



House of Representatives

General Assembly

File No. 675

January Session, 2015

Substitute House Bill No. 6571

House of Representatives, April 16, 2015

The Committee on Planning and Development reported through REP. MILLER, P. of the 36th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE MUNICIPAL TAX COLLECTION STATUTES.

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

1 Section 1. Section 12-144b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 Except as otherwise provided by the general statutes, all payments
4 made to or recovered by the municipality [on any specific property]
5 shall be applied (1) first, for any outstanding unsecured taxes, to
6 expenses concerning such unsecured taxes, including attorney's fees,
7 collection expenses, [recording fees,] collector's fees and other
8 expenses and charges related to all delinquencies owed by the party
9 liable therefor before the interest accrued, then to the principal of such
10 outstanding unsecured taxes, paying the oldest such tax first, and (2)
11 for any outstanding secured taxes, first to expenses concerning such
12 secured taxes, including attorney's fees, collection expenses, [recording
13 fees,] collector's fees and other expenses and charges related to all

14 delinquencies owed by the party liable therefor before the interest
15 accrued, then to the principal of such outstanding secured taxes,
16 paying the oldest such tax first. If there is litigation pending between
17 the municipality and the party liable for the oldest outstanding tax on
18 such property concerning such oldest outstanding tax, such tax
19 payment shall only be applied to the oldest outstanding tax on such
20 property which is not involved in such litigation, provided this section
21 shall not apply to tax payments tendered by third parties pursuant to
22 contract or by operation of law. The municipality shall follow written
23 instructions from a party liable for taxes on more than one property as
24 to which property or properties a specific payment shall be applied.
25 The municipality shall not be bound by any notation on or
26 accompanying a payment that purports to be payment in full,
27 proposes to waive any rights or powers of the municipality, directs
28 application of the payment in any manner that contradicts any
29 applicable statute or ordinance or is otherwise contrary to law.

30 Sec. 2. Section 12-146 of the general statutes is repealed and the
31 following is substituted in lieu thereof (*Effective October 1, 2015*):

32 Unless the context otherwise requires, wherever used in this section,
33 "tax" includes each property tax and each installment and part thereof
34 due to a municipality as it may have been increased by interest, fees
35 and charges. If any tax due in a single installment or if any installment
36 of any tax due in two or more installments is not paid in full (1) on or
37 before the first day of the month next succeeding the month in which it
38 became due and payable, or if not due and payable on the first day of
39 the month, (2) on or before the same date of the next succeeding month
40 corresponding to that of the month on which it became due and
41 payable, the whole or such part of such installment as is unpaid shall
42 thereupon be delinquent and shall be subject to interest from the due
43 date of such delinquent installment. Except for unpaid real estate taxes
44 the collection of which was, or is, deferred under the provisions of
45 section 12-174, and any predecessor and successor thereto, which
46 unpaid real estate taxes continue to be subject to the provisions of such
47 deferred collection statutes, the delinquent portion of the principal of

48 any tax shall be subject to interest at the rate of eighteen per cent per
49 annum from the time when it became due and payable until the same
50 is paid, subject to a minimum interest charge of two dollars per
51 installment which any municipality, by vote of its legislative body,
52 may elect not to impose, and provided, in any computation of such
53 interest, under any provision of this section, each fractional part of a
54 month in which any portion of the principal of such tax remains
55 unpaid shall be considered to be equivalent to a whole month. Each
56 addition of interest shall become, and shall be collectible as, a part of
57 such tax. Interest shall accrue at said rate until payment of such taxes
58 due notwithstanding the entry of any judgment in favor of the
59 municipality against the taxpayer or the property of the taxpayer. The
60 collector shall apply each partial payment to the wiping out of such
61 interest before making any application thereof to the reduction of such
62 principal. If any tax, at the time of assessment or because of a
63 subsequent division, represents two or more items of property, the
64 collector may receive payment in full of such part of the principal and
65 interest of such tax as represents one or more of such items, even
66 though interest in full on the entire amount of the principal of such tax
67 has not been received up to the date of such payment; in which event,
68 interest on the remaining portion of the principal of any such tax shall
69 be computed, as the case may be, from the due date of such tax if no
70 other payment after delinquency has been made or from the last date
71 of payment of interest in full on the whole amount or unpaid balance
72 of the principal of such delinquent tax if previous payment of interest
73 has been made. Each collector shall keep a separate account of such
74 interest and the time when the same has been received and shall pay
75 over the same to the treasurer of the municipality of the collector as a
76 part of such tax. No tax or installment thereof shall be construed to be
77 delinquent under the provisions of this section if (A) such tax or
78 installment was paid through a municipal electronic payment service
79 within the time allowed by statute for payment of such tax or
80 installment, or (B) the envelope containing the amount due as such tax
81 or installment, as received by the tax collector of the municipality to
82 which such tax is payable, bears a postmark showing a date within the

83 time allowed by statute for the payment of such tax or installment.
84 Any municipality may, by vote of its legislative body, require that any
85 delinquent property taxes shall be paid only in cash or by certified
86 check or money order. Any municipality adopting such requirement
87 may provide that such requirement shall only be applicable to
88 delinquency exceeding a certain period in duration as determined by
89 such municipality. Any municipality shall waive all or a portion of the
90 interest due and payable under this section on a delinquent tax with
91 respect to a taxpayer who has received compensation under chapter
92 968 as a crime victim.

93 Sec. 3. Section 12-146a of the general statutes is repealed and the
94 following is substituted in lieu thereof (*Effective October 1, 2015*):

95 Any municipality, as defined in subsection (a) of section 12-41, or
96 any district health department, formed under chapter 368f, may
97 withhold or revoke any license or permit, issued by such municipality
98 or district health department, to operate a business enterprise if any
99 taxes or water, sewer or sanitation charges levied by a water pollution
100 control authority or such municipality or, in the case of a district
101 department of health, by any constituent municipality of such district,
102 against any property owned by or used in such business enterprise are
103 delinquent and have been so delinquent for a period of not less than
104 one year.

105 Sec. 4. Subsection (b) of section 12-155 of the general statutes is
106 repealed and the following is substituted in lieu thereof (*Effective*
107 *October 1, 2015*):

108 (b) After demand has been made in the manner provided in
109 subsection (a) of this section, the collector for the municipality, alone or
110 jointly with the collector of any other municipality owed taxes by such
111 person, may (1) levy for any unpaid tax or any unpaid water or
112 sanitation charges on any goods and chattels of such person and post
113 and sell such goods and chattels in the manner provided in case of
114 executions, or (2) enforce by levy and sale any lien or warrant upon
115 real estate for any unpaid tax or levy upon and sell such interest of

116 such person in any real estate as exists at the date of the levy for such
117 tax.

118 Sec. 5. Section 12-157 of the general statutes is repealed and the
119 following is substituted in lieu thereof (*Effective October 1, 2015*):

120 (a) When a collector levies one or more tax warrants on real estate,
121 he or she shall prepare notices thereof, containing the name of the
122 taxpayer, a legal description of the real property or citation to an
123 instrument in the land records, an assessor's map or another publicly
124 available document identifying the real property's boundaries, the
125 street address, if such real property has one, the amount of the tax or
126 taxes due, including any interest and charges attributable to the
127 property as of the last day of the month immediately preceding the
128 notice, a statement that additional taxes, interest, fees and other
129 charges authorized by law accruing after the last day of the month
130 immediately preceding the notice [have been added] are owed in
131 addition to the amount indicated as due and owing in the notice, and
132 the date, time and place of sale. The collector shall post one notice on a
133 bulletin board in or near the collector's office in the town where such
134 real estate is situated, if any, or at some other exterior place near the
135 office of the town clerk, which is nearest thereto; one shall be filed in
136 the town clerk's office of such town and such town clerk shall record
137 and index the same as a part of the land records of such town, which
138 recording shall serve as constructive notice equivalent to a lis pendens
139 for all purposes, and one shall be sent by certified mail, return receipt
140 requested, to the taxpayer and each mortgage, lienholder and other
141 encumbrancer of record whose interest is choate and will be affected
142 by the sale. Such posting, filing and mailing shall be done not more
143 than twelve and not less than nine weeks before the time of sale and
144 shall constitute a legal levy of such warrant or warrants upon the real
145 estate referred to in the notice. Such collector shall also publish a
146 similar notice for three weeks, at least once each week, in a newspaper
147 published in such town, or in a newspaper published in the state
148 having a general circulation in such town. The first notice shall be
149 published beginning not more than twelve and not less than nine

150 weeks before the time of sale and the last shall be published not more
151 than four weeks nor less than two weeks before such sale. He shall also
152 send by certified mail, return receipt requested, to the delinquent
153 taxpayer and to each mortgagee, lienholder and other encumbrancer of
154 record whose interest in such property is choate and will be affected by
155 such sale, a similar notice which shall not be required to list
156 information pertaining to properties in which the person to whom the
157 notice is directed has no interest. The notice shall be sent at least twice,
158 the first not more than eight nor less than five weeks before such sale
159 and the last not more than four weeks nor less than two weeks before
160 such sale. The notice shall be addressed to his or her place of residence,
161 if known to the collector, or to his or her estate or the fiduciary thereof
162 if the collector knows him or her to be deceased, or to the address, or
163 the agent of such person, to which such person has requested that tax
164 bills be sent. If there is no address of such person, or if no such agent is
165 given in the records of such town, the notice shall be sent to the place
166 where such person regularly conducts business or other address as the
167 collector believes will give notice of the levy and sale. If a person is a
168 corporation, limited partnership or other legal entity, the notice may be
169 sent to any person upon whom process may be served to initiate a civil
170 action against such corporation, limited partnership or entity or to any
171 other address that the collector believes will give notice of the levy and
172 sale. If no place of residence or business is known and cannot be
173 determined by the tax collector for any owner, taxpayer, mortgagee,
174 lienholder or other encumbrancer whose interest in the property is
175 choate and will be affected by the sale, in lieu of notice by certified
176 mail as provided in this subsection, the notice, together with the list of
177 mortgagees, lienholders, and other encumbrancers of record whose
178 interests in the property are choate and will be affected by such sale,
179 shall be published in a newspaper published in this state, having a
180 general circulation in the town in which such property is located at
181 least twice, the first not more than eight weeks nor less than five weeks
182 before such sale and the last not more than four weeks nor less than
183 two weeks before such sale.

184 (b) The collector may, for any reason, adjourn such sale from time to

185 time by causing public notice of such adjournment and the time and
186 place of such adjourned sale to be given either by oral announcement
187 or posting of a written notice at the time and place designated for the
188 sale in the notices of such sale. If the adjourned date is set for a date
189 more than three days from the date of the original or rescheduled sale
190 date, the tax collector shall provide a postage prepaid written notice of
191 the new time and place of the sale to the delinquent taxpayer and each
192 mortgagee, lienholder and other encumbrancer of record whose
193 interest is choate and will be affected by the sale.

194 (c) At the time and place stated in such notices, or, if such sale is
195 adjourned, at the time and place specified at the time of adjournment
196 as aforesaid, such collector (1) may sell at public auction to the highest
197 bidder all of said real property, to pay the taxes with the interest, fees
198 and other charges allowed by law, including, but not limited to, those
199 charges set forth in section 12-140, or (2) may sell all of said real
200 property to his municipality if there has been no bidder or the amount
201 bid is insufficient to pay the amount due.

202 (d) The collector shall post, at the time and place of the sale, a
203 written notice stating the amount of all taxes, interest, fees and other
204 charges authorized by law with respect to each property to be sold.
205 The tax collector may publish or announce any rules for the orderly
206 conduct of the auction and the making of payment by successful
207 bidders which are not inconsistent with the requirements of law. The
208 tax collector or the municipality may retain the services of auctioneers,
209 clerks and other persons to assist the tax collector in the conduct of the
210 sale and the cost of such persons paid for their services shall be added
211 to the taxes due from the delinquent taxpayer. If more than one
212 property is sold, the tax collector shall apportion all shared costs
213 equally among all the properties.

214 (e) Within two weeks after such sale, the collector shall execute a
215 deed thereof to the purchaser or to the municipality conducting the
216 sale and shall lodge the same in the office of the town clerk of such
217 town, where it shall remain unrecorded six months from the date of

218 such sale.

219 (f) Within sixty days after such sale, the collector shall cause to be
220 published in a newspaper having a daily general circulation in the
221 town in which the real property is located, and shall send by certified
222 mail, return receipt requested, to the delinquent taxpayer and each
223 mortgagee, lienholder and other encumbrancer of record whose
224 interest in such property is choate and is affected by such sale, a notice
225 stating the date of the sale, the name and address of the purchaser, the
226 amount the purchaser paid for the property and the date the
227 redemption period will expire. The notice shall include a statement
228 that if redemption does not take place by the date stated and in the
229 manner provided by law, the delinquent taxpayer, and all mortgagees,
230 lienholders and other encumbrancers who have received actual or
231 constructive notice of such sale as provided by law, that their
232 respective titles, mortgages, liens, restraints on alienation and other
233 encumbrances in such property shall be extinguished. [Not] After such
234 notice is published, and not later than six months after the date of the
235 sale or within sixty days if the property was abandoned or meets other
236 conditions established by ordinance adopted by the legislative body of
237 the [town] municipality, if the delinquent taxpayer, mortgagee,
238 lienholder or other encumbrancer whose interest in the property will
239 be affected by such sale, pays to the collector, the amount of taxes,
240 interest and charges which were due and owing at the time of the sale
241 together with interest on the total purchase price paid by the purchaser
242 at the rate of eighteen per cent per annum from the date of such sale
243 plus any taxes and debts owed to the municipality that were not
244 recovered by the sale and any additional charges under section 12-140,
245 such deed, executed pursuant to subsection (e) of this section, shall be
246 delivered to the collector by the town clerk for cancellation and the
247 collector shall provide a certificate of satisfaction to the person paying
248 the money who, if not the person whose primary duty it was to pay
249 the tax or taxes, shall have a claim against the person whose primary
250 duty it was to pay such tax or taxes for the amount so paid, and may
251 add the same with the equivalent precedence, rate of interest and
252 priority as the tax paid over other nongovernmental encumbrances but

253 without precedence or priority over any state or municipal tax lien or
254 any tax that was not yet due and payable when notice of the levy was
255 first published to any claim for which he has security upon the
256 property sold, provided the certificate of satisfaction is recorded on the
257 land records but the interests of other persons in the property shall not
258 be affected. Within ten days of receipt of such amounts in redemption
259 of the levied property, the collector shall notify the purchaser by
260 certified mail, return receipt requested, that the property has been
261 redeemed and shall tender such payment, together with the amount
262 held pursuant to subparagraph (A) of subdivision (1) of subsection (i)
263 of this section, if any, to the purchaser. If the purchase money and
264 interest are not paid within such redemption period, the deed shall be
265 recorded and have full effect.

266 (g) During the redemption period, the purchaser or the municipality
267 shall have a sufficient insurable interest in buildings and
268 improvements upon such property to insure them against fire and
269 other risk of physical loss, and may petition the Superior Court for the
270 appointment of a receiver or for other equitable relief if there shall be
271 imminent danger of damage or destruction thereto or imminent
272 danger of injury to persons or to other property resulting from
273 conditions thereon or on adjoining properties. The purchaser or the
274 municipality shall not be liable to any person, or subjected to forfeiture
275 of their interest, solely by reason of acquisition by the person of the tax
276 deed, for any condition existing or occurrence upon such property or
277 adjoining public sidewalks and streets, or for any failure to act to
278 remedy or investigate any such condition or occurrence during such
279 redemption period. The expenses of any receiver appointed on the
280 application of such purchaser or municipality in excess of any rents or
281 profits paid to the receiver, all taxes and debts owed to the
282 municipality that were not recovered by the sale, and any additional
283 charges under section 12-140 shall be added to the amount of the
284 purchase money and interest required to be paid by any person to the
285 purchaser or municipality for the collector's deed and paid to the party
286 that incurred such expenses.

287 (h) Any municipality holding a lien for unpaid taxes on real estate,
288 other than the municipality conducting the sale, may purchase all of
289 such property at a tax sale.

290 (i) (1) If the sale realizes an amount in excess of the amount needed
291 to pay all delinquent taxes, interest, penalties, fees, and costs, the
292 amount of the excess shall be held in an interest-bearing escrow
293 account separate from all other accounts of the municipality. Any
294 interest earned from such escrow account shall be the property of the
295 municipality. (A) If the property is redeemed prior to the expiration of
296 the redemption period, the amount held in escrow shall, within ten
297 days of the tax collector receiving notice of redemption, be turned over
298 to the purchaser. [Any interest earned shall be the property of the
299 municipality.] (B) If the property is not redeemed in the redemption
300 period, the amount held in escrow may be used to pay the delinquent
301 taxes, interest, penalties, fees and costs on the same or any other
302 property of the taxpayer, including personal property and motor
303 vehicles. In the case of subparagraph (B) of this subdivision, the tax
304 collector shall, within ten days of the expiration of the redemption
305 period, pay to the clerk of the court for the judicial district in which the
306 property is located the amount held in escrow remaining after paying
307 the delinquent taxes, interest, fees, penalties and costs owed by the
308 taxpayer to the municipality. The tax collector shall, within five days of
309 the payment, provide notice to the delinquent taxpayer, any
310 mortgagee, lienholder, or other encumbrancer of record whose interest
311 in such property is choate and is affected by the sale, by certified mail,
312 return receipt requested of the name and address of the court to which
313 the moneys were paid, the person's right to file an application with the
314 court for return of said money, and the amount of money paid to the
315 court.

316 (2) If the tax collector pays to the court any moneys pursuant to
317 subparagraph (B) of subdivision (1) of this subsection, the delinquent
318 taxpayer, any mortgagee, lienholder or other encumbrancer whose
319 interest in such property is choate and is affected by the sale may,
320 within ninety days of the date the tax collector paid the moneys to the

321 court, file an application with the court for return of the proceeds. Any
322 person may make an application for payment of moneys deposited in
323 court as provided for in this subsection to the superior court for the
324 judicial district in which the property that is the subject of the
325 proceedings referred to is located, or if said court is not in session to
326 any judge thereof, for a determination of the equity of the parties
327 having an interest in such moneys. Notice of such application shall be
328 served in the same manner as to commence a civil action on all persons
329 having an interest of record in such property on the date the collector's
330 deed is recorded, provided neither the purchaser nor the municipality
331 shall [not] be a party to such action without [its] such purchaser's or
332 municipality's consent. The court or judge upon such motion or upon
333 its own motion may appoint a state referee to hear the facts and to
334 make a determination of the equity of the parties in such moneys. Such
335 referee, after providing at least ten days' notice to the parties interested
336 of the time and place of hearing, shall hear the applicant and any
337 parties interested, take such testimonies as such referee deems material
338 and determine the equities of the parties having a record interest in
339 such moneys and immediately report to the court or judge. The report
340 shall contain a detailed statement of findings by the referee, sufficient
341 to enable the court to determine the considerations upon which the
342 referee based his conclusions. The report may be rejected for any
343 irregular or improper conduct in the performance of the duties of such
344 referee. If the report is rejected, the court or judge shall appoint
345 another referee to make such determination and report. If the report is
346 accepted, such determination of the equities shall be conclusive upon
347 all parties given notice of such hearing, subject to appeal to the
348 Appellate Court. If no appeal to the Appellate Court is filed within the
349 time allowed by law, or if one is filed and the proceedings have
350 terminated in a final judgment determining the amount due to each
351 party, the clerk shall send a certified copy of the statement of
352 compensation and of the judgment to the prevailing party or parties,
353 as the case may be, which shall, upon receipt thereof, pay such parties
354 the amount due them as compensation.

355 (3) If no application is filed with the court, any moneys held by the

356 court shall escheat to the state pursuant to the provisions of part III of
357 chapter 32.

358 Sec. 6. Subsection (a) of section 12-158 of the general statutes is
359 repealed and the following is substituted in lieu thereof (*Effective*
360 *October 1, 2015*):

361 (a) The deed given by any collector for real estate sold by him for
362 taxes shall be in substance in the form following:

363 Know all men by these presents, that, whereas the (here insert the
364 name of the taxing authority) did on the day of, 20.., lay a tax on
365 its grand list next to be (or last) perfected, a rate bill for which and for a
366 personal tax (if such be the fact), in all respects made out according to
367 law with a warrant thereto attached, was placed in my hands, I being
368 the duly appointed and qualified collector thereof, for collection,
369 which tax became due on the day of, 20..; and, whereas A.B.,
370 upon demand made, neglected and refused to pay the tax set opposite
371 his name in said rate bill, and thereupon, on the day of, 20.., I
372 levied upon the parcel of real estate hereinafter described for that
373 portion of said tax which was assessed thereon, to wit: \$... and accrued
374 interest (or if the levy was for the whole tax, for the amount of said tax,
375 to wit: \$... and accrued interest) and gave due notice thereof to said
376 taxpayer and to as by law provided, which real estate so levied
377 upon is situated in and bounded, and on the day of, 20.., no
378 one having previously tendered me said tax with interest and my fees,
379 in pursuance of said levy, and in accordance with the terms of said
380 notice, I sold at public auction the whole of (or the following portion
381 of) said real estate of (to wit) to C.D., for the sum of \$.... Now,
382 therefore, in consideration of the premises, and of said sum of money,
383 received to my full satisfaction, of said C.D., I hereby bargain and sell
384 unto him the premises last above described, with the appurtenances, to
385 have and to hold the same to him and his heirs forever, subject only to
386 taxes laid by such municipality which were not yet due and payable
387 when I first published notice of levy and sale and any other liens in
388 favor of such municipality or the state, easements, covenants and

389 restrictions in favor of other parcels of land, interests exempt from levy
 390 and sale under the Constitution and laws of the United States and such
 391 other interests, if any, hereinafter described, to wit And also, I, the
 392 said collector, acting in the name of and for (name of municipality), do
 393 by these presents bind (name of municipality), forever, to warrant and
 394 defend the above granted and bargained premises to the said grantee,
 395 his heirs and assigns, against all claims and demands arising from any
 396 necessary act omitted or unlawful act done by me in connection with
 397 the aforesaid levy or sale which impairs the same. In witness whereof I
 398 have hereunto set my hand and seal this day of ..., 20...

399
 400
 401 Signed, sealed, and delivered
 402 in the presence of
 403
 404 (Usual form of acknowledgment).

E. F., (Seal).
 Collector as aforesaid.

405 Sec. 7. Section 12-159 of the general statutes is repealed and the
 406 following is substituted in lieu thereof (*Effective October 1, 2015*):

407 (a) Any deed, or the certified copy of the record of any deed,
 408 purporting to be executed by a tax collector and similar, or in
 409 substance similar, to the above, shall be prima facie evidence of a valid
 410 title in the grantee to the premises therein purported to be conveyed,
 411 encumbered only by the lien of taxes to the municipality which were
 412 not yet due and payable on the date notice of levy was first made,
 413 easements and similar interests appurtenant to other properties not
 414 thereby conveyed, and other interests described therein and of the
 415 existence and regularity of all votes and acts necessary to the validity
 416 of the tax therein referred to, as the same was assessed, and of the levy
 417 and sale therefor, and no tax collector shall be required to make return
 418 upon his warrant of his doings thereunder, except that the purchaser
 419 may, within ninety days of the recording of the collector's deed,
 420 request in writing from the tax collector, an affidavit which complies
 421 with the provisions of section 12-167a. The tax collector shall provide
 422 such affidavit within thirty days of receipt of such request. The town

423 clerk shall record such affidavit in the land records of such town and
424 shall index the affidavit under the name of the purchaser as grantee.
425 No act done or omitted relative to the assessment or collection of a tax,
426 including everything connected therewith, after the vote of the
427 community laying the same, up to and including the final collection
428 thereof or sale of property therefor, shall in any way affect or impair
429 the validity of such tax as assessed, collected or sought to be collected
430 or the validity of such sale, unless the person seeking to enjoin or
431 contesting the validity of such sale shows that the collector neglected
432 to provide notice pursuant to section 12-157, as amended by this act, to
433 such person or to the predecessors of such person in title, and who had
434 a right to notice of such sale, and that the person or they in fact did not
435 know of such sale within six months after it was made, and provided
436 such property was by law liable to be sold to satisfy such tax. The fact
437 that the collector may have charged or received illegal fees upon such
438 sale shall not impair the sale's validity. If the person contesting such
439 fees shows that illegal fees were charged by the collector, the
440 municipality shall refund such illegal fees together with legal interest
441 from the date of their payment in accordance with section 12-129.

442 (b) At any time after taking title, the purchaser may petition the
443 Superior Court for the judicial district in which the property is located
444 for summary confirmation of the validity of the sale, which petition
445 shall include certified copies of the tax collector's affidavit described in
446 subsection (a) of this section and the collector's deed described in
447 subsection (a) of section 12-158, as amended by this act. The court shall
448 forthwith issue an order to show cause why such a judgment should
449 not be entered, which order the purchaser shall serve upon the
450 taxpayer and each mortgagee, lienholder, and other encumbrancers of
451 record whose interest was choate and affected by the sale in a manner
452 most reasonably calculated to give notice to the same, as determined
453 by such court. The municipality shall not be a party to such action
454 without its consent. A hearing shall be held on such order not later
455 than forty-five days after its issuance or the first court day thereafter.
456 Except upon proof of fraud by clear and convincing evidence, the court
457 shall enter judgment quieting title in favor of the purchaser, unless the

458 court finds that: (1) The limitation period in section 12-159b, as
 459 amended by this act, has not yet expired, and (2) an act done or
 460 omitted relative to the sale would have entitled the taxpayer or
 461 mortgagee, lienholder, or other encumbrancer to enjoin the sale under
 462 subsection (a) of this section. The purchaser may file the judgment in
 463 the land records of the town in which the property is located, which
 464 recording shall be deemed conclusive as to the deed's validity. Any
 465 judgment other than one quieting title in favor of the purchaser shall
 466 include an award to the purchaser of all relief provided in section 12-
 467 159a and, as the court deems equitable, disbursement of any funds
 468 deposited with the court in accordance with section 12-157, as
 469 amended by this act.

470 Sec. 8. Section 12-159b of the general statutes is repealed and the
 471 following is substituted in lieu thereof (*Effective October 1, 2015*):

472 No action alleging the invalidity of a collector's deed, substantially,
 473 in the form provided in section 12-158, as amended by this act, on any
 474 grounds other than fraud, shall be brought by any person except
 475 within one year from the date the collector's deed was recorded. [or
 476 from the date of the sale, whichever is longer.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	12-144b
Sec. 2	<i>October 1, 2015</i>	12-146
Sec. 3	<i>October 1, 2015</i>	12-146a
Sec. 4	<i>October 1, 2015</i>	12-155(b)
Sec. 5	<i>October 1, 2015</i>	12-157
Sec. 6	<i>October 1, 2015</i>	12-158(a)
Sec. 7	<i>October 1, 2015</i>	12-159
Sec. 8	<i>October 1, 2015</i>	12-159b

PD Joint Favorable Subst.

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 16 \$	FY 17 \$
All Municipalities; Regional Health Districts	Revenue Gain	Potential	Potential

Explanation

The bill allows municipalities and regional health districts to withhold or revoke a business license or permit if such business has delinquent water, sewer, or sanitation bills.

To the extent that this provision results in a higher rate of payment of delinquent water, sewer, or sanitation bills, there is a revenue gain to municipalities and regional health districts that operate water, sewer, and sanitation systems.

The bill makes several other changes to municipal tax statutes that are not expected to have a fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

sHB 6571

AN ACT CONCERNING THE MUNICIPAL TAX COLLECTION STATUTES.

SUMMARY:

This bill establishes a process by which individuals purchasing a property at a tax sale can petition the court to confirm the sale's validity and establish their ownership of the property (i.e., quiet title).

The bill also makes several changes in the municipal tax collection statutes. Among other things, it:

1. allows municipalities and district health departments to withhold or revoke a business license or permit if a business owes water, sewer, or sanitation charges that are at least one year delinquent, as they may already do for delinquent taxes (§ 3);
2. requires municipalities to follow a taxpayer's written instructions specifying the property or properties to which a specific tax payment should be applied (§ 1);
3. eliminates the requirement that tax collectors apply property tax payments to recording fees related to a taxpayer's delinquency (§ 1);
4. requires municipalities to retain any interest that accrues on excess tax sale proceeds;
5. specifies that state and municipal tax liens against a delinquent taxpayer have precedence or priority over any claim against the taxpayer by a party who redeems (i.e., buys back) a property following a tax sale;

6. specifies that tax payments made through a municipal electronic payment service are timely, and thus not subject to interest charges, if they are made within the payment's statutory deadline, as is currently the case with postmarked envelopes (§ 2); and
7. makes minor and technical changes (§§ 4 & 8).

EFFECTIVE DATE: October 1, 2015

§ 7 — CONFIRMING A TAX SALE'S VALIDITY

Existing Law Concerning Tax Collector's Deed and Affidavit

By law, within two weeks after a purchaser buys a property at a tax sale, the tax collector must record a collector's deed with the town clerk. The deed is prima facie evidence that (1) title to the property is valid and encumbered only as stated in the deed (e.g., by property taxes that became due after notice of the sale was first published), (2) the tax was properly assessed, and (3) the tax collector properly conducted the sale. The law allows the purchaser, within 90 days of the collector's deed being recorded, to ask the collector in writing for an affidavit on the details of the sale. The collector must provide the affidavit within 30 days of the request and the town clerk must record it in the land records.

Petition for Summary Confirmation of Tax Sale's Validity

The bill allows the purchaser of a property at a tax sale, after taking title to the property, to petition the court for summary confirmation of the tax sale's validity. Purchasers may petition the Superior Court for the judicial district in which the property is located.

The petition must include certified copies of the tax collector's (1) deed and (2) affidavit on the details of the sale. Under the bill, the court must issue an order to show cause why the judgment should not be entered and the purchaser must serve notice of the order on the taxpayer and each mortgagee, lienholder, and others with a recorded interest in the property that were affected by the sale. The court must determine the manner of giving such notice. The municipality may not

be a party to the action without its consent. Within 45 days (or the following business day) after issuing the order, the court must hold a hearing on it.

The court must enter a judgment “quieting title” (i.e., a legal action to resolve who owns the property) in favor of the purchaser, unless:

1. a claim of fraud can be proven by clear and convincing evidence (meaning it is highly probable or reasonably certain that the alleged facts are true) or
2. the court finds that (a) some act or omission in the tax sale process would have entitled the taxpayer or other interested party to enjoin the sale for lack of actual notice and (b) the one year statute of limitations for challenging the validity of a tax collector’s deed on grounds other than fraud has not expired.

The purchaser may file the judgment in the land records and the recording conclusively validates the deed.

For any judgment other than one quieting title in favor of the purchaser, the bill requires the court to award purchasers (1) any excess tax sale proceeds the court deems equitable and (2) the same relief as existing law requires for those challenging a tax sale’s validity or enjoining a sale. The court must award the purchaser:

1. an amount representing the taxes, interest, and other fees owed at the time of the tax sale, plus 18% interest; and
2. the reasonable costs of paying the taxes, insurance premiums, repairs, maintenance, fair market value of capital improvements, and demolition of any structures that constituted a nuisance, plus 10% interest.

Any purchaser entitled to these payments can record a judgment lien on the property. The part of the lien attributable to taxes and other fees has precedence over all other interests but tax liens; the part covering other costs has precedence as determined by the rules of

equity. The court can also award the purchaser damages, which must be reduced by any amount ordered above.

§§ 5-6 — TAX SALES

Notice to Taxpayer

The law requires a tax collector selling property through a tax sale to provide notice of the sale to the taxpayer. Under current law, the notice must include a statement indicating that additional taxes, interest, fees, and other charges accruing after the notice was sent have been added to the amount due in the notice. The bill instead requires the statement to indicate that such taxes, interest, fees, and charges are owed in addition to the amount due in the notice.

Notice to Interested Parties

Following a tax sale, the law requires tax collectors to publish a newspaper notice and mail notice to the owner, mortgagee, lienholder, and other interested parties affected by the sale. Among other things, the notice must state that if the property is not redeemed (i.e., bought by the owner or other interested parties), all parties notified will lose their respective titles, mortgages, liens, and other interests in it. The bill specifies that these interests include alienation restraints on the property (i.e., deed restrictions that seek to prevent the property's sale or transfer).

Redemption

By law, the delinquent taxpayer or another interested party can redeem the property, generally within six months of the date of the tax sale, by paying certain taxes, interest, debts, and charges on the property. The bill extends the redemption period to cover the period from the tax sale notice's publication through the sale date.

Redeemer's Claim Against the Delinquent Taxpayer

By law, a redeeming party who paid delinquent taxes on the property can pursue a claim against the delinquent taxpayer. Currently, that claim has the same priority over other encumbrances as the tax paid, but not over any tax that was not yet due and payable

when the collector first published notice of the levy. Under the bill, the redeemer’s claim additionally does not take precedence or priority over any state or municipal tax liens. But the claim includes the same interest rate as that imposed on unpaid taxes.

The bill also requires the tax collector’s deed to specify that the redeemer’s claim is subject to any other liens in favor of the municipality.

Interest Earned on Escrow Accounts

By law, if a tax sale produces more than the back taxes, penalties, interest, fees, and costs due on the property, the excess proceeds must be placed in an interest-bearing escrow account. The bill requires municipalities to retain any interest that accrues on the excess proceeds. Current law requires them to do so only if the property is redeemed after the tax sale.

Claims on Tax Sale Proceeds

If a property is not redeemed, the tax collector must (1) transfer the amount in the escrow account to the Superior Court, after deducting an amount necessary to cover any delinquent taxes, interest, penalties, costs, and fees the former owner owes to the municipality and (2) notify all interested parties of their right to apply to the court for the money. The bill provides that the property’s purchaser may not be a party to an action to claim the funds without the purchaser’s consent, as is the case with municipalities under existing law.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/27/2015)