



Senate

General Assembly

File No. 531

February Session, 2002

Substitute Senate Bill No. 499

Senate, April 17, 2002

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 MUNICIPAL TAX COLLECTION.

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

1 Section 1. (NEW) (*Effective from passage*) (a) Any municipality may
2 enter into an agreement with a provider of tax collection services for
3 the purpose of collecting current and delinquent property taxes,
4 interest, penalties, fees and other taxes, charges, assessments, penalties
5 and fees, including water or sewer charges, owed to such municipality.
6 Any such provider shall be under the direction of the municipality's
7 tax collection official. The municipality shall submit a copy of any such
8 agreement to the Secretary of the Office of Policy and Management.
9 The fee charged to the municipality by the provider of the tax
10 collection services may be paid out of any collection of such delinquent
11 taxes, interest, penalties, fees, charges or assessments received by the
12 municipality. As used in this section, "municipality" means any town,
13 consolidated town and city, consolidated town and borough, borough,
14 and any fire district, sewer district, water district, sewer authority or

15 water authority, organized under the provisions of chapter 105 of the
16 general statutes.

17 (b) No person, firm, association, corporation, partnership, limited
18 liability company or other entity shall provide tax collection services
19 for a municipality unless such person, firm, association, corporation,
20 partnership, limited liability company or other entity is (1) certified by
21 the Secretary of the Office of Policy and Management as being
22 competent to provide such services, and (2) licensed under sections
23 36a-800 to 36a-810, inclusive, of the general statutes, as amended, and
24 remains in compliance with the provisions of said sections 36a-800 to
25 36a-810. A certification shall be valid for five years and may be
26 renewed. The secretary shall maintain a list of certified providers of tax
27 collection services. This section shall not be construed to invalidate any
28 contract for such services in effect on the effective date of this section.

29 (c) The Secretary of the Office of Policy and Management shall
30 adopt regulations, in accordance with the provisions of chapter 54 of
31 the general statutes, to carry out the purposes of this section. Such
32 regulations shall include (1) standards and criteria for certification of
33 providers of tax collection services, (2) procedures for investigations
34 concerning the retention or renewal of the certification of such
35 providers, and (3) procedures for renewal, revocation, suspension or
36 denial of a certification.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

FIN *Joint Favorable Subst.*

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:

Fund-Type	Agency Affected	FY 03 \$
GF - Cost	Office of Policy and Management	Minimal

Note: GF=General Fund

Municipal Impact:

Effect	Municipalities
See Below	Various Municipalities

Explanation

It is assumed that municipalities would not enter into agreements for tax collection services unless it would result in a positive fiscal impact.

There is a minimal administrative cost to the Office of Policy and Management to adopt regulations, certify tax collection services, and mail renewal notices every five years.

OLR Bill Analysis

sSB 499

AN ACT CONCERNING MUNICIPAL TAX COLLECTION**SUMMARY:**

This bill allows municipalities, including fire, sewer, and water districts and sewer and water authorities (see COMMENT), to contract with tax collection service providers to collect (1) current and delinquent property or other taxes; (2) charges and assessments, including water and sewer charges; and (3) associated interest, penalties, and fees. It authorizes a municipality to pay the provider's fee out of the collections and requires the provider to operate at the direction of the municipal tax collection official.

The bill prohibits any company from providing tax collection services to municipalities unless it (1) is certified every five years as competent by the Office of Policy and Management (OPM) secretary; (2) is licensed by the banking commissioner as a consumer collection agency; and (3) complies with the requirements of the state's consumer collection agency law, including prohibitions against using certain collection practices.

The bill requires a municipality to send a copy of its agreement with the tax collection service provider to the OPM secretary and requires OPM to maintain a list of certified providers.

Finally, the bill requires OPM to adopt regulations to implement its provisions, including (1) standards and criteria for certifying providers; (2) procedures for investigating certificate holders to determine if they should retain their certificates or have them renewed; and (3) procedures for renewing, revoking, suspending, and denying certification.

The bill specifies that it does not invalidate any contract for tax collection services in effect on its effective date.

EFFECTIVE DATE: Upon passage

BACKGROUND***Consumer Collection Agency Law***

The law requires consumer collection agencies to be licensed by the Banking Department. Such agencies must pay an initial investigation fee of \$100 when they apply for a license and an annual license fee of \$400. They must also post a \$5,000 bond with the banking commissioner. Conviction of certain crimes disqualifies an applicant from licensing.

The law prohibits agencies from engaging in certain collection practices that constitute harassment, abuse, or fraud, including threatening violence, making repeated phone calls at inconvenient hours, making false representations, or falsely threatening legal action. It also prohibits them from adding any charge or fee to a claim for collection unless the debtor is legally liable for it, in which case the fee is limited to 15% of the amount actually collected.

COMMENT***Sewer and Water Authority Organization***

The bill applies to entities, including sewer and water authorities, "organized under the provisions of Chapter 105 of the general statutes." Although water and sewer districts are organized under Chapter 105, water and sewer authorities are organized under Chapters 102 and 103, respectively.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 35 Nay 9