

Planning and Development Committee

JOINT FAVORABLE REPORT

Bill No.: SB-1142

Title: AN ACT CONCERNING CERTAIN DELINQUENT PROPERTY TAX PAYMENTS.

Vote Date: 3/19/2023

Vote Action: Joint Favorable

PH Date: 3/10/2023

File No.:

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SPONSORS OF BILL:

Planning & Development Committee

REASONS FOR BILL:

This bill reduces the interest rate on delinquent property tax payments from 18% to 12%. It also requires tax collectors to waive the interest on delinquent payments if the delinquency is attributable to error and not any action or failure of the taxpayer.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Betsy Gara, Executive Director, Connecticut Council of Small Towns \(COST\)](#): Opposes this bill

COST is concerned that this bill will undermine the ability of towns to collect delinquent property taxes. Also, lowering the delinquency interest rate to 12%. will result in the loss of much needed revenues and would also shift a greater burden to other taxpayers.

[Jeff Gentes, Connecticut Fair Housing Center](#): Supports this bill

We often work with people facing foreclosure from tax bills and, worse, tax liens sold by towns to debt collectors, we are familiar with the hardships they face and their desire to get current as soon as possible. An 18% rate makes it harder to catch up and, given the interest rates of the past four decades, functions as a punishment rather than what should it be, just an incentive to pay on time. The lowering of the rate from 18% down to 12% will help many catch up who couldn't before.

[Donna Hamzy Carroccia, CSO, Connecticut Conference of Municipalities \(CCM\)](#):

Opposes this bill

The logic behind the delinquent interest rate is to encourage on-time payment of taxes, on which the financial health of municipalities depends. It also serves to compensate towns and cities for the financial loss that occurs from not having revenue paid in a timely manner. When you reduce incentives for persons to pay taxes on time, you impact taxpayers who pay their taxes on time – persons who are paying their fair share. These law-abiding taxpayers end up paying higher taxes to make up for those who aren't paying at all. CCM urges the Committee to oppose SB 1142 and instead focus on comprehensive property tax reform to assist all hard-pressed taxpayers. It's the fairest way to provide relief during this very difficult period.

NATURE AND SOURCES OF SUPPORT:

[Representative Al Paolillo, 97th District, Connecticut General Assembly:](#)

12-145 of the general statutes states that a town "may waive interest if the tax collector and the 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," however this would strengthen the law to require it. I also am supportive of Section 1 of the bill would reduce the interest rate on delinquent property tax payments from 18% to 12%. In a time when people are facing rising cost of living and inflation, I believe reducing this high burdensome amount of interest would be a helpful change when it comes to people who owe overdue property taxes and helps increase their ability to pay them and stay current in the future

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Robert Mayne

Date: March 22, 2023