
OLR Bill Analysis

sHB 6553

AN ACT PROTECTING PROPERTY OWNERS AGE SIXTY AND OLDER FROM FORECLOSURE.

SUMMARY

This bill prohibits a municipality from:

1. placing a lien on real property that is the primary residence of a taxpayer aged 60 or older for delinquent taxes unless the taxes owed exceed 8% of the property's assessed value;
2. assessing interest on delinquent property taxes for these properties that exceeds the U.S. prime rate reported by the Wall Street Journal or 12%, whichever is lower (see BACKGROUND);
3. assessing legal fees, penalties, and other fees associated with collecting delinquent taxes on these properties that exceed 20% of taxes due at the time of settlement; and
4. selling, assigning, or transferring a lien on such a property to a third party unless taxes have been delinquent on the property for at least four years.

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 specifies that it applies regardless of any law, policy, rule, or regulation that conflicts with the bill's provisions. The bill's maximum interest rate applies only to "property taxes." The other prohibitions appear to apply to "taxes" generally, if they constitute a lien against real property when delinquent.

The bill also requires municipal tax collectors to include in an annual mailing to property owners on taxes to be collected a notice

that a taxpayer aged 60 or older may:

1. notify the tax collector of his or her age and eligibility for the bill's provisions and
2. designate a third party to receive notice whenever the taxpayer becomes delinquent on real property taxes or water or sewer assessments.

The bill requires the notice to also include forms for the notification and designation and any of the tax collector's documentation requirements concerning the taxpayer's age.

EFFECTIVE DATE: October 1, 2021

BACKGROUND

Wall Street Journal Prime Rate

The U.S. prime rate is the underlying index used by lenders to set rates on various consumer loan products, such as credit cards, home equity loans, lines of credit, personal loans, or auto loans. The Wall Street Journal surveys the largest 30 banks and publishes the consensus prime rate and amends it when $\frac{3}{4}$ of the banks change the rate. The prime rate is based on the federal funds rate, which is set by the Federal Reserve Board.

COMMITTEE ACTION

Aging Committee

Joint Favorable Substitute

Yea 16 Nay 0 (03/11/2021)