

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY COMMITTEE SUBSTITUTE FOR **SENATE, No. 1303**

# **STATE OF NEW JERSEY**

DATED: JUNE 9, 1997

The Assembly Appropriations Committee reports favorably an Assembly Committee Substitute for Senate Bill No. 1303.

The Assembly Committee Substitute for Senate Bill No. 1303 permits the formation of joint municipal lien pools for the purpose of selling municipal liens in bulk and securitizing municipal liens for sale. The sale of municipal liens in bulk and the sale of securitized liens permit municipalities to dispose of some undesirable liens for which there may be no regular tax lien sale market. The creation of joint municipal lien pools is intended to make bulk sales and securitization more feasible through economies of scale.

The substitute authorizes the creation of a joint municipal lien pool through resolutions by two or more municipalities. The pool would be governed by a board of directors consisting of one member from each municipality. The mayor of a participating municipality would appoint either the municipal tax collector or such other resident of the municipality to the pool, to serve at the mayor's pleasure.

The substitute authorizes a pool to sell liens in bulk, or securitize them on behalf of its members. The pool may accept liens from members, create special purpose pools, subject to the approval of the Local Finance Board, and employ professionals to manage the affairs of the pool and to sell or securitize pooled liens. The pool may assess initial membership fees to fund the operations of the joint municipal lien pool, such fees to be refunded from proceeds of sales of liens.

Under the substitute a municipal lien transferred to a joint municipal lien pool remains the property of the municipality transferring the lien until the lien is actually sold by the pool. All interests and penalties otherwise due are to be paid to the municipality up to and until the time the liens are sold or securitized.

This substitute for Senate Bill No. 1303 as reported by this committee is identical to the substitute for Assembly Bill No. 2244 (1R) reported by this committee.

**FISCAL IMPACT:**

The substitute has no direct impact on State revenues or expenditures; expenses of the lien pool, initially covered by membership fees, are met by lien sale revenues. Because the bill is permissive and provides the first opportunity that municipal governments will have to make such sales, no data are available on a Statewide basis from which to assess the bill's financial impact on municipal governments.