



House of Representatives

General Assembly

File No. 354

February Session, 2012

House Bill No. 5456

House of Representatives, April 11, 2012

The Committee on Planning and Development reported through REP. GENTILE of the 104th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING DEFICIENCY JUDGMENTS IN TAX LIEN FORECLOSURES.

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

1 Section 1. Section 12-181 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2012*):

3 (a) Whenever used in this section, unless the context otherwise
4 requires, "municipality" has the meaning given thereto in section 12-
5 141. The tax collector of any municipality may bring suit for the
6 foreclosure of tax liens in the name of the municipality by which the
7 tax was laid, and all municipalities having tax liens upon the same
8 piece of real estate may join in one complaint for the foreclosure of the
9 same, in which case the amount of the largest unpaid tax shall
10 determine the jurisdiction of the court. If all municipalities having tax
11 liens upon the same piece of real estate do not join in a foreclosure
12 action, any party to such action may petition the court to cite in any or
13 all of such municipalities as may be omitted, and the court shall order
14 such municipality or municipalities to appear in such action and be

15 joined in one complaint. The court in which action is commenced shall
 16 continue to have jurisdiction thereof and may dispose of such action in
 17 the same manner as if all the municipalities had commenced action by
 18 joining in one complaint. If one or more municipalities having one or
 19 more tax liens upon the same piece of property are not joined in one
 20 action, each of such municipalities shall have the right to petition the
 21 court to be made a party plaintiff to such action and have its claims
 22 determined in the same action, in which case the same court shall
 23 continue to have jurisdiction of the action and shall have the same
 24 rights to dispose of such action as if all municipalities had originally
 25 joined in the complaint. The court having jurisdiction under the
 26 provisions of this section may limit the time for redemption, order the
 27 sale of the real estate, determine the relative amount of the undivided
 28 interest of each municipality in real estate obtained by absolute
 29 foreclosure if two or more municipalities are parties to one foreclosure
 30 action or pass such other decree as it judges to be equitable. If one or
 31 more municipalities foreclose one or more tax liens on real estate and
 32 acquire absolute title thereto and if any other municipality having one
 33 or more tax liens upon such real estate at the time such foreclosure title
 34 becomes absolute has not, either as plaintiff or defendant, been made a
 35 party thereto, the tax liens of each of such other municipalities shall
 36 not be thereby invalidated or jeopardized.

37 (b) If the proceeds of the sale of real estate are not sufficient to pay
 38 in full the amount secured by any tax lien thereby foreclosed, the court
 39 having jurisdiction shall determine the deficiency and thereupon may
 40 render judgment for the deficiency against any party liable to pay the
 41 same who is a party to the action and has been served with process or
 42 has appeared therein. All persons liable to pay the debt secured by the
 43 lien may be made parties.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2012	12-181

PD

Joint Favorable

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 13 \$	FY 14 \$
Various Municipalities	Savings	See Below	See Below

Explanation

The bill allows municipalities to obtain deficiency judgments in tax lien foreclosure actions. Municipalities may realize a savings associated with legal costs to the extent that they will not have to file a separate action against the property owner to recover any debt still owed after the foreclosure.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and the number of tax lien foreclosures.

OLR Bill Analysis**HB 5456*****AN ACT CONCERNING DEFICIENCY JUDGMENTS IN TAX LIEN FORECLOSURES.*****SUMMARY:**

This bill allows municipalities to obtain deficiency judgments in tax lien foreclosure actions for the difference between the proceeds from the property's sale and the tax lien amount. The court can order the judgment against anyone liable to pay the tax lien who is a party to the foreclosure action that has (1) been served with process or (2) appeared in the action. The bill specifies that anyone liable to pay the debt the lien secures may be made a party in the foreclosure action.

Existing law allows municipal tax collectors to bring an action in the name of the municipality to foreclose a tax lien and provides that any municipality claiming a lien against the property may join in the action as a co-plaintiff. Currently, a municipality may bring a separate action against the property owner to recover any debt still owed after the foreclosure (see *Town of Winchester v. Northwest Associates*, 255 Conn. 379 (2001)).

The bill does not affect the summary tax foreclosure process, which towns can use on multiple properties when the tax collector judges that a property's fair market value is (1) less than the total amount of the tax liens and other encumbrances on the property and (2) no more than \$100,000 (CGS § 12-182).

EFFECTIVE DATE: October 1, 2012

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable

Yea 16 Nay 4 (03/23/2012)