

54:4-122.9

LEGISLATIVE HISTORY CHECKLIST

MSA 54:4-122.9 (Property taxes--permit choice of payment to the municipality or to a bank)

LAWS OF 1979 CHAPTER 402

Bill No. SI453

Sponsor(s) A. Russo

Date Introduced Nov. 20, 1978

Committee: Assembly Municipal Government

Senate County and Municipal Government

Amended during passage Yes ~~xxx~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Jan. 3, 1980

Senate Sept. 10, 1979

Date of approval Feb. 8, 1980

Following statements are attached if available:

Sponsor statement Yes ~~xx~~

Committee Statement: Assembly Yes ~~xx~~

Senate Yes ~~xx~~

Fiscal Note ~~Yes~~ No

Veto message ~~Yes~~ No

Message on signing ~~Yes~~ No

Following were printed:

Reports ~~Yes~~ No

Hearings ~~Yes~~ No

2/3/78

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[OFFICIAL COPY REPRINT]  
SENATE, No. 1453

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 20, 1978

By Senator A. RUSSO

Referred to Committee on County and Municipal Government

AN ACT concerning the custody of certain public moneys and  
amending P. L. 1940, c. 257.

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

1 1. Section 9 of P. L. 1940, c. 257 (C. 54:4-122.9) is amended to  
2 read as follows:

3 9. a. The local governing body of any municipality may, by  
4 resolution, from time to time designate a bank or trust company  
5 as "Official Tax Receiving Agency of .....  
6 (insert name of municipality)," to receive \***[all]**\* *\*current\** tax  
7 payments\*, *current water and sewer rents\**, and other public  
8 moneys \***[instead of, but as agent for the collector]**\* *\*under the*  
8A *supervision of the tax collector of the municipality\**; and the  
8B local governing body shall have power to contract for the pay-  
9 ment of a reasonable fee for such service. The local governing body  
10 shall designate a bank or trust company commonly and generally  
11 used by residents of the municipality and shall give preference to  
12 any one of such institutions as offers to render the service for the  
13 lowest net cost to the municipality. In the event that two or more  
14 such offers are equal, preference shall be given to the bank or trust  
15 company that has been the holder of the larger aggregate amount  
16 of the municipality's evidences of indebtedness during the period  
17 of 12 months next preceding.

18 b. **[Whenever]** \***[Notwithstanding that a bank or trust company**  
19 **has been designated as the official tax receiving agency for a mu-**  
20 **nicipality, pursuant to subsection "a." of this section, [it shall be**  
21 **unlawful for]** the collector **[to]** *may also* accept or receive any  
22 payments of taxes or other public moneys **[otherwise than]** *in*  
23 *addition to the collection* through such agency so long as such  
24 designation remains in force, and every tax bill shall be conspicu-  
25 ously stamped or imprinted with a notice as follows:

**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 "Your local governing body has designated .....  
 27 (name of bank or trust company) situated at .....  
 28 as the official tax receiving agency of the .....  
 29 (name of municipality), to which **[all]** *your* tax payments **[must]**  
 30 *may* be made. The local tax collector **[is not permitted by law to]**  
 31 *may also* accept or receive any tax payments **[so long as this des-**  
 32 **ignation remains in force]."**\* *\*The Director of the Division of*  
 33 *Local Government Services shall establish, in accordance with the*  
 34 *"Administrative Procedure Act," (P. L. 1968, c. 410; C. 52:14B-1*  
 35 *et seq.), rules and regulations to be followed in municipalities*  
 36 *adopting the provisions of subsection a. of this section, which shall*  
 37 *include, but not be limited to:*

38 (1) *Procedures for the appropriate and timely notification of*  
 39 *taxpayers of any such designation made;*

40 (2) *Provisions for the exercise of the supervision of the tax*  
 41 *collector over the receipt by the designated bank and trust com-*  
 42 *pany of public moneys as required under this section; and,*

43 (3) *Requirements or restrictions concerning the holding, use,*  
 44 *accounting, reporting, and payment to the municipality, of public*  
 45 *moneys received by such a designated bank or trust company.\**

1 2. This act shall take effect immediately.

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26 “Your local governing body has designated .....  
 27 (name of bank or trust company) situated at .....,  
 28 as the official tax receiving agency of the .....  
 29 (name of municipality), to which **[all]** *your* tax payments **[must]**  
 30 *may* be made. The local tax collector **[is not permitted by law to]**  
 31 *may also* accept or receive any tax payments **[so long as this des-**  
 32 **ignation remains in force].”**

1 2. This act shall take effect immediately.

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STATEMENT

Presently, the law provides that a municipality may designate a bank or trust company as the official tax receiving agency of the municipality. The law further requires that when such designation is made, it is unlawful for the tax collector of the municipality to receive tax payments.

This bill allows a municipality to offer its residents a choice of either direct payments of taxes to a bank or trust company or payments to the municipal tax collector directly. The long-term benefit of this amendment to the law would be in allowing the municipality to have the bank or trust company post payments by means of high speed automated transmission and in allowing the municipality to earn immediate interest on tax receipts by means of lock-box deposits.

S. 1453 (1979)

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

STATEMENT TO

**SENATE, No. 1453**

[OFFICIAL COPY REPRINT]

**STATE OF NEW JERSEY**

DATED: NOVEMBER 26, 1979

Senate Bill No. 1453 (Official Copy Reprint) will permit a municipality to designate a bank or trust company, under the supervision of the tax collector of the municipality, as the "Official Tax Receiving Agency" for the municipality for all "current" tax payments, water and sewer rents and other public moneys. Under existing law, Section 9 of the P. L. 1940, c. 257, a bank or trust company could simply be designated as collector for *all* tax payments, without supervision from the tax collector. In essence, under existing law, the municipality was obliged to choose between the tax collector and the designated banks in regard to tax collection. As a result, few municipalities chose in favor of the banks because they were reluctant to diminish the position of tax collector particularly in respect to the collection of back taxes. On the other hand, they were obliged to forego some of the benefits which could be provided by banks as collectors of current taxes.

The bill as amended in the Senate has the support of the New Jersey League of Municipalities and the New Jersey Taxpayers Association.

SENATE COUNTY AND MUNICIPAL  
GOVERNMENT COMMITTEE

STATEMENT TO  
**SENATE, No. 1453**  
with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: JUNE 21, 1979

The Senate committee rewrote Senate Bill No. 1453 to provide that a municipality may designate a bank or trust company to receive current tax payments and current water and sewer rents under the supervision of the municipal tax collector.

The purpose of the bill is to permit municipalities to have a bank or trust company post payments by means of high speed automated transmission, and to earn immediate interest on tax receipts by means of lock-box receipts. It is believed the provisions of the bill would encourage more municipalities to do so. Presently, the law provides that a municipality may designate a bank or trust company as the official tax receiving agency of the municipality, but it also requires that when such designation is made, it is unlawful for the tax collector of the municipality to receive tax payments.

The committee amendments are essentially those proposed by the N. J. League of Municipalities and the N. J. Tax Collectors and Treasurer's Association as the condition for their support of the bill. The amendments would, however, go beyond the League's proposal in specifying the matters to be included in the rules and regulations to be established by the Director of Local Government Services.

The committee also received statements in support of the bill as amended, from:

Union County Director of Finance, Arthur J. Grisi  
First National State Bank of New Jersey