

CITY OF BRIDGEPORT

TESTIMONY ON S.B. 941

**AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN PROPERTY, TAX, WATER
AND SEWER LIENS**

Good morning Senator Kasser, Representative Doucette, Senator Berthel, Representative Delnicki and members of the Banking Committee. My name is Veronica Jones and I am the Tax Collector for the City of Bridgeport. I am here to testify on S.B. 941, An Act Concerning the Assignment of Certain Property, Tax, Water and Sewer Liens. As a Tax Collector, I strongly believe that this proposed legislation is unfavorable for municipalities. Nor is it beneficial for the taxpayers.

Senate Bill 941 “AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN PROPERTY, TAX, WATER AND SEWER LIENS,” which would reduce the interest rate for the purchaser from the standard 18% to 6% would absolutely remove an essential collecting tool for Tax Collectors throughout the State of Connecticut. Prospective purchasers would ultimately stop purchasing lien assignments, thereby creating massive deficits in towns and cities budgets. For example, the City of Bridgeport received approximately 7.5 million dollars from the assignment of liens for the fiscal year 2020; If not for the assignment of liens, the City of Bridgeport would have to use alternative methods such as increasing mill rate, tax sales, and or foreclosures.

Senate Bill 941 has a punitive domino effect. If Senate Bill 941 is enacted and Collector’s lose the option to assign its’ liens due to the unwillingness of purchasers to buy liens, municipalities may increase their mill rates to offset the loss of revenue. An increase in the mill rate hurts all taxpayers whereas Senate Bill 941 as proposed only benefits delinquent taxpayers.

I plead with this Committee to reject Senate Bill 941, “AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN PROPERTY, TAX, WATER AND SEWER LIENS,” which would reduce the interest rate the purchasers of tax liens could recover from debtors from 18% to 6% per annum.

The current 18% interest rate is the standard late charge imposed on a wide variety of municipal and private commercial debts across many industries and types of services. “If you go home and look in your mailbox, nearly all of the bills you receive – everything from landscapers and snowplowers to dentists and electricians – mention a late fee of 1.5% per month after 30 days, which is exactly the same rate as municipal taxes. The rate is nearly universal, and reasonable given the imposition on the on-time taxpayers who are forced to make up the shortfall in their town’s budget caused by delinquent owners. Assigning the liens to third parties for enforcement allows municipalities to recoup the loss quickly and inexpensively. Reducing the interest rate would not only reduce the availability of this mechanism, but it would directly encourage people to prioritize paying their other bills with higher late charges ahead of paying their taxes.”

Senate Bill 941 would make it difficult for municipalities to fund their budgets and incentivize people to pay their taxes late. Please vote against this bill.

Veronica Jones
Tax Collector
City of Bridgeport