

Adopted 6/24/15  
Town of Shoreham  
Policy for Collection of Delinquent Taxes

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**Summary**

Town and school budgets are set in anticipation of the collection of property taxes, and taxes not paid by some property owners shift the cost burden onto those that do. It is in the best interest of the Town of Shoreham and its residents that property taxes be paid when they are due.

Shoreham's collection policy recognizes that individuals may go through periods of financial difficulty, but in order to be fair to all town taxpayers, the policy asserts that, as a matter of principle, shifting the burden of one property owner's debt onto other property owners in the town is not appropriate. A taxpayer who becomes delinquent is encouraged to find alternative resources to pay in full as soon as possible.

Delinquent taxes represent a lien on the property that will remain in effect until the delinquent taxes, plus penalty and interest, have been paid in full.

**Purpose**

The purpose of this policy is to treat Shoreham's taxpayers fairly by establishing clear guidelines that relate to the collection of delinquent taxes.

**Policies**

**Notices**

- The Delinquent Tax Collector will send a notice to each delinquent taxpayer indicating the amount of delinquent taxes, penalty, and interest owed, within 15 days of receiving the warrant from the Town Treasurer, and each month thereafter.
- Mortgage holders and lien holders will be notified of the delinquent taxes no more than 30 days after the initial notice has been sent to the taxpayer.
- The initial delinquency notice shall include a statement explaining tax abatement options for the delinquent taxpayer (see attached), as well as the steps needed to make adequate payment arrangements (see below).

## **Penalty and Interest**

Delinquent taxes shall be assessed a penalty of 8% of the total tax due, plus monthly interest on the outstanding balance as follows: an interest rate of 1% per month (or partial month) for the first 3 months, increasing to 1.5% per month (or partial month) on months thereafter until the total balance is paid in full.

## **Payment Arrangements**

Payments in full are preferred, but payment plans can be an option using the following criteria.

- Only payment arrangements that will pay the bill in full before the due date of the next year's tax bill will be accepted.
- Delinquent taxpayers shall submit a written payment arrangement proposal to the Delinquent Tax Collector by midnight, December 31<sup>st</sup> of same year taxes were due. The proposal shall outline the intended monthly payments, and should be accompanied by a good faith payment to the Town.
- Delinquent Tax Collector shall have an approved payment plan with the delinquent taxpayer by January 10<sup>th</sup> of the new tax year.
- Partial payments will be applied first to the interest portion of the amount due. Any remainder will be divided proportionally between the outstanding principal amount of the tax and the 8% penalty.
- Violation of the payment arrangement including, but not limited to, a check returned to the Town for insufficient funds shall make the payment arrangement null and void and tax sale arrangements may be made immediately. Costs, including those associated with returned checks, may be included in setting the tax sale amount.
- The Town reserves the right to deny any payment arrangement that does not meet the above criteria.

## **Regular Procedures**

- Payments may be mailed or hand delivered to the Delinquent Tax Collector.
- The Collector will issue a receipt to the property owner for every payment.
- On a monthly basis, the Collector will deliver to the Town Offices a copy of each receipt issued during the previous month (and retain a copy for his/her records).
- A payment will be credited based on the postmark date or the Town official stamped date received.
- Postdated checks will not be accepted. Requests to hold checks for later deposit will not be honored.
- Cash payments will be accepted at the discretion of the Town official to whom the payment is tendered.

## Tax Sale

If the amount due is \$500 or more and no satisfactory payment arrangements have been made by January 10th, or if the prior arrangement has not been met, the Collector will engage an attorney to conduct a tax sale of the property or of as much of the property as is necessary to pay the tax, interest, penalty, Town's attorney costs, and fees:

- The taxpayer and mortgage and/or lien holders (if any) will be notified of the tax sale decision, the deadline date by which full payment must be received, in order to avert a sale, and what costs to expect once the sale process begins. Absolutely no partial payments will be accepted after the issuance of the tax sale notice.
- If the deadline for full payment passes and full payment has not been received, a tax sale will be conducted according to procedures specified in 32 VSA § 5252.
- Costs of preparing and conducting the tax sale, including legal fees up to a maximum of 15% of the amount of delinquent tax, will be charged to the delinquent taxpayer, and must be paid in order to consider the tax liability no longer delinquent.
- In the event that no one purchases the property at a tax sale, or, if in the judgment of the Collector, proceeding with the tax sale is unadvisable, the Collector shall collect the delinquent taxes using any and all means permitted by law.

## Additional Possible Actions

- If the amount due is less than \$500 and no satisfactory payment arrangements have been made by January 10th, or if the prior arrangement has not been met, the Collector will file a complaint with the Small Claims Court.
- **Distrain:** The Collector can seize “the goods...of a person whose tax is not paid” and sell at public auction after four days if delinquency is not paid. (32 VSA 5191,5193)

## Notice of Possibility of Abatement of Taxes

The Town of Shoreham's Board of Abatement is authorized under law (24 V.S.A. sections 1533-1537) to conduct hearings on requests for abatement of real and personal property taxes. Not every taxpayer is eligible for the abatement of taxes, but if you believe you meet the criteria listed below, you may want to consider requesting a hearing. The appropriate paperwork is available at the Shoreham Town Office.

The criteria include:

- Taxes of persons who have died insolvent.
- Taxes of persons who have moved from the state.
- Taxes of persons who are unable to pay their taxes, interest, and collection fees.
- Taxes in which there is a manifest error or a mistake of the listers.
- Taxes upon real or personal property lost or destroyed during the tax year.

If you believe you qualify for abatement, you should take immediate action to request an abatement hearing. **Note: Simply filing the application does not stay the collection of your property tax or change the amount of associated potential costs.**

If you file the paperwork to request a hearing, the Board of Abatement will notify you of the date, time, and place of your hearing and you will be responsible for supplying evidence to support your request.

The board is under no obligation to grant any abatement request and may choose to abate all, part, or none of the taxes, interest, and penalties due.