

[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 ¹, by
8 adoption of parallel resolutions,¹ 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] or¹ 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.

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

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

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

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

32 a. ¹[Accept] To accept¹ transfers of municipal liens from member
33 municipalities.

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

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

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

43 e. ¹[The employment of] To employ¹ or contract with
44 professionals, such as administrators, trustees and other service
45 providers, on such terms as the board of directors of the pool deems
46 appropriate, to manage the affairs of the pool and to sell ¹[or

1 securitize]¹ pooled liens ¹and/or arrange for their use as collateral for
2 bonds or notes¹.

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

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

12
13 ¹3. For the purposes of P.L. , c. (C.) (now pending
14 before the Legislature as this bill), municipal liens means municipal
15 liens as defined under the "tax sale law," R.S.54:5-1 et seq., except
16 that no lien for taxes shall be transferred to a joint municipal lien pool
17 unless the taxes that are the basis for that lien continue to be
18 delinquent after the tenth day of the eleventh month of the fiscal year
19 of the municipality for which those taxes were due and payable.¹

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21 ¹[3.] 4.¹ The operations of a joint municipal lien pool shall be
22 subject to the provisions of the "Local Public Contracts Law,"
23 P.L.1971, c.198 (C.40A:11-1 et seq.)¹, the Open Public Meetings Act,
24 P.L.1975, c.231 (C.10:4-6 et seq.),¹ and the "Local Fiscal Affairs
25 Law," N.J.S.40A:5-1 et seq.

26
27 ¹[4.] 5.¹ a. No municipal lien shall be transferred to a joint
28 municipal lien fund unless the record owner of the property subject to
29 the lien has first been sent notice, by regular and certified mail, of the
30 intended transfer and been given an opportunity to redeem the lien at
31 least 10 days prior to the transfer.

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

39
40 ¹[5.] 6.¹ A joint municipal lien pool may act on behalf of any
41 member municipal tax collector to execute lien certificates as part of
42 a sale. All interests and penalties otherwise due shall be paid to the
43 municipality ¹in cash or notes¹ up to and until the time the liens are
44 sold or ¹[securitized] used as collateral for a bond or note¹.

45
46 ¹[6.] 7.¹ Prior to any initial bulk sale, public sale at auction or

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

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14 ¹[7.] 8.¹ The Director of the Division of Local Government
15 Services in the Department of Community Affairs may adopt rules and
16 regulations and issue orders, as necessary, to effectuate the purposes
17 of this act.

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19 ¹[8.] 9.¹ This act shall take effect immediately.

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Permits establishment of joint municipal lien pools.