

LFN 2016-5

February 26, 2016

Local Finance Notice

Chris Christie
Governor

Kim Guadagno
Lt. Governor

Charles A. Richman
Commissioner

Timothy J. Cunningham
Director

Contact Information

Director's Office

V. 609.292.6613
F. 609.292.9073

Local Government Research

V. 609.292.6110
F. 609.292.9073

Financial Regulation and Assistance

V. 609.292.4806
F. 609.984.7388

Local Finance Board

V. 609.292.0479
F. 609.633.6243

Local Management Services

V. 609.292.7842
F. 609.633.6243

Authority Regulation

V. 609.984.0132
F. 609.984.7388

Mail and Delivery

101 South Broad St.
PO Box 803
Trenton, New Jersey
08625-0803

Web:

www.nj.gov/dca/divisions/dlgs

E-mail: dlgs@dca.nj.gov

Distribution

Municipal Clerks
Municipal Chief Financial
Officers

CY 2016/SFY 2017 State Aid Certification

On February 16, 2016, Governor Chris Christie presented his proposed FY 2017 budget to the State Legislature. No municipality will receive less total State formula aid in support of its CY 2016 or FY 2017 budget than it received in support of their prior year budget.

Budget Certification

The State Fiscal Year 2017 budget proposes level aggregate funding to most municipalities for Consolidated Municipal Property Tax Relief Aid (CMPTRA), Energy Tax Receipts aid (ETR), Garden State Trust and Watershed Moratorium Offset aid.

Funding for Transitional Aid (TA) will also continue, though prior recipients may see a reduction, depending on a review of applications. The procedure for Transitional Aid for CY municipalities is found in Local Finance Notice 2016-4.

The CY 2016/SFY 2017 Aid Certification for each municipality will be posted **by Friday, February 26, 2016** on the Division's website under the Information Resources/Municipal State Aid heading. Local officials must obtain their certifications from the website; they are not mailed.

The certifications will show aid allocations for each municipality and are used in preparing the revenue section of CY 2016 budgets. A full spreadsheet of CY 2016 and SFY 2017 budgeted allocations is also on the website. While the proposed budget can serve as a guide to SFY municipalities, final SFY certifications will be posted once the state budget is adopted if there are any changes in the municipal aid numbers during the legislative process.

Consolidated Municipal Property Tax Relief Aid and Energy Tax Receipts

Aid certifications reflect both last year's and the current year's allocation for CMPTRA and ETR. They also reflect Business Personal Property (BPP) responsibilities and those with responsibilities to pay fire districts aid allocated to them under the old Supplemental Fire Services Program; in addition to the traditional split of BPP amounts between the municipality and school. All CY 2016 budgets must reflect the certified aid.

The basis for the initial ETR program was described in Local Finance Notice MC 97-6. ETR is shown as a single line item (combining base and Supplemental program payments), with base formula payments made between August 1 and December 20 for CY municipalities and between August 1 and June 1 for SFY municipalities. CY 2016 Supplemental Energy Tax Receipts recipients will receive that payment on or about July 15. SFY 2017 municipalities receiving the Supplemental payment will receive their payment in mid-June 2017.

Watershed Moratorium Offset Aid

The proposed budget keeps the FY 2017 appropriation for Watershed Moratorium Offset Aid at the FY 2016 appropriation of \$2.218 million.

Garden State Trust Aid

The proposed budget keeps the FY 2017 appropriation for Garden State Trust Aid at the FY 2016 appropriation of \$6.483 million.

Payment Schedule

Of note, while each municipality's overall aid is not reduced, changes to the installment payment schedule are anticipated that may result in minor shifts to the percentage of aid previously paid to municipalities on individual payment dates. Such modifications are expected to be minor with changes to the amounts of individual payments of no more than 5 percent of total aid.

A final aid payment schedule will be provided in July, prior to the payment on August 1. Payments to most municipalities are made electronically through the Automated Clearing House payment system. In order for this system to work properly, any changes in the municipality's depository bank must be reported to the Division, as soon as possible, so the necessary changes can be made in the payment computer system. If the bank or account number changes, the Credit Authorization Agreement for Automatic Deposits form and instructions can be obtained from the State Office of Management and Budget website.

Budget Introduction

Budgets introduced on the first regularly scheduled council meeting after March 18 will be considered by the Division of Local Government Services as having been timely introduced. However, applicants for Transitional Aid must have their budgets introduced by application deadlines.

Approved: Timothy J. Cunningham, Director

Table of Web Links

Page	Shortcut text	Internet Address
1	Local Finance Notice 2016-4	http://www.nj.gov/dca/divisions/dlgs/lfns/16/2016-04.pdf
1	Municipal State Aid	http://www.state.nj.us/dca/divisions/dlgs/resources/muni_stateaid.html
2	Local Finance Notice MC 97-6	http://www.state.nj.us/dca/divisions/dlgs/lfns/pre_98/cfo-1997-6.pdf
2	Credit Authorization Agreement for Automatic Deposits form	http://www.state.nj.us/treasury/omb/forms/index.shtml