



**OFFICE OF POLICY AND MANAGEMENT**  
**Executive Order No. 9R Guidance**  
**Explanation of Purpose and Intent**

**Section 1, Executive Order 9R**  
**Suspension and Modification of Tax Deadlines and Collection Efforts for**  
**Tax Bills That Become Due and Payable on January 1, 2021**

Property taxation is a state function granted within certain parameters to local municipalities. Due to the continued effect that COVID-19 has had on our state, it is deemed necessary to continue with changes to the normal deadlines and procedures for the January 1<sup>st</sup> tax bill. The same two programs designed to offer support to eligible taxpayers who have been affected by COVID-19: “Deferment Program” and the “Low Interest Rate Program” shall apply.

For the purposes of this Executive Order, a “municipality” is defined as towns, cities and boroughs per CGS 7-148, and also refers to “quasi-municipal corporations” which include special taxing districts, special services districts, and all other entities which have the power to make appropriations or levy taxes or assessments.

Municipalities can offer either plan or both but must offer at least one. These programs were part of Executive Orders 7S and 7W and municipalities were required to choose either program, or both, and offer them to taxpayers. To ease the implementation of Executive Order 9R, municipalities may opt to offer the same program from the April 1, 2020 through July 1, 2020 tax period with no requirement to report to the Office of Policy and Management. If a municipality decides they want to change from the program they offered previously, the legislative body of each municipality must determine which program to offer. In municipalities where the legislative body is the town meeting, the board of selectmen decides which program to offer. Towns must notify OPM by December 30, 2020 **only** if they have made a change to the program they offered previously.

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**Section a: “Deferment Program”**

Think of this program as an extended grace period program for the taxes due on January 1, 2021 only. What is “deferred” is not a tax but rather the last day to pay without interest. **The deadline is deferred, not the tax.** Eligible taxpayers (“eligible” will be defined later) are entitled to **defer their payment deadline until April 1, 2021, instead of the usual 30 days.**

Executive Order 9R only applies to the taxes that are due on January 1, 2021 for both the Deferment Program and the Low Interest Program. This Executive Order does not cover any delinquent taxes or taxes that are/were due on any other date other than January 1, 2021.

For the January 1, 2021 installment, instead of the last day to pay being February 1, 2021 the last day to pay will instead be April 1, 2021 (three months from January 1) because the last day to pay is being deferred, or the grace period is being extended.

The plan covers any real estate, motor vehicle, supplemental motor vehicle or personal property tax, and any municipal water, sewer or electric rate, charge or assessment, as well as benefit assessments under the C-PACE program under C.G.S. § 16a-40g.

Per the Executive Order, “Eligible” taxpayers, businesses, nonprofits, and residents are those that “attest to or document significant economic impact by COVID-19, or those that document they are providing relief to those significantly affected by COVID-19.” There is separate guidance about eligibility for this program and is detailed on the application forms provided by OPM.

Municipalities may extend eligibility to other categories of taxpayers, businesses, nonprofits and residents, upon approval of the legislative body or by the Board of Selectmen in towns where the town meeting is the legislative body. This means the town is free to ‘open up’ the extended grace period to others not specifically mentioned in the EO. For example, a municipality could decide to offer the extended grace period to ALL taxpayers, period, without distinction. This is a decision up to the towns. If a municipality decides to “open up” the eligibility, the need for applications may be moot. However, please refer to eligibility of landlords in Section c, below.

This program does not address taxes that are already past due. It is not an amnesty or waiver of interest or other charges on taxes that are already delinquent.

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### **Section b: “Low Interest Rate Program”**

This is another option for towns to consider. It can be offered in conjunction with the deferment program, or instead of it. This program does not say a taxpayer can have an extended grace period with no interest at all. Rather, it addresses the rate of interest that is to be charged on a bill that was due on January 1, 2021. Interest is normally charged at the rate of 1.5% per month, 18% per year from the due date of the tax, with a portion of a month being considered a full month. However, **this program will allow for a lower rate of interest: 0.25% per month, or 3% per year, from the due date of the tax, for a period of three months only.**

This program provides a 'window' of three months from January 1, 2021 through March 31, 2021 where taxpayers would be able to pay at a reduced interest rate. They would not have an extended grace period, but they would be paying significantly less interest if they pay late.

Any tax, or municipal water, sewer, or electricity charge, or C-PACE benefit assessment that comes due on January 1, 2021 can be covered by this plan.

The plan covers any real estate, motor vehicle, supplemental motor vehicle or personal property tax, and any municipal water, sewer or electric rate, charge or assessment, as well as benefit assessments under the C-PACE program under C.G.S. § 16a-40g.

This program **does not require taxpayers to qualify based upon eligibility criteria** as with the deferment program. However, please refer to eligibility of landlords in Section c, below.

Executive Order 9R provides that if there is a case where any tax, charge etc. is already subject to an interest rate that is less than 3% per year, then that lower rate will apply instead. 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 EO would allow.

The program does not retroactively alter previous interest accruals; interest which had already been added at the 1.5% rate before January 1, 2021 for older delinquencies would remain fully payable.

On April 1, 2021, unless this EO is extended or other directives are subsequently given, the 'window' closes, and interest once again goes back to the statutory rate of 1.5% per month from due date. "The portion that remains delinquent as of April 1, 2021 shall be subject to interest and penalties as previously established.")

If a taxpayer has made a partial payment between January 1, 2021 and March 31, 2021, but has not paid in full, interest goes back to the former rate effective April 1, 2021. If a taxpayer has not made any payment at all during that time, they lose the benefit of the 'window' and all of their interest is calculated at the rate of 1.5% per month from the due date, as if the opportunity for the reduced rate had not ever existed. ("The portion that remains delinquent as of April 1, 2021 shall be subject to interest and penalties as previously established.")

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### **Section c: Eligibility of Landlords**

The EO states that in order to be eligible for the extended grace period/ deferral program, a “landlord,” or “any taxpayer that rents or leases to any commercial, residential, or institutional tenant or lessee” shall “provide documentation to the municipality that the parcel has or will suffer a significant income decline or that commensurate forbearance was offered to their tenants or lessees. A taxpayer applicant is a “landlord” if he or she owns property that is rented or leased for any period which includes January 1, 2021 through March 31, 2021.

The EO states that in order to be eligible for the lower/reduced interest rate program, the landlord must offer ‘commensurate forbearance’ to tenants or lessees upon their request.

Landlords can satisfy the commensurate forbearance and income decline requirements for tax and other relief under EO 9R for residential properties simply by providing documentation confirming the relief offered to the tenant, or by attesting to the relief in writing via written letter or in an e-mail to the tax collector. Landlords of commercial properties may satisfy these requirements with the documentation listed in the application form provided by OPM.

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### **Section d: Escrow Payments**

This section of the EO states that an individual taxpayer’s eligibility for either program is irrelevant if the taxes on the property are paid on their behalf by an escrow agent, financial institution, mortgage service agent or bank. The escrow agents are still expected to remit tax payments on behalf of their customers according to the regular timetable. The EO states this is the case ‘so long as the borrower remains current on their mortgage or is in a forbearance or deferment program.’ The EO does not address what the expectation is if the borrower is NOT current or is NOT in such a program.

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### **Section e: Liens Remain Valid**

Nothing in the EO affects ANY PROVISION of the Connecticut General Statutes relating to the continuing, recording and releasing of property tax liens. Tax collectors still rely on the existence of the inchoate lien as of the date of assessment. Intent to lien notices are to be sent. Lien continuing certificates are still to be filed in the land records on the regular timetable. Liens are still to be released according to the regular timetable.

Finally, "...the precedence and enforcement of taxes, rates, charges and assessments shall remain applicable to any deferred tax, rate, charge or assessment or installment or portion thereof." Take this to mean 'deferred' as defined in section a. Even if a tax is deferred according to the program (extended grace period granted) the priority/precedence of that property tax remains in effect, is not lessened or reduced by virtue of participation in the extended grace period program, and will be subject to normal collection enforcement procedures once the 'deferral' (extended grace period) has concluded.

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## **Section f: Obligations of Quasi-Municipal Corporations**

Section 1 applies to all towns, cities, boroughs in Connecticut including their water pollution control authorities. These municipalities must offer either or both programs created in the Order. The Order also imposes obligations on every special taxing district, special services district, and other quasi-municipal corporation that charges taxes or water, sewer, or electric charges or assessments. Specifically, each of these entities must follow the same program or programs and eligibility determinations as the town in which it is located, except that those located in multiple towns must continue to utilize the program they previously chose for Executive Order 7S and 7W or, by approval of the legislative body, approve a different program. If a new program is selected, they must notify OPM of their decision by December 30, 2020.



## OFFICE OF POLICY AND MANAGEMENT GUIDANCE ON TAX PROGRAMS PURSUANT TO SECTION 1, EXECUTIVE ORDER 9R

### 1. What kinds of taxes and charges does Section 1 apply to?

Section 1 applies to non-escrowed taxes on real estate, motor vehicles, supplemental motor vehicles and personal property as well as non-escrowed municipal water, sewer, and electric charges, and benefit assessments under the C-PACE program under C.G.S. § 16a-40g.

Section 1 does not apply to trash and sanitation charges, landlord rental fees, fines, and other kinds of municipal assessments, penalties, and charges regardless of when they come due. It also does not apply to water, sewer, and electrical charges by private providers. All of these taxes and charges must therefore be paid normally.

### 2. What is the difference between the two Programs in Section 1?

Section 1 creates two Programs for relief from certain taxes and charges. Two programs are offered to provide municipalities flexibility, but also to ensure that all taxpayers have some type of tax relief available during the COVID-19 pandemic.

The Deferment Program effectively delays the last day to pay tax bills that are due on January 1, 2021 to April 1, 2021 for eligible taxpayers who apply and are approved as meeting the guidelines set forth by the Office of Policy and Management. All other taxpayers who do not apply or who are not approved would remain responsible to pay their taxes and charges normally, unless a municipality votes to extend eligibility to such taxpayers. The EO makes clear that a municipality may extend eligibility to other categories of taxpayers, businesses, nonprofits and residents. Therefore it is up to each town whether to use the "Application for Municipal Tax Relief" available on OPM's website, or choose to create a different form reflecting eligibility standards approved by its local legislative body, except that landlords participating in the deferral program must provide documentation to the municipality that the relevant parcel has or will suffer a significant income decline or that commensurate forbearance was offered to their tenants or lessees in either case. (Residential landlords can satisfy this requirement simply by confirming to the Tax Collector that they have offered forbearance to their tenants or have suffered a significant income loss.

The Low Interest Program would reduce the interest rate for a three-month window to three (3) per cent for all taxpayers with a January 1, 2021 tax bill automatically.

Every town, city, and borough, and every quasi-municipal corporation located in more than one town, must offer either Program, or both.

**3. What are the requirements for landlords?**

Landlords are not eligible for either Program for relief from taxes and charges on their rental or leased properties unless they pass on “commensurate forbearance” to their tenants or lessees or, for the Deferral Program only, show that the property has or will suffer a significant income decline.

Commensurate forbearance, for purposes of both programs, means either a) for residential properties, correspondence from the landlord confirming that forbearance was offered or b) for commercial properties, either (i) a deferral of 25% of rent (approximating the property tax portion of rent) for three months from the due date, (ii) a deferral of one month’s rent to be paid over the three-month period; or (iii) forbearance substantially similar to (a) or (b) as determined by the tax collector.

For the Deferral Program, the landlord must provide either 1) documentation that the property will suffer a significant revenue decline related to the COVID-19 emergency, or 2) that commensurate forbearance was offered to tenants or lessees. In either case, correspondence from the landlord confirming compliance will satisfy these prerequisites. Landlords are subject to auditing and may be asked by their municipality to provide their tenants’ names and contact information, or other information identified by the municipality to confirm eligibility.

For the Low Interest Program, there is no documentation requirement for ease of administration, but landlords are subject to auditing and should not take advantage of this program unless they pass along to the tenants commensurate forbearance, when requested.

**4. When does the taxpayer have to submit their application?**

Deferment Program applications and any required documentation or related information must be submitted to the municipality in any manner the municipality specifies, which may be in person, by mail and/or electronically. A municipality must collect all deferral applications by the date that the tax becomes delinquent. Municipalities may set their own specific due date. Each municipality shall utilize the guidance provided by the Office of Policy and Management for determining eligibility.

**5. How is interest calculated under the Programs?**

If a municipality adopts the Deferment Program, the interest will be zero for any tax or charge owed by an approved taxpayer which would otherwise come due on January 1, 2021 . The practical effect of this Program is simply to extend the usual interest-free grace period to three months. It effectively replaces the word “month” with the words “third month” in the phrases “the first day of the month” and “the same date of the month” in the interest statute, General Statutes 12-146. For water and sewer charges, it would be as though the words “thirty days” in General Statutes 7-239(b), 7-254(a), and 7-258(a) were replaced with “three months.”

If a municipality adopts the Low Interest Program, interest is reduced automatically for everyone from 1.5% per month to a maximum of 0.25% per month on taxes and charges which come due on January 1, 2021. (If any tax or charge would otherwise accrue interest at a rate of less than 3% per annum, the lower rate continues to apply.) Interest which had already accrued on delinquencies before January 1, 2021 remains unaffected. Interest which had already accrued on any tax installment due before January 1, 2021 remains unaffected. Back taxes continue to accrue interest at a rate of 1.5% per month. For example, if a tax due on July 1, 2020 is paid in mid-March 2021, the municipality would charge 9 months of interest at 1.5% each; no portion of the tax would be entitled to the 0.25% per month interest rate. A tax due on January 1, 2021, however, would remain entitled to the normal one-month grace period which would apply normally and then .25% per month (back to January 1) if paid in February or March. 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 EO would allow.

**6. Do the programs require refunding payments which the municipality has already received?**

Neither program requires any municipality to refund any payment, regardless of when it was made or how it was affected by either Program. If a payment is made which exceeds the correct amount due as affected by either Program, the normal overpayment procedures in General Statutes 12-129 apply.