



TOWN OF LEDYARD

741 Colonel Ledyard
Highway
Ledyard, CT 06339-1511

Legislation Text

File #: 23-1677, Version: 1

FINANCIAL BUSINESS REQUEST (FBR)

Motion/Request:

MOTION to transfer tax accounts in the amount of \$60,136.02 listed in the report dated May 31, 2023, to the "Suspense File".

In addition, authorize the transfer of non-refundable over payments in the amount of \$7,665.82 to the general fund listed in the report dated May 31, 2023.

Background:

As part of year-end housekeeping the Tax Collector presents a list of accounts classified as "*uncollectable*" to be transferred to the "*suspense list*".

This action would remove the taxes from an active status to a non-active status. However, the accounts that are being transferred would remain in the tax roll and would be flagged as a "Suspense Item".

With the exception of bankruptcy or deceased, the remaining bills would be sent to a collection agency and would remain on the tax rolls for fifteen years from their due date.

As a comparison last year (FY 21/22) the Suspense File was \$53,647.25.

Overpayments:

Per state statute sec.12-129, over payments over three years old cannot be refunded and over payments under \$5.00 may not be refunded. The amount submitted to be transferred to the general Fund for the Fiscal Year 2022/2023 was in the amount of \$7,665,82.

Department Comment/Recommendation:

(type text here)

Finance Director Comment/Recommendation:

(type text here)

Mayor Comment/Recommendation:

(type text here)

Meeting Action Detail:

Town Council Meeting 06/14/2023:

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Moved: Ingalls

Seconded: McGrattan

Action: Approved and so Declared

Minute Note:

Consent Calendar Item

VOTE: 7 - 0 Approved and so Declared

Councilor Comments:

Councilor Ryan continued by noting on tonight’s Consent Calendar the Town Council would be voting “*to transfer non-refundable over payments to the General Fund*”. He stated during the Finance Committee’s June 7, 2023 they discussed State Statute 12-129 which stated: “*...over payments that were over three-years old cannot be refunded and over payments under \$5.00 may not be refunded*” which he understood. However, he stated after the Finance Committee he received a telephone call from a resident who was included on the Non-Refundable List, and was dismayed that their overpayment was not being refunded noting that their overpayment was between \$100 - \$150 over a two-year period. He stated in speaking with Tax Collector Kathy Demicis, who was very helpful and informative, that she explained that the Tax Collector’s Office sends letters to party who paid the taxes to notify them that the taxes were overpaid. However, he stated for people who have their taxes escrowed thru their mortgage lender that the lender then employs a servicing company that pays the property taxes. He stated in this particular case the servicing company was sent two letters, but that neither of the letters made it to the resident to inform them that there was an overpayment of taxes. He stated that he directed the resident to the website where they could see the history of the taxes paid and he suggested that they contact the mortgage lender. However, he stated he did not think that residents should have to do that. He stated in speaking with Tax Collector Kathy Demicis he asked whether her Office could also send a copy of the overpayment letter to the property owner, in addition to the servicing company. He stated Ms. Demicis explained that sending a copy of the overpayment letter to the property owner was not a satisfactory solution because the person living at the property may not actually be the property owner. He stated although he did not have a recommendation on how this type of situation could be resolved, that he wanted to make the Town

Council aware of what was happening with the overpayment of taxes.

Councilor Rodriguez noted the Non-Refundable Tax Overpayments List that was provided to the Finance Committee was for overpayments that were three years old. Therefore, she questioned whether the Non-Refundable Tax Overpayments List could be provided every year and include the most current year. Chairman Dombrowski stated the Town Council reviewed the Non-Refundable Tax Overpayments List on an annual basis. He explained the keeping the Non-Refundable Tax Overpayments List up-to-date to the current year was the Tax Collectors responsibility not the Town Council's responsibility.

Mayor Allyn, III, stated the Tax Collector does keep the Non-Refundable Tax Overpayments List current.

Chairman Dombrowski continued by commenting on the particular case Councilor Ryan mentioned this evening, and he questioned if the servicing company was making the tax payment how did the double payment of taxes occur. He stated if the servicing company made the double tax payment and if the double payment was taken out of the escrowed account, that it should have picked-up by the mortgage company in the arrears of the escrow account. He also questioned whether the overpayment that was being discussed this evening occurred in 2018 when there was a change to the mil rate change and a supplemental tax bill went out, noting everyone received an additional billed amount mid-term during that year. He stated if this was the case the tax bill could have been paid twice, once by the servicing company and once by the property owner. Councilor Ryan stated that the resident was a property owner in 2018 when the supplemental tax bill was issued. However, he stated that he reviewed he resident's tax records on-line, for them, and that the \$100 - \$150 overpayment was not related to the payment of the 2018 supplemental tax. He stated the \$100 - \$150 was a combined overpayment that occurred over a two-year period. He stated although it was not a significant amount that it was the principle. Councilor Saums stated some of the tax overpayments were significant noting that there were some that were \$2,000. He stated the property owners should contact their lender/escrow company. Councilor Ryan noted Councilor Saums' comment and he stated that he suggested the resident contact their escrow company.

Councilor Ryan continued to note in speaking with Tax Collector Kathy Demicis that the state statute does not require the town to notify when an overpayment was made, but that it has been the town's practice to do so. He stated he thought it was great that the Tax Collector's Office notifies when an overpayment has been made and he suggested the Town make this practice a Town Policy. He concluded his comments by stating that his guidance to the resident was to contact their bank, who they had been with for many years, to try to resolve the matter.

Chairman Dombrowski thanked Councilor Ryan for his comments, noting that this was the first time they had heard of such a situation, and appreciated his insight.

Finance Committee Meeting 06/07/2023:

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Moved: Ryan Seconded: Ingalls

Action: Recommend to Approve

Minute Note:

Moved by Councilor Ryan, seconded by Councilor Ingalls

Discussion: Councilor Saums provided some background noting as part of the year-end housekeeping that each year the Tax Collector presents a list of accounts classified as “*Uncollectable*” to be transferred to the “*Suspense List*”. He explained that although this process would remove the taxes from an active status to a non-active status; that the accounts that were being transferred would remain on the tax roll and would be flagged as a “Suspense Item”. He went on to explain with the exception of bankruptcy or deceased, the remaining tax bills would be sent to a collection agency and would remain on the tax rolls for fifteen years from their due date. He stated the Tax Collector provided an comparison noting that last year (FY 21/22) the Suspense File was \$53,647.25.

Councilor Saums continued by addressing the “Overpayments” and he stated per State Statute 12-129, over payments that were over three-years old cannot be refunded and over payments under \$5.00 may not be refunded. He stated the amount that would not be refunded and would be transferred to the General Fund for the Fiscal Year 2022/2023 was \$7,665,82.

Councilor Rodriguez questioned the process should a taxpayer see their name on the Suspense List. Councilor Saums stated if a taxpayer finds their name on the Suspense List that they should contact the Tax Collector’s Office.

Councilor Ryan addressed the Suspense List and he noted the “Reason Column” and he questioned what “*Uncollectable*” meant. Finance Director Matthew Bonin explained that most of the “*Uncollectable*” were for motor vehicle taxes and he stated in many cases the person moved out of the area and the town was not able to track them down. Councilor Saums stated that “*Uncollectable*” could also be for a business that has gone out of business, and the owner could not be located.

VOTE: 3 - 0 Approved and so declared

Action: Recommend to Approve