April 30, 2019

Testimony in opposition to: SB 1135 An Act Concerning the Municipal Interest Rate Applicable to Delinquent Property Taxes.

I stand in opposition of the proposal allowing each community in Connecticut to determine the ‘value of penalty’ (interest) applied to delinquent tax.

I think and believe there are two concepts which should stand on their own merits and not be allowed to become ‘homogenized’ or blended into one. ‘Late fee penalty’ on delinquent tax - versus commercial interest rates.

In my view the ‘late fee penalty’ applied to tax is a penalty - for not having paid a tax due within defined terms: CT State Statute; Chapter 204, Local Levy and Collection of Taxes; Section 12-146. While it is true the ‘late fee penalty’ is calculated as a percentage - I am concerned about the penalty on delinquent tax becoming thought of as the same as the percentage charged on commercial financing products such as credit cards, auto loans, home mortgages, etc. A state wide uniform ‘penalty’ applied to delinquent tax - which does not change from community to community – is fair and equitable state wide.

Additionally - (line 34 through 37) (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 percent per annum for the purposes of this section. It seems to me the way this is worded the ‘late fee penalty’ has potential to become a political issue. The legislative body in some cases may be a ‘strong mayor’ who might use this as a campaign issue. As written - in a community where the legislative body is the town meeting ‘its board of selectmen (not the town meeting), may approve a rate of interest of less than eighteen percent per annum for the purposes of this section’. I believe the ‘late fee penalty’ should be established within State Statute and remain at a ‘penalty’ level which would encourage the owner of taxable property to satisfy the delinquent tax - sooner rather than later. A lesser penalty in my opinion would make it more attractive for ‘other’ obligations to be paid first – thus reducing ‘tax’ obligation in priority or importance.

Remember: A tax is a fine for doing well – A fine is a tax for doing poorly. I came across this statement once while traveling the backroads of Vermont. The message was printed on a sign - in an antique shop – for sale – I have not forgiven myself for leaving this item behind.

I ask you not adopt the proposed changes in Bill No. 1135.

Respectfully,

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