



# House of Representatives

General Assembly

**File No. 449**

February Session, 2024

House Bill No. 5396

*House of Representatives, April 11, 2024*

The Committee on Planning and Development reported through REP. KAVROS DEGRAW of the 17th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## ***AN ACT LIMITING THE ASSESSMENT OF INTEREST ON CERTAIN DELINQUENT PROPERTY TAX PAYMENTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-145 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2024, and*  
3 *applicable to assessment years commencing on or after October 1, 2024*):

4 (a) The tax collector of each municipality shall, at least five days next  
5 preceding the time when each tax becomes due and payable, give notice  
6 of the time and place at which the tax collector will receive such tax by  
7 advertising in a newspaper published in such municipality or, if no  
8 newspaper is published in such municipality, by advertising in any  
9 newspaper of the state having a general circulation in such municipality  
10 and by posting such notice on a signpost, a bulletin board or the  
11 municipality's Internet web site. The tax collector shall repeat such  
12 advertising within one week after such tax has become due and payable  
13 and, again, at least five days before such tax becomes delinquent. Each

14 such notice shall give each date on which such tax shall become due and  
 15 payable and each date on which such tax shall become delinquent, and  
 16 shall state that, as soon as such tax becomes delinquent, it shall be  
 17 subject to interest at the rate of one and one-half per cent of such tax for  
 18 each month or fraction thereof which elapses from the time when such  
 19 tax becomes due and payable until the same is paid.

20 (b) The tax collector of a municipality may waive the interest on  
 21 delinquent property taxes if the tax collector and the assessor, jointly,  
 22 determine that the delinquency is attributable to an error by the tax  
 23 [assessor or tax] collector or assessor and is not the result of any action  
 24 or failure on the part of the taxpayer. If the tax collector declines to waive  
 25 any such interest, the total amount charged to such taxpayer in interest  
 26 shall not exceed an amount equal to twelve per cent of the principal  
 27 amount of such property tax. The tax collector shall notify the taxing  
 28 authority of the municipality of all waivers granted pursuant to this  
 29 section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2024, and applicable to assessment years commencing on or after October 1, 2024</i>	12-145

**PD**      *Joint Favorable*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 25 \$</b>	<b>FY 26 \$</b>
All Municipalities	Revenue Loss	Potential	Potential

**Explanation**

The bill caps the total interest that tax collectors may charge on delinquent property tax at 12% if the collector and assessor jointly determine the delinquency was because of a mistake made by the collector or assessor. This results in a potential revenue loss to municipalities beginning in FY 25 to the extent the lower interest rate is charged. Under current law, the interest rate on delinquent taxes is 18%.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of property tax delinquencies that are at the fault of the tax collector or assessor.

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**OLR Bill Analysis****HB 5396*****AN ACT LIMITING THE ASSESSMENT OF INTEREST ON CERTAIN DELINQUENT PROPERTY TAX PAYMENTS.*****SUMMARY**

Existing law allows municipal tax collectors to waive interest on delinquent property taxes when the collector and assessor jointly find that the delinquency was because of a mistake by one of them and not the taxpayer's action or failure. This bill caps at 12% of the principal amount the total interest that tax collectors may charge on these delinquencies if they decline to waive the interest. It appears the interest rate cap applies regardless of the reasons for the waiver's denial.

By law, unchanged by the bill, the interest rate on delinquent taxes is 1.5% per month (18% per year). Presumably, under the bill, tax collectors must impose interest at 1.5% per month until reaching the 12% cap.

EFFECTIVE DATE: October 1, 2024, and applicable to assessment years starting on or after that date.

**BACKGROUND*****Related Bills***

HB 5171 (File 4), favorably reported by the Planning and Development Committee, requires rather than allows municipal tax collectors to waive interest on these delinquencies and requires the municipality's legislative body to approve these waivers.

HB 5144 (File 168), favorably reported by the Banking Committee, reduces, from 18% to 12%, the annual interest rate on unpaid taxes when a tax collector files a lien on the property and assigns the lien.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea 14 Nay 6 (03/22/2024)