



# Senate

General Assembly

**File No. 434**

January Session, 2023

Senate Bill No. 1142

*Senate, April 4, 2023*

The Committee on Planning and Development reported through SEN. RAHMAN of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

## **AN ACT CONCERNING 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 Section 12-145 of the general statutes is repealed and the  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, 2023, and*  
3 *applicable to assessment years commencing on or after October 1, 2023*):

4 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  
18 for each month or fraction thereof which elapses from the time when  
19 such tax becomes due and payable until the same is paid. The tax  
20 collector of a municipality [may] shall waive the interest on delinquent  
21 property taxes if the tax collector and the assessor, jointly, determine  
22 that the delinquency is attributable to an error by the tax assessor or tax  
23 collector and is not the result of any action or failure on the part of the  
24 taxpayer. The tax collector shall notify the taxing authority of the  
25 municipality of all waivers granted pursuant to this section.

26 Sec. 2. Section 12-146 of the general statutes is repealed and the  
27 following is substituted in lieu thereof (*Effective October 1, 2023, and*  
28 *applicable to assessment years commencing on or after October 1, 2023*):

29 Unless the context otherwise requires, wherever used in this section,  
30 "tax" includes each property tax and each installment and part thereof  
31 due to a municipality as it may have been increased by interest, fees and  
32 charges. If any tax due in a single installment or if any installment of any  
33 tax due in two or more installments is not paid in full (1) on or before  
34 the first day of the month next succeeding the month in which it became  
35 due and payable, or if not due and payable on the first day of the month,  
36 (2) on or before the same date of the next succeeding month  
37 corresponding to that of the month on which it became due and payable,  
38 the whole or such part of such installment as is unpaid shall thereupon  
39 be delinquent and shall be subject to interest from the due date of such  
40 delinquent installment. Except for unpaid real estate taxes the collection  
41 of which was, or is, deferred under the provisions of section 12-174, and  
42 any predecessor and successor thereto, which unpaid real estate taxes  
43 continue to be subject to the provisions of such deferred collection  
44 statutes, the delinquent portion of the principal of any tax shall be  
45 subject to interest at the rate of [eighteen] twelve per cent per annum  
46 from the time when it became due and payable until the same is paid,  
47 subject to a minimum interest charge of two dollars per installment  
48 which any municipality, by vote of its legislative body, may elect not to  
49 impose, and provided, in any computation of such interest, under any  
50 provision of this section, each fractional part of a month in which any

51 portion of the principal of such tax remains unpaid shall be considered  
52 to be equivalent to a whole month. Each addition of interest shall  
53 become, and shall be collectible as, a part of such tax. Interest shall  
54 accrue at said rate until payment of such taxes due notwithstanding the  
55 entry of any judgment in favor of the municipality against the taxpayer  
56 or the property of the taxpayer. The collector shall apply each partial  
57 payment to [the wiping out of] such accrued interest before making any  
58 application thereof to the reduction of such principal. If any tax, at the  
59 time of assessment or because of a subsequent division, represents two  
60 or more items of property, the collector may receive payment in full of  
61 such part of the principal and interest of such tax as represents one or  
62 more of such items, even though interest in full on the entire amount of  
63 the principal of such tax has not been received up to the date of such  
64 payment; in which event, interest on the remaining portion of the  
65 principal of any such tax shall be computed, as the case may be, from  
66 the due date of such tax if no other payment after delinquency has been  
67 made or from the last date of payment of interest in full on the whole  
68 amount or unpaid balance of the principal of such delinquent tax if  
69 previous payment of interest has been made. Each collector shall keep a  
70 separate account of such interest and the time when the same has been  
71 received and shall pay over the same to the treasurer of the municipality  
72 of the collector as a part of such tax. No tax or installment thereof shall  
73 be construed to be delinquent under the provisions of this section if (A)  
74 such tax or installment was paid through a municipal electronic  
75 payment service within the time allowed by statute for payment of such  
76 tax or installment, or (B) the envelope containing the amount due as  
77 such tax or installment, as received by the tax collector of the  
78 municipality to which such tax is payable, bears a postmark showing a  
79 date within the time allowed by statute for the payment of such tax or  
80 installment. Any municipality may, by vote of its legislative body,  
81 require that any delinquent property taxes shall be paid only in cash or  
82 by certified check or money order. Any municipality adopting such  
83 requirement may provide that such requirement shall only be applicable  
84 to delinquency exceeding a certain period in duration as determined by  
85 such municipality. Any municipality shall waive all or a portion of the

86 interest due and payable under this section on a delinquent tax with  
87 respect to a taxpayer who has received compensation under chapter 968  
88 as a crime victim.

89 Sec. 3. Subsection (f) of section 12-157 of the general statutes is  
90 repealed and the following is substituted in lieu thereof (*Effective October*  
91 *1, 2023, and applicable to assessment years commencing on or after October 1,*  
92 *2023*):

93 (f) Within sixty days after such sale, the collector shall cause to be  
94 published in a newspaper having a daily general circulation in the town  
95 in which the real property is located, and shall send by certified mail,  
96 return receipt requested, to the delinquent taxpayer and each  
97 mortgagee, lienholder and other encumbrancer of record whose interest  
98 in such property is choate and is affected by such sale, a notice stating  
99 the date of the sale, the name and address of the purchaser, the amount  
100 the purchaser paid for the property and the date the redemption period  
101 will expire. The notice shall include a statement that if redemption does  
102 not take place by the date stated and in the manner provided by law, the  
103 delinquent taxpayer, and all mortgagees, lienholders and other  
104 encumbrancers who have received actual or constructive notice of such  
105 sale as provided by law, that their respective titles, mortgages, liens,  
106 restraints on alienation and other encumbrances in such property shall  
107 be extinguished. After such notice is published, and not later than six  
108 months after the date of the sale or within sixty days if the property was  
109 abandoned or meets other conditions established by ordinance adopted  
110 by the legislative body of the municipality, if the delinquent taxpayer,  
111 mortgagee, lienholder or other encumbrancer whose interest in the  
112 property will be affected by such sale, pays to the collector, the amount  
113 of taxes, interest and charges which were due and owing at the time of  
114 the sale together with interest on the total purchase price paid by the  
115 purchaser at the rate of [eighteen] twelve per cent per annum from the  
116 date of such sale plus any taxes and debts owed to the municipality that  
117 were not recovered by the sale and any additional charges under section  
118 12-140, such deed, executed pursuant to subsection (e) of this section,  
119 shall be delivered to the collector by the town clerk for cancellation and

120 the collector shall provide a certificate of satisfaction to the person  
 121 paying the money who, if not the person whose primary duty it was to  
 122 pay the tax or taxes, shall have a claim against the person whose primary  
 123 duty it was to pay such tax or taxes for the amount so paid, and may  
 124 add the same with the equivalent precedence, rate of interest and  
 125 priority as the tax paid over other nongovernmental encumbrances but  
 126 without precedence or priority over any state or municipal tax lien or  
 127 any tax that was not yet due and payable when notice of the levy was  
 128 first published to any claim for which he has security upon the property  
 129 sold, provided the certificate of satisfaction is recorded on the land  
 130 records but the interests of other persons in the property shall not be  
 131 affected. Within ten days of receipt of such amounts in redemption of  
 132 the levied property, the collector shall notify the purchaser by certified  
 133 mail, return receipt requested, that the property has been redeemed and  
 134 shall tender such payment, together with the amount held pursuant to  
 135 subparagraph (A) of subdivision (1) of subsection (i) of this section, if  
 136 any, to the purchaser. If the purchase money and interest are not paid  
 137 within such redemption period, the deed shall be recorded and have full  
 138 effect.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	12-145
Sec. 2	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	12-146
Sec. 3	<i>October 1, 2023, and applicable to assessment years commencing on or after October 1, 2023</i>	12-157(f)

**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:**

Municipalities	Effect	FY 24 \$	FY 25 \$
All Municipalities	STATE MANDATE <sup>1</sup> - Revenue Loss	Potential	Potential

**Explanation**

The bill (1) decreases the interest rate on delinquent property taxes from 18% to 12% per year and (2) requires tax collectors to waive interest on delinquent property taxes when the tax collector and assessor jointly determine the delinquency was due to a mistake by either official and was not the taxpayers fault. This will result in a potential revenue loss to municipalities beginning in FY 24 as municipalities will collect less in interest on delinquent property taxes and must waive interest on certain delinquent property taxes.

The extent of the revenue loss will be dependent on the number of delinquencies, how late the payments are and the amount of property tax that is delinquent. Municipalities with no delinquencies will not be impacted.

**The Out Years**

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<sup>1</sup> State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of property tax delinquencies.

**OLR Bill Analysis****SB 1142*****AN ACT CONCERNING CERTAIN DELINQUENT PROPERTY TAX PAYMENTS.*****SUMMARY**

This bill decreases the interest rate on delinquent property taxes from 18% to 12% per year (i.e., from 1.5% to 1% per month). It makes a conforming change to the interest rate for delinquent property taxes on property sold for tax purposes, but it retains the 1.5% per-month rate for delinquent property taxes on personal property used for certain telecommunications services (CGS § 12-80a). As under existing law, the minimum interest charge is \$2, which a municipality may, by vote of its legislative body, choose not to impose.

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). So, the bill also reduces the interest rate charged on these other delinquent taxes and assessments.

The bill also requires, rather than allows, tax collectors to waive interest on delinquent property taxes when the tax collector and assessor jointly determine that the delinquency was due to a mistake by either official and not the taxpayer's action or failure.

Lastly, the bill makes a technical change.

EFFECTIVE DATE: October 1, 2023, and applicable to assessment years beginning on or after that date.



**BACKGROUND*****Related Bill***

HB 6751 (File 206), favorably reported by the Banking Committee, reduces, from 18% to 12%, the annual interest rate on unpaid property taxes when a tax collector files a lien on the property and assigns the lien (i.e., sells it to an outside party).

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable

Yea 18    Nay 3    (03/17/2023)