

# TOWN OF GRAFTON

## Delinquent Tax Collection Policy

Adopted June 1, 2020 / Effective July 1, 2020  
Amended December 6, 2021 / Effective immediately

### Section 1 – Purpose.

The purpose of this Delinquent Tax Collection Policy is to establish written procedures in accord with State statutes and municipal standards for the collection of delinquent taxes and the initiation of tax sale proceedings for the Town of Grafton.

### Section 2 - Delinquent Taxes.

Grafton tax year is the fiscal year which begins July 1 and ends June 30.

As per the vote of residents at Town Meeting annually, until amended, property taxes in Grafton are due in Quarterly installments, with due dates being August 15<sup>th</sup>, November 15<sup>th</sup>, February 15<sup>th</sup> and the final payment due May 15<sup>th</sup>.

Delinquent taxes are those property taxes assessed against a Grafton parcel of land, which have not been paid on or prior to the final installment payment date for the year in which they have been assessed.

Taxes due on the first, second, or third installment, but which have not been paid by, respectively, August 15<sup>th</sup>, or November 15<sup>th</sup>, or February 15<sup>th</sup> are late, but not considered delinquent for that year until after May 15<sup>th</sup>, that is, the date for final payment for that year, subject to these exceptions:

**Exception:** When an installment due date falls on a Saturday, Sunday or Holiday, then the tax due date shall be at 4 PM on the next business day after the installment due date.

**Exception:** Payments received after the installment due date, but which are postmarked prior to or on the installment due date shall not be considered late or delinquent.

Taxes are “delinquent” when not paid on or before May 15<sup>th</sup> of the tax year in which they are due. Each year in which there are any delinquent taxes due on a parcel as of May 15<sup>th</sup> is a “year of tax delinquency”.

It is the policy of the Town of Grafton to pursue formal legal action to collect taxes that are delinquent two years or more.

### Section 3 – Collector of Delinquent Taxes.

The Collector of Delinquent Taxes is an elected position in the Town of Grafton. The Term of office is three (3) years.

It is the responsibility of the Collector of Delinquent Taxes to notify taxpayers when their taxes are overdue, make arrangements for payments, keep records of all delinquent taxes, provide an accounting of all delinquent taxes to Selectboard, Treasurer, and appointed and elected auditors and pursue formal legal action to collect delinquent taxes.

## Section 4 – Interest and Penalties.

**Interest Charges:** A 1% interest charge per month or fraction thereof will be calculated on the day following the tax due date on the unpaid portion of that installment. The interest rate is 1 % for the first three months and 1.5% thereafter.

The Collector of Current Taxes is responsible for posting interest on installments that are late but not yet delinquent. The Collector of Delinquent Taxes will post the first month's interest on the unpaid portion of taxes that become delinquent after May 15<sup>th</sup>. The Collector of Delinquent Taxes will post interest on Delinquent Tax accounts in subsequent months.

**Delinquent Tax Penalty Charge:** An 8% penalty will be assessed once, on the day immediately following the tax due date of the final installment due in May. It will be assessed on the principal balance due for that tax year.

The Collector of Current Taxes is responsible for posting this penalty on the delinquent account.

The Collector of Delinquent Taxes may not waive penalties and interest assessed against a delinquent tax account. However, the Collector of Delinquent Taxes may adjust the amount of penalties and interest which have accrued as a result of an error on the part of the Town of Grafton.

## Section 5 - Other Taxes and Assessments Controlled by this Policy.

The administrative policy shall also govern the collection of Special Tax Assessments. If any special tax assessments approved by the voters at a duly warned meeting shall become delinquent upon any property for which such special assessment is due, at such time as determined by the legislative body, the Collector of Delinquent Taxes shall proceed in the collection of such delinquent special assessments, together with all applicable penalties, interest and charges and costs of collection, in the same manner as described in this policy.

## Section 6 - Warrant Against Delinquent Taxpayers.

Within fifteen (15) days of the final installment due date, the Collector of Current Taxes shall deliver to the Collector of Delinquent Taxes a Warrant for Collection of Taxes against the delinquent taxpayer(s) for taxes remaining unpaid. Upon receipt of the Warrant the Collector of Delinquent Taxes shall proceed to collect the unpaid taxes

## Section 7- Notification to Delinquent Taxpayers.

**First Notification to Delinquent Taxpayers Not Eligible for Tax Sale (less than two (2) years of tax delinquency):** Within seven (7) days of receipt of the Warrant for Collection of Delinquent Taxes the Collector of Delinquent Taxes shall mail to each delinquent taxpayer not eligible for tax sale a *First Notice of Delinquent Taxes* which shall include the following:

- Name and address of the delinquent taxpayer.
- Description of the property against which the taxes are assessed.
- Amount of principal, interest and penalty due.
- Explanation of the process by which interest accrues.
- Summary of payment options.
- Taxpayer's right to apply for abatement in accordance with 24 V.S.A. §1535 and list the categories of abatement.
- Inform taxpayer that if taxes remain delinquent for two (2) years the Collector of Delinquent Taxes is obligated by the Grafton Delinquent Tax Collection Policy to pursue formal legal action

to collect the taxes by tax sale and other legal and statutory process permitted by law.

## Section 8 – Payments

**Making Payments:** Delinquent Tax Payments may be made by:

1. Delivering the payment to the Collector of Delinquent Taxes at the Grafton Town Hall during normal Business hours, or outside of business hours by appointment.
2. Mailing the payment to the Collector of Delinquent Taxes at: Town of Grafton, PO Box 180, Grafton, VT 05146.

**Partial Payments:** Taxpayers may make partial payments on delinquent tax accounts. Partial payments will be allocated in the following manner:

1. Payment shall be first applied to the oldest year first, unless otherwise directed in writing by the taxpayer.
2. Payment shall be allocated proportionally to principal, interest, penalty and fees. The taxpayer does not have the right to dictate the allocation of partial payment.

**Receipts:** Receipts shall be issued for all delinquent tax payments.

## Section 9 – Notification to Delinquent Taxpayers Eligible for Tax Sale.

**Notification to Delinquent Taxpayer Eligible for Tax Sale (two (2) years or more of delinquent taxes):** Within seven (7) days of receipt of the Warrant for Collection of Delinquent Taxes the Collector of Delinquent Taxes shall mail to each delinquent taxpayer eligible for tax sale a *Notification of Collection of Delinquent Taxes by Tax Sale* which shall include the following:

- Name and address of the delinquent taxpayer.
- Description of the property and parcel number of the delinquent tax account.
- Amount of principal, interest and penalty due.
- Inform taxpayer that the full amount of taxes, penalties and interest must be paid on or before thirty (30) days from the date of the Notification or the matter will be referred to the Town Attorney to collect the delinquent taxes by tax sale.
- Inform taxpayer that once the delinquent tax account is referred to the Town Attorney for collection the only way to halt the tax sale proceedings is to pay the full amount of taxes, penalties, and interest and all additional costs of collection, including but not limited to legal fees, publication, mailings, and service costs.
- The date on which the delinquent account will be forwarded to the Town attorney for tax sale.

## Section 10—Tax Sales.

**Tax Sale Proceedings:** The Collector of Delinquent Taxes shall initiate tax sale proceedings each year upon receipt of the Warrant for Collection of Taxes against those taxpayers that are two (2) years or more delinquent in taxes. The Collector of Delinquent Taxes shall be responsible for coordinating Grafton's tax sale process.

**Eligibility for Tax Sale:** Proceedings shall be initiated against all taxpayers who have unpaid taxes due from two or more (2+) years of tax delinquency or from one (1) year of tax delinquency, which is more than one (1) year in arrears, except that tax sale proceedings shall not be initiated against any taxpayer who has filed a petition with the United States Bankruptcy Court and is subject to the automatic stay

**Advice of Attorney; Schedule:** Annually, upon receiving the Warrant for Collection of Taxes the Collector of Delinquent Taxes shall consult with, and be guided by the advice of, the Town attorney in performing any of the actions to collect delinquent taxes. The collector of delinquent taxes will work with the Town attorney in the development of a tax sale schedule which shall provide for conducting the tax sale prior to the end of August each year if feasible.

## **Section 11 —Tax Sale Procedure.**

**Collector's Notice of Levy and Warrant:** Upon receipt of the Warrant for Collection of Taxes the Collector of Delinquent Taxes shall record in the Land Records a Collector's Notice of Levy and Warrant which will include a copy of the Warrant, delinquent tax bill and description of the land or property levied upon. 32 V.S.A. §5252(1).

**Notification of Delinquent Taxpayer:** Within seven (7) days of receipt of the Warrant for Collection of Delinquent Taxes the Collector of Delinquent Taxes shall mail to each delinquent taxpayer eligible for tax sale a Notification of Collection of Delinquent Taxes by Tax Sale as described in Section 9.

**Title Search:** The Town attorney will conduct a title search to confirm that the delinquent taxpayer is record owner of the subject property and identify all mortgagees and lienholders of record.

**Collector's Final Notice to Delinquent Taxpayer, Mortgagees and Lienholders:** Not less than twenty (20) days prior to the scheduled tax sale, the Collector of Delinquent Taxes shall give the delinquent taxpayer, mortgagees, and lienholders written notice by Certified Mail, Return Receipt Requested, of the time and place of the scheduled tax sale. 32 V.S.A. §5252(3). The letter will also include notification that the entire parcel of property shall be sold at the tax sale unless the landowner submits a written request that a portion of the property be sold in accordance with the procedures outlined by 32 V.S.A. §5254(b). If mail notice is not accepted by the taxpayer or if notice cannot be reasonably provided by certified mail the Collector of Delinquent Taxes is authorized to arrange for personal service or any other service intended to provide notice adequate to satisfy due process.

**Publication of Notice of Tax Sale:** The Collector of Delinquent Taxes shall send notice of the tax sale to a newspaper of general circulation for publication for three (3) consecutive weeks, the last publication to be at least ten (10) days before the scheduled tax sale. 32 V.S.A. §5252(2)

**Posting of Notice of Tax Sale:** The Collector of Delinquent Taxes shall post the Notice of Tax Sale in at least one public place in the Town. 32 V.S.A. §5252(5).

**Payments After Accounts have been Forwarded to the Town Attorney for Tax Sale:** The Collector of Delinquent Taxes shall accept no payment on an account which has been forwarded to the Town Attorney for collection unless such payment is received in cash, money order or cashier's check in the full amount of taxes, penalty, interest and all collection costs and fees owed. Prior to accepting such payment, the Collector of Delinquent Taxes shall contact the Town Attorney to verify the amount owed.

**Tracking Amounts Owed:** The Collector of Delinquent Taxes shall maintain records documenting all amounts owed for taxes and collection costs and fees

**A. Coordination with Town Attorney:** The Collector of Delinquent Taxes shall keep the Town Attorney informed of all payments received on accounts which have been forwarded to the Town

Attorney for tax sale.

**B. Coordination with Selectboard:** At the Selectboard meeting immediately prior to the scheduled tax sale the Collector of Delinquent Taxes shall review the properties up for tax sale with the Selectboard to determine whether the Town is interested in bidding on any of the properties.

**Property that does not sell at Tax Sale:** If a tax sale is held and the property is not purchased, or, if in the judgment of the Collector of Delinquent Taxes, proceeding with tax sale is inadvisable, the Collector of Delinquent Taxes in consultation with the Town Attorney may pursue collection of the delinquent taxes using any other method permitted by law.


**Section 12 - Record Keeping**

The Collector of Delinquent Taxes shall:

- Issue a receipt for each payment received. Receipts shall be consecutively numbered. The Collector of Delinquent Taxes shall keep copies of all receipts issued.
- Maintain Cash Receipts Reports detailing delinquent tax payments for a period of ten (10) years.
- Print a Delinquent Tax Report each month after interest has been posted, at the end of each calendar year and at the end of the fiscal year. A copy of each Delinquent Tax Report shall be delivered to the Town Treasurer.
- Prepare an annual report by January 15<sup>th</sup> each year listing the taxes due on June 30<sup>th</sup> of the preceding year, the name of the delinquent taxpayer, the tax parcel, and the year for which the taxes were due. An asterisk will indicate any taxpayer that has paid in full by December 31<sup>st</sup>.
- Maintain records of delinquent tax notices, hearing notices, legal notices, correspondence and other documents related to the delinquent tax collection process in order to be able to demonstrate that all notices were given, and procedural requirements were satisfied as required by law.

ADOPTED 6<sup>th</sup> day of December, 2021

**SIGNATURES of SELECTBOARD:**

  
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 Jim Davis  
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 Annamaria Weir  
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 Catherine Sand-Goodwin  
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 Bob J. Blum  
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TOWN CLERK'S OFFICE, GRAFTON, VERMONT  
 Received for record Dec 6, 2021  
 at 8 o'clock 00 minutes A M.  
 and recorded in Book Misc Page \_\_\_\_\_  
 Attest Kim Beaudin  
 Town Clerk

