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Lashway, Lisa

**From:** NJLM - Municipal Clerks [njlm-clerks@cityconnections.com]  
**Sent:** Friday, March 19, 2010 10:59 AM  
**To:** Lashway, Lisa  
**Subject:** Mayors Ltr



## Municipal Clerks for Mayors, Elected Officials and Staff



### RE: CY 2010 Property Tax Relief Certification

Dear Mayor:

Late yesterday, the Division of Local Government Services released LFN 2010-08, which includes the property tax relief funding certifications and important details on the new distribution formulas, time-tables and a limitation on the use of the tax levy cap exception that would have allowed you to make up the losses that will result from the reductions in funding.

The Local Finance Notice is available on our website at <http://www.njslom.org/2010-081.pdf>

Of particular note, the LFN states:

- ***Budget language regarding State aid distribution is being modified to reduce aid payments to those municipalities that use formula aid reductions as an add-on to the levy cap calculation. In other words, any amount of state formula aid reduction used as a levy cap exception [N.J.S.A. 40A:4-45(b)(2), as shown on Line A-10 of the Levy Cap Calculation Workbook] will result in an offsetting decrease to CMPTRA/ETR formula aid payments.***
- *The budget proposal also includes a new program to encourage municipal officials to adopt a range of "best practices" as an incentive to receive a full payment of Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts (ETR) State aid. In order to receive the final five percent payment, a municipality will have to certify that it meets a variety of best administrative, financial management, or operational practices.*

Taken together, these two items seem to indicate that that if you use a levy cap exception, to make up State formula funding losses, they will cut your

formula funding further. If no other avenue allows for the State to enforce these further cuts, it will withhold your final five percent payment.

Withholding of the December payment presents two possible problems. First, for Fiscal Year municipalities, coming in the middle of the budget cycle, it could result in cash flow problems. Second, depending on the aggregate amount withheld, it could put the State in violation of the poison pill requirements of the Energy Tax law.

The Local Finance Notice also presents the new “CMPTRA/Energy Tax” distribution formula, some commentary on the new “Transitional Aid” program, a preview of the new “Best Practice Initiative” and links to other important information.

The LFN also states:

*This budget and the changes in State policy it represents, require that municipal officials **immediately and actively** examine a wide range of actions to control and reduce costs and take actions such as:*

- *Considering not only how services are provided, but the need for them;*
- *Sharing services with neighboring governments, schools, and county agencies;*
- *Reviewing all employee contracts and benefits policies for consistency with the economy and government financial conditions; and,*
- *Taking advantage of all opportunities to reduce costs before exercising their local authority to increase property taxes.*

If you have any questions, contact Jon Moran at 609-695-3481, ext. 121.

Very truly yours,

William G. Dressel, Jr.  
Executive Director

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Dear Mayor:

**Re: Two Issues**

**A. S-1 Posted for Senate Vote**

S-1, which abolished COAH and reforms the Fair Housing Act, is posted for a vote in the full Senate on Monday. The current bill is online at:  
[http://www.njleg.state.nj.us/2010/Bills/S0500/1\\_U1.HTM](http://www.njleg.state.nj.us/2010/Bills/S0500/1_U1.HTM)

The Assembly is not expected to consider the bill until May, at the earliest.

**B. Ask the Governor to veto S-82/A-437**

The bill that eliminates the time of decision at the municipal level awaits

consideration by the Governor.

We urge you contact the Governor's Office and call for a veto of this infringement on local planning. For your convenience, we have prepared a draft letter that you can edit as you see fit.

The letter is online at: <http://njslom.org/letters/Veto-S-82A-A-437.doc> in Word format.

You can also download as a PDF at: <http://njslom.org/letters/Veto-S-82A-A-437.pdf>

The sample letter includes a distribution list for the letter as well.

Very truly yours,

William G. Dressel, Jr.  
Executive Director

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