



House of Representatives

General Assembly

File No. 422

February Session, 2010

Substitute House Bill No. 5269

House of Representatives, April 8, 2010

The Committee on Planning and Development reported through REP. SHARKEY of the 88th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING INTEREST ON DELINQUENT PROPERTY TAXES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-146 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2011, and*
3 *applicable to assessment years commencing on or after said date*):

4 Unless the context otherwise requires, wherever used in this section,
5 "tax" includes each property tax and each installment and part thereof
6 due to a municipality as it may have been increased by interest, fees
7 and charges. If any tax due in a single installment or if any installment
8 of any tax due in two or more installments is not paid in full (1) on or
9 before the first day of the month next succeeding the month in which it
10 became due and payable, or if not due and payable on the first day of
11 the month, (2) on or before the same date of the next succeeding month
12 corresponding to that of the month on which it became due and
13 payable, the whole or such part of such installment as is unpaid shall

14 thereupon be delinquent and shall be subject to interest from the due
15 date of such delinquent installment. Except for unpaid real estate taxes
16 the collection of which was, or is, deferred under the provisions of
17 section 12-174, and any predecessor and successor thereto, which
18 unpaid real estate taxes continue to be subject to the provisions of such
19 deferred collection statutes, the delinquent portion of the principal of
20 any tax shall be subject to interest at the rate of [eighteen] twelve per
21 cent per annum from the time when it became due and payable until
22 the same is paid, subject to a minimum interest charge of two dollars
23 which any municipality, by vote of its legislative body, may elect not
24 to impose, and provided, in any computation of such interest, under
25 any provision of this section, each fractional part of a month in which
26 any portion of the principal of such tax remains unpaid shall be
27 considered to be equivalent to a whole month. Each addition of
28 interest shall become, and shall be collectible as, a part of such tax.
29 Interest shall accrue at said rate until payment of such taxes due
30 notwithstanding the entry of any judgment in favor of the
31 municipality against the taxpayer or the property of the taxpayer.
32 Except as hereinafter specified for taxes representing two or more
33 items of property, the collector shall not receive any partial payment of
34 a delinquent tax which is less than the total accrued interest on the
35 principal of such tax up to the date of payment and shall apply each
36 partial payment to the wiping out of such interest before making any
37 application thereof to the reduction of such principal; provided,
38 whenever the first partial payment is made after delinquency, interest
39 from the due date of such delinquent tax to the date of such partial
40 payment shall be figured on the whole or such part of the principal of
41 such tax as is unpaid at the beginning of delinquency and provided,
42 whenever a subsequent partial payment of such tax is made, interest
43 shall be figured from the date of payment of the last-preceding, to the
44 date of payment of such subsequent, partial payment on the whole or
45 such balance of the principal of such tax as remains unpaid on the date
46 of the last-preceding partial payment. If any tax, at the time of
47 assessment or because of a subsequent division, represents two or
48 more items of property, the collector may receive payment in full of

49 such part of the principal and interest of such tax as represents one or
50 more of such items, even though interest in full on the entire amount
51 of the principal of such tax has not been received up to the date of such
52 payment; in which event, interest on the remaining portion of the
53 principal of any such tax shall be computed, as the case may be, from
54 the due date of such tax if no other payment after delinquency has
55 been made or from the last date of payment of interest in full on the
56 whole amount or unpaid balance of the principal of such delinquent
57 tax if previous payment of interest has been made. Each collector shall
58 keep a separate account of such interest and the time when the same
59 has been received and shall pay over the same to the treasurer of the
60 municipality of the collector as a part of such tax. No tax or installment
61 thereof shall be construed to be delinquent under the provisions of this
62 section if the envelope containing the amount due as such tax or
63 installment, as received by the tax collector of the municipality to
64 which such tax is payable, bears a postmark showing a date within the
65 time allowed by statute for the payment of such tax or installment.
66 Any municipality may, by vote of its legislative body, require that any
67 delinquent property taxes applicable with respect to a motor vehicle
68 shall be paid only in cash or by certified check or money order. Any
69 municipality adopting such requirement may provide that such
70 requirement shall only be applicable to delinquency exceeding a
71 certain period in duration as determined by such municipality. Any
72 municipality shall waive all or a portion of the interest due and
73 payable under this section on a delinquent tax with respect to a
74 taxpayer who has received compensation under chapter 968 as a crime
75 victim.

76 Sec. 2. Section 12-145 of the general statutes is repealed and the
77 following is substituted in lieu thereof (*Effective October 1, 2010, and*
78 *applicable to assessment years commencing on or after said date*):

79 The tax collector of each municipality shall, at least five days next
80 preceding the time when each tax becomes due and payable, give
81 notice of the time and place at which the tax collector will receive such
82 tax by advertising in a newspaper published in such municipality or, if

83 no newspaper is published in such municipality, by advertising in any
 84 newspaper of the state having a general circulation in such
 85 municipality and by posting such notice on a signpost therein, if any,
 86 otherwise on a signpost in the town within which such municipality is
 87 situated, if any, or at some other exterior place near the office of the
 88 town clerk. The tax collector shall repeat such advertising within one
 89 week after such tax has become due and payable and, again, at least
 90 five days before such tax becomes delinquent. Each such notice shall
 91 give each date on which such tax shall become due and payable and
 92 each date on which such tax shall become delinquent, and shall state
 93 that, as soon as such tax becomes delinquent, it shall be subject to
 94 interest at the rate of one and [one-half] one-quarter per cent of such
 95 tax for each month or fraction thereof which elapses from the time
 96 when such tax becomes due and payable until the same is paid. The
 97 tax collector of a municipality may waive the interest on delinquent
 98 property taxes if the tax collector and the assessor, jointly, determine
 99 that the delinquency is attributable to an error by the tax assessor or
 100 tax collector and is not the result of any action or failure on the part of
 101 the taxpayer. The tax collector shall notify the taxing authority of the
 102 municipality of all waivers granted pursuant to this section.

| | | |
|---|---|--------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>October 1, 2011, and applicable to assessment years commencing on or after said date</i> | 12-146 |
| Sec. 2 | <i>October 1, 2010, and applicable to assessment years commencing on or after said date</i> | 12-145 |

PD Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

| Municipalities | Effect | FY 11 \$ | FY 12 \$ |
|--------------------|-----------------|-----------|-----------|
| All Municipalities | Revenue Loss | See Below | See Below |

Explanation

The revenue loss is expected to be between 20% and 25%, depending which rate is applied, to municipal revenue collected from interest on delinquent taxes. The magnitude of the revenue loss cannot be determined at this time since it is unknown how much revenue from interest municipalities currently collect.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5269*****AN ACT CONCERNING INTEREST ON DELINQUENT PROPERTY TAXES.*****SUMMARY:**

This bill reduces, from 18% to 12%, the annual interest rate that municipalities charge on delinquent property taxes. But the bill's corresponding decrease in the monthly rate charged for delinquent taxes is from 1½% to 1¼%, an effective annual interest rate of 15%, instead of 12% (see COMMENT). The rate remains 1½% per month (18% per year) for delinquent property taxes on personal property used in rendering telecommunications services (CGS § 12-80a).

By changing the interest rate towns must charge on delinquent property taxes, the bill reduces the interest rate on other delinquent taxes and assessments, which, by law, are linked to this statutory rate. They include:

1. sewer system benefit and installation assessments (CGS § 7-254);
2. sewer system connection and use assessments (CGS § 7-258);
3. the special assessment municipalities can impose on blighted housing (12-169b);
4. tax assessments for members of the Cornfield Point Association in Stonington (§§ 13 and 14 of No. 467 of the 1943 Special Acts, as amended by SA 09-13);
5. tax assessments for members of the Shaker Pines Lake Association, Inc. in Enfield (§ 21 of No. 375 of 1935 Special Acts, as amended by § 16 of SA 89-37);

6. the annual assessment imposed by the Lake Garda Improvement Association in Burlington (§ 9 of No. 255 of 1943 Special Acts, as amended by SA 03-16);
7. taxes, fees, rents, or benefit assessments set by the Harbor Point Infrastructure Improvement District in the City of Stamford (SA 07-6, § 1(f)(3)); and
8. taxes, fees, rents, benefit assessments, and other charges set by the Greenway Commons Improvement District in the Town of Southington (SA 09-11, § 1(f)(3)).

EFFECTIVE DATE: October 1, 2011 and applicable to assessment years commencing on and after that date.

COMMENT

Conflicting Interest Rates

The bill sets the annual interest rate on delinquent taxes at 12%, but the rate for each month or part of a month a tax is delinquent at an annual rate of 15%.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 19 Nay 1 (03/22/2010)