

ASSEMBLY SUBSTITUTE FOR
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2033

STATE OF NEW JERSEY

ADOPTED DECEMBER 12, 1996

Sponsored by Assemblymen JONES and BAGGER

1 AN ACT authorizing the public sale of a total municipal property tax
2 levy to the highest bidder and amending and supplementing various
3 sections of statutory law.

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

7
8 1. R.S.54:4-65 is amended to read as follows:

9 54:4-65. a. The Director of the Division of Local Government
10 Services in the Department of Community Affairs shall approve the
11 form and content of property tax bills.

12 b. Each tax bill shall have printed thereon a brief tabulation
13 showing the distribution of the amount raised by taxation in the taxing
14 district, in such form as to disclose the rate per \$100.00 of assessed
15 valuation or the number of cents in each dollar paid by the taxpayer
16 which is to be used for the payment of State school taxes, other State
17 taxes, county taxes, local school expenditures and other local
18 expenditures. The last named item may be further subdivided so as to
19 show the amount for each of the several departments of the municipal
20 government. In lieu of printing such information on the tax bill, any
21 municipality may furnish the tabulation required hereunder and any
22 other pertinent information in a statement accompanying the mailing
23 or delivery of the tax bill. There shall be included on or with the tax
24 bill the delinquent interest rate or rates to be charged and any end of
25 year penalty that is authorized.

26 c. The appropriate tax bill or form mailed with the tax bill shall
27 also contain a statement reporting amounts of State aid and assistance
28 received by the municipality, school districts, special districts and
29 county governments used to offset local tax levies. The director shall

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 provide each tax collector with a certification of the amounts of said
2 State aid and assistance for inclusion in the tax bill.

3 d. The tax bill or form mailed with the tax bill shall include
4 thereon the date upon which each installment is due.

5 (cf: P.L.1994, c.32, s.2)

6

7 2. 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 until such time as all unpaid taxes, including taxes and other liens
14 subsequently due and unpaid, together with interest have been fully
15 paid and satisfied;

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

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

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

35 e. Taxes may be received and credited as payments at any time,
36 even prior to the dates hereinbefore fixed for payment, from the
37 property owners, their agents or lien holders; however, no interest
38 shall accrue until the delinquency date. Up to and including the
39 payment date for each quarter, priority of payment shall be given to
40 the property owner when third party tax liens exist against the
41 property.

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

43

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

46 2. Taxes in municipalities operating under the State fiscal year

1 shall be payable and shall be delinquent pursuant to the following
2 provisions:

3 a. Taxes shall be payable the first installment as hereinafter
4 provided on February 1, the second installment on May 1, the third
5 installment on August 1 and the fourth installment on November 1,
6 after which dates if unpaid, they shall become delinquent and remain
7 delinquent until such time as all unpaid taxes, including taxes and other
8 liens subsequently due and unpaid, together with interest have been
9 fully paid and satisfied;

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

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

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

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

20 "Calendar year" means the current calendar year.

21 "Certification of tax billing levies" is the form and associated
22 procedures promulgated by the director on which the tax collector
23 calculates the appropriate billing amounts for the first and second
24 installments of the calendar year.

25 "Director" means the director of the Division of Local Government
26 Services.

27 "Municipal tax levy" means the tax levy set in the municipal budget
28 for the current fiscal year.

29 "Non-municipal tax levy" means the total of all of the tax levies
30 certified by the county board of taxation for non-municipal purposes
31 for the calendar year.

32 "Preliminary municipal tax levy" is the amount certified by the
33 governing body for the purposes of third and fourth installment
34 municipal tax levy.

35 "Prior year" means the calendar year just previous to the quarters
36 being billed.

37 "Six month required non-municipal tax levy" means the amount
38 necessary to be paid by the municipality to the county and
39 non-municipal taxing districts for the first six months of the calendar
40 year.

41 "Total adjusted prior year taxes" means the prior year taxes billed
42 after adjustments are made to incorporate changes to tax bills between
43 tax billings.

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

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

3 (1) the municipal rate shall be the preliminary municipal tax levy
4 divided by the total assessed value per one hundred dollars of assessed
5 valuation.

6 (2) the non-municipal rate shall be the non-municipal tax levy
7 divided by the total assessed value per one hundred dollars of assessed
8 value.

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

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

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

16 (1) The tax collector shall prepare the certification of tax billing
17 levies and calculate the first and second installments by computing the
18 municipal portion, which shall be the municipal billing percentage
19 multiplied by the total adjusted prior year taxes; and then the
20 non-municipal portion, which shall be the non-municipal billing
21 percentage multiplied by the total adjusted prior year taxes. The sum
22 of the two shall be divided in half for each installment. A copy of the
23 certification shall be filed with the director and the county board of
24 taxation.

25 (2) The third and fourth installments shall be calculated by
26 computing the municipal portion, which shall be the product of the
27 municipal rate times the total assessed value per one hundred dollars
28 of assessed value, and subtracting the taxes billed for the previous first
29 and second installments; and then the non-municipal portion which
30 shall be the product of the non-municipal rate times the total assessed
31 value per one hundred dollars of assessed value, and subtracting the
32 taxes billed for the previous first and second installments. The sum of
33 the two shall be divided in half for each installment.

34 f. Taxes may be received and credited as payments at any time,
35 even prior to the dates hereinabove fixed for payment, from the
36 property owners, their agents or lien holders; however, no interest
37 shall accrue until the delinquency date. Up to and including the
38 payment date for each quarter, priority of payment shall be given to
39 the property owner when third party tax liens exist against the
40 property.

41 (cf: P.L.1994, c.72, s.2)

42

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

44 54:4-67. a. The governing body of each municipality may by
45 resolution fix the rate of discount to be allowed for the payment of
46 taxes or assessments previous to the date on which they would become

1 delinquent. The rate so fixed shall not exceed 6% per annum, shall be
2 allowed only in case of payment on or before the thirtieth day previous
3 to the date on which the taxes or assessments would become
4 delinquent. No such discount shall apply to the purchaser of a total
5 property tax levy pursuant to section 16 of P.L. , c. (C.) (now
6 pending before the Legislature as this bill). The governing body may
7 also fix the rate of interest to be charged for the nonpayment of taxes
8 [or], assessments, or other municipal liens or charges, unless otherwise
9 provided by law, on or before the date when they would become
10 delinquent, and may provide that no interest shall be charged if
11 payment of any installment is made within the tenth calendar day
12 following the date upon which the same became payable. The rate so
13 fixed shall not exceed 8% per annum on the first \$1,500.00 of the
14 delinquency and 18% per annum on any amount in excess of
15 \$1,500.00, to be calculated from the date the tax was payable until the
16 date that actual payment to the [lienholder will be next authorized] tax
17 collector is made.

18 b. In any year when the governing body changes the rate of
19 interest to be charged for delinquent taxes, assessments or other
20 municipal charges, or to be charged for the end of the year penalty, the
21 governing body, after adoption of a resolution changing the rate of
22 interest, shall provide a notice to all taxpayers, prior to the date taxes
23 are next due or with the tax bill, stating the new rate or rates to be
24 charged and the date that the new rate or rates take effect. The notice
25 may be separate from the tax bill. No change in the rate of interest or
26 the end of year penalty shall take effect until the required notice has
27 been provided in accordance with this subsection.

28 c. In municipalities that have sold their property tax levy pursuant
29 to section 16 of P.L. , c. (C.) (now pending before the
30 Legislature as this bill), the rate of interest to be charged for the
31 nonpayment of taxes, assessments or other municipal liens or charges
32 shall be the same interest or delinquency rate or rates otherwise
33 charged by the municipality, to be calculated from the date the tax was
34 payable until the date of actual payment to the tax collector. The
35 purchaser of the total property tax levy shall be paid only those
36 amounts attributable to properties included in the total property tax
37 levy purchase and actually collected by the tax collector and which
38 amounts shall not include any delinquent interest collected by the
39 municipal tax collector prior to the time that the total property tax levy
40 purchaser makes the levy payment to the municipality.

41 "Delinquency" means the sum of all taxes and municipal charges
42 due on a given parcel of property covering any number of quarters or
43 years. The property shall remain delinquent, as defined herein, until
44 such time as all unpaid taxes, including subsequent taxes and liens,
45 together with interest thereon shall have been fully paid and satisfied.
46 The delinquency shall remain notwithstanding the issuance of a

1 certificate of sale pursuant to R.S.54:5-32 and R.S.54:5-46, the
2 payment of delinquent tax by the purchaser of the total property tax
3 levy pursuant to section 16 of P.L. , c. (C.) (now pending
4 before the Legislature as this bill) and for the purposes of satisfying
5 the requirements for filing any tax appeal with the county board of
6 taxation or the State tax court. The governing body may also fix a
7 penalty to be charged to a taxpayer with a delinquency in excess of
8 \$10,000 who fails to pay that delinquency as billed, prior to the end of
9 the fiscal year. If [such taxes are fully] any fiscal year delinquency in
10 excess of \$10,000 is paid [and satisfied] by the holder of an
11 outstanding tax sale certificate or a total property tax levy purchaser,
12 the holder or purchaser, as appropriate, shall be entitled to receive the
13 amount of the penalty as part of the amount required to redeem such
14 certificate of sale providing the payment is made by the tax lien holder
15 or tax levy purchaser prior to the end of the fiscal year. If the holder
16 of the outstanding tax sale certificate or the levy purchaser, as
17 appropriate, does not make the payment in full prior to the end of the
18 fiscal year, then the holder or purchaser shall be entitled to a pro rata
19 share of the delinquency penalty upon redemption, and the balance of
20 the penalty shall inure to the benefit of the municipality. The penalty
21 so fixed shall not exceed 6% of the amount of the delinquency with
22 respect to each most recent fiscal year only.

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

24

25 5. R.S.54:5-19 is amended to read as follows:

26 54:5-19. When unpaid taxes or any municipal lien, or part thereof,
27 on real property, remains in arrears on [April first] the 11th day of the
28 eleventh month in the fiscal year [following the fiscal year] when the
29 same became in arrears, [or, in the case of municipalities that operate
30 on the State fiscal year, on October first in the fiscal year following the
31 fiscal year when the same became in arrears,] the collector or other
32 officer charged by law in the municipality with that duty, shall, subject
33 to the provisions of the next paragraph, enforce the lien by selling the
34 property in the manner set forth in this article, provided that the sale
35 is conducted no earlier than in the last month of the fiscal year.

36 The term "collector" as hereinafter used includes any such officer,
37 and the term "officer" includes the collector.

38 The municipality may by resolution direct that [where] when
39 unpaid taxes or other municipal liens or charges, or part thereof, are
40 in arrears [for more than one year] as of the 11th day of the eleventh
41 month of the fiscal year, such sale shall include only such unpaid taxes
42 or other municipal liens or charges as were in arrears in the fiscal year
43 designated in such resolution, and may by resolution, either general or
44 special, direct that there shall be omitted from such sale any or all such
45 unpaid taxes, and other municipal liens, or parts thereof, on real
46 property, upon which regular, equal monthly installment payments are

1 being made, in pursuance to such agreement as may be authorized by
2 said resolution between the collector and the owner or person
3 interested in the property upon which such delinquent taxes may be
4 due; provided, that said agreement shall require payment of such
5 installment payments in amounts large enough to pay in full all
6 delinquent taxes, assessments and other municipal liens held by the
7 municipality, in not more than five years from the date of such
8 agreement; provided, that the extension of time for payment of such
9 arrearages herein authorized shall not apply to any parcel of property
10 which prior thereto has been included in any plan theretofore adopted
11 by any municipality of this State under and pursuant to the provisions
12 of any public statute of this State whereunder prior extensions for the
13 payment of delinquent taxes were authorized; provided further, that
14 the right of any person interested in such property to pay such arrears
15 in such installments shall be conditioned on the prompt payment of the
16 installments of taxes for the current year in which such agreement is
17 made, and all subsequent taxes, assessments and other municipal liens
18 imposed or becoming a lien thereafter, including all installments
19 thereafter payable on assessments theretofore levied, and also the
20 prompt payment of all installments of arrears as hereinbefore
21 authorized; and provided further, that in case any such installment of
22 arrears or any new taxes, assessments or other liens are not promptly
23 paid, that is to say, within thirty days after the date when the same is
24 due and payable, then such agreement shall be void, and in any such
25 case the collector, or other officer charged by law with that duty, shall
26 proceed to enforce such lien by selling in the manner in this article
27 provided.

28 (cf: P.L.1991, c.75, s.43)

29

30 6. R.S.54:5-26 is amended to read as follows:

31 54:5-26. Copies of the notice of a tax sale shall be set up in five
32 of the most public places in the municipality, and a copy of the notice
33 shall be published in a newspaper circulating in the municipality, once
34 in each of the four calendar weeks preceding the calendar week
35 containing the day appointed for the sale. In lieu of any two
36 publications, notice to the property owner and to any person or entity
37 entitled to notice of foreclosure pursuant to section 20 of P.L.1948,
38 c.96 (C.54:5-104.48) may be given by regular or certified mail, the
39 costs of which shall be added to the cost of the sale in addition to
40 those provided in R.S.54:5-38, not to exceed \$25 for each set of
41 notices for a particular property. Failure of the property owner to
42 receive a notice of a tax sale properly mailed by the tax collector shall
43 not constitute grounds to void the subsequent tax sale. If ordinances
44 of the municipality are required to be published in any special
45 newspaper or newspapers, the notice shall be published therein.

46 (cf: R.S.54:5-26)

1 7. R.S.54:5-49 is amended to read as follows:

2 54:5-49. a. Each certificate shall cover only such property as is
3 assessed as one parcel, and shall be prepared ready for delivery to the
4 purchaser within ten days after the sale , including the date of sale as
5 the first day, or the purchaser, other than a total property tax levy
6 purchaser, may refuse to accept it and be entitled to repayment of the
7 purchase price. Thereupon the lien shall be vested in the municipality
8 and a certificate of sale shall be made to it as if originally struck off to
9 it. The certificate shall not be invalid because delivered after the
10 expiration of that period.

11 b. Tax sale certificates to be issued to the purchaser of a total
12 property tax levy shall be issued within 10 days following the tax sale
13 and after the final fiscal year total property tax levy payment, or
14 thereafter, according to the contract with the municipality. A
15 resolution of entitlement to a tax sale certificate shall be provided by
16 the municipality on any delinquent properties in bankruptcy. Tax sale
17 certificates shall be issued at the conclusion of the bankruptcy
18 proceedings, or earlier, if permissible in connection with the
19 bankruptcy proceeding, dated as of the next tax sale date upon
20 surrender of the resolution of entitlement to the municipality.

21 (cf: R.S.54:5-49)

22

23 8. Section 1 of P.L.1990, c.90 (C.54:5-52.1) is amended to read
24 as follows:

25 1. In case of the destruction or loss of a tax title certificate which
26 was [acquired] issued by any municipality in this State at a tax sale
27 held in that municipality [and the said municipality is the lawful owner
28 thereof], the collector of taxes, the receiver of taxes, or the person
29 lawfully charged with the collection of taxes in said municipality shall
30 issue and execute a new certificate of tax sale in place of the one
31 which has been destroyed or lost; provided, he or she shall have been
32 duly authorized so to do by a resolution of the governing body of the
33 said municipality[; and provided, further, said original tax sale
34 certificate had been issued at least two years prior thereto]. There
35 shall appear on the new certificate a statement that it is a duplicate of
36 the original one which was destroyed or lost and the date of said
37 original certificate and the date of the tax sale upon which it was
38 issued and the name and title of officer who issued same. The
39 municipality may charge a fee not to exceed \$100 for such a duplicate
40 certificate.

41 (cf: P.L.1940, c.90, s.1)

42

43 9. Section 3 of P.L.1976, c.68 (C.40A:4-45.3) is amended to read
44 as follows:

45 3. In the preparation of its budget a municipality shall limit any
46 increase in said budget to 5% or the index rate, whichever is less, over

1 the previous year's final appropriations subject to the following
2 exceptions:

3 a. (Deleted by amendment, P.L.1990, c.89.)

4 b. Capital expenditures, including appropriations for current
5 capital expenditures, whether in the capital improvement fund or as a
6 component of a line item elsewhere in the budget, provided that any
7 such current capital expenditure would be otherwise bondable under
8 the requirements of N.J.S.40A:2-21 and 40A:2-22;

9 c. (1) An increase based upon emergency temporary
10 appropriations made pursuant to N.J.S.40A:4-20 to meet an urgent
11 situation or event which immediately endangers the health, safety or
12 property of the residents of the municipality, and over which the
13 governing body had no control and for which it could not plan and
14 emergency appropriations made pursuant to N.J.S.40A:4-46.
15 Emergency temporary appropriations and emergency appropriations
16 shall be approved by at least two-thirds of the governing body and by
17 the Director of the Division of Local Government Services, and shall
18 not exceed in the aggregate 3% of the previous year's final current
19 operating appropriations.

20 (2) (Deleted by amendment, P.L.1990, c.89.)

21 The approval procedure in this subsection shall not apply to
22 appropriations adopted for a purpose referred to in subsection d. or j.
23 below;

24 d. All debt service, including that of a Type I school district;

25 e. Upon the approval of the Local Finance Board in the Division
26 of Local Government Services, amounts required for funding a
27 preceding year's deficit;

28 f. Amounts reserved for uncollected taxes;

29 g. (Deleted by amendment, P.L.1990, c.89.)

30 h. Expenditure of amounts derived from new or increased
31 construction, housing, health or fire safety inspection or other service
32 fees imposed by State law, rule or regulation or by local ordinance;

33 i. Any amount approved by any referendum;

34 j. Amounts required to be paid pursuant to (1) any contract with
35 respect to use, service or provision of any project, facility or public
36 improvement for water, sewerage, parking, senior citizen housing or
37 any similar purpose, or payments on account of debt service therefor,
38 between a municipality and any other municipality, county, school or
39 other district, agency, authority, commission, instrumentality, public
40 corporation, body corporate and politic or political subdivision of this
41 State; (2) the provisions of article 9 of P.L.1968, c.404 (C.13:17-60
42 through 13:17-76) by a constituent municipality to the intermunicipal
43 account; (3) any lease of a facility owned by a county improvement
44 authority when the lease payment represents the proportionate amount
45 necessary to amortize the debt incurred by the authority in providing
46 the facility which is leased, in whole or in part; and (4) any repayments

- 1 under a loan agreement entered into in accordance with the provisions
2 of section 5 of P.L.1992, c.89.
- 3 k. (Deleted by amendment, P.L.1987, c.74.)
- 4 l. Appropriations of federal, county, independent authority or
5 State funds, or by grants from private parties or nonprofit
6 organizations for a specific purpose, and amounts received or to be
7 received from such sources in reimbursement for local expenditures.
8 If a municipality provides matching funds in order to receive the
9 federal, county, independent authority or State funds, or the grants
10 from private parties or nonprofit organizations for a specific purpose,
11 the amount of the match which is required by law or agreement to be
12 provided by the municipality shall be excepted;
- 13 m. (Deleted by amendment, P.L.1987, c.74.)
- 14 n. (Deleted by amendment, P.L.1987, c.74.)
- 15 o. (Deleted by amendment, P.L.1990, c.89.)
- 16 p. (Deleted by amendment, P.L.1987, c.74.)
- 17 q. (Deleted by amendment, P.L.1990, c.89.)
- 18 r. Amounts expended to fund a free public library established
19 pursuant to the provisions of R.S.40:54-1 through 40:54-29, inclusive;
- 20 s. (Deleted by amendment, P.L.1990, c.89.)
- 21 t. Amounts expended in preparing and implementing a housing
22 element and fair share plan pursuant to the provisions of P.L.1985,
23 c.222 (C.52:27D-301 et al.) and any amounts received by a
24 municipality under a regional contribution agreement pursuant to
25 section 12 of that act;
- 26 u. Amounts expended to meet the standards established pursuant
27 to the "New Jersey Public Employees' Occupational Safety and Health
28 Act," P.L.1983, c.516 (C.34:6A-25 et seq.);
- 29 v. (Deleted by amendment, P.L.1990, c.89.)
- 30 w. Amounts appropriated for expenditures resulting from the
31 impact of a hazardous waste facility as described in subsection c. of
32 section 32 of P.L.1981, c.279 (C.13:1E-80);
- 33 x. Amounts expended to aid privately owned libraries and reading
34 rooms, pursuant to R.S.40:54-35;
- 35 y. (Deleted by amendment, P.L.1990, c.89.)
- 36 z. (Deleted by amendment, P.L.1990, c.89.)
- 37 aa. Extraordinary expenses, approved by the Local Finance Board,
38 required for the implementation of an interlocal services agreement;
- 39 bb. Any expenditure mandated as a result of a natural disaster,
40 civil disturbance or other emergency that is specifically authorized
41 pursuant to a declaration of an emergency by the President of the
42 United States or by the Governor;
- 43 cc. Expenditures for the cost of services mandated by any order
44 of court, by any federal or State statute, or by administrative rule,
45 directive, order, or other legally binding device issued by a State
46 agency which has identified such cost as mandated expenditures on

1 certification to the Local Finance Board by the State agency;

2 dd. Expenditures of amounts actually realized in the local budget
3 year from the sale of municipal assets if appropriated for non-recurring
4 purposes or otherwise approved by the director;

5 ee. Any local unit which is determined to be experiencing fiscal
6 distress pursuant to the provisions of P.L.1987, c.75
7 (C.52:27D-118.24 et seq.), whether or not a local unit is an "eligible
8 municipality" as defined in section 3 of P.L.1987, c.75
9 (C.52:27D-118.26), and which has available surplus pursuant to the
10 spending limitations imposed by P.L.1976, c.68 (C.40A:4-45.1 et
11 seq.), may appropriate and expend an amount of that surplus approved
12 by the director and the Local Finance Board as an exception to the
13 spending limitation. Any determination approving the appropriation
14 and expenditure of surplus as an exception to the spending limitations
15 shall be based upon:

16 1) the local unit's revenue needs for the current local budget year
17 and its revenue raising capacity;

18 2) the intended actions of the governing body of the local unit to
19 meet the local unit's revenue needs;

20 3) the intended actions of the governing body of the local unit to
21 expand its revenue generating capacity for subsequent local budget
22 years;

23 4) the local unit's ability to demonstrate the source and existence
24 of sufficient surplus as would be prudent to appropriate as an
25 exception to the spending limitations to meet the operating expenses
26 for the local unit's current budget year; and

27 5) the impact of utilization of surplus upon succeeding budgets of
28 the local unit;

29 ff. Amounts expended for the staffing and operation of the
30 municipal court;

31 gg. Amounts appropriated for the cost of administering a joint
32 insurance fund established pursuant to subsection b. of section 1 of
33 P.L.1983, c.372 (C.40A:10-36), but not including appropriations for
34 claims payments by local member units;

35 hh. Amounts appropriated for the cost of implementing an
36 estimated tax billing system and the issuance of tax bills thereunder
37 pursuant to section 3 of P.L.1994, c.72 (C.54:4-66.2);

38 ii. Expenditures related to the cost of conducting and
39 implementing a total property tax levy sale pursuant to section 16 of
40 P.L. , c. (C.) (now pending before the Legislature as this
41 bill).

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

43

44 10. R.S.54:5-58 is amended to read as follows:

45 54:5-58. The amount required to redeem within 10 days from and
46 including the date of sale, unless a tax sale certificate has been duly

1 issued during the 10-day period, shall be the sum paid at the sale, with
2 interest from the date of sale at the rate of redemption for which the
3 property was sold. After 10 days from the date of sale including the
4 date of sale as the first day, or after issuance of the tax sale certificate
5 during the 10-day period, the amount required for redemption shall be
6 that amount plus the expenses incurred by the purchaser as hereinafter
7 provided, and subsequent municipal liens, as provided in sections
8 54:5-59 and 54:5-60 of this Title. Where, because of municipal fiscal
9 restrictions imposed upon the tax collector, the transmission of the
10 redemption sum to the purchaser is dependent upon the approval of
11 the governing body, or other officer, of the municipality, such interest
12 shall be computed to the time when such governing body or officer
13 may next act with respect thereto.

14 (cf: P.L.1965, c.187, s.4)

15

16 11. R.S.54:5-60 is amended to read as follows:

17 54:5-60. If the certificate of sale is not held by the municipality,
18 the amount required for redemption shall include all sums for
19 subsequent taxes, municipal liens and charges, and interest and costs
20 thereon, actually paid by the holder of the tax title or his predecessor
21 therein, together with interest on the amount so paid at the rate or
22 rates chargeable by the municipality, provided the holder of such title
23 shall have made and filed with the collecting officer an affidavit
24 showing the amount of such payment, which affidavit may be taken
25 before such officer.

26 (cf: R.S.54:5-60)

27

28 12. (New section) a. A municipality may reduce its reserve for
29 uncollected taxes by deducting any or all payments anticipated during
30 the fiscal year from the sale of the total property tax levy pursuant to
31 section 16 of P.L. , c. (C.) (now pending before the
32 Legislature as this bill), from the reserve for uncollected taxes as
33 calculated pursuant to N.J.S.40A:4-40 and N.J.S.40A:4-41, provided
34 that the obligation to make such payment is entered into prior to
35 adoption of the budget. Any revenues received pursuant to this
36 section shall be excluded from any calculation of the tax collection rate
37 pursuant to N.J.S.40A:4-41 or receipts from delinquent taxes pursuant
38 to N.J.S.40A:4-29.

39 b. A municipality shall not execute a contract for the sale of the
40 total property tax levy unless the Division of Local Government
41 Services in the Department of Community Affairs has reviewed the
42 fiscal impact of the sale of the total property tax levy. The
43 municipality shall forward a copy of a proposed contract and the fiscal
44 analysis of the impact of the sale required to be provided to the
45 municipal governing body pursuant to section 14 of P.L. , c.

46 (C.)(now pending before the Legislature as this bill), as soon as

1 they are available, to the Division of Local Government Services for
2 review. The division shall review the fiscal impact of the contract
3 within 15 business days after receipt and shall approve or disapprove
4 the contract in writing within that time. The director of the division
5 may condition the approval of the contract on budget actions that the
6 director may determine.

7
8 13. (New section) A municipality may reduce its reserve for
9 uncollected taxes by deducting any or all receipts anticipated during
10 the fiscal year from the sale of unpaid taxes or municipal liens when
11 concluded in the final month of the fiscal year as allowed pursuant to
12 R.S.54:5-19, provided that such amount be calculated in the same
13 manner as receipts for delinquent taxes are calculated in N.J.S.40A:4-
14 29, and that prior to adoption of the budget, such sale is authorized by
15 resolution of the governing body. Any revenues received pursuant to
16 this section shall be excluded from any calculation of the tax collection
17 rate pursuant to N.J.S.40A:4-41 or receipts from delinquent taxes
18 pursuant to N.J.S.40A:4-29.

19
20 14. (New section) Prior to the award of a contract for the sale of
21 the total property tax levy pursuant to section 16 of P.L. , c.
22 (C.) (now pending before the Legislature as this bill), or when
23 a municipality chooses to reduce its reserve for uncollected taxes by
24 deducting the receipts anticipated during the fiscal year from the sale
25 of unpaid taxes or municipal liens when concluded in the final month
26 of the fiscal year as allowed pursuant to R.S.54:5-19, the chief
27 financial officer or registered municipal accountant shall provide the
28 governing body a fiscal analysis of the impact of the sale on the
29 current budget and the projected budgets for next two subsequent
30 years. The Director of the Division of Local Government Services in
31 the Department of Community Affairs may promulgate a standard
32 form to be used for this purpose, which, if promulgated, shall include,
33 but not be limited to, the amount of the reserve for uncollected taxes,
34 receipts for delinquent taxes and the municipal tax rate. The analysis
35 shall be a public record.

36
37 15. (New section) Notwithstanding the payment of any property
38 taxes, assessments or municipal charges by the purchaser of the total
39 property tax levy pursuant to subsection c. of section 17 of P.L. , c.
40 (C.) (now pending before the Legislature as this bill), the
41 accounts of any unpaid properties shall be deemed delinquent for
42 purposes of the creation, assignment, sale, redemption, or foreclosure
43 of tax lien certificates, or for the purpose of filing a tax appeal with the
44 county tax board or the State tax court.

45 The municipality shall comply with the notice and redemption
46 provisions relating to the creation of tax certificates as hereinafter

1 provided, except that the municipality shall be required to issue, and
2 the levy purchaser shall be required to accept, the tax lien certificates
3 if the contract for the sale of the total property tax levy provides that
4 tax lien certificates shall be issued as partial consideration for the
5 payment of the total property tax levy purchase in connection with the
6 sale of the total property tax levy. The purchaser of the total property
7 tax levy shall be obligated to accept any and all liens or tax sale
8 certificates related thereto which are included within the total property
9 tax levy as to which the levy purchaser has advanced monies to the
10 municipality. Upon the receipt of a duly issued tax sale certificate any
11 tax lien purchaser shall have the right to purchase subsequent property
12 tax delinquencies relating to those properties upon payment of the full
13 amount of the principal and interest due.

14

15 16. (New section) a. Notwithstanding the provisions of any other
16 law, rule or regulation to the contrary, a municipality may, by
17 resolution of the governing body, agree to sell its total property tax
18 levy, which may include the sale of any subsequently created property
19 tax lien certificates relating to delinquent properties, to a third party
20 at a public sale. If the municipality decides to sell its total property tax
21 levy, the sale shall be either by public sale with sealed bids or by public
22 auction, to the highest responsible bidder, subject to the terms and
23 conditions of law and the bid specifications. The sale shall be held
24 after a copy of the public notice of sale stating the manner of
25 submitting and method of receiving the bids and the time and place of
26 sale has been published in a legal newspaper circulating within the
27 municipality at least 14 days in advance of the date fixed for receiving
28 bids.

29 b. A municipality, by resolution, may determine to conclude its
30 sale of the total property tax levy in the final month of its fiscal year
31 provided that all statutory notice requirements are followed.

32

33 17. (New section) Bid specifications for a contract for the sale
34 of the total property tax levy shall be subject to the following minimum
35 terms and conditions:

36 a. The municipality shall have the right to set a minimum bid price,
37 expressed in dollars, percent of levy, or both, which may include a
38 premium over the total property tax levy amount or a discount from
39 the total property tax levy amount. The municipality shall reserve the
40 right to reject any and all bids if, in the discretion of the municipality,
41 it determines that the bid sale price is inadequate.

42 b. The municipality shall require the successful bidder to secure its
43 payment obligation with either an irrevocable letter of credit or a bond
44 from a surety or insurance company, the form and sufficiency of which
45 is acceptable to and approved by the municipality, but which initially
46 shall not be less than 105% of the amount of the uncollected taxes

1 levied and payable as of the last day of the prior year or 105% of the
2 amount actually paid by the levy purchaser in the prior year for taxes
3 levied and payable for that year, whichever is greater, or, in the case
4 of a levy sale concluded in the final month of the fiscal year, an
5 amount equal to 105% of the actual tax collection delinquency for the
6 prior fiscal year. The amount of the letter of credit or surety bond
7 may be reduced proportionately throughout the year as the total
8 property tax levy purchaser satisfies its payment obligation. The
9 irrevocable letter of credit or the bond shall be provided prior to the
10 sale of the total property tax levy becoming effective.

11 c. The purchaser shall pay for the total property tax levy bid
12 amount in quarterly installments or, if there is to be one annual
13 installment, after the last fiscal year quarterly delinquent date as
14 indicated in the contract for the sale of the total property tax levy.
15 These installments shall be due no earlier than 10 days, and no later
16 than 30 days after the appropriate quarterly tax due date. Whether
17 there is one annual installment payment prior to the end of the fiscal
18 year as indicated in the contract for the sale of the total property tax
19 levy or quarterly installments, in either event, the installment shall be
20 due upon the presentation of a certification from the tax collector
21 stating; (1) the total amount of the total property tax levy for the
22 quarter or year, as appropriate, (2) the amount of property taxes that
23 are delinquent for the quarter or year, as appropriate, (3) a list of the
24 amount of the delinquent property taxes for each property, which
25 property shall be identified by block, lot and the name of the owner,
26 and (4) the amount due and payable by the property tax levy purchaser
27 pursuant to its contract with the municipality. The tax collector shall
28 deliver the certification to the purchaser within five business days
29 following 10 days after the quarterly tax due date. At the time of the
30 quarterly or annual payment, as appropriate, the purchaser shall
31 receive as a credit against the payment due, an amount equal to the
32 taxes paid to the tax collector. If, within five business days of receipt
33 of the certification from the tax collector, payment is not made by the
34 total property tax levy purchaser in accordance with the contract, the
35 municipality may charge a penalty not to exceed three times the
36 maximum delinquent rate of interest permitted by statute until such
37 time as the required payment is made in full. The penalty interest rate
38 shall be set forth in the bid specifications and contract.

39 d. Subject to the payment of quarterly delinquent property taxes
40 or the fiscal year delinquency by the total property tax levy purchaser
41 as specified in the contract for the sale of the total property tax levy,
42 the levy purchaser shall be paid, upon collection by the municipal tax
43 collector, all delinquent taxes and other municipal charges that are
44 owing, due and payable, subject to any contract provision pursuant to
45 subsection h. of this section, including interest and penalties, if
46 applicable. The municipal tax collector or chief financial officer shall

1 remit such funds as authorized by the governing body to the levy
2 purchaser only upon collection of the outstanding tax delinquencies,
3 municipal liens or charges, or certificate redemptions, including
4 interest or penalties that are due and paid to the tax collector. Such
5 funds shall be remitted by the tax collector or chief financial officer to
6 the total tax levy purchaser within 30 days of collection by the tax
7 collector unless a different schedule is specified in the contract for the
8 sale of the total property tax levy. Upon issuance of an appropriate
9 tax sale certificate the total property tax levy purchaser may also pay
10 subsequent taxes and other municipal liens and charges, subject to any
11 limitations contained in the total property tax levy sale bid
12 specifications and contract. The total property tax levy purchaser may
13 file an action to foreclose the right to redeem the tax sale certificate,
14 in personam, upon expiration of two years from the date of its issuance
15 pursuant to R.S.54:5-86 et seq.

16 e. The collection and enforcement of taxes and the preparation of
17 redemption statements and discharges of tax lien certificates shall
18 remain the right and obligation of the municipal tax collector.

19 f. The purchaser shall provide reports as are requested by the
20 municipality.

21 g. The purchaser of the total property tax levy may be obligated
22 by the bid specifications and contract to pay all subsequent taxes,
23 municipal liens or other municipal charges on each tax sale certificate
24 acquired under the total property tax levy purchase until redemption
25 or foreclosure of the tax sale certificate has been completed,
26 whichever occurs first. The total property tax levy purchase contract
27 may provide that failure to make such payments within each fiscal year
28 shall result in the forfeiture of any such certificate and any amount due
29 thereon and require the assignment of the certificate back to the
30 municipality. The bid specifications and contract may include a sunset
31 provision or provisions relating to the total property tax levy
32 purchaser's right or obligation to pay subsequent taxes and other
33 municipal liens and charges.

34 h. The bid specifications and contract may contain provisions
35 relating to the resolution of tax appeals on properties for which the
36 total property tax levy purchaser has acquired tax sale certificates from
37 the municipality.

38 i. The bid specification and contract may permit the municipality
39 to conduct a public tax sale and reimburse the total property tax levy
40 purchaser from the proceeds of the tax sale.

41 j. In the event that a tax sale certificate is issued in connection
42 with the sale of a total property tax levy, the account of the
43 municipality with the total property tax levy purchaser shall be
44 credited with the total face amount of the certificate as of the date of
45 its issuance.

46 k. The bid specifications and contract may provide that the total

1 property tax levy purchaser, at the closing of the levy sale, shall have
2 the right, but not the obligation, to acquire by assignment all tax lien
3 certificates held by the municipality, excluding those certificates
4 relating to known or suspected sites of environmental contamination.
5 This right of the purchaser may be exercised only if the purchaser's bid
6 is equal to or greater than 98% of the combined dollar value of the
7 total property tax levy and the full redemptive value of the municipal
8 tax lien certificates so assigned.

9
10 18. (New section) The Director of the Division of Local
11 Government Services in the Department of Community Affairs, in
12 accordance with the "Administrative Procedure Act," P.L.1968, c.410
13 (C.52:14B-1 et seq.), may adopt such rules and regulations as are
14 necessary to effectuate the purposes of this act.

15 In addition, the Department of Community Affairs shall prepare
16 biennially a written report on those municipalities that have entered
17 into contracts for the sale of the total property levy and the results of
18 those executed contracts on the municipality and the property
19 taxpayers in the municipality. The report shall be submitted to the
20 Governor and the Legislature, with the first report to be submitted
21 within 48 months following the effective of P.L. , c. (C.)
22 (now pending before the Legislature as this bill.)

23
24 19. This act shall take effect immediately.

25 26 27 STATEMENT

28
29 Assembly Substitute for Assembly, No. 2033 ACS (1R) is intended
30 to give municipalities a great deal of flexibility in dealing with their
31 reserves for uncollected taxes.

32 Specifically, section 1 of the Assembly substitute would amend
33 R.S.54:4-65 to require that notice be given to property taxpayers, on
34 or with the tax bill, whenever a municipality changes its delinquent
35 interest rate or the end of the year penalty for nonpayment of taxes.
36 Current law does not require that such notice be given. Sections 2 and
37 3 would amend R.S.54:4-66 and section 2 of P.L.1994, c.72 (C.54:4-
38 66.1) respectively, to establish that the property owner always has
39 priority to pay the taxes owed on a property up to and including the
40 payment date for each quarter, including any grace period allowed by
41 the municipality, when third party tax liens exist against the property.
42 These amendments are intended to clarify that a tax collector is
43 required to accept payment from the property owner, if payment is
44 tendered up to and including the payment date for each quarter, when
45 both the property owner and the holder of a tax sale certificate both
46 attempt to pay quarterly taxes due.

1 Section 4 would amend R.S.54:4-67 to require that in any year
2 when the governing body changes the delinquency interest rate or the
3 end of the year penalty, notice would have to be provided either with
4 the tax bill or before the date taxes are next due. The section states
5 that the purchaser of a total property tax levy would be entitled only
6 to the rate of interest charged by the municipality for delinquencies
7 and that a taxpayer's delinquency would remain, notwithstanding the
8 payment of delinquent tax by the levy purchaser. The six percent end
9 of the year penalty is intended to apply only to balances that remain
10 unpaid after the end of the fiscal year. Furthermore, the purchaser of
11 a total property tax levy would not be entitled to collect an amount
12 greater than that which is paid to the tax collector and could not claim
13 delinquent interest collected by the tax collector prior to the time that
14 the total property tax levy purchaser makes the levy payment to the
15 municipality.

16 Section 5 of the Assembly substitute would amend R.S.54:5-19 to
17 permit tax lien sales to occur in the last month of the municipality's
18 fiscal year when property taxes remain in arrears after the eleventh day
19 of the eleventh month of the fiscal year of the municipality. Currently,
20 tax lien sales may not be held before April 1 or October 1, as
21 appropriate, of the fiscal year next following the fiscal year when the
22 taxes became in arrears. This provision would permit municipalities
23 to realize funds from a tax lien sale in the year in which the taxes are
24 due, rather than having to wait until April 1 or October 1 of the
25 following fiscal year.

26 Section 6 of the Assembly substitute would amend R.S.54:5-26 to
27 provide that copies of the notice of tax sale shall be posted in five of
28 the most public places in the municipality and that a copy of the notice
29 shall be published in a newspaper circulating in the municipality once
30 a week for the four weeks prior to the day of the sale; however, in lieu
31 of two of the publications, the property owner may be provided notice
32 by regular or certified mail. The costs of mailing would be added to
33 the costs of sale, but such added costs could not exceed \$25 for each
34 set of notices concerning a particular property.

35 Section 7 of the Assembly substitute would amend R.S.54:5-49 to
36 clarify the time period allowed for the preparation of a tax sale
37 certificate for delivery to a purchaser. The provision also specifies
38 that a tax levy purchaser may not refuse to accept a late certificate.
39 The Assembly substitute further provides a mechanism for the issuance
40 of tax sale certificates for properties in bankruptcy to a levy purchaser.

41 Under this provision, no certificate would be issued until the
42 conclusion of the bankruptcy proceedings or as otherwise directed by
43 the bankruptcy court.

44 Section 8 of the Assembly substitute would amend section 1 of
45 P.L.1990, c.90 (C.54:5-52.1) to provide a mechanism for the
46 duplication of a tax title certificate that has been lost or destroyed

1 after issuance by the municipality. Current law contains no provision
2 to issue duplicate certificates to non-municipal tax lien purchasers.
3 These amendments would permit a municipality to charge a fee, not to
4 exceed \$100, for the issuance of a duplicate certificate.

5 Section 9 would amend section 3 of P.L.1976, c.68 (C.40A:4-
6 45.3) to provide a cap exception for expenses related to the cost of
7 conducting and implementing a total property tax levy sale.

8 Section 10 would amend R.S.54:5-58 to specify how interest is
9 calculated on the amount required for redemption of a tax sale
10 certificate. The provision clarifies that the 10-day period for
11 redemption from the date of sale includes the date of sale as the first
12 day.

13 Section 11 would amend R.S.54:5-60 to clarify what is included in
14 the amount required for redemption of a tax sale certificate not held
15 by the municipality. That redemption amount would include all sums
16 actually paid by the tax lien holder for subsequent taxes, municipal
17 liens and other charges, and interest and costs paid on those amounts.

18 Sections 12 and 13 set forth the actual means by which a
19 municipality may reduce its reserve for uncollected taxes when it sells
20 its total property tax levy. Under section 12 a municipality may
21 reduce its reserve for uncollected taxes by deducting the payments
22 anticipated during the fiscal year from the sale of the total property tax
23 levy from its reserve for uncollected taxes when the levy sale is
24 entered into prior to the adoption of the municipal budget. A
25 municipality would not be permitted to enter into a contract for the
26 sale of its total property tax levy unless the Division of Local
27 Government Services in the Department of Communities Affairs has
28 an opportunity to review the fiscal impact of the sale on the
29 municipality. Within 15 business days after receipt of the proposed
30 contract and the fiscal impact analysis prepared by the municipality,
31 the division would be required to approve or disapprove the levy sale
32 in writing. Approval could be conditioned on the municipality taking
33 certain budget actions as determined by the director of the division.
34 Under section 13 of the Assembly substitute, the anticipated proceeds
35 from a sale concluded in the final month of the fiscal year would be
36 calculated in the same manner as receipts from delinquent taxes for the
37 purpose of reducing the reserve for uncollected taxes, however, such
38 revenues actually received would not be included in the calculations of
39 either the tax collection rate or receipts from delinquent taxes.

40 Section 14 would require the chief financial officer or registered
41 municipal accountant of the municipality to provide the governing
42 body with a fiscal analysis of a proposed tax levy sale, showing, among
43 other things, the effect on the reserve for uncollected taxes in the
44 current and two subsequent fiscal years. This report would be a public
45 record. This section would permit the Director of the Division of
46 Local Government Services in the Department of Community Affairs

1 to promulgate a standard form for this report.

2 Section 15 of the Assembly substitute states that a taxpayer would
3 remain delinquent if he or she did not pay the taxes when due, despite
4 the sale of the total property tax levy and the payment of any taxes,
5 assessments, or charges by the levy purchaser.

6 Section 16 contains the operative language that would permit a
7 municipality to sell its total property tax levy at public sale to the
8 highest responsible bidder. The sale could be by either public sale with
9 sealed bids or by public auction. The Assembly substitute would
10 require that a municipality advertised notice of the public sale or
11 auction at least 14 days before the date of the auction or the date for
12 receiving bids, as appropriate. This section also permits a
13 municipality, by resolution, to conclude a sale of the total property tax
14 levy in the final month of the fiscal year so that the municipality would
15 get the benefit of all interest charges for late payments made prior to
16 conclusion of the levy sale.

17 Section 17 of the substitute contains the minimum terms and
18 conditions that would be required to be stated in a contract for the sale
19 of the total property tax levy. Subsection a. of that section would
20 permit the municipality to set a minimum bid price, expressed in
21 dollars, a percent of the levy, or both. The municipality also has the
22 right to reject any and all bids if, in the discretion of the municipality,
23 the bid sale price is inadequate.

24 Subsection b. of section 16 of the Assembly substitute would
25 require a successful bidder to provide an irrevocable letter of credit or
26 bond to the municipality before the sale becomes effective. The
27 amount of the letter of credit or bond initially required for a regular
28 levy sale would be for not less than 105% of the amount of the
29 uncollected taxes levied and payable as of the last day of the prior year
30 or 105% of the amount actually paid by a levy purchaser for taxes
31 levied and payable in the prior year, whichever is greater. This amount
32 would be able to be reduced proportionately throughout the year as
33 the payment obligation by the levy purchaser is satisfied.

34 Subsection c. would specify the time that payment would be due
35 to the municipality from the levy purchaser and would permit the levy
36 contract to specify a penalty interest rate not to exceed three times the
37 maximum delinquent rate of interest for late payments permitted by
38 statute. Subsection d. addresses the issue of the payment of funds to
39 the levy purchaser upon collection, by the municipal tax collector, of
40 tax delinquencies and other municipal liens and charges that are owing,
41 due and payable. The subsection would permit the municipality and
42 levy purchaser to set forth a schedule for repayment in the levy sale
43 contract. If no schedule is set forth in the contract, then the funds
44 would have to be paid to the levy purchaser within 30 days of
45 collection by the tax collector. It is not intended that the municipal tax
46 collector would pay to a total tax levy purchaser amounts related to

1 municipal liens and charges that have not yet been paid for by the levy
2 purchaser.

3 Subsection e. states that the collection and enforcement of taxes
4 would remain the right and obligation of the tax collector. Subsection
5 f. provides that the levy purchaser would have to provide such reports
6 as the municipality requests. Subsection g. would permit the bid
7 specifications to require a levy purchaser to pay all subsequent taxes,
8 liens, and other charges on each tax sale certificate acquired pursuant
9 to the levy purchase sale. These payments could be required until
10 redemption or foreclosure of the certificate, whichever occurs first.
11 This subsection also permits a municipality to include a sunset
12 provision in the bid specifications regarding the levy purchaser's right
13 or obligation to pay subsequent taxes and other municipal liens and
14 charges on tax sale certificates acquired pursuant to the levy purchase
15 sale. The intention of this provision is to allow the municipality to
16 limit the levy purchaser's ability to maintain only those tax liens which
17 the levy purchaser considers profitable. Restricting the ability of the
18 levy purchaser-certificate holder to pay subsequent taxes after the
19 stated time in the sunset provision could increase the viability of
20 subsequent levy sales by ensuring that a sufficient mix of properties for
21 which new tax sale certificates can be issued is available to subsequent
22 levy purchasers. A sunset provision also could have the effect of
23 encouraging the current levy purchaser to aggressively bid for the total
24 property tax levy in subsequent years so as not to lose priority position
25 with respect to the tax sale certificates already held.

26 Subsection h. would permit the bid specifications and levy sale
27 contract to specify whether or how much a total tax levy purchaser is
28 entitled to repayment from the municipality in the event that the levy
29 purchaser acquires a tax sale certificate from the municipality as
30 payment for monies advanced by the purchaser on a specific property
31 and the taxpayer has filed a tax appeal resulting in a reduction of the
32 assessed value of the property.

33 Subsection i. would provide that the bid specification and contract
34 may permit the municipality to conduct a public tax sale and reimburse
35 the total tax levy purchaser from the proceeds of the sale.

36 Subsection j. would provide that the account of the municipality
37 with the total property tax levy purchaser would have to be credited
38 with the total face amount of the certificate as of the date of its
39 issuance. This provision is intended to clarify that the tax sale
40 certificate issued in connection with a total property tax levy includes
41 all municipal taxes, liens and other charges, including the costs of
42 advertising the tax sale of a particular property. The tax sale
43 certificate so issued is not intended to be limited to a particular
44 property's pro rate obligation towards the total property tax levy.

45 Subsection k. of the Assembly substitute permits the bid
46 specifications and contract to contain a provision giving the total

1 property tax levy purchaser the right to acquire, by assignment at the
2 closing of the levy sale, all tax lien certificates for non-environmentally
3 challenged property held by the municipality. If this provision is
4 included in the levy contract, the purchaser may exercise this right
5 only when the purchaser's bid is equal to or greater than 98% of the
6 combined dollar value of the total property tax levy and the full
7 redemptive value of the municipal tax lien certificates so assigned.

8 Section 18 of the Assembly substitute would permit the Director
9 of the Division of Local Government Services in the Department of
10 Community Affairs to issue rules and regulations to effectuate the
11 purposes of this Assembly substitute. The department would be
12 required to issue a written report to the Governor and the Legislature
13 every two years detailing the fiscal effects of levy sales on the
14 municipalities utilizing them and on the property taxpayers in those
15 municipalities.

16 This Assembly substitute is identical to Senate Bill No. 1091 SCS
17 (2R) of 1996.

18

19

20

21

22 _____
Permits public sale of municipal property tax levy to highest bidder.