



TOWN OF KILLINGLY

REVENUE OFFICE

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Testimony

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

Raised Bill No. 941 would reduce interest accruals on tax liens to the rate of six per cent per annum once they are assigned to a third party. Reducing this interest would reduce the value of the assignment, reducing the municipal revenues. A revenue concern for all municipalities.

The only benefit of a reduced interest rate on tax liens that have been assigned would be to the delinquent taxpayer at the expense of residents and businesses who do pay their property taxes on time.

Lien assignments are an important collection technique whenever bankruptcy proceedings, environmental contamination, or other special circumstances make direct enforcement by the municipality itself, impossible or impractical. Tax Liens are often purchased by institutional investors under municipal contracts containing protections for delinquent taxpayers. In all lien assignments, the sole reason investors are interested in purchasing delinquent tax liens is the interest accruals they can earn. This compensation is for the significant time, expense, and risk, of assuming responsibility for collection efforts. Eliminating the purchaser's right to recover interest would reduce the effectiveness of CGS12-195h. This proposed change would deprive municipalities of a key collection technique on which they depend for ensuring that their budgets are funded.

Therefore, I am in opposition of the reduced interest rate of Raised Bill No. 941