SYNOPSIS
Permits chief financial officer to recommend reduced appropriation for reserve for uncollected taxes in certain circumstances.

CURRENT VERSION OF TEXT
As reported by the Senate Budget and Appropriations Committee on November 15, 2010, with amendments.

(Sponsorship Updated As Of: 1/10/2012)
AN ACT concerning the calculation of the reserve for uncollected taxes and amending N.J.S.40A:4-41.

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

1. N.J.S.40A:4-41 is amended to read as follows:

40A:4-41. a. For the purpose of determining the amount of the appropriation for "reserve for uncollected taxes" required to be included in each annual budget where less than 100% of current tax collections may be and are anticipated, anticipated cash receipts shall be as set forth in the budget of the current year, and in accordance with the limitations of statute for anticipated revenue from, surplus appropriated, miscellaneous revenues and receipts from delinquent taxes.

b. Receipts from the collection of taxes levied or to be levied in the municipality, or in the case of a county for general county purposes and payable in the fiscal year shall be anticipated in an amount which is not in excess of the percentage of taxes levied and payable during the next preceding fiscal year which was received in cash by the last day of the preceding fiscal year.

c. (1) For any municipality in which tax appeal judgments have been awarded to property owners from action of the county tax board pursuant to R.S.54:3-21 et seq., or the State tax court pursuant to R.S.54:48-1 et seq. in the preceding fiscal year, the governing body of the municipality may elect to determine the reserve for uncollected taxes by using the average of the percentages of taxes levied which were received in cash by the last day of each of the three preceding fiscal years. Election of this choice shall be made by resolution, approved by a majority vote of the full membership of the governing body prior to the introduction of the annual budget pursuant to N.J.S.40A:4-5.

(2) If tax appeal judgments of the county tax board pursuant to R.S.54:3-21 et seq., or the State tax court pursuant to R.S.54:48-1 et seq., result in tax reductions for the previous fiscal year, the governing body of the municipality may elect to calculate the current year reserve for uncollected taxes by reducing the certified tax levy of the prior year by the amount of the tax levy adjustments resulting from those judgments. Election of this choice shall be made by resolution, approved by a majority vote of the full membership of the governing body prior to the introduction of the annual budget pursuant to N.J.S.40A:4-5.

d. The director may promulgate rules and regulations to permit a three-year average to be used to determine the amount required

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

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:

Senate SBA committee amendments adopted November 15, 2010.
for the reserve for uncollected taxes for municipalities to which subsection c. of this section is not applicable.

c. (1) 1

Notwithstanding any other provision of this section to the contrary, 1 upon approval of the director, 1 the chief financial officer of a municipality, in consultation with the tax collector, may recommend a lesser amount to be required for the reserve for uncollected taxes than the amount calculated by the formulas set forth in subsections c. or d. of this section, if the chief financial officer determines that a lesser amount will satisfy the obligations of the municipality.

1 (b) A chief financial officer who proposes to make a recommendation pursuant to subparagraph (a) of this subsection shall obtain the approval of the director prior to the introduction of the budget. The chief financial officer shall file a request for approval at least two weeks prior to the introduction of the budget unless, for good cause shown, the director grants leave for a later filing of the request.

(2) The governing body may use the amount deemed to be required for the reserve for uncollected taxes in paragraph (1) of this subsection in its annual budget 1 provided that the director has approved the request.

(3) If the Director of the Division of Local Government Services disapproves of the amount deemed to be required for the reserve for uncollected taxes in paragraph (1) of this subsection, in a review of the budget pursuant to the "Local Budget Law" (N.J.S.40A:4-1 et seq.), the director may return the budget to the governing body for revision with a memorandum outlining the reasons for finding the amount to be insufficient, and the director’s own calculation of a sufficient amount. The governing body shall then resubmit the budget with the amount deemed by the director to be required for the reserve for uncollected taxes.

(cf: P.L.2010, c.56, s.1)

2. This act shall take effect immediately.