

CHAPTER 266

AN ACT authorizing municipalities to contract for property tax lien management services under certain circumstances and supplementing Title 54 of the Revised Statutes.

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

C.54:5-19.2 Definitions relative to contracts for property tax lien management services.

1. As used in this act:

"Director" means the Director of the Division of Local Government Services in the Department of Community Affairs.

"Property" means parcels of land and their improvements on which the municipality holds a tax lien, or which were acquired by the municipality through the property tax foreclosure process, and including such parcels that the municipality possesses and for which it acts as a receiver pursuant to section 1 of P.L.1942, c.54 (C.54:5-53.1).

"Qualified municipality" means a municipality that is qualified to receive assistance under P.L.1978, c.14 (C.52:27D-178 et seq.), a municipality under the supervision of the Local Finance Board pursuant to the provisions of the "Local Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-1 et seq.), a municipality that has issued qualified bonds pursuant to the provisions of the "Municipal Qualified Bond Act," P.L.1976, c.38 (C.40A:3-1 et seq.) or a municipality identified by the director to be facing serious fiscal distress.

C.54:5-19.3 Contracts for property tax lien management services.

2. Notwithstanding any other provision of law to the contrary, the governing body of a qualified municipality, by resolution, may enter into contracts for property tax lien management services with organizations for the purpose of assisting the qualified municipality in managing its property. For the purposes of this section, property tax lien management services shall be comprehensive in nature given the needs of the qualified municipality, and shall include the following activities as necessary for a comprehensive program of property tax lien management:

a. Developing and administering an asset management and disposition plan for properties owned by the municipality;

b. Developing and administering activities to encourage and assist property owners in satisfying their obligations and retaining their properties, which shall include, but not be limited to working with lenders and non-profit agencies to develop programs that help residential taxpayers address their credit problems and related service programs;

c. Educating property owners about financial alternatives in addressing back taxes, including making installment payments pursuant to R.S.54:5-65 et seq.;

d. Recommending and managing possession and receivership, foreclosure, and property sale activities;

e. Assembling and marketing properties to potential buyers and developers through public sale of properties to be sold, or by assignment sale of tax liens pursuant to N.J.S.54:5-112 and N.J.S.54:5-113;

f. Developing a database of information relating to all properties for which the qualified municipality holds a lien, where at the conclusion of the contract, the contents of the database shall be provided to that municipality in an electronic format that can be used by the municipality;

g. Providing regular reports to the governing body of the qualified municipality and the tax collector on the status of property tax lien management activities and the information obtained through the management process;

h. Managing property owned by the qualified municipality in preparation for its sale, assignment, or possession; or

i. Other similar programs and activities as approved by the director.

C.54:5-19.4 Contracts to include compensation to contractor, bases.

3. Contracts for property tax lien management services shall include compensation to the contractor based on any combination of the following mechanisms:

a. A percentage of proceeds earned by the qualified municipality from the outright sale of property or from an assignment sale;

b. A percentage of the proceeds from installment agreements entered into through the

efforts of the contractor;

c. A percentage of the proceeds from the management of properties assigned to the contractor as part of possession and receivership, or preparing for a sale or assignment; or

d. A fixed amount for general services affecting all parcels whose tax lien is owned by the municipality, which may, at the option of the municipality, be either prorated and charged against such properties as a municipal charge, or be appropriated as if it were subject to the provisions of sections 1 through 5 of P.L.1961, c.22 (C.40A:4-55.1 through 40A:5-55.5).

C.54:5-19.5 Approval process by governing body.

4. Contracts for property tax lien management shall be approved by the governing body of the qualified municipality and shall then be submitted to the director for approval. The mayor or other chief executive officer shall not execute the contract until the director approves the contract. If the director neither approves nor returns the contract with recommendations for amendment within 45 days of the director's receipt of the contract, then the contract shall be deemed as approved.

C.54:5-19.6 Provision of information.

5. The municipal tax collector of the qualified municipality shall provide the property tax lien management service contractors with any and all information as the tax collector may have available that is related to tax liens, and shall make available records of the tax collector's office accessible to the contractor as the contractor may require. Nothing in P.L.2001, c.266 (C.54:5-19.2 et seq.) shall supersede the responsibility of the tax collector to collect and record property tax receipts and manage those responsibilities statutorily assigned to the tax collector.

C.54:5-19.7 Contracts considered professional service; duration.

6. Notwithstanding the provisions of the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1 et seq.) to the contrary, contracts for property tax lien management services shall be considered as a professional service and may be entered into for a period not to exceed three years.

7. This act shall take effect immediately.

Approved December 11, 2001.