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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)