

SENATE, No. 2469

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 11, 2020

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

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 introduced.



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:

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

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

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

43 (b) the governing body of the municipality adopts a resolution
44 providing that interest shall not be charged to a delinquent taxpayer
45 if payment of the property tax installment, plus any available

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.

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

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

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

19 "Eligible resident" means either:

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

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

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

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

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

45 (ii) the governing body of the municipality in which the
46 delinquent taxpayer resides adopts a resolution providing that
47 interest shall not be charged to such a delinquent taxpayer if
48 payment of the property tax installment, less any available property

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

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

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

31 b. (1) In any year when the governing body changes the rate
32 of interest to be charged for delinquent taxes, assessments or other
33 municipal charges, or to be charged for the end of the year penalty,
34 the governing body, after adoption of a resolution changing the rate
35 of interest, shall provide a notice to all taxpayers, prior to the date
36 taxes are next due or with the tax bill, stating the new rate or rates
37 to be charged and the date that the new rate or rates take effect.
38 The notice may be separate from the tax bill. No change in the rate
39 of interest or the end of year penalty shall take effect until the
40 required notice has been provided in accordance with this
41 subsection.

42 (2) When the governing body extends the interest-free period up
43 to a maximum of 30 days during a period in which a public health
44 emergency, pursuant to the "Emergency Health Powers Act,"
45 P.L.2005, c.222 (C.26:13-1 et seq.), has been declared by the
46 Governor and is in effect, pursuant to paragraph (1) of subsection a.
47 of this section, the governing body shall provide a notice to all
48 taxpayers. To satisfy the notice requirement in this paragraph, the

1 governing body may use regular mail, or may use a telephonic
2 system and one of the following alternatives: electronic mail, text
3 messaging system, or any other digital platform used by the
4 municipality to disseminate information to municipal residents
5 electronically. The municipal clerk shall notify the Director of the
6 Division of Local Government Services in the Department of
7 Community Affairs of its adoption of a resolution effectuating the
8 provisions of an extended interest free period, pursuant to paragraph
9 (1) of subsection a. of this section, not later than the third business
10 day next following the municipal governing body's adoption of the
11 resolution.

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

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

33 "Delinquency" means the sum of all taxes and municipal charges
34 due on a specific real property, less the amount of applicable
35 property tax credit as defined in section 1 of P.L.2018, c.11
36 (C.54:4-66.6), covering any number of quarters or years. The
37 property shall remain delinquent, as defined herein, until such time
38 as all unpaid taxes, including subsequent taxes and liens, together
39 with interest thereon shall have been fully paid and satisfied and all
40 applicable property tax credit, as defined in section 1 of
41 P.L.2018, c.11 (C.54:4-66.6), has been credited. The delinquency
42 shall remain notwithstanding the issuance of a certificate of sale
43 pursuant to R.S.54:5-32 and R.S.54:5-46, the payment of delinquent
44 tax by the purchaser of the total property tax levy pursuant to
45 section 16 of P.L.1997, c.99 (C.54:5-113.5) and for the purposes of
46 satisfying the requirements for filing any tax appeal with the county
47 board of taxation or the State tax court. The governing body may
48 also fix a penalty to be charged to a taxpayer with a delinquency in

1 excess of \$10,000 who fails to pay that delinquency as billed, less
2 the amount of applicable property tax credit as defined in section 1
3 of P.L.2018, c.11 (C.54:4-66.6), prior to the end of the fiscal year.
4 If any fiscal year delinquency in excess of \$10,000 is paid by the
5 holder of an outstanding tax sale certificate or a total property tax
6 levy purchaser, the holder or purchaser, as appropriate, shall be
7 entitled to receive the amount of the penalty as part of the amount
8 required to redeem such certificate of sale providing the payment is
9 made by the tax lien holder or tax levy purchaser prior to the end of
10 the fiscal year. If the holder of the outstanding tax sale certificate
11 or the levy purchaser, as appropriate, does not make the payment in
12 full prior to the end of the fiscal year, then the holder or purchaser
13 shall be entitled to a pro rata share of the delinquency penalty upon
14 redemption, and the balance of the penalty shall inure to the benefit
15 of the municipality. The penalty so fixed shall not exceed 6% of
16 the amount of the delinquency with respect to each most recent
17 fiscal year only.

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

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20 2. This act shall take effect immediately.

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STATEMENT

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25 This bill permits a municipality to extend the 10-day grace
26 period in which property taxes may be paid without accruing
27 interest during a period in which a public health emergency has
28 been declared by the Governor and is in effect, and would clarify
29 the form and content of the notice required to be provided to
30 property taxpayers when a municipality extends the 10-day grace
31 period.

32 The bill would require municipalities to provide notice to all
33 taxpayers when the governing body extends the 10-day grace period
34 during a public health emergency. The bill would permit the
35 governing body of a municipality to satisfy the notice requirement
36 by using either regular mail, or by using a telephonic system and
37 one of the following alternatives: electronic mail, a text messaging
38 system, or any other digital platform used by the municipality to
39 disseminate information to municipal residents electronically. The
40 municipality would also be required to notify the Director of the
41 Division of Local Government Services in the Department of
42 Community Affairs of its adoption of a resolution providing for an
43 extension of the 10-day grace period not later than the third
44 business day next following the municipal governing body's
45 adoption of the resolution.