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H.629

Introduced by Representatives Kornheiser of Brattleboro and McCarthy of St.

Albans City

Referred to Committee on

Date:

Subject: Taxation; property taxes; municipal tax abatement; tax collection; tax
sales

Statement of purpose of bill as introduced: This bill proposes to make changes
to the processes for municipal tax abatement and tax sales.

An act relating to changes to property tax abatement and tax sales

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 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;

1 (3) taxes or charges of persons who are unable to pay their taxes or
2 charges, interest, and collection fees;

3 (4) taxes in which there is manifest error or a mistake of the listers;

4 (5) taxes or charges upon real or personal property lost or destroyed
5 during the tax year;

6 (6) the exemption amount available under 32 V.S.A. § 3802(11) to
7 persons otherwise eligible for exemption who file a claim on or after May 1
8 but before October 1 due to the claimant's sickness or disability or other good
9 cause as determined by the board of abatement; but that exemption amount
10 shall be reduced by 20 percent of the total exemption for each month or portion
11 of a month the claim is late filed;

12 (7) [Repealed.]

13 (8) [Repealed.]

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

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

20 (c) The board shall, in any case in which it abates taxes or charges, interest,
21 or collection fees accruing to the town or denies an application for abatement,

1 ~~state in detail in writing the reasons for its decision~~ issue written findings of
2 fact that explicitly and concisely restate the underlying facts that support the
3 decision. The findings shall be based exclusively on evidence presented to the
4 board during the abatement proceeding. When the board considers abatement
5 pursuant to subdivision (a)(3) of this section, the findings shall further address
6 whether the applicant has an inability to pay due to the following:

7 (1) general physical or mental health;

8 (2) a medical condition;

9 (3) advanced age;

10 (4) disability;

11 (5) income level; and

12 (6) any other permanent or temporary factors raised by the applicant.

13 (d)(1) The board may order that any abatement as to an amount or amounts
14 already paid be in the form of a refund or in the form of a credit against the tax
15 or charge for the next ensuing tax year or charge billing cycle and for
16 succeeding tax years or billing cycles if required to use up the amount of the
17 credit.

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

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

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

7 (e) A municipality shall provide clear notice to a taxpayer of the ability to
8 request tax abatement at the same time as a municipal fee or interest is
9 imposed for delinquent taxes, water charges, sewer charges, or tax collection.
10 The notice shall also direct the taxpayer to the Vermont Department of Taxes
11 for information on how to file for a property tax credit to potentially reduce the
12 taxpayer's property tax liability.

13 Sec. 2. 32 V.S.A. § 5136 is amended to read:

14 § 5136. INTEREST ON OVERDUE TAXES

15 (a) When a municipality votes under an article in the warning to collect
16 interest on overdue taxes, such taxes, however collected, shall be due and
17 payable not later than December 1 and shall bear interest at the rate of not
18 more than one percent per month or fraction thereof, for the first three months
19 and thereafter one and one-half percent per month or fraction thereof, from the
20 due date of such tax. Such interest shall be imposed on a fraction of a month
21 as if it were an entire month. A municipality having so voted to collect interest

1 as hereinbefore provided, and the amount thereof, shall thereafter collect such
2 interest each year until the municipality shall vote otherwise at a meeting duly
3 warned for the purpose of voting on such question.

4 (b) Whenever a municipality votes to collect interest on overdue taxes
5 pursuant to this section, interest in like amount shall be paid by the
6 municipality to any person making any overpayment of taxes occurring as a
7 result of a redetermination of the grand list of the taxpayer on appeal provided
8 by chapter 131 of this title.

9 (c) Overdue taxes shall not bear interest under this section from the time
10 when abatement is requested until the time when the board of tax abatement
11 issues a written decision pursuant to 24 V.S.A. § 1535.

12 * * * Tax Sale of Real Property * * *

13 Sec. 3. 32 V.S.A. § 5252 is amended to read:

14 § 5252. LEVY AND NOTICE OF SALE; SECURING PROPERTY

15 (a) When the collector of taxes of a town or of a municipality within it has
16 for collection a tax assessed against real estate in the town and the taxpayer is
17 delinquent for a period longer than two years and has more than \$15,000.00 of
18 overdue taxes exclusive of interest and fees, the collector may extend a warrant
19 on such land. However, no warrant shall be extended until a delinquent
20 taxpayer is given an opportunity to enter into a reasonable repayment plan
21 pursuant to subsection (c) of this section. If a collector receives notice from a

1 mobile home park owner pursuant to 10 V.S.A. § 6248(b), the collector shall,
2 within 15 days after the notice, commence tax sale proceedings to hold a tax
3 sale within 60 days after the notice. If the collector fails to initiate such
4 proceedings, the town may initiate tax sale proceedings only after complying
5 with 10 V.S.A. § 6249(f). If the tax collector extends the warrant, the collector
6 shall:

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

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

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

1 ~~notice by first-class mail or by~~ personal service pursuant to Rule 4 of the
2 Vermont Rules of Civil Procedure.

3 (4) Give to the mortgagee or lien holder of record written notice of such
4 sale at least 10 days prior thereto if a resident of the town and, if a nonresident,
5 20 days' notice to the mortgagee or lien holder of record or ~~his or her~~ the
6 mortgagee's or lien holder's agent or attorney by certified mail requiring a
7 return receipt directed to the last known address of such person. If the notice
8 by certified mail is returned unclaimed, notice shall be provided by resending
9 the notice by first-class mail or by personal service pursuant to Rule 4 of the
10 Vermont Rules of Civil Procedure.

11 (5) Post a notice of such sale in some public place in the town and
12 provide the notice to the Vermont Housing and Conservation Board and a local
13 organization that offers affordable housing services.

14 (6) The tax collector shall enclose the following statement, in the five
15 most common languages used in this State, with every notice required under
16 this section and with every delinquent tax notice:
17 Warning: There are unpaid property taxes at (address of property), which you
18 may own, have a legal interest, or may be contiguous to your property. The
19 property will be sold at public auction on (date set for sale) unless the overdue
20 taxes, fees, and interest in the amount of (dollar amount due) is paid. To make
21 payment or receive further information, contact (name of tax collector)

1 immediately at (office address), (mailing address), (e-mail address), or
2 (telephone number). You may be eligible for a repayment plan.

3 (b) If the warrant and levy for delinquent taxes has been recorded pursuant
4 to subsection (a) of this section, the municipality in which the real estate lies
5 may secure the property against illegal activity and potential fire hazards after
6 giving the mortgagee or lien holder of record written notice at least 10 days
7 prior to such action.

8 (c) A municipality shall not initiate tax sale proceedings until it has offered
9 a delinquent taxpayer a reasonable repayment plan and the taxpayer has either
10 denied the offer, failed to respond, or has failed to make a payment under the
11 plan. A taxpayer shall have 30 days to respond to an offer. When establishing
12 a plan under this subsection, the municipality shall consider the following:

13 (1) the income and income schedule of the taxpayer, if offered by the
14 taxpayer;

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

16 (3) the amount of tax debt owed to the municipality;

17 (4) the amount of time tax has been delinquent and the taxpayer's reason
18 for the delinquency; and

19 (5) whether the delinquency was caused by unforeseen circumstances.

1 Sec. 4. 32 V.S.A. § 5253 is amended to read:

2 § 5253. FORM OF ADVERTISEMENT AND NOTICE OF SALE

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

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

10 _____
11 _____

12 (insert description of lands)

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

17 Be advised that the owner or mortgagee, or their representative or assigns, of
18 lands sold for taxes shall have a right to redemption for a period of five years
19 from the date of sale pursuant to 32 V.S.A. § 5260.

20 Dated at _____, Vermont, this _____ day of _____ (month), _____
21 (year).

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Collector of Town Taxes

Sec. 5. 32 V.S.A. § 5260 is amended to read:

§ 5260. REDEMPTION

(a) When the owner or mortgagee of lands sold for taxes, ~~his or her~~ the
owner's or mortgagee's representatives or assigns, within ~~one year~~ three years
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 an annual rate of ~~one percent per month or~~
~~fraction thereof~~ equal to the five-year treasury constant maturity published by
the federal reserve in the H.15 report settled immediately prior to the date of
the sale, plus two percent, 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 or mortgagee or ~~his or her~~ the owner'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.

1 (b) During the five-year redemption period, the tax collector shall:

2 (1) Each year, within 30 days after the anniversary of the tax sale date,
3 until the redemption period has expired, serve the delinquent taxpayer and any
4 mortgagees and lien holders with written notice. The notice shall be by
5 certified mail requiring a return receipt and be directed to the delinquent
6 taxpayer's last known address. It shall inform the taxpayer of the date the
7 redemption period is set to expire and that the deed to the property will be
8 transferred to the tax sale purchaser unless the redemption amount is paid
9 before that date. It shall further inform the taxpayer that the taxpayer will lose
10 the taxpayer's legal interest in the property if a deed transfer takes place.

11 (2) Repeat the process from subsection (1) of this section 90 days prior
12 to the transfer of the deed to the tax sale purchaser. The notice shall instead be
13 sent 180 days prior if the last known address of the taxpayer is in a different
14 municipality. If the notice by certified mail is returned unclaimed, notice shall
15 be provided to the taxpayer by personal service pursuant to Rule 4 of the
16 Vermont Rules of Civil Procedure.

17 (3) At least 90 days prior to the end of redemption period, post a notice
18 in some public place in the municipality and provide the notice to the Vermont
19 Housing and Conservation Board and a local organization that offers
20 affordable housing services.

1 (c) The tax collector shall enclose the following statement, in the five
2 most common languages used in this State, with every notice required under
3 this section:

4 Warning: There are unpaid property taxes at (address of property), which
5 you may own, have a legal interest, or may be contiguous to your property.
6 The property was sold at public auction on (date). Unless the overdue taxes,
7 fees, and interest are paid by (last day of redemption period), the deed to the
8 property will transfer to purchaser. To redeem the property and avoid losing
9 your legal interest, you must pay (dollar amount due for redemption). The
10 amount you must pay to redeem the property increases every month due to
11 interest. To make payment or receive further information, contact (name of tax
12 collector) immediately at (office address), (mailing address), (e-mail address),
13 or (telephone number).

14 Sec. 6. 32 V.S.A. § 5261 is amended to read:

15 § 5261. DEED BY COLLECTOR; PAYMENT FOR SURPLUS VALUE

16 (a) When the time for redemption has passed and the land is not redeemed,
17 the collector or ~~his or her~~ the collector's successor shall execute to the
18 purchaser a deed, which shall convey to ~~him or her~~ the purchaser a title against
19 the person for whose tax it was sold and those claiming under ~~him or her~~ that
20 person.

1 (b) Within 30 days after recording the deed, the purchaser shall compensate
2 the person who lost title to the property for the surplus value lost by the tax
3 sale. The surplus value shall be the greater of:

4 (1) the grand list value of the property minus the cost to redeem under
5 section 5260 of this chapter and minus \$500.00; or

6 (2) if the purchaser has sold the property, the amount received from the
7 sale minus the cost to redeem under section 5260 of this chapter and minus
8 \$500.00.

9 Sec. 7. 32 V.S.A. § 5061(b) is amended to read:

10 (b) When the taxes secured by a lien in accordance with this section remain
11 unpaid more than two years after the creation of such lien, such lien may be
12 foreclosed in the same manner as provided by law for the foreclosure of
13 mortgages on real estate. In such case, the parties having an interest in the land
14 on record in the town clerk's office shall be given notice as directed by the
15 presiding judge of the Superior Court. The judge in ~~his or her~~ a final decree
16 shall appoint a commissioner who shall be bonded before ~~entering upon his or~~
17 ~~her~~ commencing duties in an amount set by the judge to sell with the approval
18 of the judge the real estate after time for redemption has expired, which period
19 of redemption shall run for one full year from the date of the decree. The
20 commissioner shall sell the real estate for a minimum of 80 percent of its grand
21 list value. The commissioner shall be empowered to execute a conveyance to

1 the purchaser, apply the proceeds of the sale to the amount found due the town,
2 including costs, in the decree, the expense of the sale, which shall include the
3 commissioner's compensation and expenses, and a reasonable fee for the
4 town's solicitor. The commissioner shall first pay out of the proceeds, the
5 expense of sale, the town solicitor's fee, and the amount due the town with
6 costs, in order named. The residue, if any, shall be disposed of by the
7 commissioner, with the approval of the judge, in the same manner as proceeds
8 from foreclosure of chattel mortgages. As directed by the judge, the
9 ~~Commissioner~~ commissioner shall report ~~his or her~~ the commissioner's doings
10 to the judge, and such report shall be accepted by the judge and judgment
11 rendered thereon before the commissioner is discharged from ~~his or her duties~~
12 duty.

13 * * * Effective Date * * *

14 Sec. 8. EFFECTIVE DATE

15 This act shall take effect on July 1, 2024.