penalty, and require you to pay any additional property tax and interest due. Before filing, make sure your property meets the definition of Vermont homestead. **If you are found to have filed and you should not have filed, or you have not filed and are required to file, the town may assess a penalty of up to 8%.** If you are found to have filed fraudulently, the town may assess a penalty equal to 100% of your Education Property Tax. For more information, go to tax.vermont.gov/property-owners/homestead-declaration.

Vermont Current Use Program (also known as the Use Value Appraisal Program)

The eligible agricultural and forest lands of property owners who enroll in the Current Use Program are taxed at the "use value" (set by the Current Use Value Advisory Board once a year) of the land rather than its listed value. Applications are due by Sept. 1, 2022. For additional information and to apply for a new enrollment or to change your existing enrollment, visit secure.vermont.gov/TAX/ecuse/.

Assistance and Ordering Forms

For assistance, call (866) 828-2865 (toll-free in Vermont) or (802) 828-2865 (local or out-of-state). Paper forms for the Homestead Declaration, Property Tax Credit Claim, and the Current Use Program are available at tax.vermont.gov/forms. You may also order paper forms at tax.vermont.gov/form-request or call toll-free in Vermont at (855) 297-5600.

More Information

For more information, visit tax.vermont.gov/property-owners.

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this document is provided by the
Department of Taxes, and is required to be
printed on the back of property tax bills