

February 18, 2025

Testimony to House Committee on Ways and Means Regarding Tax Sales, 2/12/25



Testimony of the Vermont League of Cities and Towns

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House Ways and Means Committee

February 12, 2025

Act 106 Working Group Report: Tax Sales and Tax Abatement

Item 1: It is not in the interest of municipal government or the public to invest local resources in developing equity for a private landowner. Act 160 establishes adequate time and process for delinquent taxpayers to navigate payment options, abatement, and redemption, during which time they could prepare their properties for sale and retain equity.

Item 3: It is not in the interest of municipal government or the public to initiate tax sales in order to recuperate nominal costs – VLCT can support a \$1,500.00 threshold.

Item 5: The current monthly interest rate is a decrease from the rate charged by many towns prior to tax sale & matches Vermont's statutory rate of interest for judgments.

VLCT Member Feedback: Act 106 Implementation

- Eliminate requirement to post physical notice, municipal delinquent tax collectors have strenuously complained that this practice unkind for the property owner and places public officials in unsafe situations.
- Hold municipalities harmless for uncollected state property taxes, the accruing delinquent property taxes ultimately become a cost born by other residents and taxpayers

- Consider complications with property tax collection for unlanded mobile homes, RVs, "tiny homes", etc.
- Allow municipalities to recuperate full costs associated with tax sale including the removal of waste, hazards, salvage, scrap (VLCT supports H.72).

Lowering Municipal Property Taxes

1. Modernize the state withholding formula for Local Options Taxes (LOT) and return PILOT surplus.
2. Ensure no property owner pays less than \$0 in state property taxes.
3. Support new grand list growth by allowing performance based contracts to fund public infrastructure for new housing (tax increment).
4. Afford municipalities relief from compliance deadlines and impact fees when corresponding state funding is delayed, eliminated, or made competitive.