



DELINQUENT PROPERTY TAXES

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QUESTIONS

What interest rate do neighboring states impose on delinquent property taxes?
Have any of these states offered property tax amnesty programs?

INTEREST RATE ON DELINQUENT PROPERTY TAXES

Table 1 lists the interest rate charged on delinquent property taxes in New England states and New York. As the table shows, Connecticut, Massachusetts, and New Hampshire require municipalities to charge a specific interest rate on delinquent property taxes, ranging from 12% per year in New Hampshire to 18% per year in Connecticut. The remaining states authorize municipalities to set the interest rate themselves.

Table 1: Interest Rate on Delinquent Property Taxes in Selected States

<i>State and Citation</i>	<i>Interest Rate on Delinquent Property Taxes</i>
<i>Connecticut</i> CGS § 12-146	18% per year (1.5% per month)
<i>Maine</i> Me. Rev. Stat. tit. 36, § 505	Varies locally; subject to maximum rate annually established by the state treasurer, according to statutory formula (7% for 2014)
<i>Massachusetts</i> Mass. Gen. Laws Ann. ch. 59, § 57	14% per year
<i>New Hampshire</i> N.H. Rev. Stat. Ann. § 76:13	12% per year
<i>New York</i> N.Y. Real Prop. Tax Law § 924-a	Varies locally; minimum of 12% (1% per month)
<i>Rhode Island</i> R.I. Gen. Laws Ann. § 44-5-5	Varies locally

Table 1 (continued)

State and Citation	Interest Rate on Delinquent Property Taxes
Vermont Vt. Stat. Ann. tit. 32, § 5136	Varies locally; maximum of 1% per month for the first three months and 1.5% per month thereafter (towns may also impose an additional penalty of up to 8%)

Source: CCH, *State Tax Smart Charts* and state statutes

PROPERTY TAX AMNESTY PROGRAMS

Based on our research, it appears that, of the selected states, Massachusetts and Connecticut are the only ones that have allowed municipalities to offer property tax amnesty programs.

Massachusetts authorized a municipal tax amnesty program in 2003 and again in 2010. Under both programs, municipalities could grant a full or partial waiver of accrued interest, collection costs, and penalties owed on delinquent real and personal property taxes and motor vehicle and boat excise taxes. According to a *State Tax Notes* report, 13 municipalities enacted an amnesty program under the 2003 legislation and six did so under the 2010 legislation (Justin M. Ross, "Amnesty for Property Tax Delinquents?" June 17, 2013).

Connecticut authorized municipalities to establish an amnesty program in 2009 for people owing taxes, assessments, fees, fines, or other payments to the municipality. The amnesty could provide for full or partial forgiveness of interest, penalties, fines, costs, or other fees due on the taxes, fees, assessments, fines, or other payments. The law authorized municipalities to set the eligibility criteria for the program and establish any terms they considered necessary to conduct the program effectively and efficiently ([PA 08-2, November 24 Special Session](#)). We have not identified any municipalities that chose to establish an amnesty program under the act.

RP:ro