

54:4-64

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(Municipal
property tax--
quarterly)

LAWS OF: 1991

CHAPTER: 89

Bill No: S2579

Sponsor(s): Lynch

Date Introduced: April 5, 1990

Committee: Assembly: Municipal Government

Senate: County & Municipal Government

Amended during passage: Yes Amendments during passage
denoted by asterisks.

Date of Passage: Assembly: January 17, 1991

Senate: April 30, 1990

Date of Approval: April 4, 1991

Following statements are attached if available:

Sponsor 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/SLJ

[SECOND REPRINT]
SENATE, No. 2579

STATE OF NEW JERSEY

INTRODUCED APRIL 5, 1990

By Senator LYNCH

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1 AN ACT concerning property tax quarterly payment amounts
2 billed by certain municipalities of the State¹, amending
3 R.S.54:4-64, R.S.54:4-65 and R.S.54:4-66¹ and supplementing
4 Title 54 of the Revised Statutes.

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

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

9 54:4-64. a. As soon as the tax duplicate is delivered to the
10 collector of the taxing district, as provided in R.S.54:4-55, he
11 shall at once begin the work of preparing, completing, mailing or
12 otherwise delivering tax bills to the individuals assessed, and shall
13 complete that work at least 47 days before the third installment
14 of taxes falls due. He shall also, at least two months before the
15 first installment of taxes for the year falls due, prepare and mail,
16 or otherwise deliver to the individuals assessed, a tax bill for such
17 following first and second installments, computed ²[as
18 hereinafter provided at] by using² one-half of the complete tax
19 last previously levied or ²by using² the second half of that tax
20 previously levied, ²[whichever is greater] if directed to do so by
21 resolution of the municipal governing body for the tax year².
22 When any individual assessed has authorized the collector to mail
23 or otherwise deliver his tax bill to a mortgagee or any other
24 agent, the collector shall, at the same time, mail or otherwise
25 deliver a duplicate tax bill to the individual assessed and shall
26 print across the face of such duplicate tax bill the following
27 inscription: "This is not a bill -- for advice only." The validity of
28 any tax or assessment, or the time at which it shall be payable,
29 shall not be affected by the failure of a taxpayer to receive a tax
30 bill, but every taxpayer is put on notice to ascertain from the
31 proper official of the taxing district the amount which may be
32 due for taxes or assessments against him or his property.

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

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Assembly AMG committee amendments adopted October 11, 1990.

² Assembly floor amendments adopted January 8, 1991.

1 or servicing organization sells, assigns or transfers the servicing
2 of the mortgage loan to another mortgagee or servicing
3 organization.

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

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

26 e. As used in subsections b., c., and d. of this section,
27 "mortgagee," "mortgagor," "mortgage loan," "servicing
28 organization" and "property tax processing organization" shall
29 have the same meaning as the terms have pursuant to section 1 of
30 P.L.1990, c.69 (C.17:16F-15).¹
31 (cf: P.L.1990, c.69, s.9)

32 ¹2. R.S.54:4-65 is amended to read as follows:

33 54:4-65. Each tax bill shall have printed thereon a brief
34 tabulation showing the distribution of the amount raised by
35 taxation in the taxing district, in such form as to disclose the
36 rate per \$100.00 of assessed valuation or the number of cents in
37 each dollar paid by the taxpayer which is to be used for the
38 payment of State school taxes, other State taxes, county taxes,
39 local school expenditures and other local expenditures. The last
40 named item may be further subdivided so as to show the amount
41 for each of the several departments of the municipal
42 government. In lieu of printing such information on the tax bill,
43 any municipality may furnish the tabulation required hereunder
44 and any other pertinent information in a statement accompanying
45 the mailing or delivery of the tax bill.

46 Also included with the annual tax bill, on a form prescribed by
47 the Director of the Division of Local Government Services in the
48 Department of Community Affairs, the tax collector, in
49 consultation with the chief financial officer of the municipality,

1 shall prepare a statement. The statement shall report the
2 amounts of State aid and assistance related to service
3 assumptions approved by the Division of Local Government
4 Services, payable to the county, municipality and school district
5 for county, municipal and school district purposes, that offset
6 local tax levies.¹

7 (cf: P.L.1957, c.157, s.1)

8 ¹[4.] 3. (New section)¹ The complete tax bill delivered to each
9 property taxpayer, mortgagee or any other agent by the tax
10 collector pursuant to R.S.54:4-64 for the first half payment
11 computed using the ¹[formula] method¹ set forth in ¹[section 3 of
12 this supplementary act,] that statute¹ shall be divided equally to
13 obtain the first two post tax year quarterly payment installments.

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

15 54:4-66. Taxes shall be payable and shall be delinquent as
16 hereinafter stated:

17 a. Taxes shall be payable the first installment as hereinafter
18 provided on February first, the second installment on May first,
19 the third installment on August first and the fourth installment
20 on November first, after which dates if unpaid, they shall become
21 delinquent;

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

25 c. The dates hereinbefore provided for payment of the first
26 and second installments of taxes being before the true amount of
27 the tax will have been determined, the amount to be payable as
28 each of the first two installments shall be one-quarter of the
29 total tax finally levied against the same property or taxpayer for
30 the preceding year or one-half of the tax levied for the second
31 half of the previous tax year, as appropriate, and the amount to
32 be payable for the third and fourth installments shall be the full
33 tax as levied for the current year, less the amount charged as the
34 first and second installments; the amount thus found to be
35 payable as the last two installments shall be divided equally for
36 and as each installment. An appropriate adjustment by way of
37 discount shall be made, if it shall appear that the total of the
38 first and second installments exceeded one-half of the total tax
39 as levied for the year;

40 d. Taxes may be received and credited as payments at any
41 time, even prior to the dates hereinbefore fixed for payment.¹

42 (cf: R.S.54:4-66)

43 ¹[5. The director, in accordance with the provisions of the
44 "Administrative Procedure Act, "P.L.1968, c.410 (C.52:140-1
45 et seq.), shall promulgate such rules and regulations as are
46 necessary to effectuate the purposes of this act.]¹

47 ¹[6.] 5.¹ This act shall take effect immediately, and shall
48 apply to property taxes assessed and levied for each tax year
49 beginning on or after January 1, 1991.

LOCAL TAXATION

1
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3
4

Allows municipalities to employ a property tax quarterly installment leveling mechanism.

SENATE, No. 2579

STATE OF NEW JERSEY

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INTRODUCED APRIL 5, 1990

By Senator LYNCH

1 AN ACT concerning property tax quarterly payment amounts
2 billed by certain municipalities of the State and supplementing
3 Title 54 of the Revised Statutes.

4

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

7 1. This act shall be known and may be cited as the "Property
8 Tax Payment Management Act."

9 2. As used in this act:

10 "Director" means the Director of the Division of Local
11 Government Services in the Department of Community Affairs;

12 "Pretax year" means the calendar year immediately preceding
13 the tax year pursuant to this act;

14 "Post tax year" means the calendar year immediately following
15 the tax year pursuant to this act;

16 "Tax year" means the calendar year in which the general
17 property tax is due and payable;

18 3. Any municipal governing body may, notwithstanding the
19 provisions of R.S.54:4-64 and R.S.54:4-66 regarding the
20 calculation of the first and second installments, annually prior to
21 June 1 fix by resolution a post tax year first half payment factor
22 (FHPF) or .50, whichever is greater. The first half payment
23 factor shall be calculated as follows:

24
$$\text{FHPF} = .50 + (.50 \times (B - A) / A)$$

25 Where:

26 "A" equals the amount of the total property tax levy for the
27 municipality for the pretax year as determined by the chief
28 financial officer of the municipality; and

29 "B" equals the amount of the total property tax levy for the
30 municipality for the tax year as determined by the chief financial
31 officer of the municipality.

32 The (FHPF) shall be multiplied by the complete tax last
33 previously levied in order to determine the first half payment.

34 4. The complete tax bill delivered to each property taxpayer,
35 mortgagee or any other agent by the tax collector pursuant to
36 R.S.54:4-64 for the first half payment computed using the
37 formula set forth in section 3 of this supplementary act, shall be
38 divided equally to obtain the first two post tax year quarterly
39 payment installments.

40 5. The director, in accordance with the provisions of the
41 "Administrative Procedure Act, "P.L.1968, c.410 (C.52:140-1 et

1 seq.), shall promulgate such rules and regulations as are necessary
2 to effectuate the purposes of this act.

3 6. This act shall take effect immediately, and shall apply to
4 property taxes assessed and levied for each tax year beginning on
5 or after January 1, 1991.

6

7

8

STATEMENT

9

10 This bill allows municipalities to increase the first half year
11 property tax payments by a factor which reflects the most
12 current increase in the property tax levy.

13 In so doing, this bill provides municipal officials with a
14 management tool allowing them to even out the municipality's
15 quarterly cash flow from property tax payments. This will afford
16 municipalities a greater control over their finances, while
17 reducing the need for municipal borrowing in anticipation of
18 future receipts. Property taxpayers, in municipalities that
19 accurately employ this property tax installment leveling
20 mechanism, should experience very little change between their
21 spring and fall quarterly property tax bills.

22

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24

LOCAL TAXATION

25

26 Allows municipalities to employ a property tax quarterly
27 installment leveling mechanism.

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 2579

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 11, 1990

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The Assembly Municipal Government Committee reports favorably Senate Bill No. 2579 with Assembly committee amendments.

Senate Bill No. 2579, as amended by the committee, requires municipalities to calculate the first half year property tax payments either by using one-half of the complete tax previously levied in the previous tax year or by using one-half of the second half of tax levied for the previous tax year, whichever is greater. This method is intended to temper dramatic fluctuations between the first half tax estimates and the second half tax payment balance by more accurately reflecting in the first half of the current tax year the previous year's increase in the property tax levy.

In so doing, this bill provides municipal officials with a management tool that allows the smoothing of a municipality's quarterly cash flow from property tax payments. This will afford municipalities a greater control over their finances, while reducing the need for municipal borrowing in anticipation of future property tax receipts. Under this property tax installment leveling mechanism property taxpayers should experience less difference between their spring and fall quarterly property tax bills than under the current system.

The committee amended the bill to remove the mathematical leveling formula in favor of using a leveling mechanism based on previous tax payments. The committee also deleted most of the supplementary provisions of the bill and instead amended various provisions of existing law for clarity. Further, the committee amended the bill to require that a statement be sent with the annual tax bill reporting payments of State aid that act to offset local tax levies for the county, municipality and school district.

SENATE COUNTY AND MUNICIPAL
GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 2579
STATE OF NEW JERSEY

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DATED: APRIL 26, 1990

The Senate County and Municipal Government Committee reports favorably Senate Bill No. 2579.

Senate Bill No. 2579 allows municipalities to increase the first half year property tax payments by a factor which reflects the most current increase in the property tax levy.

In so doing, this bill provides municipal officials with a management tool allowing them to even out the municipality's quarterly cash flow from property tax payments. This will afford municipalities a greater control over their finances, while reducing the need for municipal borrowing in anticipation of future receipts. Property taxpayers, in municipalities that accurately employ this property tax installment leveling mechanism, should experience very little change between their spring and fall quarterly property tax bills.