

LEGISLATIVE HISTORY CHECKLIST

NJSA: 17:36-8 to 17:36-10

(Fire damaged property--
tax liens--provide for
payment)

LAWS OF: 1985

CHAPTER: 519

BILL NO: A3233

Sponsor(s): Zangari and Loveys

Date Introduced: February 4, 1985

Committee: Assembly: -----

Senate: Labor, Industry and Professions

Amended during passage: No

Date of Passage: Assembly: February 14, 1985

Senate: January 13, 1986

Date of Approval: January 21, 1986

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly No

Senate No Yes

Fiscal Note: No

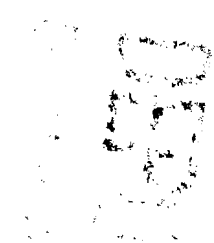
Veto Message: No

Message on Signing: ~~No~~ Yes

Following were printed:

Reports: No

Hearings: No



ASSEMBLY, No. 3233

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 4, 1985

By Assemblymen ZANGARI and LOVEYS

AN ACT to amend "An act concerning payment of tax liens on fire damaged properties in certain instances," approved January 8, 1979 (P. L. 1978, c. 184).

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

1 1. Section 1 of P. L. 1978, c. 184 (C. 17:36-8) is amended to
2 read as follows:

3 1. No insurer issuing fire insurance policies in this State shall
4 pay any claims for fire damages in excess of \$2,500.00 on any real
5 property located within a municipality having adopted an ordinance
6 pursuant to section 2 of this act, unless or until: the insured person
7 submits an official certificate of search for municipal liens pursuant
8 to R. S. 54:5-12, certifying that all taxes, assessments or other
9 municipal liens or charges, levied and assessed and due and pay-
10 able against said property have been paid and, *if required by an*
11 *ordinance adopted pursuant to paragraph (1) of subsection a. of*
12 *that section*, an official certificate, on a form prescribed and certi-
13 fied by the municipality, that demolition is not required or that the
14 costs of demolition have been paid; or the municipality submits a
15 certified copy of a resolution adopted pursuant to section 4 of this
16 act. If the demolition has not yet occurred on the date of receipt
17 by a municipality of a request for execution of the certificate re-
18 quired by this section, the insured shall provide on that certificate
19 an estimate of the anticipated costs of demolition. The insurer on
20 notice to the insured shall pay the anticipated costs of demolition
21 to the municipality, which shall hold the funds in an interest bear-

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 printed in italics *thus* is new matter.

22 ing escrow account in a State or federally chartered bank, savings
23 bank or savings and loan association in this State.

24 Any request, pursuant to this section, for an official certificate of
25 search for municipal liens shall specify that the search concerns
26 fire damaged property.

1 2. Section 2 of P. L. 1978, c. 184 (C. 17:36-9) is amended to
2 read as follows:

3 2. Any municipality may, by ordinance, prohibit the payment to
4 a claimant by any insurance company of any claim in excess of
5 \$2,500.00 for fire damages on any real property located within the
6 municipality pursuant to any fire insurance policy issued or
7 renewed after the adoption of such ordinance and after the filing
8 of such ordinance with the State Commissioner of Insurance, until
9 such time as: *a. (1) anticipated demolition costs and all taxes and*
10 *assessments and all other municipal liens or charges due and pay-*
11 *able appearing on the official certificate of search; or (2) all taxes*
12 *and assessments and all other municipal liens or charges due and*
13 *payable appearing on the official certificate of search shall have*
14 *been paid either by the owner of such real property or by the in-*
15 *surance company pursuant to the provisions of section 3 of this*
16 *act[.]; or b. the municipality submits to the insurance company a*
17 *copy of a resolution adopted pursuant to section 4 of this act. No*
18 *change in such an ordinance shall take effect until filed with the*
19 *commissioner.*

20 The State Commissioner of Insurance shall cause to have pub-
21 lished in the New Jersey Register a list of all municipalities which
22 have adopted ordinances pursuant to *paragraph (1) or (2) of*
23 *subsection a. of this section and said list shall designate by asterisk*
24 *those municipalities which have adopted said ordinances since the*
25 *previous date of publication of said list.*

26 The official certificate of search may, from time-to-time, be
27 altered, by the bonded official responsible for preparing such cer-
28 tificates, in order to correct any errors or omissions or to add any
29 municipal liens or related charges due and payable subsequent to
30 the preparation of the official certificate.

1 3. Section 3 of P. L. 1978, c. 184 (C. 17:36-10) is amended to
2 read as follows:

3 3. Unless a resolution is received in accordance with section 4
4 of this act by an insurance company writing fire insurance policies
5 in any municipality having adopted an ordinance pursuant to sec-
6 tion 2 of this act, such insurance company is hereby authorized
7 and required, prior to the payment of any claims for fire damages
8 in excess of \$2,500.00, to pay the amount of the anticipated demo-

9 *lition costs, if so required by the municipal ordinance, to the mu-*
10 *nicipality in the manner provided by section 1 of this act and to*
11 *pay to the municipality the amount of the liens appearing on the*
12 *official certificate and such other recorded liens or related charges*
13 *as may be certified to the insurance company. If an appeal is taken*
14 *on the amount of any lien or charge, other than an appeal on the*
15 *assessed valuation of real property pursuant to R. S. 54:3-21, the*
16 *insurance company shall issue a draft payable to the court of*
17 *record, to be held by the court in an interest bearing escrow account*
18 *in a State or federally chartered bank, savings bank, or savings and*
19 *loan association in the State, in an amount totaling 75% of the full*
20 *amount of the lien or charge being contested but not to exceed the*
21 *proceeds payable under its insurance policy, and the insurance*
22 *company shall issue a draft payable to the municipality for the*
23 *remaining 25% of the lien or charge being contested, with the full*
24 *amount paid by the insurance company to the court and the mu-*
25 *nicipality not to exceed the proceeds payable under its insurance*
26 *policy pending termination of all proceedings, at which time such*
27 *moneys and all interest accruing thereon at a rate paid on interest*
28 *bearing accounts in State or federally chartered banks, savings*
29 *banks or savings and loan associations in the State, shall be dis-*
30 *bursed in accordance with the final order or judgment of the court.*

1 4. This act shall take effect immediately.

STATEMENT

This bill is intended to correct a flaw in P. L. 1984, c. 244, which provides that insurers will be prohibited from paying fire insurance claims in certain municipalities until the insured submits an official certificate by the municipality that demolition is not required or the costs of demolition have been paid; or the municipality submits a certified copy of a resolution which allows the release of the proceeds.

These requirements were added to the provisions of P. L. 1978, c. 184 (C. 17:36-8 et seq.), which prohibit the release of the fire insurance proceeds until all of the tax liens and other liens and assessments are paid. The municipality must pass an ordinance to trigger the application of the law. P. L. 1984, c. 244 was inadvertently drafted so that a municipality which desires to have the benefit of the tax lien statute is now required to hold up the release of the insurance proceeds, pending the payment of the anticipated demolition costs as well. Some municipalities may wish to retain the tax lien provisions without having to deal with the

demolition costs. Under P. L. 1984, c. 244, the municipality must either have no ordinance or an ordinance that covers both tax liens and demolition costs.

This bill separates the tax lien requirements from the anticipated demolition costs provision. This allows a municipality to keep the tax lien provisions intact without mandating that the municipality also collect the anticipated demolition costs, unless it so desires.

9 *demolition costs, if so required by the municipal ordinance, to the mu-*
 10 *nicipality in the manner provided by section 1 of this act and to*
 11 *pay to the municipality the amount of the liens appearing on the*
 12 *official certificate and such other recorded liens or related charges*
 13 *as may be certified to the insurance company. If an appeal is taken*
 14 *on the amount of any lien or charge, other than an appeal on the*
 15 *assessed valuation of real property pursuant to R. S. 54:3-21, the*
 16 *insurance company shall issue a draft payable to the court of*
 17 *record, to be held by the court in an interest bearing escrow account*
 18 *in a State or federally chartered bank, savings bank, or savings and*
 19 *loan association in the State, in an amount totaling 75% of the full*
 20 *amount of the lien or charge being contested but not to exceed the*
 21 *proceeds payable under its insurance policy, and the insurance*
 22 *company shall issue a draft payable to the municipality for the*
 23 *remaining 25% of the lien or charge being contested, with the full*
 24 *amount paid by the insurance company to the court and the mu-*
 25 *nicipality not to exceed the proceeds payable under its insurance*
 26 *policy pending termination of all proceedings, at which time such*
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SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3233

STATE OF NEW JERSEY

DATED: APRIL 24, 1985

This bill provides that municipalities may adopt ordinances which prohibit the release of the fire insurance proceeds in excess of \$2,500.00 on real property if the tax liens or the tax liens and demolition costs are unpaid. This bill separates the tax lien requirements from the anticipated demolition costs provision. This will allow a municipality to keep the tax lien provisions intact without mandating that the municipality also collect the anticipated demolition costs, unless it so desires.

A-3018, sponsored by Assemblyman Joseph Doria, D-Hudson, to eliminate the deadline for the acquisition of alcoholic beverage retail consumption licenses by municipalities.

A-3233, sponsored by Assemblyman James Zangari, D-Essex, to separate the tax lien requirements from the anticipated demolition cost provisions in the law permitting municipalities to withhold fire insurance proceeds.

A-4084, sponsored by Assemblyman Michael Adubato, D-Essex, to extend to January 1, 1987, the moratorium on the creation of limited service banks.

A-4313, sponsored by Assemblyman Joseph Doria, D-Hudson, to permit experienced asbesto workers to receive permits without examination.

A-4334, sponsored by Assemblyman John Doyle, D-Ocean, to clarify and make technical amendments to the Personal Attendant Act which provides disabled residents with chronic physical disabilities with help in carrying out routine, non-medical tasks in their homes.

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