

54: 5-53.1

LEGISLATIVE HISTORY CHECKLIST

NJSA 54:5-53.1

Laws of 1975 Chapter 195

Bill No. S 889

Sponsor(s) Merlino

Date Introduced Feb. 15, 1974

Committee: Assembly Taxation

Senate County & Municipal Gov't.

Amended during passage Yes

Amendments during passage denoted by asterisks

Date of passage: Assembly Feb. 10, 1975

Senate April 25, 1974

Date of approval August 21, 1975

Following statements are attached if available:

Sponsor statement Yes

Committee Statement: Assembly No

Senate Yes

Fiscal Note No

Veto message No

Message on signing No

Following were printed:

Reports No

Hearings No

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SENATE, No. 889

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 15, 1974

By Senator MERLINO

Referred to Committee on County and Municipal Government

AN ACT concerning certain improvements of property on which a municipality holds a tax sale certificate, and amending P. L. 1942, c. 54.

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

1 1. Section 1 of P. L. 1942, c. 54 (C. 54:5-53.1) is amended to
2 read as follows:

3 1. Whenever a municipality has heretofore or shall hereafter
4 become the purchaser of any real property at any tax sale and the
5 certificate of sale has been or shall be recorded in the manner pro-
6 vided by chapter 5 of Title 54 of the Revised Statutes, such munici-
7 pality shall be entitled to immediate possession of the property
8 sold and described in the certificate and to all the rents and profits
9 thereof while the holder thereof, until redemption, but all rents
10 and profits collected by such municipality shall be credited*, *except*
11 *as hereinafter provided,** on the amount due upon said certificate
12 of tax sale and for subsequent taxes, assessments or other municipal
13 charges assessed against said lands and when the total amount due
14 for the same, including all interests and costs, has been paid, the
15 said lands shall be redeemed from said tax sale.

16 Whenever a municipality shall take possession of any property
17 pursuant to the provisions of this section, the collector of taxes
18 or other officer thereof, whose duty it shall be to collect taxes
19 therein, *or such other officer as may be designated by the governing*
20 *body of a municipality,* shall take possession of said property and
21 collect the rents and profits thereof for said municipality and, with
22 the approval of the governing body of said municipality, may
23 designate any competent person to act as the agent of said munici-
24 pality for the collection of the rents and profits of said property
25 and for the management of the same and such person shall account
26 promptly to such collector or other officer, and the collector or

27 other officer shall account promptly to the municipality, for the
28 rents and profits so collected.

29 No fees shall be allowed to such collector or other officer from
30 the rents and profits collected from such property but he shall be
31 allowed such expenses in connection with the operation and man-
32 agement thereof, including proper compensation to said agent, as
33 the governing body of such municipality may deem necessary to
34 secure the greatest income therefrom. *Any moneys collected from*
35 *any such property which is not needed for its operation and man-*
36 *agement, shall be used to remove or remedy any violations of the*
37 *standards of fitness for human habitation as are set forth in State*
38 *or local housing or health codes or regulations, or any other con-*
39 *ditions dangerous to life, health or safety**; provided that if a
40 *determination is made by a designated public officer that the abate-*
41 *ment of code violations is economically unfeasible due to the*
41A *structural unsoundness of the structure or building involved, said*
41B *public officer shall proceed to require or to cause the closing or*
41C *demolition of such structure or building, or any part thereof,*
41D *pursuant to the provisions of P. L. 1942, c. 112 (C. 40:48-2.3*
41E *et seq.)**. *A record of all expenditures made pursuant to this act*
41F *shall be kept by the collector of taxes *or such other officer as may*
41G *be designated by the governing body of the municipality**.

42 Such municipality and its officers, agents or employees shall not
43 be liable or accountable to the owner or to any other person having
44 an interest in said property for failure to collect rents or profits
45 therefrom but said officers, agents or employees shall remain so
46 liable and accountable to said municipality and such municipality
47 and its officers, agents or employees shall not be liable for injury
48 to said property or to the person or property of any other person
49 from the use of the property for the purposes of this section, any
50 law to the contrary notwithstanding.

1 2. This act shall take effect immediately.

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10 and profits collected by such municipality shall be credited on the
11 amount due upon said certificate of tax sale and for subsequent
12 taxes, assessments or other municipal charges assessed against
13 said lands and when the total amount due for the same, including
14 all interests and costs, has been paid, the said lands shall be re-
15 deemed from said tax sale.

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18 or other officer thereof, whose duty it shall be to collect taxes
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STATEMENT

Some cities that have acquired tax-delinquent residential prop-
erties have used the rent money paid by the tenants that still live
there only for the most minimal maintenance and operating costs
and have put the rest into the city treasury, presumably in lieu
of the lost taxes. However, the building continues to deteriorate,
making its future sale even less likely. In addition, the city gov-
ernment acquires the unpleasant odor of the "slumlord"—some-
times becoming (as New York City is known) "the biggest slum-
lord in town."

In addition, it is the feeling of the bill's sponsor that the city
has some responsibility to the citizens still residing as tenants in
those buildings to use their rent money to make the place more
habitable.

This bill would require all rent money in excess of operating
costs that a municipality collects from such buildings be plowed
back into them to improve the building and remove conditions
"dangerous to life, health or safety."

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO

SENATE, No. 889

With Senate Committee Amendments

STATE OF NEW JERSEY

DATED: APRIL 16, 1974

Senate Bill 889 concerns the use of rentals and profits from properties which come into the possession of a municipality as a result of a tax sale.

Under existing law, a tax collector must use the moneys collected from such properties as (1) a credit against any taxes and other municipal charges on such properties or the interest and other costs of redemption, and (2) for the operations and management of said property.

This bill amends the present law so as to allow a municipality (1) to designate a public officer other than the tax collector for making the aforesaid collections, and (2) requires that any moneys collected which are not needed for the management and operation of said property shall be used to remedy any violations of State and local health and housing codes. The remedying of such conditions shall have prior claim over the use of such funds for tax credit purposes.

The Committee amendments would permit a municipality not to use rents and profits for abating code violations upon a determination by an appropriate public officer that such abatement is economically unfeasible due to the structural unsoundness of the building or structure involved. In such instances, the public officer shall require or cause the closing or demolition of the building pursuant to the provisions of P. L. 1942, c. 112.