

***Do towns have the authority to pass on to the delinquent taxpayers postage costs associated with collecting delinquent taxes?***

The answer is no. The statutes are very clear about the charges municipalities may impose on delinquent taxpayers. Thirty-two V.S.A. § 1674 authorizes collectors of delinquent taxes to charge and collect an 8% fee. Moreover, Title 32, Chapter 17 is very specific with regard to the fees and costs municipalities may charge generally. Nowhere in this chapter is there a provision authorizing towns to charge overhead costs, such as postage, associated with the collection of delinquent taxes.

In Title 32, Chapter 133 (§ 5136), the law again specifically provides that municipalities may vote at town meeting to charge interest on overdue taxes. This provision states:

*a) When a municipality votes under an article in the warning to collect interest on overdue taxes, such taxes, however collected, shall be due and payable not later than December 1, and shall bear interest at the rate of not more than one percent per month, or fraction thereof, for the first three months and thereafter one and one-half percent per month or fraction thereof, from the due date of such tax. Such interest shall be imposed on a fraction of a month as if it were an entire month. A municipality having so voted to collect interest as herein before provided, and the amount thereof, shall thereafter collect such interest each year until the municipality shall vote otherwise at a meeting duly warned for the purpose of voting on such question.*

Again, this chapter, which relates to the assessment and collection of taxes, does not authorize municipalities to charge for overhead costs, such as postage, associated with the collection of delinquent taxes. In sum, VLCT's position is that the statutes are clear as to charges municipalities may impose with regard to the collection of taxes. Unless and until the Legislature authorizes the charging for overhead costs associated with the tax collection (or unless your town has a governance charter that allows for the collection of overhead expenses), the authority to do so does not exist. It is VLCT's position that the interest collected by collectors of delinquent taxes and fees - *if* collectors are paid by a salary - are meant to compensate the town for its overhead costs.

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