

LOCAL FINANCE NOTICECHRISTINE TODD WHITMAN
GOVERNORJANE M. KENNY
COMMISSIONERSTEPHEN R. SASALA, II
ACTING DIRECTOR**TAX COLLECTION ISSUE UPDATE**

This Notice is to update Tax Collectors on a number of recent issues and to provide information of current interest. The Notice covers the following items:

- Reminder on handling tax servicer overpayments
- Senior Citizen Property Tax Freeze Program
- Accelerated Lien Sales - Fiscal Impact Statement
- Issuance of revised text for Tax Sale Certificates
- Tenant Property Tax Rebate Program update
- Update on Division Tax Collection activities

Tax Service Overpayments

State regulations adopted several years ago provide an accounting mechanism for collectors to handle tax overpayments or other similar disputes. N.J.A.C. 5:33-1.5 directs collectors to take overpaid amounts or payments from accounts that have been paid by others and place them into a subsidiary account where they can be held until resolved. The use of this process should eliminate any need for a collector to return checks to servicers or banks for overpayments. The rule reads as follows:

"When check-based or electronic payments for multiple parcels made by property tax processing organizations and servicing organizations defined pursuant in N.J.S.A. 17:16F-15 cannot be correctly reconciled, the tax collector **shall** create a subsidiary ledger entry to record unreconciled items. The tax collector shall work to reconcile the discrepancy by the end of the fiscal year. All transactions necessary to reconcile entries shall be noted in the ledger, and when necessary, approved by the governing body."
(emphasis added)

Collectors are reminded that this rule is in place and they are obligated to utilize its provisions.

Senior Citizen Property Tax Freeze Program

In late July, Division of Taxation Property Administration Assistant Director Stephen M. Sylvester issued a memorandum to the tax assessment and collection community discussing the Property Tax Reimbursement for Senior Citizens and Disabled Individuals program. In the memo he described the criteria for a claimant to receive the benefit which will require the filing of a special form by the senior to receive the reimbursement.

The program will take effect later this year, with a filing date of March 15, 1999 for eligible seniors. Taxation is responsible for distributing information to potentially eligible seniors.

While collectors do not have direct responsibility in dealing with the program, they may be called upon to provide information on 1997 and 1998 taxes to eligible claimants who cannot provide the necessary documentation as part of their application. In addition, collectors may be called upon by some seniors to provide information on what they should do to file their forms. Discussions have taken place between the Divisions of Taxation and Local Government Services, and Tax Collector and Treasurer Association officials to develop mechanisms to minimize the impact that requests from seniors will have on collectors. A presentation on the program will be made at the Wednesday morning session of the TCTA Conference in Atlantic City, and additional written information to collectors will follow.

Accelerated Tax Lien Sales - Fiscal Impact Statement

Municipalities that decide to hold an accelerated tax lien sale before the end of the year (which was **not** anticipated as part of their 1998 budget) are reminded that they must file a Fiscal Impact Statement with the 1999 budget. The Fiscal Impact Statement is included with Local Finance Notices CTC-97-4 and CTC-97-5.

Tax Sale Certificate Document

Amendments in Chapter 99 of P.L. 1997 made changes to the Tax Sale Certificate document. The changes deletes information related to the right to redeem and includes references to "other municipal charges (liens)." Two copies of the new form are included with this Notice, one designed for computer or typewritten entry (blank spaces), the other for handwritten entry (underscored space). These forms should be used immediately by collectors, computer vendors, and forms providers. The reverse of the Certificate remain unchanged and have not been reproduced on these forms. Please use the copy on existing forms for this purpose.

Tenant Property Tax Rebate Program Update

Significant changes to the Tenant Property Tax Rebate Law were made earlier this year when Chapter 15, of P.L. 1998 was enacted. Many of the changes will make the administration of the program simpler for municipalities and collectors. While there are extensive changes, particularly related to handling of appeals, the law does not go into effect until the 1999 round of rebates. **There are no changes for 1998.**

Having noted that, the Division of Taxation, in its recent update to MOD IV, however, has made some changes in anticipation of the law taking effect. This is noted with a new field on the MOD IV screens (for those that have access to them) called "Tenant Rebate bBase Year Assesment" (also known as Field 98). **Do not** use this field until you receive specific instructions from us to do so. Those instructions will come next year as we approach the effective date of the program, June 1, 1999.

Status of Division Tax Collection Support

Due to a series of organization changes in the Division since the departure of former Director Beth Gates in May, the Division has not yet replaced Jackie Vosselmann as our "tax collector in residence." Since then we have relied on support from several leaders of the Tax Collectors and Treasurers Association to assist us, and we are very grateful for that help.

After careful consideration of the Division's needs for tax collection support, we have decided to consider several options. The first is hiring a full-time collector. Under this model, the person we hire will be subject to Civil Service requirements, which may include either an exam or review of qualifications in lieu of

examination, though we will immediately make a provision appointment, pending the review process. The other model is contracting with one or more consultants to work on an hourly basis on assignments as needed. Finally, we will also consider other alternatives that may be proposed to the Division. Individuals or organizations interested in applying for a full time position, making a proposal for consultant services, or proposing another model should submit proposals to the Division by November 20, 1998. Resumes or proposals should be sent to the attention of Deputy Director Marc Pfeiffer at the address shown on Page 1 of this Notice.

Individuals considering submitting applications or proposals must hold a Certified Tax Collector certificate and possess significant experience in, and thorough knowledge of all aspects of the tax collection process, reporting, lien administration, and laws affecting tax collection in New Jersey. The individuals should be knowledgeable of other aspects of municipal finances as well. Holding a Certified Municipal Finance Officer certificate is an asset. Individuals may be required to conduct site visits and assist tax collectors or serve as an interim tax collector in municipalities. Solid writing and verbal communication skills are important. Depending on work assignments, individuals may not be permitted to serve as CTC in a municipality.

The work of meeting the Division's tax collection needs include the following:

- Investigating and responding to taxpayer inquires concerning property taxes.
- Assisting tax collectors in administering tax collection processes and laws.
- Serving as the Division's liaison to the Division of Taxation and related professional organizations.
- Preparing and evaluating the examination for Certified Tax Collector.
- Evaluating and advising the Division on legislative proposals concerning tax collection.
- Other duties related to tax collection and administration.

The salary range for a full time employee is \$48,950 to \$68,534. Cost proposals for consultant services will be considered accordingly. If the Division chooses to hire consultants, a formal bid process may ultimately be required.

We hope this information has been useful to you.

Stephen R. Sasala, II, Acting Director
Division of Local Government Services

Enclosure: Web link only -- Certificate of Sale forms
Distribution: Municipal Tax Collectors