

ASSEMBLY, No. 1619

STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

Assemblyman JOHN F. MCKEON

District 27 (Essex)

Co-Sponsored by:

Assemblyman Giblin

SYNOPSIS

Revises certain statutes concerning sale of tax and other municipal liens.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



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2

1 AN ACT concerning the sale of real property to enforce liens,
2 amending various parts of statutory law and supplementing
3 chapter 5 of Title 54 of the Revised Statutes.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. R.S.54:5-19 is amended to read as follows:

9 54:5-19. **[**When unpaid taxes or any municipal lien, or part
10 thereof, on real property, remains in arrears on the 11th day of the
11 eleventh month in the fiscal year when the same became in arrears,
12 the collector or other officer charged by law in the municipality
13 with that duty, shall, subject to the provisions of the next paragraph,
14 enforce the lien by selling the property in the manner set forth in
15 this article, provided that the sale is conducted no earlier than in the
16 last month of the fiscal year.]

17 The term "collector" as hereinafter used includes any such
18 officer, and the term "officer" includes the collector.

19 A municipality shall have the authority to conduct both standard
20 and accelerated tax sales.

21 When unpaid taxes or any municipal lien, or part thereof, on real
22 property remain in arrears at the close of the fiscal year, the
23 collector or other officer charged by law in the municipality with
24 that duty, shall enforce the lien by selling the property in the
25 manner set forth in this article by holding a standard tax sale in the
26 following fiscal year.

27 When unpaid taxes or any municipal lien, or part thereof, on real
28 property remains in arrears on the 11th day of the eleventh month in
29 the fiscal year when the taxes or lien became in arrears, the
30 collector or other officer charged by law in the municipality with
31 that duty, shall enforce the lien by selling the property in the
32 manner set forth in this article by conducting an accelerated tax sale
33 by selling the property in the manner set forth in this article,
34 provided that the sale is conducted and completed no earlier than in
35 the last month of the fiscal year.

36 **[The]** In either a standard or an accelerated tax sale, the
37 municipality may by resolution direct that when unpaid taxes or
38 other municipal liens or charges, or part thereof, are in arrears as of
39 the 11th day of the eleventh month of the fiscal year, such sale shall
40 include only such unpaid taxes or other municipal liens or charges
41 as were in arrears in the fiscal year designated in such resolution,
42 and may by resolution, either general or special, direct that there
43 shall be omitted from such sale any or all such unpaid taxes, and
44 other municipal liens, or parts thereof, on real property, upon which

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 underlined thus is new matter.

1 regular, equal monthly installment payments are being made, in
2 pursuance to such agreement as may be authorized by said
3 resolution between the collector and the owner or person interested
4 in the property upon which such delinquent taxes may be due;
5 provided, that said agreement shall require payment of such
6 installment payments in amounts large enough to pay in full all
7 delinquent taxes, assessments and other municipal liens held by the
8 municipality, in not more than five years from the date of such
9 agreement; provided, that the extension of time for payment of such
10 arrearages herein authorized shall not apply to any parcel of
11 property which prior thereto has been included in any plan
12 theretofore adopted by any municipality of this State under and
13 pursuant to the provisions of any public statute of this State
14 whereunder prior extensions for the payment of delinquent taxes
15 were authorized; provided further, that the right of any person
16 interested in such property to pay such arrears in such installments
17 shall be conditioned on the prompt payment of the installments of
18 taxes for the current year in which such agreement is made, and all
19 subsequent taxes, assessments and other municipal liens imposed or
20 becoming a lien thereafter, including all installments thereafter
21 payable on assessments theretofore levied, and also the prompt
22 payment of all installments of arrears as hereinbefore authorized;
23 and provided further, that in case any such installment of arrears or
24 any new taxes, assessments or other liens are not promptly paid,
25 that is to say, within thirty days after the date when the same is due
26 and payable, then such agreement shall be void, and in any such
27 case the collector, or other officer charged by law with that duty,
28 shall proceed to enforce such lien by selling in the manner in this
29 article provided.

30 (cf: P.L.1997, c.99, s.5)

31

32 2. R.S.54:5-21 is amended to read as follows:

33 54:5-21. The collector shall make a list of the lands so subject to
34 sale, describing them in accordance with the last tax duplicate,
35 including the name of the owner as shown on the duplicate,
36 amplifying the description in the duplicate if necessary to better
37 identify the parcel. He shall enter on the list all taxes, assessments
38 and other municipal charges which were a lien at the close of the
39 fiscal year. He shall add to the list all unpaid installments of
40 assessments for benefits theretofore levied and existing as
41 immediate or direct benefits, whether then payable or not, so that
42 the list shall be a complete statement of all municipal charges
43 against the property existing at the close of the fiscal year, together
44 with all interest and costs on all of the items of the list computed to
45 date of sale. If directed so to do by resolution, the collector shall
46 omit from such list such lands as may be subject to sale for unpaid
47 taxes or for any municipal lien, or part thereof, upon which regular

1 installment payments are being made under any agreement or
2 agreements approved by the municipality.

3 In the case of a standard tax sale, the list shall be prepared at
4 least 50 calendar days prior to the date of sale. The collector may
5 prepare the list after the 11th day of the eleventh month of the fiscal
6 year, and prior to the close of the fiscal year, in order to start
7 advertising the standard tax sale prior to the close of the current
8 fiscal year.

9 In the case of an accelerated tax sale, the list shall be prepared as
10 of the 11th day of the 11th month of the current fiscal year, and
11 shall include only those taxes, assessments and other municipal
12 charges that were delinquent as of that date.

13 (cf: P.L.1991, c.75, s.44)

14

15 3. R.S.54:5-24 is amended to read as follows:

16 54:5-24. The list shall be **[bound in book form]** maintained as a
17 permanent record of that office. The list shall be either a bound
18 book or a bound hard copy of a computer-generated list. The list
19 may be made up in one or more sections and the term "list" as used
20 in this chapter shall apply to any such section.

21 (cf: R.S.54:5-24)

22

23 4. R.S.54:5-26 is amended to read as follows:

24 54:5-26. Copies of the notice of a tax sale shall be set up in five
25 of the most public places in the municipality, and a copy of the
26 notice shall be published in a newspaper circulating in the
27 municipality, once in each of the four calendar weeks preceding the
28 calendar week containing the day appointed for the sale. In lieu of
29 any two publications, notice to the property owner and to any
30 person or entity entitled to notice of foreclosure pursuant to section
31 20 of P.L.1948, c.96 (C.54:5-104.48) may be given by regular or
32 certified mail, the costs of which shall be added to the cost of the
33 sale in addition to those provided in R.S.54:5-38, not to exceed \$25
34 for each **[set of notices]** notice for a particular property.

35 For the purposes of notice in connection with a special tax sale
36 for eligible properties which are on an abandoned property list
37 established by the municipality pursuant to section 36 of P.L.1996,
38 c.62 (C.55:19-55), a single advertisement published in a newspaper
39 circulating in the municipality no less than four and no more than
40 six weeks prior to the sale, along with notice to the property owner
41 and any person or entity entitled to notice of foreclosure pursuant to
42 section 20 of P.L.1948, c.96 (C.54:5-104.48), shall constitute
43 sufficient notice of sale on the part of the municipality.

44 Failure of the property owner to receive a notice of a tax sale
45 properly mailed by the tax collector shall not constitute grounds to
46 void the subsequent tax sale. If ordinances of the municipality are

1 required to be published in any special newspaper or newspapers,
2 the notice shall be published therein.

3 (cf: P.L.2005, c.118, s.10)

4

5 5. R.S.54:5-29 is amended to read as follows:

6 54:5-29. At any time before sale the collector shall receive
7 payment of the amount due on any property, together with the
8 interest and costs set forth in R.S.54:5-38, incurred up to the time of
9 payment. When a taxpayer whose property is included in a tax sale
10 shall, prior to the sale, pay the full amount advertised in the sale,
11 plus any interest on any other delinquencies, the tax collector shall
12 then post the receipts, first to the interest, followed by the oldest
13 delinquencies, costs and penalties which action shall then be cause
14 for said property to be removed from the sale.

15 (cf: P.L.1994, c.32, s.7)

16

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

18 54:5-32. The sale shall be made in fee to such person as will
19 purchase the property, subject to redemption at the lowest rate of
20 interest, but in no case in excess of 18% per annum. If at the sale a
21 person shall offer to purchase subject to redemption at a rate of
22 interest less than 1%, or at no interest, he may, in lieu of any rate of
23 interest to redeem, offer a premium over and above the amount of
24 taxes, assessments or other charges, as in this chapter specified,
25 due the municipality, and the property shall be struck off and sold
26 to the bidder who offers to pay the amount of such taxes,
27 assessments or charges, plus the highest amount of premium.

28 (cf: P.L.1979, c.435, s.2)

29

30 7. R.S.54:5-33 is amended to read as follows:

31 54:5-33. Payment for the sale shall be made before the
32 conclusion of the sale, or the property shall be resold. Any
33 premium payment shall be held by the collector and returned to the
34 purchaser of the fee if and when redemption is made. If
35 redemption is not made within five years from date of sale the
36 premium payment shall be turned over to the treasurer of the
37 municipality and become a part of the funds of the municipality. In
38 the event that a petition of bankruptcy has been filed by the
39 property owner, the five year limitation shall be extended for each
40 day that the foreclosure action is precluded by that bankruptcy
41 filing.

42 (cf: P.L.1942, c.193, s.1)

43

44 8. R.S.54:5-38 is amended to read as follows:

45 54:5-38. The officer conducting a tax sale shall collect and pay
46 into the treasury of the municipality a fee for all costs incurred by
47 the municipality in holding the sale. The amount of the fee so paid
48 shall be 2% of the existing lien as stated in R.S.54:5-19 and

1 R.S.54:5-2, but not less than \$15.00 and not more than \$100.00 for
2 each parcel **【sold】** listed. **【The】** In the case of a standard tax sale,
3 the fee shall be payable and collected beginning the 50th calendar
4 day prior to the date of the sale, and in the case of an accelerated
5 tax sale, the fee shall be payable and collected beginning on the
6 11th day of the eleventh month of the current fiscal year. If unpaid
7 prior to the tax sale, the fee shall form part of the tax lien and be
8 paid by the purchaser at the tax sale. **【If a tax lien on a specific**
9 **parcel is not sold at a sale, the fee for the sale shall be added to the**
10 **amount due to the municipality and shall form part of the lien and**
11 **be paid by a purchaser at a subsequent tax sale.】**

12 (cf: P.L.1983, c.478, s.1)

13

14 9. R.S.54:5-51 is amended to read as follows:

15 54:5-51. When the certificate of sale is not made to the
16 municipality, it shall, unless so recorded within three months of the
17 date of sale, be void as against a bona fide purchaser, lessee or
18 mortgagee whose deed, lease or mortgage is recorded before the
19 recording of the certificate. After recording the tax sale certificate,
20 the lien holder shall deliver a copy of the recorded certificate
21 showing the book, page, date, and cost of recording to the tax
22 collector. The tax collector shall maintain the information as a
23 permanent record.

24 (cf: R.S.54:5-51)

25

26 10. R.S.54:5-54 is amended to read as follows:

27 54:5-54. Except as hereinafter provided, the owner, his heirs,
28 holder of any prior outstanding tax lien certificate, mortgagee, or
29 occupant of land sold for municipal taxes, assessment for benefits
30 pursuant to R.S.54:5-7 or other municipal charges, may redeem it at
31 any time until the right to redeem has been cut off in the manner in
32 this chapter set forth, by paying to the collector, or to the collector
33 of delinquent taxes on lands of the municipality where the land is
34 situate, for the use of the purchaser, his heirs or assigns, the amount
35 required for redemption as hereinafter set forth.

36 The tax collector shall provide to any party entitled to redeem a
37 certificate pursuant to this section two calculations of the amount
38 required for redemption within a calendar year at no cost. The
39 governing body of a municipality may, by ordinance, require a fee
40 not to exceed \$50 for each subsequent calculation requested of the
41 tax collector. A request for a redemption calculation shall be made
42 in writing to the tax collector.

43 (cf: P.L.1997, c.190, s.4)

44

45 11. Section 7 of P.L.1965, c.187 (C.54:5-97.1) is amended to
46 read as follows:

1 7. No search fee, counsel fee or other fee related to certified
2 mailings shall be allowed a plaintiff other than a municipality in the
3 foreclosure of a tax lien unless, prior to the filing of the complaint,
4 the plaintiff shall have given 30 days' written notice to the parties
5 entitled to redeem whose interests appear of record at the time of
6 the tax sale, by certified mail with postage prepaid thereon,
7 addressed to the last known address of such persons, of intention to
8 file such complaint. The notice shall also contain the amount due
9 on such tax lien as of the date of the notice. A copy of such notice
10 shall also be filed with the municipal tax collector's office. Upon
11 the filing and service of such notice, a plaintiff shall be entitled to
12 such fees and expenses.

13 A municipality, by ordinance, may authorize the tax collector to
14 charge to a lienholder a fee not to exceed \$50 for the calculation of
15 the amount due to redeem the tax lien required to be provided
16 pursuant to this section. Any request for a redemption calculation
17 shall specify the date to be used for the calculation, which shall be
18 the date of the notice. Neither the tax collector or the municipality
19 shall be liable for an incorrect calculation. The fee paid to the
20 municipality shall not become part of the lien and shall not be
21 passed on to any party entitled to redeem pursuant to R.S.54:5.54.
22 (cf: P.L.1994, c.32, s.13)

23
24 12. (New section) When a tax on real property, or other
25 municipal fee or charge levied against real property, together with
26 the interest, penalties, charges and costs of advertising, would
27 amount to less than \$100, it shall be discretionary with the tax
28 collector as to whether or not the property shall be advertised and
29 sold for the enforcement of the lien. The tax, fee or charge shall
30 remain a lien on the property and may be included in any tax sale or
31 other municipal lien sale affecting the property, notwithstanding
32 any other law to the contrary. When any such tax, lien or charge
33 shall be due for a period of five years following the year in which it
34 became in arrears, the collector shall sell the property.

35
36 13. (New section) In the event that the owner of a tax lien shall
37 fail to surrender a tax sale certificate within five years of being
38 notified of redemption pursuant to R.S.54:5-57, the unclaimed
39 redemption monies shall escheat to the municipality. The
40 provisions of this section shall apply to any redemption monies
41 being held by a tax collector on or after the effective date of P.L. ,
42 c. (C.) (pending before the Legislature as this bill).

43
44 14. (New section) All redemptions shall be made through the
45 tax collector's office, unless authorized by court order or pursuant to
46 federal bankruptcy law. Any lienholder who knowingly causes a
47 redemption to be made outside a tax collector's office in violation of

1 this section shall forfeit the tax sale certificate to the redeeming
2 party.

3

4 15. This act shall take effect immediately.

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STATEMENT

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9 This bill proposes various changes to the "tax sale law."

10 Section 1 of the bill would clarify that a municipality may hold
11 either a standard tax sale (the sale of liens after the close of the
12 fiscal year) or an accelerated tax sale (the sale of liens during the
13 fiscal year). The current language of the statute authorizing the sale
14 of tax liens has been criticized as confusing for many new tax
15 collectors, and this proposed amendment to the existing statute
16 would specifically provide for either a standard or an accelerated
17 tax sale.

18 Section 2 of the bill would clarify the dates for the preparation of
19 the list of properties subject to the tax sale, to reflect a date for a
20 standard tax sale and a date for an accelerated tax sale.

21 Section 3 of the bill would allow the list of properties subject to
22 tax sale to be maintained in either book form, or as a bound hard
23 copy of a computer-generated list, to reflect the current practice of
24 maintaining municipal records on computer.

25 Section 4 of the bill would amend R.S.54:5-26 to replace the
26 current phrase "set of notices" with the word "notice," because the
27 current phrase has created some confusion for tax collectors with
28 respect to the mailing of notices of tax sale, as permitted by the
29 statute. This proposed change would clarify that the cost of a
30 mailing of a notice of tax sale, by either regular or certified mail, to
31 each interested party may not exceed \$25 for each notice, or
32 mailing, given to an interested party. The cost of mailing may be
33 added to the cost of the tax sale as a municipal charge, allowing
34 municipalities to recoup the cost of the mailings from the purchaser
35 of the lien.

36 Section 5 of the bill would add the term "interest" and a statutory
37 reference to R.S.54:5-38 to the language of R.S.54:5-29, which
38 authorizes the tax collector, any time prior to the sale of the tax
39 lien, to receive payment of the amount due on a property, together
40 with interest and costs. This new language clarifies that the
41 interest, together with all of the applicable costs set forth in
42 R.S.54:5-38, must be satisfied in order to remove the lien from the
43 tax sale.

44 Section 6 of the bill authorizes a tax collector to sell a tax lien at
45 no interest, and instead collect a premium for the tax lien sale.
46 Current law authorizes an interest rate of less than 1%, but does not
47 specifically authorize the payment of no interest on a tax lien. This

1 language effectively clarifies that an interest rate of less than 1%
2 includes "no interest" on the lien.

3 Section 7 would extend the date of an action for foreclosure of a
4 tax lien for each day that foreclosure of the lien is precluded by the
5 bankruptcy of the property owner.

6 Section 8 of the bill would clarify the dates for the payment of
7 fees by the purchaser of a tax lien of the costs incurred by a
8 municipality in a standard or an accelerated tax sale. This language
9 is intended to provide uniformity between municipalities of
10 charging and collecting from the lien purchaser the costs incurred
11 by the municipality of holding the sale.

12 Section 9 of the bill would require the holder of the tax sale
13 certificate to record the tax sale certificate and to provide the tax
14 collector with a copy of the recorded certificate showing the date of
15 recording, the book and page in which the lien is recorded, and the
16 cost of recording the tax sale certificate. It also requires the
17 collector to maintain the information as a permanent record. The
18 intent of this language is to provide this information to the tax
19 collector so that a certificate of redemption of the tax lien may be
20 issued upon the payment in full of the lien amount. This
21 information is needed by the collector in order to execute the
22 certificate.

23 Sections 10 and 11 of the bill concern the calculation by the tax
24 collector of the amount need to redeem the tax sale certificate,
25 referred to as the redemption amount. Section 10 of the bill would
26 amend R.S.54:5-54 to require the tax collector to provide to any
27 party entitled to redeem a tax sale certificate, two redemption
28 calculations within a calendar year at no cost. It would also
29 authorize the governing body of a municipality, by ordinance, to
30 require a fee not to exceed \$50 for each subsequent calculation
31 requested of the tax collector. The language also requires that a
32 request for a redemption calculation shall be made in writing to the
33 tax collector. Section 11 would amend section 7 of P.L.1965, c.187
34 (C.54:5-97.1) to allow a municipality to charge a \$50 fee for a
35 redemption calculation.

36 Section 12 of the bill would make discretionary to the tax
37 collector the sale of a tax lien that, together with the interest,
38 penalties, charges and costs of advertising, would amount to less
39 than \$100.

40 Section 13 of the bill would require that if the owner of a tax lien
41 fails to surrender a tax sale certificate within five years of being
42 notified of redemption, the unclaimed redemption monies will
43 escheat to the municipality. The provisions of this section would
44 apply to any redemption monies being held by a tax collector on or
45 after the effective date of the bill.

46 Section 14 of the bill would require that all redemptions of tax
47 liens must be made through the tax collector's office, unless
48 authorized by court order or pursuant to federal bankruptcy law. It

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1 would also require that any lienholder who knowingly causes a
2 redemption to be made outside a tax collector's office in violation of
3 this section will forfeit the tax sale certificate to the redeeming
4 party.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1619

STATE OF NEW JERSEY

DATED: MARCH 3, 2008

The Assembly Housing and Local Government Committee reports favorably Assembly Bill No. 1619.

This bill proposes various changes to the "tax sale law."

Section 1 of the bill would clarify that a municipality may hold either a standard tax sale (the sale of liens after the close of the fiscal year) or an accelerated tax sale (the sale of liens during the fiscal year). The current language of the statute authorizing the sale of tax liens has been criticized as confusing for many new tax collectors, and this proposed amendment to the existing statute would specifically provide for either a standard or an accelerated tax sale.

Section 2 of the bill would clarify the dates for the preparation of the list of properties subject to the tax sale, to reflect a date for a standard tax sale and a date for an accelerated tax sale.

Section 3 of the bill would allow the list of properties subject to tax sale to be maintained in either book form, or as a bound hard copy of a computer-generated list, to reflect the current practice of maintaining municipal records on computer.

Section 4 of the bill would amend R.S.54:5-26 to replace the current phrase "set of notices" with the word "notice," because the current phrase has created some confusion for tax collectors with respect to the mailing of notices of tax sale, as permitted by the statute. This proposed change would clarify that the cost of a mailing of a notice of tax sale, by either regular or certified mail, to each interested party may not exceed \$25 for each notice, or mailing, given to an interested party. The cost of mailing may be added to the cost of the tax sale as a municipal charge, allowing municipalities to recoup the cost of the mailings from the purchaser of the lien.

Section 5 of the bill would add the term "interest" and a statutory reference to R.S.54:5-38 to the language of R.S.54:5-29, which authorizes the tax collector, any time prior to the sale of the tax lien, to receive payment of the amount due on a property, together with interest and costs. This new language clarifies that the interest, together with all of the applicable costs set forth in R.S.54:5-38, must be satisfied in order to remove the lien from the tax sale.

Section 6 of the bill authorizes a tax collector to sell a tax lien at no interest, and instead collect a premium for the tax lien sale. Current law authorizes an interest rate of less than 1%, but does not specifically authorize the payment of no interest on a tax lien. This language effectively clarifies that an interest rate of less than 1% includes "no interest" on the lien.

Section 7 would extend the date of an action for foreclosure of a tax lien for each day that foreclosure of the lien is precluded by the bankruptcy of the property owner.

Section 8 of the bill would clarify the dates for the payment of fees by the purchaser of a tax lien for the costs incurred by a municipality in a standard or an accelerated tax sale. This language is intended to provide uniformity between municipalities for the charging and collecting, from the lien purchaser, of the costs incurred by the municipality of holding the sale.

Section 9 of the bill would require the holder of the tax sale certificate to record the tax sale certificate and to provide the tax collector with a copy of the recorded certificate showing the date of recording, the book and page in which the lien is recorded, and the cost of recording the tax sale certificate. It also requires the collector to maintain the information as a permanent record. The intent of this language is to provide this information to the tax collector so that a certificate of redemption of the tax lien may be issued upon the payment in full of the lien amount. This information is needed by the collector in order to execute the certificate.

Sections 10 and 11 of the bill concern the calculation by the tax collector of the amount needed to redeem the tax sale certificate, referred to as the redemption amount. Section 10 of the bill would amend R.S.54:5-54 to require the tax collector to provide to any party entitled to redeem a tax sale certificate, two redemption calculations within a calendar year at no cost. It would also authorize the governing body of a municipality, by ordinance, to require a fee not to exceed \$50 for each subsequent calculation requested of the tax collector. The language also requires that a request for a redemption calculation shall be made in writing to the tax collector. Section 11 would amend section 7 of P.L.1965, c.187 (C.54:5-97.1) to allow a municipality to charge a \$50 fee for a redemption calculation.

Section 12 of the bill would make discretionary to the tax collector the sale of a tax lien that, together with the interest, penalties, charges, and costs of advertising, would amount to less than \$100.

Section 13 of the bill would require that if the owner of a tax lien fails to surrender a tax sale certificate within five years of being notified of redemption, the unclaimed redemption monies will escheat to the municipality. The provisions of this section would apply to any redemption monies being held by a tax collector on or after the effective date of the bill.

Section 14 of the bill would require that all redemptions of tax liens must be made through the tax collector's office, unless authorized by

court order or pursuant to federal bankruptcy law. It would also require that any lienholder who knowingly causes a redemption to be made outside a tax collector's office in violation of this section will forfeit the tax sale certificate to the redeeming party.

This bill was prefiled for introduction in the 2008-2009 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1619

STATE OF NEW JERSEY

DATED: DECEMBER 7, 2009

The Senate Community and Urban Affairs Committee reports favorably Assembly Bill No. 1619.

This bill proposes various changes to the "tax sale law."

Section 1 of the bill provides that a municipality may hold either a standard tax sale (the sale of liens after the close of the fiscal year) or an accelerated tax sale (the sale of liens during the fiscal year).

Section 2 of the bill would clarify the dates for the preparation of the list of properties subject to the tax sale, to reflect a date for a standard tax sale and a date for an accelerated tax sale.

Section 3 of the bill allows the list of properties subject to tax sale to be maintained in either book form, or as a bound hard copy of a computer-generated list, to reflect the current practice of maintaining municipal records on computer.

Section 4 of the bill amends R.S.54:5-26 to replace the current phrase "set of notices" with the word "notice." This change would clarify that the cost of mailing a notice of tax sale, by either regular or certified mail, to each interested party may not exceed \$25 for each notice, or mailing, given to an interested party. The bill allows for the cost of mailing to be added to the cost of the tax sale as a municipal charge.

Section 5 of the bill adds the term "interest" and a statutory reference to R.S.54:5-38 to the language of R.S.54:5-29, which authorizes the tax collector, any time prior to the sale of the tax lien, to receive payment of the amount due on a property, together with interest and costs. All interest and costs due and owing must be satisfied in order to remove the lien from the tax sale.

Section 6 of the bill authorizes a tax collector to sell a tax lien at no interest, and instead collect a premium for the tax lien sale. Current law authorizes an interest rate of less than 1%, but does not specifically authorize the payment of no interest on a tax lien.

Section 7 extends the date of an action for foreclosure of a tax lien for each day that foreclosure of the lien is precluded by the bankruptcy of the property owner.

Section 8 of the bill clarifies the dates for the payment of fees by the purchaser of a tax lien for the costs incurred by a municipality in a standard or an accelerated tax sale.

Section 9 of the bill would require the holder of the tax sale certificate to record the tax sale certificate and to provide the tax collector with a copy of the recorded certificate showing the date of recording, the book and page in which the lien is recorded, and the cost of recording the tax sale certificate. It also requires the collector to maintain the information as a permanent record.

Sections 10 and 11 of the bill concern the calculation by the tax collector of the amount needed to redeem the tax sale certificate, referred to as the redemption amount. Section 10 of the bill amends R.S.54:5-54 to require the tax collector to provide to any party entitled to redeem a tax sale certificate, two redemption calculations within a calendar year at no cost. It would also authorize the governing body of a municipality, by ordinance, to require a fee not to exceed \$50 for each subsequent calculation requested of the tax collector. The language also requires that a request for a redemption calculation shall be made in writing to the tax collector. Section 11 would amend section 7 of P.L.1965, c.187 (C.54:5-97.1) to allow a municipality to charge a \$50 fee for a redemption calculation.

Section 12 of the bill give the tax collector the discretion to delay the sale of the tax lien provided the total amount of the lien, together with interest, penalties, costs and other charges does not exceed \$100.

Section 13 of the bill requires that if the owner of a tax lien fails to surrender a tax sale certificate within five years of being notified of redemption, the unclaimed redemption monies will escheat to the municipality. The provisions of this section would apply to any redemption monies being held by a tax collector on or after the effective date of the bill.

Section 14 of the bill requires that all redemptions of tax liens must be made through the tax collector's office, unless authorized by court order or pursuant to federal bankruptcy law. It would also require that any lienholder who knowingly causes a redemption to be made outside a tax collector's office in violation of this section will forfeit the tax sale certificate to the redeeming party.