

Notice Number

Date

LOCAL FINANCE NOTICEDONALD T. DIFRANCESCO
*ACTING GOVERNOR*JANE M. KENNY
*COMMISSIONER*ANTHONY CANCRO
*ACTING DIRECTOR***9/11 Related Tax Collection Delays**

Recent reports from tax collectors and emergency management officials have pointed out that the recent outbreaks of anthrax have affected delivery of U.S. mail in certain parts of the State. In these limited cases, the delays appear to have affected collection of property tax payments that come through the mail. The Division has been asked to provide advice on actions affected municipalities can take regarding interest charges and scheduled payments to county governments and boards of education. This Notice provides advice on these issues as of early November.

At this writing it is uncertain of the duration of mail delays; several closed post office distribution centers have already been reopened. Thus, before taking action suggested in this Notice, local officials should assess their mail receipt pattern and if there is concern that incoming mail is delayed, consult with the local Postmaster to gain an understanding of the conditions in their area. No action should be taken without an assessment of local conditions as they may change daily. Information on current conditions is on the Postal Service's web site at <http://www.usps.com/news/2001/press/mailsecurity/updnj.htm>.

It is also important to remember that in many municipalities, tax servicers and mortgage companies make payments in bulk and by wire; this may minimize the impact of delayed postal service. When addressing the issue, local officials should carefully monitor their cash position and endeavor to meet established deadlines. The recommendations in this Notice should be used only when careful analysis indicates a real problem.

Late Property Tax Receipts

Existing law permits municipal governing bodies to effectively waive late tax payments by lowering the interest rate for the fourth quarter to zero for a fixed period of time. Interest on delinquencies from previous periods should not be affected by this change. Tax collectors should consult with their Chief Financial Officer and elected officials on setting a policy to account for mail delays, particularly for items postmarked by the local due date (November 1 or established grace period). Because the rate is lowered and expediency is necessary, the Division does not recommend that the otherwise required notice be given to all taxpayers. Governing body resolutions should be precisely drafted and may be done retroactively if appropriate consultation is done in advance with elected officials.

Please keep in mind however, that some mail taxpayers may have placed in the mailbox before the due date, may not have been processed by the United States Postal Service on a timely manner, thus additional consideration is appropriate. Extensions of up to ten days from the due date may be appropriate, but given current conditions, in no case should this extend beyond the end of the month, depending on local conditions.

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As an alternative, or in addition, in those areas affected by delayed mail, local public information channels could be used to ask taxpayers to pay their taxes in person.

County Tax Payments

Statutory law requires a county tax payment to be made on November 15. Of course, this assumes that fourth quarter payments were received by November 10. If it appears that mail has been delayed in the area, under these unique conditions, it is recommended that County governments waive the timely payment and any otherwise due interest payments until November 30. In the unlikely event this creates an irresolvable cash flow problem for any county, the County Chief Financial Officer should contact the Division (and have available appropriate cash flow projections), and action will be considered to alleviate the shortfall.

School Tax Payments

School district payment resolutions normally call for a payment to be made during November. If municipal cash flow does not permit the payment on time, the Chief Financial Officer is advised to communicate this to the School Business Administrator and Treasurer of School Funds so they may assess the district's cash position. In the unlikely event that a district anticipates a cash flow shortage, district officials should request guidance from their County School Business Administrator.

Finally, if the municipality makes payments to any special districts (i.e., fire), the Chief Financial Officer should contact district officials to make arrangements as necessary.

The Division thanks the Tax Collectors and Treasurers Association and the County Finance Officers Association for the fax-based distribution of this Notice. Tax Collectors are asked to share this Notice with their Chief Financial Officer and other officials as necessary, as copies are not being mailed.



Anthony Cancro, Acting Director
Division of Local Government Services

Distribution: Via Fax to Tax Collectors and County Chief Financial Officers. Tax Collectors to distribute to Municipal Chief Financial Officers.