

Aging Committee JOINT FAVORABLE REPORT

Bill No.: HB-6553

AN ACT PROTECTING PROPERTY OWNERS AGE FIFTY AND OLDER FROM

Title: FORECLOSURE.

Vote Date: 3/11/2021

Vote Action: Joint Favorable Substitute

PH Date: 3/9/2021

File No.:

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SPONSORS OF BILL:

Aging Committee

REASONS FOR BILL:

Currently, elderly homeowners are falling behind on their property taxes and due to accruing interest on unpaid balances and/or the sale of these accounts to third parties, these residents are facing unforeseen foreclosures on their homes. This legislation sets limitations on tax liens placed on real property owned by taxpayers age fifty and older. The bill calls for a threshold of fifteen percent of back taxes of the assessed value before a tax lien maybe placed on the property.

The JFS language directs for limitations on tax liens on real property for ages sixty years of age and over. Additionally, the threshold for delinquent taxes is to be set at eight percent of the property's assessed value. Interest on delinquent property taxes may not exceed the U.S. prime rate as reported by the Wall Street Journal or twelve percent per annum, whichever is lower. The language also notes that tax liens may not be sold or assigned to a third party unless the delinquency has reached four years.

RESPONSE FROM ADMINISTRATION/AGENCY:

No testimony was offered.

NATURE AND SOURCES OF SUPPORT:

Louis Roman, Constituent, Bridgeport – Mr. Roman is in support of this legislation. He submitted testimony of how the “normal (but ignored)” procedure to apply tax liens and

foreclosure as well as the “realistic and illegal procedures”. This testimony reviewed a step-by-step procedure of what is occurring and an alternate step-by-step procedure.

Joan Kloth-Zanard, Constituent, Southbury – Ms. Kloth-Zanard supports this bill with some tweaking. She notes that many elderly residents have a difficult time finding well paying positions. She also noted the negative impact of the high interest rates on unpaid property taxes as well as the selling of these accounts to a third party. She referenced that there are federally funded programs available to many residents, but most are unaware of these programs. She illustrated in detail the negative aspects of the current system involving her own residence.

Jeryl Gray, Constituent, Stratford – Ms. Gray indicated her support of this legislation and discussed, at length, her experience in this process.

Michael Porzio, Constituent, Westport – Mr. Porzio sent in correspondence in support of HB 6553.

Walter Reddy, Constituent, Weston – Mr. Reddy sent in correspondence in support of HB 6553.

NATURE AND SOURCES OF OPPOSITION:

David Kluczowski, CCMC, Tax Collector, Town of Fairfield – Mr. Kluczowski’s testimony indicates that the Connecticut Tax Collector’s Association is opposed to this legislation. He indicated that by uniformly applying tax liens on delinquent property taxes the procedure encourages all residents to remit property taxes on a timely manner. He also points out that if municipal tax collectors are limited to the amount of tax liens they are allowed to levy annually, a benefit would accrue to the delinquent taxpayers at the expense of residents and businesses who pay their taxes in a timely fashion. Municipalities depend on 98 to 99% property tax collections to fund town services. The bill as originally written will lead to severe consequences for the financial health of the communities.

Lisa Biagiarelli, CCMC, Tax Collector, City of Norwalk – Ms. Biagiarelli submitted testimony in opposition of HB 6553. She states that it is inequitable to base tax collection enforcement based on age. The proposed legislation also creates significant logistical problems and a potential task risk for municipalities.

Beth Hamel, CCMC and CCMO, Tax Collector, Town of Harwington – Ms. Hamel opposes HB 6553. She illustrates how the bill would allow residents to accrue large property tax debt over several years before the tax collector could enforce any type of lien on the property, These accumulated deficiencies would also be detrimental to the other taxpayers but the entire municipality.

Fourteen additional tax collectors from various municipalities around the state joined the above three tax collectors in their opposition of HB 6553. They all submitted written testimony.

Zachary McKeown, Senior Legislative Associate, Connecticut Conference of Municipalities (CCM) – The CCM submitted testimony in opposition of this legislation. The proposed bill provides a mechanism for individuals not to pay their property taxes with no immediate downside. The bill sets an arbitrary age of fifty or older to benefit from this legislation. The proposed legislation removes the moral hazard of an individual’s obligation to pay property taxes and asks municipalities and responsible taxpayers to shoulder the burden of the delinquent taxpayers.

Rex Fowler, Chief Executive Officer, Hartford Community Loan Fund (HCLF) The HCLF strongly believes that the sale of tax liens to third party investors is detrimental to the neighborhoods and municipalities across the state, and that the sale of liens for owner-operated properties, especially those properties owned by elderly residents, should be eliminated entirely.

**Reported by: Richard O’Neil, Assistant Clerk
Joe Perkus, Clerk**

Date: 3/25/2021