

**Planning and Development Committee**  
**JOINT FAVORABLE REPORT**

**Bill No.:** SB-916

AN ACT CONCERNING FORECLOSURE, ASSIGNMENT AND OTHER ENFORCEMENT ACTIONS FOR UNPAID SEWER ASSESSMENTS AND

**Title:** OTHER FEES AND CHARGES.

**Vote Date:** 3/8/2023

**Vote Action:** Joint Favorable

**PH Date:** 2/1/2023

**File No.:**

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**SPONSORS OF BILL:**

Planning and Development Committee

Sen. Martin M. Looney, 11th Dist.

Rep. David Michel, 146th Dist.

**REASONS FOR BILL:**

Under the bill, liens on owner-occupied property for municipal or regional sewer or water pollution control authority (WPCA) assessments or charges are not assignable or subject to certain enforcement actions until the principal exceeds \$4,000. This restriction is being proposed to protect property owners from unfair enforcement action or assessment for overdue sewer bills up to \$4,000. This would ideally protect people from unfair action while also allowing municipalities to collect overdue payments when necessary.

**RESPONSE FROM ADMINISTRATION/AGENCY:**

None expressed.

**NATURE AND SOURCES OF SUPPORT:**

[Connecticut General Assembly, President Pro Tempore, Martin M. Looney](#)

Some sewer authorities in our state use abusive and predatory debt collection practices. For example, The Greater New Haven Water Pollution Control Authority (GNWPCA) has a well-

documented history of using its collection authority to foreclose on homes for small debts. (More examples provided in full testimony)

SB 916 would provide much needed protection for our constituents from these harsh collection practices. Sewer authorities can and should follow the lead of other utilities and use less draconian methods of debt collection.

### [Connecticut Fair Housing Center, Jeff Gentes](#)

I write to express our strong support for Senate Bill 916 because it would reduce abusive and unnecessary WPCA foreclosures. Starting a foreclosure on a homeowner for unpaid sewer bills adds at least \$2500 to the total debt. Sewer lien foreclosures primarily benefit (1) the attorneys with connections to the sewer authorities, (2) those attorneys' favorite marshals. Foreclosures do not create extra revenue for the WPCAs, they are costly for the mortgage industry, and they clog the courts. Furthermore, thanks to your expansion in 2021 of a CHFA-administered loan program (EMAP), there are more ways for authorities to be paid back by homeowners.

WPCAs have other options. They can bring collection actions. They can wait till the home is sold or refinanced. And if they need cash, they can bond and use these secured liens as collateral. There is no excuse for threatening someone's home over so little money

### [The Connecticut Bankers Association, Tom Mongellow, Art Corey, Fritz Conway](#)

Connecticut law allows municipalities to foreclose on liens associated with unpaid assessments, even when small. Many municipalities, and those companies to whom they assign liens, have a history of foreclosing on small sewer liens.

Because interest accrues on delinquent sewer assessments at an unreasonably high rate of 18% per year, the amount owed can quickly grow. This can have a disproportionately negative impact on a homeowner, the equity in their home, and any lender that may have a mortgage on the.

The unreasonably high interest earned on these and other delinquent assessments is unfortunately used as a significant source of revenue for municipalities. We think that foreclosure is a tool that should rarely be used in the context of sewer assessment liens.

## **NATURE AND SOURCES OF OPPOSITION:**

### [Connecticut Council of Small Towns \(COST\), Executive Director, Betsy Gara](#)

The Connecticut Council of Small Towns (COST) respectfully submits comments in opposition to SB-916. COST is concerned that the bill will undermine the ability of towns to collect delinquent sewer bills and other fees and charges. Water Pollution Control Authorities (WPCAs) rely on sewer use charges to operate and maintain the waste collection and treatment system of a municipality. In addition, ensuring sufficient revenues to operate and maintain the WPCA is a condition of receiving financial assistance for pollution abatement

projects under the Clean Water Fund. COST is therefore concerned with provisions in the bill which will undermine efforts to collect sufficient sewer assessments needed to operate and maintain systems. Limiting the assignment of sewer liens to unpaid charges in excess of \$4,000.00 may hinder the collection of delinquent bills by prohibiting municipalities from assigning liens for unpaid water charges. COST would be happy to work with the various interested parties to develop recommendations for addressing issues regarding the enforcement actions for unpaid sewer

(proposed amendment included in full testimony)

### **The Connecticut Water Works Association (CWWA), Executive Director, Elizabeth Gara**

Although, as drafted, the bill is limited to unpaid sewer assessments, this sets a difficult precedent which may hinder the collection of delinquent water bills by prohibiting municipalities from assigning liens unless the amount due is more than \$4,000.00. Municipal water and sewer departments rely on revenues generated from effective debt collection practices. Liens are an effective tool in facilitating the collection of overdue bills. By restricting the assignment of the lien until the bill exceeds \$4,000.00, a residential customer could go two or three years before the town could assign the lien. SB-916 would undermine the ability of towns to appropriately collect unpaid water and sewer charges. Allowing debts to remain uncollected is unfair to customers who do pay their bills in a timely manner.

### **City of Torrington, CCMC, Launa Goslee**

Raised Bill 916 will unnecessarily restrict municipalities from collecting delinquent sewer assessments and usage charges. Raised Bill 916 will result in many more cases where the municipality's debt for sewer assessments/usage charges, including the costs of collection, will ultimately not be paid from the proceeds of an eventual foreclosure sale thereby resulting in an unexpected tax loss for the municipality.

Raised Bill 916 does not provide for any discernable benefits to taxpayers. Ultimately, those taxpayers who pay their taxes will pay for the loss of revenue.

There is no doubt that more distressed municipalities with lower value properties will have more difficulty collecting sewer tax delinquencies than more affluent municipalities with higher value properties. Municipalities that need to sell tax liens for sewer assessments/usage charges will ultimately be paid significantly less by third party buyers in the bidding process. The bids received by distressed municipalities will be even lower as there is greater risk of not collecting the total amount of the delinquency. Raised Bill 916 will negatively impact the municipality, and ultimately result in higher mill rates to be paid by all taxpayers.

### **Town of Harwington, CCMC, CCMO, Beth Hamel**

Taxes are collectable for 15 years.

We will never be allowed to enforce collection of the sewer usage fees because we will never hit \$4,000.00 in principle due within the 15 years. To allow a delinquent tax payer to continue to accumulate such a debt would be irresponsible of any Tax Collector. Sewer assessment and usage taxes are used to maintain local systems. Without the ability of their Tax Collector

to enforce collection, water authorities will be greatly hindered. This legislation will necessitate the need for higher charges against users, punishing the on-time taxpayer.

Many Tax Collectors have established procedures in place based on the number of years delinquent rather than the dollar amount. This promotes equity and fairness when moving forward with any enforcement action, while allowing the enforcement to be based on the level of your delinquency rather than the dollars owed.

#### **Town of Fairfield, CCMC, David Kluczowski,**

Sewer charges are direct expenses for municipalities for the usage and maintenance of their sewer systems. This legislation effectively makes the first \$4,000 of sewer charges purely optional.

Many Tax Collectors already have guardrails in place based on years delinquent instead of dollar amount as it promotes fairness and equity when determining foreclosure actions. In the case of sewer use charges, they are often based on water consumption. (A table was provided to show that after 15 years, a balance of \$4,000 was still not achieved. This shows that the proposed structure would not work as intended.)

Therefore, we respectfully request that the proposed guardrail be based on the amount of years delinquent rather than the dollar amount owed. We believe that a threshold of three years or more delinquent, before any type of enforcement action is taken, is a fair alternative.

#### **Town of Brookfield, WPCA, Nelson Malwitz**

“What prompted this bill? What problem is this trying to solve?” This is still unclear in 2023. There is no known history of abuse of the foreclosure process.

The term owner-occupied needs meaning. With owner-occupied undefined, it is possible that every residential building could be considered owner occupied so this bill applies to all of them, so no one has to pay.

There is no means test, so even millionaires could take advantage. It would be more reasonable to have foreclosure prevention rules apply to those that qualify for tax forgiveness or tax breaks meeting low-income standards already in place in Connecticut. This bill should not apply to those that can afford to pay.

Other utilities, like water, electric, gas can shut off services for non-payment. This bill would put the wastewater service in CT at a distinct disadvantage.

It is merely the threat of foreclosure that prompts settlement from delinquent owners, or a bank that holds the mortgage or a relative. Often users are given a few years to pay. Foreclosures that run past the redemption period are very rare. The burden of non-payment should not fall on ratepayers. The billing and collection systems in place today are not broke.

#### **CCM, Chief Strategy Officer, Donna Hamzy Carroccia**

The four-thousand-dollar threshold for any enforcement action is not workable and frankly prevents municipalities from effectively collecting taxes owed.

CCM encourages Committee Members to OPPOSE S.B 916 as written and favorably report the language attached as a strike all amendment. (Please see full testimony with amendment)

**Reported by: Matthew Lombardo**

**Date: 3/13/23**