

LFN 2024-05

March 6, 2024



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Governor

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### CY 2024/SFY 2025 State Aid Certification

On February 27, 2024, Governor Phil Murphy presented his proposed FY 2025 budget to the State Legislature. No municipality will receive less total State formula aid in support of its CY 2024 or SFY 2025 budget than it received in support of its prior year budget. Please note that Municipal Relief Fund Aid issued in CY 2023/SFY 2024 was a one-time appropriation.

#### Budget Certification

The State Fiscal Year 2025 budget proposes a \$7.2 million increase in Energy Tax Receipts Aid (ETR). For every municipality, this equates to a 0.5 percent increase over the ETR Aid for CY 2023/SFY 2024. It also proposes level funding to all municipalities for Garden State Trust Aid and Watershed Moratorium Offset Aid. Under the proposed budget, for State Fiscal Year 2025, municipalities will no longer receive state aid in the Consolidated Municipal Property Tax Relief Aid category, this aid will be classified as Energy Tax Receipts Aid.

The CY 2024/SFY 2025 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 2024 budgets. A spreadsheet of all CY 2024 and SFY 2025 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

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 2024 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 2024 Supplemental Energy Tax Receipts recipients will receive that payment on or about July 15. SFY 2025 municipalities receiving the Supplemental payment will receive their payment in mid-June 2025.

### Municipal Relief Fund Aid

The proposed FY 2025 State budget removes the FY 2024 appropriation for Municipal Relief Fund Aid.

### Watershed Moratorium Offset Aid & Garden State Trust Aid

The proposed FY 2025 State budget keeps the FY 2025 appropriation for Watershed Moratorium Offset Aid and Garden State Trust Aid at their respective FY 2024 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 instructions can be obtained from the State Office of Management and Budget's [forms webpage](#).

### CY Budget Introduction Deadline

The Division of Local Government Services will consider budgets introduced on the first regularly scheduled council meeting after March 29, 2024 timely introduced. However, applicants for Transitional Aid must introduce their budgets by the Transitional Aid application deadline.

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Approved: Jacquelyn A. Suárez, Acting Commissioner and Director

Document	Internet Address
State Aid Webpage	<a href="https://www.nj.gov/dca/dlgs/resources/Muni_StateAid.shtml">https://www.nj.gov/dca/dlgs/resources/Muni_StateAid.shtml</a>
CY 2024/SFY 2025 Aid Certification	<a href="https://www.nj.gov/dca/dlgs/resources/MuniStateAid/aidcert2425.xlsx">https://www.nj.gov/dca/dlgs/resources/MuniStateAid/aidcert2425.xlsx</a>
LFN MC 97-6	<a href="https://www.nj.gov/dca/divisions/dlgs/lfn/pre_98/mc-1997-6.pdf">https://www.nj.gov/dca/divisions/dlgs/lfn/pre_98/mc-1997-6.pdf</a>
ACH Authorization Form	<a href="https://www.nj.gov/treasury/omb/pdf/forms/achform.pdf">https://www.nj.gov/treasury/omb/pdf/forms/achform.pdf</a>
NJ OMB Forms Webpage	<a href="https://www.nj.gov/treasury/omb/forms.shtml">https://www.nj.gov/treasury/omb/forms.shtml</a>