



LFN 2020-08

March 25, 2020

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Distribution

Municipal Clerks

Municipal Chief Financial
Officers

Local Finance Notice

Philip D. Murphy
Governor

Lt. Governor Sheila Y. Oliver
Commissioner

Melanie R. Walter
Director

CY 2020/SFY 2021 State Aid Certification

On February 25, 2020, Governor Phil Murphy presented his proposed FY 2021 budget to the State Legislature. No municipality will receive less total State formula aid in support of its CY 2020 or FY 2021 budget than it received in support of its prior year budget.

Budget Certification

The State Fiscal Year 2021 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.

The CY 2020/SFY 2021 Aid Certification for each municipality will be posted on the Division's website under the Information Resources/Municipal State Aid heading **by Friday, March 27, 2020**. The certifications will be available on an Excel form for which individual schedules can be generated by selecting a municipality. Local officials must obtain their certifications 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 2020 budgets. A spreadsheet of all CY 2020 and SFY 2021 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 accounting for any changes in the municipal aid numbers due to the legislative process and revised revenue estimates.**

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 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 2020 budgets must reflect the certified aid.

The basis for the original 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 1. CY 2020 Supplemental Energy Tax Receipts recipients will receive that payment on or about July 15. SFY 2021 municipalities receiving the Supplemental payment will receive their payment in mid-June 2021.

Watershed Moratorium Offset Aid

The proposed budget keeps the FY 2021 appropriation for Watershed Moratorium Offset Aid at the FY 2020 appropriation of \$2.218 million.

Garden State Trust Aid

The proposed budget increases the FY 2021 appropriation for Garden State Trust Aid to \$10 million. Every recipient will receive a 54% increase.

Payment Schedule

A final aid payment schedule will be provided in July, prior to the August 1 payment. Payments to most municipalities are made electronically through the Automated Clearing House 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 website.

Budget Introduction

The Division of Local Government Services will consider budgets introduced on the first regularly scheduled council meeting after April 28, 2020 timely introduced. However, applicants for Transitional Aid must introduce their budgets by the Transitional Aid application deadline.

Approved: Melanie R. Walter, Director

Table of Web Links

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| 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 |