OLR Bill Analysis
HB 7076

AN ACT PRESERVING THE INTERESTS OF PRIOR TITLE HOLDERS.

SUMMARY

Existing law prohibits anyone who receives aid under a state aid program from selling, assigning, transferring, encumbering, or disposing of property without the Department of Social Services (DSS) commissioner’s consent. The state has a claim against, among other things, property a program beneficiary has or receives for the amount of aid paid to the beneficiary.

Under this bill, a recorded title or interest in real property is not affected if the owner disposed of the property without the commissioner’s consent, regardless of when the disposition occurred. The bill applies to beneficiaries of the state supplement, medical assistance, aid to families with dependent children, temporary family assistance, or state-administered general assistance programs. But claims DSS collected before October 1, 2019 remain valid.

The bill also specifies that a previously recorded interest in real property does not lose its priority to an unrecorded or subsequently recorded lien by the state against a person for repayment of state aid. It does so by stating that the state’s lien (1) has no effect unless it is properly recorded in the municipality where the land is located and (2) is subordinate to previously recorded interests. Existing law provides priority to the state’s claim over all other unsecured claims and unrecorded encumbrances.

Lastly, the bill makes technical changes.

EFFECTIVE DATE: October 1, 2019

COMMITTEE ACTION
Banking Committee

Joint Favorable
Yea 15  Nay 0  (03/05/2019)