

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2392

with committee amendments

STATE OF NEW JERSEY

DATED: MAY 12, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2392, with amendments.

As amended by the committee, this bill would provide for local government flexibility with regard to various timeframes, deadlines, and other statutory requirements in order to help them continue to function and meet these obligations during times of emergencies.

As amended, the bill provides expansive authority to the Director of the Division of Local Government Services in the Department of Community Affairs to extend certain deadlines applicable to local government units of the State during periods of emergency declared by the Governor. The deadlines that the director may extend include, but are not limited to, deadlines for: a county's notification to the director of a county board of taxation's failure to receive a copy of a school or municipal budget; a county board of taxation's substitution of an adopted municipal budget for an amount certified by the director; a county board of taxation to complete a table of aggregates; the director to act as necessary in order to consolidate ballot questions and procedures when a governing body elects to hold certain referendums; the director to review and approve municipal budgets that are not subject to local review; a municipality to certify a preliminary tax levy; and a municipality to cause an annual audit of their books, accounts, and financial transactions.

In addition, the amended bill provides the Director of the Division of Local Government Services the authority to permit municipalities to institute an extended grace period for quarterly property tax payments and other municipal charges notwithstanding the maximum number of days set forth in R.S.54:4-67, for the first \$10,000 due and owing for the property tax quarter. The amended bill also permits the director to extend the dates for the payment of property taxes collected by a municipality to a county, school district, and any other taxing district; the extension permitted shall be equal to the number of days of the extended grace period pursuant to R.S.54:4-67.

The bill extends certification renewal periods for various county and municipal officers, including finance officers, tax collectors,

and tax assessors. The bill also permits various temporary or acting county and municipal officials to be reappointed on a temporary or acting basis for up to three subsequent one-year terms, if the person appointed on a temporary or acting basis is serving in that capacity as of the effective date of the bill. The amended bill also provides for notice to taxpayers when a municipality extends the interest-free period for the payment of property taxes as permitted in section 1 of the bill, and requires a municipality to notify the Director of the Division of Local Government Services that it has adopted a resolution permitting an extended grace period.

The bill authorizes local public bodies to hold public meetings remotely by electronic means during periods of emergency declared by the Governor so long as reasonable public notice and provision for public input is made under the circumstances. This provision of the bill is retroactive to March 9, 2020, when Executive Order No. 103 was issued, declaring a public health emergency and state of emergency in response to COVID-19. The bill requires the Director of the Division of Local Government Services to adopt regulations for the conduct of these remote meetings, which would later take effect and be followed upon their adoption.

The bill also would clarify that local governments may accept specific types of electronic payments. Namely, this bill would allow local governments to accept payments through in-person-based electronic transfer services, such as a Western Union kiosk, as well as Internet-based electronic transfer systems, such as PayPal and Venmo. The enhanced flexibility provided by this bill to make remote, electronic payments to local governments is of particular importance in light of the social distancing required by the current COVID-19 crisis.

This bill also would modify the general notice requirements when a municipality changes the rate of interest to be charged on delinquent property taxes. Under current law, in any year when the governing body of a municipality changes the rate of interest to be charged for delinquent taxes, the governing body is required to provide a notice to all taxpayers, prior to the date taxes are next due or with the tax bill, of the new rate or rates to be charged and the date that the new rate or rates are to take effect. Under the bill, to satisfy the notice requirement, the municipal governing body would be required to post the notice on its municipal bulletin board; post the notice on its municipal Internet webpage; publish the notice in its official newspaper; provide a notice to all taxpayers by either regular mail or by a telephonic system and issue the notice by one of the following alternatives: electronic mail, text messaging system, or any other digital platform used by the municipality to disseminate information to its residents electronically. The municipality also would have to notify the Director of the Division of Local Government Services in the Department of Community Affairs of

its adoption of a resolution extending the interest-free period no later than the third business day next following its adoption of the resolution.

The bill also would permit a county to waive the six percent per year interest that a municipality is required to pay to a county when it does not turn over property tax revenue collected by the municipality on the county's behalf on the statutorily-required dates, if the municipality adopts the above extended grace period and a public health emergency or a state of emergency has been declared by the Governor and is in effect. Such a waiver would expire 30 days after the end of the municipality's extended grace period.

Lastly, the bill would provide that if the full amount of the employer's contributions certified by the Police and Firemen's Retirement System or the Public Employees' Retirement System was not made within 30 days after the required due date when that due date occurred in the year 2020, the interest at the rate of 10 percent per year that is required to be assessed against the unpaid balance thereof on the first day after such 30th day not be assessed for an additional period of 30 days. If the full amount of the certified employer's contributions is not made within 60 days after the required due date, the interest would be assessed against any unpaid balance of that employer on the first day after that 60th day. This provision is also retroactive to March 9, 2020.

COMMITTEE AMENDMENTS:

The committee amended the bill as follows:

In section 1, to clarify that an extended grace period permitted to be adopted by municipalities by the Director of the Division of Local Government Services shall apply only to the first \$10,000 of property taxes due and payable for the quarter; that when a governing body adopts that extended grace period, it shall have an equal amount of time to turn property taxes collected on behalf of counties, school districts, or other taxing districts over to those entities; requires that a municipality adopting an extended grace period notify the director not later than the third business day following that adoption; and creates a requirement for a notice to be provided to property taxpayers about the extended grace period;

In section 8, to clarify that a local public body may conduct a meeting by electronic means consistent with N.J.S.A.10:4-9.3, and permits the holding of an electronic meeting in the case of a state of local disaster emergency;

In section 9, clarifies the definitions of "In-person funds transfer" and "Online funds transfer" with respect to transactions made under P.L.1995, c.325 to disallow a service that requires a local unit to maintain, and funds to be transmitted to, an account that is not a designated depository of the local unit;

In section 10, makes an amendment to R.S.54:4-67 concerning the notice required to be provided to property taxpayers when a municipality changes the rate of interest to be charged for delinquent property taxes, assessments or other municipal charges, or to be charged for the end of year penalty, and removes language permitting a municipality to extend the grace period for the payment of property taxes by 30 days during a public health emergency or state of emergency;

In section 11, makes a technical correction to a reference concerning subsection a. of section 1 of the bill; and

Make technical corrections to section 13, the effective clause.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.