

[Passed Both Houses]

[First Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR
SENATE, No. 1303

STATE OF NEW JERSEY

ADOPTED JUNE 9, 1997

Sponsored by Senators LYNCH, GORMLEY, Bryant,
Assemblymen Jones, DiGaetano and Dalton

1 AN ACT permitting establishment of joint municipal lien pools and
2 supplementing Title 54 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. a. The governing bodies of two or more municipalities ¹by
8 adoption of parallel resolutions¹ may create a joint municipal lien pool
9 for the purpose of ¹undertaking¹ bulk sales of municipal liens, the
10 public sale of liens at auction ¹[and] ¹or¹ the ¹[creation] issuance¹ of
11 ¹[securities] notes and bonds¹ backed ¹solely¹ by municipal liens ¹held
12 by the joint municipal lien pool¹ through the adoption of resolutions
13 for that purpose. A joint municipal lien pool created pursuant to this
14 section shall be known as the "(name of region or other identifying
15 characteristic) Joint Municipal Lien Pool."

16 b. (1) The powers of a joint municipal lien pool shall be vested in
17 a board of directors which shall consist of one member from each
18 participating municipality, who shall serve without compensation. The
19 member shall be either the municipal tax collector or such other
20 resident of the municipality as the mayor selects. The member shall
21 serve at the pleasure of the mayor.

22 (2) The board of directors may delegate such authority as it deems
23 appropriate to an executive committee of the board.

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

**¹Assembly amendments adopted in accordance with Governor's recommendations
December 4, 1997.**

1 c. The members of the joint municipal lien pool shall establish
2 procedures, times and locations for meetings as may be required for
3 the operation of the pool.

4 d. Following the creation of a joint municipal lien pool, any
5 additional municipality may participate in the pool through the
6 adoption of an authorizing resolution by that municipality, subject to
7 the approval of all of the members of the board of directors of the
8 pool.

9 ¹e. Prior to the commencement of its operations a joint municipal
10 lien pool shall adopt bylaws to govern the conduct of its affairs. The
11 bylaws shall include provisions regarding the responsibilities and
12 obligations of the members of the pool, the termination of the joint
13 municipal lien pool or the withdrawal of a member from the pool upon
14 satisfaction by the member of all financial obligations to the pool. The
15 bylaws shall be submitted to the Local Finance Board for approval.
16 The contents of the bylaws shall be as determined necessary by the
17 members of the pool and as may be required by the Local Finance
18 Board. The Local Finance Board may approve the bylaws or require
19 the adoption of specific changes for approval. Upon approval, a copy
20 of the bylaws shall be filed in the Office of the Secretary of State and
21 with the Director of the Division of Local Government Services.
22 Upon proof of such filings, the joint municipal lien pool shall, in any
23 suit, action or proceeding involving the validity or enforcement of, or
24 relating to, any contract or obligation or act of the joint municipal lien
25 pool, be conclusively deemed to have been lawfully and properly
26 created, organized and established and authorized to transact business
27 and exercise its powers under this act. Copies of the filing, duly
28 certified by the Secretary of State, shall be admissible in evidence in
29 any suit, action or proceeding and shall be conclusive evidence of due
30 and proper filing thereof.¹

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32 2. The powers of a joint municipal lien pool created and operating
33 pursuant to section 1 of P.L. , c. (C.) (now pending before
34 the Legislature as this bill) shall be as follows:

35 a. ¹[Accept] To accept¹ transfers of municipal liens from member
36 municipalities.

37 b. ¹[The sale of] To sell¹ municipal liens in bulk and ¹[the
38 securitization of liens] to issue bonds and notes, using municipal liens
39 held by the joint municipal lien pool as collateral.¹ on behalf of its
40 members, upon the approval of the Local Finance Board.

41 c. ¹[The assessment of] To assess¹ initial ¹and continuing¹
42 membership fees to fund the operations of the joint municipal lien
43 pool, such fees to be refunded from proceeds of sales of liens.

44 d. ¹[The creation of] To create¹ special purpose pools of certain
45 liens, subject to approval of the Local Finance Board.

46 e. ¹[The employment of] To employ¹ or contract with

1 professionals, such as administrators, trustees and other service
2 providers, on such terms as the board of directors of the pool deems
3 appropriate, to manage the affairs of the pool and to sell ¹[or
4 securitize]¹ pooled liens ¹and/or arrange for their use as collateral for
5 bonds or notes¹.

6 ¹f. To contract for the purchase of supplies and other such needs
7 as the pool may require, including, but not limited to, acquisition of
8 office space and the hiring of clerical and secretarial employees.

9 g. Notwithstanding any other provisions of law to the contrary,
10 the joint municipal lien pool shall employ or contract with a person
11 holding a tax collector certificate pursuant to P.L.1979, c.384
12 (C.40A:9-145.1 et seq.), to perform those functions and
13 responsibilities normally performed by a municipal tax collector with
14 regard to municipal liens.¹

15
16 ¹3. For the purposes of P.L. , c. (C.) (now pending
17 before the Legislature as this bill), municipal liens means municipal
18 liens as defined under the "tax sale law," R.S.54:5-1 et seq., except
19 that no lien for taxes shall be transferred to a joint municipal lien pool
20 unless the taxes that are the basis for that lien continue to be
21 delinquent after the tenth day of the eleventh month of the fiscal year
22 of the municipality for which those taxes were due and payable.¹

23
24 ¹[3.] 4.¹ The operations of a joint municipal lien pool shall be
25 subject to the provisions of the "Local Public Contracts Law,"
26 P.L.1971, c.198 (C.40A:11-1 et seq.)¹, the Open Public Meetings Act,
27 P.L.1975, c.231 (C.10:4-6 et seq.)¹ and the "Local Fiscal Affairs
28 Law," N.J.S.40A:5-1 et seq.

29
30 ¹[4.] 5.¹ a. No municipal lien shall be transferred to a joint
31 municipal lien fund unless the record owner of the property subject to
32 the lien has first been sent notice, by regular and certified mail, of the
33 intended transfer and been given an opportunity to redeem the lien at
34 least 10 days prior to the transfer.

35 b. A municipal lien transferred to a joint municipal lien pool shall
36 remain the property of the municipality transferring the lien until
37 actually sold by the pool. Joint municipal lien pools shall not own or
38 foreclose upon municipal liens. The sale or ¹[securitization]
39 arrangement for use as collateral for a bond or note¹ of a municipal
40 lien shall not affect redemption rights or the existing foreclosure
41 process.

42
43 ¹[5.] 6.¹ A joint municipal lien pool may act on behalf of any
44 member municipal tax collector to execute lien certificates as part of
45 a sale. All interests and penalties otherwise due shall be paid to the
46 municipality ¹in cash or notes¹ up to and until the time the liens are

1 sold or ¹[securitized] used as collateral for a bond or note¹.

2

3 ¹[6.] 7.¹ Prior to any initial bulk sale, public sale at auction or
4 ¹[securitization] arrangement for use as collateral for a bond or note¹
5 of municipal liens by a joint municipal lien pool, the pool shall file an
6 operating plan for review and approval of ¹[Director of Local
7 Government Services in the Department of Community Affairs] the
8 Local Finance Board¹. The operating plan shall include ¹the procedure
9 by which the sale, auction or issuance of bonds or notes shall be
10 accomplished along with¹ a method of distribution of revenues that
11 exceed the costs of operating the activities of the pool. ¹The Local
12 Finance Board shall ensure that the operating plan is fiscally prudent,
13 that the fees and costs to be incurred, including those for professional
14 contracts, are appropriate and reasonable, and that the plan meets such
15 other criteria as the board deems necessary.¹

16

17 ¹[7.] 8.¹ The Director of the Division of Local Government
18 Services in the Department of Community Affairs may adopt rules and
19 regulations and issue orders, as necessary, to effectuate the purposes
20 of this act.

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22 ¹[8.] 9.¹ This act shall take effect immediately.

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Permits establishment of joint municipal lien pools.