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Rep. Emilie Kornheiser  
Vermont State House  
115 State Street  
Montpelier, VT 05633-5301

via email

February 14, 2024

Re: H.629 Tax Abatement and Tax Sales

Dear Rep. Emilie Kornheiser, Chair of Ways & Means Committee and Committee Members,

I am writing on behalf of the Colchester Selectboard regarding H.629 that is being discussed in your committee, I would like to share the importance of tax abatement and tax sales within our community and local government. Our Town Clerk's Office very carefully follows Vermont Statutes when attending to these important but difficult and necessary functions of local government, and on behalf of the State of Vermont which requires that the Town pay the State Education Taxes—regardless of whether or not we collect them from our taxpayers.

The most recent draft, Draft No. 2.1, dated and presented on February 7, 2024 by a VT Legal Aid representative, contained amendments or changes to the "Bill As Introduced" version that continue to be untenable. Here are some specific and significant concerns:

Page 2, line 17 requires significant personal information be added to a public document when the decision is reported. Adding 'if voluntarily disclosed' is not enough. If the Board of Abatement needs to report on specific criteria for the decisions, it must be made clear to the requestor that this information will be added to what will become a publicly available document. Further, having to disclose this information seems likely to discourage those who may need, and be eligible for, an abatement.

Page 4, line 13 will add additional staff time and cost to preparing and sending a tax bill and delinquent notices in order to develop an additional sheet of detailed information. Having reference to the availability of common language translations is a positive change.

Page 6, line 1 states, "property owners requesting an abatement hearing will not be charged interest while the abatement hearing is in process and decided". The revenue from interest provides resources for the extensive time and staff involvement to work through late payment notices, phone calls, negotiations, payment plans, warning and holding tax sales and the

redemption process. If we are unable to collect this revenue, even for people who appeal and lose, we will have to raise taxes for others who do pay their taxes on time, in order to cover the costs.

Page 6, line 10 has the delinquency threshold for tax sale to be longer than two years and more than \$7,500. It is still too high for most delinquent taxpayers in Colchester. Those owners who are struggling to pay property taxes are likely having difficulties with other bills. Once taxpayers get to this amount, they will have a harder time recovering.

Pages 7 & 8 speak to notification times and methods. These changes add to the amount of time and cost for tax sales and delinquent tax collection which will increase the cost for other taxpayers.

Page 9, line 12 is regulating what is to be considered when establishing a repayment plan. This guidance will lead the Delinquent Tax Collector to have discretion over reasons behind a repayment plan. The Colchester Delinquent Tax Collector currently uses the same basis for every decision and can currently explain why the amount or timeframe was chosen. We do not support a system that changes this to a more discretionary basis. Will there be a public record as to why the agreements were a specific dollar amount for one taxpayer vs another?

Page 17, line 15 is to create a work group to review how taxpayers who lost their property in a tax sale can recoup the surplus value. Once a tax sale has been processed correctly and the appropriate amount of time has passed, the town gives a delinquent taxpayer's deed to the new owner. Adding compensation to the delinquent owner of lost value will make the tax sale tool ineffective for local municipalities to collect taxes in arrears. The outcome will result in having to increase taxes for all to cover the lack of ability to effectively collect taxes that are in arrears.

In summary, the statutory language changes will add costs to local government to collect property taxes. These changes make tax sales unattractive to any potential bidder. VT Statute requires cities and towns to send in Education Taxes whether they are collected or not. When taxes become more difficult to collect, due to additional protections for those who do not pay, other taxpayers will have to pay more.

We urge you to exercise restraint and consider this matter over more time. It has the opportunity to do more harm than good and to make Vermont less affordable.

Sincerely,



Pamela Loranger  
Chair and on behalf of the Colchester Selectboard.