

Notice Number

Date

LOCAL FINANCE NOTICEDONALD T. DIFRANCESCO
ACTING GOVERNORJANE M. KENNY
COMMISSIONERANTHONY CANCRO
ACTING DIRECTOR**Anthony Cancro Appointed as Acting Division Director**

On July 1, 2001, DCA Commissioner Jane Kenny appointed Anthony Cancro, Deputy Commissioner of the Department to serve as Acting Director of the Division of Local Government Services. Former Director Ulrich H. Steinberg, Jr., resigned effective June 30 to become the Assistant Business Administrator/Chief Financial Officer of the Township of Piscataway. The Department and Division wish Mr. Steinberg the best in his new position.

Acting Director Cancro will serve indefinitely. To assist him, Judy Tripodi assumed responsibility for the Distressed Cities Program and was promoted to Deputy Director for fiscal oversight activities. Deputy Director Marc Pfeiffer continues overseeing local management, research, and administration activities. Patricia McNamara continues as Executive Secretary to the Local Finance Board.

Chief Financial Officers are asked to provide this information to their Municipal Clerk and other officials as appropriate.

CY 2001/FY 2002 STATE AID RECAPITULATION AND PAYMENT SCHEDULES

The State's Fiscal Year 2002 budget continues most State aid payment practices from previous years. The "installment aid" payment system continues unchanged. The municipality's aid breakdown and amounts for each payment cycle are detailed on the enclosed "CY 2001/SFY 2002 Aid Recapitulation and Payment Schedule" (Recap Form). **Do not discard the form; keep it available for use during the year.** The balance of this Notice outlines the programs and highlights those that have been modified.

Please read this Notice carefully before calling the Division with questions. Answers to many questions are fully covered in the text. If you do have questions, call us at (609) 292-4806.

ENERGY RECEIPTS TAX

Pursuant to the law, the Energy Receipts Tax payment was increased by \$5 million for CY2001/SFY 2002. In the future, the ERT will be subject to the index rate inflator applied to other programs. The Recap Form shows the payment schedule for the municipality. Municipalities that qualify for Supplemental Energy Receipts Tax funding received their **CY 2001/SFY 2001** payment on June 19, 2001. State fiscal year municipalities must anticipate the full amount in their **SFY 2002** budget.

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CONSOLIDATED MUNICIPAL PROPERTY TAX RELIEF AID (CMPTRA)

The State budget increased the CMPTRA payment by the cap index rate, or four percent. For most municipalities, the increase was based on the net CMPTRA amount (after pension deduction). As in past years, the Recap Form shows the initial CMPTRA allocation, the inflation amount, and the adjustment for pension reduction, as well as any Qualified Bond offset for those municipalities that participate in that program. If the adjustments for pension reduction or qualified bonds results in a negative payment amount, no CMPTRA payment is made; these municipalities also received their inflation increase on the pre-pension deduction CMPTRA amount. The resulting negative balance is applied as a reduction to Energy Receipts Tax revenue. This calculation is shown on the Recap Form. Payments will be made pursuant to the installment aid payment schedule.

For those municipalities that were eligible for Business Personal Property Replacement Revenue (Verizon aid), the amount of aid was added to the inflation-increased amount. Pursuant to previously provided instructions, CFO's in these municipalities must pay the school share to the appropriate boards of education by December 31, 2001.

LEGISLATIVE INITIATIVE MUNICIPAL BLOCK GRANT

In this program, State aid continues at last year's amount, pending legislative adoption of the new US Census figures. Once the Legislature acts, each municipality will receive additional aid based on its new census count, and those that lost population will be held harmless from loss in aid. Aid will be paid in a single payment as part of the September payment.

REGIONAL EFFICIENCY AID PROGRAM (REAP)

Those municipalities who receive REAP aid from eligible municipal or school shared services will receive the property tax relief credit in the November aid payment. This payment is treated in the same manner as Senior Citizen or Veteran property tax credits. These municipalities have already received their aid certifications.

WATERSHED AND PINELANDS AID

Watershed Aid is shown on the Recap Form, was included in the CY 2001 aid certification, and will be paid with the October payment. A three percent inflation increase is included. Pinelands Aid is shown on the Recap Form will be paid in a single payment in October at last year's amount. If the aid was not anticipated in the CY 2001 budget, the revenue must be reserved and anticipated in the CY 2002 budget as State Aid.

GARDEN STATE TRUST PILOT

Payments in lieu of taxes from the Garden State Trust programs are paid in advance of the fiscal year in which they are realized. The payment received in the fall of 2000 was to be anticipated in CY 2001 and SFY 2001 budgets. The payment received in the fall of 2001 is to be reserved and held for anticipation in CY 2002 and SFY 2002 budgets.

SPECIAL LEGISLATIVE GRANTS

Municipalities that received Special Legislative Grants in the FY 2002 budget will receive formal notification of the grant from the DCA Grant Office in early fall. Instructions will be provided at that time regarding bringing them into the budget. Please do not call the Division regarding these grants, as they take several weeks to go through the Department's grant notification process. These grants are not shown on the Recap Form.

OTHER AID PAYMENTS

The payment date for the **Senior Citizens and Veterans Tax Deductions** is November 1. In addition, many municipalities receive ACH payments from the Division of Fire Safety (quarterly payments to municipalities based on license fees), and the Department of Law and Public Safety (Safe & Secure Communities grant payments). These payments are not scheduled and we cannot estimate when ACH payments will be made. If the municipality receives unexpected payments, it will often be one of these programs, and the CFO should inquire with local program personnel to see if they can verify if a payment is due. If not, please call the Division at 609-984-2132 and we will attempt to track down the payment.

PAYMENT SCHEDULE

Aid payment schedules are unchanged. The following schedule details direct deposit dates for ACH payments. The installment payment program includes the Consolidated Municipal Property Tax Relief Aid and Energy Receipts Tax programs:

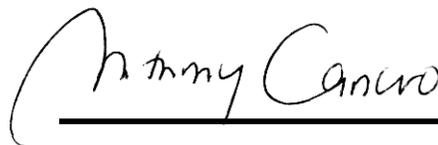
Statutory Payment Date	Percent of Aid	ACH Deposit Date
July 15	35%	<i>July 16</i>
August 1	10%	<i>August 1</i>
September 1	30%	<i>August 31</i>
October 1	15%	<i>October 1</i>
November 1	5%	<i>November 1</i>
December 1	5%	<i>November 30</i>

To recap the single payment schedule: the September payment will include the Legislative Initiative Municipal Block Grant; Extraordinary Aid, Watershed Aid, and Pinelands payment will be part of the October payment; and REAP and Senior Citizens/Veterans Property Tax are paid in the November payment. Finally, the FY 2002 Supplemental Energy Receipts Aid payment will be paid in mid-June, 2002. Funds for the FY 2001 budget were paid on June 16, 2001.

Some payments may not be as exactly shown, as in preparing the payments Treasury may round amounts to the dollar and reconcile with the last payment.

Municipalities with fire districts are reminded that they must make the appropriate payments for the old Supplemental Fire Services Program to their fire districts by November 1.

Thank you for your attention to these issues.



Division of Local Government Services

Distribution: Chief Financial Officers
Enclosure

