

New Jersey Department of Community Affairs
Division of Local Government Services

CFO 2002-5

7/29/2002

Notice Number

Date

LOCAL FINANCE NOTICE

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CY 2002/FY 2003 STATE AID RECAPITULATION AND PAYMENT SCHEDULES

As adopted, the State's Fiscal Year 2003 budget modified procedural aspects of several State aid programs. This Notice reviews those changes and summarizes the aid payment program for CY 2002 and SFY 2003 budgets. Changes from the initial aid certification and adopted budgets affect payments for CMPTRA and Energy Tax Receipts programs. In addition, the 35 percent July 15 payment was eliminated and consolidated with the August 1 payment, for a total 45 percent payment in August.

The municipality's aid breakdown and amounts for each payment cycle is the last page of this notice; the "CY 2002/SFY 2003 Aid Recapitulation and Payment Schedule" (Recap Form). **Do not discard the form; keep it available for use during the year.** The balance of this Notice outlines the programs and highlights those that have been modified.

Please read this Notice carefully before calling the Division with questions. Answers to many questions are fully covered in the text. If you do have questions, call us at (609) 292-4806.

Energy Tax Receipts And CMPTRA Modifications

The adopted State FY 2003 budget modified original aid certifications for CMPTRA and Energy Tax Receipts (ETR) programs. Instead of freezing both programs at last year's amounts, State law required that ETR be subject to an inflation amount of 2.5 percent. In order to meet the policy of holding municipalities harmless from formula aid cuts, yet meet the spending limits placed on the State's budget for this year, the budget also directed that CMPTRA be reduced by the amount of the ETR increase each municipality receives.

For example, take a municipality that received (and anticipated in their CY 2002 budget) \$500,000 in CMPTRA, and \$250,000 in ETR, in CY 2001. As a result of the budget changes, ETR would increase by \$6,250 (2.5%) to \$256,250, while CMPTRA would decrease by \$6,250, to \$493,750. Because the original amounts were anticipated in the budget, for revenue recognition purposes, CMPTRA would be short and ETR would have an excess of \$6,250, with no change to the total anticipation.

The Recap Form details the full CMPTRA and ETR calculation. It shows the initial CMPTRA formula allocation, the offset for the 1995 pension savings, the new ETR inflation offset, as well as any Qualified Bond offset for the municipalities that participate in that program. If the combination of offsets results in a negative payment amount, no CMPTRA payment is made and the reductions for the debt service offset are applied to the CMPTRA balance. If there is a resulting negative balance, that amount is applied as a reduction to ETR revenue. This calculation is shown on the Recap Form. Payments will be made pursuant to the installment aid payment schedule.

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Another change modified the payment schedule for the Supplemental Energy Tax Receipts payment. This year, only State Fiscal Year municipalities received their payment in June. Calendar Year municipalities received their CY 2002 payment on **July 15, 2002**. State Fiscal Year municipalities received their SFY 2002 payment on **June 15**. The Recap form shows the CY 2002 payment for Calendar Year municipalities on July 15, 2002, and the SFY 2003 payment on June 15, 2003.

Legislative Initiative Municipal Block Grant

In this program, State aid continues at last year's amounts, with adjustments to ensure no loss due to use of the 2000 census figures. Aid will be paid in a single payment as part of the **September 1** payment.

2002 Regional Efficiency Aid Program (REAP)

The State budget limited REAP payments to those municipalities whose residential taxpayers received an average of at least \$100 per household in REAP aid. Those municipalities will receive the property tax relief credit in the November aid payment. This payment is treated in the same manner as Senior Citizen or Veteran property tax credits. These municipalities have already received their aid certifications.

2001 REAP Added & Omitted Tax Credit Payment

Those municipalities that received REAP property tax credits in CY 2001 and had added or omitted tax billings that resulted in REAP payments over their initial allocation, will receive the amount of additional tax credits in the August 1 aid payment. This is shown in the Single Payment Program section on the Recap Form. These funds should be realized in the current year as Miscellaneous Revenue – Not Anticipated (MRNA).

Garden State Trust Pilot

Payments in lieu of taxes from the Garden State Trust programs are paid in advance of the fiscal year in which they are realized. The payment received in the fall of 2001 was to be anticipated in CY and SFY 2002 budgets. The payment that will be received in the fall of 2002 is to be reserved and held for anticipation in CY 2003 budget, and recognized in SFY 2003 budgets.

Other Aid Payments

The payment date for the **Senior Citizens and Veterans Tax Deductions** is November 1. In addition, many municipalities receive ACH payments from the Division of Fire Safety (quarterly payments to municipalities based on license fees), and the Department of Law and Public Safety (Safe & Secure Communities grant payments). These payments are not scheduled and we cannot estimate when ACH payments will be made. If the municipality receives unexpected payments, it will often be one of these programs, and the CFO should inquire with local program personnel to see if they can verify if a payment is due. If not, please call the Division at 609-984-2132 and we will attempt to track down the payment.

Payment Schedule

Aid payment schedules are unchanged. The following schedule details direct deposit dates for ACH payments. The installment payment program includes the CMPTRA and ETR programs:

Statutory Payment Date	Percent of Aid	ACH Deposit Date
August 1	45%	<i>August 1</i>
September 1	30%	<i>September 3</i>
October 1	15%	<i>October 1</i>
November 1	5%	<i>November 1</i>
December 1	5%	<i>December 2</i>

To recap the single payment schedule:

- August 1 payment includes REAP 2001 Added & Omitted funds;
- September 1 payment includes the Legislative Initiative Municipal Block Grant;
- Extraordinary Aid will be part of the October 1 payment;
- Senior Citizens/Veterans Property Tax are paid in the November payment; and,
- REAP is the December payment.

Finally, due to State law changes, the **CY 2002** Supplemental Energy Tax Receipts payment was paid on July 15, 2002, and the **SFY 2003** payment will be made in mid-June 2003. **SFY** municipalities receiving these funds for **FY 2002** were paid on June 24, 2002.

Municipalities with fire districts are reminded that they must make the appropriate payments for the old Supplemental Fire Services Program to their fire districts by November 1.

Thank you for your attention to these issues.

s/ *Matthew U. Watkins*

Matthew U. Watkins, Director
Division of Local Government Services

Distribution: Chief Financial Officers
Enclosure

N.J. Department of Community Affairs
 Division of Local Government Services
CY 2002/FY 2003 AID RECAPITULATION AND PAYMENT SCHEDULE
 (Use with Local Finance Notice CFO 2002-5)

Municipality:

County:

FINAL AID ALLOCATION AND PAYMENT CALCULATION

Consolidated Municipal Property Tax Relief Aid		Energy Tax Receipts	
Initial Base Formula Apportionment		Original Allocation	
		Inflator as per State budget	
		Total ETR Allocation	
Less ETR Inflation Offset		Less Spring Allocation	
Less Pension Reduction		Net Fall Allocation	
Net CMPTRA Allocation		Less carry forward of a Net CMPTRA Payment Amount negative balance	
		Total Fall Energy Receipts Tax Payment	
Less Qualified Bond Offset			
Final CMPTRA Payment Amount			

INSTALLMENT AID PAYMENT SCHEDULE

Deposit/Mailing Date	CMPTRA	Fall Energy Receipts	TOTAL
TOTAL PAYMENT			
August 1 (45%)			
August 31 (30%)			
October 1 (15%)			
November 1 (5%)			
November 30 (5%)			

SINGLE PAYMENT PROGRAM ALLOCATION AND SCHEDULE

PROGRAM	Deposit/Mailing Date	AMOUNT
CY 2002/FY 2002 Supplemental Energy Tax Receipts (Spring payment)	SFY paid on 6/15/02 CY Paid on 7/15/02	
2001 REAP Added and Omitted Tax Payment	August 1	
Legislative Initiative Municipal Block Grant	September 1	
Extraordinary Aid	October 1	
Garden State Trust (FY 03 budgets)*	October 1	Per DEP allocation
Senior Citizens and Veterans Tax Deduction	November 1	To be determined

* Reserve the Garden State Trust payment made in October 2002 for use in the following year's budget.