

Testimony Regarding Tax Sales

February 20, 2024



Testimony of the Vermont League of Cities and Towns

Ted Brady, Executive Director

House Ways and Means Committee Version 3.3 of H. 629 (Regarding Tax Sales)

February 16, 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 want to thank the committee for making changes to H. 629 in an effort to respect the necessity of tax sales while improving the process to ensure fairness and transparency.

VLCT's primary concerns with the bill as drafted include:

- Section 3 (a) (3), on page 6, line 10, creates a new personal service requirement. This exceeds the notice requirements recognized by both the Vermont Supreme Court and the U.S. Supreme Court, and puts an onerous burden on municipalities – especially for owners that move out of state and are difficult to find.

- Section 5 (a) on page 9, line 12, cuts the interest an investor re-coops during tax sale in half. To put this in perspective, someone who took the risk to invest in a tax sale property, which often are complicated properties, would earn a return near a certificate of deposit or online bank account. This could reduce the pool of investors significantly, resulting in municipalities being unable to recoup tax dollars. It also eliminates language that calculates interest for partial months. It's unclear to me why we are giving a no-interest period for partial months.
- The bill doubles the time municipalities need to wait before compelling a taxpayer to pay their taxes. Yet it does nothing to relieve the municipality of its responsibility to pay the state the delinquent education tax.

In addition, I wanted to flag one other concern:

- Section 1 (e), on page 3, line 17, is ambiguous about when a notice needs to be provided to a taxpayer about the ability to request tax abatement. Fees and interest begin accruing immediately upon delinquency. As such, I'd request section 1 (e) be amended to read: "A municipality shall provide clear notice to a taxpayer of the ability to request tax abatement at the same time as the municipality attempts to collect a municipal fee or interest is imposed for delinquent taxes, water charges, sewer charges, or tax collection"

I also appreciate that the committee has asked to speak with some practitioners who conduct or participate in tax sales. The changes I've referenced above may not be exhaustive of the necessary changes to operationalize this bill – but they are our highest concerns. Again, thank you for working with Vermont's municipalities to make this bill workable for municipal officials, and respecting our need to collect delinquent taxes.

Attachments

[Testimony from Ted Brady to House Ways and Means Regarding H.629, 2024-02-16](#)