

MC 2001-1

New Jersey Department of Community Affairs
Division of Local Government Services

1/24/01

Notice Number

Date

LOCAL FINANCE NOTICE

CHRISTINE TODD WHITMAN
GOVERNOR

JANE M. KENNY
COMMISSIONER

ULRICH H. STEINBERG, JR.
DIRECTOR

CY 2001 Extraordinary Municipal Aid Program

The Extraordinary Municipal Aid Program (N.J.S.A. 52:27D-118.35 et seq.) addresses a municipality's need for additional State aid to minimize increases in its property tax rate. Eligibility for consideration of extraordinary municipal aid is limited to municipalities that received less than \$500,000 in Municipal Revitalization Program funds in 1994 (now included in Consolidated Municipal Property Tax Relief Act funds).

Funding of the program is subject to approval of the Governor's State FY 2002 budget by the Legislature. Governor Whitman has recommended funding the program at last year's level of \$25 million.

To receive aid, applicants must demonstrate that, despite their efforts to provide property tax savings for current and future budget years, the municipality has experienced circumstances that warrant aid under the program's criteria. These efforts include, but are not limited to, shared services, privatization, enhanced tax and revenue collection efforts, management efficiencies, and any other activities which, in the short or long term, will provide or has provided property tax relief. Applicants must provide detailed information on actions they plan to take that will reduce or eliminate dependency on Extraordinary Municipal Aid in the future.

The enclosed Extraordinary Municipal Aid application for CY 2001 was crafted to provide the Division with sufficient information to evaluate each applicant's request for aid. In addition to the application, our staff will conduct a review and analysis of the current budget, annual financial statement, audit report, tax rate history and all other pertinent financial data filed with the Division of Local Government Services.

Remember that receipt of Extraordinary Municipal Aid for CY 2001 is not guaranteed by virtue of receipt of Extraordinary Municipal Aid in a prior year. Accordingly, you are strongly encouraged not to anticipate Extraordinary Municipal Aid in your CY 2001 budget, and, under no circumstances, are you to anticipate more than was received in CY 2000. Given the high bar for eligibility, municipal officials should carefully study their need, justification, and past experience in receiving aid in determining if an application should be filed.

The application must be completed in its entirety and submitted to the Division by **March 9, 2001**. Please use the form provided and send *only one original* under a separate cover to the Director. Do not send it with the budget document. On Page 1 of the application, the amount of aid requested for CY 2001 must be stated in dollars. On Page 2, the municipality must provide justification for the need for Extraordinary Municipal Aid and provide specific examples of circumstances creating the fiscal distress and uncontrollable local purpose tax increase. The municipality must also provide, on Page 3, a detailed description of its fiscal recovery plan to reduce or eliminate its dependency on Extraordinary Municipal Aid in future years. All statistical information requested in the application must be completed and is subject to verification by the Division.

Director's Office
(609) 292-6613

Local Government
Research
(609) 292-6110

Financial Regulation
and Assistance
(609) 292-4806

Local Finance
Board
(609) 292-0479

Local Management
Services
(609) 292-7842

Authority Regulation
(609) 984-0132

Fax
(609) 984-7388

101 South Broad Street

P.O. Box 803

Trenton, New Jersey 08625-0803

<http://www.state.nj.us/dca/lgs>

In addition, a municipality's CY 2000 annual financial statement, CY 1999 audit, and CY 2001 budget must be on file with the Division. There will be no exceptions: Late or incomplete applications will not be reviewed. In the absence of any of the documents, the application will be deemed incomplete.

As in previous years, once awarded, the full amount of Extraordinary Aid granted to a municipality must be anticipated (by amendment, as appropriate) on Budget Sheet 5 and used **exclusively** to reduce the amount to be raised by taxation for local purposes. This means that after Extraordinary Aid grants have been announced, no successful applicant shall be permitted to make material increases or decreases to budgeted revenues or appropriations. Any changes to the budget will require approval of the Director. Therefore, any applicant that plans to make amendments to their budget after their aid application has been submitted, should submit that amendment to the Division as soon as its provisions are made available so that it can be part of the review process.

To assist in completing the form, word processing files of the application can be downloaded from the Division's web site at www.state.nj.us/dca/lgs/muniaid/aidmenu.htm and clicking on the "State Aid" link. Copies are available in both Microsoft Word and PDF.

If you have any questions, please contact the Division at (609) 292-4806.

Ulrich H. Steinberg, Jr.

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

Enclosure

Distribution: Municipal Clerks to distribute to Mayor and Governing Body
Chief Financial Officers