LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 1149

STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JANUARY 18, 2022

SUMMARY

Synopsis:	Concerns municipal property registration ordinances to address risk of blight.
Type of Impact:	Potential annual cost increases to local governments; potential annual revenue increases to local governments
Agencies Affected:	Municipalities

Office of Legislative Services Estimate

Fiscal Impact	Year 1	Year 2	Year 3
Potential Local Cost Increase		Indeterminate	
Potential Local Revenue Increase		Indeterminate	

- The Office of Legislative Services (OLS) determines that the bill may result in an indeterminate increase in annual local government expenditures for the administrative functions associated with the bill's requirement that creditors provide notification to municipalities regarding foreclosures on commercial properties and for municipalities to provide notification to creditors of their responsibility to abate nuisances and violations of commercial properties that are in foreclosure.

- Local governments may expend additional monies to abate violations and nuisances to the extent that the creditor notification requirement increases the awareness of blighted commercial properties within a municipality and the municipality chooses to address these violations and nuisances. The OLS notes that municipalities currently have this authority.

- Municipalities may impose penalties and enforce liens against creditors of commercial properties for failing to remedy violations and nuisances identified by the municipality, which would increase annual local government revenues. Local governments with a property registration program created by ordinance may also impose fees on creditors, which would further increase annual revenues in these municipalities.

BILL DESCRIPTION

The bill enhances the guidance provided to local government for establishing property registration policies to address the risk of blight. The bill requires that a creditor that has initiated a foreclosure proceeding on a commercial property to provide the municipal clerk with a listing of all commercial properties in the municipality for which the creditor has foreclosure actions pending.

The bill requires the municipal clerk or other responsible local official to notify a foreclosing creditor in the event that a commercial property in foreclosure becomes vacant and the exterior of the property is found to be a nuisance or in violation of any applicable State or local code. The creditor would have the responsibility to abate the nuisance or correct the violation. If the creditor fails to remedy the violation within a specified period, the bill permits the municipality to impose penalties. If the municipality expends public funds in order to abate a nuisance or correct a violation on a commercial property in situations in which the creditor was given appropriate notice, but failed to abate the nuisance or correct the violation as directed, the bill provides the municipality with the same recourse against the creditor as it would have against the title owner of the property to enforce a lien pursuant to current law.

The bill also authorizes a municipality to adopt an ordinance to: (1) create a property registration program for the identification and monitoring of residential and commercial properties in foreclosure; (2) regulate the care, maintenance, security, and upkeep of the exterior of vacant and abandoned residential and commercial properties in foreclosure; and (3) impose property registration fees on creditors, on an annual or semi-annual basis.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that the bill may result in an indeterminate increase in annual local government expenditures for the administrative functions associated with the bill's requirement that creditors provide notification to municipalities regarding foreclosures on commercial properties and for municipalities to provide notification to creditors of their responsibility to abate nuisances and violations of commercial properties that are in foreclosure. Local governments may expend additional monies to abate violations and nuisances to the extent that the creditor notification requirement increases the awareness of blighted commercial properties within a municipality and the municipality chooses to address these violations and nuisances. The OLS notes that municipalities currently have this authority.

Municipalities may impose penalties and enforce liens against creditors of commercial properties for failing to remedy violations and nuisances identified by the municipality, which would increase local government revenues. Local governments with a property registration program created by ordinance may also impose fees on creditors, which would further increase annual revenues in these municipalities.

Section:	*Local Government*
Analyst:	*Abigail Stoyer* *Assistant Research Analyst*
Approved:	*Thomas Koenig* *Legislative Budget and Finance Officer*

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.).