

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1091

STATE OF NEW JERSEY

ADOPTED JUNE 24, 1996

Sponsored by Senator BENNETT

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

32 d. The tax bill or form mailed with the tax bill shall include

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.

1 thereon the date upon which each installment is due.

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

3

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

5 54:4-66. a. Taxes for municipalities operating under the calendar
6 fiscal year shall be payable the first installment as hereinafter provided
7 on February 1, the second installment on May 1, the third installment
8 on August 1 and the fourth installment on November 1, after which
9 dates if unpaid, they shall become delinquent and remain delinquent
10 until such time as all unpaid taxes, including taxes and other liens
11 subsequently due and unpaid, together with interest have been fully
12 paid and satisfied;

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

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

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

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

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

40

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

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

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

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

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

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

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

18 "Calendar year" means the current calendar year.

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

23 "Director" means the director of the Division of Local Government
24 Services.

25 "Municipal tax levy" means the tax levy set in the municipal budget
26 for the current fiscal year.

27 "Non-municipal tax levy" means the total of all of the tax levies
28 certified by the county board of taxation for non-municipal purposes
29 for the calendar year.

30 "Preliminary municipal tax levy" is the amount certified by the
31 governing body for the purposes of third and fourth installment
32 municipal tax levy.

33 "Prior year" means the calendar year just previous to the quarters
34 being billed.

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

39 "Total adjusted prior year taxes" means the prior year taxes billed
40 after adjustments are made to incorporate changes to tax bills between
41 tax billings.

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

45 d. The following formulas shall be utilized in calculating the taxes

1 for each parcel or property:

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

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

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

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

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

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

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

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

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

41

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

43 54:4-67. a. The governing body of each municipality may by
44 resolution fix the rate of discount to be allowed for the payment of
45 taxes or assessments previous to the date on which they would become

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

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

29 c. In municipalities that have sold their property tax levy pursuant
30 to section 15 of P.L. , c. (C.) (now pending before the
31 Legislature as this bill), the rate of interest to be charged for the
32 nonpayment of taxes, assessments or other municipal liens or charges
33 shall be the same interest or delinquency rate or rates otherwise
34 charged by the municipality, to be calculated from the date the tax was
35 payable until the date of actual payment to the tax collector. The
36 purchaser of the total property tax levy shall not be entitled to collect
37 an amount that is greater than that which is paid to the tax collector
38 and shall not collect any delinquent interest collected by the municipal
39 tax collector prior to the time that the total property tax levy
40 purchaser makes the levy payment to the municipality.

41 "Delinquency" means the sum of all taxes and municipal charges
42 due on a given parcel of property covering any number of quarters or
43 years. The property shall remain delinquent, as defined herein, until
44 such time as all unpaid taxes, including subsequent taxes and liens,
45 together with interest thereon shall have been fully paid and satisfied.

1 The delinquency shall remain notwithstanding the issuance of a
2 certificate of sale pursuant to R.S.54:5-32 and R.S.54:5-46, or the
3 right of a taxpayer to file any tax appeal with the county board of
4 taxation or the State tax court, or the payment of delinquent tax by the
5 purchaser of the total property tax levy pursuant to section 15 of
6 P.L. , c. (C.) (now pending before the Legislature as this bill).
7 The governing body may also fix a penalty to be charged to a taxpayer
8 with a delinquency in excess of \$10,000 who fails to pay that
9 delinquency as billed, prior to the end of the fiscal year. If [such taxes
10 are fully] any fiscal year delinquency in excess of \$10,000 is paid [and
11 satisfied] by the holder of an outstanding tax sale certificate, the
12 holder shall be entitled to receive the amount of the penalty as part of
13 the amount required to redeem such certificate of sale providing the
14 payment is made by the tax lien holder prior to the end of the fiscal
15 year. The penalty as to the unpaid amount shall inure to the benefit of
16 the municipality. The penalty so fixed shall not exceed 6% of the
17 amount of the delinquency with respect to each most recent fiscal year
18 only.

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

20

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

22 54:5-19. When unpaid taxes or any municipal lien, or part thereof,
23 on real property, remains in arrears on [April first] the 11th day of the
24 eleventh month in the fiscal year [following the fiscal year] when the
25 same became in arrears, [or, in the case of municipalities that operate
26 on the State fiscal year, on October first in the fiscal year following the
27 fiscal year when the same became in arrears,] the collector or other
28 officer charged by law in the municipality with that duty, shall, subject
29 to the provisions of the next paragraph, enforce the lien by selling the
30 property in the manner set forth in this article.

31 The term "collector" as hereinafter used includes any such officer,
32 and the term "officer" includes the collector.

33 The municipality may by resolution direct that [where] when
34 unpaid taxes or other municipal liens or charges, or part thereof, are
35 in arrears [for more than one year] as of the 11th day of the eleventh
36 month of the fiscal year, such sale shall include only such unpaid taxes
37 or other municipal liens or charges as were in arrears in the fiscal year
38 designated in such resolution, and may by resolution, either general or
39 special, direct that there shall be omitted from such sale any or all such
40 unpaid taxes, and other municipal liens, or parts thereof, on real
41 property, upon which regular, equal monthly installment payments are
42 being made, in pursuance to such agreement as may be authorized by
43 said resolution between the collector and the owner or person
44 interested in the property upon which such delinquent taxes may be
45 due; provided, that said agreement shall require payment of such

1 installment payments in amounts large enough to pay in full all
2 delinquent taxes, assessments and other municipal liens held by the
3 municipality, in not more than five years from the date of such
4 agreement; provided, that the extension of time for payment of such
5 arrearages herein authorized shall not apply to any parcel of property
6 which prior thereto has been included in any plan theretofore adopted
7 by any municipality of this State under and pursuant to the provisions
8 of any public statute of this State whereunder prior extensions for the
9 payment of delinquent taxes were authorized; provided further, that
10 the right of any person interested in such property to pay such arrears
11 in such installments shall be conditioned on the prompt payment of the
12 installments of taxes for the current year in which such agreement is
13 made, and all subsequent taxes, assessments and other municipal liens
14 imposed or becoming a lien thereafter, including all installments
15 thereafter payable on assessments theretofore levied, and also the
16 prompt payment of all installments of arrears as hereinbefore
17 authorized; and provided further, that in case any such installment of
18 arrears or any new taxes, assessments or other liens are not promptly
19 paid, that is to say, within thirty days after the date when the same is
20 due and payable, then such agreement shall be void, and in any such
21 case the collector, or other officer charged by law with that duty, shall
22 proceed to enforce such lien by selling in the manner in this article
23 provided.

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

25

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

27 54:5-26. Copies of the notice of a tax sale shall be set up in five of
28 the most public places in the municipality, and a copy of the notice
29 shall be published in a newspaper circulating in the municipality, once
30 in each of the four calendar weeks preceding the calendar week
31 containing the day appointed for the sale. In lieu of any two
32 publications, notice to the property owner may be given by mail, the
33 costs of which shall be added to the cost of the sale in addition to
34 those provided in R.S.54:5-38, not to exceed \$25 for each notice. If
35 ordinances of the municipality are required to be published in any
36 special newspaper or newspapers, the notice shall be published therein.
37 (cf: R.S.54:5-26)

38

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

40 54:5-49. a. Each certificate shall cover only such property as is
41 assessed as one parcel, and shall be prepared ready for delivery to the
42 purchaser within ten days after the sale or the purchaser, other than a
43 total property tax levy purchaser, may refuse to accept it and be
44 entitled to repayment of the purchase price. Thereupon the lien shall
45 be vested in the municipality and a certificate of sale shall be made to

1 it as if originally struck off to it. The certificate shall not be invalid
2 because delivered after the expiration of that period.

3 b. Tax sale certificates to be issued to the purchaser of a total
4 property tax levy shall be issued within 10 days following the tax sale
5 and after the final fiscal year total property tax levy payment, or
6 thereafter, according to the contract with the municipality. A
7 resolution of entitlement to a tax sale certificate shall be provided by
8 the municipality on any delinquent properties in bankruptcy. Tax sale
9 certificates shall be issued at the conclusion of the bankruptcy
10 proceedings, or earlier, if permissible in connection with the
11 bankruptcy proceeding, dated as of the next tax sale date upon
12 surrender of the resolution of entitlement to the municipality.
13 (cf: R.S.54:5-49)

14

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

17 1. In case of the destruction or loss of a tax title certificate which
18 was [acquired] issued by any municipality in this State at a tax sale
19 held in that municipality [and the said municipality is the lawful owner
20 thereof], the collector of taxes, the receiver of taxes, or the person
21 lawfully charged with the collection of taxes in said municipality shall
22 issue and execute a new certificate of tax sale in place of the one
23 which has been destroyed or lost; provided, he or she shall have been
24 duly authorized so to do by a resolution of the governing body of the
25 said municipality[; and provided, further, said original tax sale
26 certificate had been issued at least two years prior thereto]. There
27 shall appear on the new certificate a statement that it is a duplicate of
28 the original one which was destroyed or lost and the date of said
29 original certificate and the date of the tax sale upon which it was
30 issued and the name and title of officer who issued same. The
31 municipality may charge a fee not to exceed \$100 for such a duplicate
32 certificate.

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

34

35 9. R.S.54:5-58 is amended to read as follows:

36 54:5-58. The amount required to redeem within 10 days from the
37 date of sale, unless a tax sale certificate has been duly issued prior
38 thereto, shall be the sum paid at the sale, with interest from the date
39 of sale at the rate of redemption for which the property was sold.
40 After 10 days from the date of sale or after issuance of the tax sale
41 certificate, the amount required for redemption shall be that amount
42 plus the expenses incurred by the purchaser as hereinafter provided,
43 and subsequent municipal liens, as provided in sections 54:5-59 and
44 54:5-60 of this Title. [Where, because of municipal fiscal restrictions
45 imposed upon the tax collector, the transmission of the redemption

1 sum to the purchaser is dependent upon the approval of the governing
2 body, or other officer, of the municipality, such interest shall be
3 computed to the time when such governing body or officer may next
4 act with respect thereto.]
5 (cf: P.L.1965, c.187, s.4)

6

7 10. R.S.54:5-60 is amended to read as follows:

8 54:5-60. If the certificate of sale is not held by the municipality,
9 the amount required for redemption shall include all sums for
10 subsequent taxes, municipal liens and charges, and interest and costs
11 thereon, actually paid by the holder of the tax title or his predecessor
12 therein, together with interest on the amount so paid at the rate or
13 rates chargeable by the municipality, provided the holder of such title
14 shall have made and filed with the collecting officer an affidavit
15 showing the amount of such payment, which affidavit may be taken
16 before such officer.

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

18

19 11. (New section) A municipality may reduce its reserve for
20 uncollected taxes by deducting any or all payments anticipated during
21 the fiscal year from the sale of the total property tax levy pursuant to
22 section 15 of P.L. , c. (C.) (now pending before the
23 Legislature as this bill), from the reserve for uncollected taxes as
24 calculated pursuant to N.J.S.40A:4-40 and N.J.S.40A:4-41, provided
25 that the obligation to make such payment is entered into prior to
26 adoption of the budget. Any revenues received pursuant to this
27 section shall be excluded from any calculation of the tax collection rate
28 pursuant to N.J.S.40A:4-41 or receipts from delinquent taxes pursuant
29 to N.J.S.40A:4-29.

30

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

43

44 13. (New section) Prior to the award of a contract for the sale of
45 the total property tax levy pursuant to section 15 of P.L. , c.

1 (C.) (now pending before the Legislature as this bill), or when
2 a municipality chooses to reduce its reserve for uncollected taxes by
3 deducting the receipts anticipated during the fiscal year from the sale
4 of unpaid taxes or municipal liens when concluded in the final month
5 of the fiscal year as allowed pursuant to subsection b. of section 15 of
6 P.L. , c. (C.) (now pending before the Legislature as this bill),
7 the chief financial officer or registered municipal accountant shall
8 provide the governing body a fiscal analysis of the impact of the sale
9 on the current budget and the projected budget for the subsequent
10 year. The Director of the Division of Local Government Services in
11 the Department of Community Affairs may promulgate a standard
12 form to be used for this purpose, which, if promulgated, shall include,
13 but not be limited to, the amount of the reserve for uncollected taxes,
14 receipts for delinquent taxes and the municipal tax rate. The analysis
15 shall be a public record.

16

17 14. (New section) Notwithstanding the payment of any property
18 taxes, assessments or municipal charges by the purchaser of the total
19 property tax levy pursuant to subsection c. of section 16 of P.L. , c.
20 (C.) (now pending before the Legislature as this bill), the
21 accounts of any unpaid properties shall be deemed delinquent for
22 purposes of the creation, assignment, sale, redemption, or foreclosure
23 of tax lien certificates, or for the purpose of filing a tax appeal with the
24 county tax board or the State tax court.

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

39

40 15. (New section) a. Notwithstanding the provisions of any other
41 law, rule or regulation to the contrary, a municipality may, by
42 resolution of the governing body, agree to sell its total property tax
43 levy, which may include the sale of any subsequently created property
44 tax lien certificates relating to delinquent properties, to a third party,
45 at a public sale to the highest responsible bidder, subject to the terms

1 and conditions of law and the bid specifications. The sale shall be held
2 after a copy of the public notice of sale stating the manner of
3 submitting and method of receiving the bids and the time and place of
4 sale has been published in a legal newspaper circulating within the
5 municipality at least 14 days in advance of the date fixed for receiving
6 bids.

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

10

11 16. (New section) Bid specifications for a contract for the sale of
12 the total property tax levy shall be subject to the following minimum
13 terms and conditions:

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

21 The successful tax levy purchaser shall pay to the municipality an
22 administrative service fee equal to the number of tax line items as
23 certified on the delinquency list divided by the total number of tax line
24 items as stated in the last extended duplicate, multiplied by the amount
25 budgeted for the tax collection department (salaries and wages, and
26 other expenses), and then multiplied by 15%. The administrative fee
27 shall be computed and paid with each tax levy payment made to the
28 municipality.

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

44 c. The purchaser shall pay for the total property tax levy bid
45 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

1 expiration of two years from the date of its issuance pursuant to
2 R.S.54:5-86 et seq.

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

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

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

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

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

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

38

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

1 18. This act shall take effect immediately.

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