

VERMONT LEGAL AID, INC.

Administrative Judgments Proposal, H.489, Draft No. 4.2, Sections 8-10

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There is one major issue upon which the Department of Taxes and Vermont Legal Aid are in disagreement.

- All current exemptions from wage garnishment should be maintained. A reference to 12 V.S.A. § 3170(b)(3) should be added to the bill at page 10 line 16, page 12 line 11, and page 13 line 11. That subsection currently gives the court discretion to increase the exempt amount of wages based on the taxpayer's necessary expenses. This protection currently applies to VDOT wage garnishments in Superior Court. It should be maintained in any administrative garnishment process.

The current draft is much improved. Changes made in the current draft substantially protect the substantive and procedural due process rights of taxpayers.

- For bank account attachments, there is now a 21-day hold period, so that the taxpayer has a chance to appeal before their money is sent to the Tax Department.
- The officer hearing appeals will not be an employee of the unit or division of the Tax Department that proposed the attachment or garnishment.
- For bank account attachments, in certain circumstances the taxpayer may propose a collection alternative.
- It has been clarified that any changes to the taxpayer's liability as a result of changes to his or her federal tax account will be reflected in the amount that the Tax Department may seize or garnish.
- The wage garnishment section now mostly reflects the current wage garnishment system in Superior Court. Rather than permitting the Department to seize 25% of disposable wages, the current draft includes the exemption amounts from V.S.A. Title 12 Section 3170(a) and (b)(1). These protect recipients of public assistance and low-wage earners.
- Taxpayers will now have advance notice of a wage garnishment and a chance to appeal before wage garnishment begins.

In addition, the Vermont Department of Taxes has agreed to change its collection notices to include information about the Vermont Taxpayer Advocate and the availability of extraordinary relief for hardship circumstances.