

LFN 2015-10

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Local Finance Notice

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Distribution

Tax Collectors
Chief Financial Officers
County Boards of Taxation

CY 2015 Statement of State Aid

CY 2015 Statements of State Aid ("SOSA") have been posted for calendar year municipalities. Statements for individual municipalities, along with a statewide summary worksheet, can be downloaded from the Division of Local Government Services' [Municipal State Aid](#) website under Individual Municipal Certifications then select Statement of State Aid for 2015. Municipalities transitioning from State Fiscal Year to Calendar Year budgets in 2015 do not have to place the SOSA on their tax bill. Statements for SFY 2016 municipalities and municipalities applying for transitional aid after State Aid Certifications were released in February will be posted later this year.

Amendments to [N.J.S.A. 54:4-65](#) adopted in 2007 require a calculation on property tax bills stating the amounts of state aid that offset property taxes otherwise due on each parcel (rather than as an offset to local tax levies). [Local Finance Notice 2007-8](#) prescribed how the calculation must be presented on property tax bills. The required text is as follows:

State Aid Used to Offset Local Property Taxes: The budgets of the government agencies funded by this tax bill include State aid used to reduce property taxes. Based on the assessed value, the amount of this State aid used to offset property taxes on this parcel equals: _____.

Both the State aid calculation and the above-referenced text must either be printed directly on your municipality's property tax bill or reproduced and included as an insert with the property tax bill sent to property owners. The formula for calculating the amount of aid on the "per parcel basis" is described in more detail below.

"Per Parcel" Aid Calculation

The SOSA for each municipality can be downloaded from the [Municipal State Aid](#) section of the Division's website, but is **not** enclosed with this Notice. For reference purposes only, the online SOSA form breaks down the total State aid amount by governmental unit (that is, the aid amounts attributable to the municipality, schools, and county).

On the SOSA, the formula for calculating the aid amount for the parcel includes the following programs:

The municipal government portion of the total formula includes:

- Consolidated Municipal Property Tax Relief Aid (entire amount of cash award and the 1994 pension savings reduction). This amount is larger than the CMPTRA award according to state aid certifications.
- All payments of Energy Tax Receipts.
- Watershed Moratorium Offset Aid.
- Garden State Trust Payment in Lieu of Taxes.
- CY 2015 Transitional Aid to Localities when the SOSA for these municipalities are posted.

The local and regional school district portion of the total formula includes:

- Department of Education allocation of State aid funds.
- Regional District Aid (apportioned on the same basis as property taxes for the district).
- Estimates of the State's payment for social security costs and Type 1 and Type 2 debt service aid (even though actually paid to the municipality).
- An estimate of State funds used as State aid or to pay for debt service of districts receiving grants from, or having school facilities paid for by, the State's School Development Authority.

The county portion of the total formula includes:

- CY 2015 estimated cost savings from the State program assuming certain human service and family service costs, which took effect in 1991.
- An estimate of County Constitutional Officers based upon the prior year.
- County Prosecutor Pilot Project
- CY 2015 State resources utilized in the assumption of county court costs.
- Apportionment of State education aid provided to County Special Services and Vocational Education Districts including social security costs and debt service aid.

County boards of taxation can download the summary spreadsheet to obtain the aid numbers for each municipality.

Using the total aid amount, the county tax board will compute a rate similar to a tax rates calculation - treating the aid total similar to a levy and developing an "aid rate" using the total taxable value. The municipality's MOD IV vendor will multiply the aid rate times the value of each parcel, and print the amount on the bill separate and apart from the tax calculation. [Local Finance Notice 2007-8](#) contains more detail concerning this process.

The municipal tax collector must certify that property tax bills included the SOSA statement. The certification, which is contained on the downloadable SOSA form, shall be signed and filed with the Division.

If you are unable to download the SOSA, please call the Division at (609) 943-4724 or e-mail us at egg@dca.state.nj.us for assistance.

Tax Levy and REAP Information

Statements no longer reference REAP property tax credits because REAP funding was eliminated from the State budget. However, the FY 2016 State budget authorizes the Director to permit any municipality that received REAP funds pursuant to the annual appropriations act for fiscal year 2010, P.L. 2009, c.68, to use a portion of CMPTRA as residential property tax credits as was permitted pursuant to P.L. 1999, c.61 (N.J.S.A. 54:4-8.76, et seq.). Approval by the Director is required to use this provision.

Tax Bill Mailing Reminder

Tax collectors are reminded that State law prescribes the procedure for handling payments when property tax bills are sent out late. [N.J.S.A. 54:4-64](#) provides that the third installment of current year property taxes shall not be subject to interest until the later of August 1; the ten day grace period authorized by a resolution of the governing body pursuant to [N.J.S.A. 54:4-67](#), or the twenty-fifth calendar day after the date that the tax bill for the third installment was mailed or otherwise delivered.

In addition, the tax bill shall contain a notice specifying the date on which interest will begin to accrue back to August 1. This notice must either be stated on the tax bill or enclosed as an insert with the tax bill in order to inform the taxpayer when the interest-free period expires.

Approved: Timothy J. Cunningham, Director

Table of Web Links

Page	Shortcut text	Internet Address
1	Municipal State Aid web page	http://www.nj.gov/dca/divisions/dlgs/resources/muni_stateaid.html
1	N.J.S.A. 54:4-65	http://tinyurl.com/p97oktc
1	LFN 2007-8	http://www.nj.gov/dca/divisions/dlgs/lfns/07/2007-8.doc
1	State Aid Reports	http://www.nj.gov/dca/divisions/dlgs/resources/stateaid_rpts.shtml
2	LFN 2007-8	http://www.nj.gov/dca/divisions/dlgs/lfns/07/2007-8.doc
3	N.J.S.A. 54:4-64	http://tinyurl.com/nhd5nsh
3	N.J.S.A. 54:4-67	http://tinyurl.com/q7kqk7k