



LFN 2021-02

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Local Finance Notice

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Municipal Budget Appropriations for Volunteer Fire Companies and Fire Districts

Effective August 2015, Section 27 of P.L. 2015, c.95 amended N.J.S.A. 40A:14-34 to increase the annual cap on funds a municipality may appropriate for use by its volunteer fire companies or boards of fire commissioners to \$150,000. The Director must adjust the statutory amount for inflation every two years in accordance with the Cost-of-Living Adjustment promulgated for the 1977 cap law (N.J.S.A. 40A:4-45.1a). A COLA adjustment of **one percent (1.0%)** has been applied for CY 2021/SFY2022 and CY2022/SFY2023 municipal budgets. This 1.0% adjustment yields a maximum annual contribution of **\$156,064**. In any municipality with more than three such companies or boards, the governing body may appropriate an additional \$50,000 annually for each additional volunteer fire company or fire district.

Pursuant to N.J.S.A. 40A:14-34, a volunteer fire company or board of fire commissioners must use at least 50% of the municipality's annual appropriation for the purchase of fire equipment, materials and supplies. N.J.S.A. 40A:14-34 also requires the company or board to provide the municipal governing body an annual accounting of the use of all funds so appropriated.

In addition to the above referenced appropriations, the municipality may appropriate additional funds for the purchase of fire equipment, supplies and materials for use by volunteer fire companies or boards, however, the municipality must control and disburse the funds and retain title to any equipment purchased.

Approved: Jacquelyn A. Suárez, Director