

STATEMENT TO  
ASSEMBLY SUBSTITUTE FOR  
ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 2033**

with Assembly Floor Amendments  
(Proposed By Assemblyman JONES)

ADOPTED: SEPTEMBER 26, 1996

These floor amendments amend sections 2 and 3 of the Assembly Substitute to change the time for which a property owner is to be given priority to pay property taxes from "prior to the delinquency date" to "up to and including the payment date" for each quarter's taxes. Under current law a property owner has no priority over a tax lien holder to pay the property taxes.

Section 4 is amended to remove the requirement that the Director of the Division of Local Government Services in the Department of Community Affairs promulgate rules and regulations governing the form of the notice of delinquent interest rate changes. The amendment, however, does require that a copy of the notice of change of delinquent interest rate be filed with the division. This information may be used in the future to compare delinquent interest rates of various municipalities. Subsection c. of section 4 is amended to clarify that the purchaser of the total property tax levy is entitled to be paid by the municipality only an amount that is collected by the tax collector. The definition of "delinquency" is amended to clarify that notwithstanding the payment of a delinquent amount on a property by the purchaser of a total property tax levy, the delinquency remains for the purposes of satisfying the requirements for filing a tax appeal with the county tax board or the State tax court. The amendments to this section also provide that a lien holder or levy purchaser that pays only a portion of a tax delinquency on a property prior to the end of the fiscal year is entitled to a pro rata share of the end of the year penalty when the delinquency for that fiscal year is in excess of \$10,000. This is intended to encourage the payment of subsequent taxes by lien holders and levy purchasers so that the municipality does not have to hold another tax sale for the property.

Section 7 is amended to clarify the amount required to redeem a tax sale certificate. Under current law it is not clear that the purchaser of a tax lien who also pays subsequent taxes within the 10-day time period from the date of sale is entitled to recover those subsequent taxes upon a redemption made within that 10-day period. These amendments make clear that a tax lien purchaser is entitled to recover any subsequent taxes paid as part of the redemption amount when redemption occurs either after issuance of the tax sale certificate or after the expiration of the 10-day period from and including the date

of sale. In order to protect his or her interests the purchaser of a tax lien should not pay subsequent taxes until after the certificate has been issued or, if the certificate is not issued within the 10-day period, until after expiration of the 10-day period. Under this amendment the actual date of the tax sale would be counted as the first day of that 10-day period. The 10-day period relates to the requirements of R.S.54:5-49 that any tax sale certificate issued after that time may be refused by the purchaser and the purchase price refunded. The amendments also restore language in R.S.54:5-58 that was deleted in the Assembly Substitute. This restored language ensures that the tax collector is only responsible for paying interest on any redemption sum he or she holds for the benefit of the holder of a tax sale certificate, from the date that the governing body authorizes the collector to disburse such funds, not from the date that the money is paid to the collector.

Subsection d. of section 15 of the Assembly Substitute is amended to permit the chief financial officer of a municipality, as well as the tax collector, to remit funds to the total property tax levy purchaser when authorized to do so by the municipal governing body. The amendments also clarify that the remitted funds may include only those amounts that are due and paid to the tax collector. The word "payable" was deleted to avoid confusion concerning amounts that may be owed, but not yet paid to the tax collector. The amendments also require that collected funds be remitted to the total property tax levy purchaser within 30 days of collection, unless a different time for remittance has been contractually specified. The amendments add a new subsection j. to section 15 to allow the municipality the option of designing its bid specifications to include a provision permitting the reimbursement of the total property tax levy purchaser from the proceeds of a public tax sale instead of through the issuance of tax sale certificates to that purchaser.

The amendments insert a new section 17, amending R.S.54:5-26, to permit the substitution of notice of a tax sale by regular or certified mail to a property owner and to any person or entity entitled to notice of foreclosure pursuant to section 20 of P.L.1948, c.96 (C.54:5-104.48), for two of the four required published notices. The costs of each set of notices for a particular property, not to exceed \$25, would be added to the cost of the tax sale in addition to those provided in R.S.54:5-38.

The amendments insert a new section 18 amending R.S.54:5-49 to make the measurement of the 10-day period for issuance of a tax sale certificate consistent with the amendments proposed to R.S.54:5-58.

Finally, the amendments insert a new section 19 to amend section 1 of P.L.1940, c.90 (C.54:5-52.1) to permit a municipality to issue a duplicate tax sale certificate, for a fee not to exceed \$100, when the original certificate has been lost or destroyed. Under current law a duplicate certificate may only be issued when the holder is the municipality.