

LOCAL FINANCE NOTICECHRISTINE TODD WHITMAN
GOVERNORJANE M. KENNY
COMMISSIONERULRICH H. STEINBERG, JR.
DIRECTOR**Short Term Cash Flow Assistance to Municipalities Affected by Hurricane Floyd**

As part of the assistance provided by the State to local government units that are covered by the Hurricane Floyd FEMA damage declaration, the State will make available, on a verified as-needed basis, short term no-interest cash flow loans. These loans are intended to assist those municipalities whose expenditures for responding to and recovering from Hurricane Floyd have created cash flow problems for which short-term borrowing would otherwise be necessary. The no-interest loans should eliminate any need to borrow commercially by issuing tax anticipation notes.

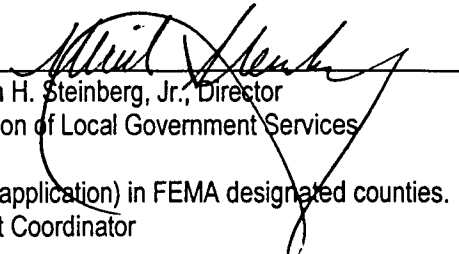
The cash flow assistance is intended to support municipalities between the November and February tax collection cycles. In extreme situations, longer periods will be considered. The State will also work with FEMA to assist in expediting reimbursement payments.

In order to receive assistance under this program, a local unit must show extraordinary levels of unreimbursed expenditures, have applied to FEMA for reimbursement of covered expenses, have used all other resources (including interfund transfers), and provide a cash flow analysis demonstrating the extent of the need for assistance. Upon receipt of a Request for Assistance (attached), the Division will contact the municipal chief financial officer to review the need. After initial review of the Request by the Division, applicants will be notified to file a cash flow analysis that documents the need. The Division will not accept applications for cash flow loans where a municipality has granted municipal-wide "deferrals."

The Division has received some inquiries as to procedures for "deferring" property tax payments from the November due date. This can be accomplished by the governing body adopting a resolution in accordance with N.J.S.A. 54:4-67 to reduce the interest rate to an effective rate of 0% for properties that meet the FEMA definition of "destroyed." The Attorney General's office has advised the Division that due to the extreme nature of the flooding, municipalities may pass resolutions permitting such "deferral" of property taxes for those individual parcels where the improvements were destroyed. Local code officials can advise the tax collector of parcels that meet this criteria. *Such resolutions must be passed on or before the date taxes become delinquent.*

This means that the interest rate should be set to 0% for those individual parcels that meet the FEMA definition of "destroyed." Local code officials have notified property owners in this situation of their status. Thus, a governing body may pass a resolution allowing for "deferral" of fourth quarter property tax payments for those parcels whose improvements have been classified as destroyed by FEMA. Cash shortfalls stemming from this type of "deferral" may be considered as part of a Cash Flow Request for Assistance.

Cash flow applications do not need approval of the Governing Body, but may be filed by the Chief Financial Officer with approval of the Chief Executive Officer (Mayor) with the Division. The approval of the governing body will be required prior to the execution of loan agreements by the municipality. This tax deferral assistance is part of a broad package of assistance contained in the disaster relief Act of 1999 recently signed by Governor Whitman.



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

Distribution: Mayors (by fax) Chief Financial Officers (mailed with application) in FEMA designated counties. CFO to copy Tax Collector, Chief Construction Official and Emergency Management Coordinator

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Local Finance
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(609) 292-7842

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(609) 984-0133

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N.J. Division of Local Government Services

Request for Assistance - Hurricane Floyd Cash Flow Program

Name of Municipality: _____ County: _____

Date of Application: _____

All information is to be current as of application date. Estimates may be used for projections past the current date. Provide additional information as an attachment if necessary.

Estimated Cost of Response and Recovery to date: \$ _____

Estimated additional costs: \$ _____

Amount of Emergency Appropriations passed: \$ _____

Estimated Additional Emergency Appropriations to be passed: \$ _____

Amount of FEMA reimbursement applied for to date: \$ _____

Estimated amount of additional FEMA reimbursement to be applied for: \$ _____

Amount of Cash Flow Assistance Requested: \$ _____

Date Assistance Needed By (or attach schedule): _____

Estimated Date to repay loan: _____

You will be contacted as to when to submit a formal cash flow analysis.

The undersigned hereby certify that the information herein is accurate to the best of our ability.

Name of Chief Financial Officer: _____ Cert. # _____

Signature: _____ Date: _____

Name of Chief Executive Officer: _____

Signature: _____ Date: _____