

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 964

STATE OF NEW JERSEY
220th LEGISLATURE

DATED: NOVEMBER 28, 2022

SUMMARY

Synopsis: Permits conversion of fines for violation of certain municipal ordinances into tax liens.

Type of Impact: Potential annual local government expenditure and revenue increases.

Agencies Affected: Municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
Potential Local Cost Increase	Indeterminate
Potential Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill could result in an indeterminate increase in annual revenues to municipalities that choose to enforce unpaid fines for court-ordered housing or zoning violations against properties subject to the liens permitted under this bill.
- The potential for the conversion of a fine into a municipal lien may compel the property owner to pay the fine in a timelier manner than otherwise would be the case. Alternatively, if the municipality goes through the process to convert the fine into a property lien, the municipality could collect additional revenue in the form of accrued interest above the amount of the original fine.
- The bill also could result in an indeterminate increase in annual administrative and court costs to municipalities that choose to enforce unpaid court-ordered housing or zoning violation fines through their conversion into a municipal lien against property.

BILL DESCRIPTION

The bill permits the conversion of municipal court fines against an owner of real property for a housing or zoning violation into a municipal lien against the property cited in the offense if the fine remains unpaid 10 days after the expiration of the time period allowed for the owner to respond

to the violation. The bill provides that a fine is not to be filed as a lien if the owner is making payments toward satisfaction of the fine under an approved installment plan. Prior to converting an unpaid fine into a municipal lien, the municipality is required to notify a property owner in writing that the unpaid fine will be converted into a lien and to provide the property owner with an opportunity to pay the fine or request a court hearing. If the property owner fails to respond in accordance with the notice, the code enforcement officer is to file a copy of the lien and certification with the municipal tax collector. The lien is to be added to the taxes next to be assessed and levied upon such dwelling or lands, bear interest at the same rate as delinquent property taxes, and is to be collected and enforced by the same officers and in the same manner as taxes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill could result in an indeterminate increase in annual revenues to municipalities that choose to enforce unpaid fines for court-ordered housing or zoning violations against properties subject to the liens permitted under this bill. The potential for the conversion of a fine into a municipal lien may compel the property owner to pay the fine in a timelier manner than otherwise would be the case. Alternatively, if the municipality goes through the process to convert the fine into a property lien, the municipality could collect additional revenue in the form of accrued interest above the amount of the original fine.

A fine converted to a municipal lien pursuant to the bill is required to be added to the taxes next to be assessed and levied upon the property, and is required to bear the same interest rate as that charged on delinquent property taxes. Current law provides that interest rates charged by a municipality are not to exceed eight percent on the first \$1,500 of a property tax delinquency and 18 percent on any amount of a property tax delinquency in excess of \$1,500. The OLS is unable to predict how many municipalities in the State will choose to enforce unpaid fines through municipal liens, the number of or total dollar value of municipal liens against properties in each municipality, and whether or to what extent individuals will be compelled to pay their fines rather than have them convert to a municipal lien. The OLS is therefore unable to quantify the expected increase in municipal revenue that will result from this bill.

The bill also could result in an indeterminate increase in annual administrative and court costs to municipalities. The bill requires municipalities that choose to impose a municipal lien pursuant to the bill to serve written notice to the property owner, participate in a court hearing if requested by the property owner, file documents with the municipal tax collector, and ensure that the lien is properly added to property tax bills and collected appropriately.

Section: *Local Government*

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).