Raised Bill SB 1135 – An Act Concerning the Municipal Interest Rate Applicable to Delinquent Property Taxes

This testimony is respectfully submitted in opposition of raised SB 1135, which would allow municipalities a local option to charge an interest rate less than 18% on delinquent property taxes.

Municipalities should act in a uniform and consistent manner regarding taxation. Maintaining a uniform interest rate of 18% throughout the state creates a fair and equitable process for all State residents.

In addition, an interest rate of 18% on delinquent property taxes encourages residents to pay their taxes on time. It is not fair to those residents who have paid their bill on time. The municipality would need to build in more of an allowance for delinquencies in the calculation of the mill rate which would switch the burden onto those taxpayers who pay their bill on time. More people may take advantage of a lower interest rate extending the time for their payment. An increase in delinquencies will create a cash flow issue for municipalities as well as less interest income. Allowing a local option where the interest rate may vary from town to town will weaken the strength of the Tax Collectors ability to collect taxes in a timely manner and may also cause disparity among towns.