

# Banking Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-941

AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN PROPERTY, TAX,

**Title:** WATER AND SEWER LIENS.

**Vote Date:** 3/17/2021

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/2/2021

**File No.:** 251

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## **SPONSORS OF BILL:**

Banking Committee

## **REASONS FOR BILL:**

Intends to protect residents as it decreases the interest rate on delinquent property tax, water, and sewer liens that have been sold to third parties. Due to COVID-19, constituents have struggled to reach payments on deadlines, and the interest rates may place a larger burden on them. In order to alleviate financial stress of communities, this bill strives to support communities through the decrease of interest rates. As well, it clarifies that written notices are extended from assignees before a foreclosure of a lien. It will help and offer the opportunity for mortgage holders to prevent foreclosure by resolving the liens. This helps promote transparency, communication, and proper notification of assignments in order to handle liens.

JFS language – eliminated the section which reduced the interest rate from 18% to 6% - says it should still be studied going forward (this was the section all the tax collectors testified against)

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

None Expressed

## **NATURE AND SOURCES OF SUPPORT:**

**Jeff Gentes, Connecticut Fair Housing Center and Housing Clinic** – The Connecticut Fair Housing Center and the Housing Clinic supports SB-941 as they find that it “would provide basic consumer protections to homeowners whose towns sell their tax debts. An above-market rate of six percent should suffice for a ‘superlien’ investment”.

**Tom Mongellow and Art Corey - Connecticut Bankers Association –**

They find that the current procedure “effectively and unfairly gives debt buyers that same rights as municipalities, when charging interest and foreclosing on the property” which can promote them to hold the debt for it to compound. They find that homeowners and the loan’s investors who financed mortgage are the ones that ultimately pay from this system. They support the bill as it does not affect the rate of interest that a municipality can collect and creates “provisions that require lien purchasers to provide notice to holders of mortgages before beginning the process of foreclosing a municipal lien. These notice requirements would give mortgage holders the opportunity to resolve these municipal liens before the foreclosure process starts”.

**NATURE AND SOURCES OF OPPOSITION:**

Many revenue collectors and mayors have voiced opposition for SB-941. The interest rate is intended to help support municipalities for losses when revenue is delayed. Reducing the interest rate places, a higher burden on the municipalities. Individuals will lose incentive to pay their taxes on time, and towns may be encouraged to raise taxes to make up for potential losses. As well, investors have less incentive to purchase tax liens under municipal contracts. These factors can potentially disrupt funding and budgets for municipalities. SB-941, they believe, treats law-abiding taxpayers and municipalities unfairly, and places funding for local operations at risk that depend on the funding from interest.

**Teresa M. Babon, President of Connecticut Tax Collector’s Association**

**Corrine Aldinger, Revenue Collector, Newington, Connecticut**

**Stephanie Irving, Tax Collector, Stafford, Connecticut**

**Benjamin G. Blake, Mayor of Milford, Connecticut**

**Veronica Jones, Tax Collector, Bridgeport, Connecticut**

**Fran Doba, CCMC, Tax Collector, Bethany, Connecticut**

**Peter F. Juszczynski, Tax Collector, Windsor Locks, Connecticut**

**William L. Donlin, Collector of Revenue, Cheshire, Connecticut**

**Margaret K. Duffy, Assistant Tax Collector, Bethany, Connecticut**

**Cory Gumbrewicz, Tax Collector, Milford, Connecticut**

**Patricia Kratochvil, Tax Collector, East Windsor, Connecticut**

**Kathleen M. Larkins, Office of Tax Collector of Darien, Connecticut**

**Patricia Monahan, Revenue Collector, Killingly, Connecticut**

**Kimberly Pokrywka, Tax Collector, Roxbury, Connecticut**

**Scott M. Ferguson, Tax Collector, Danbury, Connecticut**

**Christine Silansky, Tax Collector, Canton, Connecticut**

**Launa Goslee, Tax Collector, Torrington, Connecticut**

**J. Stacy Yarbrough, Tax Collector and Town Clerk, New Haven, Connecticut**

**Donna Hamzy, Advocacy Manager of Connecticut Conference of Municipalities –**

The Connecticut Conference of Municipalities opposes SB-941 and believes that the current interest rates exist to support municipalities when revenue is not paid on time. They believe there are better routes to support communities without harming municipalities or inadvertently punishing law-abiding taxpayers.

**Bethany Gara, Executive Director of Connecticut Council of Small Towns** – The Connecticut Council of Small Towns opposes SB-941. They find that the existing interest rates are appropriate and effective tools to collect overdue bills, and that “some towns assign liens rather than pursue foreclosure or wait until the property is sold”.

**Elizabeth Gara, Executive Director of Connecticut Water Works Association** – The Connecticut Water Works Association opposes SB-941, because it hinders the collection of delayed water bills once they are assigned to a third party. They find that municipal water departments send customers appropriate notices and due process rights and are willing to create payment plans with customers. They state, “If water bills remain unpaid, a town may lien a property for unpaid water/sewer bills and exercise its right to foreclose the lien in order to collect the debts”.

**Reported by: Jennifer Mouser / Dawn Marzik**

**Date: 3/30/2021**