

TESTIMONY ON HOUSE BILL H629

My name is Janet Long and I have been the Collector of Delinquent Taxes in Greensboro for 33 years. I do not like taxpayers to get too far behind in their payments, so I hold a tax sale every year. In these 33 years I have had very few occasions to deliver a deed to a bidder. On the contrary, most taxpayers pay up. Very few properties have been bought by the town (which is required if no one else bids).

My request to this committee is regarding what happens after the tax sale. I have had two lawyers in these 33 years, and they have handled the post-sale activities. The lawyers collect the bidder's money and disperse the amount due to the town for taxes, penalty and interest. They also pay themselves for their efforts. The total of these amounts is what I call the advertised balance due by the taxpayer at the tax sale.

If the bidder bids more than the advertised balance due, the balance of the bid funds is put into an interest-bearing bank account and held until either redemption by the taxpayer or mortgagee or deliverance of a deed to the property to the bidder if the property is not redeemed.

I believe a one-year redemption period is good as, with an annual tax sale, it hopefully keeps the taxpayer from getting further behind. If they are having a one-year problem, they can request an abatement.

Currently, if the taxpayer redeems within the one-year redemption period, the bidder is to receive the bid amount plus 1% a month or partial month on the bid amount. This is where I object to the current law.

My feeling is that if the bidder bids more than the advertised balance due by the taxpayer, they should not receive interest from the taxpayer

on the overage because the taxpayer has not had the use of that money and should not be charged interest. The overage should be put into an interest-bearing escrow account and returned to the bidder upon redemption. My lawyer tells me that many years ago in another state there was a court decision that essentially said interest could not be charged to a landowner on money that the landowner did not get the benefit of. I think the Vermont law should be changed to reflect this decision.

I do believe the current 1% interest rate is fine on the advertised balance due. I understand that some think this 1% interest rate for the total amount bid attracts buyers to the tax sale and fewer properties must be bought by the town. Attracting bidders to the Greensboro tax sales has not been a problem but I believe it attracts other people who are primarily interested in making a possible 12% on their money from taxpayers who already have had a hard time paying their taxes and run the risk of losing their property. I had one bid that was several thousand dollars over the advertised amount due, and those taxpayers filed for bankruptcy 15 minutes before the redemption period was over.

I would be glad to answer any questions you may have.

Janet Long

Collector of Delinquent Taxes

Greensboro VT