

# Local Finance Notice

**LFN 2024-21**

**December 18, 2024**

Philip D. Murphy  
Governor

Tahesha L. Way  
Lt. Governor

Jacquelyn A. Suárez  
Commissioner

Michael F. Rogers  
Director

## Contact

### Website

[www.nj.gov/dca/dlgs](http://www.nj.gov/dca/dlgs)

### E-mail

[dlgs@dca.nj.gov](mailto:dlgs@dca.nj.gov)

### Phone

609.292.6613

### Mail and Delivery

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

### Distribution

Municipal CFOs  
Municipal  
Managers/Administrators  
Municipal Clerks  
Auditors

## Appropriations Cap Relief for CY2025/SFY2026 Budgets

N.J.S.A. 40A:4-45.3d authorizes the Local Finance Board (Board) to grant additional exceptions to the municipal appropriations cap (also known as the “1977 cap”) upon finding that extraordinary circumstances exist resulting in an unanticipated increase in expenditures for a service essential to the health, safety, and welfare of New Jersey residents. Such Board-approved exceptions, which are permissive, apply to all municipalities but are only effective for the local budget year in which the exceptions are granted by the Board.

At its December 11, 2024 meeting, the Board approved CY2025/SFY2026 budget appropriation increases in excess of 3.5% for Garbage and Trash Removal and Disposal. This permissive exception is restricted to those municipalities that did not utilize the exception in their CY2023 and CY2024 or SFY2024 and SFY2025 budgets.

The appropriation cap exception will be calculated using the amount of the increase over the prior year appropriation that exceeds 3.5%, which is the COLA rate. The Division has prepared an [addendum to the levy cap workbook](#) to calculate the allowable appropriation cap exception – which goes on sheet 20 of the budget. The appropriation cap exception can be used up to the amount calculated in the workbook.

In light of the Board’s action, the Division’s [Municipal Budget Template](#) has been updated to allow selection of the following [FCOA codes](#) on Sheet 20:

- 1) 26-305: Solid Waste Collection (Garbage and Trash Removal) (for 2024 and 2025 budgets)
- 2) 32-465: Landfill/Solid Waste Disposal Cost (for 2024 and 2025 budgets)

**Municipalities that utilized the Garbage and Trash Collection and Disposal exclusion in their CY2023 or 2024/SFY2024 or 2025 municipal budget cannot utilize the same exclusion in their CY2025/SFY2026 budget.** Municipalities are strongly encouraged to explore all avenues of cost savings, including investigating shared services, and closely analyzing labor agreements and discretionary spending, to ensure a sustainable budget in future years.

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Approved: Michael F. Rogers, Director

Document	Internet Address
Levy Cap Workbook	<a href="https://www.nj.gov/dca/dlgs/programs/mc_budget_docs/2025/2025CYlevycapcalcwrkbk-muni.xls">https://www.nj.gov/dca/dlgs/programs/mc_budget_docs/2025/2025CYlevycapcalcwrkbk-muni.xls</a>
Municipal Budget Template	<a href="https://www.nj.gov/dca/dlgs/FAST/2025/2025_Municipal_Budget_Template.xlsm">https://www.nj.gov/dca/dlgs/FAST/2025/2025_Municipal_Budget_Template.xlsm</a>
FCOA Code Listing	<a href="https://www.nj.gov/dca/dlgs/FAST/Budget_FCOA_Codes.xlsx">https://www.nj.gov/dca/dlgs/FAST/Budget_FCOA_Codes.xlsx</a>