

[Third Reprint]
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.

3

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 ²[and sums received
13 as repayment of principal and interest on outstanding loans made from
14 the fund]² shall be credited to the fund.

15 The Department of Commerce and Economic Development, in the
16 administration of the fund, is authorized to assign to the New Jersey
17 Economic Development Authority the responsibility for the purchase
18 or assignment of property tax liens held by a municipality, the issuance
19 of debt secured by such liens, and the sale of purchased or assigned tax
20 liens, either individually or in bulk. The department is further
21 authorized to pay or reimburse the authority in the amounts as the
22 department agrees are appropriate for all services rendered by the
23 authority in connection with any assignment of responsibility under the
24 terms of this section out of moneys held in the fund for the purchase
25 of municipally held property tax liens.

26 The authority, if assigned responsibility by the department, is
27 authorized to service liens held by the fund, foreclose liens, and
28 manage, sell and own property for the benefit of the fund. The
29 authority is further authorized to contract with private vendors for
30 ³[the servicing of liens held by] management activities in conjunction

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:

¹ Senate SCO committee amendments adopted June 24, 1996.

² Senate SBA committee amendments adopted November 18, 1996.

³ Assembly floor amendments adopted November 25, 1996.

1 with³ the fund or the management of property owned by the authority
2 for the benefit of the fund.

3 ²Foreclosure of the right of redemption of property from a tax sale
4 undertaken following the purchase or assignment of municipal tax liens
5 held by the fund pursuant to this section may be conducted In
6 Personam or In Rem pursuant to the provisions of the "In Rem
7 Foreclosure Act (1948)," P.L.1948, c.96 (C.54:5-104.29 et seq.),
8 notwithstanding any other provisions of that act to the contrary. If the
9 authority proceeds on a foreclosure In Rem pursuant to P.L.1948, c.96
10 (C.54:5-104.29 et seq.), the authority may proceed only if the
11 foreclosure is required³[as a preliminary action]³ for a specific
12 economic development project³[and the foreclosure is] or a
13 redevelopment project³ approved by a resolution of the municipal
14 governing body in which the property is located.²

15 b. Moneys in the fund ²[shall] may² be allocated and used for the
16 following purposes ²[and no others]²:

17 (1) ²[Purchase of property tax liens held by a municipality, either
18 individually or in bulk] Payments of notes or bonds issued² ¹pursuant
19 to² section 4 of² P.L.1993, c.325 (C.54:5-113.4)¹; ²[and]²

20 (2) ¹[Loans] Subsequent tax payments¹ to a municipality secured
21 by property tax liens held by ¹[that municipality.] the fund;² ²[and]²

22 (3) To secure debt for redevelopment projects or economic
23 development projects located in a municipality participating in the fund
24 ²; and

25 (4) Purchase of property tax liens held by municipalities pursuant
26 to section 2 of P.L.1993, c.113 (C. 54:5-113.1)^{2, 1}

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

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

32 ²e. The provisions of the "Industrial Site Recovery Act," P.L.1983,
33 c.330 (C.13:1K-6 et seq.), shall not apply to the Department of
34 Commerce and Economic Development or the New Jersey Economic
35 Development Authority if foreclosure proceedings for the right of
36 redemption of property from tax sales are pursued following the
37 purchase or assignment of municipal tax liens pursuant to this section.

38 f. A bulk sale shall not be conducted by the department or the
39 authority until after the municipal tax liens shall have first been offered
40 for sale, by either the municipality or the department or authority,
41 individually in the municipality in which the property is located in a
42 manner prescribed by R.S.54:5-19 et seq.²

43
44 2. The Commissioner of Commerce and Economic Development
45 shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
46 c.410 (C.52:14B-1 et seq.), rules and regulations necessary to

1 effectuate the purposes of this act.

2

3 3. This act shall take effect immediately.

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6

7 Establishes State Municipal Property Tax Lien Fund.