
OLR Bill Analysis

sHB 5498

AN ACT CONCERNING REVISIONS TO STATUTES RELATING TO MUNICIPAL TAX COLLECTION.

SUMMARY

This bill makes several changes in laws on municipal tax collection, such as:

1. setting June 14 as the last day for towns to have a tax rate set, after which boards of selectmen set the rate;
2. removing the requirement that the Office of Policy and Management (OPM) approve certain municipalities' exemptions for the poor and railroads;
3. requiring tax payments to be correctly addressed (and postmarked by the due date, as existing law requires) to be considered paid on time;
4. changing the membership requirements for the committee that trains, examines, and certifies municipal tax collectors;
5. specifying how partial payments on delinquent bills must be applied to the amounts owed;
6. requiring municipalities to waive interest on late tax payments if the payment was stolen; and
7. requiring, rather than allowing (as under current law) municipalities to continue tax liens and allowing them to adjourn tax sales indefinitely.

EFFECTIVE DATE: October 1, 2026

§ 1 — INSUFFICIENT OR NO TAX RATE SET

By law, a town's board of selectmen must set the tax rate when the town fails to (1) set a rate (if a proposed budget is rejected, for example) or (2) set a rate that covers the town's expenses. The bill requires this if the town does not set a sufficient rate, or any rate, before June 15. (Generally, a municipality's board of finance or town council will propose a budget based on expected expenses and revenues and, if the budget is approved, the mill rate is calculated based on it.)

Under existing law, unchanged by the bill, when the board sets a rate, it must do so (1) using the most recently completed grand list and (2) at a level that allows the town to pay its expenses.

§ 2 — APPROVING TAX ABATEMENTS FOR THE POOR

The bill removes the requirement for the OPM secretary to approve property tax abatements that municipalities may, under existing law, provide to poor persons and certain bankrupt railroad companies. Under current law, the secretary must approve these abatements for municipalities that do not have a standing abatement committee to approve them.

§§ 3 & 5 — TAX BILLS***Notice About Spending Cap (§ 3)***

The bill modifies the notice about local spending caps that tax collectors must include on tax bills, aligning it with existing laws on spending caps. Under current law, the notice must say that the state will reduce grants to the town if the town's spending increases by more than 2.5% from the last fiscal year. The bill requires it to instead say that grants will be reduced if spending increases by 2.5% or more or the inflation rate, whichever is larger.

Postmark Rule (§ 5)

Under existing law, a tax payment is considered paid on time if the envelope's postmark shows it was mailed by the due date. The bill adds a condition to this, requiring the envelope to also be properly addressed.

The bill also expands what is considered a timely payment to include

mailed payments, in properly addressed envelopes, that have a private postage meter stamp dated by the due date. The envelope may not have a postmark indicating a different date.

§ 4 — TAX COLLECTOR CERTIFICATION COMMITTEE

The bill changes membership requirements for the committee that trains, examines, and certifies municipal tax collectors (the Certified Connecticut Municipal Collector Committee (CCMC)).

First, it removes the requirement that one member be an OPM employee, instead requiring the OPM secretary or someone he selects to be a member. The bill additionally requires that all other committee members (1) have CCMC certification and (2) be employed by a municipality in a position involved with collecting property taxes. If a member no longer meets these criteria, the bill requires the OPM secretary to appoint a replacement member to finish the term.

§§ 5 & 6 — DELINQUENT PAYMENTS

Partial Payments (§ 5)

The bill modifies a law on the order in which a taxpayer's debts should be paid when the taxpayer makes a partial payment (does not fully cover the amount owed), by aligning it with another law on the application of tax payments.

Currently, tax collectors must first apply the payment to interest and then the principal (the original tax amount owed). But, under the other law and the bill, the municipality (or tax collector) must apply partial payments to debts in this order: (1) expenses the delinquency caused (including attorney fees, collection expenses, and collector's fees); (2) the late interest that has accrued; and (3) the principal, on the oldest tax first.

Waiving Interest Due to a Crime (§ 5)

The bill requires municipalities to waive late payment interest on tax payments that were stolen if the taxpayer (1) reported the theft to police when he or she discovered it and (2) gives the municipality a copy of the police report. Existing law, unchanged by the bill, requires municipalities to waive the interest for taxpayers who were victims of a

crime and received payment under the state's crime victim compensation program.

Joint Owners (§ 6)

Conforming with existing practice, the bill specifies that if two or more people are responsible for paying an overdue tax or water or sanitation bill, the tax collector may send the written demand for payment to one owner and the demand will be considered to have gone to all the owners.

§§ 7-12 — TAX LIENS AND SALES

Continuing Liens (§§ 8-10)

By law, real estate on which property taxes are owed is subject to an unrecorded lien for those taxes (CGS § 12-172). The bill requires, instead of allows, the tax collector to file a certificate in the land records to continue the lien if the taxes remain unpaid beyond a period set in existing law.

The bill also allows all municipalities, not just those with populations over 100,000 (as under current law), to adopt ordinances setting out how certificates to continue tax liens are incorporated into their land records. As under existing law, the ordinances may specify the form of the certificates and lien releases; the number of certificates and releases that are on each page; and the form, method, and time the pages are bound into tax lien books for the land records.

Adjourning Sales (§§ 11 & 12)

By law, tax collectors may adjourn (postpone) a tax sale for any reason (if there are no bids, for example). But when a collector adjourns the sale, he or she must issue notice of the place and date of the rescheduled sale, implying the postponement is for a defined time. The bill also allows them to postpone the sale indefinitely.

Recorded Deed (§ 7)

By law, once a property is sold through a tax sale and the tax collector's deed has been recorded in the land records for one year, no one can bring legal action claiming it is invalid, unless they allege fraud.

At this point, the bill specifies that a property's title is fully marketable and insurable unless (1) someone has, within that year, legally challenged the deed and recorded a notice filed in the land records that the property is subject to an ongoing legal proceeding (a lis pendens) and (2) the legal challenge results in a decision that requires otherwise.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/13/2026)