



UKS COVID-19 – Executive Order 7S* Guidance for Municipalities

Updated 4/7/2020 to include OPM issued guidance on Paragraph 6
Update 4/13/20 to include Executive Order 7W modifications to Paragraph 6

1.0 OVERVIEW

On April 1, 2020, Governor Lamont issued *Executive Order 7S*, effective immediately, *requiring municipalities* to, among other things, *enact a temporary program for relief* from collection of property taxes, utility charges, and assessments (“Taxes”), *extend certain filing deadlines* for some municipal taxpayers, and *suspend all non-judicial tax sales*. The Order provides for other action that is not the subject of this municipal collections focused summary.¹

Under Order 7S, **Paragraph 6**, each municipality *shall provide*: (1) a temporary deferment of certain tax, municipal water, sewer, and electric rates, charges, and assessment collection (“Deferment Program”); *and/or*, (2) reduced interest on delinquent payments for certain tax, municipal water, sewer, and electric rates, charges, and assessment delinquencies (“Low Interest Rate Program”). The Deferment Program, unlike the Low Interest Rate Program, requires a showing of COVID-19 taxpayer impact. Further, municipalities *shall notify* the State Office of Policy and Management (“OPM”) no later than April 25, 2020, as to which one or both of the programs it elects to offer. The Executive Order defines “municipality” as a town, city or borough, and does not include special taxing districts and special service districts.

Paragraph 8 suspends the requirement of elderly and disabled taxpayers to re-apply for municipal circuit breaker or tax freeze programs. **Paragraph 9** suspends the requirement that municipalities conduct full interior inspection of property pertaining to 2020 Grand List revaluations and substitutes questionnaire statutory compliance. **Paragraph 10** extends the deadline for rental income property owners to file income and expense statements from June 1 to August 15, 2020. **Paragraph 11** mandates the suspension of all non-judicial tax sales.

2.0 DETAILS

2.1 Revenue Collection Deferment and Relief from Delinquency Interest

Paragraph 6 mandates that every town, city, borough and quasi-municipal corporation¹ adopt one or both of the following relief programs:

- **The Deferment Program.** This program allows towns to delay any real property, personal property, motor vehicle, municipal water, sewer, electric rates, charges, assessment or tax (collectively “Taxes”) between the dates of April 1, 2020 through and including July 1, 2020 for three (3) months² from the date that they become due and payable without interest or penalty. This program is the equivalent of an extended grace period. The tax itself is not deferred, but rather the last day to pay without interest is extended to three (3) months instead of thirty (30) days. If municipalities choose this option, they shall offer this program to “eligible taxpayers,” businesses, nonprofits, and residents, who attest or document “significant economic impact by COVID-19” and/or those that document that they are providing relief to those “significantly affected by the COVID-19 pandemic.” OPM has issued guidance on those that are considered “eligible taxpayers”:
 - Resident: suffered a reduction in income of at least 20% due to COVID-19
 - Since March 10, 2020, have been either (1) furloughed without pay; (2) hours significantly reduced; or (3) unemployed.
 - Business/Non-Profit: revenue expected to decrease at least 30% from March to June 2020 versus March to June 2019 at the property
 - Proof of Ownership must be attached such as a business license, utility bills, Secretary of State listing, or other proof of ownershipA municipality may, by its legislative body, extend eligibility to other categories of taxpayers, businesses, nonprofits and residents.

Pursuant to Subparagraph (c), in order for landlords (or any taxpayer that rents or leases property to tenants or lessees) to be eligible for the Deferment Program, they must provide the municipality with documentation that either the parcel will suffer significant income decline, or, that commensurate forbearance has been offered to their tenants. “Commensurate Forbearance” shall mean (1) a deferral of 25% of rent for ninety (90) days after its due date; (2) a deferral of one month’s rent to be paid over the ninety (90) day period; or (3) forbearance substantially similar to (1) or (2) as determined by the tax collector. The landlord must provide documentation evidencing proof that tenants have received forbearance or that the landlord has actively offered forbearance to the tenants or lessees.

¹ Executive Order 7W extended the mandate to include every quasi-municipal corporation which collects its own taxes or charges and is located wholly within a municipality, and provides that each must offer the same program or programs the municipality offers, and accept the status of the taxpayer as determined by the municipality.

² Executive Order 7W amended the referred ninety (90) day period to three (3) months and delinquency dates on or prior to March 10 to April in Paragraph 6.

- The Low Interest Rate Program. The second program provides that between April 1, 2020 through and including July 1, 2020, any delinquent portion of the principal of any Taxes shall be subject to 3% interest per annum or .25% per month for three (3) months from the date that they become due and payable until the date the Taxes are paid. After the three (3) months, the regular interest rate is restored to the statutory eighteen percent (18%) with a portion of a month being considered a full month. This lower delinquency rate applies to Taxes that have been delinquent prior to April 1, 2020 for a period of three (3) months from April 1, 2020 through and including June 30, 2020. This option does not provide an extended grace period, but taxpayers would be able to pay a significantly reduced interest rate. This program does not require taxpayers to qualify based on eligibility criteria as in the Deferment Program.

Landlords will only be eligible for the Low Interest Rate Program if Commensurate Forbearance has been offered to their tenants.

Paragraph 6 also provides that financial institutions are required to still remit escrow payments to the municipality for property Taxes irrespective of the borrower's eligibility for participation in the Deferment Program or Low Interest Rate Program. Additionally, the ability to continue, record and release property tax liens remains unchanged.

2.2 Suspension of Re-Application for Elderly/Disabled Circuit Breaker and Freeze Tax Relief Programs

Paragraph 8 suspends the biennial re-application requirements under Conn. Gen. Stat. §12-170aa(e) and (f) and §12-129b, and §12-129c for participation in municipal circuit breaker and tax freeze programs, automatically maintain such benefit to those taxpayers who were previously granted the benefit on the 2017 Grand List, until the next biennial cycle ending in the Grand List year 2021.

2.3 Substitution for Full Inspection Pertaining to October 1, 2020 Grand List Revaluations

Paragraph 9 addresses the requirement set forth under Section 12-62 of the Connecticut General Statutes pertaining to October 1, 2020 Grand List revaluations that requires a full interior inspection of property, for any such interior inspection that has not yet been completed. This requirement is suspended and replaced with the alternative requirement to send a questionnaire to the owner as outlined in Section 12-62(b)(4).

2.4 Extension of Deadline to File Income and Expense Statements

Paragraph 10 extends the deadline for any taxpayer that leases to any commercial, residential (multi-family), or institutional tenant to file income and expense statements from June 1, to August 15, 2020, pursuant to Connecticut General Statutes Section 12-63c.

2.5 Suspension of Non-Judicial Tax Sales During Public Health and Preparedness Emergency

Paragraph 11 provides further relief to property tax payers and restricts municipalities from moving forward with non-judicial tax sales until thirty (30) days after the declared end of the public health and preparedness emergency currently occurring. The time period from March 10, 2020 to the end of the emergency is considered a “holding period” and during such period interest is charged at a rate equivalent to three percent (3%) per annum. The OPM is tasked with implementing a method for calculating the intended holding period.

If you have any questions or need assistance with regard to the Executive Order 7S or Municipal Law matters in general, please contact Robert M. DeCrescenzo, Esq., at 860.548.2625 or rdecrescenzo@uks.com or Richard D. Carella, Esq., at 860.548.2681 or rcarella@uks.com. You may also visit our website at: www.uks.com/services-industries/governmental/

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Disclaimer: The information contained in this material is not intended to be considered legal advice and should not be acted upon as such. Because of the generality of this material, the information provided may not be applicable in all situations and should not be acted upon without legal advice based on the specific factual circumstances.

¹ **Other Provisions** - The Order also makes other important provisions that are outside the scope of this summary, regarding: Safe Stores Mandatory Statewide Rules, Amending Executive Order No. 7N, Sec. 3 (*Paragraph 1*); 60-Day Grace Period for Premium Payments, Policy Cancellations and Non-Renewals of Insurance Policies (*Paragraph 2*); Extension of 30-Day Period of Credit for Liquor Permittees (*Paragraph 3*); Daily Payment of Certain Taxes Changed to Weekly, related to off-track betting, (*Paragraph 4*); Flexibility to Amend Medicaid Waivers and State Plan; (*Paragraph 5*); and Allowance of Suspension of In-Person Voting Requirements for Critical and Time Sensitive Municipal Fiscal Deadlines (*Paragraph 7*).