



Senate

General Assembly

File No. 52

February Session, 2022

Senate Bill No. 180

Senate, March 21, 2022

The Committee on Banking reported through SEN. MILLER of the 27th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT ESTABLISHING THE INTEREST RATE FOR CERTAIN MUNICIPAL TAX LIENS.

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

1 Section 1. Subsection (b) of section 12-195h of the 2022 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2022*):

4 (b) The assignee or assignees of such liens shall have and possess the
5 same powers and rights at law or in equity that such municipality and
6 municipality's tax collector would have had if the lien had not been
7 assigned with regard to the precedence and priority of such lien, the
8 accrual of interest and the fees and expenses of collection and of
9 preparing and recording the assignment, except that (1) commencing on
10 the date of the assignment, interest shall accrue on the delinquent
11 portion of the principal of the assigned tax obligation at the rate of
12 twelve per cent per annum, and (2) any such assignee [(1)] (A) shall not
13 be insulated from liability for its conduct by virtue of the provisions of
14 section 42-110c, and [(2)] (B) shall be obligated to provide a payoff

15 statement, as defined in section 49-8a, in the same manner as a
16 mortgagee in accordance with the requirements of section 49-10a. The
17 assignee shall have the same rights to enforce such liens as any private
18 party holding a lien on real property including, but not limited to,
19 foreclosure and a suit on the debt.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2022</i>	12-195h(b)

BA *Joint Favorable*

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: See Below

Explanation

The bill reduces the interest rate on municipal tax liens that are sold to a third party. This potentially reduces the number of third parties willing to purchase municipal tax liens. To the extent that this occurs, it restricts a municipality's option to sell tax liens to recoup outstanding debt.

The Out Years

State Impact: None

Municipal Impact: See Above

OLR Bill Analysis**SB 180*****AN ACT ESTABLISHING THE INTEREST RATE FOR CERTAIN MUNICIPAL TAX LIENS.*****SUMMARY**

This bill reduces, from 18% to 12%, the annual interest rate on unpaid municipal property taxes when a municipal tax collector files a lien on the property and assigns the lien (i.e., sells it to an outside party). Under existing law, unchanged by the bill, unpaid municipal property taxes generally accrue interest at a rate of 18% per year (CGS § 12-146).

By law, an assignee of a tax collector lien has the same powers and rights as the municipality and its tax collector if the lien had not been assigned. Under current law, this includes charging the 18% annual interest rate. However, beginning on the date a lien is assigned, the bill reduces this amount to 12% on the delinquent portion of the principal of the assigned taxes.

EFFECTIVE DATE: October 1, 2022

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 17 Nay 0 (03/08/2022)