

SENATE, No. 1303

STATE OF NEW JERSEY

INTRODUCED JUNE 13, 1996

By Senators LYNCH and GORMLEY

1 AN ACT establishing a State municipal property tax lien fund and  
2 supplementing Title 52 of the Revised Statutes.

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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. a. The State Municipal Property Tax Lien Fund (hereinafter  
8 referred to as the "fund") is established as a non-lapsing, revolving  
9 fund. The fund shall be administered by the Department of Commerce  
10 and Economic Development, and shall be credited with all proceeds  
11 from the sale or assignment of municipal tax liens pursuant to this  
12 section. Interest received on moneys in the fund and sums received as  
13 repayment of principal and interest on outstanding loans made from  
14 the fund shall be credited to the fund. The Department of Commerce  
15 and Economic Development, in the administration of the fund, is  
16 authorized to assign to the New Jersey Economic Development  
17 Authority the responsibility for the purchase or assignment of property  
18 tax liens held by a municipality, the issuance of debt secured by such  
19 liens, and the sale of purchased or assigned tax liens, either  
20 individually or in bulk. The department is further authorized to pay or  
21 reimburse the authority in the amounts as the department agrees are  
22 appropriate for all services rendered by the authority in connection  
23 with any assignment of responsibility under the terms of this section  
24 out of moneys held in the fund for the purchase of municipally held  
25 property tax liens. The authority, if assigned responsibility by the  
26 department, is authorized to service liens held by the fund, foreclose  
27 liens, and manage, sell and own property for the benefit of the fund.  
28 The authority is further authorized to contract with private vendors for  
29 the servicing of liens held by the fund or the management of property  
30 owned by the authority for the benefit of the fund.

31 b. Moneys in the fund shall be allocated and used for the following  
32 purposes and no others:

33 (1) Purchase of property tax liens held by a municipality, either  
34 individually or in bulk; and

35 (2) Loans to a municipality secured by property tax liens held by  
36 that municipality.

1 c. The fund may accept the assignment or transfer, either for value  
2 or not for value, of property tax liens held by a municipality.

3 d. The fund may be temporarily funded initially by other moneys of  
4 the authority upon such terms as are approved by the Commissioner  
5 of Commerce and Economic Development.

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7 2. The Commissioner of Commerce and Economic Development  
8 shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968,  
9 c.410 (C.52:14B-1 et seq.), rules and regulations necessary to  
10 effectuate the purposes of this act.

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12 3. This act shall take effect immediately.

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15 STATEMENT

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17 This bill would establish the State Municipal Property Tax Lien  
18 Fund in the Department of Commerce to purchase or take assignment  
19 of municipal tax liens. Municipalities would be able to convert their  
20 municipally held tax sale certificates into cash by either borrowing  
21 from the fund using the certificates as security, or selling the  
22 certificates to the fund outright individually or in bulk. The Economic  
23 Development Authority would be authorized to administer the fund,  
24 and be empowered to service liens, manage properties, foreclose liens,  
25 and own property for the benefit of the fund. The authority would  
26 also be authorized to contract with private vendors to service the liens  
27 and manage those properties.

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32 Establishes State Municipal Property Tax Lien Fund.