

Testimony of the Vermont League of Cities and Towns
Susan Senning, MAC Staff Attorney II
House Ways and Means
Regarding H. 629 (Municipal Tax Sales)
January 24, 2024

My name is Susan Senning, and I am a staff attorney with the Vermont League of Cities and Towns' Municipal Assistance Center, which represents all 247 cities and towns in Vermont. I'd like to share the progress VLCT and other stakeholders have made in an attempt to bring this committee a consensus piece of legislation that makes the tax sale process more transparent for Vermonters but not overly burdensome for municipal officials and their attorneys.

I want to reiterate Ted Brady's testimony on this bill from January 10: tax sales are the most common way a town can compel a property owner to pay their tax bill. Amending the system – especially by extending the redemption period, putting new requirements on capacity-strapped small towns, and making tax sales less attractive to the already small investor pool – makes us very nervous. H. 629 as drafted would likely reduce or eliminate the viability of tax sales. To support these arguments, I've submitted a letter from Christine Richter, the Finance Officer and Treasurer in Wilmington, and an email from Julie Graeter, the Town Clerk and Treasurer in Colchester, outlining their concerns. Both wrote to VLCT about this bill unsolicited.

VLCT has worked with several stakeholders over these past two weeks in an effort to address what we believe to be the goal of this legislation: to reduce the number of Vermonters who lose their property due to tax sale. We share that goal, as our experience is that no town wants to conduct a tax sale if there are ways to avoid them.

To that end, we've identified several changes to the law that we agree may improve the chances of someone paying their delinquent taxes before a tax sale occurs and balance the needs of a town to collect the taxes it is owed. We have compromised on almost every aspect of this bill to find a workable solution. We agree that a focus on early notice of assistance programs and existing resources available to taxpayers could avoid some of the more permanent consequences. Some of them represent great compromise as they involve new requirements towns must meet before going to tax sale on delinquent taxpayer's property. Our compromise suggestions include:

- Adding clarity to what a written abatement decision must contain, which would codify existing VT Supreme Court case law;
- Revising the tax bill backer language to be in plain language and include more resources available to taxpayers for assistance in reducing and/or paying their bills;
- Adding instructions on how people with delinquent accounts can seek abatement to the required Uniform Disconnection Notice for municipal water and sewer charges;
- Stalling interest accrual during the time between abatement request and the written decision;

- Creating a new wait period before a municipality can proceed to a tax sale by adding a 1-year threshold and proposing a 6-month threshold for blighted properties;
- Requiring municipalities to offer people with delinquent tax bills the opportunity to enter repayment plans prior to going to tax sale;
- Informing people with delinquent tax bills of their right to request that only a portion of their property be sold and adding instructions on abatement to the tax sale notice;
- Increasing notification requirements to taxpayer and lienholders to 30 days (up from 20 and 10 days in current law);
- Creating a new “reminder” notice at 90 days prior to the end of the redemption period; and
- Revising the effective date to clarify that the new requirements and changes will not apply to tax sales that have already been noticed by the effective date.

VLCT provided a marked-up version of H. 629 to Vermont Legal Aid yesterday that reflected these changes. We hope the committee will consider focusing the bill on these changes and avoid some of the more concerning provisions of the bill that Ted shared with you on January 10. We’d happily work directly with legislative counsel if that is your preference.

Thank you for your time. I’d be happy to answer any questions you may have.