



TOWN OF WAITSFIELD

MEMORANDUM

TO: Waitsfield Selectboard
FROM: Jennifer Peterson 
DATE: July 11, 2014
SUBJECT: ADDENDUM TO MY 2014 MUNICIPAL TAX RATE MEMO

In addition to figuring a tax rate, the Selectboard needs to decide whether or not to penalize those who declare their homestead after the deadline.

In 2011, the tax department shifted the responsibility of penalizing late Homestead Declaration property owners to each individual town, and the Selectboard could elect whether to waive or charge the penalty. That year, the Selectboard elected to waive a penalty on the education portion of a person's property tax bill who files his/her Homestead Declaration late with the option to revisit the fee in following years.

For a couple of years, property owners no longer had to file a Homestead Declaration. In 2012, the option to waive the late filing fee was overlooked, and one property owner paid \$150.51 (3% of his education tax). Beginning last year, the tax department again changed the law whereas homeowners are required to file a Homestead Declaration annually. Again, the Selectboard may waive the fee or charge the penalty to late Homestead Declaration filers. Because we have an education tax rate that is higher for residents than non-residents, the penalty is 8% (see table below). One might ask why an individual would file at all if the residential education tax rate is higher, and in the case of the late filer, he'd be penalized, too. The answer is simply that it is the law to file a Homestead Declaration. In 2013, the Selectboard elected to waive the penalty.

Penalty Break Down

Homestead education property tax rate is lower than the Non-residential education property tax rate

- 3% for the late filed homestead (filed after April 15)
- 8% for the erroneous filed homestead

Homestead education property tax rate is higher than the Non-residential education property tax rate

- 8% for the late filed Homestead (filed after April 15)
- 3% for the erroneous filed homestead that is

NOTE: A Declaration filed after September 1 in a town with a higher homestead rate also incurs a penalty of the higher rate.

All penalties are appealed at the town level not the State.

Please take action and determine a policy for 2014 on whether to charge or waive a penalty to property owners that file their Homestead Declarations late at the same time you figure the tax rate.

