



**Testimony
Betsy Gara
Executive Director
Connecticut Council of Small Towns
Before the Finance, Revenue & Bonding Committee
April 29, 2019**

OPPOSE – SB-1135 - AN ACT CONCERNING THE INTEREST RATE ON DELINQUENT PROPERTY TAXES.

The Connecticut Council of Small Towns (COST) opposes SB-1135, which would give towns the option to lower the interest rate on delinquent property taxes.

Although COST recognizes that this bill, as drafted, provides towns with the option to reduce the interest rate on delinquent property taxes, we are concerned that this will put undue pressure on local governments to lower the interest rate, resulting in a loss of much needed revenue to the town.

The rate of interest 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. Moreover, our tax collectors point out that an interest rate on delinquent taxes that varies from town to town will undermine enforcement.

In addition, the municipal interest rate on delinquent property taxes is actually lower than what the state charges, when you factor in penalties. For example, the state imposes a penalty of 15% of the tax due plus 1% per month interest on delinquent sales taxes, and a penalty of 10% of the tax due plus 1% per month interest on delinquent income taxes.

COST respectfully urges rejection of this bill.

Founded in 1975, COST is the state's only organization dedicated exclusively to advocating on behalf of the interests of Connecticut's smaller towns.

Connecticut Council of Small Towns

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