

P.L. 1997, CHAPTER 28, *approved March 7, 1997*  
Senate, No. 1331

1 **AN ACT** concerning the municipal reserve for uncollected taxes and  
2 amending N.J.S.40A:4-41.

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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. N.J.S.40A:4-41 is amended to read as follows:

8 40A:4-41. a. For the purpose of determining the amount of the  
9 appropriation for "reserve for uncollected taxes" required to be  
10 included in each annual budget where less than 100% of current tax  
11 collections may be and are anticipated, anticipated cash receipts shall  
12 be as set forth in the budget of the current year, and in accordance  
13 with the limitations of statute for anticipated revenue from, surplus  
14 appropriated, miscellaneous revenues and receipts from delinquent  
15 taxes.

16 b. Receipts from the collection of taxes levied or to be levied in the  
17 municipality, or in the case of a county for general county purposes  
18 and payable in the fiscal year shall be anticipated in an amount which  
19 is not in excess of the percentage of taxes levied and payable during  
20 the next preceding fiscal year which was received in cash by the last  
21 day of the preceding fiscal year.

22 c. (1) For any municipality in which tax appeal judgments have  
23 been awarded to property owners from action of the county tax board  
24 pursuant to R.S.54:3-21 et seq., or the State tax court pursuant to  
25 R.S.54:48-1 et seq.in the preceding fiscal year, the governing body of  
26 the municipality may elect to determine the reserve for uncollected  
27 taxes by using the average of the percentages of taxes levied which  
28 were received in cash by the last day of each of the three preceding  
29 fiscal years. Election of this choice shall be made by resolution,  
30 approved by a majority vote of the full membership of the governing  
31 body prior to the introduction of the annual budget pursuant to  
32 N.J.S.40A:4-5.

33 (2) If the amount of tax reductions resulting from tax appeal  
34 judgments of the county tax board pursuant to R.S.54:3-21 et seq., or

**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.

1 the State tax court pursuant to R.S.54:48-1 et seq., for the previous  
2 fiscal year exceeds 1% of the tax levy for that previous fiscal year, the  
3 governing body of the municipality may elect to calculate the current  
4 year reserve for uncollected taxes by reducing the certified tax levy of  
5 the prior year by the amount of the tax levy adjustments resulting from  
6 those judgments. Election of this choice shall be made by resolution,  
7 approved by a majority vote of the full membership of the governing  
8 body prior to the introduction of the annual budget pursuant to  
9 N.J.S.40A:4-5.

10 (cf: P.L.1991, c.75, s.19)

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12 2. This act shall take effect immediately.

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#### STATEMENT

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17 This bill would permit a municipality to take into account county  
18 tax board or State tax court judgments in the calculation of the reserve  
19 for uncollected taxes. When judgments have been issued in favor of  
20 taxpayers, the municipality would be permitted to determine the  
21 reserve for uncollected taxes by using the average of the percentages  
22 of taxes levied which were received in cash by the last day of each of  
23 the three preceding fiscal year in each of the previous three fiscal  
24 years. If the amount of the tax reductions ordered by the county tax  
25 board or the State tax court exceeds 1% of the preceding year's tax  
26 levy, then the municipality could elect to reduce the current year's  
27 reserve for uncollected taxes by reducing the certified tax levy of the  
28 prior year by the amount of the tax levy adjustments resulting from  
29 those judgments. The elections to reduce the reserve for uncollected  
30 taxes would be made by resolution of the governing body adopted  
31 prior to introduction of the annual budget.

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37 Permits reduction of reserve for uncollected taxes due to prior year tax  
reductions ordered by county board of taxation or State tax court.