

MC-99-3

Notice Number

New Jersey Department of Community Affairs  
Division of Local Government Services

7/1/99

Date

**LOCAL FINANCE NOTICE**

CHRISTINE TODD WHITMAN  
GOVERNOR

JANE M. KENNY

ULRICH H. STEINBERG, JR.  
COMMISSIONER

DIRECTOR

**SFY 2000 Extraordinary Municipal Aid Program**

In SFY 2000, the Extraordinary Municipal Aid Program (formerly known as Discretionary Aid), N.J.S.A. 52:27D-118.35 et seq., addresses a municipality's need for need for State aid to minimize increases in its property tax rate. As with the Discretionary Aid Program, eligibility for consideration of extraordinary municipal aid is limited to municipalities which received less than \$500,000 in Municipal Revitalization Program funds (now included in Consolidated Municipal Property Tax Relief Act funds).

The FY 2000 State budget includes a \$30 million appropriation for extraordinary aid to eligible municipalities. Aid will be awarded to offset tax increases resulting from severe and unusual financial hardship. Consistent with the Governor's philosophy, applicants must also 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. 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 action they plan to take that will reduce or eliminate dependency on Extraordinary Municipal Aid in the future.

The enclosed Extraordinary Municipal Aid application for SFY 2000 has been crafted to provide the Department 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 SFY 2000 is not guaranteed by virtue of receipt of discretionary aid in a prior year. Accordingly, you are strongly encouraged not to anticipate Extraordinary Municipal Aid in your SFY 2000 budget, and, under no circumstances, are you to anticipate more than was received in SFY 1999. Given the higher 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 August 16, 1999 for consideration . On Page 1 of the application, the amount of aid requested for SFY 2000 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 application must be completed and is subject to verification by the Division.

Director's Office  
Fax  
(609) 292-6613

Local Government  
Research

Financial Regulation  
and Assistance

Local Finance  
Board

Local Management  
Services

Authority Regulation  
(609) 984-0132

In addition, a municipality's SFY 1999 annual financial statement, SFY 1998 audit, and SFY 2000 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, the full amount of Extraordinary Aid awarded 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: <http://www.state.nj.us/dca/lgs/pages/muniaid/aidmenu.htm> and clicking on the "State Aid" link. Copies are available in both Microsoft Word and Word Perfect.

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

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