December 17, 2020

COVID-19 Emergency Order 9R Extends Municipal Deferment/Low Interest Rate Program

On December 16, 2020, Connecticut Governor Ned Lamont issued emergency Executive Order No. 9R, which, among other things, extends the two Connecticut municipal tax relief programs created under Executive Order 7S. Since April 1, 2020, Connecticut municipalities have been required to offer to eligible taxpayers impacted by COVID-19 one or both of the following tax relief programs: a 90-day Deferment Program or a 90-day Low Interest Rate Program. Both programs initially were applicable to amounts payable or delinquent during the period from March 10, 2020 to and including July 1, 2020, and applied to taxes on real property, personal property or motor vehicles, and water, sewer, and electric rates, charges and assessments. Executive Order No. 9R extends the application of both programs to payments due January 1, 2021, and expressly applies to all quasi-municipal corporations.

The Deferment Program provides for a 90-day deferment from the time the amount becomes due and payable. However, financial institutions and mortgage servicers that hold property tax payments in escrow are required to continue to remit property taxes to the municipality according to the regular timetable, so long as the borrower remains current on its mortgage or is in a mortgage forbearance or deferment program. Pursuant to Executive Order No. 9R, the Deferment Program is now extended to payments due January 1, 2021, and taxpayers are offered a grace period through and including April 1, 2021.

The Low Interest Rate Program provides for a 3 percent cap on the interest rate due on the principal amount of delinquent payments. The low interest period runs for 90 days from the date the payment is due and payable. Pursuant to Executive Order No. 9R, with respect to payments delinquent on or prior to January 1, 2021, interest shall be capped at 3 percent for 90 days through and including March 31, 2021. Following the 90-day period, the interest rate may return to that previously established.

Executive Order No. 7S required municipalities to select and implement one or both of the tax relief programs. Executive Order No. 9R requires municipalities to notify the Secretary of the Office of Policy and Management no later than December 30, 2020 if they elect to change the program in which they participate. If no such notice is received, the municipality will be deemed to have adopted the same program as selected under Executive Order No. 7S.

Executive Order No. 9R also provides that in order for landlords to be eligible for the Deferment Program, they must provide evidence that the parcel has or will suffer significant income decline or that commensurate forbearance has been offered to tenants or lessees. To be eligible for the Low Interest Rate Program, they must provide evidence that commensurate forbearance has been offered to tenants or lessees.

For more Day Pitney alerts and articles related to the impact of COVID-19, as well as information from other reliable sources, please visit our COVID-19 Resource Center.

COVID-19 DISCLAIMER: As you are aware, as a result of the COVID-19 pandemic, things are changing quickly and the effect, enforceability and interpretation of laws may be affected by future events. The material set forth in this document is not an unequivocal statement of law, but instead represents our best interpretation of where things stand as of the date of first publication. We have not attempted to address the potential impacts of all local, state and federal orders that may have been issued in response to the COVID-19 pandemic.

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