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Local Finance Notice

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Distribution

Tax Collectors

Changes to Statement of State Aid on Property Tax Bills

The recent property tax relief legislation changed the way the Statement of State Aid (SOSA) appears on property tax bills and is calculated and presented. The amendment to N.J.S.A. 54:4-65(c) changed the presentation from total amounts affecting the entire municipality to the amount based on assessed value for each parcel.

The Division has completed work on how the new Statement and amount will be displayed for property tax bills for 2007 and forward. It will be calculated similar to the way taxes are calculated – treating the total aid as if it were a levy, develop a rate based on the total taxable value, multiply the rate times the value of each parcel, and print the number on the bill and separate from the tax calculation. The statement can be printed in the space currently used on bills for the Statement of State Aid.

While the amount for each parcel will not be printed in the extended tax duplicate, the MOD IV is being reprogrammed to add the amount for each parcel to the billing files provided to print vendors. Municipalities that use their own printers to prepare or print their tax bills must take steps to incorporate these changes into their systems.

The Division of Taxation and the State's Office of Information Technology are making changes to MOD IV to reflect the programming change. The code is expected to be distributed to MOD IV centers no later than June 1st. Information has also been provided to tax collection software companies. Once the changes are made and fields established, additional information will be provided to all parties describing the changes.

The new text for printing on the tax bill is as follows:

State Aid Used to Offset Local Property Taxes: The budgets of the government agencies funded by this tax bill include State aid used to reduce property taxes. Based on the assessed value, the amount of this State aid used to offset property taxes on this parcel equals:

The following matters apply to implementing this change.

1) Once the State budget is finalized, the Division of Local Government Services will provide each tax collector with the total amount of State Aid. Local officials must take into account that because the calculation is individual to each tax bill, it may not be possible to include the Statement on a "stuffer" to go with a previously printed bill. While calendar-year municipalities can continue to issue third quarter estimated bills without the Statement, municipalities planning to issue standard bills may not be able to print their bills in advance of receiving their Statement amount. The Division acknowledges the challenges this may create and will endeavor to release the Statements as soon as possible in relation to the State budget.

2) The actual SOSA amount is to be printed within a box with margin space between the wall of the box and the number. The type size for the printing of the amount shall no less than the same as that used for printing the individual tax rates in the tax calculation portion of the bill. The text above shall be printed in at least 10 point type (font is locally determined). If individual bill formats cannot be accommodated to meet this standard, the Division will consider granting waivers on an individual basis.

3) While the new presentation does not require any reference to the "REAP" Program, the existing REAP language on the back of the tax bill must continue to be printed to accommodate those municipalities that receive REAP aid.

Questions about this issue can be e-mailed to the Division at dlgs@dca.state.nj.us.

Approved: Susan Jacobucci, Director