

LOCAL FINANCE NOTICECHRISTINE TODD WHITMAN
GOVERNORJANE M. KENNY
COMMISSIONERULRICH H. STEINBERG, JR.
DIRECTOR**Important Information: REAP Program Administration**

The Regional Efficiency Aid Program was signed into law last April as Chapter 61 of the Laws of 1999. This new State aid program created two new approaches to awarding and distributing State aid. The first new approach is the award of aid to municipalities, schools, counties, and fire districts that entered into regional service agreements (shared services) on or after July 1, 1997 and uses a "points" system that places a value on the shared service to determine the amount of aid. The second new approach is providing the aid as a property tax credit on the tax bill of property owners at their principle residence (homestead of Class 2 and 3A parcels) and to tenants as Tenant Property Tax Rebate credits.

Implementing these new approaches has taken a good deal of time and effort on the part of State officials in the Division of Local Government Services and Division of Taxation. In this case, for this year only, we were and are facing very tight time schedules to implement the program. REAP aid distribution is expected to be announced on June 1. A list of taxing districts that have applied for REAP aid is attached to this Notice.

As the first round of aid distribution is rapidly approaching, this Notice reviews a number of issues that affect tax collectors in the administration of the program. As some of this information affects all tax collectors, not just those in REAP aid municipalities, it is important that all tax collectors carefully review it and share information with other local officials as may be appropriate to your circumstances.

There are two primary areas that affect tax collectors: the calculation of and distribution of REAP aid, and the display of information on the property tax bills. The calculation of REAP aid affects only those municipalities that receive REAP aid and is being provided to them in a separate *REDI & REAP Information Notice*. The following information on REAP and display of information on property tax bills affects **all** municipalities and should be carefully reviewed by the tax collector and shared with other local officials as appropriate.

REAP and Display of Property Tax Information

Chapter 61 requires that "the director (Local Government Services) shall establish a procedure for information about the aid program and the amount of REAP aid earned by each taxing district to be printed on, or mailed with, the tax bill." The reference to taxing district includes all taxing districts, even if the amount of REAP aid received by the taxing district is \$0.00. Thus, there must be a reference to REAP aid with all tax bills.

The way to provide this information is the Statement of State Aid that appears on or with tax bills (depending on individual tax billing systems). Thus, the Statement has been redesigned to show two columns. The first column will show the traditional information which reflects budget aid. The adjoining column will reflect the amount of REAP aid each of the taxing districts received.

MOD IV has been reprogrammed to reflect this change as well. MOD IV data centers have all received an updated program with the changes. For those municipalities that obtain tax bills from non-MOD IV vendors, they should check with their MOD IV data center to be sure that the bill is properly formatted for the information.

In those cases where tax bills have been previously ordered and the REAP information is not included, the municipality must include a separate insert in the tax bill mailing. In all cases where REAP aid is received, the disclosure is required.

As part of the tax bill updates, additional information has been added on the back of the tax bill to explain REAP to taxpayers. That information is as follows:

Regional Efficiency Aid Program (REAP): Property tax relief through a tax rate reduction in those municipalities, school districts, and county governments that entered into new programs of "shared services" with each other on or after July 1, 1997. Aid is granted to homeowners at properties that are their principle residence and to owners of multi-family housing who must rebate the aid to their tenants through the Tenant Property Tax Rebate Program. If your municipality received aid, it is shown as a negative tax rate called "REAP" in the tax calculation of the tax bill.

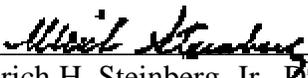
While this information is to appear on the reverse of all tax bills, if it is impractical to print it on the back of bills (or as an attachment) the same procedure as applies to the Statement of State Aid applies: For this year only, in those cases where there is no REAP aid and compliance is not practicable or results in increased costs, tax collectors may apply to the Division's Tax Collection Office for a waiver of the display requirement.

A limitation of the program is the requirement that only those shared services that went into effect on or after July 1, 1997 qualify for aid. The Division has been made aware that a number of local units that participate in shared services have had them in effect prior to 7/1/97, and as a result, cannot participate in the program. While the restriction is a legislative one intended to control cost uncertainty of a new program, once the program is in place for one or two year, there is the possibility that the restriction will be lifted.

In this case, because tax bills will show that these municipalities do not receive REAP aid, local officials may want to consider providing an insert with the tax bills explaining the circumstances. Local officials considering this approach should also consult with their Board of Education, as they may also have programs affected by this restriction.

Finally, because of REAP and Extraordinary Aid award announcement timing, all calendar year tax collectors can expect to receive their Statements of State Aid shortly after June 1. State fiscal year information will be on first quarter 2001 bills.

If you have any questions regarding this process, please contact the Division at 609-984-2105, or via e-mail at redi@dca.state.nj.us.



Ulrich H. Steinberg, Jr., Director
Division of Local Government Services

Distribution: Certified Tax Collectors