

Banking Committee

Testimony in Opposition of:

**Raised Bill 941, An Act Concerning the Assignment of Certain Property,
Tax, Water and Sewer Liens**

Submitted by:

Launa Goslee, CCMC, City of Torrington Tax Collector

Dear Senator Kasser, Representative Doucette and Members of the Committee:

Thank you very much for the opportunity to provide you with testimony in opposition to Raised Bill 941. I carefully reviewed the language in Bill 941, and I believe that the proposed changes to C.G.S. Section 12-195h would be a mistake for both municipalities and taxpayers.

C.G.S. Sect. 12-195h(a) provides that a municipality has the legal right to “assign, for consideration, any and all liens filed by the tax collector to secure unpaid taxes on real property.” C.G.S. Sect. 12-195(b) provides that “[t]he assignee or assignees, of such lien shall have and possess the same powers and rights at law or in equity as such municipality and municipality’s tax collector would have had if the lien had not been assigned with regard to the precedence and priority of such lien, the accrual of interest and the fees and expenses of collection and of preparing and recording the assignment. The assignee shall have the same rights to enforce such liens as any private party holding a lien on real property, but not limited to, foreclosure and suit on the debt.”

Raised Bill 941 now proposes to take away the long-standing legal rights of municipalities to use lien assignments as an effective method of recovering real property tax delinquencies. The result of Raised Bill 941 would be that municipalities will no longer be able to effectively use lien assignments to collect real property delinquencies. First, the municipality would essentially be reducing the annual rate of interest from 18% to 6%. Second, Raised Bill 941 sets forth various new onerous requirements that would apply to third-party assignees which seem to be unnecessary for the protection of the rights of delinquent taxpayers and intended to further prevent third-party assignees from wanting to do business in Connecticut. Whatever possible benefits that a municipality would gain by assigning said tax liens would be totally outweighed by the loss of revenue that the municipality would suffer by the virtue of the significantly reduced amount(s) that a third-party assignee would pay for the tax delinquencies.

Finally, Raised Bill 941 would have the effect of arbitrarily forgiving portions of tax debt on real property for certain taxpayers who just happen to be fortunate enough to have had their underlying tax liens sold to a third-party assignee. While on the other hand, other taxpayers who have delinquent real estate taxes would be charged an interest rate that is literally three times higher on the sole basis that their municipality decided to not assign its tax liens. This would simply be patently unfair and in direct conflict with the underlying goal of Connecticut municipal tax collection to be uniform and equitable to all taxpayers and deny all principles of equal protection under the law.

