
OLR Bill Analysis

sHB 5144

AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN LIENS.

SUMMARY

Starting July 1, 2025, this bill reduces, from 18% to 12%, the annual interest rate on delinquent 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, delinquent property taxes generally accrue interest at a rate of 18% per year (CGS § 12-146).

By law, an assignee of a municipal tax lien (i.e., person who bought the lien) has the same powers and rights as the municipality and its tax collector would have if the lien had not been assigned. Under current law, this includes charging the 18% annual interest rate. However, for assignments executed on or after July 1, 2025, and 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.

Additionally, the bill limits the validity and enforceability of these assignments unless they are in a written contract executed by the municipality and the assignee that includes (1) a requirement that no attorney's fees will be received, claimed, or collected until the start of a foreclosure action or suit on the debt and (2) other provisions required under existing law for assignments executed on or after July 1, 2022 (e.g., the structure and rates of attorney's fees that the assignee may claim and a prohibition on the assignee assigning the lien without the municipality's prior written consent). For actions beginning on or after July 1, 2025, the bill also caps the attorney's fees in connection with a foreclosure, sale, or other disposition of these assigned liens at 15% of the amount of any judgment entered.

The bill extends the above validity and enforceability provision and attorney's fees cap provision to assigned liens for delinquent (1) municipal sewer assessments, (2) municipal sewer connection and use charges, (3) municipal water charges, (4) regional water authority water assessments or connection or use charges, and (5) regional sewer authority sewer assessments or connection or use charges. These extensions apply to assignments executed on or after July 1, 2025, and for actions beginning on or after that date.

Lastly, the bill makes several technical changes.

EFFECTIVE DATE: October 1, 2024

BACKGROUND

Related Bills

sSB 149 (File 39), favorably reported by the Planning and Development Committee, makes liens on owner-occupied property for (1) municipal or regional sewer or water pollution control authority delinquent sewer benefit assessments or (2) sewer use and connection charges not assignable or subject to certain enforcement actions until the principal exceeds \$4,000 or five years have passed since the lien was filed and it remains unpaid.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 12 Nay 0 (03/12/2024)