Land Court Issues Guidance for Towns on How to Calculate Interest in Tax Lien Cases

To clarify the recent confusion caused by changes to G.L. c. 60, § 62 and the court's decision in *City of Leominster v. Corbett*, No. 22 TL 000447 (Land Ct. Apr. 3, 2025) ("*Corbett*"), the Land Court issued instructions to municipalities on how to calculate the taxes owed and the statutory interest accrued in tax-taking cases. The Land Court has instructed municipalities to e-file an updated principal and interest balance of a tax title account no later than Tuesday of the week of the hearing on the Tax Lien Motion for Entry of Finding, with the hearings typically occurring on Thursdays.

Prior to a recent amendment (St. 2024, c. 140, § 88 (the "Amendment")), G.L. c. 60, § 62 allowed the owner of land being taken the right to redeem the land only if the owner paid to the municipality the original sum owed plus 16% interest. Once a municipality files a foreclosure petition, G.L. c. 60, § 68 also required the owner to pay 16% interest on the sum owed. Prior to the Amendment, therefore, Sections 62 and 68 uniformly established a 16% interest rate applied to the taxpayer's redemption rights.

But the Legislature it did not amend both Sections together. Instead, it amended only Section 62, reducing the 16% interest to 8% interest with an effective date of November 1, 2024; it left Section 68 unchanged. The Land Court recognized in *Corbett* that the change presented "logistical hurdles," but nevertheless, concluded that the Sections "can exist in harmony, even if the result may be awkward and unwieldy." No. 22 TL 000447 at 21, 25. The Court in *Corbett* provided the following instructions in calculating the redemption amount:

- 16% interest is applied to the original sum owed to the municipality prior to November 1, 2024 (old Section 62);
- 8% interest is applied to the original sum owed on and after November 1, 2024 (new Section 62); and
- Once a foreclosure petition is filed, the interest applied to the original sum reverts to 16% (unchanged Section 68), with the original sum including taxes, costs, and interest arising after the taking.

Using *Corbett* as its basis, the Land Court has now instructed municipalities to undertake the following calculations to provide an updated tax title account to the Court:

- The original sum of the tax taking;
- Interest accrued on the original sum, from the date of the tax taking until the day before the complaint to foreclose the right of redemption was filed, at the rate of 16% per annum (old Section 62);
- Interest accrued on the original sum, from date of the complaint to foreclose the right of redemption was filed through the date of finding, at a rate of 16% per annum (unchanged Section 68);
- Subsequent taxes certified to the tax account;

- Subsequent costs added to the tax title account;
- Interest accruing on the subsequent sum (subsequent taxes plus subsequent costs), from the date of the tax taking until October 31, 2024, at a rate of 16% per annum (old Section 62); and
- Interest accruing on the subsequent sum, from November 1, 2024 through the date of finding, at a rate of 8% per annum (new Section 62).

Please do not hesitate to reach out to any of our municipal counsel if you have additional questions on application of these instructions.