State of Connecticut

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Testimony
Committee on Planning and Development
March 3, 2008
In Opposition to SB 373: AN ACT CONCERNING THE COLLECTION OF DELINQUENT PROPERTY TAXES ON MOTOR VEHICLES
In Support of HB 5639: AN ACT CONCERNING REVOCATION OF HEALTH PERMITS FOR FAILURE TO PAY PERSONAL PROPERTY TAXES

Good afternoon Senator Coleman, Representative Feltman, and members of the Committee on Planning and Development. My name is Elizabeth Ritter and I am the State Representative from the 38th District. Before coming to Hartford, I spent seven years working as my town's elected Tax Collector. I am here to speak on two bills: in opposition to SB 373: AN ACT CONCERNING THE COLLECTION OF DELINQUENT PROPERTY TAXES ON MOTOR VEHICLES and in support of HB 5639: AN ACT CONCERNING REVOCATION OF HEALTH PERMITS FOR FAILURE TO PAY PERSONAL PROPERTY TAXES.

In Opposition to SB 373: AN ACT CONCERNING THE COLLECTION OF DELINQUENT PROPERTY TAXES ON MOTOR VEHICLES

This bill will prohibit the accrual of interest on past due motor vehicle tax bills outstanding for more than six years. Current law provides that these bills are collectible for fifteen years. Passage of this bill will cost our municipalities interest revenues they now collect while providing an obvious path to tax and interest avoidance for taxpayers wishing to escape payment.

Taxpayers primarily fail to receive their motor vehicle tax bills because they have failed to change their addresses with the Department of Motor Vehicles when they move. This is clearly stated on the back of every motor vehicle registration form and is required by

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current law within 48 hours of a move. The forms to do this are available online and by telephone, and the entire process can be completed by mail. No trip to the DMV is required. The updated information is then used by the DMV in producing the tax bill lists that go to every municipal Assessor and produces the tax bills. Assessors also receive an address update approximately one month before the bills are prepared, and they work hard to ensure addresses **as reported** are kept as current as possible. It is also common practice for Tax Collectors to advise all their taxpayers, upon mailing the original bills, to contact the Tax Office if a bill is missing.

This bill will provide an easy reward for failure to follow current rules, reduce municipal collections, and place a higher tax burden on responsible taxpayers who pay their bills on time and follow the rules on reporting their address changes. No one enjoys paying these taxes, and no one enjoys collecting them when they have become delinquent. This bill will penalize those who do pay and will weaken the available collection tools. I urge you to oppose it.

In Support of HB 5639: AN ACT CONCERNING REVOCATION OF HEALTH PERMITS FOR FAILURE TO PAY PERSONAL PROPERTY TAXES

I would first like to thank the committee for raising this bill. I believe it is an opportunity to make collection of personal property taxes more consistent with the other municipal taxes and fairer to our businesses and residents who pay them.

The bill will reduce the current restriction found in CGS 12-146a placed on the revocation or non-issue of a health permit if delinquent personal property taxes are owed. The current restriction is that the taxes must have been delinquent for a period of at least one year. Because taxes are assessed as of the October 1st prior to the July due date, and because they become delinquent one month after their due date, the current restriction means that a health permit action cannot be used as a collection tool until the taxes have been unpaid for at least 22 months from the assessment date. In the meantime, the business can be moved, been closed, or have been replaced by a new one for whom a new permit was issued. In my experience, this was fairly common, and in some cases, businesses moved in and out of certain properties for several years with no personal property tax payments at all. This is the only such restriction on enforcement actions by Tax Collectors in the statutes.

My choice would be to see this restriction removed entirely, giving this enforcement action the same availability as all other collection tools. This would mean that it would be available 10 month after the assessment date and 1 month after the bill first becomes due. I understand the current version sets the enforcement back by six month, meaning it could be available once the bill has been delinquent for a period of six month, or a total of 16 month from the assessment date. While this would be helpful, it would

not be **as effective** as simply using the same standard used in all other collection efforts: the date the bill becomes delinquent. Certainly, any help you chose to give the Tax Collectors will strengthen collection and make the situation fairer to the many businesses who pay their taxes on time. Timely collection serves all our residents in keeping their taxes as low as possible, and this is an opportunity to work in that direction.

Thank you for your time and consideration. I am available for any questions you may have, now or at a later time.