LEGISLATIVE HISTORY CHECKLIST
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(Property tax collection)

A: 54:4-64
LAWS OF: 1994  CHAPTER: 32
BILL NO: A936
SPONSOR(S): Arnone and others
DATE INTRODUCED: Pre-filed
COMMITTEE: ASSEMBLY: Local Government
SENATE: Community Affairs
AMENDED DURING PASSAGE: Yes  Amendments during passage denoted by superscript numbers
First reprint enacted
DATE OF PASSAGE: ASSEMBLY: February 17, 1994
SENATE: March 31, 1994
DATE OF APPROVAL: May 12, 1994
FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:
NSOR STATEMENT: Yes
COMMITTEE STATEMENT: ASSEMBLY: Yes
SENATE: Yes
FISCAL NOTE: No
VETO MESSAGE: No
MESSAGE ON SIGNING: No
FOLLOWING WERE PRINTED:
REPORTS: No
HEARINGS: No
KBG: pp
AN ACT concerning municipal tax collections and liens and amending and repealing various parts of the statutory law.

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

1. R.S.54:4-64 is amended to read as follows:

54:4-64. a. [As soon as the tax duplicate is delivered to the collector of the taxing district, as provided in R.S.54:4-55, he shall at once begin the work of preparing, completing, mailing or otherwise delivering tax bills to the individuals assessed, and shall complete that work on or before June 14. He shall also, at least two months before the first installment of taxes for the year falls due, or in municipalities operating on the State fiscal year, on or before October 1 of the pre-tax year, prepare and mail, or otherwise deliver to the individuals assessed, a tax bill for such following first and second installments, computed as provided in R.S.54:4-66.] As soon as the tax duplicate is delivered to the collector of the taxing district, as provided in R.S.54:4-55, he shall at once begin the work of preparing, completing, mailing or otherwise delivering tax bills to the individuals assessed, and shall complete that work on or before June 14. He shall also, at least two months before the first installment of taxes for the year falls due, prepare and mail, or otherwise deliver to the individuals assessed, a tax bill for such following first and second installments, computed as provided in R.S.54:4-66. When any individual assessed has authorized the collector to mail or otherwise deliver his tax bill to a mortgagee or any other agent, the collector shall, at the same time, mail or otherwise deliver a duplicate tax bill to the individual assessed and shall print across the face of such duplicate tax bill the following inscription: "This is not a bill -- for advice only." [The validity of any tax or assessment, or the time at which it shall be payable, shall not be affected by the failure of a taxpayer to receive a tax bill, but every taxpayer is put on notice to ascertain from the proper official of the taxing district the amount which may be due for taxes or assessments against him or his property.] The validity of any tax or assessment, or the time at which it shall be payable, shall not be affected by the failure of a taxpayer to receive a tax bill, but every taxpayer is put on notice to ascertain from the proper official of the taxing district the amount which may be due for taxes or assessments against him or his property.

b. As provided in subsection a. of this section, a mortgagor as
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the individual assessed for property taxes or other municipal
charges with respect to the property securing a mortgage loan,
may authorize the tax collector to mail or otherwise deliver his
tax bill to a mortgagee or servicing organization. This tax
authorization form shall be assignable in the event the mortgagee
or servicing organization sells, assigns or transfers the servicing
of the mortgage loan to another mortgagee or servicing
organization.

   c. The tax collector of the taxing district shall, upon receipt
of a written request from a mortgagee or servicing organization
on a form approved by the commissioner, mail or otherwise
deliver a mortgagor's tax bill to a property tax processing
organization. The commissioner shall provide by regulation for a
procedure by which the tax collector of a taxing district may
request the Director of the Division of Local Government
Services in the Department of Community Affairs to review the
appropriateness of the request to mail or otherwise deliver a
mortgagor's tax bill to a property tax processing organization.

   d. If a mortgagee, servicing organization, or property tax
processing organization requests a duplicate copy of a tax bill,
the tax collector of a taxing district shall issue a duplicate copy
and may charge a maximum of $5 for the first duplicate copy and
a maximum of $25 for each subsequent duplicate copy of the
same tax bill in the same [tax] fiscal year, the actual charge
being set by municipal ordinance. The commissioner shall
promulgate regulations to effectuate the provisions of this
subsection d. which regulations shall include a procedure by which
a mortgagee, servicing organization, or property tax processing
organization may appeal and be reimbursed for the amount it has
paid for a duplicate copy of a tax bill, or any part thereof.

   e. As used in subsections a., b., c., and d. of this section,
"mortgagee," "mortgagor," "mortgage loan," "servicing
organization" and "property tax processing organization" shall
have the same meaning as the terms have pursuant to section 1 of

 2. R.S.54:4-65 is amended to read as follows:
 54:4-65. [In addition to the requirements set forth hereunder,
the] a. The Director of the Division of Local Government
Services in the Department of Community Affairs shall approve
the form and content of property tax bills.

   b. Each tax bill shall have printed thereon a brief tabulation
showing the distribution of the amount raised by taxation in the
taxing district, in such form as to disclose the rate per $100.00 of
assessed valuation or the number of cents in each dollar paid by
the taxpayer which is to be used for the payment of State school
taxes, other State taxes, county taxes, local school expenditures
and other local expenditures. The last named item may be
further subdivided so as to show the amount for each of the
several departments of the municipal government. In lieu of
printing such information on the tax bill, any municipality may
furnish the tabulation required hereunder and any other pertinent
information in a statement accompanying the mailing or delivery
of the tax bill.
c. The appropriate tax bill or form mailed with the tax bill
shall also contain a statement reporting amounts of State aid and
assistance received by the municipality, school districts, special
districts and county governments used to offset local tax levies.
The director shall provide each tax collector with a certification
of the amounts of said State aid and assistance for inclusion in
the tax bill.

d. The tax bill or form mailed with the tax bill shall include
thereon the date upon which each installment is due.

(cf: P.L.1991, c.410, s.3)

3. R.S.54:4-66 is amended to read as follows:

54:4-66. Taxes shall be payable and shall be delinquent as
hereinafter stated:

a. Taxes shall be payable the first installment as hereinafter
provided on February first, the second installment on May first,
the third installment on August first and the fourth installment
on November first, after which dates if unpaid, they shall become
delinquent and remain delinquent until such time as all unpaid
taxes, including taxes and other liens subsequently due and
unpaid, together with interest have been fully paid and satisfied;

b. From and after the respective dates hereinbefore provided
for taxes to become delinquent, the taxpayer or property assessed
shall be subject to the penalties hereinafter prescribed;

c. In municipalities with a January 1 through December 31
fiscal year, the dates hereinbefore provided for payment of the
first and second installments of taxes being before the true
amount of the tax will have been determined, the amount to be
payable as each of the first two installments shall be one-quarter
of the total tax finally levied against the same property or
taxpayer for the preceding year or, if directed to do so for the
tax year by resolution of the municipal governing body, one-half
of the tax levied for the second half of the preceding tax year, as
appropriate; and the amount to be payable for the third and
fourth installments shall be the full tax as levied for the current
year, less the amount charged as the first and second
installments; the amount thus found to be payable as the last two
installments shall be divided equally for and as each installment.
An appropriate adjustment by way of discount shall be made, if it
shall appear that the total of the first and second installments
exceeded one-half of the total tax as levied for the year;

d. In municipalities that operate on the State fiscal year, there
shall be two annual tax bills delivered and the amounts payable
shall be as follows:

(1) In the tax year in which the fiscal year is changed, a tax
bill shall be delivered on or before June 14 of the tax year for the
third and fourth installments. The amount to be payable for the
two installments shall be the full tax levied against the same
property or taxpayer for municipal purposes in the preceding tax
year, less the amount charged as the first and second installments
for municipal purposes for the current calendar year; plus the full
tax as levied for the current tax year for county, school and other
purposes, excepting municipal purposes, less the amount charged
as the first and second installments for county, school and other
purposes, excepting municipal purposes; the amount found to be
payable shall be divided equally for each installment.

(2) Thereafter, in each tax year a tax bill shall be delivered on
or before [October] December 1 of the pre-tax year for the first
and second installments of the tax year and on or before June 14
for the third and fourth installments. The amount to be payable
for the first two installments shall be the full tax levied for
municipal purposes against the property or taxpayer for the
current municipal fiscal year less the amount charged for
municipal purposes as the third and fourth installments in the
preceding tax year, plus one half of the total tax levied against
the property or taxpayer for county, school and other purposes,
excepting municipal purposes, in the preceding tax year. If,
pursuant to an appropriate certification of taxes payable, the
total amount to be payable for the first two installments is less
than the total obligation for county, school or other purposes for
the first and second installments of the tax year, the municipality
shall proportionately adjust tax billings in order to meet the
obligation. The amount so derived shall be divided equally for
each installment. The amount payable for the third and fourth
installments shall be the full tax levied against the same property
or taxpayer for municipal purposes in the preceding municipal
fiscal year, less the amount charged as the first and second
installments for municipal purposes for the current calendar year;
plus the full tax as levied for the current tax year for county,
school and other purposes, excepting municipal purposes, less the
amount charged as the first and second installments for county,
school and other purposes, excepting municipal purposes. The
amount so derived shall be divided equally for each installment.
An appropriate adjustment by way of discount shall be made if it
appears that the total of that portion of the first two
installments which is taxes for county, school or other purposes,
excepting municipal purposes, exceeded one-half of the total tax
for those purposes as levied for the tax year;

e. Taxes may be received and credited as payments at any
time, even prior to the dates hereinbefore fixed for payment.
(cf: P.L.1991, c.410, s.4)

4. R.S.54:4-67 is amended to read as follows:
54:4-67. The governing body of each municipality may by
resolution fix the rate of discount to be allowed for the payment
of taxes or assessments previous to the date on which they would
become delinquent. The rate so fixed shall not exceed 6% per
annum, shall be allowed only in case of payment on or before the
thirtieth day previous to the date on which the taxes or
assessments would become delinquent. The governing body may
also fix the rate of interest to be charged for the nonpayment of
taxes or assessments on or before the date when they would
become delinquent, and may provide that no interest shall be
charged if payment of any installment is made within the tenth
calendar day following the date upon which the same became
payable. The rate so fixed shall not exceed 8% per annum on the
first $1,500.00 of the delinquency and 18% per annum on any
amount in excess of $1,600.00, to be calculated from the date the
tax was payable until the date [of] that actual payment [to the
lienholder will be next authorized].
"Delinquency" means the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years. The property shall remain delinquent, as defined herein, until such time as all unpaid taxes, including subsequent taxes and liens, together with interest thereon shall have been fully paid and satisfied. The delinquency shall remain notwithstanding the issuance of a certificate of sale pursuant to R.S.54:5-32 and R.S.54:5-46. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of $10,000 who fails to pay that delinquency prior to the end of the [calendar] fiscal year. If such taxes are fully paid and satisfied by the holder of an outstanding tax sale certificate, the holder shall be entitled to receive the amount of the penalty as part of the amount required to redeem such certificate of sale. The penalty so fixed shall not exceed 6% of the amount of the delinquency.

(cf: P.L.1991, c.75, s.39)

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

54:5-6. Taxes on lands shall be a continuous lien on the land on which they are assessed [on and after the first day of the fiscal year of the municipality for which the taxes are assessed,] and all subsequent taxes, interest, penalties and costs of collection which thereafter fall due or accrue shall be added to and [become] be a part of such initial lien.

(cf: P.L.1991, c.75, s.42)

6. R.S.54:5-11 is amended to read as follows:

54:5-11. The governing body of each municipality shall from time to time by resolution, designate [a bonded] an official of the municipality to make examinations of its records as to unpaid municipal liens and to certify the result thereof. The official so designated, and each new incumbent of the office, shall thereafter be vested with the power to make official certificates of searches for municipal liens until a new official has been designated for the purpose, and no other official than the one so designated shall make any such official certificate. No personal liability shall attach or be chargeable to the official so designated.

(cf: R.S.54:5-11)

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

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

(cf: R.S.54:5-29)

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

54:5-54. Except as hereinafter provided, the owner, his heirs, holder of [an] a prior outstanding tax lien certificate, mortgagor, or occupant [or other person have an interest in] of land sold for municipal [liens] taxes [or other municipal charges].
may redeem it at any time [within 6 months from the date of the
sale when the municipality has purchased the property at the tax
sale, or within 2 years from the date of sale when the purchaser
is other than the municipality, or at any time thereafter] until
the right to redeem has been cut off in the manner in this chapter
set forth, by paying to the collector, or to the collector of
delinquent taxes on lands of the municipality where the land is
situate, for the use of the purchaser, his heirs or assigns, the
amount required for redemption as hereinafter set forth.
(cf: P.L.1974, c.91, s.2)

9. R.S.54:5-61 is amended to read as follows:
54:5-61. The holder of the tax title, upon compliance with the
provisions of [section] R.S.54:5-62 [of this title], shall be entitled
for his expenses, to such sums as he may have actually paid out
for recording fees, fees for services of notices necessarily and
actually served, and fees and expenses in ascertaining the persons
interested in the premises sold, but such fees and expenses shall
not exceed in all the sum of twelve dollars, besides the fees
actually paid for recording the certificate and fees actually paid
for necessary advertising in a newspaper under this chapter. Such
fees and expenses shall be separate, apart from and in addition to
those fees permitted under section 7 of P.L.1965, c.187
(C.54:5-97.1) and R.S.54:5-98. Upon redemption in accordance
with R.S.54:5-58, R.S.54:5-59 and R.S.54:5-60 the holder of the
tax title shall be entitled to collect from the owner or other
persons having a right of redemption pursuant to R.S.54:5-54,
additional sums in accordance with the following schedule: When
the [taxes, interest and costs] tax title certificate amount shall
exceed the sum of two hundred dollars, the holder, upon
redemption of the tax title shall be entitled to collect from the
owner or other person having an interest in the lands an
additional sum equal to two per cent of the amount so paid for
the tax title certificate.

When the [taxes, interest and costs] tax title certificate
amount shall exceed the sum of $5,000, such additional sum shall
be equal to 4% of such amount paid; and when [that sum] the tax
title certificate amount exceeds $10,000, such additional sum
shall be equal to 6% of such amount paid. This section shall also
apply to all existing tax title certificates held by municipalities
on the effective date of [this act] P.L.1991, c.75.
(cf: P.L.1991, c.75, s.48)

10. R.S.54:5-77 is amended to read as follows;
54:5-77. a. [The holder of the tax title may at any time within
20 years after the purchase, give notice in writing to all persons
interested in the land of their right to redeem. Except as
hereinafter provided in subsection b. of this section, the
following notice requirements and periods of redemption shall
govern the foreclosure by municipal and private holders of tax
titles: for property purchased by the municipality, if notice is
served within 10 days of the tax sale, it shall state that the right
to redeem will be barred 6 months after the date of the sale; for
property purchased by other than a municipality, if the notice is
served within 18 months of the sale, it shall state that the right
to redeem will be barred 2 years after the date of the sale. If
notice is served beyond said periods, it shall state that the right
to redeem shall be barred 6 months from the service of the
notice. The notice shall be served personally on the persons
interested who reside in the municipality, and on others it may be
served personally, or by mailing to their post-office address, if it
can be ascertained, or by posting on the premises sold, if their
post-office address cannot be ascertained. In all cases where it
is not served personally a copy shall be published once in a
newspaper in which ordinances of the municipality may be
published. In the event it shall appear by the last tax duplicate of
said municipality that there is no assessment for a building
against said lands, in lieu of posting the notice on said premises,
the holder of the tax sale certificate may cause copies of the
notice to be posted in the office of the tax collector of said
municipality and in three other conspicuous places within the
taxing district in which the land is located. [Deleted by
amendment, P.L. , c. .]

b. Any municipality which holds the tax title may at any time
file an action with the Superior Court in the county wherein said
municipality is situate, demanding that the right of redemption
on such land be barred. Such action shall be heard in a summary
manner, and the court shall grant a judgment barring the right of
redemption if it finds that the land or any improvement thereon
is hazardous to the public health, safety and welfare, or unfit for
human habitation; any judgment rendered pursuant to such
summary proceeding shall be subject to the appropriate
provisions of R.S.54:5-54, except that in the case of an unknown
owner or unknown claimant, the equity of redemption shall be
barred pursuant to the provisions contained in R.S.54:5-90.
Notice and service of process shall be made pursuant to the
Rules Governing the Courts of the State of New Jersey. It shall
be an absolute defense to the action that the owner, mortgagee,
or other person having an interest therein has abated, removed,
or corrected the condition or conditions which cause the
improvement to be hazardous to the public health, safety and
welfare, or unfit for human habitation, or has deposited with the
court (1) the amount of money required, as determined by the
court, to abate, remove or correct the condition or conditions, or
(2) a performance bond in double the amount thereof. Thereupon,
the owner, mortgagee, or other person having an interest in said
land, shall proceed to abate, remove or correct said condition or
conditions within such time as the court shall deem reasonable
under the circumstances. Moneys deposited with the court may,
in the court's discretion, be used to abate, remove or correct the
condition or conditions involved, or may be paid to the depositor
or such other persons, as the court determines, who have abated,
removed or corrected such condition or conditions. The amount
of any performance guarantee deposited with the court may be
proportionately reduced by the court as portions of the work are
completed.
(cf. P.L.1974, c.91, s.3)

11. R.S.54:5-87 is amended to read as follows:
54:5-87. The Superior Court, in an action to foreclose the
right of redemption, may give full and complete relief under this
chapter, in accordance with other statutory authority of the
court, to bar the right of redemption and to foreclose all prior or
subsequent alienations and descents of the lands and
encumbrances thereon, except subsequent municipal liens, and to
adjudge an absolute and indefeasible estate of inheritance in fee
simple, to be vested in the purchaser. The judgment shall be final
upon the defendants, their heirs, devisees and personal
representatives, and their or any of their heirs, devisees,
executors, administrators, grantees, assigns or successors in
right, title or interest and no application shall be entertained to
reopen the judgment after 3 months from the date thereof, and
then only upon the grounds of lack of jurisdiction or fraud in the
conduct of the suit. Such judgment and recording thereof shall
not be deemed a sale, transfer, or conveyance of title or interest
to the subject property under the provisions of the "Uniform
Fraudulent Transfer Act," R.S.25:2-20 et seq.
(cf: P.L.1965, c.187, s.6)

12. R.S.54:5-91 is amended to read as follows:

54:5-91. Any person whose interest in the lands cannot, in the
exercise of reasonable diligence, be ascertained from the search
of the title of the premises described in the certificate of sale,
made of the indexes in the office of the surrogate and county
clerk or register of deeds and mortgages in the county in which
the lands are situate, and in the office of the Secretary of State,
extending back [at least] sixty years next preceding the date of
the sale, shall be deemed to be included in the term "unknown
owner" or "unknown claimant."
(cf: P.L.1953, c.51, s.44)

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

7. No search fee, [and no] counsel fee or other fee related to
certified mailings shall be allowed a plaintiff other than a
municipality in the foreclosure of a tax lien unless, prior to the
filing of the complaint, the plaintiff shall have given 30 days' 
written notice to the [interested owners and mortgagees] parties
entitled to redeem whose interests appear of record at the time
of the tax sale, by certified mail with postage prepaid thereon,
addressed to the last known address of such [owners and
mortgagees] persons, of intention to file such complaint. The
notice shall also contain the amount due on such tax lien as of the
date of the notice. A copy of such notice shall also be filed with
the municipal tax collector's office. Upon the filing and service
of such notice, a plaintiff shall be entitled to such fees and
expenses.
(cf: P.L.1965, c.187, s.7)

14. R.S.54:5-104 is amended to read as follows:

54:5-104. When in a judgment in an action to foreclose the
right of redemption, the lands are described in a manner other
than that contained in the certificate of tax sale, the judgment
shall bar the defendant's right of redemption in and to all the
lands described in the judgment, and that property only. Such
judgment and recording thereof shall not be deemed a sale,
transfer, or conveyance of title or interest to the subject
property under the provisions of the "Uniform Fraudulent
Transfer Act," R.S.25:2-20 et seq.
(cf: P.L.1953, c.51, s.57)
15. Section 4 of P.L.1948, c.96 (C.54:5-104.32) is amended to read as follows:

4. Any municipality may proceed, In Rem, pursuant to the provisions of this act, similarly to bar rights of redemption, after said certificate has been recorded in the office of the county recording officer. Neither the foreclosure nor the recording of any such judgment or certificate shall be construed to be a sale, transfer or conveyance of title or interest to the subject property under the provisions of the "Uniform Fraudulent Transfer Act," R.S.25:2-20 et seq.

(cf: P.L.1948, c.96, s.4)

16. Section 37 of P.L.1948, c.96 (C.54:5-104.65) is amended to read as follows:

37. Upon the recording of a certified copy of such judgment in the office of the county recording officer, the plaintiff shall be seized of an estate in fee simple, in the lands described therein, absolute and free and clear of all liens and encumbrances, in accordance with the terms of said judgment. Neither the foreclosure nor the recording of any such judgment or certificate shall be construed to be a sale, transfer or conveyance of title or interest to the subject property under the provisions of the "Uniform Fraudulent Transfer Act," R.S.25:2-20 et seq.

(cf: P.L.1953, c.51, s.89)

17. R.S.54:5-78 and R.S.54:5-80 are repealed in their entirety.

18. This act shall take effect immediately.

Updates laws relating to municipal property tax liens and collection procedures.
AN ACT concerning municipal tax collections and liens and amending and repealing various parts of the statutory law.

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

1. R.S.54:4-64 is amended to read as follows:

54:4-64. a. [As soon as the tax duplicate is delivered to the collector of the taxing district, as provided in R.S.54:4-55, he shall at once begin the work of preparing, completing, mailing or otherwise delivering tax bills to the individuals assessed, and shall complete that work on or before June 14. He shall also, at least two months before the first installment of taxes for the year falls due, or in municipalities operating on the State fiscal year, on or before October 1 of the pre-tax year, prepare and mail, or otherwise deliver to the individuals assessed, a tax bill for such following first and second installments, computed as provided in R.S.54:4-66.] As soon as the tax duplicate is delivered to the collector of the taxing district, as provided in R.S.54:4-55, he shall at once begin the work of preparing, completing, mailing or otherwise delivering tax bills to the individuals assessed, and shall complete that work on or before June 14. He shall also, at least two months before the first installment of taxes for the calendar year falls due, prepare and mail, or otherwise deliver to the individuals assessed, a tax bill for such following first and second installments, computed as provided in R.S.54:4-66. When any individual assessed has authorized the collector to mail or otherwise deliver his tax bill to a mortgagee or any other agent, the collector shall, at the same time, mail or otherwise deliver a duplicate tax bill to the individual assessed and shall print across the face of such duplicate tax bill the following inscription: "This is not a bill -- for advice only." [The validity of any tax or assessment, or the time at which it shall be payable, shall not be affected by the failure of a taxpayer to receive a tax bill, but every taxpayer is put on notice to ascertain from the proper official of the taxing district the amount which may be due for taxes or assessments against him or his property.] The validity of any tax or assessment, or the time at which it shall be payable, shall not be affected by the failure of a taxpayer to receive a tax bill, but every taxpayer is put on notice to ascertain from the proper official of the taxing district the amount which may be due for taxes or assessments against him or his property.

b. As provided in subsection a. of this section, a mortgagor as
the individual assessed for property taxes or other municipal
charges with respect to the property securing a mortgage loan,
may authorize the tax collector to mail or otherwise deliver his
tax bill to a mortgagee or servicing organization. This tax
authorization form shall be assignable in the event the mortgagee
or servicing organization sells, assigns or transfers the servicing
of the mortgage loan to another mortgagee or servicing
organization.

c. The tax collector of the taxing district shall, upon receipt
of a written request from a mortgagee or servicing organization
on a form approved by the commissioner, mail or otherwise
deliver a mortgagor’s tax bill to a property tax processing
organization. The commissioner shall provide by regulation for a
procedure by which the tax collector of a taxing district may
request the Director of the Division of Local Government
Services in the Department of Community Affairs to review the
appropriateness of the request to mail or otherwise deliver a
mortgagor’s tax bill to a property tax processing organization.
d. If a mortgagee, servicing organization, or property tax
processing organization requests a duplicate copy of a tax bill,
the tax collector of a taxing district shall issue a duplicate copy
and may charge a maximum of $5 for the first duplicate copy and
a maximum of $25 for each subsequent duplicate copy of the
same tax bill in the same [tax] fiscal year, the actual charge
being set by municipal ordinance. The commissioner shall
promulgate regulations to effectuate the provisions of this
subsection d. which regulations shall include a procedure by which
a mortgagee, servicing organization, or property tax processing
organization may appeal and be reimbursed for the amount it has
paid for a duplicate copy of a tax bill, or any part thereof.
e. As used in subsections a., b., c., and d. of this section,
“mortgagee,” “mortgagor,” “mortgage loan,” “servicing
organization” and “property tax processing organization” shall
have the same meaning as the terms have pursuant to section 1 of
(cf: P.L.1991, c.410, s.1)
2. R.S.54:4-65 is amended to read as follows:
54:4-65. [In addition to the requirements set forth hereunder,
the] a. The Director of the Division of Local Government
Services in the Department of Community Affairs shall approve
the form and content of property tax bills.
b. Each tax bill shall have printed thereon a brief tabulation
showing the distribution of the amount raised by taxation in the
taxing district, in such form as to disclose the rate per $100.00 of
assessed valuation or the number of cents in each dollar paid by
the taxpayer which is to be used for the payment of State school
taxes, other State taxes, county taxes, local school expenditures
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further subdivided so as to show the amount for each of the
several departments of the municipal government. In lieu of
printing such information on the tax bill, any municipality may
furnish the tabulation required hereunder and any other pertinent
information in a statement accompanying the mailing or delivery
of the tax bill.
c. The appropriate tax bill or form mailed with the tax bill shall also contain a statement reporting amounts of State aid and assistance received by the municipality, school districts, special districts and county governments used to offset local tax levies.

The director shall provide each tax collector with a certification of the amounts of said State aid and assistance for inclusion in the tax bill.

d. The tax bill or form mailed with the tax bill shall include thereon the date upon which each installment is due.

(cf: P.L.1991, c.410, s.3)

3. R.S.54:4-66 is amended to read as follows:

54:4-66. Taxes shall be payable and shall be delinquent as hereinafter stated:

a. Taxes shall be payable the first installment as hereinafter provided on February first, the second installment on May first, the third installment on August first and the fourth installment on November first. after which dates if unpaid, they shall become delinquent and remain delinquent until such time as all unpaid taxes, including taxes and other liens subsequently due and unpaid, together with interest have been fully paid and satisfied;

b. From and after the respective dates hereinbefore provided for taxes to become delinquent, the taxpayer or property assessed shall be subject to the penalties hereinafter prescribed;

c. In municipalities with a January 1 through December 31 fiscal year, the dates hereinbefore provided for payment of the first and second installments of taxes being before the true amount of the tax will have been determined, the amount to be payable as each of the first two installments shall be one-quarter of the total tax finally levied against the same property or taxpayer for the preceding year or, if directed to do so for the tax year by resolution of the municipal governing body, one-half of the tax levied for the second half of the preceding tax year, as appropriate; and the amount to be payable for the third and fourth installments shall be the full tax as levied for the current year, less the amount charged as the first and second installments; the amount thus found to be payable as the last two installments shall be divided equally for and as each installment.

An appropriate adjustment by way of discount shall be made, if it shall appear that the total of the first and second installments exceeded one-half of the total tax as levied for the year;

d. In municipalities that operate on the State fiscal year, there shall be two annual tax bills delivered and the amounts payable shall be as follows:

(1) In the tax year in which the fiscal year is changed, a tax bill shall be delivered on or before June 14 of the tax year for the third and fourth installments. The amount to be payable for the two installments shall be the full tax levied against the same property or taxpayer for municipal purposes in the preceding tax year, less the amount charged as the first and second installments for municipal purposes for the current calendar year; plus the full tax as levied for the current tax year for county, school and other purposes, excepting municipal purposes; less the amount charged as the first and second installments for county, school and other purposes, excepting municipal purposes; the amount found to be
payable shall be divided equally for each installment.

(2) Thereafter, in each tax year a tax bill shall be delivered on or before October 1 of the pre-tax year for the first and second installments of the tax year and on or before June 14 for the third and fourth installments. The amount to be payable for the first two installments shall be the full tax levied for municipal purposes against the property or taxpayer for the current municipal fiscal year less the amount charged for municipal purposes as the third and fourth installments in the preceding tax year, plus one half of the total tax levied against the property or taxpayer for county, school and other purposes, excepting municipal purposes, in the preceding tax year. If, pursuant to an appropriate certification of taxes payable, the total amount to be payable for the first two installments is less than the total obligation for county, school or other purposes for the first and second installments of the tax year, the municipality shall proportionately adjust tax billings in order to meet the obligation. The amount so derived shall be divided equally for each installment. The amount payable for the third and fourth installments shall be the full tax levied against the same property or taxpayer for municipal purposes in the preceding municipal fiscal year, less the amount charged as the first and second installments for municipal purposes for the current calendar year; plus the full tax as levied for the current tax year for county, school and other purposes, excepting municipal purposes, less the amount charged as the first and second installments for county, school and other purposes, excepting municipal purposes. The amount so derived shall be divided equally for each installment. An appropriate adjustment by way of discount shall be made if it appears that the total of that portion of the first two installments which is taxes for county, school or other purposes, excepting municipal purposes, exceeded one-half of the total tax for those purposes as levied for the tax year;

e. Taxes may be received and credited as payments at any time, even prior to the dates hereinbefore fixed for payment.

(cf: P.L.1991, c.410, s.4)

4. R.S.54:4-67 is amended to read as follows:

54:4-67. The governing body of each municipality may by resolution fix the rate of discount to be allowed for the payment of taxes or assessments previous to the date on which they would become delinquent. The rate so fixed shall not exceed 6% per annum, shall be allowed only in case of payment on or before the thirtieth day previous to the date on which the taxes or assessments would become delinquent. The governing body may also fix the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent, and may provide that no interest shall be charged if payment of any installment is made within the tenth calendar day following the date upon which the same became payable. The rate so fixed shall not exceed 6% per annum on the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00, to be calculated from the date the tax was payable until the date of actual payment.

"Delinquency" means the sum of all taxes and municipal
charges due on a given parcel of property covering any number of quarters or years. The property shall remain delinquent, as defined herein, until such time as all unpaid taxes, including subsequent taxes and liens, together with interest thereon shall have been fully paid and satisfied. The delinquency shall remain notwithstanding the issuance of a certificate of sale pursuant to R.S.54:5-32 and R.S.54:5-46. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of $10,000 who fails to pay that delinquency prior to the end of the [calendar] fiscal year. If such taxes are fully paid and satisfied by the holder of an outstanding tax sale certificate, the holder shall be entitled to receive the amount of the penalty as part of the amount required to redeem such certificate of sale. The penalty so fixed shall not exceed 6% of the amount of the delinquency.

(cf: P.L.1991, c.75, s.39)

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

54:5-6. Taxes on lands shall be a continuous lien on the land on which they are assessed [on and after the first day of the fiscal year of the municipality for which the taxes are assessed] and all subsequent taxes, interest, penalties and costs of collection which thereafter fall due or accrue shall be added to and [become] be a part of such initial lien.

(cf: P.L.1991, c.75, s.42)

6. R.S.54:5-11 is amended to read as follows:

54:5-11. The governing body of each municipality shall from time to time by resolution, designate [a bonded] an official of the municipality to make examinations of its records as to unpaid municipal liens and to certify the result thereof. The official so designated, and each new incumbent of the office, shall thereafter be vested with the power to make official certificates of searches for municipal liens until a new official has been designated for the purpose, and no other official than the one so designated shall make any such official certificate. No personal liability shall attach or be chargeable to the official so designated.

(cf: R.S.54:5-11)

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

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

(cf: R.S.54:5-29)

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

54:5-54. Except as hereinafter provided, the owner, his heirs, holder of an outstanding tax lien certificate, mortgagee, or occupant [or other person have an interest in] of land sold for municipal liens taxes, may redeem it at any time [within 6 months from the date of the sale when the municipality has
purchased the property at the tax sale, or within 2 years from the
date of sale when the purchaser is other than the municipality, or
at any time thereafter] until the right to redeem has been cut off
in the manner in this chapter set forth, by paying to the
collector, or to the collector of delinquent taxes on lands of the
municipality where the land is situate, for the use of the
purchaser, his heirs or assigns, the amount required for
redemption as hereinafter set forth.
(cf: P.L.1974, c.91, s.2)
9. R.S.54:5-61 is amended to read as follows:
54:5-61. The holder of the tax title, upon compliance with the
provisions of [section] R.S.54:5-62 [of this title], shall be entitled
for his expenses, to such sums as he may have actually paid out
for recording fees, fees for services of notices necessarily and
actually served, and fees and expenses in ascertaining the persons
interested in the premises sold, but such fees and expenses shall
not exceed in all the sum of twelve dollars, besides the fees
actually paid for recording the certificate and fees actually paid
for necessary advertising in a newspaper under this chapter. Such
fees and expenses shall be separate, apart from and in addition to
those fees permitted under section 7 of P.L.1965, c.187
(C.54:5-97.1) and R.S.54:5-98. Upon redemption in accordance
with R.S.54:5-58, R.S.54:5-59 and R.S.54:5-80 the holder of the
tax title shall be entitled to collect from the owner or other
persons having a right of redemption pursuant to R.S.54:5-54,
additional sums in accordance with the following schedule: When
the [taxes, interest and costs] tax title certificate amount shall
exceed the sum of two hundred dollars, the holder, upon
redemption of the tax title shall be entitled to collect from the
owner or other person having an interest in the lands an
additional sum equal to two per cent of the amount so paid for
the tax title certificate.
When the [taxes, interest and costs] tax title certificate
amount shall exceed the sum of $5,000, such additional sum shall
be equal to 4% of such amount paid; and when [that sum] the tax
title certificate amount exceeds $10,000, such additional sum
shall be equal to 5% of such amount paid. This section shall also
apply to all existing tax title certificates held by municipalities
on the effective date of [this act] P.L.1991, c.75.
(cf: P.L.1991, c.75, s.48)
10. R.S.54:5-77 is amended to read as follows;
54:5-77. a. [The holder of the tax title may at any time within
20 years after the purchase, give notice in writing to all persons
interested in the land of their right to redeem. Except as
hereinafter provided in subsection b. of this section, the
following notice requirements and periods of redemption shall
govern the foreclosure by municipal and private holders of tax
titles: for property purchased by the municipality, if notice is
served within 10 days of the tax sale, it shall state that the right
to redeem will be barred 6 months after the date of the sale; for
property purchased by other than a municipality, if the notice is
served within 18 months of the sale, it shall state that the right
to redeem will be barred 2 years after the date of the sale. If
notice is served beyond said periods, it shall state that the right
to redeem shall be barred 6 months from the service of the notice. The notice shall be served personally on the persons interested who reside in the municipality, and on others it may be served personally, or by mailing to their post-office address, if it can be ascertained, or by posting on the premises sold, if their post-office address cannot be ascertained. In all cases where it is not served personally a copy shall be published once in a newspaper in which ordinances of the municipality may be published. In the event it shall appear by the last tax duplicate of said municipality that there is no assessment for a building against said lands, in lieu of posting the notice on said premises, the holder of the tax sale certificate may cause copies of the notice to be posted in the office of the tax collector of said municipality and in three other conspicuous places within the taxing district in which the land is located.] (Deleted by amendment, P.L., c.)

b. Any municipality which holds the tax title may at any time file an action with the Superior Court in the county wherein said municipality is situate, demanding that the right of redemption on such land be barred. Such action shall be heard in a summary manner, and the court shall grant a judgment barring the right of redemption if it finds that the land or any improvement thereon is hazardous to the public health, safety and welfare, or unfit for human habitation; any judgment rendered pursuant to such summary proceeding shall be subject to the appropriate provisions of R.S.54:5-54, except that in the case of an unknown owner or unknown claimant, the equity of redemption shall be barred pursuant to the provisions contained in R.S.54:5-90. Notice and service of process shall be made pursuant to the Rules Governing the Courts of the State of New Jersey. It shall be an absolute defense to the action that the owner, mortgagee, or other person having an interest therein has abated, removed, or corrected the condition or conditions which cause the improvement to be hazardous to the public health, safety and welfare, or unfit for human habitation, or has deposited with the court (1) the amount of money required, as determined by the court, to abate, remove or correct the condition or conditions, or (2) a performance bond in double the amount thereof. Thereupon, the owner, mortgagee, or other person having an interest in said land, shall proceed to abate, remove or correct said condition or conditions within such time as the court shall deem reasonable under the circumstances. Moneys deposited with the court may, in the court's discretion, be used to abate, remove or correct the condition or conditions involved, or may be paid to the depositor or such other persons, as the court determines, who have abated, removed or corrected such condition or conditions. The amount of any performance guarantee deposited with the court may be proportionately reduced by the court as portions of the work are completed.

(cf: P.L.1974, c.91, s.3)

11. R.S.54:5-87 is amended to read as follows:

54:5-87. The Superior Court, in an action to foreclose the right of redemption, may give full and complete relief under this chapter, in accordance with other statutory authority of the
court, to bar the right of redemption and to foreclose all prior or
subsequent alienations and descents of the lands and
encumbrances thereon, except subsequent municipal liens, and to
adjudge an absolute and indefeasible estate of inheritance in fee
simple, to be vested in the purchaser. The judgment shall be final
upon the defendants, their heirs, devisees and personal
representatives, and their or any of their heirs, devisees,
executors, administrators, grantees, assigns or successors in
right, title or interest and no application shall be entertained to
reopen the judgment after 3 months from the date thereof, and
then only upon the grounds of lack of jurisdiction or fraud in the
conduct of the suit. Such judgment and recording thereof shall
not be deemed a sale, transfer, or conveyance of title or interest
to the subject property under the provisions of the "Uniform
Fraudulent Transfer Act," R.S.25:2-20 et seq.
(cf: P.L.1965, c.187, s.6)
12. R.S.54:5-91 is amended to read as follows:
54:5-91. Any person whose interest in the lands cannot, in the
exercise of reasonable diligence, be ascertained from the search
of the title of the premises described in the certificate of sale,
made of the indexes in the office of the surrogate and county
clerk or register of deeds and mortgages in the county in which
the lands are situate, and in the office of the Secretary of State,
extending back [at least] sixty years next preceding the date of
the sale, shall be deemed to be included in the term "unknown
owner" or "unknown claimant."
(cf: P.L.1953, c.51, s.44)
13. Section 7 of P.L.1965, c.187 (C.54:5-97.1) is amended to
read as follows:
7. No search fee, [and no] counsel fee or other fee related to
certified mailings shall be allowed a plaintiff other than a
municipality in the foreclosure of a tax lien unless, prior to the
filing of the complaint, the plaintiff shall have given 30 days'
written notice to the [interested owners and mortgagees] parties
entitled to redeem whose interests appear of record at the time
of the tax sale, by certified mail with postage prepaid thereon,
addressed to the last known address of such [owners and
mortgagees] persons, of intention to file such complaint. The
notice shall also contain the amount due on such tax lien as of the
date of the notice. A copy of such notice shall also be filed with
the municipal tax collector's office. Upon the filing and service
of such notice, a plaintiff shall be entitled to such fees and
expenses.
(cf: P.L.1965, c.187, s.7)
14. R.S.54:5-104 is amended to read as follows:
54:5-104. When in a judgment in an action to foreclose the
right of redemption, the lands are described in a manner other
than that contained in the certificate of tax sale, the judgment
shall bar the defendant's right of redemption in and to all the
lands described in the judgment, and that property only. Such
judgment and recording thereof shall not be deemed a sale,
transfer, or conveyance of title or interest to the subject
property under the provisions of the "Uniform Fraudulent
Transfer Act," R.S.25:2-20 et seq.
(cf: P.L.1963, c.51, s.57)
15. Section 4 of P.L.1948, c.96 (C.54:5-104.32) is amended to read as follows:

4. Any municipality may proceed, In Rem, pursuant to the provisions of this act, similarly to bar rights of redemption, after said certificate has been recorded in the office of the county recording officer. Neither the foreclosure nor the recording of any such judgment or certificate shall be construed to be a sale, transfer or conveyance of title or interest to the subject property under the provisions of the "Uniform Fraudulent Transfer Act."

R.S.25:2-20 et seq.

(cf: P.L.1948, c.96, s.4)

16. Section 37 of P.L.1948, c.96 (C.54:5-104.65) is amended to read as follows:

37. Upon the recording of a certified copy of such judgment in the office of the county recording officer, the plaintiff shall be seized of an estate in fee simple, in the lands described therein, absolute and free and clear of all liens and encumbrances, in accordance with the terms of said judgment. Neither the foreclosure nor the recording of any such judgment or certificate shall be construed to be a sale, transfer or conveyance of title or interest to the subject property under the provisions of the "Uniform Fraudulent Transfer Act," R.S.25:2-20 et seq.

(cf: P.L.1953, c.51, s.89)

17. R.S.54:5-78 and R.S.54:5-80 are repealed in their entirety.

18. This act shall take effect immediately.

This bill includes a combination of technical and substantive amendments to various sections of municipal tax collection and lien laws. Several of the amendments are in response to various federal and State court actions concerning New Jersey's current municipal tax sale procedures.

The bill amends R.S.54:4-64 to change the date by which the tax collector in municipalities operating on the State fiscal year must mail tax bills. Currently, the law requires that bills be mailed by October 1 of the pretax year. The bill would extend that deadline to "at least two months before the first installment of taxes for the calendar year falls due." Since the first installment currently falls due on February 1, this language would require that bills be mailed by December 1 of the pretax year.

The bill amends R.S.54:4-65 to require that a tax bill, or form mailed with the tax bill, shall state the dates upon which each tax installment is due. The bill amends R.S.54:4-66, R.S.54:4-67 and R.S.54:5-29 to clarify when a property is considered delinquent in property taxes, how long the property remains in delinquency and the order in which receipts are applied to a tax delinquency. Under the bill a property would remain delinquent until all unpaid taxes, including subsequent taxes and liens, including interest on those taxes and liens, are brought current. The issuance of a tax sales certificate by a municipality would not extinguish the delinquent status of the property.

The bill amends R.S.54:5-6 to establish that taxes on lands
shall be a continuous lien and all subsequent taxes, liens, interest, penalties and costs which thereafter accrue are a part of the continuous lien. Under current law taxes become a lien on the property on January 1 of the year for which they are assessed. The federal bankruptcy courts have indicated that under current New Jersey law post-petition taxes do not become liens on the property.

R.S.54:5-11 is amended to remove the requirement that the official municipal tax lien searcher have a separate bond apart from the municipality’s general error and omissions liability insurance policy. Since these lien searchers are now employed by the municipality and are no longer paid directly from search fees, the bill makes clear that the lien official has no personal liability for the conduct of his duties.

R.S.54:5-29 is amended to direct the tax collector to post receipts from a taxpayer received prior to a scheduled tax sale, representing the full amount advertised in the sale plus any interest for other delinquencies, first to interest on the taxes and liens, followed by the oldest delinquencies to the most recent delinquency, and then to the costs and penalties. This payment by the taxpayer and allocation by the tax collector shall be cause for the property to be removed from the tax sale.

R.S.54:5-54 is amended to limit persons who may redeem land sold for municipal taxes to the owner, heirs of the owner, mortgagees, holders of outstanding tax sale certificates, and an occupant of the land. Under current law any person having an interest in the land, which could include such persons as bail bondsmen, can redeem a property implying that such persons must also be given notice of the proceedings. The section is also amended to delete the specific references to time periods in which a property may be redeemed since those limitations are also contained in R.S.54:5-86.

R.S.54:5-61 is amended to clarify what fees and costs are permitted to be recovered by the holder of a tax sale certificate upon redemption by the owner or any other person having a right of redemption pursuant to R.S.54:5-54.

Subsection a. of R.S.54:5-77 is deleted and R.S.54:5-78 and R.S.54:5-80 are repealed by the bill because of federal and State court decisions holding that those notice and redemption provisions did not provide adequate due process.

R.S.54:5-87, R.S.54:5-104 and sections 4 and 37 of P.L.1948, c.96 (C.54:5-104.32 and 54:5-104.65) are amended to exclude a judgment in an action to foreclose and a judgment barring rights of redemption from being considered a sale, transfer, or conveyance of title or interest under the provisions of the “Uniform Fraudulent Transfer Act,” R.S.25:2-20 et seq. These amendments are intended to prevent the bankruptcy courts from using the “uniform fraudulent conveyance law” to conclude that the foreclosure and redemption bar judgments are not final and could therefore be set aside by the bankruptcy trustee.

R.S.54:5-91 is amended to clarify that the search for an unknown owner only need be traced back 80 years.

Finally, section 7 of P.L.1965, c.187 (C.54:5-97.1) is amended
to require notice of foreclosure be given to all persons entitled to
redeem at least 30 days prior to the filing of the foreclosure
action by a plaintiff, other than a municipality, as a prerequisite
for the plaintiff's collection of search fees, counsel fees and
certified mail fees.

Updates laws relating to municipal property tax liens and
collection procedures.
ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 936

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 24, 1994

The Assembly Local Government Committee favorably reports Assembly Bill No. 936 with committee amendments.

Assembly Bill No. 936, as amended, includes a combination of technical and substantive amendments to various sections of municipal tax collection and lien laws. Several of the amendments are in response to various federal and State court actions concerning New Jersey's current municipal tax sale procedures.

The bill amends R.S.54:4-64 to change the date by which the tax collector in municipalities operating on the State fiscal year must mail tax bills. Currently, the law requires that bills be mailed by October 1 of the pretax year. The bill would extend that deadline to "at least two months before the first installment of taxes for the calendar year falls due." Since the first installment currently falls due on February 1, this language would require that bills be mailed by December 1 of the pretax year.

The bill amends R.S.54:4-65 to require that a tax bill, or form mailed with the tax bill, shall state the dates upon which each tax installment is due. The bill amends R.S.54:4-66, R.S.54:4-67 and R.S.54:5-29 to clarify when a property is considered delinquent in property taxes, how long the property remains in delinquency and the order in which receipts are applied to a tax delinquency. Under the bill a property would remain delinquent until all unpaid taxes, including subsequent taxes and liens, including interest on those taxes and liens, are brought current. The issuance of a tax sales certificate by a municipality would not extinguish the delinquent status of the property. The committee amended R.S.54:4-67 to clarify that the interest rate is calculated from the date that the tax was payable until the date that the tax collector will be next authorized to turn over the money to the lienholder. In many municipalities the tax collector does not disburse money to a lienholder until authorized by the governing body at its monthly meeting.

The bill amends R.S.54:5-6 to establish that taxes on lands shall be a continuous lien and all subsequent taxes, liens, interest, penalties and costs which thereafter accrue are a part of the continuous lien. Under current law taxes become a lien on the property on January 1 of the year for which they are assessed. The federal bankruptcy courts have indicated that under current New Jersey law post-petition taxes do not become liens on the property.

R.S.54:5-11 is amended to remove the requirement that the official municipal tax lien searcher have a separate bond apart from the municipality's general error and omissions liability insurance policy. Since these lien searchers are now employed by the municipality and are no longer paid directly from search fees, the bill makes clear that the lien official has no personal liability for the conduct of his duties.
R.S.54:5–29 is amended to direct the tax collector to post receipts from a taxpayer received prior to a scheduled tax sale, representing the full amount advertised in the sale plus any interest for other delinquencies, first to interest on the taxes and liens, followed by the oldest delinquencies to the most recent delinquency, and then to the costs and penalties. This payment by the taxpayer and allocation by the tax collector shall be cause for the property to be removed from the tax sale.

R.S.54:5–54 is amended to limit persons who may redeem land sold for municipal taxes to the owner, heirs of the owner, mortgagees, holders of outstanding tax sale certificates, or occupant of the land. Under current law any person having an interest in the land, which could include such persons as bail bondsmen, can redeem a property implying that such persons must also be given notice of the proceedings. The section is also amended to delete the specific references to time periods in which a property may be redeemed since those limitations are also contained in R.S.54:5–86. The committee amended R.S.54:5–54 to clarify that only the holder of a prior outstanding tax lien certificate has the right to redeem as against subsequent holders of outstanding tax lien certificates. The committee also amended this section to clarify that it applies to land sold for "other municipal charges" in addition to only applying to land sold for tax liens.

R.S.54:5–61 is amended to clarify what fees and costs are permitted to be recovered by the holder of a tax sale certificate upon redemption by the owner or any other person having a right of redemption pursuant to R.S.54:5–54.

Subsection a. of R.S.54:5–77 is deleted and R.S.54:5–78 and R.S.54:5–80 are repealed by the bill because of federal and State court decisions holding that those notice and redemption provisions did not provide adequate due process.

R.S.54:5–87, R.S.54:5–104 and sections 4 and 37 of P.L.1948, c.96 (C.54:5–104.32 and 54:5–104.65) are amended to exclude a judgment in an action to foreclose and a judgment barring rights of redemption from being considered a sale, transfer, or conveyance of title or interest under the provisions of the "Uniform Fraudulent Transfer Act," R.S.25:2–20 et seq. These amendments are intended to prevent the bankruptcy courts from using the "uniform fraudulent conveyance law" to conclude that the foreclosure and redemption bar judgments are not final and could therefore be set aside by the bankruptcy trustee.

R.S.54:5–91 is amended to clarify that the search for an unknown owner only need be traced back 60 years.

Finally, section 7 of P.L.1965, c.187 (C.54:5–97.1) is amended to require notice of foreclosure be given to all persons entitled to redeem at least 30 days prior to the filing of the foreclosure action by a plaintiff, other than a municipality, as a prerequisite for the plaintiff's collection of search fees, counsel fees and certified mail fees.

Assembly Bill No. 936 was pre-filed for introduction in the 1994-1995 legislative session. As reported, the bill includes the changes required by technical review which has been performed.
REPLACE SECTION 4 TO READ:

4. R.S.54:4-67 is amended to read as follows:

54:4-67. The governing body of each municipality may by resolution fix the rate of discount to be allowed for the payment of taxes or assessments previous to the date on which they would become delinquent. The rate so fixed shall not exceed 6% per annum, shall be allowed only in case of payment on or before the thirtieth day previous to the date on which the taxes or assessments would become delinquent. The governing body may also fix the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent, and may provide that no interest shall be charged if payment of any installment is made within the tenth calendar day following the date upon which the same became payable. The rate so fixed shall not exceed 8% per annum on the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00, to be calculated from the date the tax was payable until the date of actual payment to the lienholder will be authorized.

"Delinquency" means the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years. The property shall remain delinquent, as defined herein, until such time as all unpaid taxes, including subsequent taxes and liens, together with interest thereon shall have been fully paid and satisfied. The delinquency shall remain notwithstanding the issuance of a certificate of sale pursuant to R.S.54:5-32 and R.5:54:5-46. The governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of $10,000 who fails to pay that delinquency prior to the end of the [calendar] fiscal year. If such taxes are fully paid and satisfied by the holder of an outstanding tax sale certificate, the holder shall be entitled to receive the amount of the penalty as part of the amount required to redeem such certificate of sale. The penalty so fixed shall not exceed 6% of the amount of the delinquency. (cf: P.L.1991, c.75, s.39)
Amendments to ASSEMBLY. No. 936
Page 1

REPLACE SECTION 8 TO READ:

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

54:5-54. Except as hereinafter provided, the owner, his heirs, holder of a prior outstanding tax lien certificate, mortgagee, or occupant (or other person have an interest in) of land sold for municipal liens [or other municipal charges], may redeem it at any time [within 6 months from the date of the sale when the municipality has purchased the property at the tax sale, or within 2 years from the date of sale when the purchaser is other than the municipality, or at any time thereafter] until the right to redeem has been cut off in the manner in this chapter set forth, by paying to the collector, or to the collector of delinquent taxes on lands of the municipality where the land is situate, for the use of the purchaser, his heirs or assigns, the amount required for redemption as hereinafter set forth.

(cf: P.L.1974, c.91, s.2)
The Senate Community Affairs Committee reports favorably Assembly Bill No. 936(IR).

This bill includes a combination of technical and substantive amendments to various sections of municipal tax collection and lien laws. Several of the amendments are in response to various federal and State court decisions concerning New Jersey’s current municipal tax sale procedures.

The bill amends R.S.54:4-64 to change the date by which the tax collector in municipalities operating on the State fiscal year must mail tax bills. Current law requires that bills be mailed by October 1 of the pretax year. The bill would extend that deadline to "at least two months before the first installment of taxes for the calendar year falls due." Since the first installment currently falls due on February 1, this language would require that bills be mailed by December 1 of the pretax year.

The bill amends R.S.54:4-65 to require that a tax bill, or form mailed with the tax bill, shall state the dates upon which each tax installment is due. The bill amends R.S.54:4-66, R.S.54:4-67 and R.S.54:5-29 to clarify when a property is considered delinquent in property taxes, how long the property remains in delinquency and the order in which receipts are applied to a tax delinquency. Under the bill, a property would remain delinquent until all unpaid taxes, including subsequent taxes and liens, including interest on those taxes and liens, are brought current. The issuance of a tax sale certificate by a municipality would not extinguish the delinquent status of the property. The bill amends R.S.54:4-67 to clarify that the interest rate is calculated from the date that the tax was payable until the date that the tax collector will be next authorized to turn over the money to the lienholder. In many municipalities the tax collector does not disburse money to a lienholder until authorized by the governing body at its monthly meeting.

The bill amends R.S.54:5-6 to establish that taxes on lands shall be a continuous lien and all subsequent taxes, liens, interest, penalties and costs which thereafter accrue are a part of the continuous lien. Under current law taxes become a lien on the property on January 1 of the year for which they are assessed. The federal bankruptcy courts have indicated that under current New Jersey law post-petition taxes do not become liens on the property.

The bill amends R.S.54:5-11 to remove the requirement that the official municipal tax lien searcher have a separate bond apart from the municipality’s general error and omissions liability insurance policy. Because lien searchers are municipal employees who are no longer paid directly from search fees, the bill states that no personal liability shall attach or be chargeable to the lien official.
The bill amends R.S.54:5-29 to direct the tax collector to post receipts from a taxpayer received prior to a scheduled tax sale, representing the full amount advertised in the sale plus any interest for other delinquencies, first to interest on the taxes and liens, followed by the oldest delinquencies to the most recent delinquency, and then to the costs and penalties. This payment by the taxpayer and allocation by the tax collector would cause the property to be removed from the tax sale.

The bill amends R.S.54:5-54 to limit persons who may redeem land sold for municipal taxes or other municipal charges to the owner, heirs of the owner, a mortgagee, a holder of a prior outstanding tax sale certificate, or an occupant of the land. Under current law any person having an interest in the land, which could include such persons as bail bondsmen, can redeem a property implying that such persons must also be given notice of the proceedings. The bill also deletes specific references to time periods within which a property may be redeemed since those limitations are also contained in R.S.54:5-86.

The bill amends R.S.54:5-61 to clarify the fees and costs that are recoverable by the holder of a tax sale certificate upon redemption by the owner or other person having a right of redemption pursuant to R.S.54:5-54.

The bill deletes subsection a. of R.S.54:5-77 and repeals R.S.54:5-78 and R.S.54:5-80 because federal and State court decisions have held that the notice and redemption provisions contained therein did not provide adequate due process.

The bill amends R.S.54:5-87, R.S.54:5-104 and sections 4 and 37 of P.L.1948, c.96 (C.54:5-104.32 and 54:5-104.65) to exclude a judgment in an action to foreclose and a judgment barring rights of redemption from being considered a sale, transfer, or conveyance of title or interest under the provisions of the "Uniform Fraudulent Transfer Act," R.S.25:2-20 et seq. These amendments are intended to prevent the bankruptcy courts from using the "uniform fraudulent conveyance law" to conclude that the foreclosure and redemption bar judgments are not final and could therefore be set aside by the bankruptcy trustee.

The bill amends R.S.54:5-91 to clarify that the search for an unknown owner only need be traced back 60 years.

Finally, the bill amends section 7 of P.L.1985, c.187 (C.54:5-97.1) to require a plaintiff other than a municipality to provide written notice of foreclosure to all persons entitled to redeem at least 30 days prior to the filing of the foreclosure action as a prerequisite for the plaintiff's collection of search fees, counsel fees and certified mail fees.

This bill is identical to the Senate Committee Substitute for Senate Bills No. 529 and 599, which was favorably reported by the Senate Community Affairs Committee this date.