



General Assembly

January Session, 2003

Amendment

LCO No. 6330

SB0093406330SD0

Offered by:

SEN. FINCH, 22nd Dist.

To: Subst. Senate Bill No. 934

File No. 187

Cal. No. 135

"AN ACT CONCERNING USE OF CONSUMER COLLECTION AGENCIES FOR MUNICIPAL PROPERTY TAX COLLECTION."

1 Strike section 2 in its entirety and substitute the following in lieu
2 thereof:

3 "Sec. 2. Section 36a-802 of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective from passage*):

5 No such license and no renewal thereof shall be granted unless the
6 applicant has filed with the commissioner a bond to the people of the
7 state in the penal sum of five thousand dollars, approved by the
8 Attorney General as to form and by the commissioner as to sufficiency
9 of the security thereof. Such bond shall be conditioned that such
10 licensee shall well, [and] truly and faithfully account for all funds
11 entrusted to the licensee and collected and received by the licensee in
12 the licensee's capacity as a consumer collection agency. Any person
13 who may be damaged by the wrongful conversion of any creditor,
14 consumer debtor or property tax debtor funds [held] received by such

15 consumer collection agency may proceed on such bond against the
16 principal or surety thereon, or both, to recover damages. The
17 commissioner may proceed on such bond against the principal or
18 surety thereon, or both, to collect any civil penalty imposed upon the
19 licensee pursuant to subsection (a) of section 36a-50. The proceeds of
20 the bond, even if commingled with other assets of the licensee, shall be
21 deemed by operation of law to be held in trust for the benefit of such
22 claimants against the licensee in the event of bankruptcy of the licensee
23 and shall be immune from attachment by creditors and judgment
24 creditors. The bond shall run concurrently with the period of the
25 license granted to the applicant, and the aggregate liability under the
26 bond shall not exceed the penal sum of the bond.

27 Sec. 3. Subsection (c) of section 36a-805 of the general statutes is
28 repealed and the following is substituted in lieu thereof (*Effective from*
29 *passage*):

30 (c) (1) No consumer collection agency shall receive any property tax
31 on behalf of a creditor that is a municipality, unless the consumer
32 collection agency has procured from an insurer authorized to transact
33 business in this state an insurance policy providing coverage against
34 loss of money, securities or other property, including loss arising from
35 any fraudulent or dishonest act of any employee, officer or director of
36 the consumer collection agency, with limits of at least two million
37 dollars. It shall be the obligation of the municipality to ensure
38 compliance with the requirements of this subdivision.

39 (2) A municipality that enters into an agreement with a consumer
40 collection agency to collect and receive for payment property tax on
41 behalf of the municipality may also require such consumer collection
42 agency to file a bond with the municipality in an amount not
43 exceeding the total amount of the property tax to be collected on behalf
44 of the municipality. Such bond, the form of which shall be approved
45 by the municipality, shall be written by a surety authorized to write
46 bonds in this state and shall contain a provision requiring the surety to
47 provide the municipality with written notice of cancellation of such

48 bond. Such notice shall be sent by certified mail to the municipality at
49 least thirty days prior to the date of cancellation. The bond shall be
50 conditioned that such consumer collection agency shall well, truly and
51 faithfully account for all funds collected and received by the consumer
52 collection agency for the municipality pursuant to such agreement. If
53 the municipality is damaged by the wrongful conversion of any
54 property tax debtor funds received by the consumer collection agency,
55 the municipality may proceed on such bond against the principal or
56 surety on the bond, or both, to recover damages. The proceeds of the
57 bond, even if commingled with the other assets of the consumer
58 collection agency, shall be deemed by operation of law to be held in
59 trust for the benefit of the municipality in the event of bankruptcy of
60 the consumer collection agency and shall be immune from attachment
61 by creditors and judgment creditors."