



CONNECTICUT BANKERS ASSOCIATION

February 23, 2007

TO: MEMBERS OF THE JUDICIARY COMMITTEE

FR: CONNECTICUT BANKERS ASSOCIATION
Contacts: Tom Mongellow or Fritz Conway

RE: House Bill 5069, AN ACT CONCERNING THE COLLECTION OF
MUNICIPAL WATER, SEWER AND SANITATION CHARGES
THROUGH THE USE OF TAX WARRANTS.

H. B. 5069 would expand the items that a municipality could include in a tax warrant from just personal property taxes to water, sewer and sanitation charges.

The CBA understands and respects the need for municipalities to have tools at their disposal to collect taxes, sewer and other charges.

The existing powers to issue alias tax warrants for personal property taxes are a good example of one of the available tools.

With H.B. 5069 allowing the additional items to be included in the tax warrant, there would be a large increase in the number of warrants served on banks.

Tax Warrant Process Tax warrants are issued by the town or city, and can be served by the tax collector or state marshal on a bank or other financial services company that *may* have an account in the name of the existing or former resident who has delinquent taxes. Once the tax warrant is served on the bank, the bank has 24 hours to check all its customers accounts (e.g. savings, checking, and investments), to determine if there are any matches to the tax warrant and if there is enough money in the customers account to satisfy the delinquent personal property tax.

Modernization of Overall Tax Warrant Statute While this process is currently being adhered to by banks throughout the state, the underlying statute authorizing this activity has become woefully out of date. When first enacted, the statutes never contemplated multiple tax warrants and the ***capacity*** of a bank to meet the 24 hour deadline for responding to the service of the tax warrants. A small community bank with 10 employees can't possibly respond to the same number of tax warrants as a bank with 250 employees.

Solution To address this capacity issue and modernize the tax warrant process, the Banks Committee has raised Senate Bill No. 1151, AN ACT CONCERNING ALIAS TAX WARRANTS AND SERVICE OF PROCESS. The bills provisions are critical to the proper service, acceptance and processing of these warrants by banks in the future.

Thus for the provisions of House Bill 5069 to become an effective tool for municipalities and manageable by banks, S. B. 1151 in the Banks Committee needs to be enacted as well. If the Committee wishes to enact H. B. 5060, we strongly urge your support of the Banks Committee's Senate Bill No. 1151, An Act Concerning Alias Tax Warrants and Service of Process.