

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 21-73—sHB 6643

Planning and Development Committee

AN ACT CONCERNING MUNICIPAL TAXATION ASSISTANCE PROGRAMS AND THE MUNICIPAL PROPERTY TAX WAIVER

SUMMARY: This act increases the maximum total property tax bill that a municipality's legislative body may waive, from less than \$25 to less than \$100.

It additionally allows municipalities and taxing districts to adopt programs for FYs 22 and 23 to provide certain temporary property tax or municipal utility charge relief to residents, businesses, and nonprofits (i.e., taxpayers), as long as the municipality's legislative body, or taxing district's board of directors, approves the program. The act authorizes municipalities and taxing districts to establish these programs regardless of any conflicting state statutes regarding taxing districts or local taxes, special acts, charters, home rule ordinances, or local laws.

EFFECTIVE DATE: July 1, 2021

OPTIONAL RELIEF PROGRAMS

Under the act, municipalities and taxing districts may, with approval from their legislative body or board of directors, establish programs that:

1. allow taxpayers to defer payments for 90 days from the date they are due or
2. lower the interest rate (generally from 1.5% to 0.25% per month) on late payments for 90 days from the date they become due.

Under either program, the relief may apply to property taxes (including those owed on real and personal property and motor vehicles) or municipal water, sewer, or electric rates, charges, or assessments (i.e., municipal utility charges).

Payment Deferral

Municipalities and districts that offer a payment deferral program must allow taxpayers to defer property tax or municipal utility payments for 90 days after the due date. Under existing law, unchanged by the act, taxpayers generally have a one-month grace period, after which interest accrues from the due date (CGS § 12-146).

Lowered Interest Rate

Municipalities and districts that adopt a program to lower interest rates must subject delinquent property tax and municipal utility payments to an interest rate of 0.25% per month (3% per year) for 90 days after they become due, unless the

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full amount is paid sooner or the interest rate under existing law is lower. After the 90-day period expires, any unpaid amount is subject to the penalties and interest rate specified under existing law.

Generally, municipal 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 (CGS § 12-146). The same rate typically applies to municipal utility charges.

BACKGROUND

Existing Authority to Waive Interest

Existing law limits municipalities' statutory authority to waive interest on delinquent property taxes 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 must waive the interest for a taxpayer who is a crime victim and who has received compensation from the state's Criminal Injuries Compensation Fund, and for certain active military members (CGS §§ 12-146 and 12-146e).

Related Executive Orders (EOs)

EOs 7S, § 6, and 7W, § 1, established a similar deferment program and low interest rate program and required municipalities to participate in one or both programs.