

February 09, 2024

# **Additional Testimony Regarding Municipal Tax Sales**





Testimony of the Vermont League of Cities and Towns

Ted Brady, Executive Director

House Ways and Means

Regarding H. 629 (Municipal Tax Sales)

February 8, 2024

My name is Ted Brady, and I am the Executive Director of the Vermont League of Cities and Towns, which represents all 247 cities and towns in Vermont. I'd like to share my thoughts on the most recent version of H. 629, Draft 2.1, issued on February 7th.

Before starting, I want to reiterate my [testimony on this bill from January 10th](#) - tax sales are the only way a town can compel a property owner to pay their tax bill. The original bill, and several portions of this draft, would have a chilling effect on the ability of a municipality to effectively hold a tax sale. However, we've worked with Vermont Legal Aid and several other stakeholders to try and find changes to the system that balance a property owners' interests with those of the common good - ensuring everyone pays their taxes. The draft you have before you goes far beyond the areas of agreement the stakeholders have identified. Since I last appeared before this committee, I also want to



note that Vermont Legal Aid has filed a suit against one of our members related to tax sales. It would be inappropriate for me to continue working with an organization that is pursuing active litigation against a member of VLCT, as VLCT's risk pool is defending the municipality.

That said, I stand by our earlier agreements we had with the stakeholders, and VLCT is prepared to endorse a legislative proposal that:

- Codifies a requirement that a payment plan must be offered to any delinquent tax payer;
- Effectively doubles the time a municipality needs to wait before transferring a property due to tax sale by creating a new threshold of one year delinquency;
- Increasing notification requirements to taxpayers and lienholders to 30 days (up from 20 and 10 in existing law);
- Requiring plain language on the back of tax bills that notifies Vermonters of the availability of assistance and services to low-income Vermonters;
- Codifying a notice requirement about the availability of tax abatement, and a new requirement that municipalities must provide detailed written decisions related to abatement cases; and
- Creating a new notice to taxpayers about the ability to sell a portion of a property at tax sale.

I have included with my testimony today, draft language that VLCT believes accurately reflects the areas of agreement between all the stakeholders. It differs significantly from draft 2.1. The following sections of 2.1 accurately reflect our understanding of the areas of agreement between the stakeholders:



- Section 1, subsection c: **“The written decision must provide sufficient explanation to indicate to the parties what was decided and upon what considerations. The written decision must address the arguments raised by the applicant.”** VLCT does not agree with the remainder of the changes to this section included in your draft, as it puts an undue burden on Boards of Abatement and risks putting personal information about the individual requesting abatement in the public record.
- Section 2, subsection b, VLCT supports the inclusion of language directing the Commissioner of Taxes to include language about the property tax credit on the tax bill.
- Section 4, page 7, VLCT supports the changes related to extending the written notice from 10 days to 30 days and 20 days to 30 days.
- Section 4, subsection c on page 9, VLCT supports the changes related to requiring municipalities to offer a repayment plan before going to tax sale.
- Section 7, VLCT supports requiring municipalities to notify delinquent taxpayers of their right to request abatement.

In addition to these areas of agreement reflected in your draft, VLCT believes the following changes would be meaningful compromises that meet the spirit of the legislation, and are reflected in the draft language we've provided:

- Requiring municipalities to only bring taxpayers to tax sale after they are delinquent for an entire year, essentially doubling the amount of time taxpayers have before possibly facing a property transfer due to tax sale. This suggestion is included in Section 3 of our language.
- Lessening the one year delinquency requirement to six months for blighted properties. This suggestion is also included in Section 3 of our language.



- Offering delinquent taxpayers a new opportunity to settle tax debts by notifying them that they can petition to the town that only a portion of the property be sold to satisfy outstanding taxes. This suggestion is included in Section 4 of our language.
- Requiring municipalities to give notice to delinquent taxpayers at least 90 days prior to the tax sale using notice requirements that meet Vermont and federal case law (not to include a requirement for personal service).

In addition to these areas of agreement, I'd like to ask the committee to consider one other change that we have not discussed. Increasing the amount of time a municipality is required to absorb delinquent taxes from one year to two years will have a significant impact on municipal budgets, as they have to continue paying the Education Fund though the state will not allow them to collect those taxes. I'd request the committee consider relieving the municipality of the duty to pay the education tax during this period. If it is the will of the Legislature that municipalities abate such taxes instead of collect them, municipalities should be able to request that the state forgive any abated taxes that occur as a result of this new legislation.

Thank you for your time. I'd be happy to answer any questions you may have.

Attachments

[Testimony to House Ways and Means 2024.02.08](#)

