

54:5-12

**LEGISLATIVE HISTORY CHECKLIST**

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(Joint municipal lien pools)

**NJSA:** 54:5-12

**LAWS OF:** 1997 **CHAPTER:** 274

**BILL NO:** S1303

**SPONSOR(S):** Lynch and Gormley

**DATE INTRODUCED:** June 13, 1996

**COMMITTEE:** **ASSEMBLY:** Appropriations  
**SENATE:** Community Affairs: Budget

**AMENDED DURING PASSAGE:** Yes Assembly committee substitute (1R)

**DATE OF PASSAGE:** **ASSEMBLY:** June 19, 1997 Re-enacted 12-18-97  
**SENATE:** December 19, 1996 Re-enacted 12-18-97

**DATE OF APPROVAL:** December 24, 1997

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes Also attached: statement, adopted 11-25-96

**COMMITTEE STATEMENT:** **ASSEMBLY:** Yes  
**SENATE:** Yes 6-24-96 & 11-18-96

**FISCAL NOTE:** No

**VETO MESSAGE:** Yes

**MESSAGE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

**REPORTS:** No

**HEARINGS:** No

KBP:pp

Title 54.  
Chapter 5.  
Article 12. (New)  
Joint Municipal Lien  
Pools  
§§1-8  
C. 54:5-130 to  
54:5-137

P.L. 1997, CHAPTER 274, *approved December 24, 1997*  
Assembly Committee Substitute (*First Reprint*) for  
Senate No. 1303

1 AN ACT permitting establishment of joint municipal lien pools and  
2 supplementing Title 54 of the Revised Statutes.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. a. The governing bodies of two or more municipalities <sup>1</sup> by  
8 adoption of parallel resolutions<sup>1</sup> may create a joint municipal lien pool  
9 for the purpose of <sup>1</sup> undertaking bulk sales of municipal liens, the  
10 public sale of liens at auction <sup>1</sup> **[and]** <sup>1</sup> or the <sup>1</sup> **[creation]** <sup>1</sup> issuance of  
11 <sup>1</sup> **[securities]** <sup>1</sup> notes and bonds backed <sup>1</sup> solely by municipal liens  
12 <sup>1</sup> held by the joint municipal lien pool through the adoption of  
13 resolutions for that purpose. A joint municipal lien pool created  
14 pursuant to this section shall be known as the "(name of region or  
15 other identifying characteristic) Joint Municipal Lien Pool."

16 b. (1) The powers of a joint municipal lien pool shall be vested in  
17 a board of directors which shall consist of one member from each  
18 participating municipality, who shall serve without compensation. The  
19 member shall be either the municipal tax collector or such other  
20 resident of the municipality as the mayor selects. The member shall  
21 serve at the pleasure of the mayor.

22 (2) The board of directors may delegate such authority as it deems  
23 appropriate to an executive committee of the board.

24 c. The members of the joint municipal lien pool shall establish  
25 procedures, times and locations for meetings as may be required for  
26 the operation of the pool.

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

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

**<sup>1</sup>Assembly amendments adopted in accordance with Governor's recommendations  
December 4, 1997.**

1 d. Following the creation of a joint municipal lien pool, any  
2 additional municipality may participate in the pool through the  
3 adoption of an authorizing resolution by that municipality, subject to  
4 the approval of all of the members of the board of directors of the  
5 pool.

6 e. Prior to the commencement of its operations a joint municipal  
7 lien pool shall adopt bylaws to govern the conduct of its affairs. The  
8 bylaws shall include provisions regarding the responsibilities and  
9 obligations of the members of the pool, the termination of the joint  
10 municipal lien pool or the withdrawal of a member from the pool upon  
11 satisfaction by the member of all financial obligations to the pool. The  
12 bylaws shall be submitted to the Local Finance Board for approval.  
13 The contents of the bylaws shall be as determined necessary by the  
14 members of the pool and as may be required by the Local Finance  
15 Board. The Local Finance Board may approve the bylaws or require  
16 the adoption of specific changes for approval. Upon approval, a copy  
17 of the bylaws shall be filed in the Office of the Secretary of State and  
18 with the Director of the Division of Local Government Services.  
19 Upon proof of such filings, the joint municipal lien pool shall, in any  
20 suit, action or proceeding involving the validity or enforcement of, or  
21 relating to, any contract or obligation or act of the joint municipal lien  
22 pool, be conclusively deemed to have been lawfully and properly  
23 created, organized and established and authorized to transact business  
24 and exercise its powers under this act. Copies of the filing, duly  
25 certified by the Secretary of State, shall be admissible in evidence in  
26 any suit, action or proceeding and shall be conclusive evidence of due  
27 and proper filing thereof.<sup>1</sup>

28  
29 2. The powers of a joint municipal lien pool created and operating  
30 pursuant to section 1 of P.L. , c. (C. ) (now pending before  
31 the Legislature as this bill) shall be as follows:

32 a. <sup>1</sup>~~【Accept】~~ To accept<sup>1</sup> transfers of municipal liens from member  
33 municipalities.

34 b. <sup>1</sup>~~【The sale of】~~ To sell<sup>1</sup> municipal liens in bulk and <sup>1</sup>~~【the~~  
35 ~~securitization of liens】~~ to issue bonds and notes, using municipal liens  
36 held by the joint municipal lien pool as collateral.<sup>1</sup> on behalf of its  
37 members, upon the approval of the Local Finance Board.

38 c. <sup>1</sup>~~【The assessment of】~~ To assess<sup>1</sup> initial <sup>1</sup>~~and continuing~~<sup>1</sup>  
39 membership fees to fund the operations of the joint municipal lien  
40 pool, such fees to be refunded from proceeds of sales of liens.

41 d. <sup>1</sup>~~【The creation of】~~ To create<sup>1</sup> special purpose pools of certain  
42 liens, subject to approval of the Local Finance Board.

43 e. <sup>1</sup>~~【The employment of】~~ To employ<sup>1</sup> or contract with  
44 professionals, such as administrators, trustees and other service  
45 providers, on such terms as the board of directors of the pool deems  
46 appropriate, to manage the affairs of the pool and to sell <sup>1</sup>~~【or~~

1 securitize] <sup>1</sup> pooled liens <sup>1</sup> and/or arrange for their use as collateral for  
2 bonds or notes <sup>1</sup>.

3 <sup>1</sup>f. To contract for the purchase of supplies and other such needs  
4 as the pool may require, including, but not limited to, acquisition of  
5 office space and the hiring of clerical and secretarial employees.

6 <sup>1</sup>g. Notwithstanding any other provisions of law to the contrary,  
7 the joint municipal lien pool shall employ or contract with a person  
8 holding a tax collector certificate pursuant to P.L.1979, c.384  
9 (C.40A:9-145.1 et seq.), to perform those functions and  
10 responsibilities normally performed by a municipal tax collector with  
11 regard to municipal liens. <sup>1</sup>

12  
13 <sup>1</sup>3. For the purposes of P.L. , c. (C. ) (now pending  
14 before the Legislature as this bill), municipal liens means municipal  
15 liens as defined under the "tax sale law," R.S.54:5-1 et seq., except  
16 that no lien for taxes shall be transferred to a joint municipal lien pool  
17 unless the taxes that are the basis for that lien continue to be  
18 delinquent after the tenth day of the eleventh month of the fiscal year  
19 of the municipality for which those taxes were due and payable. <sup>1</sup>

20  
21 <sup>1</sup>[3.] <sup>4</sup> <sup>1</sup> The operations of a joint municipal lien pool shall be  
22 subject to the provisions of the "Local Public Contracts Law,"  
23 P.L.1971, c.198 (C.40A:11-1 et seq.) <sup>1</sup>, the Open Public Meetings Act,  
24 P.L.1975, c.231 (C.10:4-6 et seq.), <sup>1</sup> and the "Local Fiscal Affairs  
25 Law," N.J.S.40A:5-1 et seq.

26  
27 <sup>1</sup>[4.] <sup>5</sup> <sup>1</sup> a. No municipal lien shall be transferred to a joint  
28 municipal lien fund unless the record owner of the property subject to  
29 the lien has first been sent notice, by regular and certified mail, of the  
30 intended transfer and been given an opportunity to redeem the lien at  
31 least 10 days prior to the transfer.

32 b. A municipal lien transferred to a joint municipal lien pool shall  
33 remain the property of the municipality transferring the lien until  
34 actually sold by the pool. Joint municipal lien pools shall not own or  
35 foreclose upon municipal liens. The sale or <sup>1</sup>[securitization]  
36 arrangement for use as collateral for a bond or note <sup>1</sup> of a municipal  
37 lien shall not affect redemption rights or the existing foreclosure  
38 process.

39  
40 <sup>1</sup>[5.] <sup>6</sup> <sup>1</sup> A joint municipal lien pool may act on behalf of any  
41 member municipal tax collector to execute lien certificates as part of  
42 a sale. All interests and penalties otherwise due shall be paid to the  
43 municipality <sup>1</sup>in cash or notes <sup>1</sup> up to and until the time the liens are  
44 sold or <sup>1</sup>[securitized] used as collateral for a bond or note <sup>1</sup>.

45  
46 <sup>1</sup>[6.] <sup>7</sup> <sup>1</sup> Prior to any initial bulk sale, public sale at auction or

1 '[securitization] arrangement for use as collateral for a bond or note'  
2 of municipal liens by a joint municipal lien pool, the pool shall file an  
3 operating plan for review and approval of '[Director of Local  
4 Government Services in the Department of Community Affairs] the  
5 Local Finance Board'. The operating plan shall include 'the  
6 procedure by which the sale, auction or issuance of bonds or notes  
7 shall be accomplished along with' a method of distribution of revenues  
8 that exceed the costs of operating the activities of the pool. 'The  
9 Local Finance Board shall ensure that the operating plan is fiscally  
10 prudent, that the fees and costs to be incurred, including those for  
11 professional contracts, are appropriate and reasonable, and that the  
12 plan meets such other criteria as the board deems necessary.'  
13

14 '[7.] 8.' The Director of the Division of Local Government  
15 Services in the Department of Community Affairs may adopt rules and  
16 regulations and issue orders, as necessary, to effectuate the purposes  
17 of this act.  
18

19 '[8.] 9.' This act shall take effect immediately.  
20  
21

22 \_\_\_\_\_  
23  
24 Permits establishment of joint municipal lien pools.

SENATE, No. 1303

STATE OF NEW JERSEY

INTRODUCED JUNE 13, 1996

By Senators LYNCH and GORMLEY

1 AN ACT establishing a State municipal property tax lien fund and  
2 supplementing Title 52 of the Revised Statutes.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. a. The State Municipal Property Tax Lien Fund (hereinafter  
8 referred to as the "fund") is established as a non-lapsing, revolving  
9 fund. The fund shall be administered by the Department of Commerce  
10 and Economic Development, and shall be credited with all proceeds  
11 from the sale or assignment of municipal tax liens pursuant to this  
12 section. Interest received on moneys in the fund and sums received as  
13 repayment of principal and interest on outstanding loans made from  
14 the fund shall be credited to the fund. The Department of Commerce  
15 and Economic Development, in the administration of the fund, is  
16 authorized to assign to the New Jersey Economic Development  
17 Authority the responsibility for the purchase or assignment of property  
18 tax liens held by a municipality, the issuance of debt secured by such  
19 liens, and the sale of purchased or assigned tax liens, either  
20 individually or in bulk. The department is further authorized to pay or  
21 reimburse the authority in the amounts as the department agrees are  
22 appropriate for all services rendered by the authority in connection  
23 with any assignment of responsibility under the terms of this section  
24 out of moneys held in the fund for the purchase of municipally held  
25 property tax liens. The authority, if assigned responsibility by the  
26 department, is authorized to service liens held by the fund, foreclose  
27 liens, and manage, sell and own property for the benefit of the fund.  
28 The authority is further authorized to contract with private vendors for  
29 the servicing of liens held by the fund or the management of property  
30 owned by the authority for the benefit of the fund.

31 b. Moneys in the fund shall be allocated and used for the following  
32 purposes and no others:

33 (1) Purchase of property tax liens held by a municipality, either  
34 individually or in bulk; and

35 (2) Loans to a municipality secured by property tax liens held by  
36 that municipality.

1 c. The fund may accept the assignment or transfer, either for value  
2 or not for value, of property tax liens held by a municipality.

3 d. The fund may be temporarily funded initially by other moneys of  
4 the authority upon such terms as are approved by the Commissioner  
5 of Commerce and Economic Development.

6

7 2. The Commissioner of Commerce and Economic Development  
8 shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968,  
9 c.410 (C.52:14B-1 et seq.), rules and regulations necessary to  
10 effectuate the purposes of this act.

11

12 3. This act shall take effect immediately.

13

14

15 STATEMENT

16

17 This bill would establish the State Municipal Property Tax Lien  
18 Fund in the Department of Commerce to purchase or take assignment  
19 of municipal tax liens. Municipalities would be able to convert their  
20 municipally held tax sale certificates into cash by either borrowing  
21 from the fund using the certificates as security, or selling the  
22 certificates to the fund outright individually or in bulk. The Economic  
23 Development Authority would be authorized to administer the fund,  
24 and be empowered to service liens, manage properties, foreclose liens,  
25 and own property for the benefit of the fund. The authority would  
26 also be authorized to contract with private vendors to service the liens  
27 and manage those properties.

28

29

30

31

32 Establishes State Municipal Property Tax Lien Fund.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**SENATE, No. 1303**

**STATE OF NEW JERSEY**

DATED: JUNE 9, 1997

The Assembly Appropriations Committee reports favorably an Assembly Committee Substitute for Senate Bill No. 1303.

The Assembly Committee Substitute for Senate Bill No. 1303 permits the formation of joint municipal lien pools for the purpose of selling municipal liens in bulk and securitizing municipal liens for sale. The sale of municipal liens in bulk and the sale of securitized liens permit municipalities to dispose of some undesirable liens for which there may be no regular tax lien sale market. The creation of joint municipal lien pools is intended to make bulk sales and securitization more feasible through economies of scale.

The substitute authorizes the creation of a joint municipal lien pool through resolutions by two or more municipalities. The pool would be governed by a board of directors consisting of one member from each municipality. The mayor of a participating municipality would appoint either the municipal tax collector or such other resident of the municipality to the pool, to serve at the mayor's pleasure.

The substitute authorizes a pool to sell liens in bulk, or securitize them on behalf of its members. The pool may accept liens from members, create special purpose pools, subject to the approval of the Local Finance Board, and employ professionals to manage the affairs of the pool and to sell or securitize pooled liens. The pool may assess initial membership fees to fund the operations of the joint municipal lien pool, such fees to be refunded from proceeds of sales of liens.

Under the substitute a municipal lien transferred to a joint municipal lien pool remains the property of the municipality transferring the lien until the lien is actually sold by the pool. All interests and penalties otherwise due are to be paid to the municipality up to and until the time the liens are sold or securitized.

This substitute for Senate Bill No. 1303 as reported by this committee is identical to the substitute for Assembly Bill No. 2244 (1R) reported by this committee.

**FISCAL IMPACT:**

The substitute has no direct impact on State revenues or expenditures; expenses of the lien pool, initially covered by membership fees, are met by lien sale revenues. Because the bill is permissive and provides the first opportunity that municipal governments will have to make such sales, no data are available on a Statewide basis from which to assess the bill's financial impact on municipal governments.

# SENATE COMMUNITY AFFAIRS COMMITTEE

## STATEMENT TO

### **SENATE, No. 1303**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 24, 1996

The Senate Community Affairs Committee reports favorably and with committee amendments Senate, No. 1303 .

This bill, as amended, would establish the State Municipal Property Tax Lien Fund in the Department of Commerce to purchase or take assignment of municipal tax liens. Municipalities would be able to convert their municipally held tax sale certificates into cash either by borrowing from the fund using the certificates as security, or selling outright the certificates individually or in bulk to the fund. The Economic Development Authority would be authorized to administer the fund, and be empowered to service liens, manage properties, foreclose liens, sell liens individually or in bulk, and own property for the benefit of the fund. The authority would also be authorized to contract with private vendors to service these liens and manage these properties.

The committee amended the bill to make clear that using monies in the fund for the purpose of the individual or bulk purchase of property tax liens held by a municipality is not a new use of these monies, but is done pursuant to existing law, P.L.1993, c.325 (C.54:5-113.4). These amendments also make clear that the monies are to be used for subsequent tax payments, not loans, to a municipality secured by property tax liens held by the fund. Finally, the committee added one additional use for these monies, namely, to secure debt for redevelopment projects or economic development projects located in a municipality participating in the fund.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

### **SENATE, No. 1303**

with committee amendments

## **STATE OF NEW JERSEY**

DATED: NOVEMBER 18, 1996

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1303 (1R) with amendments.

As amended, Senate Bill No. 1303 (1R) establishes the State Municipal Property Tax Lien Fund in the Department of Commerce and Economic Development. As a non-lapsing, revolving fund, it will be credited with all proceeds from the sale or assignment of municipal tax liens pursuant to this bill.

The bill permits the department to place the responsibility on the Economic Development Authority (EDA) for the purchase and assignment of municipal tax liens, servicing of liens, management of properties, foreclosures, sale of liens individually or in bulk, and ownership of property for the benefit of the fund. The bill provides for In Personam and In Rem options to the authority for the foreclosure of the right of redemption of property from tax sales; In Rem foreclosure would be permitted only if the foreclosure is required as a preliminary action for a specific economic development project and the foreclosure is approved by the municipal governing body in which the property is located. In addition, the bill exempts the Department of Commerce and Economic Development and the EDA from the provisions of the "Industrial Site Recovery Act," P.L.1983, c.330 (C.13:1K-6 et seq.), when a foreclosure is pursued.

The authority would also be authorized to contract with private vendors to service liens and manage properties. The department is authorized to pay or reimburse the EDA for all services rendered by the authority under the terms of this bill out of moneys held in the fund for the purchase of municipally held property tax liens. Finally, the bill provides for the uses to which the moneys in the fund may be put: to purchase municipal tax liens, either individually or in bulk; to make subsequent tax payments to a municipality pursuant to property tax liens held by the fund; to make payments on certain bonds and notes issued by EDA; and to secure debt for redevelopment projects or economic development projects located in a municipality participating

in the fund. The bill also prohibits the department and the EDA from conducting a municipal tax lien sale in bulk unless the liens had been first offered for sale individually in the municipality in which the property is located.

#### COMMITTEE AMENDMENTS

The committee amended the bill with the approval of the sponsor to:

- \* Provide the EDA with the right to foreclose In Personam or In Rem on the right of redemption from tax sales for property for which the municipal tax liens were purchased or assigned to the authority pursuant to this bill. In Rem foreclosure would be permitted only if the foreclosure is required as a preliminary action for a specific economic development project and the foreclosure is approved by the municipal governing body in which the property is located.

- \* Exempt the Department of Commerce and Economic Development and the EDA from the provisions of the "Industrial Site Recovery Act," P.L.1983, c.330 (C.13:1K-6 et seq.), when a foreclosure is pursued.

- \* Change "shall" to "may" in subsection b. of section 1. Subsection b. lists the uses for which money in the fund may be spent.

- \* Prohibit the department and the EDA from conducting a municipal tax lien sale in bulk unless the liens had been first offered for sale individually in the municipality in which the property is located.

- \* Clarify the purposes for which the monies in the fund may be expended.

#### FISCAL IMPACT

In a fiscal estimate prepared by the Office of Legislative Services (OLS), the OLS states that this bill requires no additional State funds because the Department of Commerce and Economic Development can both absorb the additional responsibilities imposed under this bill in house with its current staff and is authorized to pay or reimburse the EDA for all services rendered by the authority under the terms of this bill out of moneys held in the fund.

The OLS also states that since this bill is permissive and since this bill represents the first time all municipal governments will have the authority to make such sales or assignments, no data are available on a Statewide basis from which to assess the financial impact on municipal governments of this bill.

STATEMENT TO  
[Second Reprint]  
**SENATE, No. 1303**

with Senate Floor Amendments  
(Proposed By Senators LYNCH and GORMLEY)

ADOPTED: NOVEMBER 25, 1996

These amendments:

- \* Clarify language concerning the activities that the New Jersey Economic Development Authority may contract with private vendors to provide in conjunction with the fund.
- \* Clarify the condition on the In Rem foreclosure procedures so that, instead of approving the foreclosure itself, the municipality in which the property is located must approve the economic development project or redevelopment project for which the foreclosure is a preliminary step.

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
SENATE BILL NO. 1303

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Committee Substitute for Senate Bill No. 1303 with my recommendations for reconsideration.

A. Summary of Bill

This bill authorizes municipalities to establish joint municipal lien pools ("pool") to sell municipal liens in bulk and to issue bonds and notes using the liens held by the pool as collateral. Toward this end, the bill authorizes the pool to accept liens from members, assess membership fees, create special purpose pools, and employ or contract with professionals to manage the affairs of the pool and to perform certain of the pool's functions. The governing bodies of two or more municipalities may create such a pool by adopting parallel resolutions; any additional municipality may participate in the pool through the adoption of an authorizing resolution and subject to the approval of the pool's board of directors.

B. Recommended Action

By allowing for the formation of joint municipal lien pools, this bill supplements legislation which I recently signed allowing municipalities to sell their tax liens, or, if they chose, their entire tax levy (S-1091, Bennett/Kosco and S-1456, L.T. Connors). In tandem, these laws will afford local government greater flexibility in controlling property taxes by providing alternatives for the sale and disposal of tax liens and levies. In particular, this legislation will benefit taxpayers

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EXECUTIVE DEPARTMENT

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by providing municipalities an opportunity to enhance the collection of delinquent taxes and should result in improved tax collection rates.

Additionally, this legislation comports with efforts of my Administration to make government operations more cost-effective and efficient through the sharing and consolidation of services and certain functions. Specifically, this bill will allow municipalities to sell their liens and issue bonds and notes using the liens as collateral more efficiently and at a reduced cost, by authorizing the sharing of administrative and transactional expenses, providing for a collaborative and centralized process, and permitting the pooling of existing resources and expertise. The bill will also facilitate the disposal of liens by allowing for greater diversification of lien portfolios by both value and geography; a larger and more diverse pool of liens may also provide opportunities for more creative financing and successful marketing.

For these reasons, I support this legislation; however, I have been advised that the bill can be improved through the adoption of a number of technical and clarifying amendments. For example, the conditional veto defines the term "municipal liens"; requires that a joint municipal lien pool adopt bylaws to govern the conduct of its affairs; directs the pool to employ a certified tax collector to perform those functions and responsibilities normally performed by a tax collector with regard to municipal liens; and authorizes a pool to contract for the purchase of supplies and other such needs as the pool may require.

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EXECUTIVE DEPARTMENT

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Therefore, I herewith return Assembly Committee Substitute  
for Senate Bill No. 1303 and recommend that it be amended as  
follows:

Page 1, Section 1, Line 7: After "municipalities" insert  
", by adoption of parallel  
resolutions,"

Page 1, Section 1, Line 8: After "purpose of" insert  
"undertaking"

Page 1, Section 1, Line 9: Delete "and" insert "or";  
delete "creation" insert  
"issuance"

Page 1, Section 1, Line 10: Delete "securities" insert  
"notes and bonds"; after  
"backed" insert "solely";  
after "liens" insert "held by  
the joint municipal lien pool"

Page 1, Section 1, After Line 29: Add new subsection e. as  
follows:

"e. Prior to the commencement  
of its operations, a joint  
municipal lien pool shall  
adopt bylaws to govern the  
conduct of its affairs. The  
bylaws shall include  
provisions regarding the  
responsibilities and  
obligations of the members of  
the pool, the termination of  
the joint municipal lien pool  
or the withdrawal of a member  
from the pool upon  
satisfaction by the member of  
all financial obligations to  
the pool. The bylaws shall be  
submitted to the Local Finance  
Board for approval. The  
contents of the bylaws shall  
be as determined necessary by  
the members of the pool and as  
may be required by the Local  
Finance Board. The Local  
Finance Board may approve the  
bylaws or require the adoption  
of specific changes for  
approval. Upon approval, a  
copy of the bylaws shall be  
filed in the Office of the  
Secretary of State and with

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the Director of the Division of Local Government Services. Upon proof of such filings, the joint municipal lien pool shall, in any suit, action or proceeding involving the validity or enforcement of, or relating to, any contract or obligation or act of the joint municipal lien pool, be conclusively deemed to have been lawfully and properly created, organized and established and authorized to transact business and exercise its powers under this act. Copies of the filing, duly certified by the Secretary of State, shall be admissible in evidence in any suit, action or proceeding and shall be conclusive evidence of due and proper filing thereof."

Page 1, Section 2, Line 34:

Delete "Accept" insert "To accept"

Page 1, Section 2, Line 35:

Delete "The sale of" insert "To sell"; delete "the securitization of liens" insert "to issue bonds and notes, using municipal liens held by the joint municipal lien pool as collateral,"

Page 2, Section 2, Line 3:

Delete "The assessment of" insert "To assess"; after "initial" insert "and continuing"

Page 2, Section 2, Line 6:

Delete "The creation of" and insert "To create"

Page 2, Section 2, Line 8:

Delete "The employment of" insert "To employ"

Page 2, Section 2, Line 11:

Delete "or securitize"; after "liens" insert "and/or arrange for their use as collateral for bonds or notes"

Page 2, Section 2, After Line 11:

Add new subsections f. and g. as follows:

"f. To contract for the purchase of supplies and other such needs as the pool may

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require, including, but not limited to, acquisition of office space and the hiring of secretarial employees.

g. Notwithstanding any other provisions of law to the contrary, the joint municipal lien pool shall employ or contract with a person holding a tax collector certificate pursuant to P.L.1979, c.384 (C.40A:9-145.1 et. seq.), to perform those functions and responsibilities normally performed by a municipal tax collector with regard to municipal liens."

Add new section 3. as follows:

"3. For the purposes of P.L. , c. (C. ) (now pending before the Legislature as this bill), municipal liens means municipal liens as defined under the "tax sale law," R.S.54:5-1 et seq., except that no lien for taxes shall be transferred to a joint municipal lien pool unless the taxes that are the basis for the lien continue to be delinquent after the tenth day of the eleventh month of the fiscal year of the municipality for which those taxes were due and payable."

Page 2, Section 3, Line 13:

Delete "3." insert "4."

Page 2, Section 3, Line 15:

After "seq.)" insert ", the Open Public Meetings Act, P.L.1975, c.231 (C.10:4-6 et seq.),"

Page 2, Section 4, Line 18:

Delete "4." insert "5."

Page 2, Section 4, Line 26:

Delete "securitization" insert "arrangement for use as collateral for a bond or note"

Page 2, Section 5, Line 30:

Delete "5." and insert "6."

Page 2, Section 5, Line 32:

After "municipality" insert "in cash or notes"

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Page 2, Section 5, Line 33: Delete "securitized" insert  
"used as collateral for a bond  
or note"

Page 2, Section 6, Line 35: Delete "6." and insert "7."

Page 2, Section 6, Line 36: Delete "securitization" and  
insert "arrangement for use as  
collateral for a bond or note"

Page 2, Section 6, Lines 37-38: Delete "Director of Local  
Government Services in the  
Department of Community  
Affairs" insert "the Local  
Finance Board"

Page 2, Section 6, Line 39: After "include" insert "the  
procedure by which the sale,  
auction or issuance of bonds  
or notes shall be accomplished  
along with"

Page 2, Section 6, Line 40: After "pool." insert "The  
Local Finance Board shall  
ensure that the operating plan  
is fiscally prudent, that the  
fees and costs to be incurred,  
including those for  
professional contracts, are  
appropriate and reasonable,  
and that the plan meets such  
other criteria as the board  
deems necessary."

Page 2, Section 7, Line 42: Delete "7." and insert "8."

Page 3, Section 8, Line 1: Delete "8." insert "9."

Respectfully,

/s/ Christine Todd Whitman

GOVERNOR

[seal]

Attest:

/s/ Michael P. Torpey

Chief Counsel to the Governor