

<p><u>MC-98-1</u> Notice Number</p>	<p>New Jersey Department of Community Affairs Division of Local Government Services</p>	<p><u>02/09/98</u> Date</p>
<p>Local Finance Notice</p>		

<p>Christine Todd Whitman Governor</p>	<p>Jane M. Kenny Commissioner</p>	<p>Beth Gates Director</p>
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SUPPLEMENTAL MUNICIPAL PROPERTY TAX RELIEF ACT - CY 1998

The Supplemental Municipal Property Tax Relief Act, (P.L. 1991, c.63) provides for a portion of the grant funds available to be disbursed through a discretionary program. This discretionary program addresses a municipality's need for State aid in excess of that received through the formula distribution, to minimize increases in its property tax rate. Eligibility for consideration of discretionary aid is limited to municipalities, which received less than \$500,000 in Municipal Revitalization Program funds.

New language will be included in the FY 1999 State budget, permitting Municipal Property Tax Relief Act - Discretionary Aid to be used for payments to eligible municipalities for costs associated with activities which improve operations and provide short and long-term property tax savings, enhanced tax and revenue collection efforts, and any other activity, which can be demonstrated to meet the above requirements.

The language amends sections 118.36 and 118.40, which stipulate that funds be used solely for fiscal distress and strictly to reduce the levy for municipal purposes. The new language is intended to provide flexibility to the Division to reward municipalities, which participate in innovative programs with the long-term goal of property tax savings, which is consistent with the original intent of the law, and the Governor's philosophy.

Enclosed is an application for the Supplemental Municipal Property Tax Relief Act discretionary funds for calendar year municipalities. Your municipality's receipt of funds for CY 1998 is not guaranteed by virtue of receipt of aid in a prior year. Accordingly, you are strongly encouraged not to anticipate any discretionary funds in your CY 1998 budget and, under no circumstances are you to anticipate more than was received in the prior year, regardless of the amount requested in the application. As always, funding and methodology is subject to final appropriation by the Legislature.

The enclosed application for discretionary funding must be completed in its entirety and submitted by March 15, 1998, for consideration. In addition, a municipality's CY 1997 annual financial statement, CY 1996 annual audit, and CY 1998 municipal budget must be on file at the Division of Local Government Services. There will be no exception; late or incomplete applications will not be reviewed. In the absence of these documents, the application will be considered incomplete.

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

Beth Gates, Director
Division of Local Government Services

Enclosure

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