

**Vermont Municipal Clerks & Treasurers Association (VMCTA)
Legislative Committee**

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Clerks and treasurers are, by statute, members of boards of abatement, so are intimately involved in the abatement process. Additionally, many clerks and treasurers also serve their communities as tax collectors and delinquent tax collectors, and are involved in tax sales. Therefore, many of the sections included in the bill touch upon the work we do on a regular basis.

VMCTA worked as part of the stakeholders' group reviewing the proposed language of H.629, which proposes to make changes in municipal tax abatement, tax collection, and tax sales. There are a number of points of agreement between the various parties, including.

Sec. 1 includes language that would require boards of abatement to include additional details in their written decisions. This is already recommended practice in the VLCT abatement handbook.

Sec. 1 allows boards of abatement to hold hearings of "classes" of abatement requests. This was language proposed by Barre City's representatives following last summer's flooding, as the Barre City board of abatement has received more than 70 abatement requests to date. Many of them are in the same geographic areas and similar circumstances, and having the ability to group like requests by "class" allows the board and property owners to move through the abatement process more quickly and efficiently. The bill includes specific notification requirements, and

retains each property owner’s right for an individual hearing, should they choose that option instead of being included in a class.

Sec. 1 allows municipalities to abate small amounts for the purpose of reconciling municipal accounts. Frequently we have very small under-payments, and the time necessary to warn and hold an abatement hearing for an amount that’s not worth the cost to print paper and mail notices will be both a timesaver and money saver for towns.

Sec. 2 codifies the process for notifying taxpayers of their rights to request an abatement. This is an enhancement to an already-required notice, and many communities already include similar language in their notifications.

Our areas of concerns are as follows:

Sec. 3 calls for the inclusion of a notice in each tax bill and delinquent tax bill sent to a residential property that **could be** a homestead, with or without regard for whether the property is declared a homestead. This seems subject to interpretation and error. How is a town supposed to make such a determination? We don’t necessarily have information on if a property is residential or commercial, or if it’s owner-occupied, a rental property, or a second home.

Sec. 4 increases the number of days between when notices are sent to taxpayers and lienholders, which we support, however, the section calls for tax sale notices to be personally served in the event certified mail is returned unclaimed. This is an unnecessary step, as recent case law says re-sending notification by first class mail is sufficient. There are significant costs associated with personal service, and in many cases the property owner cannot be located.

Sec. 4 also calls for a municipality to offer a delinquent taxpayer a “**written** reasonable repayment plan”. How is a municipality to develop a written repayment plan without having an opportunity to discuss the plan with the taxpayer, especially when this bill calls for any repayment plan to take a number of personal circumstances into consideration when drafting the plan. It’s unclear if said written plan must be sent in draft form to the taxpayer, or just the offer of entering into a written plan. It would be nearly impossible for a delinquent tax collector to draft a repayment plan without input from the taxpayer.

Sec. 6 reduces the interest earned on a tax sale bid from 1% per month or part thereof to 0.5% per month, with no payment for partial months. This will likely significantly reduce the number of people willing to participate in tax sales, and potentially leaves a municipality with unsold delinquencies they will have to carry on their books. These delinquencies will negatively impact towns as operational expenses will still need to be paid, and education taxes are still payable to

the schools. If the ability to have successful tax sales is reduced, town may need to borrow money to cover their costs and obligations, all at the expense of the other tax payers.

Sec. 7 calls for the creation of a working group to discuss abatement and tax sales processes. While having such discussions may be useful, the charges laid on the working group seem to be self-serving, with the conclusions already drawn. Rather than asking if the actions are appropriate before exploring the process, the language makes the assumption that items for consideration such as recouping equity in their property and requiring minimum tax debt before allowing tax sales are a given. Will there be consideration for a lien holder's investment in the property, and the impact of delaying tax sales to meet some arbitrary minimum on a town's ability to pay its bills?

Municipalities aren't businesses – we don't have the luxury of raising prices to cover losses from delinquencies and non-payments. We are beholden to our residents to balance the costs of the services they ask of us against the taxes we collect to pay for those services, and all taxpayers must pay their fair share for a balanced and equitable community. Tax sales are an important tool that helps towns meet their obligations to their residents.

Thank you for your time. Please feel free to reach out with any questions or for further discussion.