ASSEMBLY, No. 4118

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 7, 2020

Sponsored by:
Assemblywoman SERENA DIMASO
District 13 (Monmouth)

SYNOPSIS

Permits county governing body to waive interest required to be charged when municipality does not turn over property tax revenue collected on its behalf in timely manner.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning property tax revenue collected by municipalities on behalf of counties and school districts, and amending R.S.54:4-76.

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

1. R.S.54:4-76 is amended to read as follows:

54:4-76. a. The governing body of the municipality or the county shall cause the county tax due, as calculated pursuant to R.S.54:4-74, and other county taxes levied, school tax due, as calculated pursuant to R.S.54:4-75, taxes due to other taxing districts, and State taxes to be paid as and when due for payment. If there shall not be sufficient funds in the treasury available for such payments, the governing body shall immediately borrow sufficient money and pay such taxes due. Notwithstanding this requirement, whenever a public health emergency, pursuant to the "Emergency Health Powers Act," P.L.2005, c.222 (C.26:13-1 et seq.), or a state of emergency, pursuant to P.L.1942, c.251 (C.App.A.9-33 et seq.), or both, has been declared by the Governor and is in effect, and the Governor, by executive order, permits municipal governing bodies to extend by resolution, the grace period for the payment of property taxes due and owing by property taxpayers beyond the grace period permitted in R.S.54:4-67, the governing body of a municipality that has, by resolution, adopted the extended grace period permitted in the executive order shall have an additional period of time to pay over to the county and to the school district property taxes collected on their behalf by the municipality. That additional period shall be of the same duration as the grace period extension permitted in the executive order and adopted by the municipality by resolution, and the deadline for the municipality to pay over to the county the property taxes due to the county shall be calculated from the date that property taxes paid to the county are required to be paid pursuant to the provisions of R.S.54:4-74.

b. The board of chosen freeholders of each county may by resolution fix the rate of discount to be allowed for the payment to the county treasurer of county taxes previous to the date on which they will become due for payment. The rate so fixed shall not exceed six **[**per centum**]** percent per **[**annum**]** year, and shall be allowed only in case of payment on or before the thirtieth day previous to the date on which said taxes will become due for payment to the county treasurer. On any part of the taxes payable to the county treasurer and on any part of the taxes payable to the State by the county treasurer, which shall remain unpaid after the time within which they are required to be paid by this chapter, the

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.

taxing district or county in arrears shall pay to the county or State, as the case may be, interest at the rate of six [per centum] <u>percent</u> per [annum] <u>year</u> upon the delayed payment.

<u>Notwithstanding the provisions of this subsection, during the grace period permitted by the executive order and adopted by resolution of the governing body, and the extended time period for municipalities to pay the property taxes collected on the county's behalf to the county established in subsection a. of this section, no interest shall be due and owing by the municipality to the county. However, if by the end of that extended time period for municipalities to pay the property taxes to the county, the governing body has not made that payment, the governing body shall be liable for, and shall pay to the county, interest calculated from the date that property taxes are required to be remitted to the county pursuant to R.S.54:4-74, to the date the property taxes are actually paid to the county.</u>

(cf: P.L.2013, c.261, s.5)

2. This act shall take effect immediately and shall be retroactive to April 28, 2020.

STATEMENT

This bill would amend R.S.54:4-76, which requires property taxes collected by a municipality on behalf of a county and school district to be paid as, and when, due for payment, to extend the date due for payment whenever a public health emergency pursuant to the "Emergency Health Powers Act," P.L.2005, c.222 (C.26:13-1 et seq.), or a state of emergency pursuant to P.L.1942, c.251 (C.App.A9-33 et seq.), or both, has been declared by the Governor and is in effect, and the Governor has issued an executive order permitting municipal governing bodies to extend by resolution, the grace period for the payment of property taxes due and owing by property taxpayers beyond the grace period currently permitted in law.

Under the provisions of the bill, the governing body of a municipality that has, by resolution, adopted the extended grace period permitted in such an executive order would have an additional period of time to pay over to the county and to the school district property taxes collected on their behalf by the municipality. That additional period would be of the same duration as the grace period extension permitted in the executive order.

The bill would also amend that statute to revise the current requirement that municipalities that do not pay to a county property taxes collected by the municipality on its behalf as, and when, due for payment must pay interest to the county on the overdue property taxes in the amount of six percent per year. The bill would require

that during the grace period permitted by the executive order and adopted by resolution of the municipal governing body, and the extended time period for municipalities to pay the property taxes collected on the county's behalf to the county established in the bill, no interest would be due and owing by the municipality to the county. The bill provides that, if by the end of that extended time period, the governing body has not remitted to the county the property taxes collected on the county's behalf, the governing body would be liable for, and would have to pay to the county, interest calculated from the date that property taxes are required by statute to be remitted to the county, to the date the property taxes are actually paid to the county.