OLR Bill Analysis
sSB 1064

AN ACT CONCERNING A WAIVER OF INTEREST ON PROPERTY TAX PAYMENTS FOR CERTAIN REAL AND PERSONAL PROPERTY AND THE INTEREST RATE FOR CERTAIN TAXES AND ASSESSMENTS.

SUMMARY

This bill allows municipalities to waive interest on certain delinquent property tax payments and reduces the interest rate municipalities must impose on these and other delinquent payments. Specifically, it:

1. allows municipalities to waive the interest on property taxes due for the 2020 tax year on property used for manufacturing or commercial purposes (including financial, mercantile, or trading purposes) if the municipality’s legislative body, or board of selectmen in town meeting towns, approves (§ 1);

2. reduces the interest rate municipalities must impose on delinquent property taxes from 18% to 12% per year (§§ 2 & 3); and

3. imposes interest on delinquent special assessments on blighted properties and at the same interest rate as delinquent property taxes (i.e., 12% under the bill) (§ 4).

By law, the interest rate on other delinquent local taxes and assessments is linked to the interest rate municipalities charge on delinquent property taxes (e.g., sewer assessments, special taxing district taxes, and assessments on real estate with certain code violations for which the municipality incurred expenses). Thus, the bill also (1) reduces the interest rate charged on these other delinquent taxes and assessments and (2) makes a conforming change regarding special taxing districts (§ 5).
EFFECTIVE DATE: July 1, 2021, and applicable to delinquent tax and special assessment interest determinations made on or after that date.

DELINQUENT PROPERTY TAXES

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 decreases the monthly interest rate to 1% (12% per year).

DELINQUENT SPECIAL ASSESSMENTS ON BLIGHTED PROPERTIES

By law, a municipality that has adopted a housing blight ordinance may also adopt an ordinance to impose a special assessment on blighted housing, provided the municipality and ordinance fulfill certain statutory requirements. An unpaid special assessment constitutes a lien on the property, running from the date of the special assessment.

The bill requires municipalities to charge interest on special assessments that are not paid within 30 days after the due date. The interest accrues from the due date and at the same rate as delinquent property taxes (12% under the bill) and becomes a part of the lien. The bill additionally makes technical changes.

BACKGROUND

Existing Authority to Waive Interest

Under existing law, municipalities’ statutory authority to waive interest on delinquent property taxes is limited to certain specific situations (e.g., if the tax collector and assessor jointly determine that the tax delinquency is the result of an error by either official (CGS § 12-145)). Additionally, they may waive taxes and interest under narrow conditions for certain business taxpayers (e.g., certain food manufacturing plants on at least 100 acres (CGS § 12-81o)).

COMMITTEE ACTION

Planning and Development Committee
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