

Hinesburg Selectboard

Delinquent Tax Policy

December 13, 2012

Delinquent Tax Policy:

The discussion of the delinquent tax policy was precipitated by questions arising from the 1 percent interest that was imposed following the tax due date of Nov. 15th. A couple of taxpayers who were subject to the interest of 1% because their payments were received a day or more late felt that the 1 percent interest was onerous and that our policy didn't specifically state that it was 1 percent per month **or fraction thereof.** The Vermont Statute that relates to interest on overdue taxes, Title 32 Section 5136, states "such interest SHALL be imposed on the fraction of a month as if it were an entire month".. This would seem to indicate that a single day carries the same interest as 30 days. There is nothing in the statute that requires that the notice or the annual warning relating to the collection of taxes contain the words "or a fraction thereof". I know of no town in the State that doesn't impose interest in the same manner that Hinesburg does. There are some, like Shelburne, that don't impose interest until the second month because they are imposing a 5% penalty, or in other cases, an 8% penalty. The vast majority of towns impose both the 8% penalty and 1 percent interest for any taxes received after the due date. I believe the legislature, in writing the statute, realized that it would be onerous for delinquent tax collectors to calculate interest due on remaining balances on a daily basis.

The delinquent tax policy could use one minor housekeeping change. Paragraph 3 relates to tax on Personal Property. Hinesburg no longer taxes personal property, and thus that paragraph is obsolete. If we are going to amend the policy, I would recommend that we include the words "or portion thereof" in the amended delinquent tax policy to eliminate any possible confusion in the future.