

[First Reprint]

SENATE, No. 2232

STATE OF NEW JERSEY
214th LEGISLATURE

INTRODUCED AUGUST 23, 2010

Sponsored by:

Senator JEFF VAN DREW

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman MATTHEW W. MILAM

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman NELSON T. ALBANO

District 1 (Cape May, Atlantic and Cumberland)

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Co-Sponsored by:

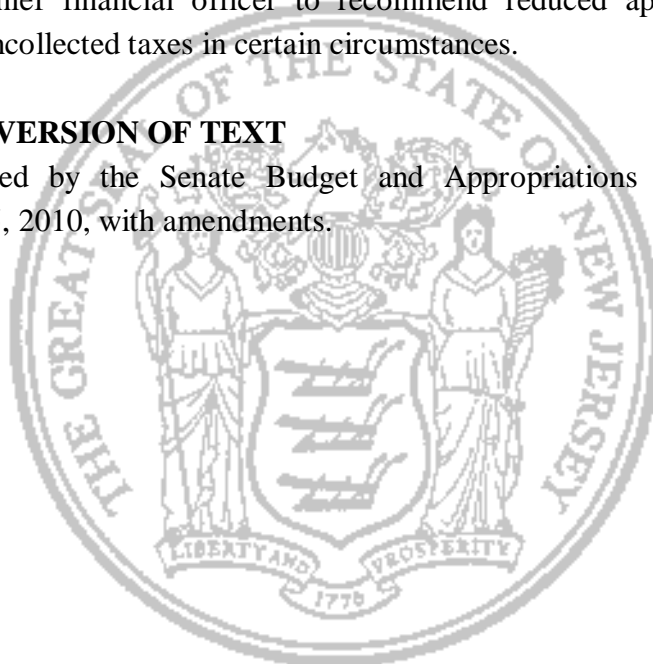
Assemblyman O'Donnell

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)

1 **AN ACT** concerning the calculation of the reserve for uncollected
2 taxes and amending N.J.S.40A:4-41.

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

6
7 1. N.J.S.40A:4-41 is amended to read as follows:

8 40A:4-41. a. For the purpose of determining the amount of the
9 appropriation for "reserve for uncollected taxes" required to be
10 included in each annual budget where less than 100% of current tax
11 collections may be and are anticipated, anticipated cash receipts
12 shall be as set forth in the budget of the current year, and in
13 accordance with the limitations of statute for anticipated revenue
14 from, surplus appropriated, miscellaneous revenues and receipts
15 from delinquent taxes.

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

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

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

43 d. The director may promulgate rules and regulations to permit
44 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:

¹Senate SBA committee amendments adopted November 15, 2010.

1 for the reserve for uncollected taxes for municipalities to which
2 subsection c. of this section is not applicable.

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

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

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

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

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

33
34 2. This act shall take effect immediately.