

54-5-53.

LEGISLATIVE HISTORY CHECKLIST

HJSA 54:5-53.1 (Permits pooling of rental income money collected by municipality in tax sale)

LAWS OF 1977 CHAPTER 444

Bill No. S1642

Sponsor(s) Merlino

Date Introduced Sept. 16, 1976

Committee: Assembly County Government

Senate County & Municipal Government

Amended during passage Yes xox Amendments during passage denoted by asterisks

Date of Passage: Assembly December 1, 1977

Senate February 7, 1977

Date of approval March 2, 1978

Following statements are attached if available:

Sponsor statement	Yes	xx
Committee Statement: Assembly	Yes	x xx
Senate	Yes	xx
Fiscal Note	xxx	No
Veto message	xxx	No
Message on signing	Yes	xx x

Following were printed:

Reports	xxx	No
Hearings	xxx	No

Do Not Remove From Library

9/1/78

444
3-2-78

[OFFICIAL COPY REPRINT]
SENATE, No. 1642

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 16, 1976

By Senator MERLINO

Referred to Committee on County and Municipal Government

AN ACT to amend "An act concerning tax sales, and supplementing chapter 5 of Title 54 of the Revised Statutes," approved May 2, 1942 (P. L. 1942, c. 54).

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

1 1. Section 1 of P. L. 1942, c. 54 (C. 54:5-53.1) is amended to read
2 as follows:

3 1. Whenever a municipality has heretofore or shall hereafter
4 become the purchaser of any real property at any tax sale and the
5 certificate of sale has been or shall be recorded in the manner pro-
6 vided by chapter 5 of Title 54 of the Revised Statutes, such munici-
7 pality shall be entitled to immediate possession of the property
8 sold and described in the certificate and to all the rents and profits
9 thereof while the holder thereof, until redemption, but all rents
10 and profits collected by such municipality shall be credited, except
11 as hereinafter provided, on the amount due upon said certificate
12 of tax sale and for subsequent taxes, assessments or other municipal
13 charges assessed against said lands and when the total amount due
14 for the same, including all interests and costs, has been paid, the
15 said lands shall be redeemed from said tax sale.

16 Whenever a municipality shall take possession of any property
17 pursuant to the provisions of this section, the collector of taxes
18 or other officer thereof, whose duty it shall be to collect taxes
19 therein, or such other officer as may be designated by the governing
20 body of a municipality, shall take possession of said property and
21 collect the rents and profits thereof for said municipality and, with
22 the approval of the governing body of said municipality, may
23 designate any competent person to act as the agent of said munici-
24 pality for the collection of the rents and profits of said property
25 and for the management of the same and such person shall account

26 promptly to such collector or other officer, and the collector or
27 other officer shall account promptly to the municipality, for the
28 rents and profits so collected.

29 No fees shall be allowed to such collector or other officer from
30 the rents and profits collected from such property but he shall be
31 allowed such expenses in connection with the operation and man-
32 agement thereof, including proper compensation to said agent, as
33 the governing body of such municipality may deem necessary to
34 secure the greatest income therefrom. Any moneys collected from
35 any such property which is not needed for its operation and man-
36 agement, shall be used to remove or remedy any violations of the
37 standards of fitness for human habitation as are set forth in State
38 or local housing or health codes or regulations, or any other con-
39 ditions dangerous to life, health or safety; provided that if a
40 determination is made by a designated public officer that the abate-
41 ment of code violations is economically unfeasible due to the
42 structural unsoundness of the structure or building involved, said
43 public officer shall proceed to require or to cause the closing or
44 demolition of such structure or building, or any part thereof,
45 pursuant to the provisions of P. L. 1942, c. 112 (C. 40:48-2.3
45A et seq.). A record of all expenditures made pursuant to this act
45B shall be kept by the collector of taxes or such other officer as may
45C be designated by the governing body of the municipality. **Nothing*
46 *in this section shall, however, be construed as discharging the*
46A *owner of any property, of which a municipality takes possession*
46B *pursuant to said section, of the responsibility and liability for any*
46C *violation of standards of fitness for human habitation or any other*
46D *condition dangerous to life, health or safety which may be found*
47 *to exist on such property within 60 days after the taking of posses-*
47A *sion of the property by the municipality.*

47B *The designated municipal officer in possession of any property*
47C *pursuant to this section may, at any time, return to the owner of*
47D *record such property, and any unobligated rents or profits collected*
48 *therefrom, for the purpose of abating code violations or unsanitary*
48A *or unsafe conditions, if said owner agrees to make the necessary*
48B *improvements and submits a list of such improvements, along*
48C *with an estimate of the costs and a satisfactory schedule for the*
48D *completion thereof.**

49 *While all rents and profits collected and expenditures made pur-*
50 *suant to this section shall be accounted for by and credited to or*
51 *charged against the individual accounts for each taxable unit of*
52 *property from which collected or for which expenditures are made,*
53 *such moneys as are not needed for operations and management of*

54 *such property may be commingled and aggregated in a single fund*
55 *for the purpose of abating violations of standards of fitness, as*
56 *hereinabove required, in accordance with such priorities for expen-*
57 *ditures and repairs as may be determined by the responsible officer*
58 *after consultation with the construction official of the municipality.*
59 *At no time, however, shall the unobligated moneys deposited in the*
60 *fund be less than 10% of the total amount deposited and credited*
61 *to the fund, and in no event shall the amount of moneys available*
62 *in the fund deprive any person of the right to receive full credits for*
63 *such rents and profits as would ordinarily be payable on the taxable*
64 *unit of property at the time of its redemption.*

65 Such municipality and its officers, agents or employees shall not
66 be liable or accountable to the owner or to any other person having
67 an interest in said property for failure to collect rents or profits
68 therefrom but said officers, agents or employees shall remain so
69 liable and accountable to said municipality and such municipality
70 and its officers, agents or employees shall not be liable for injury
71 to said property or to the person or property of any other person
72 from the use of the property for the purposes of this section, any
73 law to the contrary notwithstanding.

1 2. This act shall take effect immediately.

69 liable and accountable to said municipality and such municipality
70 and its officers, agents or employees shall not be liable for injury
71 to said property or to the person or property of any other person
72 from the use of the property for the purposes of this section, any
73 law to the contrary notwithstanding.

1 2. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to give municipalities greater flexibility and discretion in the use of rentals and other moneys collectible from property on which the municipality has acquired, pursuant to a tax sale, a tax certificate, and of which it has taken possession.

The provisions of the bill allow the pooling into a single fund of all moneys received by a municipality from such properties that are not otherwise needed to meet the costs of current operations and management of such properties. The pooled moneys will permit the better scheduling and provision of repairs for such properties, as is presently authorized and required by law.

The amendatory provisions also require: (1) the keeping of separate accounts of the moneys received from or expended on each taxable unit of property; and, (2) that all due credits on such property shall be payable at the time of redemption even if there are inadequate moneys in the fund for the payment of credits at that time.

ASSEMBLY COUNTY GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1642

STATE OF NEW JERSEY

DATED: JULY 11, 1977

This bill amends N. J. S. 54:5-53.1 to permit a municipality to pool the rental income of all properties it takes over because of the failure of owners to pay taxes. Under the existing law a municipality must use rental income from a property to restore it to minimum health and safety standards, before such revenues can be used to pay off back taxes. The amended law allows a municipality to use excess funds from one property it is managing to improve another where the rents do not yield enough money for even minimum maintenance.

SENATE COUNTY AND MUNICIPAL
GOVERNMENT COMMITTEE

STATEMENT TO

SENATE, No. 1642

with Senate committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 24, 1977

Senate Bill No. 1642 concerns the use of rentals and other moneys collectible from any property on which the municipality has acquired a tax sale certificate and of which it has taken possession pursuant to section 1 of P. L. 1942, c. 54 (C. 54:5-53.1).

Under said law, any municipality taking possession of any such property is required to use any rents or other moneys collected therefrom, which is not needed to meet the costs of current operations and management of the property, to remove or remedy any violations of the building or health codes, unless a determination is made that any abatement of such violations is economically unfeasible.

This bill authorizes a municipality to pool, into a single fund, all moneys collectible from all such properties that are not needed for current operations and management. The pooled moneys shall be used for the abatement of violations. A municipality is, however, required to keep a separate account of the moneys received from or expended on each taxable unit of property; and all due credits on such property shall be payable at the time of redemption of such property, irrespective of the amounts of money on deposit in the fund at that time. In anticipation of such redemptions, a municipality is required to maintain at all times a balance of 10% of the total sums deposited and credited to the fund.

The purpose of Senate Bill No. 1642, according to the sponsor's statement is to afford municipalities greater flexibility in the scheduling and repair of properties on which a municipality holds a tax sale certificate, and of which it has taken possession.

The committee amendments which were requested by the sponsor (1) make the owner of record liable for any code violations which may be found to exist on such property within 60 days after a municipality takes possession of such property; and

(2) Allow a municipality, under certain circumstances, to return possession of such property, and any unobligated moneys therefrom, to the owner of the property for the purpose of abating code violations or unsanitary or unsafe conditions thereon.

The purpose of the committee amendments is to rectify the inequity and imbalance created by the *City of Newark v. Sue Corporation*, 124 N. J. Sup. 5 (1973), by holding an owner liable for any code violations which existed at the time of, or manifested themselves soon after a municipality took possession of such property.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

PROPERTY OF
NEW JERSEY STATE LIBRARY

FOR FURTHER INFORMATION

MARCH 2, 1978

ANNE BURNS

Governor Brendan Byrne today signed the following bills into law:

S-1030, sponsored by former Senator James Dugan (D-Hudson) which eliminates the width of the road as a factor in determining the allotment of State aid to a municipality for the construction, maintenance or repair of municipal roads.

S-1642, sponsored by Senator Joseph P. Merlino (D-Mercer) which permits the pooling into a single fund, rentals and other monies received by a municipality from properties which it has acquired through tax sale.

The purpose of the bill is to allow a municipality greater flexibility in the use of the monies collected so that, for instance, all repairs to one property could be made at once and completed even though insufficient funds to make all repairs were in that particular account. The pooled money would be exclusive of money required for operation and management of the property. Separate accounts must still be maintained and charges and credits for each taxable unity recorded.

The legislation also provides for a minimum balance of 10 per cent in the unobligated monies account and that all due credits on a taxable unit shall be payable at the time of redemption regardless of the amount of monies in the unobligated monies account.

S-3269, sponsored by former Senator Stephen Wiley (D-Morris) which would permit the Board of Education of a district consisting of one municipality to convey land no longer desirable or necessary for school purposes to a nonprofit child care services organization duly incorporated under State law.

The conveyance may include any building on the land and may be for a nominal consideration. The conveyance will be subject to the condition that if the property ceases to be used for the purpose contemplated, the land will revert to the Board of Education.

The law previously permitted conveyances of unwanted school property to municipalities, volunteer fire companies and rescue squads, and recognized veterans organizations.

S-3293, sponsored by Senator Joseph P. Merlino (D-Mercer) which transfers the chairmanship of the Mortgage Finance Agency from the Commissioner of Banking to the Commissioner of Community Affairs.

When the agency was initially transferred from the Department of Banking to the Department of Community Affairs this portion of the statute was overlooked in the amendments. This bill provides the technical correction.

* * * *

