

§§12-14  
C.40A:4-40.1 to  
40A:4-40.3  
§15 - C.54:4-67.1  
§§16-18  
C.54:5-113.5 to  
54:5-113.7

P.L. 1997, CHAPTER 99, *approved May 12, 1997*  
Senate Committee Substitute (*Second Reprint*) for  
Senate, No. 1091

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

**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.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Senate SBA committee amendments adopted October 28, 1996.

<sup>2</sup> Senate floor amendments adopted November 7, 1996.

1 received by the municipality, school districts, special districts and  
2 county governments used to offset local tax levies. The director shall  
3 provide each tax collector with a certification of the amounts of said  
4 State aid and assistance for inclusion in the tax bill.

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

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

8

9 2. R.S.54:4-66 is amended to read as follows:

10 54:4-66. a. Taxes for municipalities operating under the calendar  
11 fiscal year shall be payable the first installment as hereinafter provided  
12 on February 1, the second installment on May 1, the third installment  
13 on August 1 and the fourth installment on November 1, after which  
14 dates if unpaid, they shall become delinquent and remain delinquent  
15 until such time as all unpaid taxes, including taxes and other liens  
16 subsequently due and unpaid, together with interest have been fully  
17 paid and satisfied;

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

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

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

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

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

45

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

1 as follows:

2 2. Taxes in municipalities operating under the State fiscal year  
3 shall be payable and shall be delinquent pursuant to the following  
4 provisions:

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

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

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

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

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

22 "Calendar year" means the current calendar year.

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

27 "Director" means the director of the Division of Local Government  
28 Services.

29 "Municipal tax levy" means the tax levy set in the municipal budget  
30 for the current fiscal year.

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

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

37 "Prior year" means the calendar year just previous to the quarters  
38 being billed.

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

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

46 "Total assessed value" means the total net valuation taxable for the

1 municipality pursuant to the most recent Table of Aggregates  
2 promulgated by the County Board of Taxation.

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

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

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

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

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

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

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

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

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

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

44

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

46 54:4-67. a. The governing body of each municipality may by

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

22 b. In any year when the governing body changes the rate of  
23 interest to be charged for delinquent taxes, assessments or other  
24 municipal charges, or <sup>1</sup>[changes] to be charged<sup>1</sup> for the end of the year  
25 penalty, the governing body, after adoption of a resolution changing  
26 the rate of interest, shall provide a notice to all taxpayers, prior to the  
27 date taxes are next due or with the tax bill, stating the new rate or  
28 rates to be charged and the date that the new rate or rates take effect.  
29 The notice may be separate from the tax bill. No change in the rate of  
30 interest or the end of year penalty shall take effect until the required  
31 notice has been provided in accordance with this subsection.

32 c. In municipalities that have sold their property tax levy pursuant  
33 to section <sup>1</sup>[15] <sup>16</sup> of P.L. , c. (C. ) (now pending before the  
34 Legislature as this bill), the rate of interest to be charged for the  
35 nonpayment of taxes, assessments or other municipal liens or charges  
36 shall be the same interest or delinquency rate or rates otherwise  
37 charged by the municipality, to be calculated from the date the tax was  
38 payable until the date of actual payment to the tax collector. The  
39 purchaser of the total property tax levy shall <sup>1</sup>[ not be entitled to  
40 collect an amount that is greater than that which is paid to the tax  
41 collector and shall not collect] be paid only those amounts attributable  
42 to properties included in the total property tax levy purchase and  
43 actually collected by the tax collector and which amounts shall not  
44 include<sup>1</sup> any delinquent interest collected by the municipal tax  
45 collector prior to the time that the total property tax levy purchaser  
46 makes the levy payment to the municipality.

1 "Delinquency" means the sum of all taxes and municipal charges  
2 due on a given parcel of property covering any number of quarters or  
3 years. The property shall remain delinquent, as defined herein, until  
4 such time as all unpaid taxes, including subsequent taxes and liens,  
5 together with interest thereon shall have been fully paid and satisfied.  
6 The delinquency shall remain notwithstanding the issuance of a  
7 certificate of sale pursuant to R.S.54:5-32 and R.S.54:5-46, <sup>1</sup>[or the  
8 right of a taxpayer to file any tax appeal with the county board of  
9 taxation or the State tax court, or]<sup>1</sup> the payment of delinquent tax by  
10 the purchaser of the total property tax levy pursuant to section <sup>1</sup>[15]  
11 16<sup>1</sup> of P.L. , c. (C. ) (now pending before the Legislature as  
12 this bill) <sup>1</sup>and for the purposes of satisfying the requirements for filing  
13 any tax appeal with the county board of taxation or the State tax  
14 court<sup>1</sup> . The governing body may also fix a penalty to be charged to  
15 a taxpayer with a delinquency in excess of \$10,000 who fails to pay  
16 that delinquency as billed, prior to the end of the fiscal year. If [such  
17 taxes are fully] any fiscal year delinquency in excess of \$10,000 is paid  
18 [and satisfied] by the holder of an outstanding tax sale certificate <sup>1</sup>or  
19 a total property tax levy purchaser<sup>1</sup>, the holder <sup>1</sup>or purchaser, as  
20 appropriate,<sup>1</sup> shall be entitled to receive the amount of the penalty as  
21 part of the amount required to redeem such certificate of sale  
22 providing the payment is made by the tax lien holder <sup>1</sup>or tax levy  
23 purchaser<sup>1</sup> prior to the end of the fiscal year. <sup>1</sup>[ The] If the holder of  
24 the outstanding tax sale certificate or the levy purchaser, as  
25 appropriate, does not make the payment in full prior to the end of the  
26 fiscal year, then the holder or purchaser shall be entitled to a pro rata  
27 share of the delinquency penalty upon redemption, and the balance of  
28 the<sup>1</sup> penalty <sup>1</sup>[as to the unpaid amount]<sup>1</sup> shall inure to the benefit of  
29 the municipality. The penalty so fixed shall not exceed 6% of the  
30 amount of the delinquency with respect to each most recent fiscal year  
31 only.

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

33

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

35 54:5-19. When unpaid taxes or any municipal lien, or part thereof,  
36 on real property, remains in arrears on [April first] the 11th day of the  
37 eleventh month in the fiscal year [following the fiscal year] when the  
38 same became in arrears, [or, in the case of municipalities that operate  
39 on the State fiscal year, on October first in the fiscal year following the  
40 fiscal year when the same became in arrears,] the collector or other  
41 officer charged by law in the municipality with that duty, shall, subject  
42 to the provisions of the next paragraph, enforce the lien by selling the  
43 property in the manner set forth in this article <sup>1</sup>, provided that the sale  
44 is conducted no earlier than in the last month of the fiscal year<sup>1</sup>.

45 The term "collector" as hereinafter used includes any such officer,  
46 and the term "officer" includes the collector.

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

37      (cf: P.L.1991, c.75, s.43)

38

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

40      54:5-26. Copies of the notice of a tax sale shall be set up in five  
41      of the most public places in the municipality, and a copy of the notice  
42      shall be published in a newspaper circulating in the municipality, once  
43      in each of the four calendar weeks preceding the calendar week  
44      containing the day appointed for the sale. In lieu of any two  
45      publications, notice to the property owner<sup>1</sup>and to any person or entity  
46      entitled to notice of foreclosure pursuant to section 20 of P.L.1948,

1 c.96 (C.54:5-104.48)<sup>1</sup> may be given by <sup>1</sup>regular or certified<sup>1</sup> mail, the  
2 costs of which shall be added to the cost of the sale in addition to  
3 those provided in R.S.54:5-38, not to exceed \$25 for each <sup>1</sup>[notice]  
4 set of notices for a particular property. Failure of the property owner  
5 to receive a notice of a tax sale properly mailed by the tax collector  
6 shall not constitute grounds to void the subsequent tax sale<sup>1</sup>. If  
7 ordinances of the municipality are required to be published in any  
8 special newspaper or newspapers, the notice shall be published therein.  
9 (cf: R.S.54:5-26)

10

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

12 54:5-49. a. Each certificate shall cover only such property as is  
13 assessed as one parcel, and shall be prepared ready for delivery to the  
14 purchaser within ten days after the sale <sup>1</sup>, including the date of sale as  
15 the first day,<sup>1</sup> or the purchaser, other than a total property tax levy  
16 purchaser, may refuse to accept it and be entitled to repayment of the  
17 purchase price. Thereupon the lien shall be vested in the municipality  
18 and a certificate of sale shall be made to it as if originally struck off to  
19 it. The certificate shall not be invalid because delivered after the  
20 expiration of that period.

21 b. Tax sale certificates to be issued to the purchaser of a total  
22 property tax levy shall be issued within 10 days following the tax sale  
23 and after the final fiscal year total property tax levy payment, or  
24 thereafter, according to the contract with the municipality. A  
25 resolution of entitlement to a tax sale certificate shall be provided by  
26 the municipality on any delinquent properties in bankruptcy. Tax sale  
27 certificates shall be issued at the conclusion of the bankruptcy  
28 proceedings, or earlier, if permissible in connection with the  
29 bankruptcy proceeding, dated as of the next tax sale date upon  
30 surrender of the resolution of entitlement to the municipality.

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

32

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

35 1. In case of the destruction or loss of a tax title certificate which  
36 was [acquired] issued by any municipality in this State at a tax sale  
37 held in that municipality [and the said municipality is the lawful owner  
38 thereof], the collector of taxes, the receiver of taxes, or the person  
39 lawfully charged with the collection of taxes in said municipality shall  
40 issue and execute a new certificate of tax sale in place of the one  
41 which has been destroyed or lost; provided, he or she shall have been  
42 duly authorized so to do by a resolution of the governing body of the  
43 said municipality[; and provided, further, said original tax sale  
44 certificate had been issued at least two years prior thereto]. There  
45 shall appear on the new certificate a statement that it is a duplicate of  
46 the original one which was destroyed or lost and the date of said



1 original certificate and the date of the tax sale upon which it was  
2 issued and the name and title of officer who issued same. The  
3 municipality may charge a fee not to exceed \$100 for such a duplicate  
4 certificate.

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

6

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

9 3. In the preparation of its budget a municipality shall limit any  
10 increase in said budget to 5% or the index rate, whichever is less, over  
11 the previous year's final appropriations subject to the following  
12 exceptions:

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

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

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

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

31 The approval procedure in this subsection shall not apply to  
32 appropriations adopted for a purpose referred to in subsection d. or j.  
33 below;

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

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

38 f. Amounts reserved for uncollected taxes;

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

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

43 i. Any amount approved by any referendum;

44 j. Amounts required to be paid pursuant to (1) any contract with  
45 respect to use, service or provision of any project, facility or public  
46 improvement for water, sewerage, parking, senior citizen housing or

1 any similar purpose, or payments on account of debt service therefor,  
2 between a municipality and any other municipality, county, school or  
3 other district, agency, authority, commission, instrumentality, public  
4 corporation, body corporate and politic or political subdivision of this  
5 State; (2) the provisions of article 9 of P.L.1968, c.404 (C.13:17-60  
6 through 13:17-76) by a constituent municipality to the intermunicipal  
7 account; (3) any lease of a facility owned by a county improvement  
8 authority when the lease payment represents the proportionate amount  
9 necessary to amortize the debt incurred by the authority in providing  
10 the facility which is leased, in whole or in part; and (4) any repayments  
11 under a loan agreement entered into in accordance with the provisions  
12 of section 5 of P.L.1992, c.89.

13 k. (Deleted by amendment, P.L.1987, c.74.)

14 l. Appropriations of federal, county, independent authority or  
15 State funds, or by grants from private parties or nonprofit  
16 organizations for a specific purpose, and amounts received or to be  
17 received from such sources in reimbursement for local expenditures.  
18 If a municipality provides matching funds in order to receive the  
19 federal, county, independent authority or State funds, or the grants  
20 from private parties or nonprofit organizations for a specific purpose,  
21 the amount of the match which is required by law or agreement to be  
22 provided by the municipality shall be excepted;

23 m. (Deleted by amendment, P.L.1987, c.74.)

24 n. (Deleted by amendment, P.L.1987, c.74.)

25 o. (Deleted by amendment, P.L.1990, c.89.)

26 p. (Deleted by amendment, P.L.1987, c.74.)

27 q. (Deleted by amendment, P.L.1990, c.89.)

28 r. Amounts expended to fund a free public library established  
29 pursuant to the provisions of R.S.40:54-1 through 40:54-29, inclusive;

30 s. (Deleted by amendment, P.L.1990, c.89.)

31 t. Amounts expended in preparing and implementing a housing  
32 element and fair share plan pursuant to the provisions of P.L.1985,  
33 c.222 (C.52:27D-301 et al.) and any amounts received by a  
34 municipality under a regional contribution agreement pursuant to  
35 section 12 of that act;

36 u. Amounts expended to meet the standards established pursuant  
37 to the "New Jersey Public Employees' Occupational Safety and Health  
38 Act," P.L.1983, c.516 (C.34:6A-25 et seq.);

39 v. (Deleted by amendment, P.L.1990, c.89.)

40 w. Amounts appropriated for expenditures resulting from the  
41 impact of a hazardous waste facility as described in subsection c. of  
42 section 32 of P.L.1981, c.279 (C.13:1E-80);

43 x. Amounts expended to aid privately owned libraries and reading  
44 rooms, pursuant to R.S.40:54-35;

45 y. (Deleted by amendment, P.L.1990, c.89.)

46 z. (Deleted by amendment, P.L.1990, c.89.)

- 1       aa. Extraordinary expenses, approved by the Local Finance Board,  
2 required for the implementation of an interlocal services agreement;
- 3       bb. Any expenditure mandated as a result of a natural disaster,  
4 civil disturbance or other emergency that is specifically authorized  
5 pursuant to a declaration of an emergency by the President of the  
6 United States or by the Governor;
- 7       cc. Expenditures for the cost of services mandated by any order  
8 of court, by any federal or State statute, or by administrative rule,  
9 directive, order, or other legally binding device issued by a State  
10 agency which has identified such cost as mandated expenditures on  
11 certification to the Local Finance Board by the State agency;
- 12       dd. Expenditures of amounts actually realized in the local budget  
13 year from the sale of municipal assets if appropriated for non-recurring  
14 purposes or otherwise approved by the director;
- 15       ee. Any local unit which is determined to be experiencing fiscal  
16 distress pursuant to the provisions of P.L.1987, c.75  
17 (C.52:27D-118.24 et seq.), whether or not a local unit is an "eligible  
18 municipality" as defined in section 3 of P.L.1987, c.75  
19 (C.52:27D-118.26), and which has available surplus pursuant to the  
20 spending limitations imposed by P.L.1976, c.68 (C.40A:4-45.1 et  
21 seq.), may appropriate and expend an amount of that surplus approved  
22 by the director and the Local Finance Board as an exception to the  
23 spending limitation. Any determination approving the appropriation  
24 and expenditure of surplus as an exception to the spending limitations  
25 shall be based upon:
- 26       1) the local unit's revenue needs for the current local budget year  
27 and its revenue raising capacity;
- 28       2) the intended actions of the governing body of the local unit to  
29 meet the local unit's revenue needs;
- 30       3) the intended actions of the governing body of the local unit to  
31 expand its revenue generating capacity for subsequent local budget  
32 years;
- 33       4) the local unit's ability to demonstrate the source and existence  
34 of sufficient surplus as would be prudent to appropriate as an  
35 exception to the spending limitations to meet the operating expenses  
36 for the local unit's current budget year; and
- 37       5) the impact of utilization of surplus upon succeeding budgets of  
38 the local unit;
- 39       ff. Amounts expended for the staffing and operation of the  
40 municipal court;
- 41       gg. Amounts appropriated for the cost of administering a joint  
42 insurance fund established pursuant to subsection b. of section 1 of  
43 P.L.1983, c.372 (C.40A:10-36), but not including appropriations for  
44 claims payments by local member units;
- 45       hh. Amounts appropriated for the cost of implementing an  
46 estimated tax billing system and the issuance of tax bills thereunder

1 pursuant to section 3 of P.L.1994, c.72 (C.54:4-66.2);

2 ii. Expenditures related to the cost of conducting and  
3 implementing a total property tax levy sale pursuant to section 16 of  
4 P.L. , c. (C. ) (now pending before the Legislature as this  
5 bill).<sup>1</sup>

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

7

8 <sup>1</sup>[9.] 10.<sup>1</sup> R.S.54:5-58 is amended to read as follows:

9 54:5-58. The amount required to redeem within 10 days from <sup>1</sup>and  
10 including<sup>1</sup> the date of sale, unless a tax sale certificate has been duly  
11 issued <sup>1</sup>[prior thereto] during the 10-day period<sup>1</sup> , shall be the sum  
12 paid at the sale, with interest from the date of sale at the rate of  
13 redemption for which the property was sold. After 10 days from the  
14 date of sale <sup>1</sup>including the date of sale as the first day,<sup>1</sup> or after  
15 issuance of the tax sale certificate <sup>1</sup>during the 10-day period<sup>1</sup>, the  
16 amount required for redemption shall be that amount plus the expenses  
17 incurred by the purchaser as hereinafter provided, and subsequent  
18 municipal liens, as provided in sections 54:5-59 and 54:5-60 of this  
19 Title. [Where, because of municipal fiscal restrictions imposed upon  
20 the tax collector, the transmission of the redemption sum to the  
21 purchaser is dependent upon the approval of the governing body, or  
22 other officer, of the municipality, such interest shall be computed to  
23 the time when such governing body or officer may next act with  
24 respect thereto.] <sup>1</sup>Where, because of municipal fiscal restrictions  
25 imposed upon the tax collector, the transmission of the redemption  
26 sum to the purchaser is dependent upon the approval of the governing  
27 body, or other officer, of the municipality, such interest shall be  
28 computed to the time when such governing body or officer may next  
29 act with respect thereto.<sup>1</sup>

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

31

32 <sup>1</sup>[10.] 11.<sup>1</sup> R.S.54:5-60 is amended to read as follows:

33 54:5-60. If the certificate of sale is not held by the municipality,  
34 the amount required for redemption shall include all sums for  
35 subsequent taxes, municipal liens and charges, and interest and costs  
36 thereon, actually paid by the holder of the tax title or his predecessor  
37 therein, together with interest on the amount so paid at the rate or  
38 rates chargeable by the municipality, provided the holder of such title  
39 shall have made and filed with the collecting officer an affidavit  
40 showing the amount of such payment, which affidavit may be taken  
41 before such officer.

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

43

44 <sup>1</sup>[11.]12.<sup>1</sup> (New section) <sup>1</sup>a.<sup>1</sup> A municipality may reduce its  
45 reserve for uncollected taxes by deducting any or all payments  
46 anticipated during the fiscal year from the sale of the total property tax

1 levy pursuant to section <sup>1</sup>[15] 16<sup>1</sup> of P.L. , c. (C. ) (now  
 2 pending before the Legislature as this bill), from the reserve for  
 3 uncollected taxes as calculated pursuant to N.J.S.40A:4-40 and  
 4 N.J.S.40A:4-41, provided that the obligation to make such payment is  
 5 entered into prior to adoption of the budget. Any revenues received  
 6 pursuant to this section shall be excluded from any calculation of the  
 7 tax collection rate pursuant to N.J.S.40A:4-41 or receipts from  
 8 delinquent taxes pursuant to N.J.S.40A:4-29.

9 <sup>1</sup>b. A municipality shall not execute a contract for the sale of the  
 10 total property tax levy unless the Division of Local Government  
 11 Services in the Department of Community Affairs has reviewed the  
 12 fiscal impact of the sale of the total property tax levy. The  
 13 municipality shall forward a copy of a proposed contract and the fiscal  
 14 analysis of the impact of the sale required to be provided to the  
 15 municipal governing body pursuant to section 14 of P.L. , c.  
 16 (C. )(now pending before the Legislature as this bill), as soon as  
 17 they are available, to the Division of Local Government Services for  
 18 review. The division shall review the fiscal impact of the contract  
 19 within 15 business days after receipt and shall approve or disapprove  
 20 the contract in writing within that time. The director of the division  
 21 may condition the approval of the contract on budget actions that the  
 22 director may determine.<sup>1</sup>

23

24 <sup>1</sup>[12.] 13.<sup>1</sup> (New section) A municipality may reduce its reserve  
 25 for uncollected taxes by deducting any or all receipts anticipated  
 26 during the fiscal year from the sale of unpaid taxes or municipal liens  
 27 when concluded in the final month of the fiscal year as allowed  
 28 pursuant to <sup>1</sup>[ subsection b. of section 15 of P.L. , c. (C. )  
 29 (now pending before the Legislature as this bill)] R.S.54:5-19<sup>1</sup>,  
 30 provided that such amount be calculated in the same manner as  
 31 receipts for delinquent taxes are calculated in N.J.S.40A:4-29, and that  
 32 prior to adoption of the budget, such sale is authorized by resolution  
 33 of the governing body. Any revenues received pursuant to this section  
 34 shall be excluded from any calculation of the tax collection rate  
 35 pursuant to N.J.S.40A:4-41 or receipts from delinquent taxes pursuant  
 36 to N.J.S.40A:4-29.

37

38 <sup>1</sup>[13.] 14.<sup>1</sup> (New section) Prior to the award of a contract for the  
 39 sale of the total property tax levy pursuant to section <sup>1</sup>[15] 16<sup>1</sup> of P.L.  
 40 , c. (C. ) (now pending before the Legislature as this bill), or  
 41 when a municipality chooses to reduce its reserve for uncollected taxes  
 42 by deducting the receipts anticipated during the fiscal year from the  
 43 sale of unpaid taxes or municipal liens when concluded in the final  
 44 month of the fiscal year as allowed pursuant to <sup>1</sup>[subsection b. of  
 45 section 15 of P.L. , c. (C. ) (now pending before the  
 46 Legislature as this bill)] R.S.54:5-19<sup>1</sup>, the chief financial officer or

1 registered municipal accountant shall provide the governing body a  
2 fiscal analysis of the impact of the sale on the current budget and the  
3 projected <sup>1</sup>[budget] budgets<sup>1</sup> for <sup>1</sup>[the] next two<sup>1</sup> subsequent <sup>1</sup>[year]  
4 years<sup>1</sup>. The Director of the Division of Local Government Services in  
5 the Department of Community Affairs may promulgate a standard  
6 form to be used for this purpose, which, if promulgated, shall include,  
7 but not be limited to, the amount of the reserve for uncollected taxes,  
8 receipts for delinquent taxes and the municipal tax rate. The analysis  
9 shall be a public record.

10  
11 <sup>1</sup>[14.] 15.<sup>1</sup> (New section) Notwithstanding the payment of any  
12 property taxes, assessments or municipal charges by the purchaser of  
13 the total property tax levy pursuant to subsection c. of section <sup>1</sup>[16]  
14 17<sup>1</sup> of P.L. , c. (C. ) (now pending before the Legislature  
15 as this bill), the accounts of any unpaid properties shall be deemed  
16 delinquent for purposes of the creation, assignment, sale, redemption,  
17 or foreclosure of tax lien certificates, or for the purpose of filing a tax  
18 appeal with the county tax board or the State tax court.

19 The municipality shall comply with the notice and redemption  
20 provisions relating to the creation of tax certificates as hereinafter  
21 provided <sup>1</sup>, except that the municipality shall be required to issue,  
22 and<sup>1</sup> the levy purchaser shall be required to accept, the tax lien  
23 certificates if the contract for the sale of the total property tax levy  
24 provides that tax lien certificates shall be issued as partial  
25 consideration for the payment of the total property tax levy purchase  
26 in connection with the sale of the total property tax levy. The  
27 purchaser of the total property tax levy shall be obligated to accept  
28 <sup>1</sup>any and all liens or<sup>1</sup> tax sale certificates related thereto which are  
29 included within the total property tax levy as to which the levy  
30 purchaser has advanced monies to the municipality. Upon the receipt  
31 of a duly issued tax sale certificate any tax lien purchaser shall have  
32 the right to purchase subsequent property tax delinquencies relating to  
33 those properties upon payment of the full amount of the principal and  
34 interest due.

35  
36 <sup>1</sup>[15.] 16.<sup>1</sup> (New section) a. Notwithstanding the provisions of  
37 any other law, rule or regulation to the contrary, a municipality may,  
38 by resolution of the governing body, agree to sell its total property tax  
39 levy, which may include the sale of any subsequently created property  
40 tax lien certificates relating to delinquent properties, to a third party  
41 at a public sale <sup>1</sup>. If the municipality decides to sell its total property  
42 tax levy, the sale shall be either by public sale with sealed bids or by  
43 public auction,<sup>1</sup> to the highest responsible bidder, subject to the terms  
44 and conditions of law and the bid specifications. The sale shall be held  
45 after a copy of the public notice of sale stating the manner of  
46 submitting and method of receiving the bids and the time and place of

1 sale has been published in a legal newspaper circulating within the  
2 municipality at least 14 days in advance of the date fixed for receiving  
3 bids.

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

7

8 <sup>1</sup>[16.] 17.<sup>1</sup> (New section) Bid specifications for a contract for the  
9 sale of the total property tax levy shall be subject to the following  
10 minimum terms and conditions:

11 a. <sup>1</sup>[The municipality shall set a minimum price which shall include  
12 a premium to be paid upon the award of the levy purchase contract.  
13 The premium shall be a dollar amount computed by multiplying the  
14 amount of the budgeted revenue “interest and cost on taxes” as  
15 actually collected in the last full fiscal year preceding the first year of  
16 a tax levy sale times 75%. Premiums may be bid in excess of the  
17 required minimum calculation.

18 The successful tax levy purchaser shall pay to the municipality an  
19 administrative service fee equal to the number of tax line items as  
20 certified on the delinquency list divided by the total number of tax line  
21 items as stated in the last extended duplicate, multiplied by the amount  
22 budgeted for the tax collection department (salaries and wages, and  
23 other expenses), and then multiplied by 15%. The administrative fee  
24 shall be computed and paid with each tax levy payment made to the  
25 municipality.] The municipality shall have the right to set a minimum  
26 bid price, expressed in dollars, percent of levy, or both, which may  
27 include a premium over the total property tax levy amount or a  
28 discount from the total property tax levy amount. The municipality  
29 shall reserve the right to reject any and all bids if, in the discretion of  
30 the municipality, it determines that the bid sale price is inadequate.<sup>1</sup>

31 b. The municipality shall require the successful bidder to secure its  
32 payment obligation with either an irrevocable letter of credit or a bond  
33 from a surety or insurance company, the form and sufficiency of which  
34 is acceptable to and approved by the municipality, but which initially  
35 shall not be less than 105% of the amount of the uncollected taxes  
36 levied and payable as of the last day of the prior year or 105% of the  
37 amount actually paid by the levy purchaser in the prior year for taxes  
38 levied and payable for that year, whichever is greater, or, in the case  
39 of a levy sale concluded in the final month of the fiscal year, an  
40 amount equal to 105% of the actual tax collection delinquency for the  
41 prior fiscal year. The amount of the letter of credit or surety bond  
42 may be reduced proportionately throughout the year as the total  
43 property tax levy purchaser satisfies its payment obligation. The  
44 irrevocable letter of credit or the bond shall be provided prior to the  
45 sale of the total property tax levy becoming effective.

46 c. The purchaser shall pay for the total property tax levy bid

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

28 d. Subject to the payment of quarterly delinquent property taxes  
29 or the fiscal year delinquency by the total property tax levy purchaser  
30 as specified in the contract for the sale of the total property tax levy,  
31 the levy purchaser shall be <sup>2</sup>[repaid, through] paid, upon  
32 collection by <sup>2</sup> the municipal tax collector, all <sup>2</sup>[monies advanced by  
33 the levy purchaser] delinquent taxes and other municipal charges that  
34 are owing, due and payable<sup>2</sup>, subject to any contract provision  
35 pursuant to subsection h. of this section, including interest and  
36 penalties, if applicable. The municipal tax collector or chief financial  
37 officer shall remit such funds as authorized by the governing body to  
38 the levy purchaser only upon collection of the outstanding tax  
39 delinquencies, municipal liens or charges, or certificate redemptions,  
40 including interest or penalties that are due and paid to the tax  
41 collector. Such funds shall be remitted by the tax collector or chief  
42 financial officer to the total tax levy purchaser within 30 days of  
43 collection by the tax collector unless a different schedule is specified  
44 in the contract for the sale of the total property tax levy. Upon  
45 issuance of an appropriate tax sale certificate the total property tax  
46 levy purchaser <sup>2</sup>[shall] may<sup>2</sup> also <sup>2</sup>[have the right to]<sup>2</sup> pay subsequent



1 taxes and other municipal liens and charges <sup>2</sup>[and], subject to any  
2 limitations contained in the total property tax levy sale bid  
3 specifications and contract. The total property tax levy purchaser<sup>2</sup>  
4 may file an action to foreclose the right to redeem the tax sale  
5 certificate, in personam, upon expiration of two years from the date of  
6 its issuance pursuant to R.S.54:5-86 et seq..

7 e. The collection and enforcement of taxes and the preparation of  
8 redemption statements and discharges of tax lien certificates shall  
9 remain the right and obligation of the municipal tax collector.

10 f. The purchaser shall provide reports as are requested by the  
11 municipality.

12 g. The purchaser of the total property tax levy may be obligated  
13 by the bid specifications and contract to pay all subsequent taxes,  
14 municipal liens or other municipal charges on each tax sale certificate  
15 acquired under the total property tax levy purchase until redemption  
16 or foreclosure of the tax sale certificate has been completed,  
17 whichever occurs first. The total property tax levy purchase contract  
18 may provide that failure to make such payments within each fiscal year  
19 shall result in the forfeiture of any such certificate and any amount due  
20 thereon and require the assignment of the certificate back to the  
21 municipality. <sup>2</sup>The bid specifications and contract may include a  
22 sunset provision or provisions relating to the total property tax levy  
23 purchaser's right or obligation to pay subsequent taxes and other  
24 municipal liens and charges.<sup>2</sup>

25 h. <sup>1</sup>[The bid specifications and contract may require that in the  
26 event that the total property tax levy purchaser has acquired a tax sale  
27 certificate from the municipality as payment for monies advanced by  
28 the total property tax levy purchaser on a specific property and the  
29 taxpayer has filed a tax appeal resulting in a reduction of the assessed  
30 value of the property, the lien acquired by the total property tax levy  
31 purchaser shall be reduced accordingly but the total property tax levy  
32 purchaser may not be entitled to any refund. In this case, the total  
33 property tax levy purchaser shall assign his certificate back to the  
34 municipality which shall void the certificate and have the tax collector  
35 issue a new tax sale certificate for the corrected amount that reflects  
36 the tax reduction.] The bid specifications and contract may contain  
37 provisions relating to the resolution of tax appeals on properties for  
38 which the total property tax levy purchaser has acquired tax sale  
39 certificates from the municipality.<sup>1</sup>

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

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

1 its issuance.

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

11

12 <sup>1</sup>[17.] 18.<sup>1</sup> (New section) The Director of the Division of Local  
13 Government Services in the Department of Community Affairs, in  
14 accordance with the "Administrative Procedure Act," P.L.1968, c.410  
15 (C.52:14B-1 et seq.), may adopt such rules and regulations as are  
16 necessary to effectuate the purposes of this act.

17 <sup>1</sup>In addition, the Department of Community Affairs shall prepare  
18 biennially a written report on those municipalities that have entered  
19 into contracts for the sale of the total property levy and the results of  
20 those executed contracts on the municipality and the property  
21 taxpayers in the municipality. The report shall be submitted to the  
22 Governor and the Legislature, with the first report to be submitted  
23 within 48 months following the effective of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_)  
24 (now pending before the Legislature as this bill.)<sup>1</sup>

25

26 <sup>1</sup>[18.] 19.<sup>1</sup> This act shall take effect immediately.

27

28

29

30

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