

March 2, 2021

Testimony
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Raised Bill SB No. 941 An Act Concerning The Assignment of Certain Property, Tax, Water and Sewer Liens.

I wish to express my opposition to Raised Bill SB No. 941, an Act Concerning the Assignment of Certain Property, Tax, Water and Sewer Liens. This Act would reduce the interest on assigned Liens accruing on Tax, Water, and Sewer. Lien Assignment under Statute 12-195h is an effective collection method for municipalities to achieve their revenue goals.

Lien Assignment is a perfect example of a private-public partnership which is being encouraged by Governor Lamont and his administration as a way to move Connecticut forward through its fiscal challenges. Lien Assignment is a process in which private investors pays the municipality all the tax, interest and fees due from an individual lien or group of liens. It is mutually beneficial as Tax Collectors are not allowed under our Tax Warrant to enter into payment arrangements with taxpayers. Once the Lien is assigned, the taxpayer can work with the investor to pay off their debt.

All aspects of the Lien Assignment process is controlled by the municipality, such as deciding on an RFP, putting in language within the agreement limiting the ability to foreclose within a certain period of time, along with requiring the purchase of subsequent liens on the same properties. The Tax Office continues to monitor the accounts, and work with Investor though the life of the assignment to ensure compliance with the collection statutes.

The attractiveness for private investors is the statutory 18% annual interest which accrues on tax and sewer bills within the State of Connecticut. One main reason the interest should not be reduced is because you want to attract high quality and reputable investors that will return year after year. Reducing interest will limit the legitimate companies looking to assist municipalities to raise revenues to fund programs and services to their residents.

Another reason the interest should stay at the statutory rate is to keep it equal to other collection items such as Foreclosure and Tax Sale. As a profession, Tax Collectors are taught to treat everyone the same, and this would create a situation where one form of collections would be more punitive than another. That is something the Legislature should not allow.

I am asking the committee to reject SB No.941, as it will have an opposite effect of what the bill is designed to do. This bill in the end will hurt not the investor, it will harm the homeowners in the communities where Lien Assignment is already working.

Thank you for your consideration!