

54:4-66

LEGISLATIVE HISTORY CHECKLIST
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(Collection of tax bills-
amendment)

NJSA: 54:4-66

LAWS OF: 1994 **CHAPTER:** 72

BILL NO: A1769

SPONSOR(S): Arone

DATE INTRODUCED: May 12, 1994

COMMITTEE: **ASSEMBLY:** Local Government
SENATE: ---

AMENDED DURING PASSAGE: No Assembly committee substitute
A1769/A1848 enacted

DATE OF PASSAGE: **ASSEMBLY:** June 20, 1994
SENATE: June 27, 1994

DATE OF APPROVAL: July 14, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: No

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VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 1769 and 1848

STATE OF NEW JERSEY

ADOPTED JUNE 9, 1994

Sponsored by Assemblymen ARNONE, KRAMER
and DiGAETANO

1 AN ACT concerning the delivery and payment of real property
2 tax bills, revising certain municipal budget dates and amending
3 and supplementing various parts of the statutory law.

4

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

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

8 54:4-66. a. Taxes for municipalities operating under the
9 calendar fiscal year shall be payable the first installment as
10 hereinafter provided on February first, the second installment on
11 May first, the third installment on August first and the fourth
12 installment on November first, after which dates if unpaid, they
13 shall become delinquent and remain delinquent until such time as
14 all unpaid taxes, including taxes and other liens subsequently due
15 and unpaid, together with interest have been fully paid and
16 satisfied;

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

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

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

40 (1) In the tax year in which the fiscal year is changed, a tax
41 bill shall be delivered on or before June 14 of the tax year for the
42 third and fourth installments. The amount to be payable for the

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 two installments shall be the full tax levied against the same
2 property or taxpayer for municipal purposes in the preceding tax
3 year, less the amount charged as the first and second installments
4 for municipal purposes for the current calendar year; plus the full
5 tax as levied for the current tax year for county, school and other
6 purposes, excepting municipal purposes, less the amount charged
7 as the first and second installments for county, school and other
8 purposes, excepting municipal purposes; the amount found to be
9 payable shall be divided equally for each installment.

10 (2) Thereafter, in each tax year a tax bill shall be delivered on
11 or before October 1 of the pre-tax year for the first and second
12 installments of the tax year and on or before June 14 for the
13 third and fourth installments. The amount to be payable for the
14 first two installments shall be the full tax levied for municipal
15 purposes against the property or taxpayer for the current
16 municipal fiscal year less the amount charged for municipal
17 purposes as the third and fourth installments in the preceding tax
18 year, plus one half of the total tax levied against the property or
19 taxpayer for county, school and other purposes, excepting
20 municipal purposes, in the preceding tax year. If, pursuant to an
21 appropriate certification of taxes payable, the total amount to be
22 payable for the first two installments is less than the total
23 obligation for county, school or other purposes for the first and
24 second installments of the tax year, the municipality shall
25 proportionately adjust tax billings in order to meet the obligation.
26 The amount so derived shall be divided equally for each
27 installment. The amount payable for the third and fourth
28 installments shall be the full tax levied against the same property
29 or taxpayer for municipal purposes in the preceding municipal
30 fiscal year, less the amount charged as the first and second
31 installments for municipal purposes for the current calendar year;
32 plus the full tax as levied for the current tax year for county,
33 school and other purposes, excepting municipal purposes, less the
34 amount charged as the first and second installments for county,
35 school and other purposes, excepting municipal purposes. The
36 amount so derived shall be divided equally for each installment.
37 An appropriate adjustment by way of discount shall be made if it
38 appears that the total of that portion of the first two
39 installments which is taxes for county, school or other purposes,
40 excepting municipal purposes, exceeded one-half of the total tax
41 for those purposes as levied for the tax year;] (Deleted by
42 amendment, P.L. _____, c. _____)

43 e. Taxes may be received and credited as payments at any
44 time, even prior to the dates hereinbefore fixed for payment.
45 (cf: P.L.1994, c.32, s.3)

46 2. (New section) Taxes in municipalities operating under the
47 State fiscal year shall be payable and shall be delinquent pursuant
48 to the following provisions:

49 a. Taxes shall be payable the first installment as hereinafter
50 provided on February first, the second installment on May first,
51 the third installment on August first and the fourth installment
52 on November first, after which dates if unpaid, they shall become
53 delinquent and remain delinquent until such time as all unpaid
54 taxes, including taxes and other liens subsequently due and

1 unpaid, together with interest have been fully paid and satisfied;
2 b. From and after the respective dates hereinbefore provided
3 for taxes to become delinquent, the taxpayer or property assessed
4 shall be subject to the penalties hereinafter prescribed;
5 c. The following terms and phrases shall have the meaning
6 defined below when calculating taxes under this section:
7 "Assessed value" means the net valuation taxable of each
8 parcel of property in a municipality in the current tax year.
9 "Billing percentage" is used to calculate the amount required
10 to meet municipal and non-municipal fiscal obligations for the
11 first six months of the calendar year.
12 "Calendar year" means the current calendar year.
13 "Certification of tax billing levies" is the form and associated
14 procedures promulgated by the director on which the tax
15 collector calculates the appropriate billing amounts for the first
16 and second installments of the calendar year.
17 "Director" means the director of the Division of Local
18 Government Services.
19 "Municipal tax levy" means the tax levy set in the municipal
20 budget for the current fiscal year.
21 "Non-municipal tax levy" means the total of all of the tax
22 levies certified by the county board of taxation for non-municipal
23 purposes for the calendar year.
24 "Preliminary municipal tax levy" is the amount certified by the
25 governing body for the purposes of third and fourth installment
26 municipal tax levy.
27 "Prior year" means the calendar year just previous to the
28 quarters being billed.
29 "Six month required non-municipal tax levy" means the amount
30 necessary to be paid by the municipality to the county and
31 non-municipal taxing districts for the first six months of the
32 calendar year.
33 "Total adjusted prior year taxes" means the prior year taxes
34 billed after adjustments are made to incorporate changes to tax
35 bills between tax billings.
36 "Total assessed value" means the total net valuation taxable
37 for the municipality pursuant to the most recent Table of
38 Aggregates promulgated by the County Board of Taxation.
39 d. The following formulas shall be utilized in calculating the
40 taxes for each parcel or property:
41 (1) the municipal rate shall be the preliminary municipal tax
42 levy divided by the total assessed value per one hundred dollars of
43 assessed valuation.
44 (2) the non-municipal rate shall be the non-municipal tax levy
45 divided by the total assessed value per one hundred dollars of
46 assessed value.
47 (3) "Municipal billing percentage" shall be the municipal tax
48 levy less the sum of the adjusted taxes billed for the prior year
49 third and fourth installments, divided by the total adjusted prior
50 year taxes.
51 (4) "Non-municipal billing percentage" shall be calculated by
52 dividing the six month required non-municipal tax levy by the
53 total adjusted prior year taxes.
54 e. Taxes for each parcel or property shall be calculated as
55 follows:

1 (1) The tax collector shall prepare the certification of tax
2 billing levies and calculate the first and second installments by
3 computing the municipal portion, which shall be the municipal
4 billing percentage multiplied by the total adjusted prior year
5 taxes; and then the non-municipal portion, which shall be the
6 non-municipal billing percentage multiplied by the total adjusted
7 prior year taxes. The sum of the two shall be divided in half for
8 each installment. A copy of the certification shall be filed with
9 the director and the county board of taxation.

10 (2) The third and fourth installments shall be calculated by
11 computing the municipal portion, which shall be the product of
12 the municipal rate times the total assessed value per one hundred
13 dollars of assessed value, and subtracting the taxes billed for the
14 previous first and second installments; and then the
15 non-municipal portion which shall be the product of the
16 non-municipal rate times the total assessed value per one
17 hundred dollars of assessed value, and subtracting the taxes billed
18 for the previous first and second installments. The sum of the
19 two shall be divided in half for each installment.

20 f. Taxes may be received and credited as payments at any
21 time, even prior to the dates hereinabove fixed for payment.

22 3. (New section) a. Notwithstanding any provision of law, rule
23 or regulation to the contrary, whenever a municipal governing
24 body determines that the municipal tax collector will be unable
25 to complete the mailing or delivery of tax bills in a municipality
26 operating under a calendar fiscal year by June 14 or in a
27 municipality operating under the State fiscal year by June 14 or
28 December 1, as appropriate, because the county board of taxation
29 has not certified a tax levy, or for any other reason, subject to
30 regulations promulgated by the Local Finance Board, the
31 governing body may direct, by resolution, the collector to
32 prepare, complete, mail or otherwise deliver as soon as
33 practicable to each individual assessed, or as provided in
34 R.S.54:4-64 to the individual's mortgagee or servicing
35 organization, estimated and reconciled tax bills in accordance
36 with the procedures set forth in sections 4 or 5, as appropriate, of
37 P.L. , c. (C.) (pending before the Legislature as this bill).

38 b. Except as otherwise provided for by this section, an
39 estimated tax bill and a reconciled tax bill issued pursuant to
40 subsection a. of this section shall be considered the same as a
41 regular tax bill with regard to other laws governing tax bills.

42 c. An estimated tax bill issued pursuant to this section may be
43 used by a mortgagee or servicing organization in calculating the
44 anticipated disbursements from mortgage escrow accounts as
45 provided in section 6 of P.L.1990, c.69 (C.17:16F-20).

46 d. Notwithstanding anything in Title 54 of the Revised
47 Statutes to the contrary, a municipality shall not issue more than
48 four quarterly installment tax bills, whether estimated or final,
49 during any calendar year. This subsection shall not apply to bills
50 for added or omitted assessments.

51 4. (New section) Whenever, pursuant to section 3 of P.L. ,
52 c. (C.) (pending before the Legislature as this bill), a
53 governing body of a municipality operating on the calendar fiscal
54 year determines that the tax collector will be unable to complete

1 the mailing or delivery of tax bills by June 14, the estimated and
2 reconciled tax bills shall be mailed by June 30 and September 30
3 respectively, and shall be calculated in accordance with the
4 following procedures:

5 a. (1) The tax collector in consultation with the chief
6 financial officer shall compute an estimated annual tax levy
7 range for the county and each taxing district whose levy has not
8 yet been certified by the county board of taxation. The range
9 shall be within the lower and upper amounts calculated by
10 multiplying the levy of the county and each such taxing district
11 for the previous calendar fiscal year by .95 and 1.05.

12 (2) The municipal governing body may authorize, by resolution,
13 an estimated annual tax levy for the county and each such taxing
14 district by setting an amount within the range computed by the
15 tax collector in consultation with the chief financial officer.

16 b. An estimated bill for the third installment of taxes may be
17 calculated as follows:

18 (1) The tax rate for the county and each taxing district shall
19 be calculated by dividing the certified, if available, or estimated
20 tax levy by the current year net valuation taxable. Each such tax
21 rate shall be multiplied by the taxable value for each property to
22 arrive at the estimated annual property tax due for each property
23 assessed.

24 (2) The amount charged in the first and second installments of
25 the current year shall be subtracted from the estimated annual
26 property tax due for each property assessed. That amount shall
27 then be divided in half and after being so divided shall be the
28 amount of the estimated tax bill for the third installment of
29 taxes.

30 c. A reconciled bill for the fourth installment of taxes shall be
31 calculated as follows:

32 (1) The tax rate for the county and each taxing district shall
33 be calculated by dividing the actual tax levies certified by the
34 county board of taxation by the current year net valuation
35 taxable. Each such tax rate shall be multiplied by the taxable
36 value for each property to arrive at the actual annual property
37 tax due for each property assessed.

38 (2) The amount charged in the first, second and third
39 installments of the current year for each taxing district shall be
40 subtracted from the actual annual property tax due for each
41 property assessed. The difference of those amounts shall
42 constitute the amount of the reconciled tax bill for the fourth
43 installment of property tax.

44 d. The third installment of current year taxes shall not be
45 subject to interest until the later of August 1, the additional
46 interest-free period authorized pursuant to R.S.54:4-67, or the
47 twenty-fifth calendar day after the date that the tax bill or
48 estimated tax bill for the third installment was mailed or
49 otherwise delivered. Any payment received after the later of
50 August 1, the additional interest-free period authorized pursuant
51 to R.S.54:4-67, or the twenty-fifth calendar day after the date
52 that the tax bill or estimated tax bill for the third installment
53 was mailed or otherwise delivered may be charged interest back
54 to August 1. The estimated tax bill shall contain a notice

1 specifying the date on which interest may begin to accrue.

2 e. The fourth installment of current year taxes shall not be
3 subject to interest until the later of November 1, the additional
4 interest-free period authorized pursuant to R.S.54:4-67, or the
5 twenty-fifth calendar day after the date that the tax bill or
6 reconciled tax bill for the fourth installment was mailed or
7 otherwise delivered. Any payment received after the later of
8 November 1, the additional interest-free period authorized
9 pursuant to R.S.54:4-67, or the twenty-fifth calendar day after
10 the date that the tax bill or estimated tax bill for the third
11 installment was mailed or otherwise delivered may be charged
12 interest back to November 1. The reconciled tax bill shall
13 contain a notice specifying the date on which interest may begin
14 to accrue.

15 f. If the tax collector in consultation with the chief financial
16 officer determines that the municipality is unable to calculate
17 the tax bills utilizing the formulas set forth in this section, the
18 collector in consultation with the chief financial officer may
19 request the Director of the Division of Local Government
20 Services to authorize an alternate method that will result in the
21 most accurate bills possible utilizing the mechanisms available to
22 the municipality. The director shall certify in writing the method
23 approved for billings.

24 5. (New section) a. Whenever, pursuant to section 3 of P.L. ,
25 c. (C.) (pending before the Legislature as this bill), a
26 governing body of a municipality operating on the State fiscal
27 year determines that the tax collector will be unable to complete
28 the mailing or delivery of tax bills by June 14 or December 1, as
29 appropriate, the estimated and reconciled tax bills shall be
30 mailed, prepared and calculated in accordance with the following
31 procedures:

32 (1) An estimated tax bill for the first installment of taxes on
33 or before December 31 and a reconciled tax bill for the second
34 installment of taxes on or before March 31;

35 (2) An estimated tax bill for the third installment of taxes on
36 or before June 30 and a reconciled tax bill for the fourth
37 installment of taxes on or before September 30;

38 b. For estimated first and reconciled second installments:

39 (1) The resolution shall contain authorization of an estimated
40 annual tax levy for the municipality.

41 (2) An estimated bill for the first installment of taxes shall be
42 calculated in accordance with the provisions of paragraph (1) of
43 subsection e. of section 2 of P.L. , c. (C.) (pending before
44 the legislature as this bill), except that the estimated municipal
45 fiscal year tax levy determined in paragraph 1 of this section
46 shall be used in completing the municipal fiscal year levy section
47 of the certification of billing levies; and only one installment
48 shall be billed.

49 (3) A reconciled bill for the second installment of taxes shall
50 be calculated in accordance with the provisions of paragraph (1)
51 of subsection e. of section 2 of P.L. , c. (C.) (pending
52 before the legislature as this bill), except that the billing amount
53 shall be the true amount calculated pursuant to law, less the
54 amount billed in the estimated first installment.

1 (4) The first installment of taxes shall not be subject to
2 interest until the later of February 1, the additional interest-free
3 period authorized pursuant to R.S.54:4-67, or the twenty-fifth
4 calender day after the date that the tax bill or estimated tax bill
5 for the first installment was mailed or otherwise delivered. Any
6 payment received after the later of February 1, the additional
7 interest-free period authorized pursuant to R.S.54:4-67, or the
8 twenty-fifth calender day after the date that the tax bill or
9 estimated tax bill for the first installment was mailed or
10 otherwise delivered may be charged interest back to February 1.
11 The estimated tax bill shall contain a notice specifying the date
12 on which interest may begin to accrue.

13 (5) The second installment of taxes shall not be subject to
14 interest until the later of May 1, the additional interest-free
15 period authorized pursuant to R.S.54:4-67, or the twenty-fifth
16 calender day after the date that the tax bill or reconciled tax bill
17 for the second installment was mailed or otherwise delivered.
18 Any payment received after the later of May 1, the additional
19 interest-free period authorized pursuant to R.S.54:4-67, or the
20 twenty-fifth calender day after the date that the tax bill or
21 estimated tax bill for the second installment was mailed or
22 otherwise delivered may be charged interest back to May 1. The
23 reconciled tax bill shall contain a notice specifying the date on
24 which interest may begin to accrue.

25 c. For estimated third and reconciled fourth installments:

26 (1) The tax collector in consultation with the chief financial
27 officer shall compute an estimated annual tax levy range for the
28 county and each taxing district whose levy has not yet been
29 certified by the county board of taxation. The range shall be
30 within the lower and upper amounts calculated by multiplying the
31 levy of the county and each such taxing district for the previous
32 fiscal year by .95 and 1.05.

33 (2) The municipal governing body may authorize, by resolution,
34 an estimated annual tax levy for the county and each such taxing
35 district by setting an amount within the range computed by the
36 tax collector in consultation with the chief financial officer. The
37 municipal levy shall be calculated in accordance with paragraph
38 (2) of subsection e. of section 2 of P.L. , c. (C.) (pending
39 before the legislature as this bill).

40 (3) The tax rate for the county and each taxing district shall
41 be calculated by dividing each estimated tax levy by the current
42 year total net valuation taxable. Each such tax rate shall be
43 multiplied by the net valuation taxable for each property to
44 arrive at the estimated annual property tax due for each property
45 assessed.

46 (4) The amount charged in the first and second installments of
47 the current year shall be subtracted from the estimated annual
48 property tax due for each property assessed. That amount shall
49 then be divided in half and after being so divided shall be the
50 amount of the estimated tax bill for the third installment of
51 taxes.

52 (5) For the fourth installment of taxes, the tax rate for the
53 county and each non-municipal taxing district shall be calculated
54 by dividing the actual tax levies certified by the county board of

1 taxation by the current year total net valuation taxable. The
2 municipal tax rate shall be that used in paragraph (3) of this
3 subsection. Each such tax rate shall be multiplied by the net
4 valuation taxable for each property to arrive at the actual annual
5 property tax due for each property assessed. The amount charged
6 in the first, second and third installments of the current year for
7 each taxing district shall be subtracted from the actual annual
8 property tax due for the county and each taxing district for each
9 property assessed. The difference of those amounts shall
10 constitute the amount of the reconciled tax bill for the fourth
11 installment of property tax.

12 (6) The third installment of taxes shall not be subject to
13 interest until the later of August 1, the additional interest-free
14 period authorized pursuant to R.S.54:4-67, or the twenty-fifth
15 calender day after the date that the tax bill or estimated tax bill
16 for the third installment was mailed or otherwise delivered. Any
17 payment received after the later of August 1, the additional
18 interest-free period authorized pursuant to R.S.54:4-67, or the
19 twenty-fifth calender day after the date that the tax bill or
20 estimated tax bill for the third installment was mailed or
21 otherwise delivered may be charged interest back to August 1.
22 The estimated tax bill shall contain a notice specifying the date
23 on which interest may begin to accrue.

24 (7) The fourth installment of taxes shall not be subject to
25 interest until the later of November 1, the additional
26 interest-free period authorized pursuant to R.S.54:4-67, or the
27 twenty-fifth calender day after the date that the tax bill or
28 reconciled tax bill for the fourth installment was mailed or
29 otherwise delivered. Any payment received after the later of
30 November 1, the additional interest-free period authorized
31 pursuant to R.S.54:4-67, or the twenty-fifth calender day after
32 the date that the tax bill or estimated tax bill for the fourth
33 installment was mailed or otherwise delivered may be charged
34 interest back to November 1. The reconciled tax bill shall
35 contain a notice specifying the date on which interest may begin
36 to accrue.

37 d. If the tax collector in consultation with the chief financial
38 officer determines that the municipality is unable to calculate
39 the tax bills utilizing the formulas set forth in this section, the
40 collector in consultation with the chief financial officer may
41 request the Director of the Division of Local Government
42 Services to authorize an alternate method that will result in the
43 most accurate bills possible utilizing the mechanisms available to
44 the municipality. The director shall certify in writing the method
45 approved for billings.

46 6. Section 3 of P.L.1976, c.68 (C.40A:4-45.3) is amended to
47 read as follows:

48 3. In the preparation of its budget a municipality shall limit
49 any increase in said budget to 5% or the index rate, whichever is
50 less, over the previous year's final appropriations subject to the
51 following exceptions:

- 52 a. (Deleted by amendment, P.L.1990, c.89.)
53 b. Capital expenditures, including appropriations for current
54 capital expenditures, whether in the capital improvement fund or

1 as a component of a line item elsewhere in the budget, provided
2 that any such current capital expenditure would be otherwise
3 bondable under the requirements of N.J.S.40A:2-21 and 40A:2-22;

4 c. (1) An increase based upon emergency temporary
5 appropriations made pursuant to N.J.S.40A:4-20 to meet an
6 urgent situation or event which immediately endangers the
7 health, safety or property of the residents of the municipality,
8 and over which the governing body had no control and for which it
9 could not plan and emergency appropriations made pursuant to
10 N.J.S.40A:4-46. Emergency temporary appropriations and
11 emergency appropriations shall be approved by at least
12 two-thirds of the governing body and by the Director of the
13 Division of Local Government Services, and shall not exceed in
14 the aggregate 3% of the previous year's final current operating
15 appropriations.

16 (2) (Deleted by amendment, P.L.1990, c.89.)

17 The approval procedure in this subsection shall not apply to
18 appropriations adopted for a purpose referred to in subsection d.
19 or j. below;

20 d. All debt service, including that of a Type I school district;

21 e. Upon the approval of the Local Finance Board in the
22 Division of Local Government Services, amounts required for
23 funding a preceding year's deficit;

24 f. Amounts reserved for uncollected taxes;

25 g. (Deleted by amendment, P.L.1990, c.89.)

26 h. Expenditure of amounts derived from new or increased
27 construction, housing, health or fire safety inspection or other
28 service fees imposed by State law, rule or regulation or by local
29 ordinance;

30 i. Any amount approved by any referendum;

31 j. Amounts required to be paid pursuant to (1) any contract
32 with respect to use, service or provision of any project, facility
33 or public improvement for water, sewerage, parking, senior
34 citizen housing or any similar purpose, or payments on account of
35 debt service therefor, between a municipality and any other
36 municipality, county, school or other district, agency, authority,
37 commission, instrumentality, public corporation, body corporate
38 and politic or political subdivision of this State; (2) the provisions
39 of article 9 of P.L.1968, c.404 (C.13:17-60 through 13:17-76) by a
40 constituent municipality to the intermunicipal account; (3) any
41 lease of a facility owned by a county improvement authority
42 when the lease payment represents the proportionate amount
43 necessary to amortize the debt incurred by the authority in
44 providing the facility which is leased, in whole or in part; and (4)
45 any repayments under a loan agreement entered into in
46 accordance with the provisions of section 5 of P.L.1992, c.89.

47 k. (Deleted by amendment, P.L.1987, c.74.)

48 l. Appropriations of federal, county, independent authority or
49 State funds, or by grants from private parties or nonprofit
50 organizations for a specific purpose, and amounts received or to
51 be received from such sources in reimbursement for local
52 expenditures. If a municipality provides matching funds in order
53 to receive the federal, county, independent authority or State
54 funds, or the grants from private parties or nonprofit

- 1 organizations for a specific purpose, the amount of the match
2 which is required by law or agreement to be provided by the
3 municipality shall be excepted;
- 4 m. (Deleted by amendment, P.L.1987, c.74.)
 - 5 n. (Deleted by amendment, P.L.1987, c.74.)
 - 6 o. (Deleted by amendment, P.L.1990, c.89.)
 - 7 p. (Deleted by amendment, P.L.1987, c.74.)
 - 8 q. (Deleted by amendment, P.L.1990, c.89.)
 - 9 r. Amounts expended to fund a free public library established
10 pursuant to the provisions of R.S.40:54-1 through 40:54-29,
11 inclusive;
 - 12 s. (Deleted by amendment, P.L.1990, c.89.)
 - 13 t. Amounts expended in preparing and implementing a housing
14 element and fair share plan pursuant to the provisions of
15 P.L.1985, c.222 (C.52:27D-301 et al.) and any amounts received
16 by a municipality under a regional contribution agreement
17 pursuant to section 12 of that act;
 - 18 u. Amounts expended to meet the standards established
19 pursuant to the "New Jersey Public Employees' Occupational
20 Safety and Health Act," P.L.1983, c.516 (C.34:6A-25 et seq.);
 - 21 v. (Deleted by amendment, P.L.1990, c.89.)
 - 22 w. Amounts appropriated for expenditures resulting from the
23 impact of a hazardous waste facility as described in subsection c.
24 of section 32 of P.L.1981, c.279 (C.13:1E-80);
 - 25 x. Amounts expended to aid privately owned libraries and
26 reading rooms, pursuant to R.S.40:54-35;
 - 27 y. (Deleted by amendment, P.L.1990, c.89.)
 - 28 z. (Deleted by amendment, P.L.1990, c.89.)
 - 29 aa. Extraordinary expenses, approved by the Local Finance
30 Board, required for the implementation of an interlocal services
31 agreement;
 - 32 bb. Any expenditure mandated as a result of a natural disaster,
33 civil disturbance or other emergency that is specifically
34 authorized pursuant to a declaration of an emergency by the
35 President of the United States or by the Governor;
 - 36 cc. Expenditures for the cost of services mandated by any
37 order of court, by any federal or State statute, or by
38 administrative rule, directive, order, or other legally binding
39 device issued by a State agency which has identified such cost as
40 mandated expenditures on certification to the Local Finance
41 Board by the State agency;
 - 42 dd. Expenditures of amounts actually realized in the local
43 budget year from the sale of municipal assets if appropriated for
44 non-recurring purposes or otherwise approved by the director;
 - 45 ee. Any local unit which is determined to be experiencing
46 fiscal distress pursuant to the provisions of P.L.1987, c.75
47 (C.52:27D-118.24 et seq.), whether or not a local unit is an
48 "eligible municipality" as defined in section 3 of P.L.1987, c.75
49 (C.52:27D-118.26), and which has available surplus pursuant to
50 the spending limitations imposed by P.L.1976, c.68 (C.40A:4-45.1
51 et seq.), may appropriate and expend an amount of that surplus
52 approved by the director and the Local Finance Board as an
53 exception to the spending limitation. Any determination
54 approving the appropriation and expenditure of surplus as an

- 1 exception to the spending limitations shall be based upon:
- 2 1) the local unit's revenue needs for the current local budget
3 year and its revenue raising capacity;
- 4 2) the intended actions of the governing body of the local unit
5 to meet the local unit's revenue needs;
- 6 3) the intended actions of the governing body of the local unit
7 to expand its revenue generating capacity for subsequent local
8 budget years;
- 9 4) the local unit's ability to demonstrate the source and
10 existence of sufficient surplus as would be prudent to appropriate
11 as an exception to the spending limitations to meet the operating
12 expenses for the local unit's current budget year; and
- 13 5) the impact of utilization of surplus upon succeeding budgets
14 of the local unit;
- 15 ff. Amounts expended for the staffing and operation of the
16 municipal court;
- 17 gg. Amounts appropriated for the cost of administering a joint
18 insurance fund established pursuant to subsection b. of section 1
19 of P.L.1983, c.372 (C.40A:10-36), but not including appropriations
20 for claims payments by local member units;
- 21 hh. Amounts appropriated for the cost of implementing an
22 estimated tax billing system and the issuance of tax bills
23 thereunder pursuant to section 3 of P.L. , c. (C.) (pending
24 before the Legislature as this bill).
25 (cf: P.L.1993, c.269, s.16)
- 26 7. N.J.S.40A:4-5 is amended to read as follows:
- 27 40A:4-5. The governing body shall introduce and approve the
28 annual budget:
- 29 a. In the case of a county, not later than January 26 of the
30 calendar fiscal year.
- 31 b. In the case of a municipality, not later than February 10 of
32 the calendar fiscal year; and, in the case of a municipality which
33 operates on the State fiscal year, not later than [21 days from the
34 beginning of the fiscal year] August 10.
- 35 The budget shall be introduced in writing at a meeting of the
36 governing body. Approval thereof shall constitute a first reading
37 which may be by title. Three certified copies of the approved
38 budget shall be transmitted to the director within three days
39 after approval.
- 40 Upon the approval of the budget by the governing body, it shall
41 fix the time and place for the holding of a public hearing upon the
42 budget.
- 43 (cf: P.L.1991, c.75, s.9)
- 44 8. N.J.S.40A:4-10 is amended to read as follows:
- 45 40A:4-10. No budget or amendment thereof shall be adopted
46 unless the director shall have previously certified his approval
47 thereof. Final adoption shall be by resolution adopted by a
48 majority of the full membership of the governing body, and may
49 be by title where the procedures required by sections 40A:4-8 and
50 40A:4-9 have been followed.
- 51 The budget shall be adopted in the case of a county not later
52 than February 25, and in the case of a municipality not later than
53 March 20 of the calendar fiscal year or September [1] 20 of the
54 State fiscal year, except that the governing body may adopt the

1 budget at any time within 10 days after the director shall have
2 certified his approval thereof and returned the same, if such
3 certification shall be later than the date of the advertised
4 hearing.

5 If, in the case of a municipality which operates on the State
6 fiscal year, the governing body fails to adopt the budget within
7 the permitted time, the chief financial officer of the local unit
8 shall so notify the director the next working day after the
9 expiration of the permitted time.

10 Three certified copies of the budget, as adopted, shall be
11 transmitted to the director within three days after adoption.

12 Upon adoption, the budget shall constitute an appropriation for
13 the purposes stated therein and an authorization of the amount to
14 be raised by taxation for the purposes of the local unit.

15 (cf: P.L.1991, c.75, s.11)

16 9. N.J.S.40A:4-11 is amended to read as follows:

17 40A:4-11. The clerk of the local unit shall transmit a certified
18 copy of the budget, as adopted, to the county board not later than
19 15 days following the adoption of the budget [or within five days
20 of adoption in those municipalities which operate on the State
21 fiscal year].

22 (cf: P.L.1991, c.75, s.12)

23 10. N.J.S.40A:4-16 is amended to read as follows:

24 40A:4-16. Where the county board has not received a copy of
25 the budget resolution or other evidence showing the amount to be
26 raised by taxation for the purposes of a county or taxing district
27 not later than March 31 of the calendar fiscal year, in the case of
28 a county, taxing district or a municipality for which the fiscal
29 year is January 1 through December 31 or not later than
30 [September] October 6 in those municipalities which operate on
31 the State fiscal year, the board shall immediately notify the
32 director of such failure.

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

34 11. N.J.S.40A:4-17 is amended to read as follows:

35 40A:4-17. [a.] The director [shall forthwith,] may, in
36 accordance with subsection a. or b. of this section, after receipt
37 of notice that the county board has not received a copy of the
38 budget resolution or other evidence showing the amount to be
39 raised by taxation for the purposes of a [taxing district] local
40 unit, or other failure of a governing body to act in accordance
41 with law:

42 a. transmit to the county board a certificate setting forth the
43 amount required for the operation of the local unit for the fiscal
44 year. The operating budget of the preceding year shall constitute
45 and limit the appropriations of the current year with suitable
46 adjustments for debt service, other mandatory charges and
47 changes in revenues, but excluding the amount to be raised for
48 taxes for school purposes where required to be included in the
49 municipal budget.

50 The certificate shall be prepared by using the revenues and
51 appropriations appearing in the adopted budget of the preceding
52 year with suitable adjustments to include, without limitation:

53 Any amounts required for principal and interest of indebtedness
54 falling due in the fiscal year;

1 Any deferred charges or statutory expenditures required to be
2 raised in the fiscal year; and

3 In addition, the director shall adjust the revenues, local tax
4 requirements and surplus revenues appearing in the adopted
5 budget of the preceding year in such manner that the cash basis
6 provisions of this chapter shall apply.

7 b. [In any municipality which operates on the State fiscal year,
8 upon receipt of notification by the director pursuant to
9 N.J.S.40A:4-16, the director shall] establish the amount to be
10 raised by taxation and [notify] certify the same to the county tax
11 board. The [municipality] local unit shall have [60] 45 days
12 thereafter to finally adopt its budget pursuant to law. If the
13 governing body fails to act accordingly, the director may act in
14 accordance with subsection a. of this section.

15 (cf: P.L.1991, c.75, s.14)

16 12. N.J.S.40A:4-18 is amended to read as follows:

17 40A:4-18. [Immediately] a. In municipalities operating under a
18 calendar fiscal year, immediately upon receipt of the director's
19 certificate [and, in any event, on or before April 10 of the fiscal
20 year, and September 10, in those municipalities which operate on
21 the State fiscal year] the county board shall fill out the table of
22 aggregates required by R.S.54:4-52 and shall determine the
23 amount of "other local taxes" for the year based upon the
24 certificate of the director. Upon completion, the county board
25 shall transmit a copy of each municipality's table of aggregates
26 to the director.

27 If the local unit shall have adopted a budget for the calendar
28 fiscal year and shall have transmitted a certified copy thereof to
29 the county board on or before April 10 [or September 10, as the
30 case may be], the board may substitute the adopted budget in the
31 place of the amount certified by the director, but no such
32 substitutions shall be made after May 1 [or September 15, as the
33 case may be] , unless otherwise approved by the director.

34 b. In municipalities operating under the State fiscal year,
35 immediately upon receipt of the director's certificate, the
36 county board of taxation shall use the certificate to prepare the
37 extended tax duplicate for the municipality. If the local unit
38 shall have adopted a budget for the fiscal year and shall have
39 transmitted a certified copy thereof to the county board on or
40 before October 10, the board may substitute the adopted budget
41 in the place of the amount certified by the director, but no such
42 substitutions shall be made after October 15, as the case may be,
43 unless otherwise approved by the director.

44 (cf: P.L.1991, c.75, s.15)

45 13. N.J.S.40A:4-27 is amended to read as follows:

46 40A:4-27. A local unit may anticipate as a miscellaneous
47 revenue the total amount of all payments due and payable to the
48 local unit during the fiscal year, directly or indirectly as a result
49 of the sale of property by the local unit, when the obligation to
50 make such payment is entered into prior to February 10 of the
51 calendar fiscal year, or [within 21 days of the beginning] by
52 August 10 of the State fiscal year.

53 (cf: P.L.1991, c.75, s.18)

54 14. N.J.S.40A:5-12 is amended to read as follows:

1 40A:5-12. The chief financial officer of each local unit shall
2 file annually with the director a verified statement of the
3 financial condition of the local unit as of the close of the fiscal
4 year. Such statement shall be filed, upon forms furnished and
5 prescribed by the director, not later than January 26 in the case
6 of a county and not later than February 10 in the case of a
7 municipality after the close of the calendar fiscal year, or not
8 later than [21 days after the close] August 10 of the State fiscal
9 year in those municipalities which operate on the State fiscal
10 year pursuant to section 2 or 3 of P.L.1991, c.75 (C.40A:4-3.1 or
11 C.40A:4-3.2).

12 If the official charged with the responsibility of filing shall fail
13 to file such statement within 10 days after the time fixed for
14 filing the same, he shall be subject to a penalty of \$5.00 for each
15 day of neglect to file the same, to be recovered in a summary
16 proceeding against such official instituted and prosecuted under
17 the penalty enforcement law (N.J.S.2A:58-1 et seq.).

18 (cf: P.L.1991, c.75, s.26)

19 15. R.S.54:4-42 is amended to read as follows:

20 54:4-42. The municipal clerk or other proper officer of each
21 county and taxing district operating under the calendar fiscal
22 year shall, not later than 15 days after the adoption of the budget
23 [or within five days of the adoption of the budget in those
24 municipalities which operate on the State fiscal year pursuant to
25 section 2 or 3 of P.L.1991, c.75 (C.40A:4-3.1 or C.40A:4-3.2)],
26 transmit to the county board of taxation a copy of the annual
27 taxing ordinance or resolution, or other evidence showing the
28 amount to be raised by taxation for the purposes of the county or
29 taxing district.

30 (cf: P.L.1991, c.75, s.33)

31 16. (New section) On or before May 13 of each year, the
32 governing body of each municipality operating under the State
33 fiscal year shall certify, by resolution, to the Director of the
34 Division of Local Government Services a preliminary municipal
35 tax levy to be utilized in calculation of the municipal portion of
36 the third and fourth installments of property taxes. The amount
37 of the preliminary municipal tax levy shall be calculated in such a
38 manner as to level insofar as possible the municipal portion of
39 third and fourth installments and the subsequent first and second
40 installments, but unless otherwise approved by the director, the
41 amount of the preliminary municipal tax levy shall not be less
42 than 95% of the current fiscal year's municipal tax levy. A copy
43 of the certification shall be forwarded to the director, and to the
44 county board of taxation which shall then use the levy in
45 preparation of the extended tax duplicate for the municipality
46 pursuant to R.S.54:4-55. If the governing body fails to act in a
47 timely manner, the director may prepare and certify the
48 preliminary municipal tax levy and shall provide a copy to the
49 county board of taxation and the municipality. The director shall
50 promulgate forms and instructions as necessary for the
51 calculation of the preliminary municipal tax levy.

52 17. R.S.54:4-52 is amended to read as follows:

53 54:4-52. The county board of taxation shall, on or before May
54 15, fill out a table of aggregates copied from the duplicates of

- 1 the several assessors and the certifications of the Director of the
2 Division of Taxation relating to second-class railroad property,
3 and enumerating the following items:
- 4 (1) The total number of acres and lots assessed;
 - 5 (2) The value of the land assessed;
 - 6 (3) The value of the improvements thereon assessed;
 - 7 (4) The total value of the land and improvements assessed,
8 including:
 - 9 a. Second-class railroad property;
 - 10 b. All other real property.
 - 11 (5) The value of the personal property assessed, stating in
12 separate columns:
 - 13 a. Value of household goods and chattels assessed;
 - 14 b. Value of farm stock and machinery assessed;
 - 15 c. Value of stocks in trade, materials used in manufacture and
16 other personal property assessed under section 54:4-11;
 - 17 d. Value of all other tangible personal property used in
18 business assessed.
 - 19 (6) Deductions allowed, stated in separate columns:
 - 20 a. Household goods and other exemptions under the provisions
21 of section 54:4-3.16 of this Title;
 - 22 b. Property exempted under section 54:4-3.12 of this Title.
 - 23 (7) The net valuation taxable;
 - 24 (8) Amounts deducted under the provisions of sections 54:4-49
25 and 54:4-53 of this Title or any other similar law (adjustments
26 resulting from prior appeals);
 - 27 (9) Amounts added under any of the laws mentioned in
28 subdivision 8 of this section (like adjustments);
 - 29 (10) Amounts added for equalization under the provisions of
30 sections 54:3-17 to 54:3-19 of this Title;
 - 31 (11) Amounts deducted for equalization under the provisions of
32 sections 54:3-17 to 54:3-19 of this Title;
 - 33 (12) Net valuation on which county, State and State school
34 taxes are apportioned;
 - 35 (13) The number of polls assessed;
 - 36 (14) The amount of dog taxes assessed;
 - 37 (15) The property exempt from taxation under the following
38 special classifications:
 - 39 a. Public school property;
 - 40 b. Other school property;
 - 41 c. Public property;
 - 42 d. Church and charitable property;
 - 43 e. Cemeteries and graveyards;
 - 44 f. Other exemptions not included in foregoing classifications
45 subdivided showing exemptions of real property and exemptions
46 of personal property;
 - 47 g. The total amount of exempt property.
 - 48 (16) State road tax;
 - 49 (17) State school tax;
 - 50 (18) County taxes apportioned, exclusive of bank stock taxes;
 - 51 (19) Local taxes to be raised, exclusive of bank stock taxes,
52 subdivided as follows:
 - 53 a. District school tax;
 - 54 b. Other local taxes.

1 (20) Total amount of miscellaneous revenues, including surplus
 2 revenue appropriated, for the support of the taxing district
 3 budget, which, for a municipality operating under the State fiscal
 4 year, shall be the amounts for the fiscal year ending June 30 of
 5 the year in which the table is prepared;

6 (21) District court taxes;

7 (22) Library tax;

8 (23) Bank stock taxes due taxing district;

9 (24) Tax rate for local taxing purposes to be known as general
 10 tax rate to apply per \$100.00 of valuation.

11 [The county board of taxation shall revise the table of
 12 aggregates on or before September 10 to include the tax rate for
 13 local taxing purposes for municipalities having adopted the State
 14 fiscal year.]

15 For municipalities operating under the State fiscal year, the
 16 amount for local municipal purposes shall be the amount as
 17 certified pursuant to section 16 of P.L. , c. (C.)
 18 (pending before the Legislature as this bill). The table shall also
 19 include a footnote showing the amount raised by taxation for
 20 municipal purposes as shown in the State fiscal year budget
 21 ending June 30 of the year the table is prepared.

22 In addition to the above such other matters may be added, or
 23 such changes in the foregoing items may be made, as may from
 24 time to time be directed by the Director of the Division of
 25 Taxation. The forms for filling out tables of aggregates shall be
 26 prescribed by the director and sent by him to the county
 27 treasurers of the several counties to be by them transmitted to
 28 the county board of taxation. Such table of aggregates shall be
 29 correctly added by columns and shall be signed by the members of
 30 the county board of taxation and shall within three days
 31 thereafter be transmitted to the county treasurer who shall file
 32 the same and forthwith cause it to be printed in its entirety and
 33 shall transmit certified copy of same to the Director of the
 34 Division of Taxation, the State Auditor, the Director of the
 35 Division of Local Government Services in the Department of
 36 Community Affairs, the clerk of the board of freeholders, and the
 37 clerk of each municipality in the county.

38 (cf: P.L.1992, c.159, s.24)

39 18. R.S.54:4-55 is amended to read as follows:

40 54:4-55. The county board of taxation shall, on or before May
 41 27 in each year, [and, in municipalities operating on the State
 42 fiscal year, again on or before November 1,] cause the corrected,
 43 revised and completed duplicates, certified by it to be a true
 44 record of the taxes assessed, to be delivered to the collectors of
 45 the various taxing districts in the county, and the tax lists shall
 46 remain in the office of the board as a public record. Thereafter
 47 neither the assessor nor the collector shall make or cause to be
 48 made any change or alteration in the tax duplicate except as may
 49 be provided by law.

50 (cf: P.L.1992, c.159, s.25)

51 19. (New section) The Local Finance Board, in accordance
 52 with the provisions of the "Administrative Procedure Act,"
 53 P.L.1968, c.410 (C.52:14B-1 et seq.), shall adopt such regulations,
 54 forms and procedures as may be necessary to effectuate the

1 purposes of sections 2 through 5 of P.L. , c. (C.) (pending
2 before the Legislature as this bill).
3 20. This act shall take effect immediately.
4
5
6 _____
7
8 Revises statutes concerning collection and payment of real
9 property tax bills and revises certain budget dates for State fiscal
10 year municipalities.

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, Nos. 1769 and 1848

STATE OF NEW JERSEY

DATED: JUNE 9, 1994

The Assembly Local Government Committee reports favorably a committee substitute for Assembly Bill Nos. 1769 and 1848.

The committee substitute addresses a Statewide problem that arises when municipalities operating on the calendar fiscal year are unable to meet the statutory deadline for delivering tax bills to taxpayers or their designees by permitting municipalities to issue estimated tax bills when final tax bills cannot be timely delivered. The estimated tax bill is to take the place of the final tax bill that otherwise would have been issued. The committee substitute prohibits a municipality from issuing more than four quarterly installment tax bills, whether estimated or final, during any calendar year under any circumstances. This prohibition does not apply to added and omitted assessments. The committee substitute permits the use of an estimated tax bill in preparing an escrow analysis required by section 6 of P.L.1990, c.69 (C.17:16F-20). In all circumstances, the committee substitute provides taxpayers or their agents with a payment period of at least twenty-five days from the date that the tax bill or estimated tax bill is mailed. Accordingly, this committee substitute creates a cash flow incentive for municipalities to mail or otherwise deliver tax bills or estimated tax bills as early as possible. This committee substitute is intended to make tax collection practice uniform throughout New Jersey, but it is not intended to abrogate a municipality's obligation to timely prepare and deliver final tax bills.

The committee substitute also modifies the procedures for issuing tax bills for State fiscal year municipalities. Since the enactment of P.L.1991, c.75, it has become apparent that the procedures set forth in that law were deficient in a number of ways. The deficiencies primarily relate to differences in the assessment year and taxing year created by the State fiscal year law.

The new system set forth in the committee substitute resolves these deficiencies. The main components of the new system are a new formula that permits the governing body to increase the amount billed for the third and fourth installments so as to level off the subsequent increase in the first and second installments; the use of a billing percentage in the first and second installments; and the generation of a tax rate for the year using current assessments when the two are taken together (something that does not happen under the current system). The system is similar to that used by school districts that have budget and tax requirements based on a fiscal year and taxes billed on a calendar year.

The committee substitute also resolves a number of problems resulting from the adoption of the State fiscal year by many of the State's municipalities. P.L.1991, c.75 created the budgetary and tax billing procedures to be used by these municipalities, some of which have proved difficult and cumbersome to administer. The changes to those procedures established in this committee substitute will provide flexibility to the Director of the Division of Local Government Services in working with municipalities that have difficulty in adopting their budgets.

Specifically, section 1 amends R.S.54:4-66, concerning due dates and delinquencies for tax bills, so that the section only will apply to municipalities operating on the calendar fiscal year. Section 2 is a new section concerning due dates and delinquencies for tax bills of municipalities operating on the State fiscal year. The section contains formulas to be used by the collector to calculate each installment. Section 3 is a new section applicable to calendar fiscal and State fiscal year municipalities that permits a municipal governing body to authorize the issuing of estimated and reconciled tax bills when it determines that the collector will be unable to complete the mailing or delivery of tax bills by June 14, in the case of calendar fiscal year municipalities, and by June 14 or December 1, as appropriate, in the case of State fiscal year municipalities. Section 4 is a new section which sets forth the procedure by which a tax collector, in consultation with the chief financial officer, calculates an annual tax levy range for the governing body of a municipality operating on the calendar fiscal year to base an estimated tax bill. The section requires that when the governing body makes the decision to send out estimated tax bills, they must be sent by June 30 and the reconciled bills by September 30. The annual tax levy range is computed to be from 95% to 105% of the previous year's tax levy. Section 5 contains similar provisions for State fiscal year municipalities, in which case the deadline for an estimated tax bill for the first installment of taxes is December 31 and for the reconciled tax bill representing the second installment of taxes, March 31. An estimated bill for the third quarter taxes may be sent on or before June 30 with the reconciled tax bill representing fourth quarter taxes mailed on or before September 30. The section also specifies the time when a payment on an estimated or regular tax bill is delinquent. Sections 4 and 5 also permit the Director of the Division of Local Government Services in the Department of Community Affairs to authorize a municipality to use an alternate method of calculating the estimated tax bill if the director determines that the alternate method will result in a more accurate estimated tax bill.

Section 6 amends the cap law to provide a cap exception to municipalities for appropriations for the cost of implementing an estimated tax billing system and issuing tax bills thereunder.

Section 7 amends N.J.S.40A:4-5 to change from July 21 to August 10 the date that a State fiscal year municipality is required to introduce and approve its budget. Section 8 amends N.J.S.40A:4-10 to change the date by which a State fiscal year municipality must adopt its budget from September 1 to September 20. Section 9 amends N.J.S.40A:4-11 to remove the requirement that a municipality operating on the State fiscal year transmit its

budget to the county board of taxation within five days of adoption. Under the amendment the time period would be 15 days, the same period as for all other local units.

Section 10 amends N.J.S.40A:4-16 to change from September 6 to October 6 the time by which a county board of taxation must notify the Director of the Division of Local Government Services that it has not received a copy of a State fiscal year municipality's budget resolution.

Sections 11 and 12 concern late budgets and amend N.J.S.40A:4-17 and N.J.S.40A:4-18 respectively. The amendments permit the Director of the Division of Local Government Services to certify an amount to be raised by taxation to the county tax board for any local unit that has not submitted a timely budget resolution or other evidence showing the amount to be raised by taxation for local purposes to the county tax board. The amendments also set the time at which the local unit must finally adopt its budget at 45 days instead of the current 60 days. The amendments state that the county board of taxation may not substitute a late adopted budget of a State fiscal year municipality for the director's certificate after October 15, unless otherwise approved by the director.

Section 13 amends N.J.S.40A:4-27 to change from July 21 to August 10 the date by which a State fiscal year municipality may anticipate as miscellaneous revenue in its budget amounts from the sale of property by the municipality. Section 14 amends N.J.S.40A:5-12 of the "Local Fiscal Affairs Law" to require the chief financial officer of a municipality operating on the State fiscal year to file an annual statement of the financial condition of the municipality with the Division of Local Government Services by August 10 instead of the current deadline of July 21. Sections 15 amends R.S.54:4-42 to extend the time for the adopted municipal budget to be transmitted to the county board of taxation from five to fifteen days. Section 16 is a new section that requires the governing body of a municipality operating on the State fiscal year to certify to the director a preliminary municipal purposes tax levy to be used in the calculation of the third and fourth installments of property taxes. The preliminary municipal tax levy is to be set by the governing body, however, if the preliminary municipal tax levy is less than 95% of the previous year's levy, the levy must be approved by the director. This provision is intended to allow the governing body to even out tax payments over the four installments.

Section 17 of the committee substitute amends R.S.54:4-52 to codify practices used by the county boards of taxation in preparing the table of aggregates and abstract of ratables, and requires State fiscal year tax information to be included on the complete abstract of ratables. Section 18 amends R.S.54:4-55 to eliminate the requirement that county board of taxation deliver corrected and revised tax duplicates to the collectors of municipalities operating on the State fiscal year on November 1 because the county board of taxation on strikes a rate once a year, in May.

Finally, section 19 authorizes the Local Finance Board to adopt such regulations, forms and procedures as are necessary to effectuate the purposes of sections 2 through 5 of the committee substitute.

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 1769 and 1848

STATE OF NEW JERSEY

DATED: June 30, 1994

The committee substitute for Assembly Bill Nos. 1769 and 1848 of 1994 addresses a Statewide problem that arises when municipalities operating on the calendar fiscal year are unable to meet the statutory deadline for delivering tax bills to taxpayers or their designees by permitting municipalities to issue estimated tax bills when final tax bills cannot be timely delivered.

Specifically, this bill directs that an estimated tax bill take the place of the final tax bill that otherwise would have been issued. In general this bill revises statutes concerning the collection and payment of real property tax bills and revises certain budget dates for State fiscal year municipalities. The committee substitute prohibits a municipality from issuing more than four quarterly installment tax bills, whether estimated or final, during any calendar year under any circumstances. This prohibition does not apply to added and omitted assessments. The committee substitute permits the use of an estimated tax bill in preparing an escrow analysis required by section 6 of P.L.1990, c.69 (C.17:16F-20). In all circumstances, the committee substitute provides taxpayers or their agents with a payment period of at least twenty-five days from the date that the tax bill or estimated tax bill is mailed. Accordingly, this committee substitute creates a cash flow incentive for municipalities to mail or otherwise deliver tax bills or estimated tax bills as early as possible. This committee substitute is intended to make tax collection practice uniform throughout New Jersey, but it is not intended to abrogate a municipality's obligation to timely prepare and deliver final tax bills.

The committee substitute also modifies the procedures for issuing tax bills for State fiscal year municipalities. The main components of the new system are a new formula that permits the governing body to increase the amount billed for the third and fourth installments so as to level off the subsequent increase in the first and second installments; the use of a billing percentage in the first and second installments; and the generation of a tax rate for the year using current assessments when the two are taken together (something that does not happen under the current system).

The committee substitute also resolves a number of problems resulting from the adoption of the State fiscal year by many of the State's municipalities and will provide flexibility to the Director of the Division of Local Government Services in working with municipalities that have difficulty in adopting their budgets.

Specifically, section 1 amends R.S.54:4-66, concerning due dates and delinquencies for tax bills, so that the section only will apply to municipalities operating on the calendar fiscal year. Section 2 is a new section concerning due dates and delinquencies for tax bills of municipalities operating on the State fiscal year.

The section contains formulas to be used by the collector to calculate each installment. Section 3 is a new section applicable to calendar fiscal and State fiscal year municipalities that permits a municipal governing body to authorize the issuing of estimated and reconciled tax bills when it determines that the collector will be unable to complete the mailing or delivery of tax bills by June 14, in the case of calendar fiscal year municipalities, and by June 14 or December 1, as appropriate, in the case of State fiscal year municipalities. Section 4 is a new section which sets forth the procedure by which a tax collector, in consultation with the chief financial officer, calculates an annual tax levy range for the governing body of a municipality operating on the calendar fiscal year to base an estimated tax bill. The section requires that when the governing body makes the decision to send out estimated tax bills, they must be sent by June 30 and the reconciled bills by September 30. The annual tax levy range is computed to be from 95% to 105% of the previous year's tax levy. Section 5 contains similar provisions for State fiscal year municipalities, in which case the deadline for an estimated tax bill for the first installment of taxes is December 31 and for the reconciled tax bill representing the second installment of taxes, March 31. An estimated bill for the third quarter taxes may be sent on or before June 30 with the reconciled tax bill representing fourth quarter taxes mailed on or before September 30. The section also specifies the time when a payment on an estimated or regular tax bill is delinquent. Sections 4 and 5 also permit the Director of the Division of Local Government Services in the Department of Community Affairs to authorize a municipality to use an alternate method of calculating the estimated tax bill if the director determines that the alternate method will result in a more accurate estimated tax bill.

Section 6 amends the cap law to provide a cap exception to municipalities for appropriations for the cost of implementing an estimated tax billing system and issuing tax bills thereunder.

Section 7 amends N.J.S.40A:4-5 to change from July 21 to August 10 the date that a State fiscal year municipality is required to introduce and approve its budget. Section 8 amends N.J.S.40A:4-10 to change the date by which a State fiscal year municipality must adopt its budget from September 1 to September 20. Section 9 amends N.J.S.40A:4-11 to remove the requirement that a municipality operating on the State fiscal year transmit its budget to the county board of taxation within five days of adoption. Under the amendment the time period would be 15 days, the same period as for all other local units.

Section 10 amends N.J.S.40A:4-16 to change from September 6 to October 6 the time by which a county board of taxation must notify the Director of the Division of Local Government Services that it has not received a copy of a State fiscal year municipality's budget resolution.

Sections 11 and 12 concern late budgets and amend N.J.S.40A:4-17 and N.J.S.40A:4-18 respectively. The amendments permit the Director of the Division of Local Government Services to certify an amount to be raised by taxation to the county tax board for any local unit that has not submitted a timely budget resolution or other evidence showing the amount to be raised by taxation for local purposes to the county tax board. The

amendments also set the time at which the local unit must finally adopt its budget at 45 days instead of the current 60 days. The amendments state that the county board of taxation may not substitute a late adopted budget of a State fiscal year municipality for the director's certificate after October 15, unless otherwise approved by the director.

Section 13 amends N.J.S.40A:4-27 to change from July 21 to August 10 the date by which a State fiscal year municipality may anticipate as miscellaneous revenue in its budget amounts from the sale of property by the municipality. Section 14 amends N.J.S.40A:5-12 of the "Local Fiscal Affairs Law" to require the chief financial officer of a municipality operating on the State fiscal year to file an annual statement of the financial condition of the municipality with the Division of Local Government Services by August 10 instead of the current deadline of July 21. Sections 15 amends R.S.54:4-42 to extend the time for the adopted municipal budget to be transmitted to the county board of taxation from five to fifteen days.

Section 16 is a new section that requires the governing body of a municipality operating on the State fiscal year to certify to the director a preliminary municipal purposes tax levy to be used in the calculation of the third and fourth installments of property taxes. The preliminary municipal tax levy is to be set by the governing body; however, if the preliminary municipal tax levy is less than 95% of the previous year's levy, the levy must be approved by the director. This provision is intended to allow the governing body to even out tax payments over the four installments.

Section 17 of the committee substitute amends R.S.54:4-52 to codify practices used by the county boards of taxation in preparing the table of aggregates and abstract of ratables and requires State fiscal year tax information to be included on the complete abstract of ratables. Section 18 amends R.S.54:4-55 to eliminate the requirement that county boards of taxation deliver corrected and revised tax duplicates to the collectors of municipalities operating on the State fiscal year on November 1 because the county boards of taxation only strike a rate once a year, in May.

Finally, section 19 authorizes the Local Finance Board to adopt such regulations, forms and procedures as are necessary to effectuate the purposes of sections 2 through 5 of the committee substitute.

The Office of Legislative Services (OLS) notes that the enactment of this bill will not result in any significant additional State cost because DCA can absorb the additional responsibilities assigned under this bill. Some minimal municipal and county costs will be incurred under this bill for revising forms, procedures, and computer generated real property tax bills. OLS notes that data are not available for an estimate of local costs.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

ASSEMBLY, No. 1769
STATE OF NEW JERSEY

INTRODUCED MAY 12, 1994

By Assemblyman ARNONE

1 AN ACT concerning the delivery and payment of real property
2 tax bills, supplementing chapter 4 of Title 54 of the New
3 Jersey Statutes and amending P.L.1976, c.68.

4

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

7 1. (New section) a. Notwithstanding any provision of law, rule
8 or regulation to the contrary, whenever a municipal governing
9 body determines that the municipal tax collector will be unable
10 to complete the mailing or delivery of tax bills by June 14
11 because the county board of taxation has not certified a tax levy,
12 the governing body shall, by resolution, direct the collector to
13 prepare, complete, mail or otherwise deliver to each individual
14 assessed, or as provided in R.S.54:4-64 the individual's
15 mortgagee or servicing organization, an estimated tax bill for the
16 third installment of taxes on or before June 30 and a reconciled
17 tax bill for the fourth installment of taxes on or before
18 September 30. The resolution shall contain authorization of an
19 estimated annual tax levy in accordance with the procedures set
20 forth in section 2 of P.L. , c. (C.) (pending before the
21 Legislature as this bill). Estimated tax bills and reconciled tax
22 bills shall be prepared in accordance with the formula established
23 in section 2 of P.L. , c. (C.) (pending before the
24 Legislature as this bill).

25 b. Except as otherwise provided for by an estimated tax bill
26 and a reconciled tax bill issued pursuant to subsection a., of this
27 section shall be considered the same as a regular tax bill with
28 regard to other laws governing tax bills.

29 c. An estimated tax bill issued pursuant to this section may be
30 used by a mortgagee or servicing organization in calculating the
31 anticipated disbursements from mortgage escrow accounts as
32 provided in section 6 of P.L.1990, c.69 (C.17:16F-20).

33 d. Notwithstanding anything in this Title to the contrary, a
34 taxing district shall not issue more than four quarterly
35 installment tax bills, whether estimated or final, during any
36 calendar year.

37 e. The third installment of taxes shall not be subject to
38 interest or penalty of any kind until the later of August 1 or the
39 twenty-fifth calendar day after the date that the tax bill or
40 estimated tax bill for the third installment was mailed or
41 otherwise delivered. Any payment received after the later of
42 August 1 or the twenty-fifth calendar day after the date that the
43 tax bill or estimated tax bill for the third installment was mailed

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 or otherwise delivered may be charged interest back to August 1.
2 Nothing in this section shall be construed as prohibiting a
3 municipal governing body from providing for an additional
4 interest-free period pursuant to R.S.54:4-67. The estimated tax
5 bill shall contain a notice specifying the date on which interest
6 may begin to accrue.

7 f. The fourth installment of taxes shall not be subject to
8 interest or penalty of any kind until the later of November 1 or
9 the twenty-fifth calendar day after the date that the tax bill or
10 reconciled tax bill for the fourth installment was mailed or
11 otherwise delivered. Any payment received after the later of
12 November 1 or the twenty-fifth calendar day after the date that
13 the tax bill or estimated tax bill for the third installment was
14 mailed or otherwise delivered may be charged interest back to
15 November 1. The reconciled tax bill shall contain a notice
16 specifying the date on which interest may begin to accrue.

17 2. (New section) Whenever, pursuant to section 1 of P.L. ,
18 c. (C.) (pending before the Legislature as this bill), a
19 municipal governing body determines that the tax collector will
20 be unable to complete the mailing or delivery of tax bills by June
21 14 because the county board of taxation has not certified a tax
22 levy, the estimated and reconciled tax bills shall be calculated in
23 accordance with the following procedures:

24 a. (1) The tax collector shall compute a estimated annual tax
25 levy range for each taxing district whose levy has not yet been
26 certified by the county board of taxation. The range shall be
27 within the lower and upper amounts calculated by multiplying the
28 levy of each such taxing district for the previous fiscal year by
29 .95 and 1.05.

30 (2) The municipal governing body shall authorize, by
31 resolution, an estimated annual tax levy for each such taxing
32 district by setting an amount within the range computed by the
33 tax collector.

34 b. An estimated bill for the third installment of taxes shall be
35 calculated as follows:

36 (1) The tax rate for each taxing district shall be calculated by
37 dividing the certified, if available, or estimated tax levy by the
38 current year net valuation taxable. Each such tax rate shall be
39 multiplied by the taxable value for each property to arrive at the
40 estimated annual property tax due for each property assessed.

41 (2) The amount charged in the first and second installments of
42 the current year shall be subtracted from the estimated annual
43 property tax due for each property assessed. That amount shall
44 then be divided in half and after being so divided shall be the
45 amount of the estimated tax bill for the third installment of
46 taxes.

47 c. A reconciled bill for the fourth installment of taxes shall be
48 calculated as follows:

49 (1) The tax rate for each taxing district shall be calculated by
50 dividing the actual tax levies certified by the county board of
51 taxation by the current year net valuation taxable. Each such tax
52 rate shall be multiplied by the taxable value for each property to
53 arrive at the actual annual property tax due for each property
54 assessed.

1 (2) The amount charged in the first, second and third
2 installments of the current year for each taxing district shall be
3 subtracted from the actual annual property tax due for each
4 property assessed. The difference of those amounts shall
5 constitute the amount of the reconciled tax bill for the fourth
6 installment of property tax.

7 d. If the tax collector determines that the municipality is
8 unable to calculate the tax bills utilizing the formulas set forth in
9 this section, the collector may request the Director of the
10 Division of Local Government Services to authorize an alternate
11 method that will result in the most accurate bills possible
12 utilizing the mechanisms available to the municipality. The
13 director shall certify in writing the method approved for billings.

14 3. (New section) The Local Finance Board, in accordance with
15 the provisions of the "Administrative Procedure Act," P.L.1968,
16 c.410 (C.52:14B-1 et seq.), shall adopt such regulations, forms
17 and procedures as may be necessary to effectuate the purposes of
18 P.L. , c. (C.) (pending before the Legislature as this bill).

19 4. Section 3 of P.L.1976, c.68 (C.40A:4-45.3) is amended to
20 read as follows:

21 3. In the preparation of its budget a municipality shall limit
22 any increase in said budget to 5% or the index rate, whichever is
23 less, over the previous year's final appropriations subject to the
24 following exceptions:

25 a. (Deleted by amendment, P.L.1990, c.89.)

26 b. Capital expenditures, including appropriations for current
27 capital expenditures, whether in the capital improvement fund or
28 as a component of a line item elsewhere in the budget, provided
29 that any such current capital expenditure would be otherwise
30 bondable under the requirements of N.J.S.40A:2-21 and 40A:2-22;

31 c. (1) An increase based upon emergency temporary
32 appropriations made pursuant to N.J.S.40A:4-20 to meet an
33 urgent situation or event which immediately endangers the
34 health, safety or property of the residents of the municipality,
35 and over which the governing body had no control and for which it
36 could not plan and emergency appropriations made pursuant to
37 N.J.S.40A:4-46. Emergency temporary appropriations and
38 emergency appropriations shall be approved by at least
39 two-thirds of the governing body and by the Director of the
40 Division of Local Government Services, and shall not exceed in
41 the aggregate 3% of the previous year's final current operating
42 appropriations.

43 (2) (Deleted by amendment, P.L.1990, c.89.)

44 The approval procedure in this subsection shall not apply to
45 appropriations adopted for a purpose referred to in subsection d.
46 or j. below;

47 d. All debt service, including that of a Type I school district;

48 e. Upon the approval of the Local Finance Board in the
49 Division of Local Government Services, amounts required for
50 funding a preceding year's deficit;

51 f. Amounts reserved for uncollected taxes;

52 g. (Deleted by amendment, P.L.1990, c.89.)

53 h. Expenditure of amounts derived from new or increased
54 construction, housing, health or fire safety inspection or other

- 1 service fees imposed by State law, rule or regulation or by local
2 ordinance;
- 3 i. Any amount approved by any referendum;
- 4 j. Amounts required to be paid pursuant to (1) any contract
5 with respect to use, service or provision of any project, facility
6 or public improvement for water, sewerage, parking, senior
7 citizen housing or any similar purpose, or payments on account of
8 debt service therefor, between a municipality and any other
9 municipality, county, school or other district, agency, authority,
10 commission, instrumentality, public corporation, body corporate
11 and politic or political subdivision of this State; (2) the provisions
12 of article 9 of P.L.1968, c.404 (C.13:17-60 through 13:17-76) by a
13 constituent municipality to the intermunicipal account; (3) any
14 lease of a facility owned by a county improvement authority
15 when the lease payment represents the proportionate amount
16 necessary to amortize the debt incurred by the authority in
17 providing the facility which is leased, in whole or in part; and (4)
18 any repayments under a loan agreement entered into in
19 accordance with the provisions of section 5 of P.L.1992, c.89.
- 20 k. (Deleted by amendment, P.L.1987, c.74.)
- 21 l. Appropriations of federal, county, independent authority or
22 State funds, or by grants from private parties or nonprofit
23 organizations for a specific purpose, and amounts received or to
24 be received from such sources in reimbursement for local
25 expenditures. If a municipality provides matching funds in order
26 to receive the federal, county, independent authority or State
27 funds, or the grants from private parties or nonprofit
28 organizations for a specific purpose, the amount of the match
29 which is required by law or agreement to be provided by the
30 municipality shall be excepted;
- 31 m. (Deleted by amendment, P.L.1987, c.74.)
- 32 n. (Deleted by amendment, P.L.1987, c.74.)
- 33 o. (Deleted by amendment, P.L.1990, c.89.)
- 34 p. (Deleted by amendment, P.L.1987, c.74.)
- 35 q. (Deleted by amendment, P.L.1990, c.89.)
- 36 r. Amounts expended to fund a free public library established
37 pursuant to the provisions of R.S.40:54-1 through 40:54-29,
38 inclusive;
- 39 s. (Deleted by amendment, P.L.1990, c.89.)
- 40 t. Amounts expended in preparing and implementing a housing
41 element and fair share plan pursuant to the provisions of
42 P.L.1985, c.222 (C.52:27D-301 et al.) and any amounts received
43 by a municipality under a regional contribution agreement
44 pursuant to section 12 of that act;
- 45 u. Amounts expended to meet the standards established
46 pursuant to the "New Jersey Public Employees' Occupational
47 Safety and Health Act," P.L.1983, c.516 (C.34:6A-25 et seq.);
- 48 v. (Deleted by amendment, P.L.1990, c.89.)
- 49 w. Amounts appropriated for expenditures resulting from the
50 impact of a hazardous waste facility as described in subsection c.
51 of section 32 of P.L.1981, c.279 (C.13:1E-80);
- 52 x. Amounts expended to aid privately owned libraries and
53 reading rooms, pursuant to R.S.40:54-35;
- 54 y. (Deleted by amendment, P.L.1990, c.89.)

1 z. (Deleted by amendment, P.L.1990, c.89.)

2 aa. Extraordinary expenses, approved by the Local Finance
3 Board, required for the implementation of an interlocal services
4 agreement;

5 bb. Any expenditure mandated as a result of a natural disaster,
6 civil disturbance or other emergency that is specifically
7 authorized pursuant to a declaration of an emergency by the
8 President of the United States or by the Governor;

9 cc. Expenditures for the cost of services mandated by any
10 order of court, by any federal or State statute, or by
11 administrative rule, directive, order, or other legally binding
12 device issued by a State agency which has identified such cost as
13 mandated expenditures on certification to the Local Finance
14 Board by the State agency;

15 dd. Expenditures of amounts actually realized in the local
16 budget year from the sale of municipal assets if appropriated for
17 non-recurring purposes or otherwise approved by the director;

18 ee. Any local unit which is determined to be experiencing
19 fiscal distress pursuant to the provisions of P.L.1987, c.75
20 (C.52:27D-118.24 et seq.), whether or not a local unit is an
21 "eligible municipality" as defined in section 3 of P.L.1987, c.75
22 (C.52:27D-118.26), and which has available surplus pursuant to
23 the spending limitations imposed by P.L.1976, c.68 (C.40A:4-45.1
24 et seq.), may appropriate and expend an amount of that surplus
25 approved by the director and the Local Finance Board as an
26 exception to the spending limitation. Any determination
27 approving the appropriation and expenditure of surplus as an
28 exception to the spending limitations shall be based upon:

29 1) the local unit's revenue needs for the current local budget
30 year and its revenue raising capacity;

31 2) the intended actions of the governing body of the local unit
32 to meet the local unit's revenue needs;

33 3) the intended actions of the governing body of the local unit
34 to expand its revenue generating capacity for subsequent local
35 budget years;

36 4) the local unit's ability to demonstrate the source and
37 existence of sufficient surplus as would be prudent to appropriate
38 as an exception to the spending limitations to meet the operating
39 expenses for the local unit's current budget year; and

40 5) the impact of utilization of surplus upon succeeding budgets
41 of the local unit;

42 ff. Amounts expended for the staffing and operation of the
43 municipal court;

44 gg. Amounts appropriated for the cost of administering a joint
45 insurance fund established pursuant to subsection b. of section 1
46 of P.L.1983, c.372 (C.40A:10-36), but not including appropriations
47 for claims payments by local member units;

48 hh. Amounts appropriated for the cost of implementing an
49 estimated tax billing system and the issuance of tax bills
50 thereunder pursuant to section 1 of P.L. , c. (C.)(pending
51 before the Legislature as this bill).

52 (cf: P.L.1993, c.269, s.16)

53 5. This act shall take effect immediately.

original

STATEMENT

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This bill addresses a Statewide problem that arises when municipalities are unable to meet the statutory deadline for delivering tax bills to taxpayers or their designees by requiring municipalities to issue estimated tax bills when final tax bills cannot be timely delivered. The estimated tax bill is to take the place of the final tax bill that otherwise would have been issued. The bill prohibits a municipality from issuing more than four quarterly installment tax bills, whether estimated or final, during any calendar year under any circumstances. It permits the use of an estimated tax bill in preparing an escrow analysis required by section 6 of P.L.1990, c.69 (C.17:16F-20). In all circumstances, the bill provides taxpayers or their agents with a payment period of at least twenty-five days from the date that the tax bill or estimated tax bill is mailed. Accordingly, this bill creates a cash flow incentive for municipalities to mail or otherwise deliver tax bills or estimated tax bills as early as possible. This bill is intended to make tax collection practice uniform throughout New Jersey. This bill is not intended to abrogate a municipality's obligation to timely prepare and deliver final tax bills.

Revises statutes concerning collection and payment of real property tax bills.

ASSEMBLY, No. 1848
STATE OF NEW JERSEY

LAW LIBRARY
DO NOT REMOVE

INTRODUCED JUNE 9, 1994

By Assemblymen KRAMER and DiGAETANO

1 AN ACT concerning municipalities that operate on the State
2 fiscal year and amending and supplementing various parts of
3 the statutory law.

4

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

7 1. N.J.S.40A:4-5 is amended to read as follows:

8 40A:4-5. The governing body shall introduce and approve the
9 annual budget:

10 a. In the case of a county, not later than January 26 of the
11 fiscal year.

12 b. In the case of a municipality, not later than February 10 of
13 the fiscal year; and, in the case of a municipality which operates
14 on the State fiscal year, not later than [21 days from the
15 beginning of the fiscal year] August 10.

16 The budget shall be introduced in writing at a meeting of the
17 governing body. Approval thereof shall constitute a first reading
18 which may be by title. Three certified copies of the approved
19 budget shall be transmitted to the director within three days
20 after approval.

21 Upon the approval of the budget by the governing body, it shall
22 fix the time and place for the holding of a public hearing upon the
23 budget.

24 (cf: P.L.1991, c.75, s.9)

25 2. N.J.S.40A:4-10 is amended to read as follows:

26 40A:4-10. No budget or amendment thereof shall be adopted
27 unless the director shall have previously certified his approval
28 thereof. Final adoption shall be by resolution adopted by a
29 majority of the full membership of the governing body, and may
30 be by title where the procedures required by sections 40A:4-8 and
31 40A:4-9 have been followed.

32 The budget shall be adopted in the case of a county not later
33 than February 25, and in the case of a municipality not later than
34 March 20 of the fiscal year or September [1] 20 of the State
35 fiscal year, except that the governing body may adopt the budget
36 at any time within 10 days after the director shall have certified
37 his approval thereof and returned the same, if such certification
38 shall be later than the date of the advertised hearing.

39 If, in the case of a municipality which operates on the State
40 fiscal year, the governing body fails to adopt the budget within
41 the permitted time, the chief financial officer of the local unit
42 shall so notify the director the next working day after the
43 expiration of the permitted time.

44 Three certified copies of the budget, as adopted, shall be
45 transmitted to the director within three days after adoption.

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 Upon adoption, the budget shall constitute an appropriation for
2 the purposes stated therein and an authorization of the amount to
3 be raised by taxation for the purposes of the local unit.

4 (cf: P.L.1991, c.75, s.11)

5 3. N.J.S.40A:4-11 is amended to read as follows:

6 40A:4-11. The clerk of the local unit shall transmit a certified
7 copy of the budget, as adopted, to the county board not later than
8 15 days following the adoption of the budget [or within five days
9 of adoption in those municipalities which operate on the State
10 fiscal year].

11 (cf: P.L.1991, c.75, s.12)

12 4. N.J.S.40A:4-16 is amended to read as follows:

13 40A:4-16. Where the county board has not received a copy of
14 the budget resolution or other evidence showing the amount to be
15 raised by taxation for the purposes of a taxing district not later
16 than March 31 of the fiscal year, in the case of a taxing district
17 or a municipality for which the fiscal year is January 1 through
18 December 31 or not later than [September] October 6 in those
19 municipalities which operate on the State fiscal year, the board
20 shall immediately notify the director of such failure.

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

22 5. N.J.S.40A:4-17 is amended to read as follows:

23 40A:4-17. [a.] The director [shall forthwith,] may, in
24 accordance with subsection a. or b. of this section, after receipt
25 of notice that the county board has not received a copy of the
26 budget resolution or other evidence showing the amount to be
27 raised by taxation for the purposes of a taxing district, or other
28 failure of a governing body to act in accordance with law:

29 a. transmit to the county board a certificate setting forth the
30 amount required for the operation of the local unit for the fiscal
31 year. The operating budget of the preceding year shall constitute
32 and limit the appropriations of the current year with suitable
33 adjustments for debt service, other mandatory charges and
34 changes in revenues, but excluding the amount to be raised for
35 taxes for school purposes where required to be included in the
36 municipal budget.

37 The certificate shall be prepared by using the revenues and
38 appropriations appearing in the adopted budget of the preceding
39 year with suitable adjustments to include, without limitation:

40 Any amounts required for principal and interest of indebtedness
41 falling due in the fiscal year;

42 Any deferred charges or statutory expenditures required to be
43 raised in the fiscal year; and

44 In addition, the director shall adjust the revenues, local tax
45 requirements and surplus revenues appearing in the adopted
46 budget of the preceding year in such manner that the cash basis
47 provisions of this chapter shall apply.

48 b. [In any municipality which operates on the State fiscal year,
49 upon receipt of notification by the director pursuant to
50 N.J.S.40A:4-16, the director shall] establish the amount to be
51 raised by taxation and [notify] certify the same to the county tax
52 board. The municipality shall have [60] 45 days thereafter to
53 finally adopt its budget pursuant to law. If the governing body
54 fails to act accordingly, the director may act in accordance with

1 subsection a. of this section.

2 (cf: P.L.1991, c.75, s.14)

3 6. N.J.S.40A:4-18 is amended to read as follows:

4 40A:4-18. [Immediately] a. In municipalities operating under a
5 calendar fiscal year, immediately upon receipt of the director's
6 certificate [and, in any event, on or before April 10 of the fiscal
7 year, and September 10, in those municipalities which operate on
8 the State fiscal year] the county board shall fill out the table of
9 aggregates required by R.S.54:4-52 and shall determine the
10 amount of "other local taxes" for the year based upon the
11 certificate of the director. Upon completion, the county board
12 shall transmit a copy of each municipality's table of aggregates
13 to the director.

14 If the local unit shall have adopted a budget for the fiscal year
15 and shall have transmitted a certified copy thereof to the county
16 board on or before April 10 [or September 10, as the case may
17 be], the board may substitute the adopted budget in the place of
18 the amount certified by the director, but no such substitutions
19 shall be made after May 1 [or September 15, as the case may be] ,
20 unless otherwise approved by the director. ~

21 b. In municipalities operating under the State fiscal year,
22 immediately upon receipt of the director's certificate, the
23 county board of taxation shall use the certificate to prepare the
24 extended tax duplicate for the municipality. If the local unit
25 shall have adopted a budget for the fiscal year and shall have
26 transmitted a certified copy thereof to the county board on or
27 before October 10, the board may substitute the adopted budget
28 in the place of the amount certified by the director, but no such
29 substitutions shall be made after October 15, as the case may be,
30 unless otherwise approved by the director.

31 (cf: P.L.1991, c.75, s.15)

32 7. N.J.S.40A:4-27 is amended to read as follows:

33 40A:4-27. A local unit may anticipate as a miscellaneous
34 revenue the total amount of all payments due and payable to the
35 local unit during the fiscal year, directly or indirectly as a result
36 of the sale of property by the local unit, when the obligation to
37 make such payment is entered into prior to February 10 of the
38 fiscal year, or [within 21 days of the beginning] by August 10 of
39 the State fiscal year.

40 (cf: P.L.1991, c.75, s.18)

41 8. N.J.S.40A:5-12 is amended to read as follows:

42 40A:5-12. The chief financial officer of each local unit shall
43 file annually with the director a verified statement of the
44 financial condition of the local unit as of the close of the fiscal
45 year. Such statement shall be filed, upon forms furnished and
46 prescribed by the director, not later than January 26 in the case
47 of a county and not later than February 10 in the case of a
48 municipality after the close of the fiscal year, or not later than
49 [21 days after the close] August 10 of the State fiscal year in
50 those municipalities which operate on the State fiscal year
51 pursuant to section 2 or 3 of P.L.1991, c.75 (C.40A:4-3.1 or
52 C.40A:4-3.2).

53 If the official charged with the responsibility of filing shall fail
54 to file such statement within 10 days after the time fixed for

1 filing the same, he shall be subject to a penalty of \$5.00 for each
2 day of neglect to file the same, to be recovered in a summary
3 proceeding against such official instituted and prosecuted under
4 the penalty enforcement law (N.J.S.2A:58-1 et seq.).

5 (cf: P.L.1991, c.75, s.26)

6 9. R.S.54:4-42 is amended to read as follows:

7 54:4-42. The municipal clerk or other proper officer of each
8 taxing district operating under the calendar fiscal year shall, not
9 later than 15 days after the adoption of the budget [or within five
10 days of the adoption of the budget in those municipalities which
11 operate on the State fiscal year pursuant to section 2 or 3 of
12 P.L.1991, c.75 (C.40A:4-3.1 or C.40A:4-3.2)], transmit to the
13 county board of taxation a copy of the annual taxing ordinance or
14 resolution, or other evidence showing the amount to be raised by
15 taxation for the purposes of the taxing district.

16 (cf: P.L.1991, c.75, s.33)

17 10. (New section) On or before May 13 of each year, the
18 governing body of each municipality operating under the state
19 fiscal year shall, by resolution, certify to the director of the
20 Division of Local Government Services a preliminary municipal
21 tax levy to be utilized in calculation of the municipal portion of
22 the third and fourth installments of property taxes. The amount
23 of the preliminary municipal tax levy shall be calculated in such a
24 manner as to level insofar as possible the municipal portion of
25 third and fourth installments and the subsequent first and second
26 installments, but unless otherwise approved by the director, the
27 amount of the preliminary municipal tax levy shall not be less
28 than 95% of the current fiscal year's municipal tax levy. A copy
29 of the certification shall be forwarded to the director, and to the
30 county board of taxation which shall then use the levy in
31 preparation of the extended tax duplicate for the municipality
32 pursuant to R.S.54:4-55. If the governing body fails to act in a
33 timely manner, the director may prepare and certify the
34 preliminary municipal tax levy and shall provide a copy to the
35 county board of taxation and the municipality. The director shall
36 promulgate forms and instructions as necessary for the
37 calculation of the preliminary municipal tax levy.

38 11. R.S.54:4-52 is amended to read as follows:

39 54:4-52. The county board of taxation shall, on or before May
40 15, fill out a table of aggregates copied from the duplicates of
41 the several assessors and the certifications of the Director of the
42 Division of Taxation relating to second-class railroad property,
43 and enumerating the following items:

- 44 (1) The total number of acres and lots assessed;
45 (2) The value of the land assessed;
46 (3) The value of the improvements thereon assessed;
47 (4) The total value of the land and improvements assessed,
48 including:

- 49 a. Second-class railroad property;
50 b. All other real property.

51 (5) The value of the personal property assessed, stating in
52 separate columns:

- 53 a. Value of household goods and chattels assessed;
54 b. Value of farm stock and machinery assessed;

- 1 c. Value of stocks in trade, materials used in manufacture and
2 other personal property assessed under section 54:4-11;
- 3 d. Value of all other tangible personal property used in
4 business assessed.
- 5 (6) Deductions allowed, stated in separate columns:
- 6 a. Household goods and other exemptions under the provisions
7 of section 54:4-3.16 of this Title;
- 8 b. Property exempted under section 54:4-3.12 of this Title.
- 9 (7) The net valuation taxable;
- 10 (8) Amounts deducted under the provisions of sections 54:4-49
11 and 54:4-53 of this Title or any other similar law (adjustments
12 resulting from prior appeals);
- 13 (9) Amounts added under any of the laws mentioned in
14 subdivision 8 of this section (like adjustments);
- 15 (10) Amounts added for equalization under the provisions of
16 sections 54:3-17 to 54:3-19 of this Title;
- 17 (11) Amounts deducted for equalization under the provisions of
18 sections 54:3-17 to 54:3-19 of this Title;
- 19 (12) Net valuation on which county, State and State school
20 taxes are apportioned;
- 21 (13) The number of polls assessed;
- 22 (14) The amount of dog taxes assessed;
- 23 (15) The property exempt from taxation under the following
24 special classifications:
- 25 a. Public school property;
- 26 b. Other school property;
- 27 c. Public property;
- 28 d. Church and charitable property;
- 29 e. Cemeteries and graveyards;
- 30 f. Other exemptions not included in foregoing classifications
31 subdivided showing exemptions of real property and exemptions
32 of personal property;
- 33 g. The total amount of exempt property.
- 34 (16) State road tax;
- 35 (17) State school tax;
- 36 (18) County taxes apportioned, exclusive of bank stock taxes;
- 37 (19) Local taxes to be raised, exclusive of bank stock taxes,
38 subdivided as follows:
- 39 a. District school tax;
- 40 b. Other local taxes.
- 41 (20) Total amount of miscellaneous revenues, including surplus
42 revenue appropriated, for the support of the taxing district
43 budget, which, for a municipality operating under the State fiscal
44 year, shall be the amounts for the fiscal year ending June 30 of
45 the year in which the table is prepared;
- 46 (21) District court taxes;
- 47 (22) Library tax;
- 48 (23) Bank stock taxes due taxing district;
- 49 (24) Tax rate for local taxing purposes to be known as general
50 tax rate to apply per \$100.00 of valuation.
- 51 [The county board of taxation shall revise the table of
52 aggregates on or before September 10 to include the tax rate for
53 local taxing purposes for municipalities having adopted the State
54 fiscal year.]

1 For municipalities operating under the State fiscal year, the
2 amount for local municipal purposes shall be the amount as
3 certified pursuant to section 10 of P.L. _____, c. _____
4 (C. _____) (pending before the Legislature as this bill). The
5 table shall also include a footnote showing the amount raised by
6 taxation for municipal purposes as shown in the State fiscal year
7 budget ending June 30 of the year the table is prepared.

8 In addition to the above such other matters may be added, or
9 such changes in the foregoing items may be made, as may from
10 time to time be directed by the Director of the Division of
11 Taxation. The forms for filling out tables of aggregates shall be
12 prescribed by the director and sent by him to the county
13 treasurers of the several counties to be by them transmitted to
14 the county board of taxation. Such table of aggregates shall be
15 correctly added by columns and shall be signed by the members of
16 the county board of taxation and shall within three days
17 thereafter be transmitted to the county treasurer who shall file
18 the same and forthwith cause it to be printed in its entirety and
19 shall transmit certified copy of same to the Director of the
20 Division of Taxation, the State Auditor, the Director of the
21 Division of Local Government Services in the Department of
22 Community Affairs, the clerk of the board of freeholders, and the
23 clerk of each municipality in the county.

24 (cf: P.L.1992, c.159, s.24)

25 12. R.S.54:4-55 is amended to read as follows:

26 54:4-55. The county board of taxation shall, on or before May
27 27 in each year, [and, in municipalities operating on the State
28 fiscal year, again on or before November 1,] cause the corrected,
29 revised and completed duplicates, certified by it to be a true
30 record of the taxes assessed, to be delivered to the collectors of
31 the various taxing districts in the county, and the tax lists shall
32 remain in the office of the board as a public record. Thereafter
33 neither the assessor nor the collector shall make or cause to be
34 made any change or alteration in the tax duplicate except as may
35 be provided by law.

36 (cf: P.L.1992, c.159, s.25)

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

38 54:4-66. a. Taxes for municipalities operating under the
39 calendar fiscal year shall be payable the first installment as
40 hereinafter provided on February first, the second installment on
41 May first, the third installment on August first and the fourth
42 installment on November first, after which dates if unpaid, they
43 shall become delinquent and remain delinquent until such time as
44 all unpaid taxes, including taxes and other liens subsequently due
45 and unpaid, together with interest have been fully paid and
46 satisfied;

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

50 c. [In municipalities with a January 1 through December 31
51 fiscal year, the] The dates hereinbefore provided for payment of
52 the first and second installments of taxes being before the true
53 amount of the tax will have been determined, the amount to be
54 payable as each of the first two installments shall be one-quarter

1 of the total tax finally levied against the same property or
2 taxpayer for the preceding year or, if directed to do so for the
3 tax year by resolution of the municipal governing body, one-half
4 of the tax levied for the second half of the preceding tax year, as
5 appropriate; and the amount to be payable for the third and
6 fourth installments shall be the full tax as levied for the current
7 year, less the amount charged as the first and second
8 installments; the amount thus found to be payable as the last two
9 installments shall be divided equally for and as each installment.
10 An appropriate adjustment by way of discount shall be made, if it
11 shall appear that the total of the first and second installments
12 exceeded one-half of the total tax as levied for the year;

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

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

28 (2) Thereafter, in each tax year a tax bill shall be delivered on
29 or before October 1 of the pre-tax year for the first and second
30 installments of the tax year and on or before June 14 for the
31 third and fourth installments. The amount to be payable for the
32 first two installments shall be the full tax levied for municipal
33 purposes against the property or taxpayer for the current
34 municipal fiscal year less the amount charged for municipal
35 purposes as the third and fourth installments in the preceding tax
36 year, plus one half of the total tax levied against the property or
37 taxpayer for county, school and other purposes, excepting
38 municipal purposes, in the preceding tax year. If, pursuant to an
39 appropriate certification of taxes payable, the total amount to be
40 payable for the first two installments is less than the total
41 obligation for county, school or other purposes for the first and
42 second installments of the tax year, the municipality shall
43 proportionately adjust tax billings in order to meet the obligation.
44 The amount so derived shall be divided equally for each
45 installment. The amount payable for the third and fourth
46 installments shall be the full tax levied against the same property
47 or taxpayer for municipal purposes in the preceding municipal
48 fiscal year, less the amount charged as the first and second
49 installments for municipal purposes for the current calendar year;
50 plus the full tax as levied for the current tax year for county,
51 school and other purposes, excepting municipal purposes, less the
52 amount charged as the first and second installments for county,
53 school and other purposes, excepting municipal purposes. The
54 amount so derived shall be divided equally for each installment.

1 An appropriate adjustment by way of discount shall be made if it
2 appears that the total of that portion of the first two
3 installments which is taxes for county, school or other purposes,
4 excepting municipal purposes, exceeded one-half of the total tax
5 for those purposes as levied for the tax year;] (Deleted by
6 amendment, P.L. _____, c. _____)

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

9 (cf: P.L.1994, c.32, s.3)

10 14. (New section) Taxes in municipalities operating under the
11 State fiscal year shall be payable and shall be delinquent pursuant
12 to the following provisions:

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

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

23 c. The following terms and phrases shall have the meaning
24 defined below when calculating taxes under this section:

25 "Assessed value" means the net valuation taxable of each
26 parcel of property in a municipality in the current tax year.

27 "Billing percentage" is used to calculate the amount required
28 to meet municipal and non-municipal fiscal obligations for the
29 first six months of the calendar year.

30 "Calendar year" means the current calendar year.

31 "Certification of tax billing levies" is the form and associated
32 procedures promulgated by the director on which the tax
33 collector calculates the appropriate billing amounts for the first
34 and second installments of the calendar year.

35 "Director" means the director of the Division of Local
36 Government Services.

37 "Municipal tax levy" means the tax levy set in the municipal
38 budget for the current fiscal year.

39 "Non-municipal tax levy" means the total of all of the tax
40 levies certified by the county board of taxation for non-municipal
41 purposes for the calendar year.

42 "Preliminary municipal tax levy" is the amount certified by the
43 governing body for the purposes of third and fourth installment
44 municipal tax levy.

45 "Prior year" means the calendar year just previous to the
46 quarters being billed.

47 "Six month required non-municipal tax levy" means the amount
48 necessary to be paid by the municipality to non-municipal taxing
49 districts for the first six months of the calendar year.

50 "Total adjusted prior year taxes" means the prior year taxes
51 billed after adjustments are made to incorporate changes to tax
52 bills between tax billings.

53 "Total assessed value" means the total net valuation taxable
54 for the municipality pursuant to the most recent Table of

1 Aggregates promulgated by the County Board of Taxation.

2 d. The following formulas shall be utilized in calculating the
3 taxes for each parcel or property:

4 (1) the municipal rate shall be the preliminary municipal tax
5 levy divided by the total assessed value per one hundred dollars of
6 assessed valuation.

7 (2) the non-municipal rate shall be the non-municipal tax levy
8 divided by the total assessed value per one hundred dollars of
9 assessed value.

10 (3) "Municipal billing percentage" shall be the municipal tax
11 levy less the sum of the adjusted taxes billed for the prior year
12 third and fourth installments, divided by the total adjusted prior
13 year taxes.

14 (4) "Non-municipal billing percentage" shall be calculated by
15 dividing the six month required non-municipal tax levy by the
16 total adjusted prior year taxes.

17 e. Taxes for each parcel or property shall be calculated as
18 follows:

19 (1) The tax collector shall prepare the certification of tax
20 billing levies and calculate the first and second installments by
21 computing the municipal portion, which shall be the municipal
22 billing percentage multiplied by the total adjusted prior year
23 taxes; and then the non-municipal portion, which shall be the
24 non-municipal billing percentage multiplied by the total adjusted
25 prior year taxes. The sum of the two shall be divided in half for
26 each installment. A copy of the certification shall be filed with
27 the director and the county board of taxation.

28 (2) The third and fourth installments shall be calculated by
29 computing the municipal portion, which shall be the product of
30 the municipal rate times the total assessed value per one hundred
31 dollars of assessed value, and subtracting the taxes billed for the
32 previous first and second installments; and then the
33 non-municipal portion which shall be the product of the
34 non-municipal rate times the total assessed value per one
35 hundred dollars of assessed value, and subtracting the taxes billed
36 for the previous first and second installments. The sum of the
37 two shall be divided in half for each installment.

38 f. Taxes may be received and credited as payments at any
39 time, even prior to the dates hereinabove fixed for payment.

40 15. (New section) a. Notwithstanding any provision of law,
41 rule or regulation to the contrary, whenever a municipal
42 governing body in a municipality operating under the State fiscal
43 year determines that the municipal tax collector will be unable to
44 complete the mailing or delivery of first and second installment
45 tax bills by December 1; or the mailing or delivery of third and
46 fourth installments by June 14 because the county board of
47 taxation has not certified a tax levy of a non-municipal taxing
48 unit; the governing body shall, by resolution, direct the collector
49 to prepare, complete, mail or otherwise deliver to each individual
50 assessed, or as provided in R.S.54:4-64 the individual's
51 mortgagee or servicing organization, estimated or reconciled tax
52 bills in accordance with the following schedule and the following
53 provisions:

54 (1) An estimated tax bill for the first installment of taxes on

1 or before December 31 and a reconciled tax bill for the second
2 installment of taxes on or before March 31;

3 (2) An estimated tax bill for the third installment of taxes on
4 or before June 30 and a reconciled tax bill for the fourth
5 installment of taxes on or before September 30;

6 b. For all estimated and reconciled installments:

7 (1) Except as otherwise provided by this section, an estimated
8 tax bill and a reconciled tax bill shall be considered the same as a
9 regular tax bill with regard to other laws governing tax bills.

10 (2) Nothing in this section shall be construed as prohibiting a
11 municipal governing body from providing for an additional
12 interest-free period pursuant to R.S.54:4-67.

13 c. For estimated first and reconciled second installments:

14 (1) The resolution shall contain authorization of an estimated
15 annual tax levy for the municipality.

16 (2) An estimated bill for the first installment of taxes shall be
17 calculated in accordance with the provisions of subparagraph (1)
18 of subsection e. of section 14 of P.L. ,c. (C.) (Pending
19 before the legislature as this bill), except that the estimated
20 municipal fiscal year tax levy determined in paragraph 1 of this
21 section shall be used in completing the municipal fiscal year levy
22 section of the certification of billing levies; and only one
23 installment shall be billed.

24 (3) A reconciled bill for the second installment of taxes shall
25 be calculated in accordance with the provisions of paragraph (1)
26 of subsection e. of section 14 of P.L. ,c. (C.) (Pending
27 before the legislature as this bill), except that the billing amount
28 shall be the true amount calculated pursuant to law, less the
29 amount billed in the estimated first installment.

30 (4) The first installment of taxes shall not be subject to
31 interest or penalty of any kind until the later of February 1 or the
32 twenty-fifth calender day after the date that the tax bill or
33 estimated tax bill for the first installment was mailed or
34 otherwise delivered. Any payment received after the later of
35 February 1 or the twenty-fifth calender day after the date that
36 the tax bill or estimated tax bill for the first installment was
37 mailed or otherwise delivered may be charged interest back to
38 February 1. The estimated tax bill shall contain a notice
39 specifying the date on which interest may begin to accrue.

40 (5) The second installment of taxes shall not be subject to
41 interest or penalty of any kind until the later of May 1 or the
42 twenty-fifth calender day after the date that the tax bill or
43 reconciled tax bill for the second installment was mailed or
44 otherwise delivered. Any payment received after the later of
45 May 1 or the twenty-fifth calender day after the date that the
46 tax bill or estimated tax bill for the second installment was
47 mailed or otherwise delivered may be charged interest back to
48 May 1. The reconciled tax bill shall contain a notice specifying
49 the date on which interest may begin to accrue.

50 d. For estimated third and reconciled fourth installments:

51 (1) The tax collector shall compute an estimated annual tax
52 levy range for each taxing district whose levy has not yet been
53 certified by the county board of taxation. The range shall be
54 within the lower and upper amounts calculated by multiplying the

1 levy of each such taxing district for the previous fiscal year by
2 .95 and 1.05.

3 (2) The municipal governing body shall authorize, by
4 resolution, an estimated annual tax levy for each such taxing
5 district by setting an amount within the range computed by the
6 tax collector. The municipal levy shall be calculated in
7 accordance with paragraph (2) of subsection e. of section 14 of
8 P.L. , c. (C.) (Pending before the legislature as this bill).

9 (3) The tax rate for each taxing district shall be calculated by
10 dividing each estimated tax levy by the current year total net
11 valuation taxable. Each such tax rate shall be multiplied by the
12 net valuation taxable for each property to arrive at the estimated
13 annual property tax due for each property assessed.

14 (4) The amount charged in the first and second installments of
15 the current year shall be subtracted from the estimated annual
16 property tax due for each property assessed. That amount shall
17 then be divided in half and after being so divided shall be the
18 amount of the estimated tax bill for the third installment of
19 taxes.

20 (5) For the fourth installment of taxes, the tax rate for each
21 non-municipal taxing district shall be calculated by dividing the
22 actual tax levies certified by the county board of taxation by the
23 current year total net valuation taxable. The municipal tax rate
24 shall be that used in paragraph 3 of this section. Each such tax
25 rate shall be multiplied by the net valuation taxable for each
26 property to arrive at the actual annual property tax due for each
27 property assessed. The amount charged in the first, second and
28 third installments of the current year for each taxing district
29 shall be subtracted from the actual annual property tax due for
30 each taxing district for each property assessed. The difference
31 of those amounts shall constitute the amount of the reconciled
32 tax bill for the fourth installment of property tax.

33 (6) The third installment of taxes shall not be subject to
34 interest or penalty of any kind until the later of August 1 or the
35 twenty-fifth calendar day after the date that the tax bill or
36 estimated tax bill for the third installment was mailed or
37 otherwise delivered. Any payment received after the later of
38 August 1 or the twenty-fifth calendar day after the date that the
39 tax bill or estimated tax bill for the third installment was mailed
40 or otherwise delivered may be charged interest back to August 1.
41 The estimated tax bill shall contain a notice specifying the date
42 on which interest may begin to accrue.

43 (7) The fourth installment of taxes shall not be subject to
44 interest or penalty of any kind until the later of November 1 or
45 the twenty-fifth calendar day after the date that the tax bill or
46 reconciled tax bill for the fourth installment was mailed or
47 otherwise delivered. Any payment received after the later of
48 November 1 or the twenty-fifth calendar day after the date that
49 the tax bill or estimated tax bill for the fourth installment was
50 mailed or otherwise delivered may be charged interest back to
51 November 1. The reconciled tax bill shall contain a notice
52 specifying the date on which interest may begin to accrue.

53 e. If the tax collector determines that the municipality is
54 unable to calculate the tax bills utilizing the formulas set forth in

1 this section, the collector may request the Director of the
2 Division of Local Government Services to authorize an alternate
3 method that will result in the most accurate bills possible
4 utilizing the mechanisms available to the municipality. The
5 director shall certify in writing the method approved for billings.

6 16. This act shall take effect immediately.

7
8
9 STATEMENT

10
11 This bill resolves a number of problems resulting from the
12 adoption of the State fiscal year by many of the State's
13 municipalities. P.L.1991, c.75 created the budgetary and tax
14 billing procedures to be used by these municipalities, some of
15 which have proved difficult and cumbersome to administer. The
16 changes to those procedures established in this bill will provide
17 flexibility to the Director of the Division of Local Government
18 Services in working with municipalities that have difficulty in
19 adopting their budgets.

20 Most of the changes set forth in sections 1 through 8 of the bill
21 relate to increasing the allotted time under which State fiscal
22 year municipalities adopt their annual budgets.

23 The date by which the budget must be introduced is changed
24 from 21 days from the beginning of the fiscal year to August 10;

25 The date by which the budget must be adopted is changed from
26 Sept. 1 to Sept. 20;

27 The time frame for the notification to the county tax board of
28 the adoption of the budget is changed from five days to 15 days
29 after adoption (identical to the time frame for calendar year
30 municipalities);

31 The time frame in which the county board of taxation must
32 notify the director if a budget has not been adopted is changed
33 from September 6 to October 6;

34 If a municipality fails to adopt a budget in a timely fashion and
35 the director sets the tax levy, the amount of time to take final
36 action to adopt the budget is reduced from 60 days to 45 days.
37 (This happens only in extreme circumstances and if time in the
38 fiscal year is running out.)

39 If the director sets a tax levy by October 10, the municipality
40 is given a grace period to make its own changes by October 15,
41 with other changes permitted after that date by the approval of
42 the director. This would be an extreme circumstance and is
43 designed to provide the director and a municipality the maximum
44 amount of flexibility in setting its levy and adopting a budget.

45 The bill also extends the date by which contracts for the sale
46 of property revenues included in the budget must be executed
47 from within 21 days of the beginning of the State fiscal year to
48 August 10 (This change would coincide with the budget
49 introduction date).

50 The bill also changes the date the chief financial officer must
51 file the annual financial statement with the Division of Local
52 Government Services in the Department of Community Affairs
53 from 21 days after the close of the State fiscal year to August 10.

54 In addition, section 5 of the bill amends 40A:4-17 to grant the

1 director the flexibility of setting a tax levy for a calendar year
2 municipality that has failed to adopt a budget and then give it 45
3 days to adopt the formal document. Previously this flexibility
4 was limited to State fiscal year municipalities. It provides an
5 alternative to the existing authority of the director adopting a
6 budget based on the previous year's budget, amended only for
7 statutorily required items. This is an extreme measure to take
8 and is rarely used. The ability to set the levy gives the director
9 and the municipality improved flexibility in cases where the
10 municipality has been unable to set its budget. The option of the
11 director setting the budget remains for both calendar and fiscal
12 year municipalities, if setting a levy fails to result in the
13 municipality adopting a budget.

14 Sections 9 through 15 modify the procedures for issuing tax
15 bills for State fiscal year municipalities. Since the enactment of
16 P.L.1991, c.75, it has become apparent that the procedure set
17 forth in that law was deficient in a number of ways. The
18 deficiencies primarily relate to differences in the assessment
19 year and taxing years created by the State fiscal year.

20 The new system set forth in the bill resolves these
21 deficiencies. The main components of the new system are a new
22 formula that permits the governing body to increase the amount
23 billed for the third and fourth installments so as to level off the
24 subsequent increase in the first and second installments; the use
25 of a billing percentage in the first and second installments; and
26 generation of a tax rate for the year using current assessments
27 when the two are taken together (something that does not happen
28 under the current system). The system is similar to that used by
29 school districts that have budgets and tax requirements based on
30 a fiscal year, and taxes billed on a calendar year.

31 Section 9 of the bill extends the time for the adopted municipal
32 budget to be transmitted to the county board of taxation from
33 five to fifteen days. Section 10 of the bill specifies the use of a
34 certification of preliminary municipal tax levy to calculate the
35 third and fourth installments. The preliminary municipal tax levy
36 is to be set by the governing body; if the preliminary municipal
37 tax levy is less than 95% of the previous year's levy, the levy
38 must be approved by the director. This allows allows the
39 governing body to even out tax payments over the four
40 installments.

41 Section 11 of the bill codifies practices used by the county
42 boards of taxation in preparing the table of aggregates and
43 abstract of ratables, and requires State fiscal year tax
44 information to be included on the complete abstract of ratables.
45 Section 12 completes the action in section 10 by requiring the
46 county board of taxation to use the certification of the
47 municipality in calculating the third and fourth installment of
48 taxes.

49 Section 13 deletes the existing State fiscal year tax bill
50 formulas from R.S.54:4-66, leaving that section for calendar year
51 practices. Procedures related to the new formula are created
52 separately in section 14. This new section requires the use of a
53 preliminary tax levy used to calculate the third and fourth
54 installments, and for the following first and second installments,

1 the use of a billing percentage, which represents the amount of
2 the tax levy not collected in the previous year, in order to raise
3 the amount needed to fulfill the final municipal tax levy, and the
4 amounts necessary to pay the non-municipal taxing districts their
5 full requirement.

6 State fiscal year procedures for issuing estimated tax bills are
7 described in Section 15. This allows municipalities to issue
8 interim bills, when a taxing district (municipal or non-municipal)
9 has not adopted its levy in time for tax bills to go out on time.
10 This provision is similar to the procedure proposed for calendar
11 year municipalities in Assembly Bill No. 1769 of 1994.

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16 Revises certain budget dates and property tax billing procedures
17 for municipalities that operate on the State fiscal year.