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H.653

Introduced by Representatives Potter of Clarendon and Bissonnette of
Winooski

Referred to Committee on

Date:

Subject: Taxation; municipal government

Statement of purpose of bill as introduced: This bill proposes to amend how
penalties and fees may be applied to overdue taxes if a partial payment is made
on the outstanding tax liability.

An act relating to the collection of tax penalties

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 32 V.S.A. § 1674 is amended to read:

§ 1674. DELINQUENT TAX COMMISSION AND COLLECTION COSTS

The fees and penalties collected by collectors of taxes shall be as follows:

(1) Where a municipality does not vote to collect its taxes by its
treasurer, the collector shall not tax or collect of the taxpayer any commission
or fees on taxes paid within the time established in the notice required by
section 4772 of this title.

(2) On all taxes collected after the expiration of the time established in
the notice required by section 4772 or 4792 of this title, the collector may

1 charge and collect from the taxpayer a commission of eight percent on the
2 amount of the tax, unless a municipality votes otherwise pursuant to
3 subdivision (3) of this section; provided, however, that if a taxpayer makes a
4 partial payment of overdue taxes, then the collector may only charge and
5 collect a commission of eight percent on the amount of the tax collected.

6 (3) For all taxes collected after the expiration of the time established in
7 the notice required by section 4772 or 4792 of this title, voters of a
8 municipality may adopt by a majority vote of the municipality's members
9 present and voting at an annual or special meeting:

10 (A) The percent of the amount of the tax collected that shall be
11 charged as a commission, provided that the adopted percent does not exceed
12 eight percent. If a taxpayer makes a partial payment of overdue taxes, then the
13 percent of the amount of the tax collected that is charged as a commission shall
14 be calculated on the amount of the tax collected.

15 (B) A grace period or graduated commission schedule for taxes paid
16 within a defined time frame after the established time of payment.

17 (4) Whenever it is necessary to levy on persons or personal estate, the
18 collector shall be allowed to tax and collect from the taxpayer, as further
19 compensation, such fees as sheriffs are allowed for levying executions.

1 Sec. 2. 32 V.S.A. § 5136 is amended to read:

2 § 5136. INTEREST ON OVERDUE TAXES

3 (a) When a municipality votes under an article in the warning to collect
4 interest on overdue taxes, such taxes, however collected, shall be due and
5 payable not later than December 1, and shall bear interest at the rate of not
6 more than one percent per month, or fraction thereof, for the first three months
7 and thereafter one and one-half percent per month or fraction thereof, from the
8 due date of such tax. Such interest shall be imposed on a fraction of a month
9 as if it were an entire month. A municipality having so voted to collect interest
10 as hereinbefore provided, and the amount thereof, shall thereafter collect such
11 interest each year until the municipality shall vote otherwise at a meeting duly
12 warned for the purpose of voting on such question. If a taxpayer makes a
13 partial payment of taxes, then that payment shall be applied proportionally to
14 the amount of the interest due. The amount of the interest due after the partial
15 payment is made shall be calculated on the amount of the outstanding tax
16 liability.

17 (b) Whenever a municipality votes to collect interest on ~~over-due~~ overdue
18 taxes pursuant to this section, interest in like amount shall be paid by the
19 municipality to any person making any overpayment of taxes occurring as a
20 result of a redetermination of the grand list of the taxpayer on appeal provided
21 by chapter 131 of this title.

1 Sec. 3. EFFECTIVE DATE

2 This act shall take effect on July 1, 2014.