

[First Reprint]

SENATE, No. 2734

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED JULY 28, 2020

Sponsored by:

Senator PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

Senator SHIRLEY K. TURNER

District 15 (Hunterdon and Mercer)

SYNOPSIS

Permits DCA to modify required amount for reserve for uncollected taxes in response to COVID-19 pandemic.

CURRENT VERSION OF TEXT

As amended by the Senate on October 29, 2020.



(Sponsorship Updated As Of: 11/16/2020)

1 AN ACT concerning the calculation of the reserve for uncollected
2 taxes in municipal budgets ¹in response to COVID-19 pandemic
3 and amending N.J.S.40A:4-41¹.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 ¹**[**1. a. For the purpose of determining the amount of the
9 appropriation for "reserve for uncollected taxes" required to be
10 included in each annual budget where less than 100 percent of
11 current tax collections may be and are anticipated, anticipated cash
12 receipts shall be as set forth in the budget of the current year, and in
13 accordance with the limitations of statute for anticipated revenue
14 from, surplus appropriated, miscellaneous revenues and receipts
15 from delinquent taxes.

16 b. Receipts from the collection of taxes levied or to be levied in
17 the municipality, or in the case of a county for general county
18 purposes and payable in the fiscal year shall be anticipated:

19 (1) In an amount which is not in excess of the percentage of
20 taxes levied and payable during the next preceding fiscal year
21 which was received in cash by the last day of the preceding fiscal
22 year; or

23 (2) In an amount which is not in excess of the percentage of
24 taxes levied and payable during the fiscal year preceding the fiscal
25 year coinciding with any day between March 9, 2020 and June 30,
26 2020.

27 c. For any municipality in which tax appeal judgments have
28 been awarded to property owners from action of the county tax
29 board pursuant to R.S.54:3-21 et seq., or the State tax court
30 pursuant to R.S.54:48-1 et seq. in the preceding fiscal year, the
31 governing body of the municipality may elect to determine the
32 reserve for uncollected taxes by using the average of the
33 percentages of taxes levied which were received in cash by the last
34 day of each of the three preceding fiscal years or the three
35 preceding fiscal years prior to the fiscal year coinciding with any
36 day between March 9, 2020 and June 30, 2020. Election of this
37 choice shall be made by resolution, approved by a majority vote of
38 the full membership of the governing body prior to the introduction
39 of the annual budget pursuant to N.J.S.40A:4-5.

40 d. The director may promulgate rules and regulations to permit a
41 three-year average or a three-year average prior to the fiscal year
42 coinciding with any day between March 9, 2020 and June 30, 2020
43 to be used to determine the amount required for the reserve for
44 uncollected taxes for municipalities to which subsection c. of this
45 section is not applicable.**]**¹

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:

¹Senate floor amendments adopted October 29, 2020.

1 ¹1. N.J.S.40A:4-41 is amended to read as follows:

2 40A:4-41. a. For the purpose of determining the amount of the
3 appropriation for "reserve for uncollected taxes" required to be
4 included in each annual budget where less than 100% of current tax
5 collections may be and are anticipated, anticipated cash receipts
6 shall be as set forth in the budget of the current year, and in
7 accordance with the limitations of statute for anticipated revenue
8 from, surplus appropriated, miscellaneous revenues and receipts
9 from delinquent taxes.

10 b. Receipts from the collection of taxes levied or to be levied in
11 the municipality, or in the case of a county for general county
12 purposes and payable in the fiscal year shall be anticipated in an
13 amount which is not in excess of the percentage of taxes levied and
14 payable during the next preceding fiscal year which was received in
15 cash by the last day of the preceding fiscal year.

16 c. (1) For any municipality in which tax appeal judgments
17 have been awarded to property owners from action of the county tax
18 board pursuant to R.S.54:3-21 et seq., or the State tax court
19 pursuant to R.S.54:48-1 et seq. in the preceding fiscal year, the
20 governing body of the municipality may elect to determine the
21 reserve for uncollected taxes by using the average of the
22 percentages of taxes levied which were received in cash by the last
23 day of each of the three preceding fiscal years. Election of this
24 choice shall be made by resolution, approved by a majority vote of
25 the full membership of the governing body prior to the introduction
26 of the annual budget pursuant to N.J.S.40A:4-5.

27 (2) If tax appeal judgments of the county tax board pursuant to
28 R.S.54:3-21 et seq., or the State tax court pursuant to R.S.54:48-1 et
29 seq., result in tax reductions for the previous fiscal year, the
30 governing body of the municipality may elect to calculate the
31 current year reserve for uncollected taxes by reducing the certified
32 tax levy of the prior year by the amount of the tax levy adjustments
33 resulting from those judgments. Election of this choice shall be
34 made by resolution, approved by a majority vote of the full
35 membership of the governing body prior to the introduction of the
36 annual budget pursuant to N.J.S.40A:4-5.

37 d. The director may promulgate rules and regulations to permit
38 a three-year average to be used to determine the amount required
39 for the reserve for uncollected taxes for municipalities to which
40 subsection c. of this section is not applicable.

41 e. (1) Notwithstanding the provisions of subsections a. and b.
42 to the contrary, when a public health emergency pursuant to the
43 "Emergency Health Powers Act," P.L.2005, c.222 (C.26:13-1 et
44 seq.), or a state of emergency, pursuant to P.L.1942, c.251
45 (C.App.A:9-33 et seq.), or both, has been declared by the Governor
46 in response to the COVID-19 pandemic, the Director of the
47 Division of Local Government Services in the Department of
48 Community Affairs may promulgate general guidance modifying

1 the standard for determining the amount of the appropriation for the
2 reserve for uncollected taxes required to be included in each annual
3 budget. This subsection shall only apply to the 2021 and 2022
4 annual budgets of municipalities on a calendar year budget cycle
5 and shall only apply to the 2022 and 2023 annual budgets of
6 municipalities on a State fiscal year budget cycle.

7 (2) For the purposes of this subsection, "COVID-19 pandemic"
8 means the outbreak of COVID-19 throughout the world, recognized
9 as a pandemic by the World Health Organization on March 11,
10 2020.¹

11 (cf: P.L.2010, c.56, s.1)

12

13 2. This act shall take effect immediately ¹**and shall expire on**
14 **January 1, 2023¹.**