

# Banking Committee JOINT FAVORABLE REPORT

**Bill No.:** HB-6751

**Title:** AN ACT CONCERNING THE ASSIGNMENT OF TAX LIENS.

**Vote Date:** 3/7/2023

**Vote Action:** Joint Favorable

**PH Date:** 3/2/2023

**File No.:**

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

## **SPONSORS OF BILL:**

Banking Committee.

## **REASONS FOR BILL:**

Under current law, private third parties are allowed to continue to collect interest, and compound it, at a rate of 18% per year, which many times is held as a way to increase the debt putting the homeowner at a disadvantage. Lien buyers receive a statutory super-priority lien status, which nearly guarantees they will receive 100% of the tax lien and interest, when the property is sold. This effectively gives debt buyers the same rights as municipalities when charging interest and foreclosing on the property.

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

None expressed.

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

[Tom Mongellow, Art Corey and Fritz Conway, Connecticut Bankers Association](#) submitted written testimony in support of this bill stating: "The changes to the current municipal tax lien laws proposed by this bill will protect homeowners and the equity in their homes from what is now a very unfair and, in some cases, predatory system."

"This bill simply reduces the exorbitant costs that accompany the collection of tax liens after they are assigned to a debt buyer, down to more reasonable levels. Importantly, it does not affect the rate of interest that a municipality can currently collect on delinquent taxes or any of its rights."

[Jeff Gentes, Connecticut Fair Housing Center and Housing Clinic at Yale Law School](#)

submitted written testimony stating that "we support anything that would make tax liens less attractive investments for debt buyers. We also believe that the attorney fee limits are sorely needed to address rampant abuse by the attorneys who handle foreclosures."

#### **NATURE AND SOURCES OF OPPOSITION:**

[Scott M. Ferguson, C.C.M.C., Tax Collector, City of Danbury](#) submitted written testimony in opposition. Mr. Ferguson stated that "The City of Danbury uses lien assignments as its primary recovery method for delinquent real estate taxes." He asked that the bill "be withdrawn in order to protect the fiscal needs of the municipalities reliant on lien assignments."

[Betsy Gara, Executive Director, Connecticut Council of Small Towns](#) submitted written testimony in opposition stating, "that the bill will undermine the ability of towns to collect delinquent property taxes."

"As drafted, the bill limits the delinquent interest rate on liens that are assigned to 12%."

[Launa Goslee, CCMC, City of Torrington Tax Collector](#) submitted testimony in opposition stating that the bill "would encourage those taxpayers who do become delinquent to just wait and thereby achieve a reduction in their taxes."

"The result of Raised Bill 6751 would be that municipalities will no longer be able to effectively use lien assignments to collect real property delinquencies."

[Cory Gumbrewicz, C.C.M.C., Tax Collector, City of Milford](#) submitted written testimony opposing the bill "which as written, would reduce the interest on any tax liens filed by a municipality that would be assigned by the municipality, meaning it would greatly weaken the very important tool of lien assignment on which municipalities, especially Milford, depend upon for funding our budget and restoring delinquent real property to productive use."

"The uniformity of the 18 percent interest rate encourages tax payments to be made timely."

[Beth Hamel, CCMC, CCMO, Tax Collector, Town of Harwinton](#) submitted testimony in opposition "as it is currently written for the inequity it creates in the application of interest."

"It is not equitable to allow a lower interest rate to those who are delinquent in their tax obligations to a municipality and in fact benefits the delinquent tax payer."

[Donna Hamzy Carroccia, Chief Strategy Officer of CCM](#), submitted testimony opposing the bill.

"The proposed legislation would create a different, lower rate of interest on delinquent real property commencing on the date of the assignment. The uniformity of the 18% interest rate is designed to encourage property tax payments to be made on time. The current interest rate serves to compensate municipalities for the loss that occurs when revenue is not paid in a timely manner."

[Peter Juszczynski, C.C.M.C., Tax Collector, Town of Windsor Locks](#) submitted written testimony in opposition "because it lowers the interest rate on delinquent taxes once the municipality assigns the lien to 12% from the statutory mandated 18%. Within this raised bill there is an inherent insinuation that there is something improper with assigning liens at the mandated 18%."

[David Kluczowski, C.C.M.C., Tax Collector, Town of Fairfield, Connecticut Tax Collector's Association, Legislative Committee Chair](#) submitted testimony in opposition.

"The Connecticut Tax Collectors' Association is opposed to Raised Bill No. 6751 which as written, would greatly weaken the extremely important tool of lien assignment on which municipalities, especially our largest cities depend for funding their budgets and restoring delinquent real property to productive use."

"Raised Bill 6751, would make it harder for municipalities to fund their budgets and incentivize people to pay their taxes late."

[Patricia Kratochvil, C.C.M.C., Tax Collector, Town of East Windsor, Connecticut Tax Collector's Association, Secretary](#) submitted testimony in opposition.

"The Connecticut Tax Collectors' Association is opposed to Raised Bill No. 6751 which as written, would greatly weaken the extremely important tool of lien assignment on which municipalities, especially our largest cities depend for funding their budgets and restoring delinquent real property to productive use."

"By lowering the interest rate on assigned liens, this legislation greatly reduces the marketability of the towns' tax liens and unfairly targets taxpayers in many of the smaller towns that do not assign liens and charge a higher interest rate."

[Kathleen M. Larkins, CCMC, Tax Collector, Darien](#) submitted testimony in opposition.

[J. Stacey Yarbrough, C.C.M.C., J.D., Tax Collector, Town of North Haven](#) submitted testimony in opposition.

**Reported by: Jeanie Phillips, Clerk**

**Date: March 10, 2023**