cc: Admin
4/7/15

NEW JERSEY GENERAL ASSEMBLY

ROBERT J. AUTH
ASSEMBLYMAN
NEW JERSEY 39TH LEGISLATIVE DISTRICT
AsmAuth@njleg.org

COMMITTEES
FINANCIAL INSTITUTION AND INSURANCE
STATE AND LOCAL GOVERNMENT

RECEIVED
APR - 6 2015
Mount Olive Township Clerk's Office

March 2015

Mount Olive Township
Attn: Mayor & Council
204 Flanders Drakestown Road
Budd Lake, NJ 07828

Dear Mayor and Members of the Council:

Enclosed for your review, please find a copy of a bill I have introduced in the New Jersey General Assembly. This Bill, the Transparent Tax Act of 2015, is intended to provide clarity to local property taxpayers and to share proportionally the burden of assessment appeal refunds between all taxing authorities.

It is my intent that this provision will remind municipal property taxpayers that while a municipality, by law, is charged with the responsibility to issue property tax bills on behalf of not only itself, but all taxing districts (county, schools, fire district, etc.) the amount of the property taxes attributed to municipal purposes generally does not make up the largest portion of the property tax bill.

This Bill would require the municipal tax collector to send notice of the pro rata share of the property tax appeal refunds paid by the municipality during the tax year to the county, school districts and fire districts for inclusion in their annual budgets. In the following tax year in which the refunds were paid, the municipal tax collector is then required to deduct the applicable pro rata share of the property tax refund from the amounts to be paid to the county and each school and fire district.

If you agree with my proposal, I would respectfully ask that your council vote on a resolution in support of Bill A4235, the "Transparent Tax Act of 2015."

Sincerely,

Robert J. Auth

Please mail a copy of your completed resolution to:

Senator Steven V. Oroho - One Wilson Drive, Suite 2B, Sparta, NJ 07871
Assemblywoman Alison Littell McHose - One Wilson Drive, Suite 2B, Sparta, NJ 07871
Assemblyman Parker Space - One Wilson Drive, Suite 2B, Sparta, NJ 07871Governor Chris Christie - Office of the Governor, PO Box 001, Trenton, NJ 08625

350 MADISON AVENUE
CRESSKILL, NJ 07626
PHONE: (201) 567-2324
FAX: (201) 567-8514

1069 RINGWOOD AVENUE, SUITE 312
HASKELL, NJ 07420
PHONE: (862) 248-0491
FAX: (862) 248-0494

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SAMPLE RESOLUTION

FROM THE BOROUGH CLERK'S OFFICE
SUPPORTING THE TRANSPARENT TAX ACT OF 2015

R E S O L U T I O N

WHEREAS, Assembly Bill No. A-4325 supplementing chapter 4 of Title 54, R.S.54:4-65 and designated the "Transparent Tax Act of 2015" is being considered for adoption by the New Jersey State Assembly; and,

WHEREAS, the amendment would permit the local jurisdiction to print separate tax bills to each taxpayer, one showing the amount of property taxes due and payable for municipal tax purposes, the other shall state the amount of property taxes due and payable for county purposes, school purposes, fire district purposes, and for the purposes of any other special district on behalf of which the municipality collects property taxes; and,

WHEREAS, both bills shall include a brief tabulation showing the distribution of the total amount to be raised by taxes; and,

WHEREAS, A-4325 would require the municipal tax collector to send notice of the pro rata share, if any, of the property tax appeal refunds paid by the municipality during the tax year to the county, school districts, and fire districts for inclusion in their annual budgets;

WHEREAS, in the following tax year in which the refunds were paid, the municipal tax collector is then required to deduct the applicable pro rata share of the property tax refund from the amounts to be paid to the county, and each school and fire district; and,

WHEREAS, these amendments, if adopted, will assist the general public to understand the tax bill, the structure of the taxes, and the level of support for each agency, and will further provide a more equitable structure to share the obligation of paying approved tax appeals as the title states, creates transparency in the tax supporting local assessments.

NOW THEREFORE, BE IT RESOLVED that the Mayor and Council of the Borough/City/Township of _____, County of _____, and State of New Jersey, hereby supports Assembly Bill A-4235 amending Title 54:4-65 and urges the Legislature to approve and pass the bill for the reasons expressed herein; and,

BE IT FURTHER RESOLVED that a copy of this resolution be sent to the members of the NJ State Assembly, the members of the NJ Senate, and the Governor of the State of NJ, the New Jersey State League of Municipalities, the Municipal Clerks' Association of New Jersey, and all Bergen County municipalities.

INTRODUCED BY :

SECONDED BY :

ROLL CALL : Councilman/woman
Councilman/woman
Councilman/woman

Councilman/woman
Councilman/woman
Councilman/woman

APPROVED : _____
_____, Mayor

ATTEST : _____
_____, RMC, Borough Clerk

DATED : XX, XX, 2015

ASSEMBLY, No. 4235

STATE OF NEW JERSEY

216th LEGISLATURE

INTRODUCED FEBRUARY 24, 2015

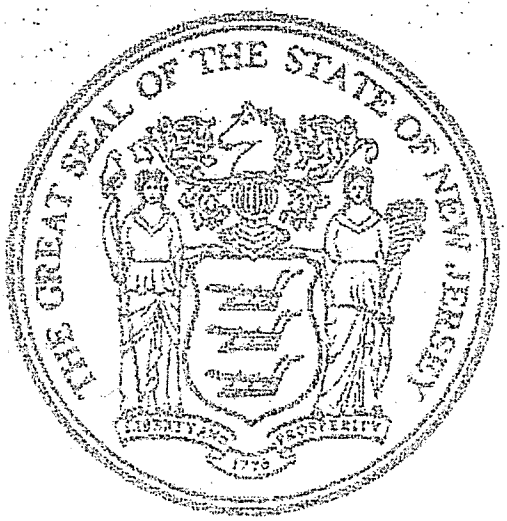
Sponsored by:
Assemblyman ROBERT AUTH
District 39 (Bergen and Passaic)

SYNOPSIS

Permits municipalities to issue two separate property tax bills to property taxpayers; requires fire districts, school districts, and county governments to share in burden of property assessment appeal refunds.

CURRENT VERSION OF TEXT

As introduced.



AN ACT designated the "Transparent Tax Act of 2015," amending various parts of the statutory law, and supplementing chapter 4 of Title 54 of the Revised Statutes.

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

1. R.S.54:4-65 is amended to read as follows:

54:4-65. a. The Director of the Division of Local Government Services in the Department of Community Affairs shall approve the form and content of property tax bills.

b. (1) **[**Each**]** <u>Except in those municipalities that send out two separate property tax bills as permitted in subsection f. of this section, each</u> tax bill shall have printed thereon a brief tabulation showing the distribution of the amount raised by taxation in the taxing district, in such form as to disclose the rate per $100.00 of assessed valuation or the number of cents in each dollar paid by the taxpayer which is to be used for the payment of State school taxes, other State taxes, county taxes, local school expenditures, free public library taxes, and other local expenditures. The last named item may be further subdivided so as to show the amount for each of the several departments of the municipal government. In lieu of printing such information on the tax bill, any municipality may furnish the tabulation required hereunder and any other pertinent information in a statement accompanying the mailing or delivery of the tax bill.

(2) When a parcel receives a homestead property tax credit pursuant to the provisions of P.L.2007, c.62 (C.18A:7F-37 et al.), the amount of the credit shall be included with the tax calculation as a reduction in the total tax calculation for the year. One-half of the amount of the credit shall be deducted from taxes otherwise due for the third installment and the remaining one-half shall be deducted from taxes otherwise due for the fourth installment.

(3) There shall be included on or with the tax bill the delinquent interest rate or rates to be charged and any end of year penalty that is authorized and any other such information that the director may require from time to time.

c. The tax bill shall also include a calculation stating the amounts of State aid and assistance received by the municipality, school districts, special districts, free public libraries, and county governments that offset property taxes that are otherwise due on each parcel. The director shall certify to each tax collector the amounts of said State aid and assistance that shall serve as the basis for the calculation for each parcel. The director shall set standards for the calculation and display of the statement on the tax bill.

d. The tax bill or form mailed with the tax bill shall include

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 <u>thus</u> is new matter.

thereon the date upon which each installment is due.

e. If a property tax bill includes in its calculation a homestead property tax credit, the bill shall, in addition to the calculation showing taxes due, either display a notice concerning the credit on the face of the property tax bill or with a separate notice, with the content and wording as the director provides.

f. (1) In lieu of sending one property tax bill to each taxpayer as otherwise provided in subsection b. of this section, the governing body of a municipality may, by resolution, authorize the tax collector to issue two separate property tax bills to each property taxpayer within the taxing district. One tax bill shall state only the amount of property taxes due and payable for municipal purposes. The second property tax bill shall state the amount of property taxes due and payable, after allowance any property tax deductions that are permitted by law, for county purposes, school purposes, fire district purposes, and for the purposes of any other special district on behalf of which the municipality collects property taxes.

Both tax bills shall include a brief tabulation showing the distribution of the total amount raised by property taxation in the taxing district by purpose of tax in such form as to disclose the rate per $100 of assessed valuation or the number of cents in each dollar paid by the taxpayer to be used for the payment of the taxes shown on each property tax bill.

In the event that other State or local taxes are imposed, and are to be collected, locally after the effective date of P.L. , c. (pending before the Legislature as this bill), only those additional taxes to be raised for municipal budgets shall appear on the municipal purposes property tax bill. All other such taxes shall appear on the second property tax bill along with county purposes property taxes, school purposes property taxes, fire district purposes property taxes, and property taxes for any other special district on behalf of which the municipality collects property taxes.

(2) A mortgage company making property tax payments on behalf of a taxpayer shall not be required to make separate municipal and non-municipal tax payments to a municipality even though the mortgage company receives two separate property tax bills from a municipality.

(3) The Director of the Division of Local Government Services in the Department of Community Affairs shall, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), promulgate such rules and regulations, and design such forms, as are necessary to effectuate the purposes of this subsection.

(cf: P.L.2011, c.38, s.5)

2. (New section) a. The total of the amount of property tax appeal refunds paid by a municipality during a tax year shall be apportioned by the municipal tax collector between the

municipality, county, school district, fire districts, and any other taxing district operating within the boundaries of the municipality.

b. The tax collector shall send a notice to the county, school district, fire districts, and any other taxing district, setting forth their pro rata share of the property tax appeal refunds paid by the municipality during the tax year, for inclusion into their subsequent annual budgets.

c. In the year following the tax year in which the property tax appeal refunds were paid, the municipal tax collector shall deduct the applicable pro rata share from the amounts to be paid to the county and each school district, fire district, and any other taxing district, as required by N.J.S.40A:14-79, R.S.54:4-74, and R.S.54:4-75.

3. N.J.S.40A:14-79 is amended to read as follows:

40A:14-79. Upon proper certification pursuant to section 9 of P.L.1979, c.453 (C.40A:14-78.5), the assessor of the municipality in which the fire district is situate shall assess the amount to be raised by taxation to support the district budget against the taxable property therein, in the same manner as municipal taxes are assessed and the said amount shall be assessed, levied and collected at the same time and in the same manner as other municipal taxes.

For the purposes of this section:

"District tax due" or "tax due" means the <u>total sum of the</u> amount so assessed less the district's proportionate share of the property taxes no longer owed by the municipality pursuant to the blue acres property tax exemption established by subsection b. of section 1 of P.L.2013, c.261 (C.54:4-3.3g) [and] , less any applicable credit established by subsection e. of section 1 of P.L.2013, c.261 (C.54:4-3.3g) <u>plus the district's proportionate share of the property taxes refunded by the municipality in the preceding tax year pursuant to subsection a. of section 2 of P.L. , c. (C.) (pending before the Legislature as this bill)</u>.

The collector or treasurer of the municipality in which said district is situate shall pay over all district tax due to the treasurer or custodian of funds of said fire district as follows: on or before April 1, an amount equaling 21.25% of all tax due; on or before July 1, an amount equaling 22.5% of all tax due; on or before October 1, an amount equaling 25% of all tax due; and on or before December 31, an amount equaling the difference between the total of all tax due, and the total of the quarterly amounts of such moneys previously paid over to the fire district. These moneys are to be held and expended for the purpose of providing and maintaining means for extinguishing fires in such district.

Notwithstanding anything herein to the contrary, the municipal governing body may authorize, in the cash management plan adopted by it pursuant to N.J.S.40A:5-14, a schedule of payments of fire district tax due by which an amount greater than required on

any of the first three payment dates cited herein may be paid over. The municipal governing body and board of fire commissioners may, by concurrent resolution, adopt a schedule of payments of fire district tax due by which an amount less than required on any of the first three payment dates cited herein may be paid over. Such resolution shall be included in the cash management plan adopted by the municipal governing body pursuant to N.J.S.40A:5-14.

The commissioners may also pay back, or cause to be paid back to such municipality, any funds or any part thereof paid to the treasurer or custodian of funds of such fire district by the collector or treasurer of the municipality, representing taxes levied for fire district purposes but not actually collected in cash by said collector or treasurer.

(cf: P.L.2013, c.261, s.2)

4. R.S.54:4-74 is amended to read as follows:

54:4-74. For the purpose of this section:

"County tax due" or "tax due" means the <u>total sum of the</u> amount so assessed less the county's proportionate share of the property taxes no longer owed by the municipality pursuant to the blue acres property tax exemption established by subsection b. of section 1 of P.L.2013, c.261 (C.54:4-3.3g) [and] <u>,</u> less any applicable credit established by subsection e. of section 1 of P.L.2013, c.261 (C.54:4-3.3g) <u>plus the district's proportionate share of the property taxes refunded by the municipality in the preceding tax year pursuant to subsection a. of section 2 of P.L. , c. (C.) (pending before the Legislature as this bill)</u>.

The governing body of each municipality shall cause to be paid to the treasurer of the county, in four installments, the amount of county tax due, and the other county taxes required to be assessed and raised in such municipality, on the fifteenth day of the month in which each installment of taxes shall become payable, except, that in those years when the third installment has been determined by the tax collector to be due after August 10, the installment shall be due no later than five days after the twenty-fifth day from when the tax bill was mailed or otherwise delivered pursuant to subsection a. of R.S.54:4-64, but no later than September 15. The amount to be payable as each of the first two installments shall be one-quarter of the total county tax due and one-quarter of the other total county taxes finally levied against the municipality for the preceding year, and the amount to be payable for the third and fourth installments shall be the county tax due, and for the other county taxes the full tax as levied, for the current year, less the amount charged as the first and second installments. The total amount thus found to be payable as the last two installments shall be divided equally for and as each installment. The governing body of each municipality shall cause to be paid to the county treasurer on December fifteenth of each year all of the taxes required to be assessed and raised by

taxation in such taxing district for State school and other State purposes.
(cf: P.L.2013, c.261, s.3)

5. R.S.54:4-75 is amended to read as follows:

54:4-75. For the purpose of this section:

"School tax due" or "tax due" means the total sum of the amount so assessed less the school district's proportionate share of the property taxes no longer owed by the municipality pursuant to the blue acres property tax exemption established by subsection b. of section 1 of P.L.2013, c.261 (C.54:4-3.3g) [and] , less any applicable credit established by subsection e. of section 1 of P.L.2013, c.261 (C.54:4-3.3g) plus the district's proportionate share of the property taxes refunded by the municipality in the preceding tax year pursuant to subsection a. of section 2 of P.L. , c. (C.) (pending before the Legislature as this bill).

The governing body of each municipality shall pay over to the board secretary or treasurer of school moneys, as appropriate, in the case of school districts in which appropriations for school purposes are made by the inhabitants of the school district, within forty days after the beginning of the school year, twenty per centum (20%) of the moneys from school tax due, and thereafter, but prior to the last day of the school year, the balance of the moneys from school tax due for school purposes in such amounts as may be requested from time to time by the Board of Education, within thirty days after each request. The Board of Education shall not request any more money at any one time than shall be required for its expenditures for a period of eight weeks in advance; provided, however, that the Board of Education may at any time, but not earlier than fifteen days prior to the beginning of the school year, request sufficient moneys to meet all interest and debt redemption charges maturing during the first forty days of the school year. The governing body may make payments of such moneys in advance of the time and in excess of the amounts required by this section. Notwithstanding provisions of this section to the contrary, in those years when the third installment of property taxes has been determined by the tax collector to be due after August 10, the installment shall be due no later than five days after the twenty-fifth day from when the tax bill was mailed or otherwise delivered pursuant to subsection a. of R.S.54:4-64, but no later than September 1.
(cf: P.L.2013, c.261, s.4)

6. This act shall take effect immediately but subparagraphs (1) and (2) of subsection f. of section 1 of this act shall remain inoperative until January 1 next following enactment.

STATEMENT

This bill is designated the "Transparent Tax Act of 2015." It is intended to provide clarity to local property taxpayers and to share the burden of assessment appeal refunds between all local taxing districts.

Specifically, sections 1 and 2 of this bill would allow municipalities, upon adoption of a resolution by the governing body, to send to each property taxpayer two separate tax bills, one indicating the amount due and payable for municipal purposes property taxes, and the other indicating the amount due and payable for county purposes property taxes, school purposes property taxes, fire district purposes property taxes and any appropriate special district taxes, less any property tax deductions that are permitted by law.

A mortgage company making property tax payments on behalf of a taxpayer would not be required to make separate municipal and non-municipal tax payments to a municipality even though the mortgage company received two separate property tax bills from a municipality.

Those municipalities which choose not to send out two separate tax bills would be required to continue sending out one tax bill that indicates the amount of tax to be paid for municipal, county, school, fire district, and other special district purposes as provided in R.S.54:4-65.

It is the sponsor's intent that this provision will remind municipal property taxpayers that while a municipality, by law, is charged with the responsibility to issue property tax bills on behalf of not only itself, but all taxing districts (county, school district, fire district, etc.), the amount of property taxes attributable to municipal purposes generally does not make up the largest portion of the property tax bill.

Sections 3 through 6 of this bill would require county governments, school districts, fire districts and other taxing districts to share in the burden of paying for property tax refunds. Under current law, only the county shares in this burden with municipalities through the county tax equalization process. The bill requires the municipal tax collector to send a notice of the pro rata share of the property tax appeal refunds paid by the municipality during the tax year to the county, school districts and fire districts for inclusion into their annual budgets. In the year following the tax year in which the refunds were paid, the municipal tax collector is then required to deduct the applicable pro rata share of the property tax refunds from the amounts to be paid to the county and each school district and fire district as required by N.J.S.40A:14-79, R.S.54:4-74 and R.S.54:4-75.

It is intended that this provision will ease the burden of property assessment appeal refunds on municipal budgets by spreading the

1 amount of a taxpayer refund proportionately between all taxing
2 districts on behalf of which a municipality collects property taxes.