

Waive Penalty – Late Homestead Filing

A Homestead Declaration is considered to be filed late after April 15th and the state allows for towns to bill for and collect a penalty for that late filing. The penalty for filing your homestead late is up to **3%** of the education property tax on the property if the nonresidential rate is higher than the homestead rate- which is not the case in Charlotte. In Charlotte, because the homestead rate is higher than the nonresidential rate, the penalty is up to **8%** of the education property tax.

For an example, someone with a property assessed at \$500,000 receives a nonresident tax bill (nonresidential tax rate estimate of 1.56) and the total taxes due would be \$7,800. When they declare their homestead, they would receive a revised tax bill for a homestead (Homestead tax rate estimate of 1.70) and the taxes due would be \$8,500. The penalty for that property would be $\$500,000 \times 1.5344(\text{education property tax}) \times 8\%$, adding on another \$614 in penalties for a total tax bill of \$9114. It is extremely punitive and for the most part I believe difficult to collect, throwing some people onto the delinquent list, depending on the timing of the late filing. All appeals to the late filing penalty must come before the Selectboard and the board would have to determine whether or not paying the penalty caused an undue hardship (as defined by law) for the property owner.

I would encourage the Board to waive the late filing penalty for FY16/17, as has been done in previous years.

Mary

4-4-2016