Banking Committee
JOINT FAVORABLE REPORT

Bill No.: SB-1339
Title: AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN LIENS.
Vote Date: 3/6/2025
Vote Action: Joint Favorable
PH Date: 2/27/2025
File No.:

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SPONSORS OF BILL:

The Banking Committee

REASONS FOR BILL:

This bill adjusts tax liens issued by municipalities, reducing the interest rate from 18% to 12%. This change addresses a long-standing issue, as the higher interest rate was set during a time of nearly 13% inflation in the U.S. Although inflation has decreased since then, the interest rate has remained unchanged. The bill also introduces guidelines for attorney fees, capping them at no more than 15% of the final judgment. Additionally, it requires that attorneys cannot claim fees until foreclosure proceedings begin. These measures aim to prevent predatory practices in the industry.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed

NATURE AND SOURCES OF SUPPORT:

Thomas Mongellow, President - CEO-Connecticut Bankers Association: He stated municipalities were able to charge 18% interest rates on delinquent property taxes starting in the 1980s and explained these high interest rates were brought about due to an extreme rate environment and inflation. He claimed that it has become commonplace for municipalities to sell to a debt buyer, foreclose, set up payment plans, or hire debt collector for these delinquent property taxes due to this high interest rate.

John Erlingheuser, AARP,Senior Director of Advocacy: He stated this bill will elevate the financial burden on taxpayers who are behind on their property taxes, giving them necessary time to settle their debts. He also remarked that the adjustments will encourage compliance while not being overly burdensome for individuals.

Jeff Gentes, CFHC, YLSlawyer: He stated the CHFC supports any legislation that makes tax liens less attractive for debt buyers and makes it less likely for tax liens to make their way into the private market. He further noted how municipalities having to handle lien enforcement themselves reduces the potential for abuse and increases accountability for local elected officials. He also claimed that the attorney fee limits included in this bill are needed to address rampant abuse by attorneys who practice law regarding foreclosures.

NATURE AND SOURCES OF OPPOSITION:

Jennifer Bilsky, Town of Beacon Falls, Tax Collector: She stated that this bill would significantly weaken lien assignments as an enforcement tool, which many municipalities rely on for funding and other purposes. She explained that lowering interest rates on liens would reduce the marketability of tax liens and unfairly burden taxpayers.

Betsy Gara, COST, Executive Director: She remarked that this bill will undermine a town's ability to collect delinquent property taxes. She stated that the current interest rate is an effective tool in facilitating the collection of overdue bills and helps compensate municipalities for the costs incurred in collecting back taxes.

Launa Goslee, City Of Torrington, Tax Collector,: She stated that the 12%-18% difference between assigned and non-assigned liens would create unfair advantages for delinquent taxpayers and deter companies from purchasing tax liens.

Heidi Dillon, Town of East Granby, Tax Collector: She stated that the cuts in interest rates are arbitrary and greatly reduce the marketability of tax liens. She explained that this bill would make it more difficult for municipalities to fund their budgets, as tax liens are often a key source of funding for the municipality's budget.

Cory Gumbrewicz, City of Milford, Tax Collector: They stated that they depend on lien assignments to fund their budget and restore delinquent property to productive use. They explained that purchasers of tax liens do not buy these liens with the purpose of commencing foreclosure and often offer long payment plans to taxpayers.

Peter Juszczynski, Town of Windsor Locks, Tax Collector: He explained that tax liens are a perfect example of a public-private partnership, where both parties work toward a positive outcome. He also mentioned that the owners of these tax liens can offer much longer payment plans for individuals to pay their taxes than municipalities can.

Patricia Kratochvil, CT Tax Collectors Association, Secretary: She stated that this bill would greatly weaken lien assignments as a collection enforcement tool and assured that tax lien assignees are carefully considered by municipalities.

Lisa Madden, CT Tax Collectors Association, President: She explained that her organization, the Connecticut Tax Collector's Association, trains its tax collectors to administer collections fairly and equitably. She noted that it is essential for the interest rates to remain consistent to maintain the integrity of the collection process.

Morrissey, Kate, Town of Andover, Tax Collector: She explained that lowering the interest rates on assigned liens would reduce the marketability of tax liens and unfairly target taxpayers in other municipalities.

Heather Smeriglio, Town of Greenwich, Tax Collector: She stated that the bill, as written, would greatly weaken lien enforcement and noted that while her town does not use that tool, she still opposes the legislation.

Michele Cyr, Town of Watertown, Water and Sewer Controller: She explained how this bill would greatly weaken lien assignments as a collection enforcement tool and harm the marketability of tax liens, which could hurt funding that municipalities often rely on.

David Greaves, Town of Montville, Tax Collector: He explained how municipalities often rely on tax revenue to fund essential services, including public safety, infrastructure maintenance, and education. He elaborated on this point, pointing out that hospitals, nursing homes, and private creditors are allowed to continue without the similar restrictions that tax collectors are facing..

Thomas Hurley, Town of Orange, Tax Collector: He explained how the current interest rate on tax penalties is a tool for increasing collection rates and noted that the current interest rate on delinquent tax liens is 18%, which is lower than the average credit card rate.

David Kluczwski, CT Tax Collector's Association, 1st Vice President: He explained how this bill would unfairly target taxpayers in other municipalities that do not charge liens.

Kathleen Larkins, Town of Darien, Tax Collector: She stated that this bill would greatly weaken tax lien assignments, which serve as an enforcement tool upon which municipalities depend. She further elaborated on this point, noting that lien assignments usually offer taxpayers longer periods of time to pay taxes than municipalities can provide.

Rachel Massih, City of West Haven, Tax Manager: She explained how this bill would weaken collection enforcement in municipalities and force them to turn to other forms of enforcement that would carry much higher penalties.

Halaree Monnerat, Town of Avon, Collector of Revenue: She stated that this bill arbitrarily cuts the interest rates on delinquent tax returns once they have been assigned, and that doing so would lower the marketability of these liens.

Roberta Sinatra, Town of Brookfield, Tax Collector: She explained that municipalities need to collect their tax payments in order to fund services that the towns provide, as well as maintain the 18% interest rate to ensure residents pay their taxes.

Reported by: Thomas Togneri **Date: 03/18/2025**