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H.629

An act relating to changes to property tax abatement and tax sales

It is hereby enacted by the General Assembly of the State of Vermont:

\* \* \* Municipal Tax Abatement \* \* \*

Sec. 1. 24 V.S.A. § 1535 is amended to read:

§ 1535. ABATEMENT

(a) The board may abate in whole or part taxes, water charges, sewer charges, interest, or collection fees, or any combination of those, other than those arising out of a corrected classification of homestead or nonhomestead property, accruing to the town in the following cases:

(1) taxes or charges of persons who have died insolvent;

(2) taxes or charges of persons who have moved from the State;

(3) taxes or charges of persons who are unable to pay their taxes or charges, interest, and collection fees;

(4) taxes in which there is manifest error or a mistake of the listers;

(5) taxes or charges upon real or personal property lost or destroyed during the tax year;

(6) the exemption amount available under 32 V.S.A. § 3802(11) to persons otherwise eligible for exemption who file a claim on or after May 1 but before October 1 due to the claimant's sickness or disability or other good cause as determined by the board of abatement; but that exemption amount

1 shall be reduced by 20 percent of the total exemption for each month or portion  
2 of a month the claim is late filed;

3 (7) [Repealed.]

4 (8) [Repealed.]

5 (9) taxes or charges upon a mobile home moved from the town during  
6 the tax year as a result of a change in use of the mobile home park land or parts  
7 thereof or closure of the mobile home park in which the mobile home was  
8 sited, pursuant to 10 V.S.A. § 6237;

9 (b) The board's abatement of an amount of tax or charge shall  
10 automatically abate any uncollected interest and fees relating to that amount.

11 (c) The board shall, in any case in which it abates taxes or charges, interest,  
12 or collection fees accruing to the town or denies an application for abatement,  
13 state in detail in writing the reasons for its decision. The written decision shall  
14 provide sufficient explanation to indicate to the parties what was considered  
15 and what was decided. The decision shall address the arguments raised by the  
16 applicant.

17 (d)(1) The board may order that any abatement as to an amount or amounts  
18 already paid be in the form of a refund or in the form of a credit against the tax  
19 or charge for the next ensuing tax year or charge billing cycle and for  
20 succeeding tax years or billing cycles if required to use up the amount of the  
21 credit.

1           (2) Whenever a municipality votes to collect interest on overdue taxes  
2 pursuant to 32 V.S.A. § 5136, interest in a like amount shall be paid by the  
3 municipality to any person for whom an abatement has been ordered.

4           (3) Interest on taxes or charges paid and subsequently abated shall  
5 accrue from the date payment was due or made, whichever is later. However,  
6 abatements issued pursuant to subdivision (a)(5) of this section need not  
7 include the payment of interest.

8           (4) When a refund has been ordered, the board shall draw an order on  
9 the town treasurer for payment of the refund.

10          (e)(1) The board may hear a group of similar requests for abatement as a  
11 class, provided that:

12           (A) the board has first met and established a class in accordance with  
13 this subsection (e);

14           (B) the requests shall arise from the same cause or event;

15           (C) the requests relate to the bases for abatement in subdivision  
16 (a)(4), (5), or (9) of this section;

17           (D) the board shall group requests based on property classification;

18           (E) the board shall provide notice to each taxpayer of the taxpayer's  
19 status as a member of the class; and

1           (F) a taxpayer shall have the right to decline the taxpayer's status as a  
2           member of the class and pursue the taxpayer's request as a separate action  
3           before the board.

4           (2) The board shall provide notice to each taxpayer at minimum 21 days  
5           before the scheduled hearing for the class. The notice shall include a  
6           description of the class and the board's reasons for grouping the requests, an  
7           explanation of the taxpayer's status as a member of the class, the procedure for  
8           appealing a board decision, the taxpayer's right to decline class membership  
9           and pursue a separate action, and any deadlines that the taxpayer must meet in  
10           order to participate as a member of the class or pursue a separate action.

11           (3) A taxpayer shall notify the board of the taxpayer's intent to pursue a  
12           separate action, pursuant to subdivision (1)(F) of this subsection, a minimum  
13           of seven days before the board's hearing to consider a class request.

14           (4) A board may preserve and take notice of any evidence supporting  
15           the basis for abatement for a class and use that evidence for purposes of a later,  
16           separate action pursued by an individual taxpayer.

17           (5) In instances where a board abates in part taxes, charges, interest, or  
18           collection fees for a class, the board shall not render a decision that results in  
19           disproportionate rates of abatement for taxpayers within the class.

20           (f) A municipality shall provide clear notice to a taxpayer of the ability to  
21           request tax abatement, and how to request abatement, at the same time as a

1 municipality attempts to collect a municipal fee or interest for delinquent taxes,  
2 water charges, sewer charges, or tax collection.

3 (g) The legislative body of a municipality by a majority vote may abate de  
4 minimis amounts of taxes for purposes of reconciling municipal accounts  
5 according to generally accepted accounting principles.

6 Sec. 2. 24 V.S.A. § 5144 is amended to read:

7 § 5144. UNIFORM NOTICE FORM

8 The notice form required under section 5143 of this chapter, and defined in  
9 section 5142 of this chapter, shall be clearly printed on a pink colored sheet of  
10 paper, and shall be according to the following form:

11 \* \* \*

12 ABATEMENT AND POSSIBLE REDUCTION IN CHARGES—You may be  
13 able to receive a reduction of charges, penalties, or interest through municipal  
14 abatement. To seek this reduction in charges from the Board of Abatement,  
15 contact the municipal clerk by mail or phone:

16 (Name of Clerk of Board of Abatement)

17 (Name of Town, City, or Village)

18 (Address of Office)

19 (Mailing Address)

20 or by calling:

21 (Telephone Number)





1           (2) Advertise forthwith such land for sale at public auction in the town  
2 where it lies three weeks successively in a newspaper circulating in the  
3 vicinity, the last publication to be at least 10 days before such sale.

4           (3) Give the delinquent taxpayer written notice by certified mail  
5 requiring a return receipt directed to the last known address of the delinquent  
6 of the date and place of such sale at least ~~40~~ 30 days prior thereto if the  
7 delinquent is a resident of the town and ~~20~~ 30 days prior thereto if the  
8 delinquent is a nonresident of the town. If the notice by certified mail is  
9 returned unclaimed, notice shall be provided to the taxpayer by resending the  
10 notice by first-class mail or by personal service pursuant to Rule 4 of the  
11 Vermont Rules of Civil Procedure, except that if the last known address of the  
12 delinquent taxpayer is in Vermont, the collector shall resend the notice by first-  
13 class mail and make one attempt at personal service pursuant to Rule 4 of the  
14 Vermont Rules of Civil Procedure. If the last known address of the delinquent  
15 taxpayer is in Vermont, and an attempt at personal service fails, the collector  
16 shall affix the notice to the exterior door of the property subject to tax sale if  
17 the property has a structure.

18           (4) Give to the mortgagee or lien holder of record written notice of such  
19 sale at least ~~40~~ 30 days prior thereto if a resident of the town and, if a  
20 nonresident, ~~20~~ 30 days' notice to the mortgagee or lien holder of record or ~~his~~  
21 ~~or her~~ the mortgagee's or lien holder's agent or attorney by certified mail



1 requiring a return receipt directed to the last known address of such person. If  
2 the notice by certified mail is returned unclaimed, notice shall be provided by  
3 resending the notice by first-class mail or by personal service pursuant to Rule  
4 4 of the Vermont Rules of Civil Procedure.

5 (5) Post a notice of such sale in some public place in the town.

6 (6) Enclose the following statement, with directions to a resource  
7 translating the notice into the five most common non-English languages used  
8 in this State, with the notices required under subdivisions (3) and (4) of this  
9 subsection and with every delinquent tax notice:

10 Warning: There are unpaid property taxes at (address of property), which you  
11 may own, have a legal interest, or may be contiguous to your property. The  
12 property will be sold at public auction on (date set for sale) unless the overdue  
13 taxes, fees, and interest in the amount of (dollar amount due) is paid. To make  
14 payment or receive further information, contact (name of tax collector)  
15 immediately at (office address), (mailing address), (e-mail address), or  
16 (telephone number).

17 (7) The resource for translation of the notice required under subdivision  
18 (6) of this subsection shall be made available to all municipalities by the  
19 Vermont Department of Taxes.

20 (b) If the warrant and levy for delinquent taxes has been recorded pursuant  
21 to subsection (a) of this section, the municipality in which the real estate lies

1 may secure the property against illegal activity and potential fire hazards after  
2 giving the mortgagee or lien holder of record written notice at least 10 days  
3 prior to such action.

4 (c)(1) A municipality shall not initiate a tax sale proceeding until it has  
5 offered a delinquent taxpayer a written reasonable repayment plan and the  
6 taxpayer has either denied the offer, failed to respond within 30 days, or has  
7 failed to make a payment under the plan within the time frame established by  
8 the collector. When establishing a plan under this subsection, the municipality  
9 shall consider the following:

10 (A) the income and income schedule of the taxpayer, if offered by the  
11 taxpayer;

12 (B) the taxpayer's tax payment history with the municipality;

13 (C) the amount of tax debt owed to the municipality;

14 (D) the amount of time tax has been delinquent; and

15 (E) the taxpayer's reason for the delinquency.

16 (2) A collector is only required to offer one payment plan per  
17 delinquency, without regard for whether it is agreed to by the delinquent  
18 taxpayer.

19 (3) A collector may void a payment plan and proceed to tax sale if a  
20 delinquent taxpayer agrees to a payment plan under this subsection and fails to  
21 make a timely payment.

1 Sec. 5. 32 V.S.A. § 5253 is amended to read:

2 § 5253. FORM OF ADVERTISEMENT AND NOTICE OF SALE

3 The form of advertisement and notice of sale provided for in section 5252  
4 of this title shall be substantially in the following form:

5 The resident and nonresident owners, lien holders, and mortgagees of lands in  
6 the town of \_\_\_\_\_ in the county of \_\_\_\_\_ are hereby notified that  
7 the taxes assessed by such town for the years \_\_\_\_\_ (insert years the taxes are  
8 unpaid) \_\_\_\_\_ remain, either in whole or in part, unpaid on the following  
9 described lands in such town, to wit,

10 \_\_\_\_\_  
11 \_\_\_\_\_

12 (insert description of lands)

13 and so much of such lands will be sold at public auction at \_\_\_\_\_ a public  
14 place in such town, on the \_\_\_\_\_ day of \_\_\_\_\_ (month), \_\_\_\_\_ (year) at  
15 \_\_\_\_\_ o'clock \_\_\_\_\_ (am/pm), as shall be requisite to discharge such taxes  
16 with costs and fees, unless previously paid.

17 Be advised that the owner or mortgagee, or the owner's or mortgagee's  
18 representatives or assigns, of lands sold for taxes shall have a right to  
19 redemption for a period of one year from the date of sale pursuant to 32 V.S.A.  
20 § 5260.

1 Dated at \_\_\_\_\_, Vermont, this \_\_\_\_\_ day of \_\_\_\_\_ (month), \_\_\_\_\_  
2 (year).

3 \_\_\_\_\_  
4 Collector of Town Taxes

5 Sec. 6. 32 V.S.A. § 5260 is amended to read:

6 § 5260. REDEMPTION

7 (a) When the owner, lien holder, or mortgagee of lands sold for taxes, ~~his~~  
8 ~~or her~~ the owner's, lien holder's, or mortgagee's representatives or assigns,  
9 within one year from the day of sale, pays or tenders to the collector who made  
10 the sale or in the case of ~~his or her~~ the collector's death or removal from the  
11 town where the land lies, to the town clerk of such town, the sum for which the  
12 land was sold with interest thereon calculated at a rate of ~~one~~ 0.5 percent per  
13 month ~~or fraction thereof~~ from the day of sale to the day of payment, a deed of  
14 the land shall not be made to the purchaser, but the money paid or tendered by  
15 the owner, lien holder, or mortgagee or ~~his or her~~ the owner's, lien holder's, or  
16 mortgagee's representatives or assigns to the collector or town clerk shall be  
17 paid over to such purchaser on demand. In the event that a municipality  
18 purchases contaminated land pursuant to section 5259 of this title, the cost to  
19 redeem shall include all costs expended for assessment and remediation,  
20 including expenses incurred or authorized by any local, State, or federal  
21 government authority.

1        (b) During the redemption period, the tax collector shall:

2            (1) Serve the delinquent taxpayer with the written notice required under  
3        subsection (c) of this section between 90 and 120 days prior to the end of the  
4        redemption period using certified mail requiring a return receipt, directed to  
5        the last known address of the delinquent taxpayer. If the notice by certified  
6        mail is returned unclaimed, notice shall be provided by resending the notice by  
7        first-class mail or by personal service pursuant to Rule 4 of the Vermont Rules  
8        of Civil Procedure.

9            (2) Post the notice in some public place in the municipality between 90  
10       and 120 days prior to the end of redemption period.

11        (c) The tax collector shall enclose the following statement, with directions  
12       to a resource translating the notice into the five most common non-English  
13       languages used in this State, with every notice required under this section:

14        Warning: There are unpaid property taxes at (address of property), which  
15       you may own, have a legal interest in, or may be contiguous to your property.  
16       The property was sold at public auction on (date). Unless the overdue taxes,  
17       fees, and interest are paid by (last day of redemption period), the deed to the  
18       property will transfer to purchaser. To redeem the property and avoid losing  
19       your legal interest, you must pay (dollar amount due for redemption). The  
20       amount you must pay to redeem the property increases every month due to  
21       interest, mailing costs, and other costs. To make payment or receive further

1 information, contact (name of tax collector) immediately at (office address),  
2 (mailing address), (e-mail address), and (telephone number).

3 (d) The resource for translation of the notice required under subsection (c)  
4 of this section shall be made available to all municipalities by the Vermont  
5 Department of Taxes.

6 Sec. 7. WORKING GROUP ON VERMONT'S ABATEMENT AND TAX  
7 SALE PROCESSES

8 (a) Creation. There is created the Working Group on Vermont's  
9 Abatement and Tax Sale Processes to assess how Vermont may balance  
10 fairness for delinquent taxpayers with the needs of municipalities.

11 (b) Membership. The Working Group shall be composed of the following  
12 members:

13 (1) a representative, appointed by Vermont Legal Aid;

14 (2) a representative, appointed by the Vermont League of Cities and

15 Towns;

16 (3) a representative, appointed by the Vermont Banker's Association;

17 (4) a representative, appointed by the Vermont Housing Finance

18 Agency;

19 (5) a representative, appointed by the Vermont Municipal Clerk's and

20 Treasurer's Associations;

1           (6) a representative, appointed by the Neighborworks Alliance of  
2 Vermont;

3           (7) a representative, appointed by the Champlain Valley Office of  
4 Economic Opportunity Mobile Home Project;

5           (8) a representative, appointed by the Vermont Assessors and Listers  
6 Association; and

7           (9) a representative, appointed by the Vermont Bar Association, with  
8 experience practicing real estate law.

9           (c) Powers and duties. The Working Group shall offer recommendations  
10 relating to the following:

11           (1) establishing a process so that delinquent taxpayers whose properties  
12 are transferred via tax collector's deed, or a tax-lien foreclosure sale, can fairly  
13 recoup equity in their property in excess of the tax debt, fees, and interest for  
14 which their property is sold;

15           (2) standardizing and ensuring fairness in the abatement process across  
16 Vermont municipalities;

17           (3) requiring a minimum amount of tax debt before a tax sale can be  
18 initiated;

19           (4) allowing a tax sale to be initiated for blighted or dilapidated real  
20 estate that has been abandoned when taxes are delinquent for less than one  
21 year; and

1           (5) whether a 0.5 percent rate of monthly interest paid by delinquent  
2           taxpayers for purchasers during the redemption period causes a reduction in  
3           municipalities' ability to receive bids on properties at tax sales.

4           (d) Report. On or before December 15, 2024, the Working Group shall  
5           submit a written report to the House Committee on Ways and Means, House  
6           Committee on Government Operations and Military Affairs, Senate Committee  
7           on Finance, and Senate Committee on Government Operations with its  
8           findings and any recommendations for legislative action, including proposed  
9           legislative language.

10          (e) Meetings.

11           (1) The representative appointed by Vermont Legal Aid shall call the  
12           first meeting of the Working Group to occur on or before August 1, 2024.

13           (2) The Working Group shall elect a chair from among its members at  
14           the first meeting.

15           (3) A majority of the membership shall constitute a quorum.

16           (4) The Working Group shall cease to exist on June 30, 2025.

17          Sec. 8. APPLICATION OF CHANGES MADE BY THIS ACT

18           (a) The amendments to 32 V.S.A. § 5252 made by Sec. 4 of this act (notice  
19           of sale) shall not apply to a property that was subject to a notice of sale prior to  
20           the effective date of this act.



