

1 S.261

2 Introduced by Senator Parent

3 Referred to Committee on Finance

4 Date: January 14, 2022

5 Subject: Taxation; property tax; municipal retention of property tax collections

6 Statement of purpose of bill as introduced: This bill proposes to allow  
7 municipalities to retain 0.225 of one percent of the property tax collected when  
8 making timely education property tax payments to school districts. The  
9 purpose of this retention is to compensate municipalities that make timely  
10 payments of education property tax to school districts in the same way that  
11 municipalities that make timely payments of education property tax directly to  
12 the State are allowed to retain 0.225 of one percent of the property tax  
13 collected. Additionally, in the same way that municipalities that make  
14 education property tax payments directly to the State are subject to an eight  
15 percent interest rate on late payments, this bill proposes to subject  
16 municipalities that make education property tax payments to school districts to  
17 a late payment interest rate of eight percent of the amount due.

18 ~~An act relating to municipal retention of property tax collections~~

*An act relating to municipal retention of property tax collections and  
valuation for purposes of the education property tax*

19

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

2 ~~Sec. 1, 16 V.S.A., § 426 is amended to read:~~

3 § 426. DUTIES OF THE TOWN SCHOOL DISTRICT TREASURER

4 (a) The town treasurer shall be treasurer of the town school district unless,  
5 by vote of the town school district, a town school district treasurer is elected.

6 ~~He or she~~ The treasurer shall keep in a separate bank account all the money  
7 appropriated or given for the use of the school district. Within 20 days after  
8 the date the school taxes become due and payable or within such other period  
9 of time as may be agreed upon in writing by both the selectboard and the  
10 board of school directors, ~~he or she~~ the treasurer shall deposit in the school  
11 account payments of the school tax levy received. However, if notification of  
12 the amount to be transferred by the Secretary of Education to the school  
13 district has not been received within 20 days ~~of~~ after the date taxes are due and  
14 payable, the transfer shall be effected within 20 days ~~of~~ after notification by  
15 the Secretary.

16 (b) Within 120 days after the date on which taxes become delinquent, but  
17 in no event later than the end of the school year, the treasurer shall deposit the  
18 balance of the sum of the gross school tax levy in the school account. The  
19 treasurer may retain 0.225 of one percent of the total education tax collected,  
20 provided that timely deposits of the school tax levy are made in the school  
21 account pursuant to this subsection and subsection (a) of this section. Late

1 ~~deposits of the school tax levy in the school account by a treasurer shall be~~  
2 assessed interest at a per diem rate of eight percent per annum of the amount  
3 due. If a deposit is more than 90 days overdue, any State funds due the  
4 municipality shall be withheld.

5 (c) The treasurer shall pay out of such money orders drawn by or upon the  
6 authority of the board of school directors. ~~If he or she~~ the treasurer does not  
7 pay any such order on demand, the holder thereof may recover the amount  
8 from the town school district with interest from the time of such demand.  
9 Monies so received by the town school district may be invested and reinvested  
10 by the treasurer with the approval of the board of school directors.

11 (d) The town school district treasurer shall keep financial records of cash  
12 receipts and disbursements and shall make those records available to the board  
13 of school directors or the supervisory union board when requested to do so.

14 Sec. 2. EFFECTIVE DATE

15 ~~This act shall take effect on July 1, 2022.~~

*Sec. 1. 32 V.S.A. § 5402(c) is amended to read:*

*(c)(1) The treasurer of each municipality shall by December 1 of the year in which the tax is levied and on June 1 of the following year pay to the State Treasurer for deposit in the ~~education fund~~ Education Fund one-half of the municipality's statewide nonhomestead tax and one-half of the municipality's homestead education tax, as determined under subdivision (b)(1) of this section.*

*(2) The Secretary of Education shall determine ~~the~~ each municipality's net nonhomestead education tax payment and its net homestead education tax payment to the State based on grand list information received by the Secretary ~~no~~ not later than the March 15 prior to the June 1 net payment. Payment shall*

*be accompanied by a return prescribed by the Secretary of Education. The Each municipality may retain 0.225 of one percent of the total education tax collected, only upon timely remittance of net payment to the State Treasurer or to the applicable school district or districts. The Each municipality may also retain \$15.00 for each late property tax credit claim filed after April 15 and before September 2, as notified by the Department of Taxes, for the cost of issuing a new property tax bill.*

~~Sec. 2. EFFECTIVE DATE~~

~~*This act shall take effect on passage.*~~

Sec. 2. 32 V.S.A. § 5412(e) is amended to read:

*(e) A reduction made under this section shall be an amount equal to the loss in education grand list value multiplied by the tax rate applicable to the subject property in the year the request is submitted. However, the total amount for all reductions made under this section in one year shall not exceed ~~\$100,000.00~~ \$1,000,000.00. If total reductions for a calendar year would exceed this amount, the Director shall instead prorate the reductions proportionally among all municipalities eligible for a reduction so that total reductions equal ~~\$100,000.00~~ \$1,000,000.00.*

Sec. 3. 32 V.S.A. § 5413 is added to read:

§ 5413. STATE APPRAISAL AND LITIGATION ASSISTANCE PROGRAM

*(a) A State appraisal and litigation assistance program shall be created within the Division of Property Valuation and Review of the Department of Taxes to assist municipalities with the valuation of complex commercial or other unique properties within a municipality's jurisdiction and to assist with any appeals arising from those valuations. The Commissioner of Taxes may contract with one or more commercial appraisers to provide State appraisal and litigation assistance to municipalities under this section. The Commissioner may adopt rules to administer the provisions of this section.*

*(b) The Commissioner shall:*

*(1) determine the conditions for a property to be eligible for State assistance, including the grand list value or category of the property or other relevant factors as determined by the Commissioner; and*

*(2) provide a process by which a municipality may apply for assistance under this section for one or more properties.*

*(c) Any municipality assisted under this section shall be considered to have followed best practices pursuant to subdivision 5412(a)(1)(D) of this title.*

*Sec. 4. COST ESTIMATE; NEW STATE PROGRAM*

*On or before January 15, 2023, the Commissioner of Taxes shall submit a cost estimate for the creation of a new State appraisal and litigation assistance program within the Division of Property Valuation and Review of the Department of Taxes to the House Committees on Appropriations and on Ways and Means and the Senate Committees on Appropriations and on Finance. The cost estimate under this section shall include the upfront and ongoing operating costs required to create, implement, and maintain a new program, including contracting with one or more commercial appraisers to provide State assistance to municipalities.*

*Sec. 5. 32 V.S.A. § 4461(a) is amended to read:*

*(a) A taxpayer or the selectboard members of a town aggrieved by a decision of the board of civil authority under subchapter 1 of this chapter may appeal the decision of the board to either the Director or the Superior Court of the county in which the property is located. The appeal to the Superior Court shall be heard without a jury. The appeal to either the Director or the Superior Court shall be commenced by filing a notice of appeal pursuant to Rule 74 of the Vermont Rules of Civil Procedure within 30 days after entry of the decision of the board of civil authority. The date of mailing of notice of the board's decision by the town clerk to the taxpayer shall be deemed the date of entry of the board's decision. The town clerk shall transmit a copy of the notice to the Director or to the Superior Court as indicated in the notice and shall record or attach a copy of the notice in the grand list book. The entry fee for an appeal to the Director is \$70.00; provided, however, that the Director may waive, reduce, or refund the entry fee in cases of hardship or to join appeals regarding the same parcel. If, in the opinion of the Director, an appeal under this subsection involves a complex or unique property or valuation that would be best adjudicated by the Superior Court, the Director may decline to assign a property valuation hearing officer pursuant to section 4465 of this title and shall forward the appeal to the Superior Court where it shall be heard. An appeal forwarded by the Director under this subsection shall be considered timely filed in the Superior Court if it was timely appealed to the Director.*

*Sec. 6. 32 V.S.A. § 4465 is amended to read:*

*§ 4465. APPOINTMENT OF PROPERTY VALUATION HEARING  
OFFICER; OATH; PAY*

*When an appeal to the Director is not withdrawn or forwarded by the Director to Superior Court pursuant to subsection 4461(a) of this title, the Director shall refer the appeal in writing to a person not employed by the*

*Director, appointed by the Director as hearing officer. The Director shall have the right to remove a hearing officer for inefficiency, malfeasance in office, or other cause. In like manner, the Director shall appoint a hearing officer to fill any vacancy created by resignation, removal, or other cause. Before entering into their duties, persons appointed as hearing officers shall take and subscribe the oath of the office prescribed in the Constitution, which oath shall be filed with the Director. The Director shall pay each hearing officer a sum not to exceed \$150.00 per diem for each day wherein hearings are held, together with reasonable expenses as the Director may determine. A hearing officer may subpoena witnesses, records, and documents in the manner provided by law for serving subpoenas in civil actions and may administer oaths to witnesses.*

*Sec. 7. REPORT; TIME-SHARE PROJECT VALUATION*

*On or before January 15, 2023, the Commissioner of Taxes shall submit a report to the House Committee on Ways and Means and the Senate Committee on Finance proposing options for addressing the complexities of valuing time-share projects in this State. The report under this section shall include a review of other states' time-share project valuation laws and an evaluation of the feasibility of applying those formulas in Vermont. The report shall propose any recommendations for legislative changes to clarify the valuation of time-share projects.*

*Sec. 8. EFFECTIVE DATES*

*This act shall take effect on passage, except that:*

*(1) Sec. 2 (refund for reduction in grand list value) shall take effect on January 1, 2023 and shall apply to municipal requests for reduction submitted on or after January 1, 2023 for a final appeal or court action resolved within the previous calendar year, beginning with the 2022 calendar year.*

*(2) Sec. 3 (State appraisal and litigation assistance program) shall take effect on July 1, 2023, provided the General Assembly has, on or before July 1, 2023, appropriated funding to cover the Department of Taxes' operating costs required to create, implement, and maintain a new State appraisal and litigation assistance program.*