

Date: March 1, 2010

To: Chairmen Eric D Coleman and Brendan Sharkey  
And members of the Planning and Development Committee of the  
Connecticut General Assembly

From: Al Palumbo CCMC, Assistant Tax Collector, City of Norwalk

Re: Raised Bill # 5254 – An Act Repealing the Municipal Jeopardy Tax

This testimony is in opposition to Raised Bill #5254.

Connecticut General Statute 12-163 allows for what is referred to as ‘jeopardy’ collection of local property taxes. It allows a tax collector to enforce collection of taxes not yet due in situations where the tax collector determines the collection of the tax may be ‘jeopardized by delay.’

The Connecticut Tax Collectors’ Association, Inc., and the Connecticut Tax Collectors’ Certification program and continuing education curriculum uniformly teach tax collectors proper procedures for the judicious invocation of jeopardy. In fact, jeopardy is used sparingly and fairly, only to recover revenue that would otherwise be lost. The most common situation in which jeopardy is invoked involves a business is moving out of town after the October 1 assessment date, but prior to the July 1 billing date, which does not come until nine months later. Situations involving soon –to- be uncollectible business personal property taxes are by far the most common situations in which jeopardy is invoked. These taxes come due long after the assessment date, and are the hardest taxes to collect, due to the mobility of the property that is being taxed and the transient nature of many businesses. Another example not involving business personal property would be a tax sale situation, where there may be confusion about who is responsible for taxes that come due during the six month redemption period, so jeopardy is invoked to bill those taxes into the tax sale. It should also be noted that 12-163 currently has safeguard provisions to protect the taxpayer, allowing a taxpayer to avoid jeopardy by posting a bond, and requiring that a refund be given in the event of an overpayment.

Municipal tax collectors are granted expansive authority under the Connecticut General Statutes to enforce collection because the Legislature has recognized the importance of property tax revenue in municipal budgets. In most cases between 85-98% of a municipalities’ operating revenue comes from property taxes. For this reason, tax collectors are authorized to, among other things, seize property, garnish wages, withhold licenses and permits, withhold motor vehicle registrations, and so on, without court order. It is acknowledged that a high current tax collection rate is essential for the financial stability of the town, and because without good enforcement, the on-time taxpayer will bear an additional burden in making up the revenue that is lost when their neighbors fail to pay on time. By taking away a tax collectors’ ability to judiciously invoke jeopardy, you will deprive municipalities of a means to collect tax revenue that is truly

'jeopardized', and basically create a loophole that will allow businesses to 'skip out' on their local tax obligations. Without jeopardy, there will be no way to enforce the collection of those taxes described above. This will result in lost revenue, which will have to be made up by those who pay on time. This proposal is not sound public policy and should be rejected.