

54:5-32
AND 34

LEGISLATIVE HISTORY CHECKLIST

COPY NO. 2

NJSA 54:5-32;54:5-34

Laws of 1975 Chapter 210

Bill No. A991

Sponsor(s) Gewertz

Date Introduced Jan. 28, 1974

Committee: Assembly Municipal Government

Senate Revenue, Finance & Appropriations

Amended during passage Yes amendments during passage denoted by asterisks

Date of passage: Assembly May 16, 1974

Senate April 24, 1975

Date of approval Sept. 25, 1975

Following statements are attached if available:

Sponsor statement	<input checked="" type="checkbox"/>	No
Committee Statement: Assembly	<input checked="" type="checkbox"/>	No
Senate	Yes	<input checked="" type="checkbox"/> 11/25/74 and 2/10/75
Fiscal Note	<input checked="" type="checkbox"/>	No
Veto message	<input checked="" type="checkbox"/>	No
Message on signing	<input checked="" type="checkbox"/>	No
Following were printed:		
Reports	<input checked="" type="checkbox"/>	No
Hearings	<input checked="" type="checkbox"/>	No

10/4/76

MAY 1977

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ASSEMBLY, No. 991

STATE OF NEW JERSEY

INTRODUCED JANUARY 28, 1974

By Assemblyman GEWERTZ

Referred to Committee on Municipal Government

AN ACT concerning the sale of real property to enforce municipal liens, and amending R. S. 54:5-32 and 54:5-34.

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

1 1. R. S. 54:5-32 is amended to read as follows:

2 54:5-32. The sale shall be made in fee to such person as will
3 purchase the property, subject to redemption at the lowest rate
4 of interest, but in no case in excess of **[eight]** * **[12%]** * * **[*8% per**
5 *annum on the first \$1,000.00 and 18% per annum on the amount*
6 *in excess of \$1,000.00** * **12%** * per annum. If at the sale a
7 person shall offer to purchase subject to redemption at a rate of
8 interest less than one per cent, he may, in lieu of any rate of interest
9 to redeem, offer a premium over and above the amount of taxes,
10 assessments or other charges, as in this chapter specified, due the
11 municipality, and the property shall be struck off and sold to the
12 bidder who offers to pay the amount of such taxes, assessments or
13 charges, plus the highest amount of premium.

1 2. R. S. 54:5-34 is amended to read as follows:

2 54:5-34. The officer making sale shall strike off and sell to the
3 municipality in fee for redemption any parcel of real property
4 purchased in accordance with a successful bid made pursuant to a
5 resolution of the governing body or at **[8%]** *12%* any parcel of
6 real property for which there shall be no other purchaser, and the
7 municipality shall have the same remedies and rights as other
8 purchasers, including the right to bar or foreclose the right of
9 redemption.

1 3. This act shall take effect immediately.

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

SENATE REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 991

STATE OF NEW JERSEY

DATED: NOVEMBER 25, 1974

The original purpose of this bill was to raise from 8% to 12% the maximum interest rate on tax sale certificates.

The committee amendments prescribe a two-tier interest rate. On amounts of \$1,000.00 or less, the rate is set at 8% per annum. On amounts in excess of \$1,000.00, the rate is set at 18%. This is the same interest rate structure provided for in legislation to increase the interest rate on delinquent taxes.

Any interest rate advantage in permitting tax delinquencies to go to tax sale are removed. Currently, a taxpayer owing in excess of \$1,000.00 has a 4% interest rate advantage by allowing a tax sale to occur. This becomes increasingly significant as delinquency amounts increase.

The committee feels that a substantial penalty must be imposed for nonpayment of taxes. To permit a situation in law, where tax sales are advantageous is unreasonable.

SENATE REVENUE, FINANCE AND
APPROPRIATIONS COMMITTEE

STATEMENT TO
ASSEMBLY, No. 991

STATE OF NEW JERSEY

DATED: FEBRUARY 10, 1975

It is the purpose of this bill to increase from 8% to 12% the maximum interest chargeable upon redemption of a tax sale certificate.

This interest rate is the starting point for bidding on when municipalities are selling tax certificates. It is also the maximum rate of interest a private or public holder of a certificate can demand upon the property owner when such owner redeems the certificate.

Under present statute, a delinquent taxpayer is liable for 8% interest up to \$1,000.00 and 12% on the amount of delinquency in excess of \$1,000.00. However, the tax certificate can bear no more than 8% interest. Therefore, a delinquent taxpayer has a 4% interest rate advantage by permitting a delinquent tax bill to go to tax certificate sale where the delinquency is in excess of \$1,000.00.

Further, municipalities are experiencing great difficulty in selling tax certificates bearing a maximum of 8% interest. The 12% rate should make certificates more attractive to investors. In this way, the reserve for uncollected taxes should reduce as municipalities will be able to sell tax liens. The now delinquent taxpayers in the municipality will then not have to bear the higher property tax rates necessary to keep reserves for uncollected taxes at high levels.