

Local Finance Notice

LFN 2025-05

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CY 2025/SFY 2026 State Aid Certification

On February 25, 2025, Governor Phil Murphy presented his proposed FY 2026 budget to the State Legislature. No municipality will receive less total State formula aid in support of its CY 2025 or SFY 2026 budget than it received in support of its prior year budget.

Budget Certification

The State Fiscal Year 2026 budget proposes level funding to all municipalities for Energy Tax Receipts Aid (ETR), Garden State Trust Aid, and Watershed Moratorium Offset Aid.

The CY 2025/SFY 2026 Aid Certification for each municipality has been posted on the Division's [Municipal State Aid webpage](#) under the Individual Certifications of Municipal State Aid heading. [The certifications are available on an Excel form](#) for which individual schedules can be generated by selecting a municipality. Certifications must be obtained from the website; they are not mailed.

The certifications will document the aid allocations for each municipality and are used in preparing the revenue section of CY 2025 budgets. A spreadsheet of all CY 2025 and SFY 2026 budgeted allocations is also on the website. **Although the proposed budget serves as a guide to SFY municipalities, final SFY certifications will be posted once the state budget is adopted, thus accounting for any changes in the municipal aid numbers due to the legislative process and revised revenue estimates.**

Energy Tax Receipts

Aid certifications reflect both last year's and the current year's allocation for ETR. The certifications also reflect Business Personal Property (BPP) responsibilities and those with responsibilities to pay aid allocated to fire districts under the old Supplemental Fire Services Program, in addition to the traditional split of BPP amounts between the municipality and school. All CY 2025 municipal budgets must reflect the certified aid.

[Local Finance Notice MC 97-6](#) describes the basis for the original ETR program. ETR is shown as a single line item (combining base and Supplemental program payments), with base formula payments made between August 1 and December 1. CY 2025 Supplemental Energy Tax Receipts recipients will receive that payment on or about July 15. SFY 2026 municipalities receiving the Supplemental payment will receive their payment in mid-June 2026.

Watershed Moratorium Offset Aid & Garden State Trust Aid

The proposed FY 2026 State budget keeps the FY 2026 appropriation for Watershed Moratorium Offset Aid and Garden State Trust Aid at their respective FY 2025 appropriation of \$2.218 million and \$7.983 million.

Payment Schedule

A final aid payment schedule will be provided in July, prior to the August 1st payment. Payments to most municipalities are made electronically through the Automated Clearing House (ACH) payment system. 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's [forms webpage](#).

CY Budget Introduction Deadline

The Division of Local Government Services will consider budgets introduced on the first regularly scheduled council meeting after March 31, 2025 timely introduced. However, applicants for Transitional Aid must introduce their budgets by the Transitional Aid application deadline.

Approved: Michael F. Rogers, Director

Document	Internet Address
State Aid Webpage	https://www.nj.gov/dca/dlgs/resources/Muni_StateAid.shtml
CY 2025/SFY 2026 Aid Certification	https://www.nj.gov/dca/dlgs/resources/MuniStateAid/aidcert2526.xlsx
LFN MC 97-6	https://www.nj.gov/dca/divisions/dlgs/lfns/pre_98/mc-1997-6.pdf
ACH Authorization Form	https://www.nj.gov/treasury/omb/pdf/forms/achform.pdf
NJ OMB Forms Webpage	https://www.nj.gov/treasury/omb/forms.shtml