

Notice Number

Date

LOCAL FINANCE NOTICECHRISTINE TODD WHITMAN
GOVERNORJANE M. KENNY
COMMISSIONERULRICH H. STEINBERG, JR.
DIRECTOR**CY 2000/FY 2001 STATE AID RECAPITULATION AND PAYMENT SCHEDULES**

The State's Fiscal Year 2001 budget continues most State aid payment practices from previous years. The "installment aid" payment system is continued unchanged. The municipality's aid breakdown and amounts for each payment cycle are detailed on the enclosed "CY 2000/FY 2001 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 RECEIPTS TAX

Pursuant to the law, the Energy Receipts Tax payment remained at the CY1999/SFY 2000 amount. The State budget made no changes from the amounts anticipated in CY 2000 budgets, and payment is made over the remaining six months of the year. The Recap Form shows the payment schedule for the municipality. Municipalities that qualify for Supplemental Energy Receipts Tax funding received their **SFY 2000** payment on June 16, 2000. State fiscal year municipalities must anticipate the full amount in their **SFY 2001** budget.

CONSOLIDATED MUNICIPAL PROPERTY TAX RELIEF AID (CMPTRA)

The State budget increased the CMPTRA payment by the cap inflator rate, or 2.5%. For most municipalities, the increase was based on the net CMPTRA amount (after pension deduction). As in past years, the Recap Form shows the initial CMPTRA allocation, the inflation amount, and the adjustment for pension reduction, as well as any Qualified Bond offset for those municipalities that participate in that program. If the adjustments for pension reduction or qualified bonds results in a negative payment amount, no CMPTRA payment is made; these municipalities also received their inflation increase on the pre-pension deduction CMPTRA amount. The resulting negative balance is applied as a reduction to Energy Receipts Tax revenue. This calculation is shown on the Recap Form. Payments will be made pursuant to the installment aid payment schedule.

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LEGISLATIVE INITIATIVE MUNICIPAL BLOCK GRANT

The State's FY 2001 budget provided for an inflationary increase in this program and each payment was increased by 2.5%. It will be paid in a single payment on September 1.

BUSINESS PERSONAL PROPERTY TAX ADJUSTMENT

The property tax relief adjustment for Business Personal Property Tax will be paid in full with the December payment. For accounting purposes, there is a difference in how CY and SFY municipalities handle the payment. For SFY municipalities, it is treated in the same manner as Senior Citizen or Veteran property tax credits. For CY municipalities, the adopted tax levy is reduced by the amount of the payment with an offsetting adjustment to State Aid revenue.

REGIONAL EFFICIENCY AID PROGRAM (REAP)

Those municipalities who receive REAP aid from eligible municipal or school shared services will receive the property tax relief credit in the December aid payment. This payment is treated in the same manner as Senior Citizen or Veteran property tax credits.

WATERSHED AND PINELANDS AID

Pinelands Aid is shown on the Recap Form will be paid in a single payment In October. If the aid was not anticipated in the CY 2000 budget, the revenue must be reserved and anticipated in the CY 2001 budget as State Aid. Watershed Aid was included in the FY 2001 budget and will be paid with the October payment. Where there is a variation between the amount on the Recap and the original aid certification, it is because the verification process with the water purveyors resulted in changes in the amounts of acreage.

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 1999 is anticipated in CY2000/SFY2001 budgets. The payment received in the fall of 2000 is to be reserved and held for anticipation in FY 2001/SFY2002 budgets.

SPECIAL LEGISLATIVE GRANTS

Municipalities that received Special Legislative Grants in the FY 2001 budget will receive formal notification of the grant from the DCA Grant Office in early fall. Instructions will be provided at that time regarding bringing them into the budget. Please do not call the Division regarding these grants, as they take several weeks to go through the Department's grant notification process. These grants are not shown on the Recap Form.

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 Consolidated Municipal Property Tax Relief Aid and Energy Receipts Tax programs:

Statutory Payment Date	Percent of Aid	ACH Deposit Date
July 15	35%	<i>July 14</i>
August 1	10%	<i>August 1</i>
September 1	30%	<i>September 1</i>
October 1	15%	<i>September 29</i>
November 1	5%	<i>November 1</i>
December 1	5%	<i>December 1</i>

To recap the single payment schedule, the September 1 payment will include the Legislative Initiative Municipal Block Grant. Extraordinary Aid, Watershed Aid, and Pinelands payment will be part of the October payment. REAP and Senior Citizens/Veterans Property Tax are paid in the November payment. Business Personal Property Tax Adjustment is paid with the December payment. Finally, the FY 2001 Supplemental Energy Receipts Aid payment will be paid in mid-June, 2001. Funds for the FY 2000 budget were paid on June 16, 2000.

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.

Also enclosed with this Notice (on the back of this page) is a copy of the revised Local Finance Board application distribution list. Local units making application to the Board should utilize this list for distribution of applications until further notice.

Thank you for your attention to these issues.



Ulrich H. Steinberg, Jr., Director
Division of Local Government Services

Distribution: Chief Financial Officers
Enclosures