

SENATE, No. 841

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 26, 1996

By Senator CONNORS

1 AN ACT concerning property tax delinquencies and amending  
2 R.S.54:4-66, P.L.1994, c.72, and R.S.54:4-67.

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

8 54:4-66. a. Taxes for municipalities operating under the calendar  
9 fiscal year shall be payable the first installment as hereinafter provided  
10 on February 1, the second installment on May 1, the third installment  
11 on August 1 and the fourth installment on November 1, after which  
12 dates if unpaid, they shall become delinquent and remain delinquent,  
13 including for the purposes of R.S.54:3-27 or R.S.54:51A-1, until such  
14 time as all unpaid taxes, including taxes and other liens subsequently  
15 due and unpaid, together with interest have been fully paid and  
16 satisfied;

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

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

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

2 e. Taxes may be received and credited as payments at any time,  
3 even prior to the dates hereinbefore fixed for payment.

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

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6 2. Section 2 of P.L.1994, c.72 (C.54:4-66.1) is amended to read as  
7 follows:

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

11 a. Taxes shall be payable the first installment as hereinafter  
12 provided on February 1, the second installment on May 1, the third  
13 installment on August 1 and the fourth installment on November 1,  
14 after which dates if unpaid, they shall become delinquent and remain  
15 delinquent, including for the purposes of R.S.54:3-27 or  
16 R.S.54:51A-1, until such time as all unpaid taxes, including taxes and  
17 other liens subsequently due and unpaid, together with interest have  
18 been fully paid and satisfied;

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

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

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

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

29 "Calendar year" means the current calendar year.

30 "Certification of tax billing levies" is the form and associated  
31 procedures promulgated by the director on which the tax collector  
32 calculates the appropriate billing amounts for the first and second  
33 installments of the calendar year.

34 "Director" means the director of the Division of Local Government  
35 Services.

36 "Municipal tax levy" means the tax levy set in the municipal budget  
37 for the current fiscal year.

38 "Non-municipal tax levy" means the total of all of the tax levies  
39 certified by the county board of taxation for non-municipal purposes  
40 for the calendar year.

41 "Preliminary municipal tax levy" is the amount certified by the  
42 governing body for the purposes of third and fourth installment  
43 municipal tax levy.

44 "Prior year" means the calendar year just previous to the quarters  
45 being billed.

46 "Six month required non-municipal tax levy" means the amount

1 necessary to be paid by the municipality to the county and  
2 non-municipal taxing districts for the first six months of the calendar  
3 year.

4 "Total adjusted prior year taxes" means the prior year taxes billed  
5 after adjustments are made to incorporate changes to tax bills between  
6 tax billings.

7 "Total assessed value" means the total net valuation taxable for the  
8 municipality pursuant to the most recent Table of Aggregates  
9 promulgated by the County Board of Taxation.

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

12 (1) the municipal rate shall be the preliminary municipal tax levy  
13 divided by the total assessed value per one hundred dollars of assessed  
14 valuation.

15 (2) the non-municipal rate shall be the non-municipal tax levy  
16 divided by the total assessed value per one hundred dollars of assessed  
17 value.

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

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

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

25 (1) The tax collector shall prepare the certification of tax billing  
26 levies and calculate the first and second installments by computing the  
27 municipal portion, which shall be the municipal billing percentage  
28 multiplied by the total adjusted prior year taxes; and then the  
29 non-municipal portion, which shall be the non-municipal billing  
30 percentage multiplied by the total adjusted prior year taxes. The sum  
31 of the two shall be divided in half for each installment. A copy of the  
32 certification shall be filed with the director and the county board of  
33 taxation.

34 (2) The third and fourth installments shall be calculated by  
35 computing the municipal portion, which shall be the product of the  
36 municipal rate times the total assessed value per one hundred dollars  
37 of assessed value, and subtracting the taxes billed for the previous first  
38 and second installments; and then the non-municipal portion which  
39 shall be the product of the non-municipal rate times the total assessed  
40 value per one hundred dollars of assessed value, and subtracting the  
41 taxes billed for the previous first and second installments. The sum of  
42 the two shall be divided in half for each installment.

43 f. Taxes may be received and credited as payments at any time,  
44 even prior to the dates hereinabove fixed for payment.

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

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

2 54:4-67. The governing body of each municipality may by  
3 resolution fix the rate of discount to be allowed for the payment of  
4 taxes or assessments previous to the date on which they would become  
5 delinquent. The rate so fixed shall not exceed 6% per annum, shall be  
6 allowed only in case of payment on or before the thirtieth day previous  
7 to the date on which the taxes or assessments would become  
8 delinquent. The governing body may also fix the rate of interest to be  
9 charged for the nonpayment of taxes or assessments on or before the  
10 date when they would become delinquent, and may provide that no  
11 interest shall be charged if payment of any installment is made within  
12 the tenth calendar day following the date upon which the same became  
13 payable. The rate so fixed shall not exceed 8% per annum on the first  
14 \$1,500.00 of the delinquency and 18% per annum on any amount in  
15 excess of \$1,500.00, to be calculated from the date the tax was  
16 payable until the date that actual payment to the lienholder will be next  
17 authorized.

18 "Delinquency" means the sum of all taxes and municipal charges  
19 due on a given parcel of property covering any number of quarters or  
20 years. The property shall remain delinquent, as defined herein and  
21 including for the purposes of R.S.54:3-27 or R.S.54:51A-1, until such  
22 time as all unpaid taxes, including subsequent taxes and liens, together  
23 with interest thereon shall have been fully paid and satisfied. The  
24 delinquency shall remain notwithstanding the issuance of a certificate  
25 of sale pursuant to R.S.54:5-32 and R.S.54:5-46. The governing body  
26 may also fix a penalty to be charged to a taxpayer with a delinquency  
27 in excess of \$10,000 who fails to pay that delinquency prior to the end  
28 of the fiscal year. If such taxes are fully paid and satisfied by the  
29 holder of an outstanding tax sale certificate, the holder shall be entitled  
30 to receive the amount of the penalty as part of the amount required to  
31 redeem such certificate of sale. The penalty so fixed shall not exceed  
32 6% of the amount of the delinquency.

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

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35 4. This act shall take effect immediately and shall be retroactive to  
36 the effective date of P.L.1994, c.32, May 12, 1994.

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#### STATEMENT

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41 This bill clarifies the intent of the Legislature in enacting P.L.1994,  
42 c.32 to require that tax delinquencies be satisfied, including unpaid  
43 taxes and tax sale certificates, prior to appealing an assessment in  
44 accordance with R.S.54:3-27 or R.S.54:51A-1. This legislation is  
45 remedial in nature and a particular response to the tax court opinion  
46 in Caven Point Realty Assoc. c/o J. Burstyn v. City of Jersey City,

1 issued January 30, 1995, 14 N.J.Tax 496.

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6 Requires tax delinquencies, including unpaid property taxes and tax  
7 sale certificates, be satisfied prior to appealing assessment in  
8 accordance with R.S.54:3-27 or R.S.54:51A-1.