

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

16-2524

HB 1683-FN-L, *relative to lowering the interest rate and costs for the redemption and repurchase of property subject to a tax lien or tax deed.*

House Municipal and County Government

This proposed bill would reduce the permitted interest rate from 18% down to 5% charged by a municipality when a former property owner redeems or repurchases property subject to a tax lien or tax deed. The bill also removes an additional 15% penalty that may be charged by a municipality when a former property owner redeems or repurchases property subject to a tax lien or tax deed.

The DRA believes the current 18% interest rate and 15% penalty encourages the timely payment of property taxes. The DRA believes that reducing or eliminating these disincentives for non-payment may increase the incidence of non-payments, which would correspondingly decrease local revenues and increase collection costs. Additionally, greater unreimbursed costs to cities and towns could result if the 5% interest rate does not adequately cover the costs incurred by the municipality.

The DRA does not have data regarding the amount of interest paid by taxpayers who redeem or repurchase property subject to a tax lien or tax deed. Thus the DRA cannot calculate the extent of the loss of revenue that may be incurred by cities and towns if the interest rate was reduced. Similarly, the DRA does not have data regarding the incidence of the imposition of the 15% penalty when taxpayers redeem or repurchase property subject to a tax lien or tax deed. As a result, the DRA also cannot calculate the revenue loss that would result from repealing the cities and towns ability to impose a 15% penalty.