The Narragansett Bay Commission One Service Road Providence, Rhode Island 02905

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Vincent J. Mesolella Chairman

Laurie A. Horridge Executive Director

March 1, 2021

The Honorable Joseph J. Solomon, Jr. Chairperson House Committee on Corporations State House Providence, RI 02903

**Re**: House Bill 2021 – 5269

Dear Chairperson Solomon and Members of the Committee:

The Narragansett Bay Commission ("NBC") respectfully submits this letter to express its opposition to House Bill 2021 – 5269 which prevents the collection of unpaid fees assessed by fire, water, sewer, road and/or lighting districts, including the NBC, through a tax or lien sale process. Thank you for taking the time to consider the NBC's position.

NBC supports the laudatory goal of assisting struggling property owners who experience financial setbacks. We understand that the right to own property, and the ability to lose it for failure to pay associated bills, is a significant concern. The biggest complaint of customers in lien sale situations is notice. To remedy this issue, the NBC developed and implemented a comprehensive and lengthy process many years ago that goes above and beyond the existing statutorily mandated sale requirements to ensure its customers are aware of an upcoming sale and have every opportunity to bring their accounts current prior to the sale. As a result of NBC's practice, 98% of all accounts selected for lien sale by NBC over the past five years never made it to a lien sale because they were paid prior to the sale date.

Other supplemental mechanisms could be incorporated into H 5269 to ensure that fire, water, sewer, road and/or lighting districts provide better notice to a customer of a potential lien sale and provide customers with additional payment opportunities. To accomplish this, the NBC makes every possible attempt to contact the customer via phone, regular mail and posting a notice on the door at the property to make them aware of the upcoming lien sale with information on how to contact NBC to work out the delinquency. This also protects tenants who may be unaware of a Landlord's delinquency, and allows the tenant to pay the bill in lieu of rent. The NBC also works extensively with customers to offer affordable long-term budgets, and coordinates with Rhode Island Housing and the Department of Elderly Affairs, who offer homeowners assistance with satisfying their debt, including long term repayment options. We realize that most of these additional steps taken by NBC are not undertaken by municipalities or service providers prior to a lien or tax sale. To that end, we would be happy to work with the sponsor to share NBC's process with the Committee.

One major concern of NBC is the inequitable situation that delinquencies cause for paying customers. In short, the vast majority of ratepayers that pay their bills should not have to bear the burden of those that do not. Increased rates are a necessary consequence of allowing delinquent ratepayers off the hook. Likewise, preventing service providers from effectively collecting monies owed simply encourages further non-payment.

The NBC provides essential sewer services to all users of its facilities and prevents untreated sewage from flowing into Narragansett Bay. The costs associated with the provision of those services are equitably shared by its ratepayers. Elimination of the NBC's ability to collect unpaid balances through lien sale will directly impact the NBC's revenues and result in increased rates for all customers.

In the rare situation when a property is actually sold through an NBC lien sale, the property owner has 12 months <u>after</u> the sale takes place to pay the monies owed before the foreclosure process can occur. This is a significant period of time during which the property owner can figure out how to address their delinquency before jeopardizing their ownership interest in the property and before it can be taken by the purchaser. At the same time, the delinquent account is brought current and removed from the NBC's receivables.

NBC has not conducted lien sales during the pandemic. However, if that is a major concern of the sponsors, H 5269 could be easily amended to provide a stay of lien sales during a declared emergency. This would provide relief to defaulting property owners during troubling times, without having a long-term negative impact to the revenues of the NBC or other entities.

Thank you for allowing the NBC to comment on this proposed legislation. Should you wish to discuss this matter further or have any questions, please do not hesitate to contact me at 401-461-8848, extension 420.

Sincerely,

Jennifer J. Harrington, Esq.

Jennifer J. Harrington, Esquire General Counsel, Legislative Liaison