

[First Reprint]

ASSEMBLY, No. 3967

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 1, 2020

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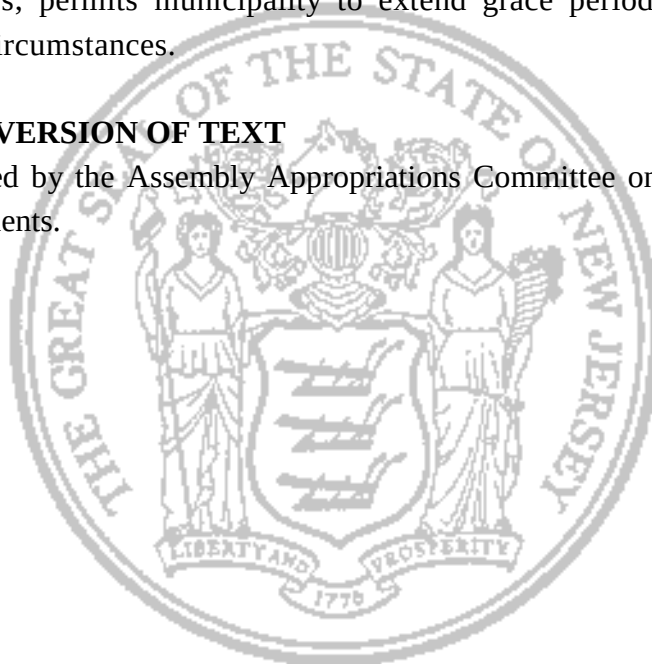
Assemblyman Johnson

SYNOPSIS

Clarifies notice required to be provided to property taxpayers of a change in interest rate on delinquent property taxes under certain emergency circumstances; permits municipality to extend grace period under certain emergency circumstances.

CURRENT VERSION OF TEXT

As reported by the Assembly Appropriations Committee on May 4, 2020, with amendments.



(Sponsorship Updated As Of: 5/7/2020)

1 AN ACT concerning interest on overdue property taxes and
2 amending R.S.54:4-67

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. R.S.54:4-67 is amended to read as follows:

8 54:4-67. a. (1) The governing body of each municipality may
9 by resolution fix the rate of discount to be allowed for the payment
10 of taxes or assessments previous to the date on which they would
11 become delinquent. The rate so fixed shall not exceed 6% per
12 annum, shall be allowed only in case of payment made on or before
13 the thirtieth day previous to the date on which the taxes or
14 assessments would become delinquent, after subtracting the amount
15 of applicable property tax credit as defined in section 1 of P.L.2018,
16 c.11 (C.54:4-66.6). No such discount shall apply to the purchaser
17 of a total property tax levy pursuant to section 16 of P.L.1997, c.99
18 (C.54:5-113.5). The governing body may also fix the rate of
19 interest to be charged for the nonpayment of taxes, assessments, or
20 other municipal liens or charges, unless otherwise provided by law,
21 on or before the date when they would become delinquent, and may
22 provide that no interest shall be charged if payment of any
23 installment is made within the tenth calendar day following the date
24 upon which the same became payable. The governing body, by
25 resolution, may extend this interest-free period up to a maximum of
26 30 days during a period in which a public health emergency,
27 pursuant to the “Emergency Health Powers Act,” P.L.2005, c.222
28 (C.26:13-1 et seq.)¹ [, or a state of emergency, pursuant to
29 P.L.1942, c.251 (C.app.A.9-33 et seq.), or both,]¹ has been declared
30 by the Governor and is in effect. The rate so fixed shall not exceed
31 8% per annum on the first \$1,500.00 of the delinquency and 18%
32 per annum on any amount in excess of \$1,500.00, to be calculated
33 from the date the tax was payable until the date that actual payment
34 to the tax collector is made.

35 (2) Notwithstanding the provisions of paragraph (1) of this
36 subsection regarding delinquent payments, in the case of a
37 municipality that has experienced a flood, hurricane, superstorm,
38 tornado, or other natural disaster, interest shall not be charged by
39 the municipality to a delinquent taxpayer if:

40 (a) a state of emergency has been declared as a result thereof by
41 the Governor less than 30 days prior to the date upon which a
42 property tax installment payment is payable pursuant to R.S.54:4-66
43 or section 2 of P.L.1994, c.72 (C.54:4-66.1), as appropriate, and

44 (b) the governing body of the municipality adopts a resolution
45 providing that interest shall not be charged to a delinquent taxpayer

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AAP committee amendments adopted May 4, 2020.

1 if payment of the property tax installment, plus any available
2 property tax credit as defined in section 1 of P.L.2018, c.11
3 (C.54:4-66.6), is made on or before the first day of the next
4 calendar month from the date upon which it became payable.

5 (3) The municipal clerk shall notify the Director of the Division
6 of Local Government Services in the Department of Community
7 Affairs of its adoption of a resolution effectuating the provisions of
8 paragraph (2) of this subsection not later than the third business day
9 next following the municipal governing body's adoption of the
10 resolution. If the municipality is under State supervision pursuant
11 to the provisions of Article 4 of the "Local Government Supervision
12 Act (1947)," P.L.1947, c.151 (C.52:27BB-54 et seq.), is subject to
13 the provisions of the "Municipal Rehabilitation and Economic
14 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or is
15 otherwise subject to a memorandum of understanding or similar
16 agreement with the division as a condition of receiving
17 supplemental State aid, the resolution shall not be effective unless it
18 is approved by the director.

19 (4) (a) As used in this paragraph:

20 "Eligible resident" means either:

21 (i) an employee of a federal government agency who is
22 furloughed because of a shutdown and receives unemployment
23 benefits during the shutdown or who works during a shutdown but
24 is not paid because of the shutdown; or

25 (ii) a contractor whose pay is received through a contract with a
26 federal government agency but whose payment is delayed or
27 diminished because of a shutdown, provided that the contractor
28 receives unemployment benefits during the shutdown.

29 "Shutdown" means any period in which there is more than a 24-
30 hour lapse in appropriations for any federal government agency as a
31 result of a failure to enact a regular appropriations bill or continuing
32 resolution due to an impasse between the President and the
33 Congress of the United States or between the two Houses of
34 Congress.

35 (b) Notwithstanding the provisions of paragraph (1) of this
36 subsection regarding delinquent payments, a municipality shall not
37 charge interest to a delinquent taxpayer who is an eligible resident
38 or who resides with a spouse, partner in a civil union, or domestic
39 partner who is an eligible resident, if:

40 (i) a shutdown remains in effect for more than 21 days and
41 either ends less than 14 days prior to the date upon which a property
42 tax installment payment is payable pursuant to R.S.54:4-66 or
43 section 2 of P.L.1994, c.72 (C.54:4-66.1), as appropriate, or
44 remains in effect on the date that the property tax installment
45 payment is due and payable; and

46 (ii) the governing body of the municipality in which the
47 delinquent taxpayer resides adopts a resolution providing that
48 interest shall not be charged to such a delinquent taxpayer if

1 payment of the property tax installment, less any available property
2 tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), is
3 made on or before the date upon which the next property tax
4 installment payment is payable.

5 (c) Interest shall not be charged pursuant to this paragraph only
6 if a delinquent property taxpayer provides to the municipality proof
7 that the delinquent property taxpayer's pay, or the pay of the
8 delinquent property taxpayer's spouse, partner in a civil union, or
9 domestic partner, is derived from a federal government agency that
10 is affected by a shutdown. In the case of a federal employee, that
11 proof shall be demonstrated by a pay stub showing employment by
12 a federal government agency that is affected by a shutdown. In the
13 case of a contractor, the resolution adopted by the governing body
14 of the municipality pursuant to subparagraph (b) of this paragraph
15 shall establish the criteria necessary to verify the that the
16 contractor's pay is received through a contract with a federal agency
17 that is affected by a shutdown.

18 (d) The municipal clerk shall notify the Director of the Division
19 of Local Government Services in the Department of Community
20 Affairs of the municipality's adoption of a resolution effectuating
21 the provisions of part (ii) of subparagraph (b) of this paragraph not
22 later than the third business day next following the adoption of the
23 resolution. If the municipality is under State supervision pursuant
24 to the provisions of Article 4 of the "Local Government Supervision
25 Act (1947)," P.L.1947, c.151 (C.52:27BB-54 et seq.), is subject to
26 the provisions of the "Municipal Rehabilitation and Economic
27 Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), or is
28 otherwise subject to a memorandum of understanding or similar
29 agreement with the division as a condition of receiving
30 supplemental State aid, the resolution shall not be effective unless it
31 is approved by the director.

32 b. ¹(1)¹ In any year when the governing body changes the rate
33 of interest to be charged for delinquent taxes, assessments or other
34 municipal charges, or to be charged for the end of the year penalty,
35 the governing body, after adoption of a resolution changing the rate
36 of interest, shall provide a notice to all taxpayers, prior to the date
37 taxes are next due or with the tax bill, stating the new rate or rates
38 to be charged **and** ¹[.] **and**¹the date that the new rate or rates take
39 effect¹[, and, if the new rate or rates of interest are not to be
40 effective for the remainder of the tax year, the property tax quarter
41 or quarters for which the change in the rate or rates shall apply]¹.
42 The notice may be separate from the tax bill. No change in the rate
43 of interest or the end of year penalty shall take effect until the
44 required notice has been provided in accordance with this
45 subsection.

46 ¹(2) When the governing body extends the interest-free period
47 up to a maximum of 30 days during a period in which a public

1 health emergency, pursuant to the “Emergency Health Powers Act,”
2 P.L.2005, c.222 (C.26:13-1 et seq.), has been declared by the
3 Governor and is in effect, pursuant to paragraph (1) of subsection a.
4 of this section, the governing body shall provide a notice to all
5 taxpayers.¹ To satisfy the notice requirement in this **‘[subsection]**
6 paragraph¹, the governing body may use regular mail, or may use
7 **‘[two]** a telephonic system and one¹ of the following alternatives:
8 electronic mail, text messaging system, **‘[telephonic system,]**¹ or
9 any other digital platform used by the municipality to disseminate
10 information to municipal residents electronically. ¹The municipal
11 clerk shall notify the Director of the Division of Local Government
12 Services in the Department of Community Affairs of its adoption of
13 a resolution effectuating the provisions of an extended interest free
14 period, pursuant to paragraph (1) of subsection a. of this section,
15 not later than the third business day next following the municipal
16 governing body's adoption of the resolution.¹

17 c. In municipalities that have sold their property tax levy
18 pursuant to section 16 of P.L.1997, c.99 (C.54:5-113.5), the rate of
19 interest to be charged for the nonpayment of taxes, assessments or
20 other municipal liens or charges shall be the same interest or
21 delinquency rate or rates otherwise charged by the municipality, to
22 be calculated from the date the tax was payable until the date of
23 actual payment to the tax collector. The purchaser of the total
24 property tax levy shall be paid only those amounts attributable to
25 properties included in the total property tax levy purchase and
26 actually collected by the tax collector and which amounts shall not
27 include any delinquent interest collected by the municipal tax
28 collector prior to the time that the total property tax levy purchaser
29 makes the levy payment to the municipality.

30 d. Whenever the time period for a property tax installment
31 payment has been extended pursuant to the provisions of subsection
32 a. of this section, the Director of the Division of Local Government
33 Services in the Department of Community Affairs may, by
34 temporary order, extend the dates for payment of taxes by a
35 municipality due to a county pursuant to R.S.54:4-74, any school
36 district pursuant to R.S.54:4-75, and any other taxing district as
37 provided by law.

38 "Delinquency" means the sum of all taxes and municipal charges
39 due on a specific real property, less the amount of applicable
40 property tax credit as defined in section 1 of P.L.2018, c.11
41 (C.54:4-66.6), covering any number of quarters or years. The
42 property shall remain delinquent, as defined herein, until such time
43 as all unpaid taxes, including subsequent taxes and liens, together
44 with interest thereon shall have been fully paid and satisfied and all
45 applicable property tax credit, as defined in section 1 of P.L.2018,
46 c.11 (C.54:4-66.6), has been credited. The delinquency shall
47 remain notwithstanding the issuance of a certificate of sale pursuant

1 to R.S.54:5-32 and R.S.54:5-46, the payment of delinquent tax by
2 the purchaser of the total property tax levy pursuant to section 16 of
3 P.L.1997, c.99 (C.54:5-113.5) and for the purposes of satisfying the
4 requirements for filing any tax appeal with the county board of
5 taxation or the State tax court. The governing body may also fix a
6 penalty to be charged to a taxpayer with a delinquency in excess of
7 \$10,000 who fails to pay that delinquency as billed, less the amount
8 of applicable property tax credit as defined in section 1 of P.L.2018,
9 c.11 (C.54:4-66.6), prior to the end of the fiscal year. If any fiscal
10 year delinquency in excess of \$10,000 is paid by the holder of an
11 outstanding tax sale certificate or a total property tax levy
12 purchaser, the holder or purchaser, as appropriate, shall be entitled
13 to receive the amount of the penalty as part of the amount required
14 to redeem such certificate of sale providing the payment is made by
15 the tax lien holder or tax levy purchaser prior to the end of the fiscal
16 year. If the holder of the outstanding tax sale certificate or the levy
17 purchaser, as appropriate, does not make the payment in full prior
18 to the end of the fiscal year, then the holder or purchaser shall be
19 entitled to a pro rata share of the delinquency penalty upon
20 redemption, and the balance of the penalty shall inure to the benefit
21 of the municipality. The penalty so fixed shall not exceed 6% of
22 the amount of the delinquency with respect to each most recent
23 fiscal year only.

24 (cf: P.L.2019, c.491, s.1)

25

26 2. This act shall take effect immediately.