

***What do you make of all the discussion on the Muninet lately about how towns collect interest and penalties on delinquent taxes?***

Because state law is not very concise on this topic, Vermont towns have different methods for collecting taxes and related interest and penalties. Generally, the delinquent tax policy is set by the delinquent tax collector; he or she can do this without any input from the selectboard or anybody else in town. However, a town may desire to ask the voters to speak to some of the issues at Town Meeting. This is surely the most democratic method for determining such policies; it also puts delinquent taxpayers on notice that their fellow residents have spoken. Some examples:

#### **Tax Installment Payments**

*Shall the voters authorize the payment of real and personal property taxes to the Town Treasurer in two installments, with the due dates being August 15 and November 15? 32 V.S.A. §§ 4871, et seq.*

#### **Interest on Overdue Taxes with Each Installment**

*Shall the voters authorize collection of interest on overdue taxes from the due date of each installment in the amount of 1% per month or fraction thereof for the first three months and thereafter 1 ½% per month or fraction thereof? 32 V.S.A. § 4873.* Note that municipalities have the option of assessing interest either after the due date of the last installment due date, or after each installment due date. Be aware that only interest can be charged on tax installments; penalties cannot be charged until after the final tax due date, unless permitted by municipal charter. 32 V.S.A. § 1674 (1).

#### **Due Date/Postmarked Date**

*Shall the voters accept tax payments as timely if postmarked by the tax due date by the United States Postal Service?*

Or:

*Shall the voters authorize tax payments to be accepted as paid when date-stamped received by the town?*

- Brian Monaghan, VLCT Law Center Staff

*(Property tax collection practices are included in VLCT's 2002 Municipal Census, due for release early next year. This survey of municipalities around the State collected information on local government administrative, voting, regional cooperation, budgetary and land use practices and policies.)*

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