

Abatement is the process for relieving taxpayers from the burden of paying property taxes, interest, and/or collection fees. Abatement is granted when the request is authorized by statute *and* when the board, in its discretion, agrees that the request is reasonable and proper. The board of abatement has the authority to abate town taxes and statewide education property taxes. However, if a board abates statewide educational property taxes, the town is still obligated to the State for the full amount of statewide educational taxes due.

Pursuant to 24 V.S.A. § 1535, abatement may be granted for:

- taxes of persons who have died insolvent, have moved out of state, or who are unable to pay their taxes, interest, and collection fees;
- taxes where there is a manifest error, or a mistake of the listers;
- taxes upon real or personal property lost or destroyed during the tax year;
- taxes of a veteran or his or her family members who file late for an exemption claim under 32 V.S.A. § 3802(11) due to sickness, disability or other good cause; or
- taxes upon mobile homes moved from town due to a change in use of mobile home park land or a mobile home park closure.

The law also allows for abatement of the penalty associated with a Homestead Declaration.¹

Composition of the Board of Abatement. A board of abatement is made up of the board of civil authority (town clerk, the selectpersons, and the justices of the peace), the listers and town treasurer. 24 V.S.A. § 1533. In cities, the board consists of the mayor, city clerk, alderpersons, justices of the peace, and assessors. In villages, it consists of the trustees, clerk, justices of the peace, and listers. 24 V.S.A. § 1537.

Conducting Business and Taking Action Requires a Quorum. “Quorum” is the minimum number of members of a board that must be present in order for that board to hold a meeting or take an action. Quorum for the board of abatement is either: (1) the majority of the total number of members on the board; or (2) the treasurer, a majority of the listers, and a majority of the selectboard members. The law allows for decisions to be made by a majority of a quorum of the board members present at a meeting. 24 V.S.A. § 1533.

Requests / Applications for Abatement. The law does not set any specific requirements for how or when a request for abatement is made. VLCT recommends that each town make available a written

¹ See MAC Info Sheet: Abatement of the Homestead Penalty

request form.² The form should include the property owner's name, address, and contact information, location of the property, parcel number, and a statement of the basis for the abatement. Applicants should be asked to submit a copy of their tax bill with the application. When a request for abatement is received, the clerk should call a meeting of the board of abatement.

Providing Notice of an Abatement Hearing. A meeting of the board of abatement may be called by giving notice at least five days prior to the meeting: (1) each applicant for abatement must be given written notice of his or her hearing; (2) public notice of the meeting must be posted in two or more public places in the town; and (3) notice must be given to each member of the board of abatement with at least one lister receiving personal notice. 24 V.S.A. §§ 801, 1534.³ The notice should include a copy of the hearing schedule and a copy of board's rules of procedure. Taxpayers should also be informed where they can review the abatement statutes and where to get more information about the abatement process. The hearing notice sent to members of the board of abatement should include a copy of the hearing schedule, the board's rules of procedure and copies of each application for abatement.

Preparing for an Abatement Hearing. Board members should prepare for abatement hearings by reviewing the board's rules of procedure and the taxpayers' abatement request forms. Board members may also wish to review "About Abatement," a publication of the Vermont Secretary of State that outlines the laws and principals that apply to local tax abatement and which is available on the Secretary of State's website. Board members should also be familiar with the municipality's conflict of interest policy.

Conducting the Hearing. A board of abatement hearing is a quasi-judicial (court-like) process. VLCT recommends that each hearing should be conducted following written rules of procedure that have been adopted by the board.⁴ The chair will open the hearing and state the name of the taxpayer, property location, and parcel ID number. The applicant and any witnesses appearing on the applicant's behalf will be sworn in. Board members should be asked to disclose any conflicts of interest or *ex parte* communication⁵ with the applicant and should recuse themselves from a hearing when a conflict of interest, or the appearance of a conflict of interest, is present. If the applicant is unfamiliar with the board's rules of procedure, the chair should review the rules and the hearing process before the hearing begins.

² See VLCT Model Request for Abatement

³ See VLCT Model Notice and Agenda for Board of Abatement Hearings

⁴ See VLCT Model Rules of Procedure for Boards of Abatement

⁵ *Ex parte* communication is direct or indirect communication between a board member and any party, party's representative, party's counsel or any person interested in the outcome of the abatement process, that occurs outside the abatement hearing and concerns the substance or merits of the hearing.

The taxpayer should be asked to identify the statutory abatement category that the abatement request is being made under and to present verbal and documentary evidence supporting his or her abatement request to the board. Once the taxpayer has presented his evidence, board members should ask the taxpayer any questions they deem necessary for determining whether abatement is appropriate. The board may request from the taxpayer financial information, information about the condition of the property, insurance, photographs, or other information related to the abatement request. If necessary, the board can recess the hearing to a date and time certain to allow the taxpayer additional opportunity to produce this evidence. The board may also recess the hearing to a date and time certain to allow the board to conduct a site visit of the property as issue. The board can then reconvene at the date and time previously announced to receive/review this evidence.

It will be critical for the board to manage the evidence it receives. Abatement hearings may be recorded if the board chooses to do so, and each document submitted to the board should be marked with necessary identifying information. The chair should manage the testimony by requiring speakers to introduce themselves and preventing participants from talking over each other.

Decision making. After evidence is received and the hearing is closed, the board may deliberate in private to reach its decision. 1 V.S.A. § 312(e). The law allows for decisions to be made by a majority of a quorum of the board members present at a meeting. 24 V.S.A. § 1533.

The board has the authority to grant abatement if it finds that the taxpayer falls within the statutory criteria of 24 V.S.A. § 1535(a). The abatement process allows a board of abatement to abate taxes, but does not require it to do so even if a taxpayer falls within one of the categories allowing for abatement in 24 V.S.A. § 1535. Tax abatement is an equitable remedy and exists to permit the board to help taxpayers who face extraordinary circumstances that make it difficult for them to meet their tax obligations. That being said, while not every abatement request has to be granted, the board should be consistent in the manner in which it makes its abatement decisions.

Abatements should be cautiously granted insofar as they reduce the income to the town, requiring it to either spend less or increase the taxes on the rest of the taxpayers to make up the difference. If the board abates statewide educational property taxes, the town is still obligated to the State for the full amount of those taxes.

There is no standardized approach to weighing the justifications for either granting or denying abatement. Some boards may be more apt to grant abatement when, for example, a house is destroyed by fire or when a clear error is found in the property valuation set by the listers. In these situations, the board is dealing with basic fairness with the constitutional principle of proportional

contribution as applied to the tax system. These same boards may be reluctant to grant abatement if a poor taxpayer is unable to pay his or her taxes and the circumstances surrounding the inability to pay are not temporary. However, if that same taxpayer was only temporarily unable to pay because of a costly illness in the family or even a temporary job loss, a board may be more willing to grant at least some portion of abatement.

The Written Decision. Every abatement hearing must result in a written decision. The written decision should include basic information such as the name of the property owner and applicant, location of the property and the parcel identification number, date and time of the hearing, board members who participated in the hearing, and all persons who testified on behalf of the property owner. It should also reference documents submitted by the applicant at the hearing. In every case, the board is required to “state in detail the reasons for its decision.” 24 V.S.A. § 1535(c).⁶

The board’s decision should recite the facts gleaned from the evidence presented at the hearing that the board deems credible and relevant. The decision should also address all of the arguments raised by the parties. The more detailed and clear an applicant’s own presentation, the greater the board’s duty to respond in kind. The board must “provide sufficient explanation to indicate to the parties, and to an appellate court, what was decided and upon what considerations.” *Guntlow v. Bd. of Abatement*, 2014 VT 118. Lastly, the board must state whether abatement will be awarded and, if so, in what amount. The decision should separately list the taxes, interest, and fees abated.

There is no statutory deadline for issuance of abatement decisions, but MAC recommends boards impose a 30 day deadline.⁷ The board should take a reasonable amount of time necessary to prepare a complete and accurate decision. A copy of the decision must be sent to the town clerk, collector of taxes, and treasurer. 24 V.S.A. § 1536.

The Effect of Abatement. The board’s abatement of an amount of tax will automatically abate any uncollected interest and fees relating to that amount. 24 V.S.A. § 1535(b). The board may order that any abatement as to an amount already paid be in the form of a refund or a credit against the tax for the next ensuing tax year, and for succeeding tax years if required to use up the amount of the credit. If the town has voted to collect interest on overdue taxes pursuant to 32 V.S.A. § 5136, interest in the same amount must be paid by the municipality to any person for whom an abatement has been ordered. Interest on taxes paid and subsequently abated shall accrue from the date payment was due or made, whichever is later. However, abatements issued pursuant to subdivision (a)(5) of 24 V.S.A. § 1535 (property lost or destroyed during the tax year) need not include the payment of interest unless

⁶ See VLCT Model Decision Form for Boards of Abatement

⁷ See VLCT Model Rules of Procedure for Boards of Abatement

the board deems it proper. The abatement of taxes, interest, or penalty, does not affect the tax assessment for the property.

MAC has developed several resource documents and forms to assist municipal boards of abatement. The following documents are available on VLCT's website:

- MAC Info Sheet: Abatement of the Homestead Penalty
- Model Request for Abatement
- Model Notice and Agenda for Board of Abatement Hearings
- Model Rules of Procedure for Boards of Abatement
- Model Decision Form for Boards of Abatement