

1 S.261

2 Introduced by Senator Parent

3 Referred to Committee on

4 Date:

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

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 board
10 of school directors, ~~he or she~~ the treasurer shall deposit in the school account
11 payments of the school tax levy received. However, if notification of the
12 amount to be transferred by the Secretary of Education to the school district
13 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.