
OLR Bill Analysis

SB 1339 (File 183, as amended by Senate "A")*

AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN LIENS.

SUMMARY

By law, an assignee of a municipal tax lien for unpaid taxes generally has the same powers and rights as the municipality in terms of the lien's priority, interest accrual, and the fees and expenses of collection and to prepare and record the assignment.

This bill, however, prohibits the assignee from charging the subject property owner any post-charge-off (after being written off by the municipality) charge or fee for collection cost, excluding a court cost. And it requires the assignee to be treated as a consumer collection agency, meaning that it is explicitly subject to banking department requirements for these agencies (e.g., licensure) and prohibited from taking certain actions. By law, those actions include adding a post-charge-off charge or fee for collection cost (but not court cost) to the amount of any claim it receives for collection or knowingly accepting for collection a claim with this charge or fee unless the debtor is legally liable for it under a contract or other written agreement and the amount does not exceed 15% of the total actually collected and accepted as full payment. The bill specifies that this charge or fee exclusion does not limit the recovery of the costs or attorney's fees of a foreclosure action.

It correspondingly specifies that post-charge-off charges or fees for collection cost not be included in the written notices that an assignee must give to the (1) mortgage owner or holder of the involved property to inform them of the assignment, which includes information about the unpaid taxes, interests, and fees; and (2) first and second security interest holders of the involved property to inform them of a foreclosure action, which includes information about the assignee's attorney's fees and costs to enforce the lien.

Lastly, the bill (1) allows consumer collection agencies to receive assignments as a third party of claims for purposes of collection or filing a lawsuit and (2) makes technical and conforming changes.

*Senate Amendment "A" strikes the underlying bill which would have reduced, from 18% to 12%, the interest rate on assigned municipal property tax liens, and, among other things, capped certain attorney's fees associated with them.

EFFECTIVE DATE: October 1, 2025

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 12 Nay 0 (03/06/2025)