

---

---

## **OLR Bill Analysis**

### **sSB 1316**

#### ***AN ACT REDUCING INTEREST DUE ON CERTAIN DELINQUENT MUNICIPAL PROPERTY TAXES.***

#### **SUMMARY**

This bill reduces, from 18% to 12%, the annual interest rate on delinquent property taxes when a municipal tax collector files a lien on the property and assigns the lien (i.e. sells it to an outside party). Currently, delinquent property taxes generally accrue interest at a rate of 18% per year.

By law, an assignee of a municipal tax lien (i.e. party who bought the lien) has the same powers and rights as the municipality and its tax collector would have if the lien had not been assigned. Under current law, this includes charging the 18% annual interest rate. However, for assignments executed on or after July 1, 2026, and beginning on the date a lien is assigned, the bill reduces this amount to 12% on the delinquent portion of the principal of the assigned taxes.

By law, the interest rate on other delinquent taxes and assessments is linked to the interest rate municipalities charge on delinquent property taxes (e.g., sewer assessments, special taxing district taxes, and special assessments on blighted housing). By lowering the delinquent property tax interest rate for properties with assigned liens, the bill also potentially reduces the interest rate charged on these other delinquent taxes and assessments when the lien is assigned.

EFFECTIVE DATE: October 1, 2025

#### **BACKGROUND**

##### ***Related Bill***

SB 1339, favorably reported by the Banking Committee, also reduces the interest rate on these assigned liens to 12% and, among other things,

additionally caps certain attorney's fees associated with them.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea 20 Nay 0 (03/07/2025)