



Senate

General Assembly

File No. 628

January Session, 2011

Substitute Senate Bill No. 377

Senate, April 26, 2011

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING INTEREST OWED ON PROPERTY TAXES BY MEMBERS OF THE ARMED FORCES CALLED TO ACTIVE SERVICE.

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

1 Section 1. (NEW) (*Effective October 1, 2011, and applicable to assessment*
2 *years commencing on or after October 1, 2011*) Notwithstanding the
3 provisions of section 12-146 of the general statutes, a municipality
4 may, upon approval by its legislative body or, in any town in which
5 the legislative body is a town meeting, by the board of selectmen of
6 such municipality, elect to not charge or collect interest for a period of
7 one year on any property tax or any installment or part thereof that is
8 payable by any resident of the state who (1) is a member of the armed
9 forces of the United States or of any state or of any reserve component
10 thereof, (2) has been called to active service in the armed forces of the
11 United States, and (3) is serving outside the state on the final day that
12 payment of such property tax or installment or part thereof is due.

13 Sec. 2. Section 12-146c of the general statutes is repealed and the

14 following is substituted in lieu thereof (*Effective October 1, 2011, and*
 15 *applicable to assessment years commencing on or after October 1, 2011*):

16 Notwithstanding the provisions of section 12-146, a municipality
 17 shall not charge or collect interest for a period of one year on any
 18 property tax or any installment or part thereof that is payable by any
 19 resident of the state who is a member of the armed forces of the United
 20 States or of any state or of any reserve component thereof who has
 21 been called to active service in the armed forces of the United States for
 22 military operations that are authorized by the President of the United
 23 States that entail military action [against] in Iraq or Afghanistan and
 24 who is serving [in the Middle East] outside the United States on the
 25 final day that payment of such property tax or installment or part
 26 thereof is due.

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 October 1, 2011</i>	New section
Sec. 2	<i>October 1, 2011, and applicable to assessment years commencing on or after October 1, 2011</i>	12-146c

VA *Joint Favorable C/R*

FIN

FIN *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 12 \$	FY 13 \$
All Municipalities	Revenue Loss	None	Potential

Explanation

Commencing in FY 13, municipalities will experience a loss in revenue, estimated at no more than \$50,000 each, equal to the interest that accrues for up to one year on delinquent property tax payments of members of the military, national guard or reserves called to active service in Iraq or Afghanistan, who are outside the country on the final day payment is due.

Actual revenue losses will depend upon the number of delinquent taxpayers, the length of time during which payment is delinquent, and the amount of tax due. For comparison purposes, applying 18% to an average property tax collection of \$2,500¹ yields an interest penalty of \$450 on a full year basis. Approximately 1,400 active duty military personnel from Connecticut are estimated to be serving in Iraq or Afghanistan.² If each were to benefit from the interest waiver for a full year, an aggregate revenue loss of \$630,000 would result.

A further revenue loss would be experienced by any municipality opting to use the authority granted under Section 1 to extend a similar

¹ In FY 2008, per capita property tax collections in Connecticut were valued at \$2,381.

² As of 9/30/10, active duty military personnel deployed in Iraq and Afghanistan totaled 96,200 and 105,900, respectively. Applying Connecticut's share of military enlistment (0.69%) to each total yields 664 and 731.

waiver to those on active service outside the state. As of December 2006, 8,978 Connecticut residents were on active duty (number out-of-state unknown).

The Out Years

State Impact: None

Municipal Impact:

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of active duty service members who are Connecticut residents, as well as the status of military operations in Iraq and Afghanistan.

Sources: *"Active Duty Military Personnel Strengths by Regional Area and by Country,"*
September 30, 2010. Department of Defense.
"Enlisted Representation Ratios for 2007," Heritage Foundation
"State and Local Property Tax Collections Per Capita by State – Fiscal Year
2008," Tax Foundation.

OLR Bill Analysis**sSB 377*****AN ACT CONCERNING INTEREST OWED ON PROPERTY TAXES BY MEMBERS OF THE ARMED FORCES CALLED TO ACTIVE SERVICE.*****SUMMARY:**

This bill (1) expands, to those serving in Afghanistan, current law's waiver of property tax interest for certain U.S. armed forces members called to active service in Iraq and (2) authorizes municipalities' legislative bodies to vote to waive property tax interest for certain U.S. armed forces members who have been called to active service outside the state.

By law, a town must charge 18% annual interest (1.5% per month) on delinquent property taxes (CGS § 12-146). The statutes define "armed forces" to mean the U.S. Army, Navy, Marine Corps, Coast Guard, Air Force, their reserve components, and the state's National Guard under federal service (CGS § 27-103).

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

ACTIVE SERVICE AND INTEREST OWED ON PROPERTY TAXES***Afghanistan***

Current law prohibits municipalities from charging or collecting interest for one year on any property tax, or a tax installment, for any state resident who is (1) a member of the armed forces and called to active service for military operations that the President authorizes for military action against Iraq and (2) serving in the Middle East on the final day the tax payment is due. The bill extends the waiver to those (1) called to active service for military action in Afghanistan and (2) serving outside the United States, rather than only in the Middle East,

when a property tax payment is due.

Active Service Outside the State

The bill authorizes a municipality, with approval of its legislative body, to elect not to charge or collect interest for one year on any property tax, or tax installment, which a state resident who is a U.S. armed forces member or member of another state's National Guard owes, if he or she:

1. was called to active service in the U.S. armed forces and
2. is serving outside the state on the final day a payment is due.

COMMITTEE ACTION

Select Committee on Veterans' Affairs

Joint Favorable Change of Reference
Yea 10 Nay 0 (03/08/2011)

Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 52 Nay 0 (04/07/2011)