

ESTIMATED BILLING

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27 years in Municipal Government

NJSA 54:4-64

- Preparation and Delivery of Bills
- Advice Copy of Bills
- Validity of Taxes
- Mailing requirements (25 Days)
- Grace Period Extensions
- 3rd Quarter (Bills are usually mailed later due to Tax Rate Certification)
- Authorization to mail bill to Mortgage Company
- Duplicate Bill Charges (**IF** authorized in Fee Ord of municipality)

PAYABLE DATES & GRACE PERIODS

Calendar 1/1 to 12/31

- 1st Installment – February 1
- 2nd Installment – May 1
- 3rd Installment – August 1
- 4th Installment – November 1
- *****

State Fiscal 7/1 to 6/30

- 3rd Installment – August 1
- 4th Installment – November 1
- 1st Installment – February 1
- 2nd Installment – May 1
- *****

Due dates NEVER change as they are set by State Statute

Grace periods are authorized by resolution **UP TO** 10 days

Interest is charged back to the original due date

COVID UPDATE 2020

- On April 28, 2020, Governor Phil Murphy issued Executive Order 130 authorizing local units to extend the second property tax payment installment grace period through June 1, 2020. Extension of the grace period must be effectuated prior to the expiration of the existing grace period, meaning on or before May 11, 2020. Public notice must be provided, but individual taxpayer notice is not required. Resolution of the Governing Body is required.
- NO extension of the deadline for levy payments to the county or school districts has been authorized
- State Fiscal Year municipality would be unable to hold an accelerated tax sale for the fourth quarter due to the extended grace period expiring after the date upon which initial notice of the accelerated tax sale must be provided

PREPARATION & MAILING OF REGULAR TAX BILLS

- Tax Collector must immediately begin preparation of tax bills once the extended tax duplicate is delivered
- Statutory Mailing Date June 14th
- CY municipalities USUALLY send a single bill with 4 stubs however it is permissible to send bills semi – annually. Bills mailed out semiannually must be sent by December 1st
- SFY Municipalities MUST send out bills semi-annually

ESTIMATED BILLING (CY)

- If the county board of taxation has not certified a tax rate for **all** of the taxing entities covered in a municipal property tax bill by the statutory mailing date, the municipality, by governing body resolution, may direct the collector to issue estimated tax bills.
- The municipal tax collector and chief financial officer are responsible for calculating a permissive tax levy range for the estimated bill. The permissive estimated tax levy range is computed by multiplying the previous year's tax levy by .95 and 1.05. This provides a 5% range either below or higher than the previous year's levy.
- The range is submitted to the governing body who must then pick an amount equal to or between the calculated amounts. Levies outside of the range may be approved through a governing body resolution requesting the Director to approve a different amount. The resolution must document the reason and the requested levy. A certification from the chief financial officer and tax collector must accompany the resolution and include calculations showing the previous year levies, tax rates, and the range of permitted levies.

<u>2012 Tax Levy</u>		<u>Tax Rate</u>	
County	\$ 3,193,952.26		0.304
School	\$ 11,142,884.00		1.055
Local	\$ 1,597,066.12		0.151
Mun open space Trust	\$ 211,052.00		0.02
Fire District	\$ 1,287,700.00		0.123
Grand TOTAL	\$ 17,432,654.38		1.653
<u>95% Calculation</u>		<u>105% Calculation</u>	
County	\$ 3,034,254.65	County	\$ 3,353,649.87
School	\$ 10,585,739.80	School	\$ 11,700,028.20
Local	\$ 1,517,212.81	Local	\$ 1,676,919.43
Mun open space Trust	\$ 200,499.40	Mun open space Trust	\$ 221,604.60
Fire District	\$ 1,223,315.00	Fire District	\$ 1,352,085.00
Grand TOTAL	\$ 16,561,021.66	Grand TOTAL	\$ 18,304,287.10
<u>2013 ESTIMATED Tax Levy</u>			
County	\$ 3,184,692.00		
School	\$ 11,539,957.00		
Local	\$ 1,756,448.00		
Mun open space Trust	\$ 157,181.99		
Fire District	\$ 1,441,545.00		
Grand TOTAL	\$ 18,079,823.99		
Chief Financial Officer	_____		
Tax Collector	_____		

SAMPLE RESOLUTION

RESOLUTION NO. 2020-

RESOLUTION OF THE TOWNSHIP OF ANYTOWN
COUNTY OF MERCER, STATE OF NEW JERSEY,
AUTHORIZING THE MUNICIPAL TAX COLLECTOR TO PREPARE
AND MAIL ESTIMATED TAX BILLS IN ACCORDANCE
WITH P.L. 1994, C. 72

- **WHEREAS**, the State of New Jersey has extended the State's fiscal year of 2019-2020, slated to close June 30, through September 30, 2020, due to the COVID-19 pandemic;
- **WHEREAS**, the Division of Local Government Services, State of New Jersey has the authority by State Statute to examine, review and then certify all local government budgets to the County Board of Taxation for the purpose of real estate taxation; and
- **WHEREAS**, the Mercer County Board of Taxation has not yet received certification of the Township of Anytown's budget and cannot strike a tax rate until such certification is received from the State of New Jersey and will therefore cause a delay in receiving state funding; and
- **WHEREAS**, the Township Council has determined that it is in the best interest of the residents of the town to provide a consistent and timely due date for 3rd quarter taxes, so as to provide as close to a 90 day interval between 3rd and 4th quarter taxes as possible, in light of the accelerated tax sale which begins on the 11th day of the 11th month; and
- **WHEREAS**, the Tax Collector in consultation with the Chief Financial Officer has computed an estimated levy in accordance with N.J.S.A. 54: 4-66.3, and they have signed a certification showing the tax levies for the previous year, the tax rates and the range of permitted estimated tax levies;
- **NOW, THEREFORE, BE IT RESOLVED** by the Mayor and Township Council of the Township of Anytown, County of Mercer, State of New Jersey, as follows:
 - The Tax Collector is hereby authorized and directed to prepare and issue estimated tax bills for the municipality for the third installment of 2020 taxes. The Tax Collector shall proceed and take such actions as permitted and required by P.L. 1994, c.72 (N.J.S.A.
 - The entire estimated tax levy for 2020 is hereby set at **\$256,855,095.16 (general rate only)**
 - In accordance with law, the third installment of 2020 shall not be subject to interest until the later of; the end of the grace period, or the twenty-fifth calendar day after the estimated bills were mailed. The estimated bills shall contain a notice specifying the date on which interest may begin to accrue.
 - That certified copies of this resolution be forwarded to: Tax Collector and CFO.

(CONTINUED)

- The approved levy is combined with the levies from the other taxing districts in accord with the formula.
- Tax bills are then calculated in accordance with normal procedures: the tax rate multiplied by each parcel's assessed value, less deductions for senior citizens and veterans, results in a full year's net taxes. The billing for the previous two quarters is subtracted; the remainder is then divided in half which becomes the estimated billing for the third quarter. Tax bills are then mailed.
- Estimated bills should be mailed by statutory date of June 30. In accordance with law, the third installment shall not be subject to interest until the later of; the end of the grace period, or the twenty-fifth calendar day after the estimated bills were mailed. The estimated bills shall contain a notice specifying the date on which interest may begin to accrue.

COVID UPDATE 2020

LFN 2020-13

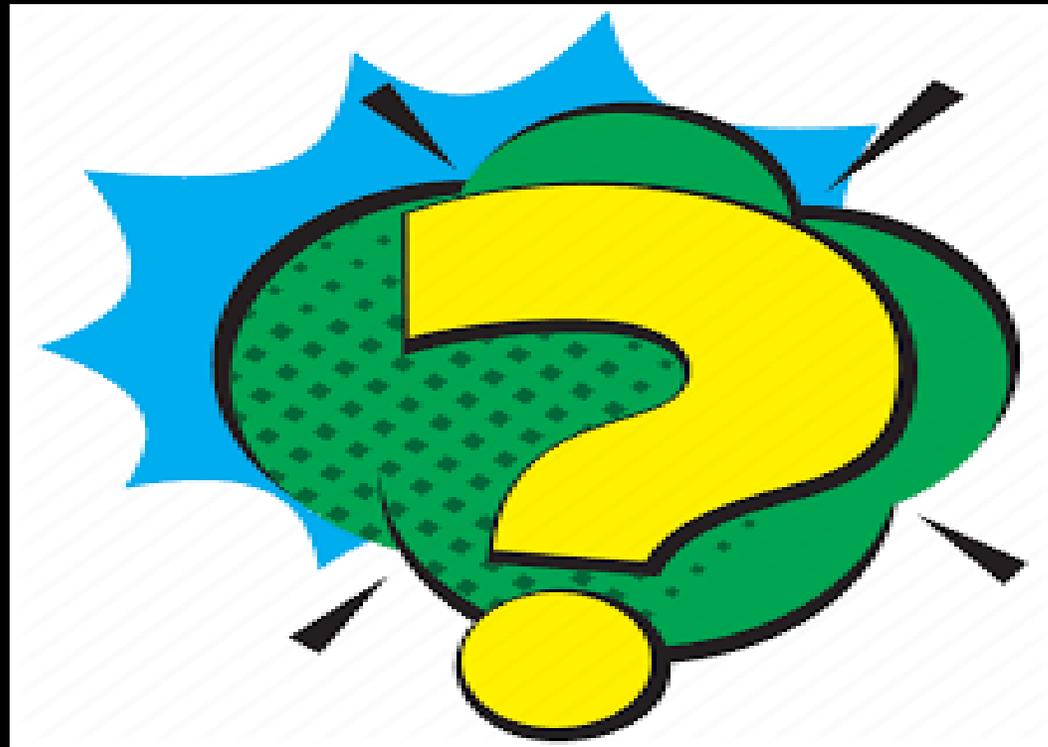
- **Director-Extended Deadlines Statutory Requirement**

	<u>Statutory Deadline</u>	<u>Extended Deadline</u>
• Appropriation Reserve Transfers (40A:4-59)	March 31, 2020	May 30, 2020
• County Board to Advise Director of Failure to Receive Budget (40A:4-16)	March 31, 2020	July 31, 2020
• Preliminary Tax Levy Certification (SFY Municipalities - 40A:4-12.1)	May 13, 2020	July 15, 2020
• County & Municipal (CY) Audits (40A:5-4)	June 30, 2020	September 30, 2020
• Authority & Fire District Audits (Calendar Fiscal Year) (40A:5A-15)	Four (4) months after close of fiscal year	Six (6) months
• Table of Aggregates – County Board of Taxation (54:4-52)	May 31, 2020 (Monmouth & Gloucester Counties) May 20, 2020 (all other counties)	August 1, 2020
• Mailing of Estimated Tax Bills1 (54:4-66.3; 54:4-66.4)	June 30, 2020	July 31, 2020

4TH QTR BILLING

- Once the outstanding taxing entity budget is adopted and a tax rate certified by the county board, a reconciled bill for the fourth installment can then be prepared and mailed in accordance with the schedule.
- A reconciled fourth installment tax bill is prepared in the normal manner, each rate times assessment, but instead of deducting the first half billing, the billing for the first half plus the estimated billing is deducted. The remaining amount balances the taxpayer's account for the year.

QUIZ QUESTION



ESTIMATED BILLS (SFY)

- As with the CY billing, estimated tax bills start with a governing body resolution directing the tax collector to issue estimated bills. If the governing body fails to act, only a final bill can be issued.
- An **estimated** municipal tax levy is permissible only for **first** installment estimated bills; **third** installment estimated bills must include a **preliminary** municipal tax levy.
- Unlike CY municipalities, SFY municipalities **MUST** send out bills semi-annually
 - One – 1st/2nd Quarters
 - One – 3rd/4th Quarters

CONTINUED

- The municipal tax collector and chief financial officer are responsible for calculating a permissive tax levy range for the estimated bill. The permissive estimated tax levy range is computed by multiplying the previous year's tax levy by .95 and 1.05. This provides a 5% range either below or higher than the previous year's levy.
- The range is submitted to the governing body who must then pick an amount equal to or between the calculated amounts. Levies outside of the range may be approved through a governing body resolution requesting the Director to approve a different amount. The resolution must document the reason and the requested levies. A certification from the chief financial officer and tax collector must accompany the resolution and include calculations showing the previous year levies, tax rates, and the range of permitted levies.
- The approved levy is combined with the levies from the other taxing districts to calculate tax bills in accord with the formulas.

CONTINUED

- Unlike CY, SFY amounts billed for the next 3 installments are done through various calculations on forms developed by the DLGS
- There are two different procedures for calculating state fiscal year tax bills: one for first and second installment, and the other for third and fourth. The Division has prepared required formal certification forms which help calculate the proper tax amounts. The Certification of Tax Billing Levies is used for the first and second installments; the Certification of Preliminary Tax Levies is used for the third and fourth.

SFY 1ST AND 2ND INSTALLMENTS (AUG/NOV)

- The first and second installment uses a concept similar to that used by school districts. Once the municipal tax levy is set in the budget, Certification of Tax Billing Levies form is prepared. This certification calculates the percentage of the previous year's billing necessary to bill and is signed by the Tax Collector, CFO and Municipal Clerk.
- The first and second installment tax bill will not show a rate; it will show the percentage necessary to collect the full amount due from each taxpayer. It is similar to the 50 percent calculation currently used for calendar year first and second installments.

SFY 3RD AND 4TH INSTALLMENTS (FEB/MAY)

- The third and fourth installments are calculated just like a calendar year billing: rate times assessment, less what was billed the two previous installments. For the **municipal** levy, the municipal governing body sets a **preliminary** tax levy to be used in the formula. The certification form developed by the Division includes the calculation. For both municipal and non-municipal levies, like calendar year bills, the tax bill will show the tax rates.
- The preliminary municipal tax levy is used to set the billing amount used to calculate the third and fourth installment tax payments. The law requires the governing body to set the preliminary levy in a manner to level the municipal portion of the third and fourth installments with the first and second. Properly done, it eliminates or greatly reduces the “spike” many municipalities have between installments three and four, and one and two.
- The only restriction on the preliminary levy is that it cannot be less than 95% of the previous fiscal year’s levy, unless approved by the Director. Ideally, the preliminary levy should be estimated as close as possible to the final tax levy for the upcoming state fiscal year budget. The closer the estimate is, the smaller the spike.

COMPARISON CHART

CALENDAR YEAR

- 1ST installment (FEB)
Prelim/Est based on ½ PY billing
- 2nd Installment (MAY)
Prelim/Est based on ½ PY billing
- 3rd Installment (AUG)
ESTIMATED
- 4th Installment (NOV)
Reconciled Certified Rate

STATE FISCAL YEAR

- 1ST installment (AUG)
ESTIMATED (% , not Rate)
- 2nd Installment (NOV)
Reconciled
- 3rd Installment (FEB)
Preliminary Rate
- 4th Installment (MAY)
Preliminary Rate

SUPPLEMENTAL INFORMATION

- Appeals cannot be adjusted from estimated bills. If you are estimating 3rd qtr (Aug) taxes you must wait until the Nov reconciled bills are calculated with a certified rate to adjust credits.
- Costs for computer changes, processing, printing, and mailing estimated tax bills are exempt from the budget cap law.
- Estimated tax bills that follow the Estimated Bill guidelines are considered the same as regular tax bills in regard to all other provisions affecting tax bills, including the use of the bill for calculating escrow requirements by mortgage servicers.
- Except for added or omitted assessments, under no circumstance shall a municipality issue more than four tax bills in a tax year.
- LFN 2019-11 – requiring additional language on Tax Relief Programs is NOT required on estimated bills.

DATES TO REMEMBER

- JUNE 14 MAIL TAX BILLS
 - CY – AUG/NOV of present year, FEB/MAY of subsequent year
 - SFY – AUG/NOV Installments
- JUNE 30 MAIL AUG ESTIMATED BILLS (if not completed on June 14)
 - CY and SFY
- SEPT 30 MAIL RECONCILED TAX BILLS
 - CY – NOV/FEB/MAY (if not completed on June 14)
 - SFY – NOV Installment (if not completed on June 14)
- OCT 25 ADDED/OMITTED BILLS
 - CY and SFY
- DEC 1 OPTIONAL BI-ANNUAL BILLINGS
 - CY – FEB/MAY
 - SFY – FEB/MAY Installment