

Local Finance Notice

LFN 2026-08

March 18, 2026

Mikie Sherrill
Governor

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CY 2026/SFY 2027 State Aid Certification

On March 10, 2026, Governor Mikie Sherrill presented her proposed FY 2027 budget to the State Legislature. No municipality will receive less total State formula aid in support of its CY 2026 or SFY 2027 budget than it received in support of its prior year budget.

Budget Certification

The State Fiscal Year 2027 budget proposes level funding to all municipalities for Energy Tax Receipts Aid (ETR), Garden State Trust Aid, and Watershed Moratorium Offset Aid.

The CY 2026/SFY 2027 Aid Certification for each municipality has been posted on the Division's [Municipal State Aid webpage](#) under the Individual Certifications of Municipal State Aid heading. [The certifications are available on an Excel form](#) for which individual schedules can be generated by selecting a municipality. Certifications must be obtained from the website; they are not mailed.

The certifications will document the aid allocations for each municipality and are used in preparing the revenue section of CY 2026 budgets. A spreadsheet of all CY 2026 and SFY 2027 budgeted allocations is also on the website. **Although the proposed budget serves as a guide to SFY municipalities, final SFY certifications will be posted once the State budget is adopted, thus accounting for any changes in the municipal aid numbers due to the legislative process and revised revenue estimates.**

Energy Tax Receipts (ETR)

Aid certifications reflect both last year's and the current year's allocation for ETR. The certifications also reflect Business Personal Property (BPP) responsibilities and those with responsibilities to pay aid allocated to fire districts under the old Supplemental Fire Services Program, in addition to the traditional split of BPP amounts between the municipality and school. All CY 2026 municipal budgets must reflect the certified aid.

[Local Finance Notice MC 97-6](#) describes the basis for the original ETR program. 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 2026 Supplemental Energy Tax Receipts recipients will receive that payment on or about July 15. SFY 2027 municipalities receiving the Supplemental payment will receive their payment in mid-June 2027.

Watershed Moratorium Offset Aid & Garden State Trust Aid

The proposed FY 2027 State budget keeps the FY 2027 appropriation for Watershed Moratorium Offset Aid and Garden State Trust Aid at their respective FY 2026 appropriation of \$2.218 million and \$7.983 million.

Payment Schedule

A final aid payment schedule will be provided in July, prior to the August 1st payment. Payments to most municipalities are made electronically through the Automated Clearing House (ACH) payment system. 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 corresponding instructions can be obtained from the State Office of Management and Budget's [forms webpage](#).

Calendar Year Budget Introduction Deadline; Increased Daily Fine for Late AFS Filing and Budget Introduction

Calendar year municipal budgets introduced prior to or on the first regularly scheduled governing body meeting after March 31, 2026 are considered timely introduced. Please note that work sessions are considered regularly scheduled governing body meetings. Any documents required to be submitted through the Financial Automation Submission Tracking (FAST) system shall not be sent to the Division via regular mail or e-mail. The Division will not accept mailed or e-mailed documents that must be submitted through FAST.

P.L. 2025, c.185, signed on December 23, 2025, increased the amount in fines that the Director can impose upon a chief financial officer for late filing of the Annual Financial Statement (March 10 deadline for CY municipalities) and upon governing body members for late budget introduction to \$100 per day. Please review [Local Finance Notice 2026-05](#) for further details and be guided accordingly.

Approved: Michael F. Rogers, Director

Document	Internet Address
State Aid Webpage	https://www.nj.gov/dca/dlgs/resources/Muni_StateAid.shtml
CY2026/SFY2027 Aid Cert	https://www.nj.gov/dca/dlgs/resources/MuniStateAid/aidcert2627.xlsx
LFN MC 97-6	https://www.nj.gov/dca/divisions/dlgs/lfns/pre_98/mc-1997-6.pdf
ACH Authorization Form	https://www.nj.gov/treasury/omb/pdf/forms/achform.pdf
NJ OMB Forms Webpage	https://www.nj.gov/treasury/omb/forms.shtml
LFN 2026-05	https://www.nj.gov/dca/dlgs/lfns/2026/2026-05.pdf