

Testimony of the Vermont League of Cities and Towns
Ted Brady, Executive Director
House Government Operations
Regarding H. 629
February 27, 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 taking the time to review and consider H. 629. VLCT has worked in good faith with several stakeholders since H.629 was introduced to improve the tax sale process to ensure fairness and transparency while respecting the necessity of tax sales to collect delinquent taxes.

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

- 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. What if the property is unimproved land or the last known address in Vermont is a Post Office Box? These additional, unnecessary, costs will be added to the delinquent taxpayer's debt.
- Cuts the interest rate from 1% to 0.5% for investors that purchase properties at tax sale. This will result in fewer investors interested in bidding at tax sales, which forces municipalities to pay a higher share of delinquent property taxes to the state. This would place a further burden on taxpayers who do pay their property taxes on time and would take away tools that help municipalities collect delinquent taxes. Will the state forgive property taxes owed by municipalities because of not being able to collect them due to these new tax sale requirements? It also eliminates language that calculates interest for partial months. It's unclear 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 on time.

I hope the committee will consider the practical realities of not addressing these concerns and continue to hear from 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.