

54:5-19.2

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2001 **CHAPTER:** 266
NJSA: 54:5-19.2 (Municipal contracts for property tax lien management services)
BILL NO: A3636 (Substituted for S2619)

SPONSOR(S): Roberts

DATE INTRODUCED: June 7, 2001

COMMITTEE: **ASSEMBLY:** Local Government

SENATE: ----

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** November 29, 2001

SENATE: December 6, 2001

DATE OF APPROVAL: December 11, 2001

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Assembly Committee Substitute enacted)

A3636

SPONSORS STATEMENT: (Begins on page 3 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

S2619

SPONSORS STATEMENT: (Begins on page 4 of original bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

Identical to Assembly Statement for A3636

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

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ASSEMBLY, No. 3636

STATE OF NEW JERSEY

209th LEGISLATURE

INTRODUCED JUNE 7, 2001

Sponsored by:

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

SYNOPSIS

Authorizes municipalities to contract for private delinquent property tax collection services.

CURRENT VERSION OF TEXT

As introduced.



A3636 ROBERTS

2

1 AN ACT authorizing municipalities to contract for property tax
2 collection services under certain circumstances and supplementing
3 Title 54 of the Revised Statutes.

4

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

7

8 1. Notwithstanding any other provision of law to the contrary, the
9 governing body of a municipality, by ordinance, may enter into
10 agreements with one or more private persons, companies, associations
11 or corporations providing debt collection services for the purpose of
12 collecting past due property taxes, interest, additions to tax and
13 penalties. A provider of debt collection services that is party to such
14 an agreement with a municipality shall have the same rights and
15 remedies as the municipality. Any such agreement shall contain
16 provisions prohibiting the use of unfair debt collection practices by the
17 provider of debt collection services, which provisions shall include,
18 without limitation, restrictions upon the conduct of the provider of
19 debt collection services substantially similar to those contained in the
20 "Fair Debt Collection Practices Act," 15 U.S.C. s.1692 et seq.

21

22 2. As part of any such agreement, the governing body may provide
23 that compensation for the debt collection services may be added to the
24 property taxes, interest, additions to tax and penalties to be collected
25 from the property tax debtor by the provider of debt collection
26 services. Any such authorization shall be subject to the same
27 conditions and restrictions imposed upon the governing body by law,
28 and may be further limited or subject to standards imposed by the
29 governing body.

30

31 3. The municipal tax collector may provide such taxpayer
32 information as is necessary for the provider of debt collection services
33 to fulfill its obligations under the collection agreement, as directed by
34 the governing body. The provider of debt collection services shall
35 maintain the confidentiality of taxpayer information. Violation of the
36 confidentiality of taxpayer information shall constitute grounds for the
37 termination of the contract on the part of the governing body.

38

39 4. The director of the Division of Local Government Services shall
40 promulgate regulations pursuant to the "Administrative Procedure
41 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), and take other necessary
42 or useful measures in order to secure the largest possible recoveries
43 for municipalities, ensure the integrity of municipal property tax
44 collection and assure fairness to property taxpayers.

1 5. This act shall take effect immediately.

2

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STATEMENT

5

6 This bill authorizes municipalities to enter into agreements with
7 private entities to provide for debt collection services in order to
8 collect past due property taxes, interest, additions to tax and penalties.
9 Any such agreement shall contain provisions prohibiting the use of
10 unfair debt collection practices by the provider of debt collection
11 services.

12 As part of such an agreement, the bill authorizes municipal
13 governing bodies to provide that compensation for the debt collection
14 services may be added to the property taxes, interest, additions to tax
15 and penalties to be collected from the tax debtor by the provider of
16 debt collection services. Such authorization shall be subject to the
17 same conditions and restrictions imposed upon the governing body by
18 law.

19 The municipal tax collector may provide such taxpayer information
20 as is necessary for the provider of debt collection services to fulfill its
21 obligations under the collection agreement, as directed by the
22 governing body; violation of a property taxpayer's confidentiality by
23 the debt collection service provider, however, shall constitute grounds
24 for the municipality to terminate the contract.

25 Under P.L.1992, c.172 (C.54:49-12.2 et seq.), the State is
26 authorized to contract for private debt collection services.
27 Municipalities are authorized to appoint a person other than the tax
28 collector to be the collector of arrears under two separate parts of the
29 law: R.S.54:4-86, 87 and 88 and N.J.S.40A:9-143. Under the first
30 series of laws, municipalities are authorized to appoint a collector of
31 arrears who is not the tax collector; however, it is not clear that the
32 collector of arrears may be a corporation, as is explicit in the State
33 statute. Similarly, under N.J.S.40A:9-143, municipalities are
34 authorized to appoint a "municipal collector of arrears of taxes," fix
35 his term of office and compensation, and prescribe his powers and
36 duties. Given the reference to a term of office, this law implies that
37 this position is to be filled by a municipal employee.

38 There is no analogous municipal statute to P.L.1992, c.172
39 (C.54:49-12.2 et seq.) which would authorize municipalities to hire
40 private debt collection services to collect delinquent property taxes
41 and arrears. This bill would fill that void.

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 3636

STATE OF NEW JERSEY
209th LEGISLATURE

ADOPTED OCTOBER 3, 2001

Sponsored by:

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

Co-Sponsored by:

Assemblyman Corodemus, Senators Singer and Kenny

SYNOPSIS

Permits certain municipalities to contract for property tax lien management services.

CURRENT VERSION OF TEXT

Substitute as adopted by the Assembly Local Government Committee.



(Sponsorship Updated As Of: 12/7/2001)

1 AN ACT authorizing municipalities to contract for property tax lien
2 management services under certain circumstances and
3 supplementing Title 54 of the Revised Statutes.

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

7
8 1. As used in this act:

9 "Director" means the Director of the Division of Local
10 Government Services in the Department of Community Affairs.

11 "Property" means parcels of land and their improvements on which
12 the municipality holds a tax lien, or which were acquired by the
13 municipality through the property tax foreclosure process, and
14 including such parcels that the municipality possesses and for which it
15 acts as a receiver pursuant to section 1 of P.L.1942, c.54
16 (C.54:5-53.1).

17 "Qualified municipality" means a municipality that is qualified to
18 receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a
19 municipality under the supervision of the Local Finance Board
20 pursuant to the provisions of the "Local Government Supervision Act
21 (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality that
22 has issued qualified bonds pursuant to the provisions of the "Municipal
23 Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.) or a
24 municipality identified by the director to be facing serious fiscal
25 distress.

26
27 2. Notwithstanding any other provision of law to the contrary, the
28 governing body of a qualified municipality, by resolution, may enter
29 contracts for property tax lien management services with organizations
30 for the purpose of assisting the qualified municipality in managing its
31 property. For the purposes of this section, property tax lien
32 management services shall be comprehensive in nature given the needs
33 of the qualified municipality, and shall include the following activities
34 as necessary for a comprehensive program of property tax lien
35 management:

36 a. Developing and administering an asset management and
37 disposition plan for properties owned by the municipality;

38 b. Developing and administering activities to encourage and assist
39 property owners in satisfying their obligations and retaining their
40 properties, which shall include, but not be limited to working with
41 lenders and non-profit agencies to develop programs that help
42 residential taxpayers address their credit problems and related service
43 programs;

44 c. Educating property owners about financial alternatives in

1 addressing back taxes, including making installment payments pursuant
2 to R.S.54:5-65 et seq.;

3 d. Recommending and managing possession and receivership,
4 foreclosure, and property sale activities;

5 e. Assembling and marketing properties to potential buyers and
6 developers through public sale of properties to be sold, or by
7 assignment sale of tax liens pursuant to N.J.S.54:5-112 and
8 N.J.S.54:5-113;

9 f. Developing a database of information relating to all properties
10 for which the qualified municipality holds a lien, where at the
11 conclusion of the contract, the contents of the database shall be
12 provided to that municipality in an electronic format that can be used
13 by the municipality;

14 g. Providing regular reports to the governing body of the qualified
15 municipality and the tax collector on the status of property tax lien
16 management activities and the information obtained through the
17 management process;

18 h. Managing property owned by the qualified municipality in
19 preparation for its sale, assignment, or possession; or

20 i. Other similar programs and activities as approved by the
21 director.

22

23 3. Contracts for property tax lien management services shall
24 include compensation to the contractor based on any combination of
25 the following mechanisms:

26 a. A percentage of proceeds earned by the qualified municipality
27 from the outright sale of property or from an assignment sale;

28 b. A percentage of the proceeds from installment agreements
29 entered into through the efforts of the contractor;

30 c. A percentage of the proceeds from the management of
31 properties assigned to the contractor as part of possession and
32 receivership, or preparing for a sale or assignment; or

33 d. A fixed amount for general services affecting all parcels whose
34 tax lien is owned by the municipality, which may, at the option of the
35 municipality, be either prorated and charged against such properties as
36 a municipal charge, or be appropriated as if it were subject to the
37 provisions of sections 1 through 5 of P.L.1961, c.22 (C.40A:4-55.1
38 through 40A:5-55.5).

39

40 4. Contracts for property tax lien management shall be approved
41 by the governing body of the qualified municipality and shall then be
42 submitted to the director for approval. The mayor or other chief
43 executive officer shall not execute the contract until the director
44 approves the contract. If the director neither approves nor returns the
45 contract with recommendations for amendment within 45 days of the
46 director's receipt of the contract, then the contract shall be deemed as

1 approved.

2

3 5. The municipal tax collector of the qualified municipality shall
4 provide the property tax lien management service contractors with any
5 and all information as the tax collector may have available that is
6 related to tax liens, and shall make available records of the tax
7 collector's office accessible to the contractor as the contractor may
8 require. Nothing P.L. , c. (C.) (pending before the
9 Legislature as this bill) shall supersede the responsibility of the tax
10 collector to collect and record property tax receipts and manage those
11 responsibilities statutorily assigned to the tax collector.

12

13 6. Notwithstanding the provisions of the "Local Public Contracts
14 Law," P.L.1971, c.198 (C.40A:11-1 et seq.) to the contrary, contracts
15 for property tax lien management services shall be considered as a
16 professional service and may be entered into for a period not to exceed
17 three years.

18

19 7. This act shall take effect immediately.

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 3636

STATE OF NEW JERSEY

DATED: AUGUST 17, 2001

The Assembly Local Government Committee reports favorably Assembly Committee Substitute for Assembly Bill No. 3636.

This committee substitute authorizes municipalities that are in financial distress to enter into agreements with private entities to provide for comprehensive property tax lien management services to manage property tax liens held by the municipality. Property tax liens include liens for delinquent property taxes, water, sewer and other municipal charges. Property tax lien management contracts would have to be approved by the Director of the Division of Local Government Services in the Department of Community Affairs and could not exceed three years in duration. Property tax lien management contractors would have broad powers, including the powers to collect back taxes and interest, sell and assign the tax liens, and sell properties following foreclosure. Municipal tax collectors would be required to make property tax records available to property tax lien management contractors, who also would be obligated to develop and administer activities to encourage and assist property owners in curing their delinquencies in order to retain their properties.

SENATE, No. 2619

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED NOVEMBER 8, 2001

Sponsored by:

Senator ROBERT W. SINGER

District 30 (Burlington, Monmouth and Ocean)

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Permits certain municipalities to contract for property tax lien management services.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT authorizing municipalities to contract for property tax lien
2 management services under certain circumstances and
3 supplementing Title 54 of the Revised Statutes.

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

7
8 1. As used in this act:

9 "Director" means the Director of the Division of Local Government
10 Services in the Department of Community Affairs.

11 "Property" means parcels of land and their improvements on which
12 the municipality holds a tax lien, or which were acquired by the
13 municipality through the property tax foreclosure process, and
14 including such parcels that the municipality possesses and for which it
15 acts as a receiver pursuant to section 1 of P.L.1942, c.54
16 (C.54:5-53.1).

17 "Qualified municipality" means a municipality that is qualified to
18 receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a
19 municipality under the supervision of the Local Finance Board
20 pursuant to the provisions of the "Local Government Supervision Act
21 (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality that
22 has issued qualified bonds pursuant to the provisions of the "Municipal
23 Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.) or a
24 municipality identified by the director to be facing serious fiscal
25 distress.

26
27 2. Notwithstanding any other provision of law to the contrary, the
28 governing body of a qualified municipality, by resolution, may enter
29 contracts for property tax lien management services with organizations
30 for the purpose of assisting the qualified municipality in managing its
31 property. For the purposes of this section, property tax lien
32 management services shall be comprehensive in nature given the needs
33 of the qualified municipality, and shall include the following activities
34 as necessary for a comprehensive program of property tax lien
35 management:

36 a. Developing and administering an asset management and
37 disposition plan for properties owned by the municipality;

38 b. Developing and administering activities to encourage and assist
39 property owners in satisfying their obligations and retaining their
40 properties, which shall include, but not be limited to working with
41 lenders and non-profit agencies to develop programs that help
42 residential taxpayers address their credit problems and related service
43 programs;

44 c. Educating property owners about financial alternatives in
45 addressing back taxes, including making installment payments pursuant
46 to R.S.54:5-65 et seq.;

- 1 d. Recommending and managing possession and receivership,
2 foreclosure, and property sale activities;
 - 3 e. Assembling and marketing properties to potential buyers and
4 developers through public sale of properties to be sold, or by
5 assignment sale of tax liens pursuant to N.J.S.54:5-112 and
6 N.J.S.54:5-113;
 - 7 f. Developing a database of information relating to all properties
8 for which the qualified municipality holds a lien, where at the
9 conclusion of the contract, the contents of the database shall be
10 provided to that municipality in an electronic format that can be used
11 by the municipality;
 - 12 g. Providing regular reports to the governing body of the qualified
13 municipality and the tax collector on the status of property tax lien
14 management activities and the information obtained through the
15 management process;
 - 16 h. Managing property owned by the qualified municipality in
17 preparation for its sale, assignment, or possession; or
 - 18 i. Other similar programs and activities as approved by the
19 director.
20
- 21 3. Contracts for property tax lien management services shall
22 include compensation to the contractor based on any combination of
23 the following mechanisms:
 - 24 a. A percentage of proceeds earned by the qualified municipality
25 from the outright sale of property or from an assignment sale;
 - 26 b. A percentage of the proceeds from installment agreements
27 entered into through the efforts of the contractor;
 - 28 c. A percentage of the proceeds from the management of
29 properties assigned to the contractor as part of possession and
30 receivership, or preparing for a sale or assignment; or
 - 31 d. A fixed amount for general services affecting all parcels whose
32 tax lien is owned by the municipality, which may, at the option of the
33 municipality, be either prorated and charged against such properties as
34 a municipal charge, or be appropriated as if it were subject to the
35 provisions of sections 1 through 5 of P.L.1961, c.22 (C.40A:4-55.1
36 through 40A:5-55.5).
37
 - 38 4. Contracts for property tax lien management shall be approved
39 by the governing body of the qualified municipality and shall then be
40 submitted to the director for approval. The mayor or other chief
41 executive officer shall not execute the contract until the director
42 approves the contract. If the director neither approves nor returns the
43 contract with recommendations for amendment within 45 days of the
44 director's receipt of the contract, then the contact shall be deemed as
45 approved.

1 5. The municipal tax collector of the qualified municipality shall
2 provide the property tax lien management service contractors with any
3 and all information as the tax collector may have available that is
4 related to tax liens, and shall make available records of the tax
5 collector's office accessible to the contractor as the contractor may
6 require. Nothing P.L. , c. (C.) (pending before the
7 Legislature as this bill) shall supersede the responsibility of the tax
8 collector to collect and record property tax receipts and manage those
9 responsibilities statutorily assigned to the tax collector.

10

11 6. Notwithstanding the provisions of the "Local Public Contracts
12 Law," P.L.1971, c.198 (C.40A:11-1 et seq.) to the contrary, contracts
13 for property tax lien management services shall be considered as a
14 professional service and may be entered into for a period not to exceed
15 three years.

16

17 7. This act shall take effect immediately.

18

19

20

STATEMENT

21

22 This bill authorizes municipalities that are in financial distress to
23 enter into agreements with private entities to provide for
24 comprehensive property tax lien management services to manage
25 property tax liens held by the municipality. Property tax liens include
26 liens for delinquent property taxes, water, sewer and other municipal
27 charges. Property tax lien management contracts would have to be
28 approved by the Director of the Division of Local Government
29 Services in the Department of Community Affairs and could not
30 exceed three years in duration. Property tax lien management
31 contractors would have broad powers, including the powers to collect
32 back taxes and interest, sell and assign the tax liens, and sell properties
33 following foreclosure. Municipal tax collectors would be required to
34 make property tax records available to property tax lien management
35 contractors, who also would be obligated to develop and administer
36 activities to encourage and assist property owners in curing their
37 delinquencies in order to retain their properties.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2619

STATE OF NEW JERSEY

DATED: NOVEMBER 19, 2001

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 2619.

This bill authorizes municipalities that are in financial distress to enter into agreements with private entities to provide for comprehensive property tax lien management services to manage property tax liens held by the municipality. Property tax liens include liens for delinquent property taxes, water, sewer and other municipal charges. Property tax lien management contracts would have to be approved by the Director of the Division of Local Government Services in the Department of Community Affairs and could not exceed three years in duration. Property tax lien management contractors would have broad powers, including the powers to collect back taxes and interest, sell and assign the tax liens, and sell properties following foreclosure. Municipal tax collectors would be required to make property tax records available to property tax lien management contractors, who also would be obligated to develop and administer activities to encourage and assist property owners in curing their delinquencies in order to retain their properties.

P.L. 2001, CHAPTER 266, *approved December 11, 2001*
Assembly Committee Substitute for
Assembly, No. 3636

1 **AN ACT** authorizing municipalities to contract for property tax lien
2 management services under certain circumstances and
3 supplementing Title 54 of the Revised Statutes.

4

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

7

8 1. As used in this act:

9 "Director" means the Director of the Division of Local
10 Government Services in the Department of Community Affairs.

11 "Property" means parcels of land and their improvements on which
12 the municipality holds a tax lien, or which were acquired by the
13 municipality through the property tax foreclosure process, and
14 including such parcels that the municipality possesses and for which it
15 acts as a receiver pursuant to section 1 of P.L.1942, c.54
16 (C.54:5-53.1).

17 "Qualified municipality" means a municipality that is qualified to
18 receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a
19 municipality under the supervision of the Local Finance Board
20 pursuant to the provisions of the "Local Government Supervision Act
21 (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality that
22 has issued qualified bonds pursuant to the provisions of the "Municipal
23 Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.) or a
24 municipality identified by the director to be facing serious fiscal
25 distress.

26

27 2. Notwithstanding any other provision of law to the contrary, the
28 governing body of a qualified municipality, by resolution, may enter
29 contracts for property tax lien management services with organizations
30 for the purpose of assisting the qualified municipality in managing its
31 property. For the purposes of this section, property tax lien
32 management services shall be comprehensive in nature given the needs
33 of the qualified municipality, and shall include the following activities
34 as necessary for a comprehensive program of property tax lien
35 management:

36 a. Developing and administering an asset management and
37 disposition plan for properties owned by the municipality;

38 b. Developing and administering activities to encourage and assist
39 property owners in satisfying their obligations and retaining their
40 properties, which shall include, but not be limited to working with

1 lenders and non-profit agencies to develop programs that help
2 residential taxpayers address their credit problems and related service
3 programs;

4 c. Educating property owners about financial alternatives in
5 addressing back taxes, including making installment payments pursuant
6 to R.S.54:5-65 et seq.;

7 d. Recommending and managing possession and receivership,
8 foreclosure, and property sale activities;

9 e. Assembling and marketing properties to potential buyers and
10 developers through public sale of properties to be sold, or by
11 assignment sale of tax liens pursuant to N.J.S.54:5-112 and
12 N.J.S.54:5-113;

13 f. Developing a database of information relating to all properties
14 for which the qualified municipality holds a lien, where at the
15 conclusion of the contract, the contents of the database shall be
16 provided to that municipality in an electronic format that can be used
17 by the municipality;

18 g. Providing regular reports to the governing body of the qualified
19 municipality and the tax collector on the status of property tax lien
20 management activities and the information obtained through the
21 management process;

22 h. Managing property owned by the qualified municipality in
23 preparation for its sale, assignment, or possession; or

24 i. Other similar programs and activities as approved by the
25 director.

26

27 3. Contracts for property tax lien management services shall
28 include compensation to the contractor based on any combination of
29 the following mechanisms:

30 a. A percentage of proceeds earned by the qualified municipality
31 from the outright sale of property or from an assignment sale;

32 b. A percentage of the proceeds from installment agreements
33 entered into through the efforts of the contractor;

34 c. A percentage of the proceeds from the management of
35 properties assigned to the contractor as part of possession and
36 receivership, or preparing for a sale or assignment; or

37 d. A fixed amount for general services affecting all parcels whose
38 tax lien is owned by the municipality, which may, at the option of the
39 municipality, be either prorated and charged against such properties as
40 a municipal charge, or be appropriated as if it were subject to the
41 provisions of sections 1 through 5 of P.L.1961, c.22 (C.40A:4-55.1
42 through 40A:5-55.5).

43

44 4. Contracts for property tax lien management shall be approved
45 by the governing body of the qualified municipality and shall then be
46 submitted to the director for approval. The mayor or other chief

1 executive officer shall not execute the contract until the director
2 approves the contract. If the director neither approves nor returns the
3 contract with recommendations for amendment within 45 days of the
4 director's receipt of the contract, then the contact shall be deemed as
5 approved.

6

7 5. The municipal tax collector of the qualified municipality shall
8 provide the property tax lien management service contractors with any
9 and all information as the tax collector may have available that is
10 related to tax liens, and shall make available records of the tax
11 collector's office accessible to the contractor as the contractor may
12 require. Nothing P.L. , c. (C.) (pending before the
13 Legislature as this bill) shall supersede the responsibility of the tax
14 collector to collect and record property tax receipts and manage those
15 responsibilities statutorily assigned to the tax collector.

16

17 6. Notwithstanding the provisions of the "Local Public Contracts
18 Law," P.L.1971, c.198 (C.40A:11-1 et seq.) to the contrary, contracts
19 for property tax lien management services shall be considered as a
20 professional service and may be entered into for a period not to exceed
21 three years.

22

23 7. This act shall take effect immediately.

24

25

26

27

28 _____
29 Permits certain municipalities to contract for property tax lien
management services.

CHAPTER 266

AN ACT authorizing municipalities to contract for property tax lien management services under certain circumstances and supplementing Title 54 of the Revised Statutes.

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

C.54:5-19.2 Definitions relative to contracts for property tax lien management services.

1. As used in this act:

"Director" means the Director of the Division of Local Government Services in the Department of Community Affairs.

"Property" means parcels of land and their improvements on which the municipality holds a tax lien, or which were acquired by the municipality through the property tax foreclosure process, and including such parcels that the municipality possesses and for which it acts as a receiver pursuant to section 1 of P.L.1942, c.54 (C.54:5-53.1).

"Qualified municipality" means a municipality that is qualified to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a municipality under the supervision of the Local Finance Board pursuant to the provisions of the "Local Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality that has issued qualified bonds pursuant to the provisions of the "Municipal Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.) or a municipality identified by the director to be facing serious fiscal distress.

C.54:5-19.3 Contracts for property tax lien management services.

2. Notwithstanding any other provision of law to the contrary, the governing body of a qualified municipality, by resolution, may enter into contracts for property tax lien management services with organizations for the purpose of assisting the qualified municipality in managing its property. For the purposes of this section, property tax lien management services shall be comprehensive in nature given the needs of the qualified municipality, and shall include the following activities as necessary for a comprehensive program of property tax lien management:

a. Developing and administering an asset management and disposition plan for properties owned by the municipality;

b. Developing and administering activities to encourage and assist property owners in satisfying their obligations and retaining their properties, which shall include, but not be limited to working with lenders and non-profit agencies to develop programs that help residential taxpayers address their credit problems and related service programs;

c. Educating property owners about financial alternatives in addressing back taxes, including making installment payments pursuant to R.S.54:5-65 et seq.;

d. Recommending and managing possession and receivership, foreclosure, and property sale activities;

e. Assembling and marketing properties to potential buyers and developers through public sale of properties to be sold, or by assignment sale of tax liens pursuant to N.J.S.54:5-112 and N.J.S.54:5-113;

f. Developing a database of information relating to all properties for which the qualified municipality holds a lien, where at the conclusion of the contract, the contents of the database shall be provided to that municipality in an electronic format that can be used by the municipality;

g. Providing regular reports to the governing body of the qualified municipality and the tax collector on the status of property tax lien management activities and the information obtained through the management process;

h. Managing property owned by the qualified municipality in preparation for its sale, assignment, or possession; or

i. Other similar programs and activities as approved by the director.

C.54:5-19.4 Contracts to include compensation to contractor, bases.

3. Contracts for property tax lien management services shall include compensation to the contractor based on any combination of the following mechanisms:

a. A percentage of proceeds earned by the qualified municipality from the outright sale of property or from an assignment sale;

b. A percentage of the proceeds from installment agreements entered into through the

efforts of the contractor;

c. A percentage of the proceeds from the management of properties assigned to the contractor as part of possession and receivership, or preparing for a sale or assignment; or

d. A fixed amount for general services affecting all parcels whose tax lien is owned by the municipality, which may, at the option of the municipality, be either prorated and charged against such properties as a municipal charge, or be appropriated as if it were subject to the provisions of sections 1 through 5 of P.L.1961, c.22 (C.40A:4-55.1 through 40A:5-55.5).

C.54:5-19.5 Approval process by governing body.

4. Contracts for property tax lien management shall be approved by the governing body of the qualified municipality and shall then be submitted to the director for approval. The mayor or other chief executive officer shall not execute the contract until the director approves the contract. If the director neither approves nor returns the contract with recommendations for amendment within 45 days of the director's receipt of the contract, then the contract shall be deemed as approved.

C.54:5-19.6 Provision of information.

5. The municipal tax collector of the qualified municipality shall provide the property tax lien management service contractors with any and all information as the tax collector may have available that is related to tax liens, and shall make available records of the tax collector's office accessible to the contractor as the contractor may require. Nothing in P.L.2001, c.266 (C.54:5-19.2 et seq.) shall supersede the responsibility of the tax collector to collect and record property tax receipts and manage those responsibilities statutorily assigned to the tax collector.

C.54:5-19.7 Contracts considered professional service; duration.

6. Notwithstanding the provisions of the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.) to the contrary, contracts for property tax lien management services shall be considered as a professional service and may be entered into for a period not to exceed three years.

7. This act shall take effect immediately.

Approved December 11, 2001.