

# DELINQUENT TAX COLLECTION POLICY FOR THE TOWN OF MANCHESTER

## EFFECTIVE JULY 1, 2013- REVISED OCTOBER 2, 2018

### **Purpose**

The purpose of this policy is to establish a uniform and fair process for the collection of delinquent taxes, to be utilized by the Tax Collector's office and the Delinquent Tax Collection Policy Committee.

### **Section I - 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. 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 role of the tax collector, and payments should be made by the taxpayer to the constable.

Delinquent Tax Policy Committee- A committee which is comprised of Town staff including the Director of Finance, the Director of Assessment and Collection, the Collector of Delinquent Revenue, the Director of Planning and Economic Development, the Administrative Staff Attorney or an Assistant Town Attorney and any other staff member designated by the General Manager. The committee shall meet not less than quarterly to review delinquent taxpayer accounts, oversee the implementation of this policy and make recommendations to the General Manager for collection actions that involve foreclosure of tax liens, tax lien sales, tax sales or acquisition of real estate by the Town of Manchester for a public purpose.

Demand Notice- A written demand made by a municipal tax collector 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; 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.

Foreclosure -A formal legal process initiated by the Town of Manchester in Superior Court to foreclose the Town's tax liens secured by the delinquent taxpayer's real estate, the result of which either provides payment to the Town of the delinquent taxes, interest and other charges or acquisition of title to the real estate.

Payment Agreement - A written agreement signed by a delinquent taxpayer and the Director of Assessment and Collection 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. Written payment agreements are only available for real estate or personal property bills.

Rent Receivership -A legal proceeding in Superior Court in which a municipality may petition the court to appoint a receiver of the rents to a property for which the owner of the property is delinquent in the payment of real estate taxes. The receiver appointed by the court collects all rents from the occupants of the property and from the rent payments the receiver pays the taxes.

Tax Lien- If the property tax on real estate is not timely paid, a lien arises on such property by operation of law for a period of one year commencing on October 1, or other assessment date of the municipality, in the year previous to that in which the tax or the first installment thereof became due per General Statutes § 12- 172. The tax collector may 'continue' the lien by filing a certificate in the office of the town clerk. General Statutes § 12-173; see also General Statutes § 12-175. The tax collector may bring an action in the name of the municipality to foreclose tax liens. General Statutes § 12-181.

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 Board of Directors 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.

UCC Lien- a claim against a business for personal property taxes due under the U. S. Uniform Commercial Code. A UCC lien filing allows the municipality to establish a priority claim on the assets of the business.

## **Section II- 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 each year. The bills are payable as follows:

All motor vehicle tax bills are due and payable in full on July 1st and must be paid no later than the first business day in August.

All real estate tax bills and personal property tax bills that total less than \$400 are due and payable in full on July 1st and must be paid no later than the first business day in August.

All real estate tax bills and all personal property tax bills that exceed \$400 are payable in two installments: the first installment is due and payable on July 1<sup>st</sup>, and must be paid no later than the first business day in August and the second installment is due and payable on January 1st of the following year and must be paid no later than the first business day in February of the following year.

### **Section III - Procedures for the Collection of Delinquent Real Estate Taxes**

#### Delinquent Notices and Liens

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 Office of Assessment and Collection prepares and records in the Manchester land records a lien against all delinquent real estate taxpayers.

#### 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 Director of Assessment and Collection or his or her designee to resolve the tax delinquency under the following conditions:

The agreement is in writing and signed by the taxpayer/owner of the property and an authorized member of Town staff. A copy of the monthly payment agreement is attached to this policy as Exhibit A.

Payments must be made each and every month. After two months (sixty days) without a payment, the payment agreement becomes null and void, and the Delinquent Tax Policy Committee can recommend further collection action, as allowed by this policy.

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 three (3) years.

In the event a taxpayer pays an amount equal to 25% of the outstanding balance of taxes due at the time of the execution of the written payment agreement, the period for the completion of the payment of all delinquent, current and future taxes may exceed three (3) years but in no event shall the monthly payment period exceed five (5) years.

The monthly payment period may also exceed three (3) years but in no event exceed five (5) years, if the taxpayer can demonstrate to the Town's satisfaction extenuating circumstances which include, but are not limited to, financial hardship caused by unemployment or underemployment, financial hardship caused by a serious health or medical condition or financial

hardship caused by circumstances beyond the control of the taxpayer. The 60 month payment arrangement is only allowable for real estate accounts, and in no event will a building permit be issued for any payment arrangement over 36 months, or 12 months for a health permit.

A copy of this Delinquent Tax Collection Policy shall be attached to all written payment agreements.

#### Building Permits

A taxpayer who is delinquent with regards to the payment of taxes or water and sewer bills, and such delinquent amount exceeds \$100, may be denied a building permit by the Town of Manchester Building Department in accordance with state statutes. A delinquent taxpayer who has been denied a building permit due to the non-payment of taxes may request a hearing before the General Manager to review the circumstances of the denial of the building permit. The hearing shall be held by the General Manager or his designee within five (5) business days of the receipt of the written request for the hearing. The General Manager or his designee, after holding the hearing and considering all the facts and circumstances, shall in his or her sole discretion uphold the denial of the issuance of the building permit or authorize the issuance of the building permit in accordance with paragraph 5 below.

#### Health Permits

Pursuant to Connecticut General Statutes Section 12-146a, a taxpayer who has failed to pay taxes for personal property 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. The delinquent taxpayer may make a written request for a hearing, before the General Manager of the Town, or his or her designee, within fifteen (15) days of the receipt of the written notice. The hearing shall be held by the General Manager, or his or her designee, within seven (7) business days of the receipt of the written request for a hearing and the delinquent taxpayer must attend the hearing. Within five (5) business days of the hearing, the General Manager, or his or her designee, shall provide the delinquent taxpayer, in writing, the decision regarding the revocation or denial of the permit. Any decision rendered by the General Manager, or his or her designee, to reinstate or issue the permit must be made in accordance with paragraph 5 below.

#### Hearing Decisions for Building Permits and Health Permits

The General Manager, or his or her designee, after holding a hearing pursuant to either paragraph 3 or paragraph 4 above, may only allow the issuance or reinstatement of a building permit or health permit on the condition that the property owner immediately pays at least 25% of the delinquent taxes due, enters into a written thirty-six (36) monthly payment agreement (twelve (12) months for a health permit) in accordance with Section III.A.2. of this policy and has no other property code violations.

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 of \$5,000 or more or with two consecutive unpaid tax installments, whichever is the first to occur, and any commercial or industrial real estate property with a tax delinquency of \$10,000 or more, shall be subject to the following tax collection procedures:

#### Demand 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 final 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.

#### Referral to Town Attorney's Office

Any delinquent real estate taxpayer whose account remains delinquent after receiving a final Demand notice shall be referred to the Town Attorney's office. The Town Attorney's office shall send a letter to the delinquent taxpayer indicating that the delinquent tax account has been referred to the Town Attorney's office for collection. The letter shall indicate the legal options that are available to the Town to collect the delinquent taxes, including rent receivership (if applicable), tax lien sale, tax sale of the property or foreclosure of the tax liens. If a delinquent taxpayer does not respond to the letter from the Town Attorney's office within thirty (30) days of the receipt of the letter by resolving the account or entering into a written monthly payment agreement, the delinquent tax account shall be referred to the Delinquent Tax Policy Committee for further collection action.

#### Referral to the Delinquent Tax Collection Policy Committee

Any delinquent taxpayer who fails to respond to all previous collection activities outlined herein shall be referred to the Delinquent Tax Collection Policy Committee.

The Delinquent Tax Policy Committee, by a consensus of the Committee members or by a majority vote, shall determine how to proceed with further collection efforts, including, rent receivership (if applicable), tax lien sale, tax sale of the property or foreclosure of the tax liens.

If the Delinquent Tax Policy Committee decides to proceed with a rent receivership, tax lien sale, tax sale of the property or a foreclosure of the tax liens, notice of such action shall be given to the General Manager in writing.

#### **Section IV - Procedures for the Collection of Delinquent Motor Vehicle and Personal Property Taxes**

Delinquent notices for unpaid motor vehicle taxes and unpaid personal property taxes are sent by mail to taxpayers a minimum of two times per year.

Delinquent notices and statements shall have "This is demand for payment per State Statute 12-155" printed on the notice. Notices of taxpayers who are delinquent with regards to 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 the delinquent taxes are paid by cash, certified check, cashier's check, money order or credit card. Proof of payments made by personal check will not be provided until the check has cleared.

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

Threshold for further collection activities: Any motor vehicle or personal property tax account with a delinquency of at least six (6) months and a balance of at least \$400, and has received a demand notice, or any motor vehicle or personal property tax account that has been delinquent for at least two years, regardless of the amount due, shall be subject to the following tax collection procedures.

##### 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 Manchester 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. Partial payments shall be apportioned equally towards fees, tax and interest.

Any constable assigned alias tax warrants from the Town of Manchester, for delinquent motor vehicle and personal property tax accounts, shall abide by the constable procedures attached to this policy.

If a constable is unable to enforce collection of a personal property or motor vehicle account after ~~six~~nine months, the Town reserves the right to revoke the Alias Tax Warrant, and pursue other means of collection, including use of a collection agency.

Upon approval of the Delinquent Tax Policy Committee, a constable will be authorized, in accordance with State Law, to seize and sell at auction: fixtures, equipment and chattel located in any business location that has a personal property delinquency of \$5,000 or more.

The town may file UCC liens, with the Secretary of State, to establish a claim against business assets, for personal property accounts that have been delinquent for at least one year.

Exhibit A  
PAYMENT AGREEMENT

Property:       «Street»  
Owner:         «Owner»

«Iwe» acknowledge that «amare» delinquent with regards to the payment of the real estate taxes for «Street». As of the date of this agreement, the total amount due the Town of Manchester is \$«Taxes\_Due».

«Iwe» understand and acknowledge that the Town of Manchester can take certain collection actions to pursue payment of the real estate taxes including, but not limited to, the issuance of an alias tax warrant, foreclosure of the tax liens, or a tax sale of the property. «Iwe» understand that the Town of Manchester will forego any collection actions in consideration of a monthly payment plan.

«Iwe» agree to pay the sum of \$«Amount» per month due on the «date» day of the month beginning on «Full\_date» and on the «date»«day» day of each and every succeeding month until all real estate taxes for «Street» are paid in full.

Interest will accrue at the rate of \_\_\_\_\_% per month on the unpaid balance until the entire tax liability is paid in full. «Iwe» understand that the failure to adhere to this agreement may result in the Town pursuing other means of collection as outlined herein, which may jeopardize my occupancy and ownership of the property.

\_\_\_\_\_  
«Owner»

Date: \_\_\_\_\_

On behalf of the Town of Manchester and consistent with the Delinquent Tax Collection Policy for the Town of Manchester, I acknowledge the monthly payment agreement signed by the owner/taxpayer.

\_\_\_\_\_  
«Name», «Title»



