

To: The Hinesburg Selectboard
From: Bruce Cunningham
Subject: Interest on overdue property taxes
12/21/12

Regarding the interest specified in our Delinquent Tax Policy:

I think most Hinesburg citizens would agree that charging the same amount for interest for one day late and 30 days late is unfair.

It has been argued that interest compounded daily would be "onerous". How onerous would it be? Suppose we have a policy of 1/28 % per day and someone is 10 days late. A calculation of $(10/2800 \times \text{tax due})$ would yield the interest due – something that could easily be done on a pocket calculator in about 15 seconds. This would add up to a total of about 40 minutes per year for late tax payments in Hinesburg. Considering the fact that this would yield more than enough money to cover all costs to the town for this lateness, and be directly proportional to the time late, that doesn't seem onerous to me. I think it could easily be called a small price to pay for fairness.

Since this would be 10/28 of 1% for 10/28 of a month, it is "not more than 1% per month" as the law requires. If we assume the state is interested in fairness in the application of the statutes, I think we can be sure that there is no authority at the state level that would challenge the legality of such a practice.

Alternatively, for the sake of simplicity, our policy could allow a grace period of one month for each month that taxes are overdue – i.e. impose taxes for a month only at the end of the month overdue. This would be even less onerous and also be much fairer than the current practice.

The fact that virtually every other town does it the way we are doing it now is worth considering, but it is not a good example of fairness. After all, Hinesburg is still, after seven years, the only town in the state that does not have a penalty for delinquent property taxes. Most towns are still imposing an 8% penalty up front regardless of the amount of time.

Our current practice is allowed by state law but it is unjust. Thank you for considering resolution.

Bruce Cunningham