

LFN 2013-11

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Local Finance Notice

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Distribution

Municipal Clerks
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CY 2013/SFY 2014 State Aid Certification

On February 26, 2013, Governor Chris Christie presented his proposed FY 2014 budget to the State Legislature. The budget proposal continues flat aid support. No municipality will receive less State formula aid in support of its CY 2013 or FY 2014 budget than it received in support of their prior year budget.

Budget Certification

The State Fiscal Year 2014 budget proposes level aggregate funding for Consolidated Municipal Property Tax Relief Aid (CMPTRA), Energy Tax Receipts aid (ETR), and Watershed Moratorium Offset aid.

In the past, State budgets had prefunded the subsequent municipal Calendar Year budgets' receipt of GST Pilot funding. For example, the State's Fiscal Year 2013 Budget appropriated almost \$6 million for this aid category that was distributed in October 2012 for the support of Municipal Calendar Year Budgets that began later, on January 1, 2013. This advance funding of subsequent Municipal CY budgets is proposed to end with the State's Fiscal Year 2014 Budget. Municipal CY budgets may proceed with budget introductions and adoptions in 2013 that anticipate and utilize the aid certified in the certifications accompanying this notice.

Funding for Transitional Aid (TA) will also continue, though reduced. Municipalities that received discretionary Transitional Aid in the past may see a reduction in the total amount of funds received between formula aid and Transitional Aid, depending on a review of applications.

The CY 2013/SFY 2014 Aid Certification for each municipality will be posted on the Division's web site under the [Information Resources/Municipal State Aid](#) heading. Local officials must obtain their certifications from the web site; they are not mailed.

The certifications show aid allocations for each municipality and are used in preparing the revenue section of CY 2013 budgets. A full spreadsheet of CY 2013 and SFY 2014 budgeted allocations is also on the web site. While the proposed budget can serve as a guide to SFY municipalities, final SFY certifications are posted once the final budget is adopted in June.

The budget calendar was extended in [Local Finance Notice 2013-4](#). The March 15 budget introduction date is now modified only to extend the introduction date for budgets to the next regularly scheduled governing body meeting after March 15. Calendar Year Transitional Aid applicants must have introduced their budgets by the date applications are due, though written requests for minor extensions will be considered for good cause.

Consolidated Municipal Property Tax Relief Aid and Energy Tax Receipts

Aid certifications reflect last year and the current year allocation for CMPTRA and ETR. They also reflect Business Personal Property (BPP) responsibilities and those with responsibilities to pay fire districts aid allocated to them under the old Supplemental Fire Services Program; in addition to the traditional split of BPP amounts between the municipality and school. All CY 2013 budgets must reflect the certified aid.

The basis for the initial ETR program was described in [Local Finance Notice MC 97-6](#). ETR is shown as a single line item (combining base and Supplemental program payments), with base formula payments made between August 1 and December 1. CY 2013 Supplemental Energy Tax Receipts recipients will receive that payment on or about July 15. SFY 2014 municipalities receiving the Supplemental payment will receive their payment in mid-June 2014.

Watershed Moratorium Offset Aid

The proposed budget keeps the FY 2014 appropriation for Watershed Moratorium Offset Aid at the FY 2013 appropriation of \$2.218 million.

Best Practices

The budget proposal continues the Best Practice program to encourage municipal officials to adopt a range of "best practices." In order to receive the final five percent payment, a municipality will have to certify that it meets a variety of best administrative, financial management or operational practices.

Payment Schedule

A final aid payment schedule will be provided in July, prior to the first payment on August 1. Payments to most municipalities are made electronically through the Automated Clearing House payment system. In order for this system to work properly, any changes in the municipality's depository bank must be reported to the Division, as soon as possible, so the necessary changes can be made in the payment computer system. If the bank or account number changes, the Credit Authorization Agreement for Automatic Deposits form and instructions can be obtained from the [State Office of Management and Budget website](#).

Approved: Thomas H. Neff, Director