

TO: Elinor Carbone, Mayor
City Council
FROM: Victor M. Muschell, Corp. Counsel
DATE January 13, 2021
RE: Modification of Tax Collector Service Agreement for the January 1, 2021
tax due date

I recommend approval of the Attached Resolution Re: TAX DEFERMENT PROGRAM PURSUANT TO GOVERNOR LAMONT'S EXECUTIVE ORDER 9R.

This Resolution carries forward to the January 1, 2021 tax due date, the tax deferral program that was approved by the Council on April 20, 2020 for the July 1, 2020 taxes. That program permits an additional two (2) months to pay taxes interested free. The deferment runs until April 1, 2021 and the Resolution provides:

a) That the date the Tax Collector is required to pay taxes collected to the City be extended for two (2) months from on or before the first Monday in July, 2021 instead of the first Monday in May 2021; and

b) That the City will reimburse Torrington Tax Collector up to \$40,000 for a loss of revenue/interest it might sustain for the two (2) month period i.e. February 2 to April 1, 2021.

Resolution #143-208

RESOLUTION RE: TAX DEFERMENT PROGRAM PURSUANT TO GOVERNOR LAMONT'S EXECUTIVE ORDER 9R, DATED JANUARY 19, 2021

WHEREAS, the City of Torrington (hereinafter the "City") contracts its municipal tax collection duties to Torrington Tax Collector, LLC (hereinafter "TTC"), with Launa Goslee serving as the Torrington Tax Collector, based upon its authority to appoint a private tax collector to perform its municipal tax collection duties as established by Special Act of 1923 to the extent that said Special Act is restated in Title XIV of the Torrington Charter; and

WHEREAS, on March 10, 2020, the Governor of the State of Connecticut (hereinafter "Governor") declared a public health emergency and civil preparedness emergency for the State of Connecticut, pursuant to Connecticut General Statutes Sections 19a-131 and 28-9, in response to the global pandemic of COVID-19 disease associated with a novel coronavirus that is currently affecting multiple countries and states; and

WHEREAS, on March 13, 2020, the President of the United States declared a national emergency to combat the coronavirus that is currently infecting the population of the United States; and

WHEREAS, on March 19, 2020, Mayor of the City, Elinor C. Carbone, declared a civil preparedness emergency due to the Covid-19 outbreak; and

WHEREAS, the effects of the transmission of COVID-19 has resulted in the spread of infections in Connecticut and throughout the country, as well as resulting in shortages of personal protective equipment and other supplies that could jeopardize public safety and civil preparedness; and

WHEREAS, in response to the issuance of declarations of a public health emergency and civil preparedness emergency by the Governor he has issued a series of Executive Orders setting for the law governing the conduct of the business of state and municipal government during the period of the emergency; and

WHEREAS, on April 1, 2020, the Governor issued Executive Order No. 7S (hereinafter "EO 7S"), as amended by Executive Order 7W, requiring municipalities, by a vote of its legislative body, participate in a tax deferment or low interest rate program which applied to municipal tax payments that were due and payable from April 1, 2020 through July 1, 2020; and

WHEREAS, on December 16, 2020, the Governor issued Executive Order No. 9R (hereinafter "EO 9R"), which required that municipalities select one of the two tax programs established under EO 7S to apply to tax deadlines and collection efforts for tax bills that become due and payable on January 1, 2021; and

WHEREAS, EO 9R provides that if the municipality utilizes the same program that it previously selected under EO 9S, no approval by its local legislative body is required and that the municipality shall be deemed to have adopted the same program as previously selected under EO 9S unless modification is provided to the Connecticut Office of Policy and Management on or before December 30, 2020; and

WHEREAS, participation in the tax deferment program is in the best interest of the City.

NOW, THEREFORE, BE IT RESOLVED by the Torrington City Council on January 19, 2021 as follows:

- 1) The City will be participating in the tax deferment program, which offers to eligible taxpayers, businesses, nonprofits, and residents an extended grace period, through and including April 1, 2021, of any taxes on real property, personal property, motor vehicle, supplement motor vehicle, or municipal water, sewer and electric rates, charges or assessments for such tax, rate, charge, or assessment. Eligible taxpayers, businesses, nonprofits, and residents are those that attest to, or document, significant economic impact by COVID-19 or that they are providing commensurate relief to those significantly affected by the COVID-19 pandemic.
- 2) Landlords shall be eligible for said deferment after filing the application provided by the City Tax Collector's office (pursuant to guidance from the Office of Policy and Management) thereby confirming: (1) that the landlord will suffer a "significant income decline" or (2) has offered "commensurate forbearance" to tenants. "Commensurate forbearance" for purposes of this program has been defined by the Office of Policy and Management to mean either: a deferral of 25% of rent (approximating the property tax portion of rent) for three months after its due date; (b) a deferral of one month's rent to be paid over the 90-day period, or (c) forbearance substantially similar to (a) or (b) as determined by the Tax Collector. There shall not be any similar eligibility requirement for all other taxpayers, businesses, nonprofits, and residents.
- 3) Paragraph 3 of the Tax Collector Services Agreement, dated June 1, 2015, as amended (hereinafter the "Tax Agreement"), provides that TTC is required to pay the second installment of the total taxes (including real property, personal property and motor vehicle) and sewer use fees due to the City in full on or before the first Monday in May next following the commencement of the fiscal year in which such taxes are payable. However, as a result of the City's implementation of the deferment program the City's taxpayers will be provided an extended grace period of up to three months to make payment for taxes and sewer use fees to the City without incurring any interest at the rate of 1.5% per month for late payment. Therefore, TTC shall be required to pay the second installment of the total taxes (including real property, personal property and motor vehicle) and sewer use fees due to the City (on the October 1, 2019 Grand List) on or before the first Monday in July 2021 instead of the first Monday in May 2021.

4) Pursuant to the Tax Agreement, as amended, the City granted, conveyed and assigned to TTC all the City's present and future right, title and interest in and to the tax liens and tax receivables arising from the October 1, 2019 Grand List. However, as a result of the City's implementation of the deferment program TTC will not have the opportunity to collect monthly interest accrued for tax and sewer use fee payments made during the extended grace period, which would have otherwise been subject to a levy of interest at a rate of 1.5% per month for up to three months from the due date of January 1, 2021. Therefore, in order to compensate TTC, in part, for its loss of anticipated interest revenue that TTC is entitled to collect pursuant to the Tax Agreement, the City shall provide TTC with a credit in an amount not to exceed forty thousand dollars (\$40,000.00) which shall be equal to two (2) months of interest at the rate of 1.5% per month on any payments for taxes (including real property, personal property and motor vehicle) and/or sewer use fees made to the City during the extended grace period between February 2, 2021 and April 1, 2021, which would have otherwise been subject to a levy of monthly interest for up to three (3) months at the rate of 1.5% per month. Said credit shall be applied to the balance due to be paid by TTC to the City for the second installment of the total taxes and sewer fees (on the October 1, 2019 Grand List) on or before the first Monday in July 2021.