

**Subject** Reducing Interest Rates on Delinquent Taxes

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## Overview

In the January after property taxes come due, unpaid taxes become delinquent and interest begins accruing on them. The commissioner of revenue annually sets an interest rate for unpaid state taxes, and counties must generally use that rate for delinquent property taxes, except that for delinquent property taxes state law establishes minimum and maximum rates of 10 and 14 percent. This bill would remove the 10 percent floor and would allow counties to establish an interest rate lower than that set by the commissioner of revenue.

If delinquent taxes remain unpaid, the assessed property becomes subject to forfeiture. Forfeited land may be sold or conveyed by the county. Generally, up until the time the property is sold to someone else, the owner at the time of forfeiture may repurchase the property and may do so through an installment plan. The unpaid balance on any repurchase contract is subject to the same interest rate charged on delinquent property taxes. This bill would allow a county to establish an interest rate for unpaid repurchase balances that would be lower than the rate charged on delinquent taxes.

## Summary

Section	Description
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| 1 | <b>Rate.</b><br>Removes a 10 percent minimum interest rate on delinquent property taxes; allows a county board by resolution to set a lower interest rate on property taxes than the rate set by the commissioner of revenue for unpaid state taxes.                |
| 2 | <b>Interest rate.</b><br>Allows a county board, or a county auditor if the county board has delegated its authority over tax-forfeited lands, to charge a lower interest rate on the unpaid balances of repurchase plans than the rate charged on delinquent taxes. |



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