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**Cc:** [Michele Pallas](#); [Town Listers](#); [Zoning Administrator](#); [Town Clerk](#)  
**Subject:** Discuss Vacancy Tax- Selectboard Agenda Item  
**Date:** Thursday, February 19, 2026 4:01:00 PM

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Hello All,

Celina Barton from North Montpelier asked for me to add an agenda item for **vacancy tax** to the Selectboard Agenda for Monday, and below is my research. She will be at the meeting to discuss the request she said today. If anyone has anything else to add to the topic/ discussion or pdf files to share, please let me know and I will add it to the Selectboard Meeting page.

**Proposed Agenda Item to discuss vacancy tax:**

This agenda item addresses a formal request from a resident of North Montpelier (Celina Barton) regarding the implementation of a municipal vacancy tax. The proposal stems from concerns that prolonged building vacancies are eroding the North Montpelier village local tax base, depressing neighboring property values, and stifling economic vitality in the village center. The Selectboard is asked to review the feasibility of such a measure as a tool to incentivize property rehabilitation and occupancy, thereby stabilizing the municipal revenue stream and supporting long-term community revitalization goals.

**Benefits to adding a Vacancy Tax:**

Implementing a vacancy tax in a neglected or abandoned village center serves as both a fiscal tool and a regulatory mechanism to reverse urban decay. By shifting the economic calculus for property owners, the municipality can transform stagnant assets into productive components of the local economy.

- **Incentivizes Property Utilization:** A vacancy tax creates a "carrying cost" for neglect, encouraging owners to either rehabilitate and rent the property, occupy it themselves, or sell it to someone who will, thereby reducing the number of "dead" storefronts.
- **Prevents "Land Banking" and Speculation:** It discourages out-of-town investors from holding properties in a state of disrepair while waiting for land values to rise, a practice that often stifles organic growth in small village centers.
- **Stabilizes and Increases Neighboring Property Values:** Abandoned buildings act as a "blight contagion" that lowers the value of surrounding homes; remediating these vacancies through tax pressure helps restore the overall equity of the neighborhood.
- **Generates Dedicated Revenue for Revitalization:** Funds collected from the tax can be earmarked specifically for village improvement projects, such as sidewalk repairs, street lighting, or "facade grants" to help compliant owners improve their buildings.
- **Reduces Public Safety and Infrastructure Costs:** Vacant buildings often require disproportionate oversight from fire and police departments due to risks of arson, squatting, or structural collapse; reducing vacancy lowers these municipal service costs.
- **Supports Local Business Ecosystems:** By forcing commercial spaces back onto the

market, the tax can lower artificial rent premiums caused by restricted supply, making it easier for small businesses and startups to find affordable space in the village center.

- **Encourages "Highest and Best Use" of Land:** In accordance with land value taxation principles, the tax encourages owners to develop or maintain improvements that are commensurate with the property's location in a central hub, rather than leaving it as a derelict eyesore.

### **Key Considerations for the Selectboard**

When evaluating the merits and implementation of a vacancy tax, the Selectboard should consider the following factors:

- **Legal Authority and Enabling Legislation:** Vermont law typically requires specific legislative authorization for new forms of taxation. The board must determine if the town's current charter allows for an excise tax on vacant property or if a "charter change" must be warned for a floor vote at Town Meeting and subsequently approved by the Vermont General Assembly.
- **Definition and Classification:** Clear criteria must be established to define "vacancy." This includes determining the duration of vacancy required to trigger the tax (e.g., 6 to 12 months) and distinguishing between residential, commercial, and industrial properties.
- **Economic Impact on the Tax Base:** While the goal is to increase revenue and occupancy, the board should analyze whether the tax might inadvertently lead to property abandonment or "demolition by neglect" if owners cannot afford the tax or the repairs.
- **Administrative Burden:** The town must assess the costs of monitoring vacancies, maintaining a registry, and enforcing collections. In smaller jurisdictions, the administrative overhead can sometimes exceed the revenue generated.
- **Exemptions and Hardships:** Consideration should be given to "good faith" efforts, such as properties actively listed for sale or lease, buildings undergoing permitted renovations, or owners facing documented financial hardship.

Best regards,

Jen

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