



Testimony of

William L. Donlin, C.C.M.C.  
Collector of Revenue, Town of Cheshire  
Legislative Co-Chair, Connecticut Tax Collectors' Association, Inc.  
Judiciary Committee  
March 23, 2016

**SB 472, An Act Concerning the Assignment of Liens Filed by a Municipal Tax Collector**

Good morning Senator Coleman, Representative Tong, Senator Kissel, Representative Rebinbas and the distinguished members of the Judiciary Committee. My name is William L. Donlin, I am the Collector of Revenue for the Town of Cheshire and Co-Chair of the Legislative Committee for the Connecticut Tax Collectors' Association, Inc. I have over 34-years of municipal collection and assessment experience.

The Connecticut Tax Collectors' Association is opposed to Senate Bill 472, which would limit the assignment of liens on unpaid taxes in excess of \$2,500.

In general, in municipalities that assign tax liens, the balances that are due reflect multiple years of taxes, and are generally over \$2,500, but to restrict the municipality's ability to assign a lien based on the amount of the lien can have an unintended negative impact on the municipality's lien sale.

A number of Connecticut municipalities, especially larger cities like Hartford, Bridgeport, and Danbury, rely on the municipal option to assign tax liens under General Statutes Section 12-195h as their primary method for recovering delinquent real property tax accounts. Also it's a particularly important device whenever bankruptcy proceedings, environmental contamination, or other special circumstances make direct enforcement by the municipality itself impossible or impractical. Tax liens are often purchased by institutional investors under municipal contracts containing protections for delinquent taxpayers and then foreclosed in court. In nearly all cases, the sole reason investors are interested in purchasing these liens is the post-assignment interest accruals they earn – both as profit and to compensate for the significant time, expense, and risk of assuming responsibility for collection efforts.

The Town of Cheshire has been assigning municipal tax liens since 2004. Since 2004, Cheshire has generated over \$3.4 million in property tax revenue. In 13-years, 664 municipal liens have been assigned and only three properties have been foreclosed by the assignee. The Town of Cheshire has found lien assignments to be a very compassionate way to handle real property tax delinquencies while maintaining a Triple-A bond rating.

Like many municipalities (Milford, Newtown, New Britain, South Windsor, West Haven, and South Windsor to name a few) assign sewer liens which are three years delinquent. The total lien value exceeds \$1,433. If the Town of Cheshire had to wait until the delinquent sewer use lien exceeded \$2,500, Cheshire would have to wait over five years before they were included in a lien assignment. If the taxing authority were restricted from assigning their sewer liens because of a dollar amount, they would be putting the collectability and enforceability of the sewer lien in jeopardy, as the real estate tax lien has a legal statutory priority of the sewer lien.

There is no sound reason to create a threshold on the dollar amount of a lien to be assigned. There are other liens, such as sidewalk benefits, garage units, boat slips and other parcels of real property that may have a relatively low assessed value and generate a delinquency of less than \$2,500. Tying the hands of the tax collector by not allowing these accounts to be assigned due to the low dollar amount encourages the taxpayers to be delinquent because they will know the municipality cannot assign their lien. This will lead to inefficiency and administrative problems, as towns will have increasing numbers of low dollar amount, statutorily unassignable, and potentially uncollectible delinquent accounts clogging their tax rolls.

Importantly, tax lien assignees, do not purchase tax liens for the purpose of commencing foreclosure actions and generally offer longer payment plan terms with taxpayers than can be offered by the municipality.

Senate Bill 472 would impose unnecessary and extremely undesirable changes to the tax collection laws, which would detrimentally impact Connecticut municipalities and the ability of their personnel to effectively perform their duties. I urge you to please reject Senate Bill 472.

Thank you for your attention to this matter. I would be glad to answer any questions.