

Title 54.
Chapter 5.
Article 12. (New)
Joint Municipal Lien
Pools
§§1-8
C. 54:5-130 to
54:5-137

P.L. 1997, CHAPTER 274, *approved December 24, 1997*
Assembly Committee Substitute (*First Reprint*) for
Senate No. 1303

1 AN ACT permitting establishment of joint municipal lien pools and
2 supplementing Title 54 of the Revised Statutes.

3

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

6

7 1. a. The governing bodies of two or more municipalities ¹ by
8 adoption of parallel resolutions,¹ may create a joint municipal lien pool
9 for the purpose of ¹ undertaking¹ bulk sales of municipal liens, the
10 public sale of liens at auction ¹ [and] or¹ the ¹ [creation] issuance¹ of
11 ¹ [securities] notes and bonds¹ backed ¹ solely¹ by municipal liens ¹ held
12 by the joint municipal lien pool¹ through the adoption of resolutions
13 for that purpose. A joint municipal lien pool created pursuant to this
14 section shall be known as the "(name of region or other identifying
15 characteristic) Joint Municipal Lien Pool."

16 b. (1) The powers of a joint municipal lien pool shall be vested in
17 a board of directors which shall consist of one member from each
18 participating municipality, who shall serve without compensation. The
19 member shall be either the municipal tax collector or such other
20 resident of the municipality as the mayor selects. The member shall
21 serve at the pleasure of the mayor.

22 (2) The board of directors may delegate such authority as it deems
23 appropriate to an executive committee of the board.

24 c. The members of the joint municipal lien pool shall establish
25 procedures, times and locations for meetings as may be required for
26 the operation of the pool.

27 d. Following the creation of a joint municipal lien pool, any

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.

Matter enclosed in superscript numerals has been adopted as follows:

**¹Assembly amendments adopted in accordance with Governor's recommendations
December 4, 1997.**

1 additional municipality may participate in the pool through the
2 adoption of an authorizing resolution by that municipality, subject to
3 the approval of all of the members of the board of directors of the
4 pool.

5 ¹e. Prior to the commencement of its operations a joint municipal
6 lien pool shall adopt bylaws to govern the conduct of its affairs. The
7 bylaws shall include provisions regarding the responsibilities and
8 obligations of the members of the pool, the termination of the joint
9 municipal lien pool or the withdrawal of a member from the pool upon
10 satisfaction by the member of all financial obligations to the pool. The
11 bylaws shall be submitted to the Local Finance Board for approval.
12 The contents of the bylaws shall be as determined necessary by the
13 members of the pool and as may be required by the Local Finance
14 Board. The Local Finance Board may approve the bylaws or require
15 the adoption of specific changes for approval. Upon approval, a copy
16 of the bylaws shall be filed in the Office of the Secretary of State and
17 with the Director of the Division of Local Government Services.
18 Upon proof of such filings, the joint municipal lien pool shall, in any
19 suit, action or proceeding involving the validity or enforcement of, or
20 relating to, any contract or obligation or act of the joint municipal lien
21 pool, be conclusively deemed to have been lawfully and properly
22 created, organized and established and authorized to transact business
23 and exercise its powers under this act. Copies of the filing, duly
24 certified by the Secretary of State, shall be admissible in evidence in
25 any suit, action or proceeding and shall be conclusive evidence of due
26 and proper filing thereof.¹

27

28 2. The powers of a joint municipal lien pool created and operating
29 pursuant to section 1 of P.L. , c. (C.) (now pending before
30 the Legislature as this bill) shall be as follows:

31 a. ¹[Accept] To accept¹ transfers of municipal liens from member
32 municipalities.

33 b. ¹[The sale of] To sell¹ municipal liens in bulk and ¹[the
34 securitization of liens] to issue bonds and notes, using municipal liens
35 held by the joint municipal lien pool as collateral,¹ on behalf of its
36 members, upon the approval of the Local Finance Board.

37 c. ¹[The assessment of] To assess¹ initial ¹and continuing¹
38 membership fees to fund the operations of the joint municipal lien
39 pool, such fees to be refunded from proceeds of sales of liens.

40 d. ¹[The creation of] To create¹ special purpose pools of certain
41 liens, subject to approval of the Local Finance Board.

42 e. ¹[The employment of] To employ or¹ contract with
43 professionals, such as administrators, trustees and other service
44 providers, on such terms as the board of directors of the pool deems
45 appropriate, to manage the affairs of the pool and to sell ¹[or
46 securitize]¹ pooled liens ¹and/or arrange for their use as collateral for

1 bonds or notes¹.

2 ¹f. To contract for the purchase of supplies and other such needs
3 as the pool may require, including, but not limited to, acquisition of
4 office space and the hiring of clerical and secretarial employees.

5 g. Notwithstanding any other provisions of law to the contrary,
6 the joint municipal lien pool shall employ or contract with a person
7 holding a tax collector certificate pursuant to P.L.1979, c.384
8 (C.40A:9-145.1 et seq.), to perform those functions and
9 responsibilities normally performed by a municipal tax collector with
10 regard to municipal liens.¹

11

12 ¹3. For the purposes of P.L. , c. (C.) (now pending
13 before the Legislature as this bill), municipal liens means municipal
14 liens as defined under the "tax sale law," R.S.54:5-1 et seq., except
15 that no lien for taxes shall be transferred to a joint municipal lien pool
16 unless the taxes that are the basis for that lien continue to be
17 delinquent after the tenth day of the eleventh month of the fiscal year
18 of the municipality for which those taxes were due and payable.¹

19

20 ¹[3.] 4.¹ The operations of a joint municipal lien pool shall be
21 subject to the provisions of the "Local Public Contracts Law,"
22 P.L.1971, c.198 (C.40A:11-1 et seq.)¹, the Open Public Meetings Act,
23 P.L.1975, c.231 (C.10:4-6 et seq.)¹ and the "Local Fiscal Affairs
24 Law," N.J.S.40A:5-1 et seq.

25

26 ¹[4.] 5.¹ a. No municipal lien shall be transferred to a joint
27 municipal lien fund unless the record owner of the property subject to
28 the lien has first been sent notice, by regular and certified mail, of the
29 intended transfer and been given an opportunity to redeem the lien at
30 least 10 days prior to the transfer.

31 b. A municipal lien transferred to a joint municipal lien pool shall
32 remain the property of the municipality transferring the lien until
33 actually sold by the pool. Joint municipal lien pools shall not own or
34 foreclose upon municipal liens. The sale or ¹[securitization]
35 arrangement for use as collateral for a bond or note¹ of a municipal
36 lien shall not affect redemption rights or the existing foreclosure
37 process.

38

39 ¹[5.] 6.¹ A joint municipal lien pool may act on behalf of any
40 member municipal tax collector to execute lien certificates as part of
41 a sale. All interests and penalties otherwise due shall be paid to the
42 municipality ¹in cash or notes¹ up to and until the time the liens are
43 sold or ¹[securitized] used as collateral for a bond or note¹.

44

45 ¹[6.] 7.¹ Prior to any initial bulk sale, public sale at auction or
46 ¹[securitization] arrangement for use as collateral for a bond or note¹

1 of municipal liens by a joint municipal lien pool, the pool shall file an
2 operating plan for review and approval of ¹[Director of Local
3 Government Services in the Department of Community Affairs] the
4 Local Finance Board¹. The operating plan shall include ¹the procedure
5 by which the sale, auction or issuance of bonds or notes shall be
6 accomplished along with¹ a method of distribution of revenues that
7 exceed the costs of operating the activities of the pool. ¹The Local
8 Finance Board shall ensure that the operating plan is fiscally prudent,
9 that the fees and costs to be incurred, including those for professional
10 contracts, are appropriate and reasonable, and that the plan meets such
11 other criteria as the board deems necessary.¹

12

13 ¹[7.] 8.¹ The Director of the Division of Local Government
14 Services in the Department of Community Affairs may adopt rules and
15 regulations and issue orders, as necessary, to effectuate the purposes
16 of this act.

17

18 ¹[8.] 9.¹ This act shall take effect immediately.

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23 Permits establishment of joint municipal lien pools.