

TOWN OF SOUTH WINDSOR

DELINQUENT TAX COLLECTION POLICY

Revised July 1, 2018

Purpose

The purpose of this policy is to establish a uniform and fair process for the collection of delinquent taxes, which is to be utilized by the Collector of Revenue's office. The Tax Collection Policy on all accounts (Real Estate, Personal Property, and Motor Vehicles) is guided by Connecticut General State Statutes. **All taxes remain collectable for fifteen (15) years.**

Collection Timeline

June

- Bills will be mailed the last week of June for receipt of July 1
- One bill is issued in June that includes a remittance for the January installment of real estate and personal property bills more than \$100.
- Legal notices placed in newspaper
- Legal notices and Bulletin posted on Town website
- Per §12-130 of Connecticut State Statute Failure to send out or receive any such bill or statement shall not invalidate the tax or interest due.

July

- Payment due July 1 for entire motor vehicle bill, regardless of amount due and real estate and personal property bills less than \$100. The first installment of real estate and personal property are due.

August

- August 1 last day to pay without penalty
- Delinquent and/or Demand Notices will be mailed on or before the 10th, includes wording of 3rd party collection, additional fees apply

December

- Bills will be mailed the last week of December for supplemental motor vehicle bills
- Legal notices placed in newspaper
- Legal notices and Bulletin posted on Town website

- Per §12-130 of Connecticut State Statute Failure to send out or receive any such bill or statement shall not invalidate the tax or interest due.

January

- Payment due January 1 for entire supplemental motor vehicle bill. The second installment of real estate and personal property are due.

February

- February 1 last day to pay without penalty
- Delinquent and/or Demand/Intent to Lien notices (Real Estate and UCC-1 for personal property) will be mailed on or before the 10th, includes wording of 3rd party collection, additional fees apply.

Application of Payments

All payments received will be applied per §12-144b of the Connecticut General State Statutes. Except as otherwise provided by the general statutes, all payments made to or recovered by the municipality shall be applied (1) first, for any outstanding unsecured taxes, to expenses concerning such unsecured taxes, including attorney's fees, collection expenses, collector's fees and other expenses and charges related to all delinquencies owed by the party liable therefor before the interest accrued, then to the principal of such outstanding unsecured taxes, paying the oldest such tax first, and (2) for any outstanding secured taxes, first to expenses concerning such secured taxes, including attorney's fees, collection expenses, collector's fees and other expenses and charges related to all delinquencies owed by the party liable therefor before the interest accrued, then to the principal of such outstanding secured taxes, paying the oldest such tax first. If there is litigation pending between the municipality and the party liable for the oldest outstanding tax on such property concerning such oldest outstanding tax, such tax payment shall only be applied to the oldest outstanding tax on such property which is not involved in such litigation, provided this section shall not apply to tax payments tendered by third parties pursuant to contract or by operation of law. The municipality shall follow written instructions from a party liable for taxes on more than one property as to which property or properties a specific payment shall be applied. The municipality shall not be bound by any notation on or accompanying a payment that purports to be payment in full, proposes to waive any rights or powers of the municipality, directs application of the payment in any manner that contradicts any applicable statute or ordinance or is otherwise contrary to law.

If a **payment schedule** was arranged, and not followed, a letter will be mailed ten (10) days after failure to receive last planned payment and will include notice that third party collection will occur.

Alias Tax Warrants will be issued on or before October 1 and April 1

Collection by third party will occur if a payment schedule is not entered into or defaults and/or issuance of an Alias Tax Warrant is unsuccessful.

Tax Lien Sale will occur annually each fall after all other collection methods have not resulted in payment. The criteria for inclusion in a tax sale is based on the numbers of years in arrears or the total dollar amount owed, regardless of length of time. If your property meets either criteria, your property will be included in the tax sale.

Definitions

The following terms are referred to in this policy and are defined and explained as follows:

Alias Tax Warrant A document issued by a municipal tax collector pursuant to Connecticut General Statutes Section 12-162, which authorizes local Constables to collect taxes, accrued interest and other allowable charges from delinquent taxpayers on behalf of the municipality. The alias tax warrant provides a variety of means by which the Constables can collect from the taxpayer, including, but not limited to: wage executions, bank account executions and execution and sale of personal property. The Constables are entitled to collect statutory fees for their services, which fees are in addition to the taxes, interest and charges owed by the taxpayer, these fees **cannot** be reduced or reversed. At the time of the approval of this policy the statutory fee for the Constables is 15%, but will be adjusted accordingly if state law changes. When an alias tax warrant is issued to a Constable, the Constable steps into the shoes of the Collector of Revenue and the taxpayer should make payments to the Constable.

Delinquent, Demand and Lien Notice A written demand made by a municipal Collector of Revenue upon a delinquent taxpayer pursuant to Connecticut General Statutes Section 12-155. The written demand notice is mailed to the taxpayer, postage prepaid, at the taxpayer's last known place of residence, if the taxpayer is an individual, and if the taxpayer is a corporation, limited partnership or other legal entity, the written demand notice may be sent to any person upon whom process may be served to initiate a civil action against such corporation, limited partnership or entity.

Jeopardy Collection §12-163 If between the assessment date and the tax due date, any tax collector, after exercising due diligence, determines the collection of any tax

will be jeopardized by delay, they shall subject to the provisions of this section enforce collection by using one or more of the methods provided in section 12-155, 12-161 and 12-162, or any other relevant statute.

Payment Agreement A written agreement signed by a delinquent taxpayer and the Collector of Revenue or his or her designee in which the delinquent taxpayer agrees to make monthly payments on the delinquent tax account until the taxes are current.

Tax Lien Sale A procedure authorized by Connecticut General Statutes Section 12-195h in which the municipality may sell its tax liens secured by real estate to a third party. Such action must specifically be approved by the Town's Council and the money paid by the purchase of the tax liens is negotiable. Once the transaction is completed, the purchaser owns the tax liens and assumes all the rights and powers of the municipality including the right to foreclose the tax liens.

Tax Sale A procedure authorized by Connecticut General Statutes Section 12-157 in which the Collector of Revenue for the Town sells the property for which real estate taxes are owed and delinquent and the proceeds of the sale is used to pay the delinquent taxes, interest, penalties, fees, and costs.

Section I General Procedures for Tax Collection

The tax bills for real estate taxes, motor vehicle taxes, and personal property taxes are prepared and mailed to taxpayers in June of year. The bills are payable as follows:

- A. All motor vehicle tax bills are due and payable in full on July 1 and must be paid no later than the first business day in August.
- B. All real estate bills and personal property tax bills that total less than \$100 are due and payable in full on July 1 and must be paid no later than the first business day in August.
- C. All real estate tax bills and all personal property tax bills that exceed \$100 are payable in two installments: the first installment is due and payable on July 1 and must be paid no later than the first business day in August and the second installment is due and payable on January 1 of the following year and must be paid no later than the first business day in February of the following year. One bill is issued in June that includes a remittance for the January installment.

Section II Procedures for the Collection of Delinquent Real Estate Taxes

A. General Policies and Procedures

L. Delinquent, Demand and Lien Notices

Any tax bill not paid in full in accordance with the due dates set forth above shall accrue interest at the rate required by Connecticut General Statutes. At the time of the approval of this policy, the statutory interest rate for delinquent taxes is 18% per year or 1.5% per month, but will be adjusted accordingly if state law changes. Delinquent notices are prepared and sent to the taxpayer advising the taxpayer of the outstanding balance due for taxes, accrued interest, lien fees and any other applicable fees. Not less than annually, the Collector of Revenue prepares and records in the South Windsor land records a lien against all delinquent real estate taxpayers.

2. Payment Agreements

At any time that a taxpayer is delinquent with the payment of taxes, the taxpayer may negotiate a monthly Payment Agreement with the Collector of

Revenue or the Deputy Collector of Revenue to resolve the tax delinquency under the following conditions:

- a. The agreement is in writing and signed by the taxpayer/owner of the property and the Collector of Revenue or Deputy Collector of Revenue. A copy of the monthly payment agreement is attached to this policy as Exhibit A.
- b. Payments must be made each month.
- c. The amount of the monthly payments must be sufficient to pay the taxes on the property in full, including past due, current and future taxes, over a period not to exceed one (1) year.
- d. A copy of this Delinquent Tax Collection Policy shall be attached to all written payment agreements.
- e. If a taxpayer, who has entered into a written monthly payment agreement and fails to make a monthly payment, cannot show good cause for the failure to make a monthly payment, then the taxpayer is subject to the additional collection procedures, which follow. When a taxpayer fails to make two monthly payments during the term of a written monthly payment agreement, the agreement is terminated and the taxpayer is subject to the additional collection procedures, which follow.

3. Building Permits

The Town of South Windsor Building Department in accordance with ordinance #216 may deny a taxpayer who is delinquent concerning the payment of taxes a building permit, Sec 90-12 and 90-13.

4. Health Permits

Pursuant to Connecticut General Statutes Section 12-146a, a taxpayer who has failed to pay taxes or any fee to the Town used in a business requiring a permit from the Town's Health Department and has been delinquent for at least one year, is subject to a revocation of or denial of any municipal health permit necessary to operate that business by the Director of Health. Prior to revoking or denying any such permit, the Director of Health shall provide the delinquent taxpayer not less than fifteen (15) days written notice, by certified mail, return receipt requested, of the intent to revoke or deny the permit.

B. Procedures for the Collection of Delinquent Real Estate Taxes

1. Threshold requirement for further collection activities: Any residential real estate property, whether owner-occupied or non-owner-occupied, single family or multi-family, with a tax delinquency shall be subject to the following tax collection procedures:

2. Delinquent, Demand and/or Lien Notice

Any delinquent taxpayer who fails to respond to previous tax bills, delinquent notices and attempts to collect delinquent taxes by the Town by either paying the taxes in full or entering into a written monthly payment agreement shall be sent a Demand Notice pursuant to Connecticut General Statutes Section 12-155. The Demand Notice shall be sent to the delinquent taxpayer by mail, postage prepaid. The Demand Notice shall notify the taxpayer of the collection actions available to the Town by law and provides notice to the taxpayer that more formal collection action is about to commence. The Demand Notice will set forth a date by which the taxpayer must respond or the taxpayer will be subject to further collection activities.

3. Alias Tax Warrants

Any delinquent real estate taxpayer who fails to respond to the preceding collection efforts set forth herein shall be subject to the issuance of an Alias Tax Warrant, pursuant to Connecticut General Statutes Section 12-162, under the following guidelines:

- A. If the preceding collection efforts as outlined herein have not resolved the delinquent tax account to the satisfaction of the Collector of Revenue, the Collector of Revenue shall issue an Alias Tax Warrant. The Alias Tax Warrant shall be served and processed by a Town Constable, in accordance with the policies and procedures set forth in paragraph "B" below.

- B. Policies and procedures for the issuance and execution of Alias Tax Warrants to Constables. The issuance of alias tax warrants to Constables to assist with the collection of delinquent taxes shall be at the sole discretion of the Collector of Revenue. Upon the receipt of an alias tax warrant, a Constable shall:

1. Serve the alias tax warrant upon the delinquent taxpayer in accordance with Connecticut law within sixty (60) days.
2. Process payments made by the taxpayer promptly, but in no event shall a Constable retain a taxpayer payment for more than fifteen (15) days.
3. Maintain taxpayer payments in a separate, dedicated bank account in a financial institution located within the State of Connecticut and shall not commingle any taxpayer payments with any other funds or bank accounts of the Constable.
4. Maintain accurate records for each tax warrant issued to the Constable, including the date and method of service of the alias tax warrant and an accounting of all payments received from the taxpayer.
5. Report to the Town the status of each alias tax warrant, including amounts paid by the taxpayer and allowable fees deducted for the Constable's services.
6. Once an alias tax warrant has been returned to the Collector of Revenue's office the Constable shall not conduct any further collection activities and the delinquent taxpayer shall incur no further costs except those due the Town.
7. A Constable shall not conduct a tax sale or foreclosure on any Town tax liens and shall not file any liens against a taxpayer's real estate for any fees due the Constable.
8. If a Constable does not comply with any of the above stated policies and procedures the Constable is subject to having to return all alias warrants previously issued to him or her and shall not be issued any new alias tax warrants.
9. Prior to the expiration of a Constable's term, and with no subsequent term being served, the Constable shall return all alias tax warrants to the Collector of Revenue's office.

Section III — Procedures for the Collection of Delinquent Motor Vehicle and Personal Property Taxes

Delinquent and/or Demand Notices for unpaid motor vehicle taxes and unpaid personal property taxes are sent by mail to taxpayers a minimum of two times per year. A Demand/Intent to Lien Notice will be mailed for delinquent personal property accounts prior to a UCC-1 lien being filed with the Secretary of State.

Notices of taxpayers who are delinquent concerning the payment of motor vehicle taxes are sent on a regular basis to the State of Connecticut Department of Motor Vehicles in accordance with Connecticut General Statutes. The Department of Motor Vehicles will not allow motor vehicles to be registered nor have registrations renewed by any taxpayer who has outstanding delinquent motor vehicle taxes. A delinquent taxpayer must pay in full all outstanding delinquent motor vehicle taxes on all motor vehicles in the taxpayer's name and any current tax bill and provide satisfactory documentation to the Department of Motor Vehicles before a new or renewal motor vehicle registration will be processed. Proof of payment will be provided immediately if cash, certified check, cashier's check or money order pays the delinquent taxes. Proof of payments made by personal check or credit/debit card will not be provided until the payment has cleared or ten (10) business days from receipt of payment.

Delinquent motor vehicle taxes and delinquent personal property taxes may be referred to an external collection agency at the discretion of the Collector of Revenue.

Threshold for further collection activities: Any motor vehicle or personal property tax account with a delinquency of at least six (6) months regardless of the amount due shall be subject to the following tax collection procedures.

A. Demand Notice - Any delinquent taxpayer who fails to respond to the collection activities previously outlined in this section, by either paying the taxes in full or entering into a written monthly payment agreement, shall be sent a Demand Notice pursuant to Connecticut General Statutes Section 12-155. The Demand Notice shall notify the taxpayer of the collection actions available to the Town by law and provides notice to the taxpayer that more formal collection action is about to commence.

Not less than annually, the Collector of Revenue prepares and records UCC-1 liens with the Secretary of State.

B. Issuance of Alias Tax Warrant — Delinquent motor vehicle and personal property tax accounts which have not been brought current or entered into written monthly payment agreements after ten (10) days have passed from the date of the Demand Notice in paragraph A. above, shall be assigned to a Town of South Windsor Constable by virtue of an alias tax warrant. The constable shall have the full range of powers to collect the delinquent taxes as outlined in Connecticut General Statutes Section 12-162 as well as the statutory fees allowed by law. Once the constable has received and properly served the alias tax warrant, the constable has the same power and authority as the municipal tax collector and the taxpayer is subject to the assignment of that power and authority. Any monies paid toward delinquent taxes pursuant to an alias tax warrant shall be first apportioned to any and all statutory fees of the constable and then towards the delinquent taxes, interest and fees. Any constable receiving an alias tax warrant from the Town of South Windsor for delinquent motor vehicle and personal property tax accounts shall abide by the policies and procedures set forth in Section III.B.3.c, paragraphs 1 through 5. Collection fees may not be negotiated nor reversed.

Enforcement tools by list:

- Alias Tax Warrants
- Collection Agency
- Denial/Revocation of Building Permits
- Denial/Revocation of Health Permits
- Denial/Revocation of Motor Vehicle Registration
- Jeopardy Collection
- Secretary of State Business Liens (UCC Liens)
- Tax Collector's Tax Sales
- Tax Lien Assignment