

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2549

STATE OF NEW JERSEY

DATED: JANUARY 9, 1997

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2549.

Assembly Bill No. 2549 authorizes the State Treasurer to sell State tax indebtedness and merit rating surcharge indebtedness.

The bill authorizes the State Treasurer to sell debt that has been reduced to a lien under a certificate of debt filed with the clerk of the Superior Court, a filing that has the same legal effect as the entry of a court judgement of indebtedness. Taxpayers and those assessed surcharges may still appeal the underlying indebtedness, but must establish their lack of liability by presentation of clear and convincing evidence.

The bill allows the Treasurer to determine the appropriate terms and conditions for all sales of debt, based on what will be most advantageous to the State, a present value analysis of the probability and time lapse involved in collecting the debt, and other relevant factors. The Director of the Division of Taxation, in the case of tax indebtedness, and the Director of the Division of Motor Vehicles, in the case of surcharge indebtedness, must notify the court and the debtor of the purchaser of debt when debt is sold. The purchaser of debt is entitled to all of the remedies, and may take all of the proceedings for collecting the indebtedness, that are available under State law to a judgement creditor. The "indebtedness" includes interest at statutory rates and the provision for certain collection costs.

The bill requires purchasers of debt to promptly file any warrant of satisfaction of the debt. Purchasers of tax indebtedness and their employees are subject to the confidentiality provisions of the State Tax Uniform Procedure Law, and are subject to criminal penalties and fine if purchasers or their employees use tax information for purposes other than the collection of the debt. Purchasers of merit rating surcharge indebtedness will be provided with information necessary to collect the debt if disclosure of the information does not violate State or federal law.

The bill requires that, if the underlying tax or surcharge must be deposited to a dedicated fund then the proceeds of the sale of the indebtedness relating to the tax or surcharge must also be deposited to the same dedicated fund.

FISCAL IMPACT:

The Office of the Treasurer has provided an estimate that the sale of current debt may raise approximately \$20 million in revenue. The Office of the Treasurer states that this estimate is based on outstanding merit rating surcharge indebtedness of about \$600 million and outstanding tax liabilities of over \$2 billion.