

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

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.*