

# Sweeping Changes to CT Municipal Tax Law

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The Connecticut General Assembly recently passed what has been referred to as perhaps the most far reaching set of changes and amendments to municipal tax law in decades:

[Public Act 13-276](#), effective October 1, 2013, entitled

## ***'AN ACT CONCERNING CHANGES TO MUNICIPAL REVENUE COLLECTION STATUTES.'***

The legislation was the result of several years of work by a subcommittee of the Connecticut Tax Collectors' Association, Inc. that met to review the current statutes and recommend changes and amendments. It was passed on the last day of the session after intense legislative activity on behalf of many CTx members, who successfully reached out to their own representatives and senators, imploring them to pass the bill. Many individuals are responsible for the success of this initiative, including the chairs of the CTx Legislative Committee, William Donlin of Cheshire and Gisela Harma of Stonington, and their statutory revision committee; CTx's legislative liaison Mary Phil Guinan of MP Guinan Associates; and Connecticut State Representative Jason Rojas, D-9, East Hartford / Manchester. Representative Rojas met with the committee in advance of the bill's presentation, became versed on the finer points of Connecticut municipal tax law, and championed the CTx proposal on its journey through the Connecticut General Assembly's legislative process. The passage of this legislation is an achievement in successful management of the legislative process to bring about policy changes that are favorable to our organization and its goals.

In summary, the bill provides for the following:

1. broadens how special taxing districts and their treasurers may enforce tax liens (§ 2);
2. allows municipal officers to inspect, for tax collection purposes, commercial and financial information included in personal property declarations, which are not open for public inspection under existing law (§ 3). This section came about as a result of friction between assessors and collectors when collectors wanted to inspect the declarations for clues on how to locate delinquent taxpayers and some assessors would deny them access, citing statutory restrictions.

3. gives tax liens issued under one property tax deferral program the same precedence as other tax liens;
4. allows tax collectors to deny a property tax refund if a taxpayer is delinquent in other taxes or has other debt;
5. modifies the time limit for municipalities to give property tax refunds under certain circumstances;
6. eliminates a requirement that tax collectors include, as part of tax bills, a statement of the year and amount of any back taxes due (§ 11);
7. eliminates specific tax collector fees, for example some fees for twenty five cents that were still part of the statutes;
8. specifies that, for tax collection purposes, tax amounts include any interest, penalties, fees, and charges, including collection agency fees, attorney's fees, and tax collector fees (§ 18). This is important for delinquent enforcement clarity.
9. modifies the order in which tax collectors must apply property tax payments, giving priority to expenses incurred related to the tax and delinquency-related charges before the principal on the oldest outstanding tax;
10. authorizes a municipality's legislative body to waive property taxes that total less than \$ 25 after they are due. This is an important clean-up provision that will enable towns to save money by writing off small balances.
11. expands the circumstances under which municipalities and district health departments may withhold or revoke a license or permit if a business owes taxes that are at least one year delinquent. Current law allows municipalities and district health departments to withhold or revoke a license or permit if a business owes taxes on personal property it uses that are at least one year delinquent. The bill allows them to do so for any taxes due on any property the business owns or uses, not just business personal property.
12. allows a person to stop a tax sale under the same process that currently applies to a person contesting the sale's validity;
13. explicitly bars tax collectors from (a) compromising or releasing any tax amount without legal authority to do so and (b) knowingly submitting a false report to the motor vehicles commissioner to remove a motor vehicle from the delinquent tax list (§§ 37-38);

14. eliminates various obsolete provisions (a) requiring tax collectors to use duplicate record-receipt books and maintain certain records and (b) allowing a deceased tax collector's estate executor or administrator to assume the collector's duties (§§ 1, 14, 25-27, 35 & 43);

15. By law, the failure to send out a tax bill or statement does not invalidate the tax. The bill adds that the failure to receive any such bill or statement also does not invalidate the tax (Section 11);

16. Section 23 of the bill conforms the law to current practice by: 1. allowing tax collectors to accept a partial payment for a delinquent tax that is less than the total accrued interest on the principal; 2. eliminating provisions that specify how interest accrues on delinquent taxes for which taxpayers have made a partial payment, thus requiring all delinquent taxes to accrue interest from the first day of the month; 3. specifying that the minimum \$ 2 interest charge on delinquent tax payments applies to each installment of the tax; 4. allowing a municipality's legislative body to require any delinquent taxes, rather than just those for motor vehicle taxes, to be paid in cash or by certified check or money order.

17. § 41 - prohibits use of the Freedom of Information Act to force a municipal utility to disclose records that identify or could lead to identification of individual customers' utility usage or billing records. The bill specifies that this prohibition does not bar municipalities from disclosing information on account delinquencies and enforcement actions.

18. A previous public act, PA 12-1, passed in the June 2012 Special Session, had required municipalities to include the Judicial Branch's form on community-based resources for people involved in foreclosure mediation with any statement sent to a homeowner about any public sewer, water service, or property tax arrearage. This was a confusing and ill advised requirement that meant tax collectors had to inform taxpayers about foreclosure remediation even in cases where all the person owed was a delinquent motor vehicle bill. Compliance would have caused taxpayer confusion, created ill will, and been unnecessarily costly. Section 42 of this new bill instead requires municipalities to include this form and the necessary information if and only if there are foreclosure proceedings taking place.

There are many other changes relative to tax sales and other enforcement measures that are not summarized here. The new legislation also makes numerous other technical and conforming changes.