

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 646

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 15, 2024

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 646.

As amended, this bill would establish a summary in rem tax foreclosure proceeding, which may be used for a period not to exceed 48 months following enactment of the bill, by a municipality to foreclose tax sale certificates that the municipality has held for at least 20 years. The purpose of the bill is to more easily enable a municipality to foreclose very old tax liens that it has held for at least 20 years. For a myriad of reasons, some of these liens are held for many years, and the cost to foreclose a tax sale certificate can be very expensive, accounting for attorney's fees, title searches, court filing fees, advertising costs and other necessary expenses. Municipalities holding large number of old tax sale certificates require an easier foreclosure process than that provided for under current law.

Under the bill, a municipality holding tax sale certificates that are at least 20 years old would be permitted to follow the summary proceeding for the foreclosure of the right to redeem those certificates, for a period not to exceed 48 months from the date of enactment of the bill. The governing body of the municipality would have to approve the use of the summary proceeding by resolution, pursuant to section 7 of P.L.1948, c.96 (C.54:5-104.35). The tax collector of a municipality deciding to use this summary proceeding would identify, from the tax sale certificates held by the municipality, those certificates that are at least 20 years old, and determine the number of certificates for which a summary proceeding would be commenced. Prior to the filing of a summary proceeding, the tax collector would cause a title search of not less than 20 years to be performed on the municipality's behalf to verify the ownership of each parcel of real property subject to a summary proceeding.

The bill would require the tax collector to prepare and publish a Notice of Intent to File a Summary In Rem Tax Foreclosure Action in the official newspaper of the municipality and in at least one newspaper of general circulation published in the State, each week for three consecutive weeks, notifying the public of the municipality's intention to file a summary in rem tax foreclosure action. The notice would contain the number of the tax sale certificate and the property address for each of the tax sale certificates the municipality seeks to

foreclose. The notice is required to state in boldface type that the owner of a property listed in the notice of intent, or other interested party, has 45 days from the date of the first publication of the notice of intent to submit to the tax collector a written objection to the foreclosure of a tax sale certificate on a parcel of real property listed in the notice of intent.

The bill also requires individual notice to the owner of each parcel of real property listed in the notice of intent. The bill requires that within seven days after the first publication of the notice of intent, the tax collector send, via certified mail, return receipt requested, and regular mail, a copy of the published notice of intent to the last known property owner of record for each parcel of real property listed in the notice of intent at the owner's address in the latest municipal tax duplicate, as well as any other person having an ownership or lien interest recorded in the office of the Superior Court Clerk, the office of the county clerk, or the office of county register of deeds and mortgages. The tax collector is also required to send a copy of the notice of intent to the Office of the Attorney General, within seven days and via electronic mail.

Upon the expiration of the 45-day period to submit a written objection to the foreclosure of a tax lien, the tax collector would file with the Superior Court a Summary In Rem Tax Foreclosure Action to foreclose the tax liens listed in the notice of intent. The tax collector would be required to attach for each parcel of real property:

- (1) the number of the tax sale certificate;
- (2) the date of the tax sale;
- (3) the block and lot location of the property as it appears on the municipal tax map;
- (4) a copy of the notice of intent;
- (5) an affidavit of the tax collector certifying the publication of the notice of intent and proof of mailing, sent to:
 - (a) the last known property owner of record for each parcel of real property listed in the notice of intent at to the owner's address in the latest municipal tax duplicate; and
 - (b) any other person having an ownership or lien interest recorded in the office of the Superior Court Clerk, the office of the county clerk, or the office of county register of deeds and mortgages.

This bill was pre-filed for introduction in the 2024-2025 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill to make a correction to specify that once the requirements of the bill have been satisfied, the foreclosure of the right to redeem the tax liens shall proceed pursuant to the provisions of the In Rem Tax Foreclosure Act (1948), P.L.1948, c.96 (C.54:5-104.29 et seq.), instead of the tax sale law, R.S.54:5-1 et seq.