



## OFFICE OF POLICY AND MANAGEMENT

### Executive Order 9R Guidance Tax Deferral/Low Interest Program FAQ December 21, 2020

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**Question #1:** How are Towns to notify the taxpayers of the relief program that has been adopted?

**Answer:** The Tax Collector and leadership must set up a program that works for their municipality. Some options are posting to the municipal website, article in the town newspaper or press release, email blasts, flyers, social media or reverse 9-1-1 calls to taxpayers.

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**Question #2:** How and when does the town collect the forms from taxpayers and/or landlords?

**Answer:** The Tax Collector and leadership must set up a procedure that works for their municipality. Some options are using email, postal mail, drop box, in person filing, etc.

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**Question #3:** Is there a deadline for filing the form?

**Answer:** The deferral program is for bills due January 1. Due to the timing of this Executive Order, the application deadline must be by February 1, 2021. Municipalities may set their own specific due date prior to February 1, 2021 if they so choose.

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**Question #4:** Under the tax deferment option, if a mortgagor who pays their taxes via bank escrow does not have enough balance on January 1 to pay the full amount, will the bank pay the municipality the full amount on their behalf? Or will the bank short pay whatever is in the escrow balance?

**Answer:** Executive Order 9R, Section 1(d) states “Financial institutions and mortgage servicers that hold property tax payments in escrow on behalf of a borrower shall continue to remit property taxes to the municipality, so long as the borrower remains current on their mortgage or is in a forbearance or deferment program, irrespective of the borrower's eligibility for or participation in the Deferment Program or the Low Interest Rate Program.” Tax payments remitted by escrow agents will continue to be subject to 1.5% per month interest from the due date if not timely made.

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**Question #5:** Will the state be posting the application on its website, or is it strictly in the hands of the municipalities?

**Answer:** The application was distributed to all CEO's, Tax Collectors and through CTx on December 21, 2020. They are also located on the OPM website <https://portal.ct.gov/OPM/IGPP-MAIN/IGPP-Home-Page> under the “News and Updates” Section along with the most up-to-date Guidance and Frequently Asked Questions documents.

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**Question #6:** Will OPM issue a fillable form we can load on our website?

**Answer:** The newest versions of each application can be found at <https://portal.ct.gov/OPM/IGPP-MAIN/IGPP-Home-Page> and scroll down to the “News and Updates” Section for the most up-to-date forms, and Frequently Asked Questions document. Any changes to the document will be distributed through CTx and posted on this website.

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**Question #7:** Will there be any other guidelines as far as qualifying for the deferral issued by OPM.

**Answer:** The guidelines are issued as eligibility requirements on the Application Forms. There will be no further guidance from OPM other than what is contained in this Frequently Asked Questions document. If you have specific questions, we encourage you to email [jennifer.gauthier@ct.gov](mailto:jennifer.gauthier@ct.gov) for clarifications.

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**Question #8:** Will there be multilingual forms?

**Answer:** At this time, no multilingual forms have been created.

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**Question #9:** Regarding the low interest rate option, it appears that any delinquency prior to January 1, 2021 needs to be recalculated as if it was 3% all along. In other words, all delinquent taxpayers who owed back taxes prior to January 1, 2021 now have a three-month window where they can save 15% interest per annum on their delinquent taxes if they pay principal and only 3% interest per annum (and costs) by January 1st. Is this correct?

**Answer:** No. The Low Interest Program is only for the January 1<sup>st</sup> tax bill, not on already delinquent bills. Interest accrued through December 31<sup>st</sup> stands as is. The reduced interest rate (.25% per month) is applicable to payments made between January 1, 2021 and March 31, 2021. On April 1, 2021, any unpaid tax will be subject to 1.5% per month, AND interest will revert to 1.5% for those three months to the original due date of January 1, 2021. If a payment was not made in those three months, the taxpayer does not receive the advantage of the lower interest rate.

**Question #10:** When using the low interest program, on April 1, 2021, does interest revert to 1.5% per month if not paid?

**Answer:** On April 1, 2021, the interest reverts to 1.5% per month on any tax balance from the original due date of January 1, 2021. In this scenario, interest as of April 1, 2021 would be 6%; 1.5% for January, February, March and April since a partial month is considered a full month.

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**Question #11:** Regarding the 3% interest rate for bills payable by (last day to pay) - if it goes with the bills due on January 1<sup>st</sup>, does that include the entire month of January, or on January 2<sup>nd</sup> does the interest goes back to 1.5% per month?

**Answer:** The lower interest option only changes the interest rate for three months. Tax collectors would still follow the normal laws as to when interest changes which is on the first of the month unless it is a collection month. In the interest option case, if you are not deferring as well, interest for January 1 bills is calculated on February 2<sup>nd</sup> at .50%, March 1st at .75%. On April 1st, all interest reverts to 1.5% per month from the original due date, January 1 in this scenario.

If BOTH OPTIONS are selected, interest is charged at .25% per month for January, February and March; any accrued interest through December 31, 2020 would remain intact. Bills due on January 1st that become delinquent would be subject to the lower interest if they do not qualify for deferment except for landlords. If they qualify for deferment, they will not be subject to the lower interest because they have three months to pay without ANY interest. If escrow accounts pay late, they will pay regular interest (1.5% per month from the due date) as they do not qualify for either program.

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**Question #12:** Is the deferral program for the January 1, 2021 tax due date in effect for every town or just the towns that elect the deferment program?

**Answer:** Just the towns that adopted the deferment program. Municipalities must notify OPM of their program choice no later than December 30, 2020 if they are not utilizing the same program from the previous period.

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**Question #13:** Are the GL 2019 bills due on January 1<sup>st</sup> and the grace period moved to April 1<sup>st</sup> for everyone or just for the towns selecting deferment?

**Answer:** No, just the Towns that selected the deferment option. The due date remains January 1<sup>st</sup> but the 'last day to pay' is moved to April 1, 2021 instead of February 1, 2021. The grace period is extended or deferred.

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**Question #14:** Is there a deadline for filing? If you get beyond January 1st, into February or March, and someone wants to apply do they still get the deferral and or interest depending on what the town has decided?

**Answer:** No, the deadline to apply for deferral is no later than February 1, 2021. No application required for the interest option. After February 1<sup>st</sup>, no taxpayer can apply for the deferred/extended grace period, as it would already be delinquent.

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**Question #15:** Executive Order 9R says we must choose one or both programs. Why couldn't we choose both but for different kinds of taxes? For instance, have the deferral be for either delinquent taxes, or for the current installment; or have the deferral be only applicable for real estate?

**Answer:** The Executive Order does not allow different programs for different kinds of taxes.

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**Question #16:** Will a bill added through a Certificate of Correction fall under the same category of bill due date? Technically, it is not a new bill, but a newly added bill for us.

**Answer:** Technically, it is a new bill if it was not on the original grand list filed by the Assessor. At this point, treat it as such and they only have 30 days to pay from the date you mail it. The Executive Order refers to bills due ON January 1, 2021.

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**Question #17:** The order states that the town is required to choose one option or both. Does the Town have the option to adopt **neither**?

**Answer:** No. Every Municipality must choose one program or the other, or both: but not none.

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**Question #18:** Can a town choose to apply an option to only certain taxes or must all be included? For example, can a town choose to have either program just apply to real estate and exclude all other tax types?

**Answer:** The Town's options are one program, the other program, or both. A town cannot distinguish and apply to only segments of the grand list - it is for all taxes as well as water, sewer, and electrical charges and assessments including C-PACE assessments.

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**Question #19:** Sewer Assessments are neither a tax nor a sewer utility. They are 20-year assessments that the town has bonded for and must continue to pay. Would they fall under the “other kinds of municipal assessments” that are exempt?

**Answer:** No, sewer assessments are included to the extent installments are due only. If an installment payment is due on January 1, 2021 (both programs) or were delinquent as of January 1, 2021 (low-interest program).

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**Question #20:** Is the Application form customizable? Can a municipality use the OPM application as a guide and add items to it (i.e. stipulations of their own and/or what type of verifiable proof residents would need to submit with their applications)?

**Answer:** The Office of Policy and Management M-COVID19 application form that was revised for Executive Order 9R should be used. It should be altered only to the extent the town chooses to expand eligibility to other categories of taxpayers, businesses, nonprofits and residents. Acceptable proof of residency or ownership may be determined at the local level and is not required to be listed on the form.

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**Question #21:** Do you have to be a resident of the town the property is in?

**Answer:** No. However, landlords have certain additional eligibility requirements which are explained in OPM’s Guidance.

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**Question #22:** Do landlords have to give you a list of tenants so you can verify rents not paid?

**Answer:** A municipality can choose to require this.

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**Question #23:** What if a bill was already delinquent on January 1, 2021? Does it qualify for the .25% interest per month?

**Answer:** No. Executive Order 9R states “For municipalities participating in the Low Interest Rate Program, notwithstanding Section 12-146 of the Connecticut General Statutes, the delinquent portion of the principal of any taxes on real property, personal property, motor vehicles, supplemental motor vehicle, or municipal water, sewer and electric charges or assessments or part thereof due on January 1, 2021”. The low interest program only applies to bills due on January 1<sup>st</sup>; delinquencies that existed prior to this date are not to be included in this program.

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**Question #24:** If WPCA bills are due January 1 for residential customers and March 1 for commercial customers and the WPCA is a separate entity from the Town. These are concerns to be addressed:

- 1) Does WPCA have to choose one of the two programs offered, i.e. the Deferment Program or the Low Interest Rate Program since they are separate from the Town?
- 2) Would WPCA be affected at all with the above due dates if they choose the Deferment Program?
- 3) Would WPCA be affected at all with the above due dates if they choose the Low Interest Rate Program?

**Answer:** The Executive Order says that the decision of the town’s board of selectmen is binding on all water and sewer charges, so the WPCA cannot select its own program. The WPCA may be its own entity, but state law says it gets its authority by virtue of being the town’s designee.

Both the deferment and low interest programs only apply to charges due on January 1, 2021, so the ones you are describing would not be impacted if the town chooses that program.

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**Question #25:** When choosing the lower interest option of .25 % per month, we can still charge the minimum interest, right?

**Answer:** No, the Executive Order overrules those statutes therefore the minimum interest charge of \$2.00 for taxes (in C.G.S. § 12-146) and \$5.00 for sewer assessments (in C.G.S. § 7-254) should not be applied if they would result in a higher interest charge than the Executive Order would allow which is .25% per month. Check with your individual software vendors on how to navigate that. QDS users can control that in the mill rate table.

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**Question #26:** The municipality has elected to participate in the Deferment Program for taxpayer relief and has decided NOT to require documentation of eligibility, thereby extending the program "to other categories of taxpayers, businesses, nonprofits, and residents." Does this extension of the program to other categories include landlords or are we required to solicit documentation from landlords before allowing them to defer the payment of taxes?

**Answer:** No. Landlords have a separate provision in the Executive Order. Documentation/Certification is still needed.

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**Question #27:** What, if any, are the ramifications if we do not require any documentation or certification from landlords and allow them to defer payment of their tax bills?

**Answer:** The Executive Order requires attestation of the applicant and does not require documentation to demonstrate except for proof of residency or ownership. Residential landlords must submit an email stating they are complying with Executive Order 9R in order to take advantage of either option. Commercial landlords must fill out an application and provide documentation. Municipalities must collect and maintain that documentation. State law provides civil and criminal violations for violating a Governor's Executive Order.

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**Question #28:** We have an ordinance for an abatement for fire volunteers stating they must pay taxes on-time or they forfeit their \$1,000 benefit. If we choose the Deferment Program- do they have until April 1<sup>st</sup> to pay or does the town ordinance overrule??

**Answer:** The Executive Order supersedes local ordinance. if they follow the deferment program, they should be considered on-time for purposes of the eligibility for local programs.

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**Question #29:** Do landlords only have to check the landlord box and submit their support, or should they also be checking the business box?

**Answer:** They are not a business as defined by the Executive Order but are specifically singled out as a landlord.

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**Question #30:** If taxpayers do not list their vehicles, or all property they own, are we to defer everything?

**Answer:** Property that is not listed on the Deferral Form should not be included. Only the property that is listed on the form that the Taxpayer signs should be included in any program. It will not be the responsibility of the Tax Collector to contact the taxpayer if they believe that there is property they neglected to incorporate.

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**Question #31:** If taxpayers do not list their real property due to it being in escrow, do Tax Collectors defer their sewer, water, or any other municipal utility they pay?

**Answer:** If the taxpayer is requesting such a deferral, they should list all their utilities on the form and note the real property address. If Tax Collectors want to reach out to the taxpayer, they may, but it is not a requirement.

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**Question #32:** Does WPCA (separate entity from the municipality) must choose one of the two programs offered, i.e. the Deferment Program or the Low Interest Rate?

**Answer:** The Executive Order says that the decision of the town is binding on all water and sewer charges, so the WPCA cannot select its own program if it is located wholly within that town. The WPCA may be its own entity, but state law says it gets its authority by virtue of being the town's designee. If the WPCA is for the town, the town dictates. A multi-town WPCA can choose its own program.

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**Question #33:** Are Leasing Companies and Escrow accounts excluded from the 90-day grace period?

**Answer:** Escrowed accounts are excluded from the Executive Order's programs. Leasing companies are the owners of the vehicles and not mentioned in the Executive Order, so they would be entitled to the deferral if offered to all or they need to apply if required by the municipality. They could also be eligible to take advantage of the lower interest option if they pay late.

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**Question #34:** My city council adopted the reduced interest program. Now they are contemplating adopting the deferral as well. Does anyone have any idea how it will work if a city adopts BOTH programs?? I know that is an option, but I have no idea how that would work.

**Answer:** If you are offering both, the city must follow the requirements for both. That means eligible taxpayers will have an extended (three months instead of one) grace period for bills due on January 1<sup>st</sup>, 2021, while all taxpayers will have reduced interest (0.25% per month instead of 1.5%) on January 1<sup>st</sup> bills that become delinquent as of February 2, 2021.

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**Question #35:** Code enforcement, bulk pickup, and blight bills are billed out as additional real estate tax bills but are technically fines. Do they get a deferment since they are real estate bills or do, they not qualify since they are based upon fines?

**Answer:** Although procedurally these penalties are billed from Tax Collectors as Real Estate Tax Bills, they remain penalties and therefore would not qualify for any of the programs outlined in Executive Order 9R.

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**Question #36:** If a municipality selects the 3% annual lower interest option, and an escrow company pays late, what rate of interest do they pay?

**Answer:** Escrow companies do not qualify for either program, so the usual 18% annual rate applies.

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**Question #37:** What if someone has a mortgage and a tax bill due on January 1<sup>st</sup>, but then they pay off their mortgage?

**Answer:** They qualify for the program if they are no longer under escrow.

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**Question #38:** Does either program affect whether a town can assign liens? If the municipality adopts the lower interest rate program does it affect the lien assignment?

**Answer:** Nothing in the Executive Order impacts the ability of a town to assign its liens. The reduction of interest expires after three months, so payments made to the purchaser of the lien would be at the normal 18% per annum rate.

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**Question #39:** If a town selects the Deferment Program and offers to all taxpayers, can we do so without requiring an application?

**Answer:** Yes, except **for** Landlords, who must still confirm their eligibility in writing.

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**Question #40:** Can you help us to understand Landlord v. Owner?

**Answer:**

1. Landlord ABC owns building and occupies it under another business name – they would qualify
2. Landlord ABC owns building and pays itself rents under same name- they do not qualify
3. Landlord ABC owns building, pays itself rent and has other tenants – they qualify

The Executive Order states “any landlord, or taxpayer that rents or leases to...is eligible.” If the owner and tenant business is in a different name and the business pays the property owner rent, and they meet the eligibility requirements of forbearance or revenue decline, they would be eligible.

The owner is a landlord only if the property is leased for any period that includes January 1, 2021 through March 31, 2021.

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**Question #41:** Are landlords required to provide the necessary documentation without us soliciting the paperwork?

**Answer:** According to the Executive Order, yes. It is noted that the owner is a landlord only if the property is leased for any period that includes January 1 through March 31<sup>st</sup>. If the landlords do not provide the proper documentation, or if it comes to the municipalities' attention that they are not in compliance (not providing forbearance) they lose the deferment if already granted. If this happens, their last day to pay without interest reverts to February 1<sup>st</sup> at 18% interest per annum. The application form states that the taxpayer must pay all deferred amounts immediately, including full interest, if the municipality determines that the taxpayer is not eligible.

**Follow-Up:** If a landlord does not file the paperwork (or email according to Executive Order 9Rfor residential property owners), are we required to send a notice of non-compliance stating that their taxes are now due by February 1, 2021?

**Answer:** No, the burden is on the landlord to apply and qualify for the program; the burden is not upon the municipality to identify and seek out potential qualified applicants.

**Follow-Up:** What happens if a Tax Collector gets a complaint from a tenant that no accommodation was made to their rent; who determines the outcome and are there penalties for the landlord?

**Answer:** The municipality has the power to investigate and verify eligibility for the program. Contact your town attorney about revoking the approval or other enforcement options.

**Question #42:** Does the tax office still have the legal authority to conduct bank executions? What enforcement can the office still do - Real Estate Liens, UCC Liens, Tax Warrants and/or Bank executions?

**Answer:** Tax Collectors can proceed with any enforcement and/or file any lien – see the Executive Order for specific language relating to this.

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**Question #43:** Should the tax office notify our marshals/constables, collection agencies, and collection attorneys regarding the lower interest plan adopted with respect to delinquent accounts?

**Answer:** Absolutely. Depending on what program your municipality selected, will dictate what you should notify them about. If the lower interest rate program is selected, they must know that the interest rate has changed for those three months of January, February and March. You should also provide them with the Guidance and FAQ Documents so that they are aware of the programs.

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**Question #44:** Should a legal notice be put in the newspaper to advertise for these programs that require applications? Will these programs affect our collection legal notices that are published in the newspapers?

**Answer:** The Executive Order has no suggestions or requirements of how to notify taxpayers. Tax Collectors should amend their normal required legal notices accordingly to accurately explain the tax relief programs they have selected to include extended grace periods, interest rates and so on.

In addition to your legal notice, some other ideas about how to get the program details out could include: posting the program details to the municipal website, printing an article in the town newspaper or providing a press release, sending email blasts, posting flyers, posting details via social media, utilizing reverse 9-1-1 calls to taxpayers, or providing inserts in the January billing statements, if they have not already been mailed

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**Question #45:** What is the records retention for applications received by the tax office?

**Answer:** Please refer to the CT State Library and Records Retention guidelines.

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**Question #46:** Is the commercial and financial information provided by the taxpayers protected under the Freedom of Information Act?

**Answer:** There is a permissive exemption to the disclosure of records in the FOI act in Section 1-210 b5(B). It allows, but does not require, a public agency to withhold records that are: Commercial or financial information given in confidence, not required by statute.

The revised M-COVID19 Form requests to the Tax Collector that provided commercial and/or financial information not be disclosed to the extent allowed by state law. This may aid in the decision of a Tax Collector in their determination of what information should be withheld.

Municipalities should consult with their own attorneys or with the Freedom of Information Commission if they have additional questions.

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**Question #47:** What if a property is typically leased, but is vacant, or has been? Are the property owners considered landlords?

**Answer:** The owner is only a landlord if the property is leased for any period that includes January 2021 through March 2021.