Town and Village of Ludlow
Tax Collection Policy

The Town & Village of Ludlow follow a tax collection policy that is fair, firm, and clear. The policy applies to all taxpayers equally. **Current taxes** are billed just as soon as the Select Board and Board of Trustees have set their respective tax rates -- usually in June. Taxes are due in four installments whose due dates are set by the voters at the Annual Town & Village meetings. As of July, 1998, taxes paid either in advance or on time no longer qualify for a discount. Instead, this discount has been replaced by an interest payment system, in which the Town of Ludlow shall assess interest at a rate of one per cent (1%) on all unpaid quarterly tax assessments for the first three (3) months from the due date of each installment; and at a rate of one and one-half per cent (1.5%) for each month thereafter.

A penalty and additional interest is charged if the taxes are not paid in full by the final due date. That date is firm; there is no "grace period" or "understanding" that will allow the Treasurer to accept taxes after the due date that has been set by the voters.

By Vermont law, the Treasurer has 15 days to prepare the delinquent tax Warrant -- the list of taxpayers who have not paid in full, along with the amounts due from each; the Warrant may be ready much sooner. When the Warrant is prepared, the Treasurer turns it over to the Collector of Delinquent Taxes, who promptly sends out letters asking for the taxes due and listing the **8% penalty and 1% interest due**. For the next two months, **an additional 1%** interest is added to the unpaid balance; from the fourth month on, the interest rate is **1.5%** per month or fraction thereof. The Collector of Delinquent Taxes has no authority to forgive any part of the taxes, penalty, or interest due. Only the Board of Abatement may do that.

The Board of Abatement (different for the Town and the Village) may abate taxes, interest, and collection fees **in the following cases only** (24 V.S.A., Sec. 1535):

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

Note that these are the only reasons that the Board of Abatement may consider. As sympathetic as they might be, Board members may not consider any other information. It is important to note here that when a property is sold, it is the responsibility of the buyer and seller to arrange for payment of any taxes due for the remainder of the tax year. Ludlow does not automatically send a new tax bill to the new owner. Make sure that this item is arranged at closing! Failure of the seller to give the tax bill to the buyer will not absolve the buyer of responsibility for taxes, penalty and interest due. In addition, under the provisions of Act 60, requests for abatement of school taxes will now be directed to the State Commissioner of Taxes.

Once taxes have become delinquent, interest continues to build up until the taxes are paid in full. The Collector of Delinquent Taxes is allowed to make arrangements for payment, and he/she should apply payments proportionately to principal, penalty and interest.

In Ludlow, property is not put up for **tax sale** unless the taxes are more than one year past due and no regular payment effort has been made. A list of such properties is sent to an attorney, who prepares the legal notices required and reminds the taxpayers of their rights. On the appointed date, the property is sold at a warned public sale. However, the purchaser (the Town, the Village, or a third party) may not take possession for a period of one year. During that time, the owner has the opportunity to redeem the property by paying all due taxes, penalties, interest, and collection fees, etc. Obviously, tax sale is a measure that no municipality likes to use. Nevertheless, fairness to the other taxpayers requires a firm and evenhanded tax collection policy. Taxpayers are encouraged to direct questions about any municipal or school tax matter to the Town Treasurer, Village Treasurer, or Collector of Delinquent Taxes.