**CALENDAR YEAR 2026**

**MODEL ORDINANCE TO EXCEED THE MUNICIPAL BUDGET APPROPRIATION LIMITS AND TO ESTABLISH A CAP BANK**

**(N.J.S.A. 40A: 4-45.14)**

**WHEREAS**, the Local Government Cap Law, N.J.S. 40A: 4-45.1 et seq., provides that in the preparation of its annual budget, a municipality shall limit any increase in said budget up to 2% unless authorized by ordinance to increase it to 3.5% over the previous year’s final appropriations, subject to certain exceptions; and,

**WHEREAS,** N.J.S.A. 40A: 4-45.15a provides that a municipality may, when authorized by ordinance, appropriate the difference between the amount of its actual final appropriation and the 3.5% percentage rate as an exception to its final appropriations in either of the next two succeeding years; and,

**WHEREAS**, the (*insert the name of the governing body*) of the (*insert the name of the municipality*) in the County of (*insert the name of the county*) finds it advisable and necessary to increase its CY 2026 budget by up to 3.5% over the previous year’s final appropriations, in the interest of promoting the health, safety and welfare of the citizens; and,

**WHEREAS**, the (*insert the name of the governing body*) hereby determines that a (*insert the rate of increase*) % increase in the budget for said year, amounting to $ (*insert the dollar amount increase*) in excess of the increase in final appropriations otherwise permitted by the Local Government Cap Law, is advisable and necessary; and,

WHEREAS the (*insert the name of the governing body*) hereby determines that any amount authorized hereinabove that is not appropriated as part of the final budget shall be retained as an exception to final appropriation in either of the next two succeeding years.

**NOW THEREFORE BE IT ORDAINED**, by the (*insert the name of the governing body*) of the (*insert the name of the municipality*), in the County of (*insert the name of the county*), a majority of the full authorized membership of this governing body affirmatively concurring, that, in the CY 2026 budget year, the final appropriations of the (*insert the name of the municipality*) shall, in accordance with this ordinance and N.J.S.A. 40A: 4-45.14, be increased by (*insert the rate increase*) %, amounting to $ (*insert the dollar amount increase*), and that the CY 2026 municipal budget for the (*insert the name of the municipality*) be approved and adopted in accordance with this ordinance; and,

**BE IT FURTHER ORDAINED,** that any amount authorized hereinabove that is not appropriated as part of the final budget shall be retained as an exception to final appropriation in either of the next two succeeding years; and,

**BE IT FURTHER ORDAINED**, that a certified copy of this ordinance as introduced be filed with the Director of the Division of Local Government Services within 5 days of introduction; and,

**BE IT FURTHER ORDAINED**, that a certified copy of this ordinance upon adoption, with the recorded vote included thereon, be filed with said Director within 5 days after such adoption.