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Governor Lamont Restores Municipal Tax Relief Programs for January 2021

December 21, 2020

by Adam J. Cohen

On December 16, 2020, Governor Ned Lamont signed Executive Order No. 9R which adopts most components of tax relief programs he had previously created for the April 1 through July 1, 2020 installments, and restores those programs for the upcoming January 1, 2021 installment.

The Governor's prior Executive Order No. 7S as amended by Order 7W in April 2020 had created two short-term tax relief programs, and required all towns, cities, and boroughs as well as their water pollution control authorities and multi-town districts, to adopt either or both of them. The Orders applied to all real estate, motor vehicle, and personal property taxes; all water, sewer, and electrical charges; and all C-Pace assessments owed by individuals, businesses, and nonprofits. The "Deferment Program" delayed payments by three months at zero interest for taxpayers, businesses, nonprofits, and residents financially impacted by COVID-19 for charges due April 1 through July 1, 2020. The "Low Interest Rate Program" lowered the interest rate from 1.5% to 0.25% monthly on those payments as well as those which had already been delinquent from prior years for everyone, without any need to show financial impact from COVID-19. Single-town districts were required to abide by the same relief program as the town in which they were located.

Executive Order 9R restores both of these options for the January 1, 2021 installment of the same types of taxes and charges. It assumes that all municipalities will adopt the same program or programs they did previously unless they notify the Office of Policy and Management otherwise by December 30, 2020. Once again, single-town districts must offer the same tax relief as their forum towns. Relief does not apply to the October 2020 installment or any charges with a due date other than January 1, 2021. Municipalities are again entitled to expand the Deferment Program to additional categories of taxpayers

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even without a showing of by COVID-19 financial impact, as many if not most chose to do last time. The Order also repeats previous requirements that landlords offer rent forbearance to their tenants commensurate with the delayed tax and utility payments they receive, and also continues to require that escrowed real estate taxes be made on time notwithstanding a borrower's participation in either program.

The most significant change from the previous orders is that Executive Order 9R limits the Low Interest Rate Program to new charges due on January 1, 2021 without allowing "amnesty" for older delinquencies, as the April 2020 programs had done. Normal interest charges will continue to apply to all past-due taxes and charges, and will also apply retroactively to any portion of a January 1, 2021 installment which is not paid in full on or before April 1, 2021.

These programs may result in decreased property tax and utilities revenues for municipalities in the first quarter of 2021. They may also require changes to revenue software and public notices as well as staff attention to financial impact and rent forbearance applications. The Office of Policy and Management is required to create guidance for municipalities complying with Executive Order 9R shortly, which is expected to generally follow the guidance it had previously issued for the prior orders in April.

Please contact a member of our Municipal Law team to provide advice and assistance on these issues.

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