

# LOCAL FINANCE NOTICE

JAMES E. MCGREEVEY  
GOVERNOR

SUSAN BASS LEVIN  
COMMISSIONER

MATTHEW U. WATKINS  
DIRECTOR

## CY 2003 State Aid Certification

On February 4, 2003, Governor McGreevey presented his FY 2004 budget to the State legislature. The transmission of the budget authorizes the Division to provide CY 2003 State Aid revenue estimates to municipal governments. The enclosed Certification of State Aid shows the calculation of aid for the municipality and shall be used in preparing the revenue section of CY 2003 budgets.

As in past years, all aid allocations are subject to the passage of the State's budget. This year there is an increase of \$7.7 million to the Energy Tax Receipts. There are five primary State Aid programs that are shown on Sheet 5 of the budget. They are as follows:

1. Consolidated Municipal Property Tax Relief Aid (CMPTRA)
2. Energy Tax Receipts (ETR)/ Supplemental Energy Tax Receipts (S-ETR)
3. Legislative Initiative Municipal Block Grant
4. Garden State Trust Fund
5. Extraordinary (Discretionary) Aid

**Chief Financial Officers are urged to distribute this information to elected officials and staff as appropriate, and to their Registered Municipal Accountant.** Spreadsheets for State Aid and municipal budget information for all municipalities can be found on the DLGS web site at [www.state.nj.us/dca/lgs](http://www.state.nj.us/dca/lgs).

### Consolidated Municipal Property Tax Relief Aid

The aid for CY 2003 will remain at the same level as was distributed in CY 2002. The certification shows the aid as level and any BPP Adjustment Aid, if applicable.

Please check the CY 2002 Aid Recapitulation and Payment Schedule to reconcile this amount, not the Certification of State Aid that you would have received in early 2002.

### Energy Tax Receipts /Supplemental Energy Tax Receipts

The CY 2003 budget provides for a 1% increase from the amounts distributed in CY 2002. The total amount of aid will be \$781 million statewide.

The basis for the Energy Tax Receipts was described in Local Finance Notice MC 97-6 (Energy Deregulation and Utility Taxes). The appropriation is broken into two components, Energy Tax Receipts (ETR) and Supplemental Energy Receipts Tax (S-ETR). While the ETR will be distributed in payments made between July 15 and December 1, the S-ETR will be a single payment around July 15. The Aid Payment Certification

issued in July will show both payments, but CFO's should be aware that **the S-ETR payment will be made before the Certification is issued.**

### **Legislative Initiative Municipal Block Grant**

The statute governing the program requires that aid be allocated on a per capita basis, using the most recent federal decennial census. The aid for CY 2003 will remain at the same level as was distributed in CY 2002.

### **Extraordinary Aid**

The Extraordinary Aid program will be \$25 million.

**Extraordinary Aid addresses a municipality's extraordinary need for additional state aid necessary because of a severe fiscal crisis. To receive aid, applicants must demonstrate that significant measures are in place to reduce spending and improve governmental efficiencies. Extraordinary Aid should not be relied upon to determine your spending as it is intended for unique, not repeating, circumstances.**

Therefore, receipt of Extraordinary Aid for CY 2003 is not guaranteed by virtue of receipt of Extraordinary Aid last year. Accordingly, **Extraordinary Municipal Aid cannot be anticipated in your CY 2003 budget.** If your budget is introduced anticipating any Extraordinary Aid, we will require you to amend your budget removing that revenue before we consider your application.

Applications are due at the Division by **March 14, 2003** and must include the 2003 budget, the 2002 Annual Financial Statement and the filed 2001 audit.

Applications may be downloaded from the Financial Regulation and Assistance section of the DLGS website. In addition the CFO and Clerk will receive e-mails containing the application. There will be no other mailing of applications to the municipality. **Please obtain and distribute this application to your Chief Administrative Officer and Mayor as soon as you receive it.** It has come to our attention that in recent years all appropriate municipal officials have not had sufficient time to review or provide sufficient comment on the application.

### **Business Personal Property Tax Depreciation Adjustment (Verizon)**

In 2001 the CMPTRA allocation was increased for those municipalities whose loss of BPP revenues between 1998 and 2000 attributable to the change in Verizon depreciation schedules exceeded one percent (1%) of their total tax levy in 2000. The CMPTRA allocation has been calculated to include the amount of Adjustment Aid. For reference purposes, the total Adjustment Aid and portion to be appropriated to the board(s) of education are shown only on the Certification for the affected municipalities. If your municipality does not benefit, there is no reference on the Certification.

### **Garden State Preservation Trust Fund**

P.L. 1999, c.152 established the Garden State Preservation Trust Fund to implement the recent public referendum to preserve one million acres of open space and farmland over ten years. The law provides a sliding scale of payments in lieu of taxation for property purchased by the State to replace the ratable loss absorbed by

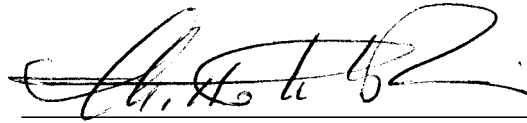
the local taxing districts. **Notwithstanding other provisions of law to the contrary, the State budget authorizes municipalities to anticipate all funds as property tax relief in their budgets.**

For revenues received under this program during CY 2002, the receipts should have been reserved and anticipated in full in the CY 2003 budget. The amount received in the fall of 2002 is shown on the certification as the amount to be anticipated in CY 2003. Please remember that based on the law, portions of this State aid will decline over time.

### Payment Schedule

A final aid payment schedule will be provided prior to the first payment.

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 your bank or account number changes, please contact the Division's State Aid Unit at (609) 984-2132.



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Matthew U. Watkins, Director  
Division of Local Government Services

Attachment

Distribution: Chief Financial Officers via GovConnect to distribute to Mayor and Governing Body

NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS  
DIVISION OF LOCAL GOVERNMENT SERVICES

CERTIFICATION OF STATE AID FOR  
CALENDAR YEAR **2003** BUDGETS

Municipality:

County:     **«COUNTY»**

This certification reflects Governor James E. McGreevey's proposed State FY 2004 budget that provides for an increase of \$7.7 million in the Energy Tax Receipts Program. Municipalities are authorized to adopt their budget using these amounts. Line items for all aid must be reflected on Sheet 5 of the budget document.

CFO's enrolled in the myNewJersey/GovConnect system received this via e-mail.

CY 2003 AID PROGRAM	CY 2003 ALLOCATION
CMPTRA Allocation	
Energy Tax Receipts	
Supplemental Energy Receipts Tax	
Legislative Initiative Municipal Block Grant	
Garden State Trust Fund	
<b>Total Aid</b>	
Business Personal Property Tax Depreciation Adjustment <sup>1</sup>	
BPP Adjustment for school purposes <sup>2</sup>	

<sup>1</sup> If an amount is shown, the total is incorporated into the total CMPTRA allocation.

<sup>2</sup> Any amount shown for BPP Adjustment for School purposes must be appropriated and paid to the board(s) of education prior to December 31. See Notice for details.