

R.S. 54:4-67

July 19, 1968

LEGISLATIVE NOTES ON R.S. 54:4-67
(Payment of taxes due municipalities)

COPY 2

L. 1918, Chapter 236, Sect. 603 - A51
Introduced January 14 by Pierson.
February 13 - Passed Assembly, amended by committee.
(copy of amendments enclosed).
February 27 - Passed Senate.
March 4 - Signed by Governor.
Statement on bill:

"This act constitutes a general revision
of the tax laws".
(copy of Sect. 603 of original bill enclosed).

Amended L. 1931, Chapter 367, Sect. 1 - A231
Introduced February 10 by Barlow.
March 3 - Passed Assembly.
April 22 - Passed Senate amended.
April 22 - Amendments passed in Assembly.
(copies of original and OCR enclosed).
April 28 - Signed by Governor.
Statement on bill:

"The purpose of this act is to fix the
interest rate on delinquent taxes].

Amended L. 1965, Chapter 105, Sect. 1 - A215
Introduced January 25, 1965 by Everett, Kimmelman,
Genova, Wallwork and Burke.
Not amended during passage.
Statement on bill. (Original copy of bill with statement enclosed).

974.90 See recommendations of the N.J. Commission for the Survey of
M966 Municipal Financing, Appointed under the Resolution of March 2,
1916 1915. Report, p. 11 (copy enclosed).

974.90 See above recommendations renewed by the above Commission
M966 reappointed as of March 18, 1916. Report, p. 12 (copy enclosed).
1917B

974.90 See recommendations of the above Commission reappointed as of
M966 March 7, 1917 for a general revision of the law concerning assess-
1918 ment and collection of taxes, pp. 12-13. (copy enclosed).

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Minutes of N. J. Assembly, 1918
WEDNESDAY, JANUARY 30, 1918.

257

Favorably, without amendment.

Mr. Pierson, Chairman of the Committee on Judiciary, reported

Assembly Bill No. 51, entitled "An act for the assessment and collection of taxes (Revision of 1918),"

With the following committee amendments, which were read and adopted:

Amend section 201, line 4, on page 1, by striking out the period after the word "provided", and inserting in lieu of said period a semicolon, and adding after said semicolon the words "*provided, however*, that nothing in this act shall be construed to repeal the act entitled".

Amend section 203, subdivision (9), page 4, line 64, by striking out the words "of the fire department or".

Amend section 203, by adding subdivision to be known as subdivision (11) to read as follows:

"Any personal property or real estate not exceeding two hundred and fifty acres in extent, owned and actually and exclusively used by any corporation organized under the laws of New Jersey to provide instruction in agricultural pursuits for soldiers and sailors of the United States who have been permanently crippled while in active service in time of war, provided that all income derived from said property and the products thereof in excess of the expense of its maintenance and operation, shall be used exclusively for the benefit of such crippled soldiers and sailors."

Amend section 203, by adding a subdivision to be known as subdivision (12), to read as follows:

"Household furniture and effects, to a value not exceeding one hundred dollars in amount, when located and used in the residence of the owner thereof."

Amend section 302, in line 4, on page 5, by inserting after the word "district", and before the word "shall", a comma, and adding after said comma the words "and every owner of personal property located in said district,".

Amend section 306, subdivision (1), line 7, page 8, by striking out the words "first day of July" and substituting therefor the words "thirty-first day of December".

Amend section 308, line 13, page 10, by striking out the period at the end of said line and substituting in lieu thereof a comma and adding after said comma the words "for its use".

Amend section 401, subdivision (1), line 29, on page 11, by adding after the word "taxation," and before the word "with",

the words "and all exempted personal property"; and add after the word "buildings" at the end of line 29 the words "and personal property"; and insert after the word "real" and before the word "property", in line 30, the words "and personal".

Amend section 401, subdivision (3), line 9, page 12, by striking out the words "five days" and substituting therefor the words "one week".

Amend section 403, at line 1, at page 12, by striking out the word "inhabitant" in said line and inserting in lieu thereof the words "owner of real property".

Amend section 503, page 14, at lines 1 and 9, by substituting for the words "eighth day of March," in each of said lines, the words "first day of February," and in the 14th line of the said section substitute for the words "tenth day of March", the words "tenth day of February."

Amend section 508, on pages 16 and 17, by striking out all of the matter after the word "items;" in line three and before the word "The" in line 21, and insert in lieu thereof the following:

(1) The total number of acres and lots assessed; (2) the value of the land assessed; (3) the value of the improvements thereon assessed; (4) the total value of the land and improvements assessed, exclusive of second class railroad property; (5) the value of second class railroad property; (6) the value of the personal property assessed; (7) the total amount of deductions for debts claimed and allowed in each taxing district; (8) the total net valuation taxable; (9) the total amount deducted under the provisions of chapter 57 of the Public Laws of 1910 as amended by chapter 188 of the Public Laws of 1912, or any amendments or supplements or other enactments governing the same subject; (10) the total amount added under any of the laws mentioned in subdivision (9) of this section; (11) the total amount added for equalization under the provisions of chapter 31 of the Public Laws of 1917, or any subsequent enactment governing the same subject; (12) the amount of polls assessed; (13) the amount of dog taxes assessed; (14) the net valuation on which county, State and State school taxes are apportioned; (15) the total valuation of property exempt from taxation in each taxing district, specifying particularly and by separate items; (a) the amount of public school property; (b) the amount of other school property; (c) the amount of public property other than school property; (d) the amount of church and charitable property; (e) the amount of cemetery property and graveyards; (f) the amount of personal property exempted

under the provisions of subdivision (12) of section 203 of this act; (g) the amount of exempted property not included in any of the foregoing classifications, giving a general heading or statement of the nature of such property; (h) the total value of exempt property in each taxing district; (16) the amount apportioned to each taxing district for State road tax; (17) the amount apportioned to each district for State school tax; (18) the amount apportioned to each taxing district for county expenses; (19) the total amount to be raised in each taxing district for local purposes; (20) the amount to be raised in each taxing district for any other State tax not enumerated herein; (21) the amount of bank stock tax apportioned to each district; (22) the tax rate per one hundred dollars of valuation in each taxing district.

Amend section 509, line 1, page 17, by striking out the words "tenth day of March" and substituting therefor the words "first day of April".

Amend sections 511, 512, 513 and 514, pages 18, 19 and 20, by striking out the whole of each of said section.

Amend the number of section 515, at line 1, on page 20, to read "511".

Amend the number of section 516, at line 1, on page 21, to read "512".

Amend the number of section 517, at line 1, on page 21, to read "513".

Amend the number of section 518, at line 1, on page 22, to read "514".

Amend the number of section 519, at line 1, on page 22, to read "515".

Amend section 602, lines 1 and 2, page 23, by striking out the words "fifteenth day of March" and substituting therefor the words "first day of April".

Amend section 603, at line 9, on page 24, by striking out the word "sum" and inserting in lieu thereof the word "rate", and strike out the word "eight", in said line, and insert in lieu thereof the word "nine", and strike out the period at the end of said line and insert in lieu thereof a comma, and after said comma add the words "nor be less than seven per centum per annum".

Amend section 606, line 2, page 25, by inserting between the word "taxes" and the word "by" the words "on personal property and poll taxes and dog taxes".

Mr. Pierson, Chairman of the Committee on Judiciary, reported

A51 of 1918

23

9 of the deed of conveyance, then the amount of the taxes last previously assessed
10 against such real estate shall be used as the basis for computing the apportion-
11 ment herein provided, the liability of the seller herein provided shall exist only be-
12 tween him; his heirs, executors, administrators and assigns, and the purchaser and
13 his heirs, executors, administrators and assigns, and shall in no way affect the lien
14 of the municipality or taxing district for unpaid taxes upon the real estate.

ARTICLE VI.

COLLECTION OF TAXES.

.. 1 601. As soon as the tax duplicate is delivered to the collector of the taxing
2 district, as hereinbefore provided, he shall at once begin the work of preparing, com-
3 pleting, mailing or otherwise delivering tax bills to the individuals assessed, and shall
4 complete such work on or before the fifteenth day of May. The validity of any tax
5 or assessment, or the time at which the same shall be payable, shall not be affected by
6 the failure of any taxpayer to receive a tax bill, but all taxpayers are put upon
7 notice to ascertain from the proper officials of the respective taxing districts the
8 amount which may be due for taxes or assessment against any such taxpayer or
9 property.

1 602. Taxes shall be payable, one-half of the amount thereof on the fifteenth
2 day of March, which if not paid on or before the first day of June will become de-
3 linquent on that date, and the taxpayer or property assessed will be subject to the
4 penalties hereinafter prescribed. The remaining half of said taxes shall be paid on
5 or before the first day of December, after which date, if unpaid, they shall become
6 delinquent and the taxpayer or property subject to the same penalties.

1 603. The governing body of each municipality shall have power to fix by reso-
2 lution the rate of discount to be allowed for the payment of taxes or assessments
3 previous to the date on which the same would become delinquent, which rate of
4 discount shall not exceed six per centum per annum, and shall be allowed only in
5 case of payment on or before the thirtieth day previous to the date on which the
6 said taxes or assessments would become delinquent; and also the rate of interest

ASSEMBLY, No. 281

(P. L. 1918, page 873)

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 9, 1931

By Mrs. BARLOW

Referred to Committee on Municipal Corporations

AN ACT to amend an act entitled "An act for the assessment and collection of taxes"
(Revision of 1918), approved March fourth, one thousand nine hundred and
eighteen.

1 BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1 1. Section six hundred and three of the act of which this act is amendatory be
2 and the same hereby is amended so that it shall read as follows:

3 603. The governing body of each municipality shall have power to fix by resolu-
4 tion the rate of discount to be allowed for the payment of taxes or assessments
5 previous to the date on which the same would become delinquent, which rate of
6 discount shall not exceed six per centum per annum, and shall be allowed only
7 in case of payment on or before the thirtieth day previous to the date on which the
8 said taxes or assessments would become delinquent; and also the rate of interest
9 to be charged for the nonpayment of taxes or assessments on or before the date
10 when the same would become delinquent, which rate for nonpayment as aforesaid
11 shall not exceed the rate of ~~nine~~ seven per centum per annum ~~nor be less than~~
12 ~~seven per centum per annum~~].

1 2. This act shall take effect immediately.

STATEMENT

The purpose of this act is to fix the interest rate on delinquent taxes.

[SECOND OFFICIAL COPY REPRINT.]

ASSEMBLY, No. 231

(P. L. 1918, page 873)

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 9, 1931

By Mrs. BARLOW

Referred to Committee on Municipal Corporations

AN ACT to amend an act entitled "An act for the assessment and collection of taxes"
(Revision of 1918), approved March fourth, one thousand nine hundred and
eighteen.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1 1. Section six hundred and three of the act of which this act is amendatory be
2 and the same hereby is amended so that it shall read as follows:

3 603. The governing body of each municipality shall have power to fix by resolu-
4 tion the rate of discount to be allowed for the payment of taxes or assessments
5 previous to the date on which the same would become delinquent, which rate of
6 discount shall not exceed six per centum per annum, and shall be allowed only
7 in case of payment on or before the thirtieth day previous to the date on which the
8 said taxes or assessments would become delinquent; and also the rate of interest
9 to be charged for the nonpayment of taxes or assessments on or before the date
10 when the same would become delinquent, which rate for nonpayment as aforesaid
11 shall not exceed the rate of eight per centum per annum.

1 2. This act shall take effect immediately.

CHAPTER 145 LAWS OF N. J. 1965
APPROVED 6-15-65
ASSEMBLY, No. 215

STATE OF NEW JERSEY

INTRODUCED JANUARY 25, 1965

By Assemblymen EVERETT, KIMMELMAN, GENOVA, WALLWORK
and BURKE

Referred to Committee on County and Municipal Government

AN ACT concerning the collection of taxes and assessments, and amending section 54:4-67 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State of New*
2 *Jersey:*

1 1. Section 54:4-67 of the Revised Statutes is amended to read as follows:
2 54:4-67. The governing body of each municipality may by resolution fix
3 the rate of discount to be allowed for the payment of taxes or assessments
4 previous to the date on which they would become delinquent. The rate so fixed
5 shall not exceed 6% per annum, and shall be allowed only in case of payment
6 on or before the thirtieth day previous to the date on which the taxes or as-
7 sessments would become delinquent. The governing body may also fix the
8 rate of interest to be charged for the nonpayment of taxes or assessments
9 on or before the date when they would become delinquent, *and may provide*
10 *that no interest shall be charged if payment of any installment is made*
11 *within 10 days after the date upon which the same became payable.* The rate so
12 fixed shall not exceed 8% per annum.

1 2. This act shall take effect immediately.

STATEMENT

By R. S. 54:4-66, taxes are payable in quarterly instalments on February 1, May 1, August 1 and November 1 in each year, and instalments become delinquent if not paid on or before those dates. R. S. 54:4-67 authorizes a municipality to charge interest, not exceeding 8% per annum, upon delinquent instalments of taxes or assessments. Many municipalities waive such interest charge where payment is received within several days after the due date, even though there is no sanction in the statute so to do.

The purpose of this bill is to authorize municipalities to provide a grace period, not exceeding 10 days, within which an installment of taxes or assessment may be received without an additional charge for interest. Of course, any installment received after the expiration of the grace period would bear interest from the due date.

*N. J. Commission for the Survey of Municipal
Financing, appointed March 2, 1915. Report.*

RECOMMENDATIONS OF THE COMMISSION

County Tax Collections

The present law governing the assessment and collection of taxes imposes a penalty upon the taxpayer for failure to pay his tax to the taxing district when due, and it further imposes a penalty upon the county for its failure to make prompt payment of the state school tax to the State Treasurer, but no penalty is imposed on the municipality for failure to pay the county and state school taxes to the County Collector when due. The imposing of penalties in the one instance, and not in the other, has caused serious inconvenience to many counties.

The failure on the part of municipalities to turn over promptly the county and the state school taxes to the County Collectors makes it necessary for the counties to borrow in anticipation of such payments. A portion of the burden of the cost entailed in carrying these loans falls upon the municipalities which meet their obligations, thereby imposing a penalty for prompt payment. The municipalities which are in arrears enjoy the benefits of the penalties imposed upon the taxpayers for payments of taxes which are in arrears to the municipalities, but, in turn, suffer no penalty for payment of taxes which are in arrears to the county.

To overcome this inversion of the principle of rewards and penalties,

Your commission recommends an amendment to the tax law which will impose a penalty upon the municipality for non-payment of county and state school taxes to the county collector when due.

Such an amendment makes a proper distribution of the burdens which a delinquent should suffer, and provides a just reward for prompt payment.

Uniform Fiscal Year

Under the present laws first class counties, and first and second class cities are allowed to fix the date of their fiscal year. The fiscal year of all other counties and municipalities is the calendar year.

The governing boards of several counties contend that the irregular fiscal years of their municipalities impose a serious handicap

*N.J. Commission for the Survey of Municipal
Financing, appointed March 18, 1916. Agent.*

RENEWED RECOMMENDATIONS OF THE COMMISSION

County Tax Collections

The present system of levying local, state and county taxes imposes the burden of collection from the taxpayer upon the taxing district. The State certifies the state school tax to be borne by each county, and the county certifies the state school and county tax to the taxing district.

The present law imposes a penalty upon the taxpayer for failure to pay his tax to the taxing district when due, and imposes a further penalty upon the county for its failure to make prompt payment of the state school tax to the state treasurer, but no penalty is imposed on the municipality for its failure to pay the county and state school taxes to the county collector when due. In some counties municipalities withhold their payments to the county which necessitates borrowing in anticipation of receipt of such revenues. A portion of the burden of the costs entailed by these loans falls upon the municipalities which meet their obligations promptly while the municipalities which are in arrears reap the benefits of the penalties imposed upon their taxpayers for failure to pay taxes when due, thereby reversing the principle of rewards and penalties.

The Commission renews its recommendation for an amendment to the tax law which will impose a penalty upon the municipality for non-payment of county and state taxes to the county collector when due.

Such an amendment would establish a fair distribution of penalties for delinquent payment of taxes and at the same time prevent the injustice of a penalty for prompt payment, as is the case under the present law.

Uniform Reports

Financial statements of municipalities and counties are published annually in connection with the Comptroller's report, under the requirements of the Statute of 1881. It is left with the official required to make such statement as to its form and detail. In the last published report, the financial statement of one of the smallest counties of the State covered sixty-one pages, whereas the statement of one of the

*N. J. Commission for the Survey of Municipal Finances,
appointed March 7, 1917. Report.*

NEW RECOMMENDATIONS

The Tax and Assessment Problem

In accord with the suggestion of Governor Edge, the Commission has undertaken the study and survey of the problems in connection with the assessment and collection of taxes. The work has been slow and tedious, by reason of complications arising out of present conditions and practices. The problem divides itself into two distinct subjects, each interrelated to and dependent on the other.

The first phase of this problem to be studied was the rearrangement of the tax collection dates, in order to provide a mid-year as well as a year-end date for the payment of taxes. This involves a complete revision and reestablishment of all assessment, review, equalization, appeal and collection dates. Each of these has its own independent bearing upon the several classes of tax which contribute or flow into the General Property Tax, such as railroad and canal tax, franchise tax and bank stock tax. All the different steps in the process of assessing, levying, and collecting these several sources of tax revenue, as well as coordinating the county, state school tax and state road tax which emerge out of the General Property Tax have been involved in the undertaking. It is purposed that the numerous amendments to the 1903 basis tax law shall be codified and reconciled in one act, as well as providing a double tax payment day. This will bring in revenues at a time when they can be employed in financing current budget requirements, and do away with the large volume of borrowing which is necessary under the present plan. It is estimated that approximately two million dollars is paid annually for interest by municipalities and counties, and that at least seventy-five per centum of this sum will be saved under the proposed plan. The dates arranged are October 1st of the previous year for the assessment of general property; March 1st for fixing the levy; and June 1st for the day upon which the first half of the taxes will be due, the other half will be due on December 1st. The counties will receive one-half their county taxes on June 15th and the remainder on December 15th. On the latter date, the entire amount of the State School and State Road Taxes must be turned over to the County Collector, and all state moneys received by him must be forwarded to the State Treasurer before the close of the year. The rearrangement

of the assessment and collection dates constitutes the revised machinery of the New Jersey Taxing system.

There is, however, another and vitally important part in this problem, viz., the assessments and the several factors and officials which contribute to this feature of the system.

New Jersey's system of assessing is antiquated. It lacks an executive head and definite direction, and consequently cannot produce uniform or equitable assessments. The State Board of Taxes and Assessments and the subsidiary County Boards of Taxation constitute adequate machinery, but the lack of an executive head for assessment purposes has discounted their efficiency and to a large measure defeated the purposes of these organizations. It is the opinion of the Commission that until this part of the machinery for the assessment of properties is given a proper direction that the ineffectiveness of our present system will not be overcome, consequently

The Commission recommends the appointment of a State Assessor, who shall be the executive head and director of the assessment machinery of the State, and to him the County Board and the District Assessor shall be directly responsible.

To further carry out such a plan, it is evident that the State Assessor should have a representative on the field; one who could be directly responsible for carrying out the rules and standards laid down by the State Board to whom the State Assessor would be directly responsible. In furtherance of this plan,

The Commission recommends that Deputy State Assessors be appointed, who shall devote their entire time to familiarizing themselves with the properties and conditions in their districts, and to exercise supervision over the assessors and assessments in the several taxing districts. To make effective the state, county and local assessment machinery, it is purposed to make no change whatever in the State Board of Taxes and Assessments, but to add to the department a State Assessor, and to leave the organization of the county board as now constituted with its present functions of equalization, review, etc. Under such a plan, the working out of the proposed system of definite control and direction is brought down to the assessor or board of assessment of the taxing district. This is the point of greatest weakness in our present system, or, in fact, any system that may be devised, but it is entirely