

SB 1339 -- Redline

BA Joint Favorable to File No. 183 -- AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN LIENS.

Deletions ~~struck~~ · Insertions underlined

Senate General Assembly ~~Raised~~File ~~Bill~~ No.

~~1339~~183 January Session, 2025 ~~LCO~~Senate Bill No.

~~4237~~1339 ~~Referred~~Senate, to March 24, 2025 The Committee on ~~BANKING~~Banking ~~Introduced~~reported by through SEN.

~~(BA)MILLER AN of ACT the CONCERNING 27th THE Dist., ASSIGNMENT Chairperson OF of CERTAIN the LIENS Committee on the part of the Senate, that the bill ought to pass.~~

AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN LIENS.

(1) For ~~assignments SB1339 executed/ on File or after July 1, 2026, commencing on the date LCO 4237 1 of 25 Raised Bill~~ No.

~~1339~~183 ~~of 1 the SB1339 assignment, File interest No. shall accrue on the delinquent portion of the principal of the assigned tax obligation at the rate of twelve per cent per annum;~~

183 assignments executed on or after July 1, 2026, commencing on the date of the assignment, interest shall accrue on the delinquent portion of the principal of the assigned tax obligation at the rate of twelve per cent per annum;

[(7)] (G) confirmation that the assignee is not ineligible, pursuant to ~~LCO SB1339 4237/ 2 File of 25 Raised Bill~~ No.

~~1339~~183 ~~section 31-57b, to be assigned the lien because 2 of occupational safety and SB1339 health File law No. violations;~~

183 section 31-57b, to be assigned the lien because of occupational safety and health law violations;

(e) Not less than sixty days prior to commencing an action to foreclose ~~LCO SB1339 4237/ 3 File of 25 Raised Bill~~ No.

~~1339~~183 ~~a 3 lien SB1339 under File this No. section, the assignee shall provide a written notice, by first-class mail, to the holders of all first or second security interests on the property subject to the lien that were recorded before the date the assessment the lien sought to be enforced became delinquent.~~

183 a lien under this section, the assignee shall provide a written notice, by first-class mail, to the holders of all first or second security interests on the property subject to the lien that were recorded before the date the assessment the lien sought to be enforced became delinquent.

~~LCO (a) 4237 Any 4 assessment of 25 benefits Raised or Bill any installment thereof, not paid SB1339 / File No.~~

~~1339~~183 ~~(a) 4 Any SB1339 assessment File of No. benefits or any installment thereof, not paid within thirty days after the due date, shall be delinquent and shall be subject to interest from such due date at the interest rate and in the manner provided by the general statutes for delinquent property taxes.~~

183 within thirty days after the due date, shall be delinquent and shall be subject to interest from such due date at the interest rate and in the manner provided by the general statutes for delinquent property taxes.

[,] and (2) shall be obligated to provide a payoff statement, as defined in section 49-8a, in the same manner as a mortgagee in accordance with the requirements of section ~~LCO 49-10a. 4237 5 of 25 Raised Bill~~ No.

~~1339~~The 49-10a assignee shall have the same rights to enforce such liens as SB1339 / File No.

~~The 183 assignee 5 shall SB1339 have File the No. same rights to enforce such liens as any private party holding a lien on real property, including, but not limited to, foreclosure and a suit on the debt.~~

183 any private party holding a lien on real property, including, but not limited to, foreclosure and a suit on the debt.

[(8)] (H) disclosure of [(A)] (i) all resolved and pending arbitrations and litigation matters in which the assignee or any of its principals have been involved within the last ten years, except foreclosure actions involving liens purchased from or assigned by governmental entities, [(B)] (ii) all criminal proceedings that the ~~LCO assignee 4237 or 6 any of 25 its Raised principals Bill~~ has ever been the subject, [(C)] (iii) any interest in the subject property held by the assignee or any of its SB1339 / File No.

~~1339~~183 ~~assignee 6 or SB1339 any File of No. its principals has ever been the subject, [(C)] (iii) any interest in the subject property held by the assignee or any of its principals, officers or agents, and [(D)] (iv) each instance in which the assignee or any of its principals was found to have violated any state or local ethics law, regulation, ordinance, code, policy or standard, or to have committed any other offense arising out of the submission of proposals or bids or the performance of work on public contract;~~

183 principals, officers or agents, and [(D)] (iv) each instance in which the assignee or any of its principals was found to have violated any state or local ethics law, regulation, ordinance, code, policy

or standard, or to have committed any other offense arising out of the submission of proposals or bids or the performance of work on public contract;

(2) the amount of any LCO attorney's 4237 fees 7 and costs incurred by the assignee in the enforcement of 25 the Raised Lien Bill as of the date of the notice;

~~1339 (3) attorney's a fees statement and costs incurred by the assignee in the enforcement of the lien assignee's as SB1339 of / the File date No. of the notice;~~

~~(3) 183 a 7 statement SB1339 of File the No. assignee's intention to foreclose the lien if the amounts set forth pursuant to subdivisions (1) and (2) of this subsection are not paid to the assignee on or before sixty days after the date on which the notice is provided;~~

183 intention to foreclose the lien if the amounts set forth pursuant to subdivisions (1) and (2) of this subsection are not paid to the assignee on or before sixty days after the date on which the notice is provided;

Each addition of interest shall be collectible as a part of such LCO connection 4237 or 8 use of charge. 25 Raised Bill No.

~~1339 connection or use charge.~~

Each such lien may SB1339 be continued, / recorded and released in the File manner No. provided by the general statutes for continuing, recording and releasing property tax liens.

183 8 SB1339 File No.

183 may be continued, recorded and released in the manner provided by the general statutes for continuing, recording and releasing property tax liens.

(c) The assignee or assignees of such liens shall have and possess the LCO same 4237 powers 9 and rights at law or in equity as such municipality and municipality's tax collector would have had if the lien had not been assigned with regard to the precedence and priority of 25 such Raised lien, Bill the SB1339 / File No. 1339 183 same 9 powers SB1339 and File rights No. at law or in equity as such municipality and municipality's tax collector would have had if the lien had not been assigned with regard to the precedence and priority of such lien, the accrual of interest and the fees and expenses of collection, except that any such assignee:

183 accrual of interest and the fees and expenses of collection, except that any such assignee:

[(6)] (F) the detail and frequency of reports provided to the LCO municipality's 4237 tax 10 collector of regarding 25 the Raised status Bill of No. the assigned liens;

~~1339 municipality's tax collector regarding the status of the assigned liens;~~

[(8)] (H) disclosure of [(A)] (i) all resolved and pending SB1339 arbitrations / and File litigation No. matters in which the assignee or any of its principals have been involved within the last ten years, except foreclosure actions involving liens purchased from or assigned by governmental entities, [(B)] (ii) all criminal proceedings that the assignee or any of its principals has ever been the subject, [(C)] (iii) any interest in the subject property held by the assignee or any of its principals, officers or agents, and [(D)] (iv) each instance in which the assignee or any of its principals was found to have violated any state or local ethics law, regulation, ordinance, code, policy or standard, or to have committed any other offense arising out of the submission of proposals or bids or the performance of work on public contract;

183 10 SB1339 File No.

183 pending arbitrations and litigation matters in which the assignee or any of its principals have been involved within the last ten years, except foreclosure actions involving liens purchased from or assigned by governmental entities, [(B)] (ii) all criminal proceedings that the assignee or any of its principals has ever been the subject, [(C)] (iii) any interest in the subject property held by the assignee or any of its principals, officers or agents, and [(D)] (iv) each instance in which the assignee or any of its principals was found to have violated any state or local ethics law, regulation, ordinance, code, policy or standard, or to have committed any other offense arising out of the submission of proposals or bids or the performance of work on public contract;

LCO (f) Not 4237 less than 11 sixty days prior to commencing an action to foreclose a lien under this section, the assignee shall provide a written notice, by first-class mail, to the holders of 25 all Raised first Bill or second security interests on SB1339 / File No.

~~1339 183 (f) Not 11 less than SB1339 sixty File days prior No. to commencing an action to foreclose a lien under this section, the assignee shall provide a written notice, by first-class mail, to the holders of all first or second security interests on the property subject to the lien that were recorded before the date the assessment of the lien sought to be enforced became delinquent.~~

183 the property subject to the lien that were recorded before the date the assessment of the lien sought to be enforced became delinquent.

LCO (a) 4237 The 12 legislative body shall establish just and equitable rates or charges for the use of 25 the Raised waterworks Bill system authorized in this subsection, to be paid by the owner of each lot or building which is SB1339 / File No.

~~1339183 (a)12 The SB1339 legislative File body No. shall establish just and equitable rates or charges for the use of the waterworks system authorized in this subsection, to be paid by the owner of each lot or building which is connected with and uses such system, and may change such rates or charges from time to time.~~

183 connected with and uses such system, and may change such rates or charges from time to time.

(b) If any rates or charges established pursuant to this section are not ~~LC0~~paid 4237 within ~~13~~thirty days after the due date, demand for such rates or charges may be made on the owner of the premises served in the manner provided in subsection (a) of ~~25~~section 12-155, Bill and thereafter an alias tax warrant may be issued in the manner provided in sections 12-135 and SB1339 / File No.

~~1339183 paid 13 within SB1339 thirty File days No. after the due date, demand for such rates or charges may be made on the owner of the premises served in the manner provided in subsection (a) of section 12-155, and thereafter an alias tax warrant may be issued in the manner provided in sections 12-135 and 12-162, 183 12-162.~~

The assignee shall have the same rights to enforce such liens as any private party holding a lien on real property, including, but not limited to, foreclosure and a ~~LC0~~suit 4237 on 14 the of debt. 25 Raised Bill No.

~~1339(e) suit (1) No such assignment executed on or after July 1, 2022, shall be valid or enforceable unless memorialized in a contract executed by the debt.~~ SB1339 / File No.

~~(e)183 (1)14 No SB1339 such File assignment No. executed on or after July 1, 2022, shall be valid or enforceable unless memorialized in a contract executed by the authority and the assignee that is in writing and provides:~~

183 authority and the assignee that is in writing and provides:

[(8)] (H) disclosure of [(A)] (i) all resolved and pending arbitrations and litigation matters in which the assignee or any of its principals have been involved within the last ten years, except foreclosure actions involving liens purchased from or assigned by governmental entities, [(B)] (ii) all criminal proceedings that the assignee or any of its principals has ever been the subject, [(C)] (iii) any interest in the subject property held by the assignee or any of its ~~LC0~~principals, 4237 officers 15 or agents, and [(D)] (iv) each instance in which the assignee or any of 25 its Raised principals Bill was found to have violated any state or local ethics law, regulation, ordinance, code, policy or standard, or to have committed any other offense arising out of the submission of SB1339 / File No.

~~1339183 principals, 15 officers SB1339 or File agents, No. and [(D)] (iv) each instance in which the assignee or any of its principals was found to have violated any state or local ethics law, regulation, ordinance, code, policy or standard, or to have committed any other offense arising out of the submission of proposals or bids or the performance of work on public contract;~~

183 proposals or bids or the performance of work on public contract;

(3) a statement of the assignee's ~~LC0~~intention 4237 to 16 foreclose the lien if the amounts set forth pursuant to subdivisions (1) and (2) of 25 this Raised subsection Bill are No. not paid to the assignee on or before sixty days after the date the notice is provided;

~~1339(4) intention to foreclose the lien assignee's if contact the information, amounts including, set but forth pursuant to subdivisions (1) and (2) of this subsection are not paid limited to, the assignee SB1339 on/ or File before No. sixty days after the date the notice is provided;~~

~~(4)183 the 16 assignee's SB1339 contact File information, No. including, but not limited to, the assignee's name, mailing address, telephone number and electronic mail address, if any;~~

183 assignee's name, mailing address, telephone number and electronic mail address, if any;

For civil actions commenced on or ~~LC0~~after 4237 July 171, 2026, such attorney's fees shall not exceed fifteen per cent of 25 the Raised amount Bill of No. any judgment that is entered.

~~1339 after July 1, 2026, such attorney's fees shall not exceed fifteen per cent of the amount of any judgment that is entered.~~

Sec. SB1339 / File No.

183 17 SB1339 File No.

183 Sec.

[(2)] (B) the earliest and latest dates by which the assignee shall commence any foreclosure or suit on the debt or the manner for determining such dates, except as may ~~LC0~~be 4237 impacted 18 by of any 25 payment Raised arrangement, Bill bankruptcy No. petition or other circumstance, provided in no event shall the assignee commence a foreclosure suit before one year has elapsed since the assignee's purchase of the lien;

~~1339[(3)] be (C) impacted the by structure any and payment rates arrangement, of bankruptcy attorney's petition fees or that other circumstance, provided in no event shall the assignee commence may a claim foreclosure against suit the before owner one or year owners has of elapsed such since real the SB1339 assignee's/ purchase File of No. the lien;~~

~~[(3)]183 (C)18 the SB1339 structure File and No. rates of attorney's fees that the assignee may claim against the owner or owners of such real property in any foreclosure, suit on the debt or otherwise, and a prohibition from using as foreclosure counsel any attorney or law office that is owned by, employs or contracts with any person having an interest in such assignee;~~

183 property in any foreclosure, suit on the debt or otherwise, and a prohibition from using as foreclosure counsel any attorney or law office that is owned by, employs or contracts with any person having an interest in such assignee;

~~(B) LCO includes 4237a 19 requirement that no attorney's fees shall be received, claimed or collected until the commencement of 25a Raised foreclosure Bill or No. suit on the debt;~~

~~1339 includes a requirement that no attorney's fees shall be received, claimed or collected until the commencement of a foreclosure or suit on the debt;~~

~~(d) The assignee, or any subsequent assignee, shall provide written notice SB1339 of/ an File assignment, No. not later than sixty days after the date of such assignment, to the owner and any holder of a mortgage on the real property that is the subject of the assignment, provided such owner or holder is of record as of the date of such assignment.~~

183 19 SB1339 File No.

183 notice of an assignment, not later than sixty days after the date of such assignment, to the owner and any holder of a mortgage on the real property that is the subject of the assignment, provided such owner or holder is of record as of the date of such assignment.

~~(f) When providing the written notice required under subsection (e) LCO of 4237 this 20 section, the assignee may rely on the last recorded security interest of 25 record Raised in Bill identifying No. the name and mailing address of the holder of such interest, unless the holder of such interest is the plaintiff in an action pending in Superior Court to enforce such interest, in which case the assignee shall provide the written notice to the attorney appearing on behalf of the plaintiff.~~

~~1339 SB1339 of/ this File section, No. the assignee may rely on the last recorded security interest of record in identifying the name and mailing address of the holder of such interest, unless the holder of such interest is the plaintiff in an action pending in Superior Court to enforce such interest, in which case the assignee shall provide the written notice to the attorney appearing on behalf of the plaintiff.~~

~~(g) 183 Each 20 aspect SB1339 of File a No. foreclosure, sale or other disposition under this section, including, but not limited to, the costs, [attorney] attorney's fees, method, advertising, time, date, place and terms, shall be commercially reasonable, and, for actions commenced on or after July 1, 2026, such attorney's fees shall not exceed fifteen per cent of the amount of any judgment that is entered.~~

183 (g) Each aspect of a foreclosure, sale or other disposition under this section, including, but not limited to, the costs, [attorney] attorney's fees, method, advertising, time, date, place and terms, shall be commercially reasonable, and, for actions commenced on or after July 1, 2026, such attorney's fees shall not exceed fifteen per cent of the amount of any judgment that is entered.

~~(1) [shall] Shall not be insulated from liability for its conduct by virtue of the provisions of section 42- LCO 110c; 4237 21 of 25 Raised Bill No.~~

~~1339 110c;~~

~~(c) (1) No such assignment executed on or after July 1, 2022, shall be valid SB1339 or/ enforceable File unless No. memorialized in a contract executed by the authority and the assignee that is in writing and provides:~~

183 21 SB1339 File No.

183 valid or enforceable unless memorialized in a contract executed by the authority and the assignee that is in writing and provides:

~~[(8)] (H) disclosure of [(A)] (i) all resolved and pending arbitrations and litigation matters in which the assignee or any LCO of 4237 its 22 principals have been involved within the last ten years, except foreclosure actions involving liens purchased from or assigned by governmental entities, [(B)] (ii) all criminal proceedings that the assignee or any of 25 its Raised principals Bill has ever been the subject, [(C)] (iii) any interest in the subject property held by the assignee or any of its principals, officers or agents, and [(D)] (iv) each instance in which the assignee or any of its principals was found to have violated any state or local ethics law, regulation, ordinance, code, policy or standard, or to SB1339 / File No.~~

~~1339 183 of 22 its SB1339 principals File have No. been involved within the last ten years, except foreclosure actions involving liens purchased from or assigned by governmental entities, [(B)] (ii) all criminal proceedings that the assignee or any of its principals has ever been the subject, [(C)] (iii) any interest in the subject property held by the assignee or any of its principals, officers or agents, and [(D)] (iv) each instance in which the assignee or any of its principals was found to have violated any state or local ethics law, regulation, ordinance, code, policy or standard, or to have committed any other offense arising out of the submission of proposals or bids or the performance of work on public contract;~~

183 have committed any other offense arising out of the submission of proposals or bids or the

performance of work on public contract;

(e) Not less than sixty days prior to commencing an action to foreclose a lien under this section, the assignee shall provide a written notice, by first-class mail to the holders of all first or second security interests on the property subject to the lien that were recorded before the date the LCO assessment 4237 of 23 the of lien 25 sought Raised to Bill be No. enforced became delinquent.

~~1339 assessment of the lien sought to be enforced became delinquent.~~

(4) the assignee's contact information, SB1339 including, / but File not No. limited to, the assignee's name, mailing address, telephone number and electronic mail address, if any;

183 23 SB1339 File No.

183 information, including, but not limited to, the assignee's name, mailing address, telephone number and electronic mail address, if any;

LCO This 4237 act 24 shall of take 25 effect Raised as Bill follows No. and shall amend the following sections:

~~1339 This act shall take effect as follows and shall amend the following sections:~~

4 October 1, 2025 7-239 October 1, 2025 Sec.

5 October 1, 2025 49-920 Sec.

6 October 1, 2025 49-920 B A SB1339 Joint/ Favorable File LCO No. 4237 25 of 25

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183 BA Joint Favorable SB1339 / File No.

183 25 SB1339 File No.

183 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 (1) reduces the interest rate on municipal tax liens that are sold to a third party from 18% to 12% in FY 27, (2) limits the validity and enforceability of the lien assignments, and (3) caps attorney's fees in connection with each aspect of a foreclosure, sale, or other disposition of these liens.

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 beginning in FY 27.

The Out Years State Impact:

None Municipal Impact:

None SB1339 / File No.

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183 OLR Bill Analysis SB 1339 AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN LIENS.

SUMMARY Starting July 1, 2026, 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 Sec. 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, 2026, 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 assignment 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, 2026, 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.

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183 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, 2026, and for actions beginning on or after that date.

Lastly, the bill makes several technical changes.

EFFECTIVE DATE:

October 1, 2025 BACKGROUND Related Bills sSB 1316, favorably reported by the Planning and Development Committee, also reduces the annual interest rate on assigned property tax liens to 12%.

sSB 1187, 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 foreclosure actions until the principal exceeds \$3,000 or three years have passed since the lien was filed and it remains unpaid.

COMMITTEE ACTION Banking Committee Joint Favorable Yea 12 Nay 0 (03/06/2025) SB1339 / File No.

183 28