

**No. 106. An act relating to changes to property tax abatement and tax sales.**

(H.629)

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 other municipal charges or fees for utilities or services, 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~~ a clear or obvious 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 shall be reduced by 20 percent of the total exemption for each month or portion of a month the claim is late filed;

(7) [Repealed.]

(8) [Repealed.]

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

(10) sewer, water, utility, or service charges caused by circumstances that were difficult to foresee or outside of the person's control.

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

(c) The board shall, in any case in which it abates taxes or charges, interest, or collection fees accruing to the town or denies an application for abatement, state in detail in writing the reasons for its decision. The written decision shall provide sufficient explanation to indicate to the parties what was considered and what was decided. The decision shall address the arguments raised by the applicant. Prior to issuing a written decision, the board may request additional relevant information or documentation related to the case.

(d)(1) The board may order that any abatement as to an amount or amounts already paid be in the form of a refund or in the form of a credit against the tax

or charge for the next ensuing tax year or charge billing cycle and for succeeding tax years or billing cycles if required to use up the amount of the credit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§ 5144. UNIFORM NOTICE FORM

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

\* \* \*

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

(Name of Clerk of Board of Abatement)

(Name of Town, City, or Village)

(Address of Office)

(Mailing Address)

or by calling:

(Telephone Number)

or by e-mailing:

(E-mail Address)

\* \* \* Property Tax Credit \* \* \*

Sec. 3. 32 V.S.A. § 6065 is amended to read:

§ 6065. FORMS; TABLES; NOTICES

(a) In administering this chapter, the Commissioner shall provide suitable claim forms with tables of allowable claims, instructions, and worksheets for claiming a homestead property tax credit.

(b) Prior to June 1, the Commissioner shall also prepare and supply to each town in the State notices describing the homestead property tax credit, for inclusion in property tax bills. The notice shall be in simple, plain language and shall explain how to file for a property tax credit, where to find assistance filing for a credit, and any other related information as determined by the Commissioner. The notice shall direct taxpayers to a resource where they can find versions of the notice translated into the five most common non-English languages in the State. A town shall include such notice in each tax bill and notice of delinquent taxes that it mails to taxpayers who own in that town a ~~homestead as defined in subdivision 5401(7) of this title~~ residential property, without regard for whether the property was declared a homestead pursuant to subdivision 5401(7) of this title.

(c) Notwithstanding the provisions of subsection (b) of this section, towns that use envelopes or mailers not able to accommodate notices describing the homestead tax credit may distribute such notices in an alternative manner.

\* \* \* Tax Sale of Real Property \* \* \*

Sec. 4. 32 V.S.A. § 5252 is amended to read:

§ 5252. LEVY AND NOTICE OF SALE; SECURING PROPERTY

(a) When the collector of taxes of a town or of a municipality within it has for collection a tax assessed against real estate in the town and the taxpayer is delinquent for a period longer than one year, the collector may extend a warrant on such land. However, no warrant shall be extended until a delinquent taxpayer is given an opportunity to enter a written reasonable repayment plan pursuant to subsection (c) of this section. If a collector receives notice from a mobile home park owner pursuant to 10 V.S.A. § 6248(b), the collector shall, within 15 days after the notice, commence tax sale proceedings to hold a tax sale within 60 days after the notice. If the collector fails to initiate such proceedings, the town may initiate tax sale proceedings only after complying with 10 V.S.A. § 6249(f). If the tax collector extends the warrant, the collector shall:

(1) File in the office of the town clerk for record a true and attested copy of the warrant and so much of the tax bill committed to the collector for collection as relates to the tax against the delinquent taxpayer, a sufficient description of the land so levied upon, and a statement in writing that by virtue of the original tax warrant and tax bill committed to the collector for collection, the collector has levied upon the described land.

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

(3) Give the delinquent taxpayer written notice by certified mail requiring a return receipt directed to the last known address of the delinquent of the date and place of such sale at least ~~40~~ 30 days prior thereto if the delinquent is a resident of the town and ~~20~~ 30 days prior thereto if the delinquent is a nonresident of the town. If the notice by certified mail is returned unclaimed;

(A) notice shall be provided to the taxpayer by resending the notice by first-class mail or by personal service pursuant to Rule 4 of the Vermont Rules of Civil Procedure; and

(B) notice shall be provided by e-mail, provided the tax collector can acquire the e-mail address of the delinquent taxpayer using reasonable effort; and

(C) notice shall be affixed to the front door of the property subject to tax sale, provided it has a structure.

(4) Give to the mortgagee or lien holder of record written notice of such sale at least ~~40~~ 30 days prior thereto if a resident of the town and, if a nonresident, ~~20~~ 30 days' notice to the mortgagee or lien holder of record or ~~his or her~~ the mortgagee's or lien holder's agent or attorney by certified mail requiring a return receipt directed to the last known address of such person. If



the notice by certified mail is returned unclaimed, notice shall be provided by resending the notice by first-class mail or by personal service pursuant to Rule 4 of the Vermont Rules of Civil Procedure.

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

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

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

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

(b)(1) If the warrant and levy for delinquent taxes has been recorded pursuant to subsection (a) of this section, the municipality in which the real estate lies may secure the property against illegal activity and potential fire

hazards after giving the mortgagee or lien holder of record written notice at least 10 days prior to such action.

(2) Notwithstanding any provision of this section to the contrary, when a warrant and levy for delinquent taxes has been recorded pursuant to subsection (a) of this section, it shall be for all delinquent taxes due at the time the warrant and levy is filed.

(c)(1) A municipality shall not initiate a tax sale proceeding until it has, after attempting to consult with the taxpayer, offered a delinquent taxpayer a written reasonable repayment plan and the taxpayer has either denied the offer, failed to respond within 30 days, or failed to make a payment under the plan within the time frame established by the collector. When establishing a plan under this subsection, the municipality may request related information and shall consider the following:

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

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

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

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

(E) the taxpayer's reason for the delinquency, if offered by the taxpayer.

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

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

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

§ 5253. FORM OF ADVERTISEMENT AND NOTICE OF SALE

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

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

\_\_\_\_\_  
\_\_\_\_\_

(insert description of lands)

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

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

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

\_\_\_\_\_

Collector of Town Taxes

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

§ 5260. REDEMPTION

(a) When the owner, lien holder, or mortgagee of lands sold for taxes, ~~his or her~~ the owner's, lien holder's, or mortgagee's representatives or assigns, within one year from the day of sale, pays or tenders to the collector who made the sale or in the case of ~~his or her~~ the collector's death or removal from the town where the land lies, to the town clerk of such town, the sum for which the land was sold with interest thereon calculated at a rate of one percent per month or fraction thereof from the day of sale to the day of payment, a deed of the land shall not be made to the purchaser, but the money paid or tendered by the owner, lien holder, or mortgagee or ~~his or her~~ the owner's, lien holder's, or mortgagee's representatives or assigns to the collector or town clerk shall be paid over to such purchaser on demand. In the event that a municipality purchases contaminated land pursuant to section 5259 of this title, the cost to

redeem shall include all costs expended for assessment and remediation, including expenses incurred or authorized by any local, State, or federal government authority.

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

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

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

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

Warning: There are unpaid property taxes at (address of property), which you may own, have a legal interest in, or may be contiguous to your property. The property was sold at public auction on (date). Unless the overdue taxes, fees, and interest are paid by (last day of redemption period), the deed to the property will transfer to purchaser. To redeem the property and avoid losing your legal interest, you must pay (dollar amount due for redemption). The

amount you must pay to redeem the property increases every month due to interest, mailing costs, and other costs. To make payment or receive further information, contact (name of tax collector) immediately at (office address), (mailing address), (e-mail address), and (telephone number).

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

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

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

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

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

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

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

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

(5) a representative, appointed by the Vermont Municipal Clerk's and Treasurer's Associations;

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

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

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

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

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

(1) whether the State should change the law to allow a delinquent taxpayer whose property is transferred by a tax collector's deed, or a tax-lien foreclosure sale, to recoup all or part of the equity in the taxpayer's property in excess of the tax debt, fees, and interest for which the taxpayer's property is sold;

(2) whether further changes are needed to standardize the abatement process across Vermont municipalities;

(3) whether the State should require a minimum amount of tax debt before a tax sale can be initiated;

(4) whether the State should allow a tax sale to be initiated for blighted or dilapidated real estate that has been abandoned when taxes are delinquent for less than one year;

(5) a reasonable percent rate of monthly interest paid by delinquent taxpayers during the redemption period;

(6) whether the purchaser of a property at a tax sale should be allowed to secure the property against illegal activity, damage from exposure to the elements, deterioration, and potential fire prior to acquiring title to the property; and

(7) a process for statewide collection of data relating to tax sales, including to whom the data could be reported, the values of properties sold at tax sales, the amounts and types of debts underlying tax sales, and descriptive data for properties subject to tax sales.

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

(e) Compensation. Members shall not be compensated for participation in the Working Group.

(f) Meetings.

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



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

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

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

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

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

(b) The amendments to 32 V.S.A. § 5260 made by Sec. 6 of this act (redemption) shall not apply to a property that has been sold at tax sale prior to the effective date of this act, except that, notwithstanding any provision of 1 V.S.A. § 214 to the contrary, the provisions of 32 V.S.A. § 5260(b) and (c) shall apply if, on the effective date of this act, 90 days or more remain until the end of the redemption period.

\* \* \* Effective Date \* \* \*

#### Sec. 9. EFFECTIVE DATE

This act shall take effect on passage.

Date Governor signed bill: May 13, 2024