OLR Bill Analysis
sSB 1135

AN ACT CONCERNING THE MUNICIPAL INTEREST RATE APPLICABLE TO DELINQUENT PROPERTY TAXES.

SUMMARY

This bill gives municipalities the option of reducing the interest rate they charge on delinquent property taxes.

Under current law, property taxes accrue interest at a rate of 1.5% per month (18% per year) for each month or part of a month that elapses between the due date and the payment date. The bill allows a municipality, by vote of its legislative body (or if the legislative body is a town meeting, by vote of the board of selectmen) to approve a rate of less than 18%. The bill makes conforming changes to the interest rate for delinquent property taxes on (1) personal property used in rendering certain telecommunications services and (2) property sold for tax purposes.

By law, the interest rate on other delinquent taxes and assessments is linked to the interest rate municipalities charge on delinquent property taxes (e.g., sewer assessments, special taxing district taxes, and special assessments on blighted housing). By giving municipalities the option of approving a lower rate, the bill also potentially reduces the interest rate charged on these other delinquent taxes and assessments.

As under current law, the minimum interest charge is $2, which a municipality may, by vote of its legislative body, choose not to impose. The bill specifies that, in the case of a municipality in which the legislative body is a town meeting, the board of selectman may vote not to impose the minimum. It similarly specifies that boards of selectmen in municipalities in which the legislative body is a town meeting may require delinquent property taxes to be paid only in cash.
or by certified check or money order. Current law allows municipalities to do so only by vote of their legislative bodies.

EFFECTIVE DATE: July 1, 2019

COMMITTEE ACTION
Finance, Revenue and Bonding Committee

Joint Favorable Substitute
Yea 45 Nay 5 (05/01/2019)