

[First Reprint]

SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE, No. 1091**

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**STATE OF NEW JERSEY**

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ADOPTED JUNE 24, 1996

**Sponsored by Senators BENNETT, KOSCO and Ciesla**

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  
28      received by the municipality, school districts, special districts and

**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.

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

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

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

7

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

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

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

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

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

44

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

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

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

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

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

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

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

21       "Calendar year" means the current calendar year.

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

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

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

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

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

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

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

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

45       "Total assessed value" means the total net valuation taxable for the  
46 municipality pursuant to the most recent Table of Aggregates

1 promulgated by the County Board of Taxation.

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

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

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

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

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

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

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

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

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

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

43

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

45       54:4-67. a. The governing body of each municipality may by  
46 resolution fix the rate of discount to be allowed for the payment of

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

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

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

46       "Delinquency" means the sum of all taxes and municipal charges

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

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

32

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

34 54:5-19. When unpaid taxes or any municipal lien, or part thereof,  
35 on real property, remains in arrears on [April first] the 11th day of the  
36 eleventh month in the fiscal year [following the fiscal year] when the  
37 same became in arrears, [or, in the case of municipalities that operate  
38 on the State fiscal year, on October first in the fiscal year following the  
39 fiscal year when the same became in arrears,] the collector or other  
40 officer charged by law in the municipality with that duty, shall, subject  
41 to the provisions of the next paragraph, enforce the lien by selling the  
42 property in the manner set forth in this article <sup>1</sup>, provided that the sale  
43 is conducted no earlier than in the last month of the fiscal year<sup>1</sup>.

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

46 The municipality may by resolution direct that [where] when

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

36 (cf: P.L.1991, c.75, s.43)

37

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

39 54:5-26. Copies of the notice of a tax sale shall be set up in five  
40 of the most public places in the municipality, and a copy of the notice  
41 shall be published in a newspaper circulating in the municipality, once  
42 in each of the four calendar weeks preceding the calendar week  
43 containing the day appointed for the sale. In lieu of any two  
44 publications, notice to the property owner<sup>1</sup>and to any person or entity  
45 entitled to notice of foreclosure pursuant to section 20 of P.L.1948,  
46 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

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

9

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

11   54:5-49. a. Each certificate shall cover only such property as is  
12   assessed as one parcel, and shall be prepared ready for delivery to the  
13   purchaser within ten days after the sale<sup>1</sup>, including the date of sale as  
14   the first day.<sup>1</sup> or the purchaser, other than a total property tax levy  
15   purchaser, may refuse to accept it and be entitled to repayment of the  
16   purchase price. Thereupon the lien shall be vested in the municipality  
17   and a certificate of sale shall be made to it as if originally struck off to  
18   it. The certificate shall not be invalid because delivered after the  
19   expiration of that period.

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

30   (cf: R.S.54:5-49)

31

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

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

1 issued and the name and title of officer who issued same. The  
2 municipality may charge a fee not to exceed \$100 for such a duplicate  
3 certificate.

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

5

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

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

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

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

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

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

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

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

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

37       f. Amounts reserved for uncollected taxes;

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

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

42       i. Any amount approved by any referendum;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

46       aa. Extraordinary expenses, approved by the Local Finance Board,

1 required for the implementation of an interlocal services agreement;  
2       bb. Any expenditure mandated as a result of a natural disaster,  
3 civil disturbance or other emergency that is specifically authorized  
4 pursuant to a declaration of an emergency by the President of the  
5 United States or by the Governor;

6       cc. Expenditures for the cost of services mandated by any order  
7 of court, by any federal or State statute, or by administrative rule,  
8 directive, order, or other legally binding device issued by a State  
9 agency which has identified such cost as mandated expenditures on  
10 certification to the Local Finance Board by the State agency;

11       dd. Expenditures of amounts actually realized in the local budget  
12 year from the sale of municipal assets if appropriated for non-recurring  
13 purposes or otherwise approved by the director;

14       ee. Any local unit which is determined to be experiencing fiscal  
15 distress pursuant to the provisions of P.L.1987, c.75  
16 (C.52:27D-118.24 et seq.), whether or not a local unit is an "eligible  
17 municipality" as defined in section 3 of P.L.1987, c.75  
18 (C.52:27D-118.26), and which has available surplus pursuant to the  
19 spending limitations imposed by P.L.1976, c.68 (C.40A:4-45.1 et  
20 seq.), may appropriate and expend an amount of that surplus approved  
21 by the director and the Local Finance Board as an exception to the  
22 spending limitation. Any determination approving the appropriation  
23 and expenditure of surplus as an exception to the spending limitations  
24 shall be based upon:

25       1) the local unit's revenue needs for the current local budget year  
26 and its revenue raising capacity;

27       2) the intended actions of the governing body of the local unit to  
28 meet the local unit's revenue needs;

29       3) the intended actions of the governing body of the local unit to  
30 expand its revenue generating capacity for subsequent local budget  
31 years;

32       4) the local unit's ability to demonstrate the source and existence  
33 of sufficient surplus as would be prudent to appropriate as an  
34 exception to the spending limitations to meet the operating expenses  
35 for the local unit's current budget year; and

36       5) the impact of utilization of surplus upon succeeding budgets of  
37 the local unit;

38       ff. Amounts expended for the staffing and operation of the  
39 municipal court;

40       gg. Amounts appropriated for the cost of administering a joint  
41 insurance fund established pursuant to subsection b. of section 1 of  
42 P.L.1983, c.372 (C.40A:10-36), but not including appropriations for  
43 claims payments by local member units;

44       hh. Amounts appropriated for the cost of implementing an  
45 estimated tax billing system and the issuance of tax bills thereunder  
46 pursuant to section 3 of P.L.1994, c.72 (C.54:4-66.2);

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

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

6

7       <sup>1</sup>[9.] 10.<sup>1</sup> R.S.54:5-58 is amended to read as follows:  
8       54:5-58. The amount required to redeem within 10 days from <sup>1</sup>and  
9 including<sup>1</sup> the date of sale, unless a tax sale certificate has been duly  
10 issued <sup>1</sup>[prior thereto] during the 10-day period<sup>1</sup>, shall be the sum  
11 paid at the sale, with interest from the date of sale at the rate of  
12 redemption for which the property was sold. After 10 days from the  
13 date of sale <sup>1</sup>including the date of sale as the first day,<sup>1</sup> or after  
14 issuance of the tax sale certificate <sup>1</sup>during the 10-day period<sup>1</sup>, the  
15 amount required for redemption shall be that amount plus the expenses  
16 incurred by the purchaser as hereinafter provided, and subsequent  
17 municipal liens, as provided in sections 54:5-59 and 54:5-60 of this  
18 Title. [Where, because of municipal fiscal restrictions imposed upon  
19 the tax collector, the transmission of the redemption sum to the  
20 purchaser is dependent upon the approval of the governing body, or  
21 other officer, of the municipality, such interest shall be computed to  
22 the time when such governing body or officer may next act with  
23 respect thereto.] <sup>1</sup>Where, because of municipal fiscal restrictions  
24 imposed upon the tax collector, the transmission of the redemption  
25 sum to the purchaser is dependent upon the approval of the governing  
26 body, or other officer, of the municipality, such interest shall be  
27 computed to the time when such governing body or officer may next  
28 act with respect thereto.<sup>1</sup>

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

30

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

32       54:5-60. If the certificate of sale is not held by the municipality,  
33 the amount required for redemption shall include all sums for  
34 subsequent taxes, municipal liens and charges, and interest and costs  
35 thereon, actually paid by the holder of the tax title or his predecessor  
36 therein, together with interest on the amount so paid at the rate or  
37 rates chargeable by the municipality, provided the holder of such title  
38 shall have made and filed with the collecting officer an affidavit  
39 showing the amount of such payment, which affidavit may be taken  
40 before such officer.

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

42

43       <sup>1</sup>[11.]12.<sup>1</sup> (New section) <sup>1</sup>a.<sup>1</sup> A municipality may reduce its  
44 reserve for uncollected taxes by deducting any or all payments  
45 anticipated during the fiscal year from the sale of the total property tax  
46 levy pursuant to section <sup>1</sup>[15] 16<sup>1</sup> of P.L. , c. (C. ) (now

1 pending before the Legislature as this bill), from the reserve for  
2 uncollected taxes as calculated pursuant to N.J.S.40A:4-40 and  
3 N.J.S.40A:4-41, provided that the obligation to make such payment is  
4 entered into prior to adoption of the budget. Any revenues received  
5 pursuant to this section shall be excluded from any calculation of the  
6 tax collection rate pursuant to N.J.S.40A:4-41 or receipts from  
7 delinquent taxes pursuant to N.J.S.40A:4-29.

8       ~~1b. A municipality shall not execute a contract for the sale of the  
9 total property tax levy unless the Division of Local Government  
10 Services in the Department of Community Affairs has reviewed the  
11 fiscal impact of the sale of the total property tax levy. The  
12 municipality shall forward a copy of a proposed contract and the fiscal  
13 analysis of the impact of the sale required to be provided to the  
14 municipal governing body pursuant to section 14 of P.L. , c.  
15 (C. ) (now pending before the Legislature as this bill), as soon as  
16 they are available, to the Division of Local Government Services for  
17 review. The division shall review the fiscal impact of the contract  
18 within 15 business days after receipt and shall approve or disapprove  
19 the contract in writing within that time. The director of the division  
20 may condition the approval of the contract on budget actions that the  
21 director may determine.~~<sup>1</sup>

22

23       ~~'[12.] 13.~~<sup>1</sup> (New section) A municipality may reduce its reserve  
24 for uncollected taxes by deducting any or all receipts anticipated  
25 during the fiscal year from the sale of unpaid taxes or municipal liens  
26 when concluded in the final month of the fiscal year as allowed  
27 pursuant to ~~'[ subsection b. of section 15 of P.L. , c. (C. )~~  
28 (now pending before the Legislature as this bill)] R.S.54:5-19<sup>1</sup>,  
29 provided that such amount be calculated in the same manner as  
30 receipts for delinquent taxes are calculated in N.J.S.40A:4-29, and that  
31 prior to adoption of the budget, such sale is authorized by resolution  
32 of the governing body. Any revenues received pursuant to this section  
33 shall be excluded from any calculation of the tax collection rate  
34 pursuant to N.J.S.40A:4-41 or receipts from delinquent taxes pursuant  
35 to N.J.S.40A:4-29.

36

37       ~~'[13.] 14.~~<sup>1</sup> (New section) Prior to the award of a contract for the  
38 sale of the total property tax levy pursuant to section ~~'[15]~~ 16<sup>1</sup> of P.L.  
39 , c. (C. ) (now pending before the Legislature as this bill), or  
40 when a municipality chooses to reduce its reserve for uncollected taxes  
41 by deducting the receipts anticipated during the fiscal year from the  
42 sale of unpaid taxes or municipal liens when concluded in the final  
43 month of the fiscal year as allowed pursuant to ~~'[subsection b. of~~  
44 ~~section 15 of P.L. , c. (C. ) (now pending before the~~  
45 ~~Legislature as this bill)] R.S.54:5-19~~<sup>1</sup>, the chief financial officer or  
46 registered municipal accountant shall provide the governing body a

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

9

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

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

34

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

1 municipality at least 14 days in advance of the date fixed for receiving  
2 bids.

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

6

7       ~~1[16.] 17.~~<sup>1</sup> (New section) Bid specifications for a contract for the  
8 sale of the total property tax levy shall be subject to the following  
9 minimum terms and conditions:

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

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

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

45      c. The purchaser shall pay for the total property tax levy bid  
46 amount in quarterly installments or, if there is to be one annual

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

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

1 R.S.54:5-86 et seq..

2 e. The collection and enforcement of taxes and the preparation of  
3 redemption statements and discharges of tax lien certificates shall  
4 remain the right and obligation of the municipal tax collector.

5 f. The purchaser shall provide reports as are requested by the  
6 municipality.

7 g. The purchaser of the total property tax levy may be obligated  
8 by the bid specifications and contract to pay all subsequent taxes,  
9 municipal liens or other municipal charges on each tax sale certificate  
10 acquired under the total property tax levy purchase until redemption  
11 or foreclosure of the tax sale certificate has been completed,  
12 whichever occurs first. The total property tax levy purchase contract  
13 may provide that failure to make such payments within each fiscal year  
14 shall result in the forfeiture of any such certificate and any amount due  
15 thereon and require the assignment of the certificate back to the  
16 municipality.

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

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

35 j. In the event that a tax sale certificate is issued in connection  
36 with the sale of a total property tax levy, the account of the  
37 municipality with the total property tax levy purchaser shall be  
38 credited with the total face amount of the certificate as of the date of  
39 its issuance.

40

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

46 <sup>1</sup>In addition, the Department of Community Affairs shall prepare

1   biennially a written report on those municipalities that have entered  
2   into contracts for the sale of the total property levy and the results of  
3   those executed contracts on the municipality and the property  
4   taxpayers in the municipality. The report shall be submitted to the  
5   Governor and the Legislature, with the first report to be submitted  
6   within 48 months following the effective of P.L. , c. (C. )  
7   (now pending before the Legislature as this bill.)<sup>1</sup>

8

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

10

11

12

13

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