

Bill H.629

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

My name is Susan Fortunati,

- I am from Corinth,
- I have been the Collector of Delinquent Taxes since March 1998 (26 years)

I went through the proposed changes page by page (detailed below) and outlined the things I think are problematic. However, then I thought perhaps the best thing to do was simply state that the requirements for tax sales must be simple so the important points can be explained clearly and concisely to the property owner, tax sale purchaser, mortgagee or lien holder and/or anyone that may have an interest in the tax sale process.

Explaining the 5-year redemption proposal period regarding the interest based on “equal to the five-year treasury”, etc. is extremely confusing and would be difficult to explain – I’m not sure I understand how to calculate it myself. (Pg 10 lines 10 thru 12)

Also, the purchaser reimbursement based on the surplus value lost, again is very confusing, and again, I’m not sure I understand it or know how to calculate it. (Pg 13 lines 1 thru 8)

I believe the 5-year, \$15,000 requirement for tax sale and redemption would drive potential bidders away as well as increase the tax burden on the property tax payers to make up the difference in the delayed/lost tax revenues.

The inability to have a tax sale unless the taxes were (2) years old and \$15,000 exclusive of interest, penalties and fees makes it that much more burdensome to redeem the taxes (Pg 5 Lines 17 thru 18) – if a taxpayer can’t pay taxes for 1- or 2-years delinquencies how are they going to pay them for 5 or more years?

I currently have a tax sale scheduled for March 27th, there are 11 properties on the list, the total average delinquent taxes are \$3,094.08 – way below the \$15,000 recommended.

The (5) year redemption period would add an additional expense to taxpayers as the shortfall in collecting those taxes would have to be made up in the tax revenues by increasing the tax rate.

Page 5 *Tax Sale of Real Property*****

(line 17 & 18 – delinquent for a period longer than two [2] years and has more than \$15,000 of overdue taxes exclusive of interest and fees...)

- Because of the current (1) year redemption period and because often there are repeat Delinquent Taxpayers on the list, I have a tax sale every other year [biennially] to let the (1) year redemption period pass – otherwise I may be selling the same delinquent property to a different tax sale purchaser which would make things very complicated if the 1st purchaser ended up with the property due to non-redemption.
- Also, the reason for the biennially tax sale is to prevent an excess in unpaid taxes which makes it that much harder for a taxpayer to pay – if they can’t pay 2 years,

how can they pay 5 – 10 -12 years of delinquencies and the prevent having to have the lost revenues made up thru an increase in the tax rate

- It is rare; however, it does happen, that the overdue taxes exclusive of the interest and fees reaches \$15,000 in a (2) year period
 - There are currently 11 properties slated for tax sale, the **average** delinquent tax amount is \$3,094.08 – in some cases this is for (4) years of delinquencies due to some issues that weren't be resolved in advance of the prior sale

Page 6 & 7

(page 6 end of line 21, page 7 line 1 – struck out resending the notice by first class mail or by personal service pursuant to Rule 4 of the

- Currently we have delinquent property owners in Rhode Island, New York, Connecticut, ENGLAND, Florida and one with an unknown address whom I have searched for on the internet without luck – how would one go about a “personal service” delivery to these individuals, especially ENGLAND?

Page 7

((5) end of line 12 and beginning of line 13– a local organization that offers affordable housing services)

- What organization would that be? Also, would that organization need to be approved by the State?

((6) lines 14, 15 & 16 – The tax collector shall enclose the following statement, in the [5] five most common languages used in the State, with every notice required under this section and with every delinquent tax notice.)

- Basic requirement #5 to becoming a U.S. citizen is to know basic English and information about U.S. History and government (from the Welcome to the United States – A Guide for Immigrants, put out by the U.S. Citizens and Immigration Services, U. S. Department of Homeland Security)
 - How are individuals/immigrants dealing with the paperwork to buy property if they don't know English? Are lawyers required to provide paperwork in (5) languages?
- Vermont's Population 2024 - 647,818
 - Spoken language at home:
 - 8,508 speak French (1.4%)
 - 6,175 speak Spanish (1.0%)
 - 2,382 speak German (.4%)
 - 1,657 speak Nepali, Marathi, or... (.3)
 - 1,531 speak Chinese (.3%)
 - So that means the average foreign speaking individuals in Vermont is .68% of the total population

Line 18 – may own, have a legal interest, or may be **contiguous** to your property. The

- What does a **contiguous** property owner have to do with a tax sale? Wouldn't this be considered a discriminatory act? If they have a legal interest in the property it is already a requirement to notify them.

Page 8

Line 2 – (telephone number). You may be eligible for a **repayment** plan.

- I have an issue with the word **repayment** throughout this document – the word should be changed to **payment** as the word **repayment** implies repaying, paying back or reimbursement – if the taxes are delinquent they have not been paid

Page 9

Line 18 – lands sold for taxes shall have a right to redemption for a period of five [5] years

- The 5 years redemption period puts the tax sale purchasers' money in limbo for 5 years – too long

Page 10

Line 6 – owner's or mortgagee's representatives or assigns, within ~~one year~~ three [3] years

- Inconsistent with [5] year redemption period outlined on page 9, line 18
- Again, too long of a period – should remain as one (1) year redemption period

Line 9 – *and lies, to the **town clerk** of such town, the sum for which the land was sold*

- Why is the **town clerk** being made responsible for collecting the redemption funds if the collector that handled the sale dies or removes from the town?
 - My opinion, this should fall on the Town Treasurer, that individual handles the finances and this is a financial issue

Line 11 thru 13 – ~~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

- Way too complicated to explain to the property owner, tax sale purchaser or any person that maybe interested in bidding at a tax sale how the interest will be calculated for redemption – leave at the 1% per month or fraction thereof as it is now, much easier to explain to everyone

Page 11

Line 1 – (b) During the [5] five-year redemption period, the tax collector shall:

- Leave at the (1) one-year redemption period – 5 years is too long

Line 11 thru 20 – (2) Repeat the process from subsection (1) of this section 90 days prior to the transfer of the deed to the tax sale purchaser...

- My practice is to have the tax sale deed done as soon as possible after the redemption period has passed as the tax sale purchaser has no rights to the property until they are the legal owners. The wait period may also trigger current taxes going into a delinquent state that may have otherwise been avoided if the deed was done promptly. The 90/180-day prior notice, depending upon the circumstance, does not make sense and prolongs the ownership transfer.

Line 15 – be provided to the taxpayer by personal service pursuant to Rule 4 of the

- Again, as noted previously – currently we have delinquent property owners in Rhode Island, New York, Connecticut, ENGLAND, Florida and one with an unknown address whom I have searched for on the internet

without luck – how would one go about a “personal service” delivery to these individuals, especially ENGLAND?

Line 17 thru 20 – (3) At least 90 days prior to the end of redemption period, post a notice...

- Why is this necessary if the taxpayer, mortgagee or lien holder must be notified by certified mail, return receipt required.

Page 12

Line 1 thru 13 – (c) The tax collector shall enclose the following statement, in the five...

- Why is this necessary?

Page 13

Line 1 thru 8 - (b) Within 30 days after recording the deed, the purchaser shall compensate...

- 2 years ago, I sold a property at tax sale for a bid of \$20,000 to the only bidder of the property. The assessed valuation for that property was \$378,500 and the taxes were approximately \$7,400 per year. With a 5-year redemption period, the bidder would have to pay 6 years of taxes, which would amount to approximately \$45,000, exclusive of interest and penalties. He or she would also have to pay the difference between the assessed valuation of \$378,500 and the cost to redeem (\$20,000 plus interest) or approximately \$358,500 to the delinquent taxpayer. He or she would then get a credit of \$500. Am I interpreting this correctly, if so, there would be no bidder at the taxes sales. It appears this bill is an attempt to eliminate Tax Sales.
- I don't understand exactly what this means and it would be impossible to explain to tax sale bidders.
- What would be the incentive for people to pay their taxes, especially those who don't have a lien holder, if there is no recourse in collection.