What is the amount that a delinquent taxpayer must pay in order to redeem property sold at tax sale?

The delinquent taxpayer – or the mortgagee of the lands, or his or her representative or assigns – may redeem property sold at tax sale within one year from the day of the sale by paying the sale price (what the property sold for at the tax sale) plus interest of 1% per month, or fraction thereof from the day of sale to the day of payment.

There is frequently confusion as to whether this 1% is assessed against the amount of delinquent taxes owed or the price obtained at the tax sale. The controlling statute states the amount necessary to redeem is "*the sum for which the land was sold with interest thereon* calculated at a rate of one percent per month or fraction thereon from the day of sale to the day of payment." 32 V.S.A. § 5260 (emphasis added). VLCT interprets this to mean that interest is calculated on the tax sale price, not on the amount of the past-due taxes.

When a party bids at a tax sale, there is no guaranty that he or she will become the owner of the property. The successful bidder must wait the one-year redemption period to obtain title. During this time, the delinquent taxpayer retains full possession of the property. The purpose of the interest calculation is to provide an additional incentive, beyond the possibility of obtaining title, for parties to bid at the sale. It also provides a strong incentive for delinquent taxpayers to redeem promptly, before significant interest accrues. While a potential annual return of 12% (1% per month for 12 months) on the sale price may seem high, without this incentive, fewer bidders would be inclined to tie up their money for up to a year.

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VLCT News, December 2006