

ASSEMBLY, No. 836

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblymen ARNONE and CONNORS

1 AN ACT concerning property tax delinquencies and amending
2 R.S.54:4-66, P.L.1994, c.72, and R.S.54:4-67.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. R.S.54:4-66 is amended to read as follows:

8 54:4-66. a. Taxes for municipalities operating under the calendar
9 fiscal year shall be payable the first installment as hereinafter provided
10 on February 1, the second installment on May 1, the third installment
11 on August 1 and the fourth installment on November 1, after which
12 dates if unpaid, they shall become delinquent and remain delinquent,
13 including for the purposes of R.S.54:3-27 or R.S.54:51A-1, until such
14 time as all unpaid taxes, including taxes and other liens subsequently
15 due and unpaid, together with interest have been fully paid and
16 satisfied;

17 b. From and after the respective dates hereinbefore provided for
18 taxes to become delinquent, the taxpayer or property assessed shall be
19 subject to the penalties hereinafter prescribed;

20 c. The dates hereinbefore provided for payment of the first and
21 second installments of taxes being before the true amount of the tax
22 will have been determined, the amount to be payable as each of the
23 first two installments shall be one-quarter of the total tax finally levied
24 against the same property or taxpayer for the preceding year or, if
25 directed to do so for the tax year by resolution of the municipal
26 governing body, one-half of the tax levied for the second half of the
27 preceding tax year, as appropriate; and the amount to be payable for
28 the third and fourth installments shall be the full tax as levied for the
29 current year, less the amount charged as the first and second
30 installments; the amount thus found to be payable as the last two
31 installments shall be divided equally for and as each installment. An
32 appropriate adjustment by way of discount shall be made, if it shall

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

Matter underlined thus is new matter.

1 appear that the total of the first and second installments exceeded
2 one-half of the total tax as levied for the year;

3 d. (Deleted by amendment, P.L.1994, c.72).

4 e. Taxes may be received and credited as payments at any time,
5 even prior to the dates hereinbefore fixed for payment.

6 (cf: P.L.1994, c.72, s.1)

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8 2. Section 2 of P.L.1994, c.72 (C.54:4-66.1) is amended to read as
9 follows:

10 2. Taxes in municipalities operating under the State fiscal year shall
11 be payable and shall be delinquent pursuant to the following
12 provisions:

13 a. Taxes shall be payable the first installment as hereinafter
14 provided on February 1, the second installment on May 1, the third
15 installment on August 1 and the fourth installment on November 1,
16 after which dates if unpaid, they shall become delinquent and remain
17 delinquent, including for the purposes of R.S.54:3-27 or
18 R.S.54:51A-1, until such time as all unpaid taxes, including taxes and
19 other liens subsequently due and unpaid, together with interest have
20 been fully paid and satisfied;

21 b. From and after the respective dates hereinbefore provided for
22 taxes to become delinquent, the taxpayer or property assessed shall be
23 subject to the penalties hereinafter prescribed;

24 c. The following terms and phrases shall have the meaning defined
25 below when calculating taxes under this section:

26 "Assessed value" means the net valuation taxable of each parcel of
27 property in a municipality in the current tax year.

28 "Billing percentage" is used to calculate the amount required to
29 meet municipal and non-municipal fiscal obligations for the first six
30 months of the calendar year.

31 "Calendar year" means the current calendar year.

32 "Certification of tax billing levies" is the form and associated
33 procedures promulgated by the director on which the tax collector
34 calculates the appropriate billing amounts for the first and second
35 installments of the calendar year.

36 "Director" means the director of the Division of Local Government
37 Services.

38 "Municipal tax levy" means the tax levy set in the municipal budget
39 for the current fiscal year.

40 "Non-municipal tax levy" means the total of all of the tax levies
41 certified by the county board of taxation for non-municipal purposes
42 for the calendar year.

43 "Preliminary municipal tax levy" is the amount certified by the
44 governing body for the purposes of third and fourth installment
45 municipal tax levy.

46 "Prior year" means the calendar year just previous to the quarters

1 being billed.

2 "Six month required non-municipal tax levy" means the amount
3 necessary to be paid by the municipality to the county and
4 non-municipal taxing districts for the first six months of the calendar
5 year.

6 "Total adjusted prior year taxes" means the prior year taxes billed
7 after adjustments are made to incorporate changes to tax bills between
8 tax billings.

9 "Total assessed value" means the total net valuation taxable for the
10 municipality pursuant to the most recent Table of Aggregates
11 promulgated by the County Board of Taxation.

12 d. The following formulas shall be utilized in calculating the taxes
13 for each parcel or property:

14 (1) the municipal rate shall be the preliminary municipal tax levy
15 divided by the total assessed value per one hundred dollars of assessed
16 valuation.

17 (2) the non-municipal rate shall be the non-municipal tax levy
18 divided by the total assessed value per one hundred dollars of assessed
19 value.

20 (3) "Municipal billing percentage" shall be the municipal tax levy
21 less the sum of the adjusted taxes billed for the prior year third and
22 fourth installments, divided by the total adjusted prior year taxes.

23 (4) "Non-municipal billing percentage" shall be calculated by
24 dividing the six month required non-municipal tax levy by the total
25 adjusted prior year taxes.

26 e. Taxes for each parcel or property shall be calculated as follows:

27 (1) The tax collector shall prepare the certification of tax billing
28 levies and calculate the first and second installments by computing the
29 municipal portion, which shall be the municipal billing percentage
30 multiplied by the total adjusted prior year taxes; and then the
31 non-municipal portion, which shall be the non-municipal billing
32 percentage multiplied by the total adjusted prior year taxes. The sum
33 of the two shall be divided in half for each installment. A copy of the
34 certification shall be filed with the director and the county board of
35 taxation.

36 (2) The third and fourth installments shall be calculated by
37 computing the municipal portion, which shall be the product of the
38 municipal rate times the total assessed value per one hundred dollars
39 of assessed value, and subtracting the taxes billed for the previous first
40 and second installments; and then the non-municipal portion which
41 shall be the product of the non-municipal rate times the total assessed
42 value per one hundred dollars of assessed value, and subtracting the
43 taxes billed for the previous first and second installments. The sum of
44 the two shall be divided in half for each installment.

45 f. Taxes may be received and credited as payments at any time,

1 even prior to the dates hereinabove fixed for payment.
2 (cf: P.L.1994, c.72, s.2)

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4 3. R.S.54:4-67 is amended to read as follows:

5 54:4-67. The governing body of each municipality may by
6 resolution fix the rate of discount to be allowed for the payment of
7 taxes or assessments previous to the date on which they would become
8 delinquent. The rate so fixed shall not exceed 6% per annum, shall be
9 allowed only in case of payment on or before the thirtieth day previous
10 to the date on which the taxes or assessments would become
11 delinquent. The governing body may also fix the rate of interest to be
12 charged for the nonpayment of taxes or assessments on or before the
13 date when they would become delinquent, and may provide that no
14 interest shall be charged if payment of any installment is made within
15 the tenth calendar day following the date upon which the same became
16 payable. The rate so fixed shall not exceed 8% per annum on the first
17 \$1,500.00 of the delinquency and 18% per annum on any amount in
18 excess of \$1,500.00, to be calculated from the date the tax was
19 payable until the date that actual payment to the lienholder will be next
20 authorized.

21 "Delinquency" means the sum of all taxes and municipal charges
22 due on a given parcel of property covering any number of quarters or
23 years. The property shall remain delinquent, as defined herein and
24 including for the purposes of R.S.54:3-27 or R.S.54:51A-1, until such
25 time as all unpaid taxes, including subsequent taxes and liens, together
26 with interest thereon shall have been fully paid and satisfied. The
27 delinquency shall remain notwithstanding the issuance of a certificate
28 of sale pursuant to R.S.54:5-32 and R.S.54:5-46. The governing body
29 may also fix a penalty to be charged to a taxpayer with a delinquency
30 in excess of \$10,000 who fails to pay that delinquency prior to the end
31 of the fiscal year. If such taxes are fully paid and satisfied by the
32 holder of an outstanding tax sale certificate, the holder shall be entitled
33 to receive the amount of the penalty as part of the amount required to
34 redeem such certificate of sale. The penalty so fixed shall not exceed
35 6% of the amount of the delinquency.

36 (cf: P.L.1994, c.32, s.4)

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38 4. This act shall take effect immediately and shall be retroactive to
39 the effective date of P.L.1994, c.32, May 12, 1994.

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STATEMENT

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44 This bill clarifies the intent of the Legislature in enacting P.L.1994,
45 c.32 to require that tax delinquencies be satisfied, including unpaid
46 taxes and tax sale certificates, prior to appealing an assessment in

1 accordance with R.S.54:3-27 or R.S.54:51A-1. This legislation is
2 remedial in nature and a particular response to the tax court opinion
3 in Caven Point Realty Assoc. c/o J. Burstyn v. City of Jersey City,
4 issued January 30, 1995, ___ N.J. Tax Court ___.

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9 Requires tax delinquencies, including unpaid property taxes and tax
10 sale certificates, be satisfied prior to appealing assessment in
11 accordance with R.S.54:3-27 or R.S.54:51A-1.