

54:5-34.1 to 54:5-34.3

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:5-34.1 to 54:5-34.3 (Tax sale certificates--State purchase--
certain cases)

LAWS 1981 CHAPTER 194

Bill No. A3289

Sponsor(s) Jackman

Date Introduced April 27, 1981

Committee: Assembly -----

Senate -----

Amended during passage Yes ~~No~~ Amendments denoted by asterisks
according to Governor's recommendations:

Date of Passage: Assembly May 4, 1981

Re-enacted 6-25-81

Senate May 14, 1981

Re-enacted 6-25-81

Date of approval July 2, 1981

Following statements are attached if available:

Sponsor statement Yes ~~No~~

Committee Statement: Assembly ~~Yes~~ No

Senate ~~Yes~~ No

Fiscal Note ~~Yes~~ No

Veto Message Yes ~~No~~

Message on signing Yes ~~No~~

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

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LEGISLATIVE HISTORY

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[OFFICIAL COPY REPRINT]
ASSEMBLY, No. 3289

STATE OF NEW JERSEY

INTRODUCED APRIL 27, 1981

By Assemblyman JACKMAN

(Without Reference)

AN ACT providing for State purchase of tax sale certificates in certain cases.

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

1 1. Notwithstanding the provisions of R. S. 54:5-34, whenever
2 in any municipality real property taxes **due by a taxpayer** are
3 in default to the municipality, ***[are uncollectible by reason of any**
4 **order of a State or Federal court,]*** and the taxes **owed by the*
4A *taxpayer and** so delinquent and uncollectible equaled, in the
5 last local fiscal year in which the taxes were fully collectible, not
6 less than 15% of the total revenue from real property taxes realiza-
7 ble by the municipality in that year, the State shall, at any tax
8 sale conducted for the real property pursuant to the "tax sale law"
9 (R. S. 54:5-1 et seq.), purchase in fee ***[for]*** **subject to** re-
10 demption the property, if there be no other purchaser for the prop-
11 erty, and the State shall have the same remedies and rights as other
12 purchasers, including the right to bar or foreclose the right of
13 redemption. **If the tax sale certificate is not redeemed within the*
14 *period of 2 years from the State's purchase of it, the municipality*
15 *shall pay the State within a period of 3 years the full amount due*
16 *the State on the certificate including interest pursuant to a pay-*
17 *ment schedule fixed by the State Treasurer after consultation with*
18 *the municipal officials and the Director of Local Government Ser-*
19 *vices. Once the State has received the total amount which it paid*
20 *for the tax sale certificate plus interest due thereon, then owner-*
21 *ship of the tax sale certificate, if still unredeemed, shall be trans-*
22 *ferred to the municipality.** The State shall not be required to
23 purchase any property at tax sale pursuant to this section, unless
24 written notification of the proposed tax sale was furnished pur-
25 suant to section 2 of this act.

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

26 **The State may foreclose the rights of redemption of the prop-*
27 *erty and if it does, it shall proceed under and in the manner pro-*
28 *vided in the "In Rem Tax Foreclosure Act (1948)," P. L. 1948,*
29 *c. 96 (C. 54:5-104.29 et seq.). The exercise of this right may con-*
30 *tinue during any period the certificate is unredeemed.**

1 2. Any municipality may, upon written notification to the Di-
2 rector of the Division of Local Government Services in the Depart-
3 ment of Community Affairs, delivered on or before the submission
4 of the annual municipal budget to the director, that the munici-
5 pality shall conduct in the current local budget year a tax sale of
6 real property qualifying for State purchase under section 1 of this
7 act, anticipate in its budget the revenues from the proceeds of the
8 sale to be conducted.

1 3. The State Treasurer shall annually certify to the Governor
2 and to the Legislature for inclusion in the annual State appropria-
3 tions act under State aid for municipalities the amount necessary
4 to meet the State's annual obligation under this act.

1 4. This act shall take effect immediately.

STATEMENT

This bill would provide for State purchase of tax sale certificates in certain instances where necessary to mitigate the severe fiscal distress undergone by a municipality as a result of the bankruptcy of a major taxpayer. The provisions of the bill would take effect only in those cases where the taxes in default equal not less than 15% of the total real property tax revenues of the municipality, and the taxes are uncollectible and the lien unenforceable by reason of a court order.

In purchasing the tax sale certificate, the State would provide the distressed municipality with revenues necessary to prevent extreme budgetary distortions and massive property tax increases, and would retain the rights of the lien.

The bill requires notification prior to adoption of the municipal budget of the municipality's intention to conduct a tax sale on property qualifying for State purchase under the act.

A3289 (1981)

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

June 22, 1981

ASSEMBLY BILL NO. 3289

To the Assembly:

Pursuant to Article V, Section I, Paragraph 14(b) of the Constitution, I herewith return Assembly Bill No. 3289 with my objections for reconsideration.

This bill would require the State to purchase a tax sale certificate when: 1) there are not other purchasers at the tax sale; 2) the taxes were uncollected due to a court order, and 3) the uncollected taxes were 15% or more of the total property taxes collected by the municipality the preceding year. The Treasurer would have a duty to certify annually for inclusion in the State budget the amount necessary to meet this obligation. The municipality involved would be able to anticipate in its budget revenues the amount expected to be generated from the tax sale.

While it is appropriate for the State to provide temporary relief to a municipality which has a sudden fall in its tax revenues due to a defaulting taxpayer, I do not believe that the State should bear the potential loss if the certificate is not ultimately redeemed. Accordingly, I recommend that the bill be amended to provide that if the certificate is not redeemed within two years, that the municipality shall buy the certificate from the State with payments to be made over a period of three years. In addition, I am recommending amendments governing the State's right to foreclose the right of redemption and eliminate the requirement that taxes be uncollected pursuant to a court order. This latter restriction is unnecessary.

Accordingly, I herewith return Assembly Bill No. 3289 for reconsideration and recommend that it be amended as follows:

Page 1, Section 1, line 2: after "taxes" insert "due by a taxpayer"

Page 1, Section 1, line 3: delete "are uncollectible by reason of any order of a state or federal"

Page 1, Section 1, line 4: delete "court," after "taxes" insert "owed by the taxpayer and"

Page 1, Section 1, line 9: delete "for" and insert "subject to"

Page 1, Section 1, line 12: After "redemption." insert "If the tax sale certificate is not redeemed within the period of two years from the State's purchase of it, the municipality shall pay the State within a period of three years the full amount

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

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due the State on the certificate including interest pursuant to a payment schedule fixed by the State Treasurer after consultation with the municipal officials and the Director of Local Government Services. Once the State has received the total amount which it paid for the tax sale certificate plus interest due thereon, then ownership of the tax sale certificate, if still unredeemed, shall be transferred to the municipality."

Section 1, after line 15:

insert "The State may foreclose the rights of redemption of the property and if it does, it shall proceed under and in the manner provided in the "In Rem Tax Foreclosure Act (1948)," P.L. 1948, c. 96 (C. 54:5-10 et seq.). The exercise of this right may continue during any period the certificate is unredeemed.

Respectfully,

/s/ Joseph P. Merlino

ACTING GOVERNOR

Attest:

/s/ Harold L. Hodes

CHIEF OF STAFF, SECRETARY

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

JULY 2, 1981

ROBERT DOWD

Acting Governor Christopher J. Jackman today signed Assembly Bills 3252 and 3289, which he sponsored, providing the Township of Weehawkin with assistance to overcome a revenue and budget crisis caused by the default of Weehawkin's largest taxpayer, Seatrain Realty.

Seatrain Realty owns a major waterfront containership loading facility. Seatrain Realty's parent company is in Chapter 11 reorganization, which has caused Seatrain Realty to default on approximately \$1.5 million in taxes due the Township in 1980 and 1981.

Assembly Bill 3252 will prevent a huge escalation in the Local Purpose Tax Rate by allowing the municipality to delete Seatrain Realty's tax default from the budget reserve for uncollected taxes for the 1981, 1982 and 1983 budget years.

Assembly Bill 3289 will allow the State to purchase the tax sale certificate on Seatrain Realty's property for the amount of the defaulted taxes owed in 1980, plus interest and the cost of the sale.

The legislation provides that if the tax sale certificate is not redeemed within two years, then Weehawkin must, within a period of three years, pay the full amount due to the State, including interest.

However, the State will not give up its right to foreclose the right of redemption of the property and may proceed according to the In Rem Tax Foreclosure Act of 1948.

These bills were signed into law in ceremonies at the Weehawkin Town Hall.

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