

Local Finance Notice

LFN 2026-04

January 29, 2026

Mikie Sherrill
Governor

Dr. Dale G. Caldwell
Lt. Governor

Jacquelyn A. Suárez
Commissioner

Michael F. Rogers
Director

Contact

Website

www.nj.gov/dca/dlgs

E-mail

dlgs@dca.nj.gov

Phone

609.292.6613

Mail and Delivery

101 South Broad St.

PO Box 803

Trenton, New Jersey

08625-0803

Distribution

Chief Financial Officers
Administrators/Managers
Municipal Clerks
Clerks – County Boards of
Commissioners
Procurement Officials
Public Works Managers
School Business Officials
Authority Officials
Fire District Officials

Storm Response & Recovery: Budget and Procurement Guidance

On January 23, 2026, Governor Sherrill declared a state of emergency via [Executive Order 8](#) in response to the hazardous winter storm conditions occurring January 24th and 25th. This Local Finance Notice provides guidance to impacted local units on relevant post-storm budget and procurement matters. Each section of this Notice appears as follows.

Emergency Appropriations - pp. 1- 2

Refunding of Emergencies - pp. 2-3

Special Emergency for Repair and Reconstruction – p. 3

Storm Recovery Reserves – p. 3

Fire District Emergency Appropriations – pp. 3-4

Cooperative Purchasing – p. 4

Emergency Procurement – p. 4-5

Debarment – p. 5

Emergency Appropriations (Municipalities & Counties)

N.J.S.A. 40A:4-46 et seq. establishes the process by which municipal and county officials can make unplanned appropriations and expenditures for weather-related emergencies. Such emergency expenses are those related to storm response, recovery, and restoration of services not anticipated in the current year's budget.

Budgets to be Adopted

At this point in time, counties and calendar year municipalities may utilize the provisions of N.J.S.A. 40A:4-20 to make emergency temporary appropriations directly associated with storm response efforts. The normal requirements regarding emergencies must be followed.

Expenditures resulting from a state of emergency are treated as an exception to the municipal appropriations cap (N.J.S.A. 40A:45.3(bb)), county levy cap (N.J.S.A. 40A:4-45.4(q)) and the two-percent levy cap (N.J.S.A. 40A:4-45.45(b)). N.J.A.C. 5:30-3.9 sets forth the process and terms under which emergency-related levy cap exceptions are permissible.

Subject to Director review of the local unit's certified description of the expenditures, levy exceptions are only available for "extraordinary costs" incurred for the immediate preparation, response, recovery, and restoration of public services due to extreme weather conditions or other catastrophic events not anticipated in the current budget year and subject to the terms of a gubernatorial emergency declaration. Only the portion of costs exceeding the cost of providing services under non-emergency conditions may be granted as property tax levy cap exclusions, which may be subject to adjustment to account for the receipt of any State or Federal reimbursements.

Municipal and county budgets shall include upon introduction, or be amended to include before the scheduled adoption date, detailed appropriations on sheet 20 under "Operations Excluded from 'CAPS'" utilizing one of the following headings:

For municipalities - Declared State of Emergency Costs for January 2026 Storm Response & Recovery: N.J.S.A. 40A:4-45.45(b) and 40A:4-45.3(bb)

For counties - Declared State of Emergency Costs for January 2026 Storm Response & Recovery: N.J.S.A. 40A:4-45.45(b) and 40A:4-45.4(q)

The Chief Financial Officer must certify that the excluded appropriations are permitted exclusions pursuant to N.J.S.A. 40A:4-45.45(b) and 40A:4-45.3(bb), respectively.

N.J.S.A. 40A:4-10 requires the Director to approve proposed budget amendments prior to budget adoption. A proposed budget amendment must be uploaded to the Introduced Budget section of the Division's Financial Automation Submission Tracking (FAST) system for review. Budget amendments approved by the Division are to be uploaded into FAST's Adopted Budget section. Do not email or mail pre-adoption budget amendments to DLGS.

Adopted Budgets (State Fiscal Year Municipalities)

When the budget has already been adopted, an [emergency appropriation resolution](#) requires approval by a two-thirds (2/3) vote of the full membership of the governing body and a certification of the Chief Financial Officer that the resolution covers expenses incurred during the emergency response. N.J.S.A. 40A:4-46 et seq. A copy of each resolution making such emergency appropriations must be filed with the Director of the Division of Local Government Services via e-mail to DLGS@dca.nj.gov with the heading "Emergency Appropriation Resolution". Emergency resolutions that exceed the three (3%) percent expenditure limit require approval of the Director pursuant to N.J.S.A. 40A:4-49. Please use the [Flexible Chart of Accounts \(FCOA\)](#) code corresponding with the applicable appropriation.

If emergency appropriations are paying for disaster-related costs that exceed the cost of providing services under non-emergency conditions, the deferred charge to be raised in the following year's budget would be an eligible levy cap exception and municipal appropriations cap exception.

Refunding of Emergencies (Municipalities & Counties)

N.J.S.A. 40A:2-51(a) allows municipalities and counties to spread the costs of an emergency temporary appropriation or emergency appropriation over a period of years, subject to Local

Finance Board approval. The Board has historically considered applications where emergency-related costs are very substantial in comparison with the annual municipal budget and spreading the cost would result in a minimum \$50 annual increase to the average residential taxpayer over a minimum of a three-year period.

Special Emergency Ordinance Funding Repair and Reconstruction (Municipalities)

N.J.S.A. 40A:4-55.1 through 55.6 establishes the process by which municipalities can adopt, regardless of budget process stage, a special emergency ordinance to facilitate a three-year funding cycle for extraordinary expenses for the repair or reconstruction of streets, roads, or bridges damaged by snow, ice, frost, or floods. If a municipality seeks to issue special emergency notes for such extraordinary expenses, the governing body must adopt a resolution pursuant to 40A:4-55.4. [Local Finance Board approval](#) is required before the ordinance (and financing resolution if applicable) can be adopted; the application's Executive Summary must describe the purposes for which the appropriation will be spent. A copy of the adopted ordinance, and resolution if applicable, must be filed with the Director to become effective.

Storm Recovery Reserves (Municipalities & Counties)

Municipalities and counties with storm recovery reserves pursuant to N.J.S.A. 40A:4-62.1 may adopt a resolution to use those reserve funds for any purpose related to storm recovery including, but not limited to, snow, ice, and debris removal after current budget appropriations meant for storm recovery have been expended. Any reimbursement of these expenditures shall be deposited back into the reserve.

To establish a storm recovery reserve or convert a preexisting snow removal reserve to storm recovery, the governing body shall adopt a Dedication by Rider resolution (N.J.S.A. 40A:4-39) establishing the reserve and submit the resolution through the FAST system. Municipalities and counties need not have had a prior snow removal reserve. Unexpended balances budgeted annually for expenses relating to storm recovery may be lapsed into the reserve.

Emergency Appropriations by Fire Districts; Levy Cap Treatment

N.J.S.A. 40A:14-78.11 through 40A:14-78.15 establish standard requirements and procedures for emergency appropriations by fire districts after budget adoption. In the event of a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare, a fire district may make emergency appropriations post-budget adoption for purposes unforeseen at the time of budget adoption, or for which adequate provision was not made. A fire district's total emergency appropriations for one year shall not exceed three percent (3%) of the total of current operating appropriations in that year's adopted budget.

No less than two-thirds (2/3) of a Board of Fire Commissioners' full membership must adopt a resolution declaring that an emergency exists requiring a supplemental emergency appropriation. The resolution shall be in the form and content prescribed by the municipal governing body and shall set out the nature of the emergency in full. A copy of the resolution shall be filed immediately with the municipal governing body. Prior to adoption, the fire district should consult with the municipal clerk and other appropriate officials on the appropriate form and content for the

resolution. The resolution shall not take effect until the municipal governing body shall, by a vote of not less than two-thirds (2/3) of the governing body's full membership, approve the emergency appropriation and certify its approval to the fire district.

The total amount of all emergency appropriations shall be provided in full by the fire district as a deferred charge in the budget of the next succeeding fiscal year. A fire district may finance any emergency appropriation from the district's available surplus funds or may, subject to Local Finance Board review, borrow money for a period not to exceed one year. For fire districts with annual commissioner elections in February, if the voters do not approve the district budget, that deferred charge shall remain in the district budget adopted by the municipal governing body.

N.J.S.A. 40A:4-45.45.b authorizes an exclusion to the fire district tax levy cap for "extraordinary costs" related to a declared emergency, subject to Director review of the fire district's certified description of the expenditures. The term "extraordinary costs" means expenditures incurred for the immediate preparation, response, recovery, and restoration of public services due to extreme weather conditions or other catastrophic events that are the subject of a gubernatorial emergency declaration, and only for that portion of costs exceeding the cost of providing services under non-emergency conditions. Pursuant to N.J.A.C. 5:31-2.10, such funds can be treated as one time (non-permanent) property tax levy cap exclusions upon submission and review of certifications describing the expenditures to the Director and may be subject to adjustment to account for the receipt of any State or Federal reimbursements.

Cooperative Purchasing

The Division of Purchase and Property's [NJ Start website](#) lists all State cooperative purchasing contracts available to local governments. Should their existing road salt providers be unable to fulfill needed quantities, municipalities and counties are reminded to investigate the State contract open to local unit participation, specifically T0213 - Rock Salt, Treated Salt and Solar Salt - Statewide (20-FLEET-01519 and 20-FLEET-01520).

Contracting units may also wish to consult the storm recovery-relevant contracts of any cooperative purchasing systems of which they are a registered member. For national cooperative contracts awarded by out-of-state lead agencies, refer to [Local Finance Notice 2012-10](#).

Emergency Procurement under the Local Public Contracts Law & Public School Contracts Law

In circumstances where an emergency affecting the public health, safety or welfare requires the immediate delivery of goods or the performance of services, a contract may be awarded without public bidding regardless of the bid threshold. N.J.S.A. 40A:11-6 (Local Public Contracts Law); N.J.S.A. 18A:18A-7 (Public School Contracts Law) and N.J.A.C. 5:34-6.1 are annexed as an appendix to this Notice. Pursuant to N.J.S.A. 19:44A-20.12, emergency contracts awarded for purposes of storm response are excepted from Pay-to-Play due to [public exigency](#). Please note that, pursuant to a [November 4, 2016 directive](#) of the State Treasurer, contracting units awarding contracts that fall under the "public exigency" exception to Pay-to-Play are no longer required to file an "emergency procurement report" with the State.

Contracting units may award emergency contracts without obtaining a vendor's or contractor's Business Registration Certificate (BRC), so long as the vendor or contractor agrees to provide their BRC within two weeks of the contract's execution. The contracting unit, which should inform the vendor or contractor of the BRC requirement upon awarding an emergency contract, cannot make payment until a copy of the BRC is provided to the contracting agency. N.J.S.A. 52:32-44.

Contractors awarded public works contracts under emergency procedures must be notified of applicable Public Works Contractor Registration (PWCR) and prevailing wage requirements at time of award. The contracting unit shall confirm compliance prior to making payment for completed work. A similar practice is recommended for truly emergent contracts requiring Russia-Belarus and Iran certifications (Local Finance Notices [2023-11](#) and [2024-04](#) have further explanation).

Debarment

A person or entity appearing on The WALL hosted by the New Jersey Department of Labor and Workforce Development (NJDOL) is prohibited from contracting with any public body until their liability for violations of State wage, benefit, and tax laws have been resolved to the NJDOL's satisfaction. Contractors placed on the NJDOL [prevailing wage debarment list](#) cannot be awarded contracts for "public work" as defined in the New Jersey Prevailing Wage Act. Neither can [federal agency-debarred](#) contractors be awarded a contract for categories of public work specified under N.J.S.A. 52:32-44.1. Review Local Finance Notices [2021-20](#) and [2024-18](#) for further details.

Approved: Michael F. Rogers, Director

Document	Internet Address
Executive Order 8	https://nj.gov/infobank/eo/057sherrill/pdf/EO-8.pdf
Emerg. Resolution	https://www.nj.gov/dca/divisions/dlgs/resources/fiscal_docs/sample_resolutions/emergency_appropriations.pdf
Special Emergency LFB Application	https://www.nj.gov/dca/divisions/dlgs/programs/lfb_docs/flood_spcl_emerg_lfb_app.doc
FCOA Codes	https://www.nj.gov/dca/dlgs/FAST/Budget_FCOA_Codes.xlsx
1/17/06 Public Exigency Directive	https://nj.gov/dca/divisions/dlgs/programs/lpcl_docs/public_exigencies.pdf
11/4/16 Treasurer Directive	https://nj.gov/dca/divisions/dlgs/programs/lpcl_docs/treasurer_scudder_directive_re_public_exigencies.pdf
State Contracts List	https://www.njstart.gov/bsol/
LFN 2012-10	https://www.nj.gov/dca/divisions/dlgs/lfns/12/2012-10.pdf
LFN 2023-11	https://www.nj.gov/dca/dlgs/lfns/2023/2023-11.pdf
LFN 2024-04	https://www.nj.gov/dca/dlgs/lfns/2024/2024-04.pdf
NJDOL Debarment	https://www.nj.gov/labor/wageandhour/registration-permits/register/debarmentlist.shtml
Federal Debarment	https://sam.gov/content/exclusions
LFN 2021-20	https://www.nj.gov/dca/dlgs/lfns/2021/2021-20.pdf
LFN 2024-18	https://www.nj.gov/dca/dlgs/lfns/2024/2024-18.pdf

Appendix

N.J.S.A. 40A:11-6. Emergency contracts (Local Public Contracts Law)

Any contract may be negotiated or awarded for a contracting unit without public advertising for bids and bidding therefor, notwithstanding that the contract price will exceed the bid threshold, when an emergency affecting the public health, safety or welfare requires the immediate delivery of goods or the performance of services; provided that the awarding of such contracts is made in the following manner:

- a. The official in charge of the agency wherein the emergency occurred, or such other officer or employee as may be authorized to act in place of that official, shall notify the purchasing agent, a supervisor of the purchasing agent, or a designated representative of the governing body, as may be appropriate to the form of government, of the need for the performance of a contract, the nature of the emergency, the time of its occurrence and the need for invoking this section. If that person is satisfied that an emergency exists, that person shall be authorized to award a contract or contracts for such purposes as may be necessary to respond to the emergent needs. Such notification shall be reduced to writing and filed with the purchasing agent as soon as practicable.
- b. Upon the furnishing of such goods or services, in accordance with the terms of the contract, the contractor furnishing such goods or services shall be entitled to be paid therefor and the contracting unit shall be obligated for said payment. The governing body of the contracting unit shall take such action as shall be required to provide for the payment of the contract price.
- c. The Director of the Division of Local Government Services in the Department of Community Affairs shall prescribe rules and procedures to implement the requirements of this section.
- d. The governing body of the contracting unit may prescribe additional rules and procedures to implement the requirements of this section.

18A:18A-7 Emergency contracts (Public School Contracts Law)

Any contract may be negotiated or awarded for a board of education without public advertising for bids and bidding therefor, notwithstanding that the contract price will exceed the bid threshold when an emergency affecting the health or safety of occupants of school property requires the immediate delivery of goods or the performance of services, provided that the contracts are awarded in the following manner:

- a. The official in charge of the building, facility or equipment wherein the emergency occurred or such other officer or employee as may be authorized to act in place of that official, shall notify the purchasing agent or a supervisor of the purchasing agent of the need for the performance of a contract, the nature of the emergency, the time of its occurrence and the need for invoking this section. If that person is satisfied that an emergency exists, that person shall be authorized to award a contract or contracts for such purposes as may be necessary to respond to the emergent needs. Such notification shall be reduced to writing and filed with the purchasing agent as soon as practicable.
- b. Upon the furnishing of such goods or services, in accordance with the terms of the contract, the contractor furnishing such goods or services, shall be entitled to be paid therefor and the board of

education shall be obligated for said payment. The board of education shall take such action as shall be required to provide for the payment of the contract price.

- c. The Division of Local Government Services in the Department of Community Affairs, after consultation with the Commissioner of Education, shall prescribe rules and procedures to implement the requirements of this section.
- d. The board of education may prescribe additional rules and procedures to implement the requirements of this section.

N.J.A.C. 5:34-6.1 Emergency Purchases/General requirements

(a) The use of emergency purchasing pursuant to N.J.S.A. 40A:11-6 or 18A:18A-7 shall be subject to the following requirements:

- 1. An actual or imminent emergency must exist requiring the immediate delivery of the goods or the performance of the service;
- 2. As soon as reasonably possible, but within three days of declaring the emergency, the chief school administrator of a board of education shall notify the superintendent of education for the county of the nature of the emergency and the estimated needs for goods and services necessary to respond to it;
- 3. The emergency purchasing procedure may not be used unless the need for the goods or services could not have been reasonably foreseen or the need for such goods or services has arisen notwithstanding a good faith effort on the part of the contracting unit to plan for the purchase of any goods or services required by the contracting unit;
- 4. The contract shall be of such limited duration as to meet only the immediate needs of the emergency; and
- 5. Under no circumstances shall the emergency purchasing procedure be used to enter into a multi-year contract.

(b) The governing body of each contracting unit shall adopt rules or regulations as appropriate to the contracting unit to ensure that there is a procedure for determining and confirming the existence of an emergency and that the provisions for emergency purchasing pursuant to N.J.S.A. 40A:11-6 or 18A:18A-7 may be implemented. Such rules or regulations shall include such provisions that ensure that if initially designated individuals are not available, there is a designated chain of command to ensure that there are always appropriate individuals available to make such decisions.