

Waiving Interest on Delinquent Property Taxes

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Issue

Under what circumstances can towns waive interest on delinquent property taxes? Which types of property tax relief were provided as a result of the COVID-19 pandemic?

This report updates OLR Report [2018-R-0219](#).

Property Tax Interest Waivers

Towns have limited statutory authority to waive interest on delinquent property taxes. The law requires or permits towns to waive interest in these specific situations:

1. Towns may waive interest if their tax collector and assessor jointly determine that the tax delinquency is the result of an error by either official and not the result of any action or omission by the taxpayer ([CGS § 12-145](#)).
2. Town selectmen, city mayors and aldermen, borough wardens and burgesses, and other communities' committees may abate taxes or the interest on delinquent taxes assessed on people who are poor and cannot pay ([CGS § 12-124](#)).
3. Towns, by vote of their legislative bodies, may waive property taxes (including interest) or installments thereof if the amount due is less than \$100 ([CGS § 12-144c](#), as amended by [PA 21-73](#), § 3, effective July 1, 2021; see also [CGS § 12-141](#)).
4. Towns must waive all or part of the interest due for a taxpayer who is a crime victim and who has received compensation from the state's Criminal Injuries Compensation Fund ([CGS § 12-146](#)).

5. Towns must waive the interest on delinquent property taxes owed by certain active military members serving out-of-state when taxes become due or who have been living in the state for less than a year since returning from out-of-state service (interest must be reinstated if such taxes remain unpaid one year after the taxpayer returns from out-of-state service) ([CGS § 12-146e](#)).

In addition, towns may waive taxes and interest under narrow conditions for certain types of business taxpayers, including entities remediating brownfields ([CGS § 12-81r](#)); railroad companies under bankruptcy reorganization ([CGS § 12-124](#)); private, nonprofit water suppliers ([CGS § 12-125a](#)); amusement theme parks ([CGS § 12-81p](#)); nonprofit land conservation organizations ([CGS § 12-81dd](#)); and food manufacturing plants ([CGS § 12-81o](#)).

COVID-19 Pandemic-Related Tax Relief Programs

Required Relief

Governor Lamont established two programs to provide temporary property tax and municipal utility charge relief to eligible businesses, nonprofits, residents, and taxpayers. The Deferral Program gave eligible taxpayers a three-month grace period for paying property taxes and municipal utility charges, and the Low Interest Rate Program provided a three-month window of lower interest rates on delinquent tax and municipal utility bills. Municipalities were required to participate in at least one of these programs. [Executive Order \(EO\) 7S](#), as amended by [EO 7W](#), established general program parameters and required the Office of Policy and Management to issue further guidance. The programs applied to specified taxes or charges that (1) become due from April 1, 2020, through and including July 1, 2020, or (2) were delinquent on April 1, 2020. Further information can be found in OLR Report [2020-R-0132](#).

Municipal Option Relief

During the 2021 legislative session, a new law was passed that allows municipalities and taxing districts to provide temporary property tax or municipal utility charge relief to eligible businesses, nonprofits, residents, and taxpayers for FYs 22 and 23. With the approval of their legislative bodies or boards of directors, municipalities and taxing districts may establish a program that (1) defers these payments for 90 days or (2) lowers the interest rate on late payments for 90 days, generally from 1.5% to 0.25% per month ([PA 21-73](#), §§ 1-2, effective July 1, 2021).

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