

**SENATE, No. 2232**

**STATE OF NEW JERSEY**  
**214th LEGISLATURE**

INTRODUCED AUGUST 23, 2010

**Sponsored by:**

**Senator JEFF VAN DREW**

**District 1 (Cape May, Atlantic and Cumberland)**

**SYNOPSIS**

Permits chief financial officer to recommend reduced appropriation for reserve for uncollected taxes in certain circumstances.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the calculation of the reserve for uncollected  
2 taxes and amending N.J.S.40A:4-41.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. N.J.S.40A:4-41 is amended to read as follows:

8 40A:4-41. a. For the purpose of determining the amount of the  
9 appropriation for "reserve for uncollected taxes" required to be  
10 included in each annual budget where less than 100% of current tax  
11 collections may be and are anticipated, anticipated cash receipts  
12 shall be as set forth in the budget of the current year, and in  
13 accordance with the limitations of statute for anticipated revenue  
14 from, surplus appropriated, miscellaneous revenues and receipts  
15 from delinquent taxes.

16 b. Receipts from the collection of taxes levied or to be levied in  
17 the municipality, or in the case of a county for general county  
18 purposes and payable in the fiscal year shall be anticipated in an  
19 amount which is not in excess of the percentage of taxes levied and  
20 payable during the next preceding fiscal year which was received in  
21 cash by the last day of the preceding fiscal year.

22 c. (1) For any municipality in which tax appeal judgments have  
23 been awarded to property owners from action of the county tax  
24 board pursuant to R.S.54:3-21 et seq., or the State tax court  
25 pursuant to R.S.54:48-1 et seq. in the preceding fiscal year, the  
26 governing body of the municipality may elect to determine the  
27 reserve for uncollected taxes by using the average of the  
28 percentages of taxes levied which were received in cash by the last  
29 day of each of the three preceding fiscal years. Election of this  
30 choice shall be made by resolution, approved by a majority vote of  
31 the full membership of the governing body prior to the introduction  
32 of the annual budget pursuant to N.J.S.40A:4-5.

33 (2) If the amount of tax reductions resulting from tax appeal  
34 judgments of the county tax board pursuant to R.S.54:3-21 et seq.,  
35 or the State tax court pursuant to R.S.54:48-1 et seq., for the  
36 previous fiscal year exceeds 0.75% of the tax levy for that previous  
37 fiscal year, the governing body of the municipality may elect to  
38 calculate the current year reserve for uncollected taxes by reducing  
39 the certified tax levy of the prior year by the amount of the tax levy  
40 adjustments resulting from those judgments. Election of this choice  
41 shall be made by resolution, approved by a majority vote of the full  
42 membership of the governing body prior to the introduction of the  
43 annual budget pursuant to N.J.S.40A:4-5.

44 d. The director may promulgate rules and regulations to permit  
45 a three-year average to be used to determine the amount required

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 for the reserve for uncollected taxes for municipalities to which  
2 subsection c. of this section is not applicable.

3 e. (1) Notwithstanding any other provision of this section to the  
4 contrary, the chief financial officer of a municipality, in  
5 consultation with the tax collector, may recommend a lesser amount  
6 to be required for the reserve for uncollected taxes than the amount  
7 calculated by the formulas set forth in subsections c. or d. of this  
8 section, if the chief financial officer determines that a lesser amount  
9 will satisfy the obligations of the municipality.

10 (2) The governing body may use the amount deemed to be  
11 required for the reserve for uncollected taxes in paragraph (1) of  
12 this subsection in its annual budget.

13 (3) If the Director of the Division of Local Government Services  
14 disapproves of the amount deemed to be required for the reserve for  
15 uncollected taxes in paragraph (1) of this subsection, in a review of  
16 the budget pursuant to the "Local Budget Law" (N.J.S.40A:4-1 et  
17 seq.), the director may return the budget to the governing body for  
18 revision with a memorandum outlining the reasons for finding the  
19 amount to be insufficient, and the director's own calculation of a  
20 sufficient amount. The governing body shall then resubmit the  
21 budget with the amount deemed by the director to be required for  
22 the reserve for uncollected taxes.

23 (cf: P.L.2007, c.344, s.1.)

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25 2. This act shall take effect immediately.

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STATEMENT

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30 This bill authorizes the chief financial officer of a municipality,  
31 in consultation with the tax collector, to recommend a lesser amount  
32 to be required for the reserve for uncollected taxes than the amount  
33 calculated by the standard formulas, if the chief financial officer  
34 determines that a lesser amount will satisfy the obligations of the  
35 municipality. The governing body may use the amount deemed by  
36 the chief financial officer to be required for the reserve for  
37 uncollected taxes in its annual budget.

38 If the Director of the Division of Local Government Services  
39 disapproves of the amount deemed to be required for the reserve for  
40 uncollected taxes by the chief financial officer, in a review of the  
41 budget pursuant to the "Local Budget Law" (N.J.S.40A:4-1 et seq.),  
42 the director may return the budget to the governing body for  
43 revision with a memorandum outlining the reasons for finding the  
44 amount to be insufficient, and the director's own calculation of a  
45 sufficient amount. The governing body shall then resubmit the  
46 budget with the amount deemed by the director to be required for  
47 the reserve for uncollected taxes.