



House of Representatives

General Assembly

File No. 174

January Session, 2021

Substitute House Bill No. 6553

House of Representatives, March 29, 2021

The Committee on Aging reported through REP. PHIPPS of the 100th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT PROTECTING PROPERTY OWNERS AGE SIXTY AND OLDER FROM FORECLOSURE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2021*) Notwithstanding the
2 provisions of chapter 205 of the general statutes, or any other provision
3 of the general statutes, or policies, rules or regulations promulgated
4 thereunder, no municipality shall:

5 (1) Place a lien on real property that is a principal residence of a
6 taxpayer age sixty or older for delinquent taxes equaling eight per cent
7 or less of the property's assessed value;

8 (2) Assess (A) interest on delinquent property taxes for such property
9 that exceeds the U.S. prime rate as reported by the Wall Street Journal
10 or twelve per cent per annum, whichever is lower, or (B) legal fees,
11 penalties or other fees associated with collection of delinquent taxes on
12 such property that exceed twenty per cent of taxes due at the time of
13 settlement; or

14 (3) Sell, assign or transfer a lien on such property to a third party
15 unless taxes have been delinquent on such property for not less than
16 four years.

17 Sec. 2. (NEW) (*Effective October 1, 2021*) A municipal tax collector shall
18 annually include in a mailing concerning taxes to be collected from a
19 real property owner a notice that a taxpayer age sixty or older may (1)
20 notify the tax collector of his or her age and eligibility for the provisions
21 of section 1 of this act, and (2) designate a third party to receive notice
22 whenever such taxpayer becomes delinquent on payment of real
23 property taxes or water or sewer use assessments. Such notice shall
24 include forms for such notification and designation and any
25 documentation requirements concerning the age of the taxpayer
26 prescribed by the tax collector.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2021</i>	New section
Sec. 2	<i>October 1, 2021</i>	New section

Statement of Legislative Commissioners:

In Section 1(1) "unless taxes owed exceed eight per cent" was changed to "equaling eight per cent or less" for clarity and in Section 2 "property owner" was changed to "real property owner" and "property taxes" was changed to "real property taxes" for accuracy and consistency.

AGE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	Revenue Loss	See Below	See Below

Explanation

There is a revenue loss to municipalities resulting from the bill, which prohibits towns from placing a lien on property owners aged 60 or older for delinquent taxes that are less than 8 percent of the property's assessed value.

The bill permits homeowners to accrue delinquent taxes until their debt meets the threshold outlined in the bill. For illustrative purposes, such properties with an assessed value of \$200,000 would be able to accrue \$16,000 in back taxes prior to the town placing a lien.

The bill is anticipated to weaken tax collection rates and result in a revenue loss in the fiscal years that delinquent taxes on such properties would have otherwise likely been collected by the placement of liens. Over the long term, the extent of revenue loss to towns is unclear, as the bill does not permanently reduce property taxes owed.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 6553*****AN ACT PROTECTING PROPERTY OWNERS AGE SIXTY AND OLDER FROM FORECLOSURE.*****SUMMARY**

This bill prohibits a municipality from:

1. placing a lien on real property that is the primary residence of a taxpayer aged 60 or older for delinquent taxes unless the taxes owed exceed 8% of the property's assessed value;
2. assessing interest on delinquent property taxes for these properties that exceeds the U.S. prime rate reported by the Wall Street Journal or 12%, whichever is lower (see BACKGROUND);
3. assessing legal fees, penalties, and other fees associated with collecting delinquent taxes on these properties that exceed 20% of taxes due at the time of settlement; and
4. selling, assigning, or transferring a lien on such a property to a third party unless taxes have been delinquent on the property for at least four years.

Under current law, property taxes accrue interest at a rate of 1.5% per month (18% per year) for each month or part of a month that elapses between the due date and the payment date.

The bill specifies that it applies regardless of any law, policy, rule, or regulation that conflicts with the bill's provisions. The bill's maximum interest rate applies only to "property taxes." The other prohibitions appear to apply to "taxes" generally, if they constitute a lien against real property when delinquent.

The bill also requires municipal tax collectors to include in an annual mailing to property owners on taxes to be collected a notice that a taxpayer aged 60 or older may:

1. notify the tax collector of his or her age and eligibility for the bill’s provisions and
2. designate a third party to receive notice whenever the taxpayer becomes delinquent on real property taxes or water or sewer assessments.

The bill requires the notice to also include forms for the notification and designation and any of the tax collector’s documentation requirements concerning the taxpayer’s age.

EFFECTIVE DATE: October 1, 2021

BACKGROUND

Wall Street Journal Prime Rate

The U.S. prime rate is the underlying index used by lenders to set rates on various consumer loan products, such as credit cards, home equity loans, lines of credit, personal loans, or auto loans. The Wall Street Journal surveys the largest 30 banks and publishes the consensus prime rate and amends it when ¾ of the banks change the rate. The prime rate is based on the federal funds rate, which is set by the Federal Reserve Board.

COMMITTEE ACTION

Aging Committee

Joint Favorable Substitute
 Yea 16 Nay 0 (03/11/2021)