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Is a town required to bid on a property at tax sale if no other bids are received?

No, a town is not required to bid on a property at tax sale even if no other bid is received. A town may choose to bid on such a property, but only under certain circumstances. Pursuant to 32 V.S.A. § 5259, a municipality may purchase a property at tax sale if no other minimum bid is received. State law mandates minimum bids cover the full reimbursement amount of the delinquent taxes, interest, fees, and costs on a property. 32 V.S.A. § 5254. Therefore, if there are any other acceptable bids on a property, a town is prohibited from bidding. Furthermore, if a town submits a bid and a subsequent acceptable bid is received, the town must withdraw its bid.

In the case of *Bogie v. Town of Barnet*, 129 Vt. 46, (1970), the Vermont Supreme Court held that a town's authority to bid at a tax sale constitutes an ultimate recourse given to protect the town against any conspired attempts to avoid the sale by discouraging all bidding. However a town is not entitled to hold the property, or retain the proceeds of a resale, to an extent greater than the amount of the delinquent taxes, interest, fees, and costs. The Court in *Bogie* held "A policy which encouraged municipal government to promote situations where it was authorized to acquire the property of its own taxpayers at unconscionable discounts, to the enrichment of the town treasury or enlargement of its land holdings, is fraught with danger and we find not contemplated by the legislative enactment." The objective in allowing towns to bid at tax sale is to recover taxes and costs incurred in the process of collection, not to operate a real estate business for profit.

Some towns have policies in place authorizing the town to bid at all tax sales when there are no other bidders. This practice is inadvisable, however, because not only could it violate law if exercised improperly, but also in some cases it may result in the town owning a property that creates potential liability for the town. Instead, a selectboard should evaluate whether or not the town should bid at tax sale on a case-by-case basis, and be aware of the limits of the law if it does so.

H. Gwynn Zakov, Staff Attorney I
VLCT Municipal Assistance Center