

H.629 Testimony

January 24, 2024

Good Afternoon Rep. Kornheiser:

I am writing to inform you in advance of our testimony on H.629 tomorrow that our project filed a constitutional takings action in federal court today on behalf of our client who lost her property assessed at nearly \$80,000 to the town for a bid of only \$6550, the amount of taxes owed. Here is the press release which includes a link to the Complaint as filed:

<https://www.vtlegalaid.org/news/tax-sale-lawsuit-barton-orleans>. If you could kindly share it with the other committee members, I would greatly appreciate it.

Neither our current property tax sale statutes nor case law provide a mechanism for homeowners like our client to access the tens of thousands of dollars of lost equity in their homes following tax sale. Even if we get a favorable decision in our action, however, it will not address all of the potential takings issues that arise under our current law and that are . For example, while towns are required to pay over the surplus bid to the homeowner at the end of the redemption period, the law doesn't address what happens if there is no surplus bid or the surplus bid amount represents only tiny fraction of the property's value. Rather than attempting to address these questions piece meal via litigation on each fact pattern that arises, the legislature has an opportunity to more wholistically address the issue through H.629 which provides a clear mechanism for homeowners to be justly compensated when their equity is taken via tax sale.

I will look forward to speaking with the committee further tomorrow afternoon.

Best,
Grace

Grace B. Pazdan (she/her)
Project Director