

SENATE, No. 1367

STATE OF NEW JERSEY

INTRODUCED JUNE 24, 1996

By Senators O'CONNOR and KENNY

1 AN ACT concerning the calculation of the municipal reserve for
2 uncollected taxes and amending N.J.S.40A:4-41.

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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. N.J.S.40A:4-41 is amended to read as follows:

8 40A:4-41. a. For the purpose of determining the amount of the
9 appropriation for "reserve for uncollected taxes" required to be
10 included in each annual budget where less than 100% of current tax
11 collections may be and are anticipated, anticipated cash receipts shall
12 be as set forth in the budget of the current year, and in accordance
13 with the limitations of statute for anticipated revenue from, surplus
14 appropriated, miscellaneous revenues and receipts from delinquent
15 taxes.

16 b. Receipts from the collection of taxes levied or to be levied in the
17 municipality, or in the case of a county for general county purposes
18 and payable in the fiscal year shall be anticipated in an amount which
19 is not in excess of the percentage of taxes levied and payable during
20 the next preceding fiscal year which was received in cash by the last
21 day of the preceding fiscal year.

22 c. (1) For any municipality in which tax appeal judgments have
23 been awarded to property owners from action of the county tax board
24 pursuant to R.S.54:3-21 et seq., or the State tax court pursuant to
25 R.S.54:48-1 et seq. in the preceding fiscal year, the governing body of
26 the municipality may elect to determine the reserve for uncollected
27 taxes by using the average of the percentages of taxes levied which
28 were received in cash by the last day of each of the three preceding
29 fiscal years. Election of this choice shall be made by resolution,
30 approved by a majority vote of the full membership of the governing
31 body prior to the introduction of the annual budget pursuant to
32 N.J.S.40A:4-5.

33 (2) If the amount of tax reductions resulting from tax appeal
34 judgments of the county tax board pursuant to R.S.54:3-21 et seq., or

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.

1 the State tax court pursuant to R.S.54:48-1 et seq., for the three
2 preceding fiscal years exceeds 1% of the tax levy for each of those
3 preceding fiscal years, the governing body of the municipality may
4 elect to calculate the current year reserve for uncollected taxes by
5 reducing the certified tax levy of the preceding year by the amount of
6 the tax levy adjustments resulting from those judgments. Election of
7 this choice shall be made by resolution, approved by a majority vote
8 of the full membership of the governing body prior to the introduction
9 of the annual budget pursuant to N.J.S.40A:4-5.

10 (cf: P.L.1991, c.75, s.19)

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12 2. This act shall take effect immediately.

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STATEMENT

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17 This bill would permit a municipality to take into account county
18 tax board or State tax court judgments in the calculation of the reserve
19 for uncollected taxes. When judgments have been issued in favor of
20 taxpayers, the municipality would be permitted to determine the
21 reserve for uncollected taxes by using the average of the percentages
22 of taxes levied which were received in cash by the last day of each of
23 the three preceding fiscal years. If the amount of the tax reductions
24 ordered by the county tax board or the State tax court exceeds 1% of
25 the tax levy for each of the three preceding fiscal years, then the
26 municipality could elect to reduce the current year's reserve for
27 uncollected taxes by reducing the certified tax levy of the prior year by
28 the amount of the tax levy adjustments resulting from those judgments.
29 The elections to reduce the reserve for uncollected taxes would be
30 made by resolution of the governing body adopted prior to
31 introduction of the annual budget.

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36 Permits reduction of amounts required to be raised by taxation under
37 certain circumstances through reduction of reserve for uncollected
38 taxes.