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**Testimony of Attorney Walter M. Spader, Jr.
to be submitted to the Planning & Development Committee
February 19, 2016
in Opposition to Senate Bill-91
AN ACT CONCERNING THE INTEREST RATE
ON DELINQUENT PROPERTY TAXES.**

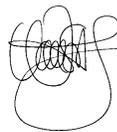
As an attorney who handles municipal tax collection in over a dozen towns and cities, I do not believe this proposal to lower the interest rate on taxes will be beneficial to our towns and cities, nor will it benefit taxpayers.

I agree with the testimony of COST - The uniform statewide rate of interest on delinquent taxes is designed to encourage payments to be made on time. The rate also serves to compensate municipalities for the loss that occurs when revenue is not paid in a timely manner. By authorizing towns to lower the interest rate, this bill would provide relief to delinquent taxpayers at the expense of residents and businesses who pay their taxes on time.

As an attorney who also handles closings, the uniform interest rate across the state provides certainty when advising clients on tax bills and when clients are purchasing properties with back taxes due on them.

In general, the lowering of interest rates on unpaid delinquent taxes discourages the large majority of taxpayers who pay their taxes on time from paying them on time. Municipalities (and municipal water/sewer providers) rely on timely payments to provide services for all citizens. Lowering the interest rate on delinquencies reduces municipal revenue and ultimately causes higher tax bills on taxpayers who struggle - but ultimately do - make timely tax payments to avoid interest.

While the Act only provides the local option to reduce interest, upon passage, many local governments will feel the undue political pressure to lower their interest rates, causing confusion for closing attorneys and ultimately, reduced municipal revenue.



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