



Senate

General Assembly

File No. 488

February Session, 2000

Substitute Senate Bill No. 613

Senate, April 10, 2000

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

An Act Concerning Assignment Of Municipal Tax Liens.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-195h of the general statutes is repealed and the
2 following is substituted in lieu thereof:

3 (a) Any municipality, by resolution of its legislative body, as
4 defined in section 1-1, may assign, for consideration, any and all liens
5 filed by the tax collector to secure unpaid taxes on real property as
6 provided under the provisions of this chapter. The consideration
7 received by the municipality shall be negotiated between the
8 municipality and the assignee. The assignee or assignees of such liens
9 shall have and possess the same powers and rights at law or in equity
10 as such municipality and municipality's tax collector would have had
11 if the lien had not been assigned with regard to the precedence and
12 priority of such lien, the accrual of interest and the fees and expenses
13 of collection. The assignee shall have the same rights to enforce such

14 liens as any private party holding a lien on real property.

15 (b) Any assignee of a lien under this section, or the agent, employee
16 or representative of such assignee, who knowingly charges or exacts
17 any fee or charge in connection with the redemption of any such lien in
18 excess of the amount of any interest which would be permitted under
19 section 12-146 if the municipality were enforcing the lien, shall forfeit
20 such lien to the person who was charged such excessive or unlawful
21 fee or charge and the person paying such unlawful fee or charge shall
22 become vested with all the right, title and interest of such assignee in
23 and to such tax lien. In addition, the person paying such unlawful fee
24 or charge may bring an action in the Superior Court to recover the full
25 amount paid to such tax lien assignee. The provisions of this section
26 shall not apply to any contract governing any such assignment that
27 was entered into before the effective date of this act.

28 Sec. 2. Subsection (f) of section 12-129n of the general statutes, as
29 amended by section 5 of public act 99-89, is repealed and the following
30 is substituted in lieu thereof:

31 (f) Any municipality providing property tax relief under this section
32 may establish a lien on such property in the amount of the relief
33 granted, [provided if the total amount of such property tax relief with
34 respect to any such taxpayer, when combined with any such tax relief
35 for which such taxpayer may be eligible in accordance with sections
36 12-129b to 12-129d, inclusive, or 12-170aa, exceeds in the aggregate
37 seventy-five per cent of the property tax for which such taxpayer
38 would be liable but for the benefits under this section and any of the
39 sections mentioned above in this subsection, such municipality shall be
40 required to establish a lien on such property in the amount of the total
41 tax relief granted,] plus interest applicable to the total of such unpaid
42 taxes at a rate to be determined by such municipality. Any such lien
43 shall have a priority in the settlement of such person's estate.

FIN **Committee Vote:** Yea 47 Nay 0 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: See Explanation Below

Affected Agencies: Office of Policy and Management, Judicial Department

Municipal Impact: See Explanation Below

Explanation

State Impact:

The bill could result in an impact on the Judicial Department through the filing of additional cases in court. It is anticipated that these additional cases can be handled within existing caseload and budgetary structures of the court system.

Municipal Impact:

The bill eliminates the requirement that a municipality place a lien on property when it grants tax relief to someone aged 65 or over and could result in a revenue loss if the municipality chooses not to place a lien.

There is no impact to municipalities as a result of the bill prohibiting any company to which a municipality has assigned tax liens from charging a fee that exceeds 18% in connection with redeeming tax liens.

OLR Bill Analysis

sSB 613

AN ACT CONCERNING ASSIGNMENT OF MUNICIPAL TAX LIENS.**SUMMARY:**

This bill bars any entity to which a municipality assigns tax liens under assignment contracts entered into on or after October 1, 2000, from knowingly charging more to redeem the lien than the 18% interest the municipality itself could charge in the same situation. The prohibition extends to the assignee's agents and employees.

If an assignee violates the prohibition, it must forfeit the lien to the taxpayer who it overcharged. That taxpayer is vested with all the assignee's rights, title, and interest in the lien. In addition, the bill allows the taxpayer to sue in Superior Court for the full amount he paid the assignee.

The bill also eliminates a requirement that a municipality put a lien on the property when it grants optional tax relief to a person age 65 or over or permanently and totally disabled that, when combined with tax relief for which the taxpayer may be eligible under the tax freeze or circuit breaker program, exceeds 75% of the property's value. Under current law and the bill, a municipality retains the option of putting a lien on the property in such a situation.

EFFECTIVE DATE: October 1, 2000

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 47 Nay 0