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OFFICE OF THE TAX COLLECTOR

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Testimony

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Tax Collector, Town of Bethany

SB-1135 -AN ACT CONCERNING THE MUNICIPAL INTEREST RATE APPLICABLE TO DELINQUENT PROPERTY TAXES.

(3) Any municipality, by vote of its legislative body or, in the case of a municipality in which the legislative body is a town meeting, its board of selectmen, may approve a rate of interest of less than eighteen per cent per annum for the purposes of this section.

This testimony is respectfully submitted in opposition to SB 1135 which would enable municipalities by a vote of its legislative body to set its own interest rate other than be bound by the uniform interest of eighteen percent per annum as set forth in §12-146. If approved, this legislation will introduce a level of uncertainty and anxiety among taxpayers who are also voters when this issue is certain to be used as a wedge by municipal candidates during an election cycle. The interest rate would likely change from administration to administration to the extent that record keeping and refunds for overpayment of taxes for past Grand Lists would be very difficult to calculate. All third party software would need to be modified to accommodate this legislative change at a cost to the municipalities.

In addition, this legislation would further widen the gap between municipalities. There is already enough economic disparity among Connecticut cities and towns without adding to it by enabling wealthier communities to reduce delinquent interest rates to a number that small, working class towns could only wish for. I refer you to an old but still relevant pamphlet created and distributed by the Connecticut Conference of Municipalities in 2006 entitled, LOCAL PROPERTY TAXES AND CONNECTICUT'S STATE GOVERNMENT. It lists the various revenue generators available to the state versus a municipality:

THE STATE:

Personal Income Tax
Sales and Use Tax
Corporate Income Tax
Public Service Corporation Tax
Inheritance / Estate Tax

MUNICIPALITIES:

Property Tax
Real Estate Conveyance Tax

Insurance Companies Tax
Cigarette Tax
Alcoholic Beverage Tax
Admissions, Dues and Cabaret Tax
Motor Fuels Tax
Real Estate Conveyance Tax
Nine other Miscellaneous Taxes

It is abundantly clear that municipalities have much less ability to produce revenue. To force us by means of pitting one town against another or enabling politicians to use this newly acquired power as a campaign wedge issue further degrades the fabric of our civility and sense of community.

Regards,

J. K. Doba