
OLR Bill Analysis

HB 6751

AN ACT CONCERNING THE ASSIGNMENT OF TAX LIENS.

SUMMARY

Starting July 1, 2024, this bill reduces, from 18% to 12%, the annual interest rate on unpaid municipal property taxes when a municipal tax collector files a lien on the property and assigns the lien (i.e., sells it to an outside party). Under existing law, unchanged by the bill, unpaid municipal property taxes generally accrue interest at a rate of 18% per year (CGS § 12-146).

By law, an assignee of a tax collector lien (i.e., person who bought the lien) has the same powers and rights as the municipality and its tax collector if the lien had not been assigned. Under current law, this includes charging the 18% annual interest rate. However, for assignments executed on or after July 1, 2024, and beginning on the date a lien is assigned, the bill reduces this amount to 12% on the delinquent portion of the principal of the assigned taxes.

Additionally, the bill limits the validity and enforceability of such assignments unless they are in a written contract executed by the municipality and the assignee that includes a requirement that no attorney's fees will be received, claimed, or collected until the start of a foreclosure action or suit on the debt. For actions beginning on or after July 1, 2024, the bill also caps the attorney's fees in connection with each aspect of a foreclosure, sale, or other disposition of these assigned liens at 15% of the amount of any judgment entered.

The bill extends the above validity and enforceability provision and attorney's fees cap provision to assigned liens for unpaid (1) municipal sewer assessments, (2) municipal sewerage connection and use charges, (3) municipal water charges, (4) regional water authority water

assessments or connection or use charges, and (5) regional sewer authority sewer assessments or connection or use charges. These extensions apply to assignments executed on or after July 1, 2024, and for actions beginning on or after that date.

EFFECTIVE DATE: October 1, 2023

BACKGROUND

Related Bills

SB 916, favorably reported by the Planning and Development Committee, makes liens on owner-occupied property for (1) municipal or regional sewer or water pollution control authority delinquent sewer benefit assessments or (2) sewer use and connection charges not assignable or subject to certain enforcement actions until the principal exceeds \$4,000.

SB 1142, favorably reported by the Planning and Development Committee, lowers the interest rate on delinquent municipal property taxes (and several other taxes and assessments) from 18% to 12% per year.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 12 Nay 0 (03/07/2023)