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**Testimony of Attorney Walter M. Spader, Jr.
to be submitted to the Joint Committee on the Judiciary
March 23, 2016
in Opposition to Senate Bill-472
AN ACT CONCERNING THE ASSIGNMENT OF LIENS
FILED BY A MUNICIPAL TAX COLLECTOR**

As an attorney who handles municipal tax collection in over a dozen towns and cities, I do not believe this proposed legislation will be beneficial to our towns and cities, nor will it benefit taxpayers.

The bill, as drafted, prohibits the assignment of any lien under \$2500. In general, in municipalities that assign tax liens, the balances that are due reflect multiple years of taxes and are generally over \$2500 in any event, 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. For example: in Bridgeport, many properties have two parcels, any assignee of a lien is not going to purchase a lien on a condo if the city can't also assign them the lien on the parking space, which may be a separate \$100 lien. Side lots should not be disassembled from main lots, just as parking lots should not be disassembled from the main building just because the amount of taxes due on it is under \$2500.

Many municipalities (Cheshire, West Haven, Milford, and South Windsor to name a few) assign sewer liens with their tax liens. The sewer lien that complements a \$7000 tax lien may only be \$400. If the taxing authority were restricted from assigning their sewer lien along with their tax lien because of its 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. Also, many blighted properties in large cities have tax liens under \$2500 that the City may proactively want an assignee to enforce through foreclosure for the purposes of cleaning up the property and the neighborhood.

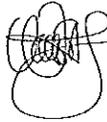
Additionally, as drafted, the bill may have the unintended consequence of preventing assignments when the total tax debts over a few years of liens is large, but the individual liens for multiple years are under \$2500 each.

This bill would essentially force enforcement collection and enforcement proceedings onto the municipality and municipal budgets. Tax lien assignees, in general, 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. This bill would not reduce foreclosures, it would actually force municipalities to be more aggressive with their in-house collection activity.

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The notice provisions of this bill are logical. The municipal assignment contracts that I am aware of already have contractual noticing requirements between the municipality and the assignee. 30 days may be too short a period of time, as municipalities usually have to capture late payments that have come in after the assignment and reconcile it with the assignment list so adjustments may still be taking place in the month after the assignment. Usually, a notice is sent within 60 days after the assignment so that taxpayers who have paid do not receive a letter.

Respectfully Submitted,



Walter M. Spader, Jr.
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Submitted personally as a Connecticut attorney representing municipalities and tax lien assignees and sent as a member of the Legislative Committee of the National Tax Lien Association.