

SENATE, No. 3023

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED OCTOBER 19, 2020

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

SYNOPSIS

Requires that interest shall not accrue on unpaid property taxes or other municipal liens unless the total amount of the overdue property taxes or municipal charges is \$100 or more.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning interest imposed on overdue property taxes or
2 other municipal charges and amending R.S.54:4-67.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
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 rate
25 so fixed shall not exceed 8% per annum on the first \$1,500.00 of the
26 delinquency and 18% per annum on any amount in excess of
27 \$1,500.00, to be calculated from the date the tax was payable until
28 the date that actual payment to the tax collector is made.
29 Notwithstanding the provisions of this paragraph, when the total
30 amount of delinquent taxes, assessments, or other municipal liens or
31 charges is less than \$100, interest shall not be charged.

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

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

41 (b) the governing body of the municipality adopts a resolution
42 providing that interest shall not be charged to a delinquent taxpayer
43 if payment of the property tax installment, plus any available
44 property tax credit as defined in section 1 of P.L.2018, c.11
45 (C.54:4-66.6), is made on or before the first day of the next
46 calendar month from the date upon which it became payable.

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

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

16 "Eligible resident" means either:

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

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

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

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

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

42 (ii) the governing body of the municipality in which the
43 delinquent taxpayer resides adopts a resolution providing that
44 interest shall not be charged to such a delinquent taxpayer if
45 payment of the property tax installment, less any available property
46 tax credit as defined in section 1 of P.L.2018, c.11 (C.54:4-66.6), is
47 made on or before the date upon which the next property tax
48 installment payment is payable.

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

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

28 b. At any time when the governing body changes the rate of
29 interest to be charged for delinquent taxes, assessments, or other
30 municipal charges, or to be charged for the end of the year penalty,
31 pursuant to subsection a. of this section, the governing body, after
32 adoption of a resolution changing the rate of interest, shall provide
33 a notice to all taxpayers, prior to the date that taxes are next due or
34 with the tax bill, stating the new rate or rates to be charged, the date
35 that the new rate or rates take effect, and, if the new rate or rates of
36 interest are not to be effective for the remainder of the tax year, the
37 property tax quarter or quarters for which the change in rates shall
38 apply. The notice may be separate from the tax bill. A change in
39 the rate of interest or the end of year penalty shall not take effect
40 until the required notice has been provided in accordance with this
41 subsection. To satisfy the notice requirement in this subsection, the
42 governing body shall post the notice on its municipal bulletin board;
43 post the notice on its municipal Internet webpage; publish the notice
44 in its official newspaper; provide a notice to all taxpayers by either
45 (1) regular mail; or (2) by a telephonic system and issue the notice
46 by one of the following alternatives: electronic mail, text messaging
47 system, or any other digital platform used by the municipality to
48 disseminate information to public residents electronically.

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

14 d. Whenever the time period for a property tax installment
15 payment has been extended pursuant to the provisions of subsection
16 a. of this section, the Director of the Division of Local Government
17 Services in the Department of Community Affairs may, by
18 temporary order, extend the dates for payment of taxes by a
19 municipality due to a county pursuant to R.S.54:4-74, any school
20 district pursuant to R.S.54:4-75, and any other taxing district as
21 provided by law.

22 "Delinquency" means the sum of all taxes and municipal charges
23 due on a specific real property, less the amount of applicable
24 property tax credit as defined in section 1 of P.L.2018, c.11
25 (C.54:4-66.6), covering any number of quarters or years. The
26 property shall remain delinquent, as defined herein, until such time
27 as all unpaid taxes, including subsequent taxes and liens, together
28 with interest thereon shall have been fully paid and satisfied and all
29 applicable property tax credit, as defined in section 1 of
30 P.L.2018, c.11 (C.54:4-66.6), has been credited. The delinquency
31 shall remain notwithstanding the issuance of a certificate of sale
32 pursuant to R.S.54:5-32 and R.S.54:5-46, the payment of delinquent
33 tax by the purchaser of the total property tax levy pursuant to
34 section 16 of P.L.1997, c.99 (C.54:5-113.5) and for the purposes of
35 satisfying the requirements for filing any tax appeal with the county
36 board of taxation or the State tax court. The governing body may
37 also fix a penalty to be charged to a taxpayer with a delinquency in
38 excess of \$10,000 who fails to pay that delinquency as billed, less
39 the amount of applicable property tax credit as defined in section 1
40 of P.L.2018, c.11 (C.54:4-66.6), prior to the end of the fiscal year.
41 If any fiscal year delinquency in excess of \$10,000 is paid by the
42 holder of an outstanding tax sale certificate or a total property tax
43 levy purchaser, the holder or purchaser, as appropriate, shall be
44 entitled to receive the amount of the penalty as part of the amount
45 required to redeem such certificate of sale providing the payment is
46 made by the tax lien holder or tax levy purchaser prior to the end of
47 the fiscal year. If the holder of the outstanding tax sale certificate
48 or the levy to the end of the fiscal year, then the holder or purchaser

1 shall be entitled to a pro rata share of the delinquency penalty upon
2 redemption, and the balance of the penalty shall inure to the benefit
3 of the municipality. The penalty so fixed shall not exceed 6% of
4 the amount of the delinquency with respect to each most recent
5 fiscal year only.
6 (cf: P.L.2020, c.34, s.10)

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8 2. This act shall take effect immediately.

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STATEMENT

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13 This bill would prohibit a municipality from charging interest on
14 delinquent property taxes, assessments, or other municipal liens and
15 charges when the total amount of the delinquency is less than \$100.
16 Under current law, any such delinquency will accrue interest until
17 the delinquency is satisfied.