

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

18-2206

HB 1673-FN-LOCAL, *relative to the interest charged on late and delinquent property tax payments.*

Senate Ways & Means

HB1673 amends the various statutory provisions setting forth the rate of interest charged by cities and towns on property taxes that have been assessed and remain unpaid, tying the rate of interest charged on unpaid property taxes to the rate of interest calculated by the Commissioner of the Department of Revenue Administration (DRA) pursuant to RSA 21-J:28, II.

Under existing law there is a two-tiered level of interest that accrues when a taxpayer fails to pay properly assessed property taxes: 12% interest will accrue on unpaid amounts prior to a lien being executed and 18% interest will accrue on amounts after a lien has been executed. Over the prior 10 year period, the interest rate calculated by the Commissioner pursuant to RSA 21-J:28, II has ranged from a high of 10% to a low of 5%. Therefore, the DRA assumes that tying the interest rate applicable to unpaid property taxes to the interest rate as calculated by the Commissioner pursuant to RSA 21-J:28, II will result in a decrease in the interest rate applicable to unpaid property taxes.

The DRA also assumes that the current 12% and 18% interest rate applicable to unpaid property taxes encourages the timely payment of property taxes. The DRA assumes that reducing these disincentives for non-payment may increase the incidence of non-payments, which would correspondingly decrease local revenues and increase collection costs.

No repository exists detailing the number of properties in default of local property taxes or the total amount of interest collected attributable to unpaid property taxes. Frequently the interest on such delinquencies is abated by selectmen/assessors in the ultimate payment of taxes and redemption of liens, a factor that further limits the ability to calculate the full fiscal impact. No method exists to estimate the increase in local expenditures due to the possible increase in collection costs. Therefore, insufficient information is available to estimate a calculated fiscal impact on either the likely decreased local revenues or increased local expenditures.