

ASSEMBLY, No. 2244

STATE OF NEW JERSEY

INTRODUCED JUNE 18, 1996

By Assemblymen JONES and DiGAETANO

1 **AN ACT** establishing a State municipal property tax lien fund and
2 supplementing Title 52 of the Revised Statutes.

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

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7 1. a. The State Municipal Property Tax Lien Fund (hereinafter
8 referred to as the "fund") is established as a non-lapsing, revolving
9 fund. The fund shall be administered by the Department of Commerce
10 and Economic Development, and shall be credited with all proceeds
11 from the sale or assignment of municipal tax liens pursuant to this
12 section. Interest received on moneys in the fund and sums received as
13 repayment of principal and interest on outstanding loans made from
14 the fund shall be credited to the fund. The Department of Commerce
15 and Economic Development, in the administration of the fund, is
16 authorized to assign to the New Jersey Economic Development
17 Authority the responsibility for the purchase or assignment of property
18 tax liens held by a municipality, the issuance of debt secured by such
19 liens, and the sale of purchased or assigned tax liens, either
20 individually or in bulk. The department is further authorized to pay or
21 reimburse the authority in the amounts as the department agrees are
22 appropriate for all services rendered by the authority in connection
23 with any assignment of responsibility under the terms of this section
24 out of moneys held in the fund for the purchase of municipally held
25 property tax liens. The authority, if assigned responsibility by the
26 department, is authorized to service liens held by the fund, foreclose
27 liens, and manage, sell and own property for the benefit of the fund.
28 The authority is further authorized to contract with private vendors for
29 the servicing of liens held by the fund or the management of property
30 owned by the authority for the benefit of the fund.

31 b. Moneys in the fund shall be allocated and used for the following
32 purposes and no others:

33 (1) Purchase of property tax liens held by a municipality, either
34 individually or in bulk pursuant to P.L.1993, c.325 (C.54:5-113.4);
35 and

36 (2) Subsequent tax payments to a municipality secured by property
37 tax liens held by the fund; and

1 (3) To secure debt for redevelopment projects or economic
2 development projects located in a municipality participating in the
3 fund.

4 c. The fund may accept the assignment or transfer, either for value
5 or not for value, of property tax liens held by a municipality.

6 d. The fund may be temporarily funded initially by other moneys of
7 the authority upon such terms as are approved by the Commissioner
8 of Commerce and Economic Development.

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10 2. The Commissioner of Commerce and Economic Development
11 shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
12 c.410 (C.52:14B-1 et seq.), rules and regulations necessary to
13 effectuate the purposes of this act.

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15 3. This act shall take effect immediately.

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STATEMENT

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20 This bill would establish the State Municipal Property Tax Lien
21 Fund in the Department of Commerce to purchase or take assignment
22 of municipal tax liens. Municipalities would be able to convert their
23 municipally held tax sale certificates into cash by either borrowing
24 from the fund using the certificates as security, or selling the
25 certificates to the fund outright individually or in bulk. The Economic
26 Development Authority would be authorized to administer the fund,
27 and be empowered to service liens, manage properties, foreclose liens,
28 and own property for the benefit of the fund. The authority would
29 also be authorized to contract with private vendors to service the liens
30 and manage those properties.

31 The bill specifies that monies in the fund are to be used for only
32 three purposes: the purchase of property tax liens held by a
33 municipality, either individually or in bulk pursuant to P.L.1993, c.325
34 (C.54:5-113.4), subsequent tax payments to a municipality secured by
35 property tax liens held by the fund, and to secure debt for
36 redevelopment projects or economic development projects located in
37 a municipality participating in the fund.

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42 Establishes State Municipal Property Tax Lien Fund.