CC: Jack Laura via email.

Masser, Michelle

From: egg@dca.state.nj.us
Sent: Wednesday, March 09, 2016 10:36 AM
To: Masser, Michelle
Subject: LFN 2016-6: Presentation of State Aid Offset on Tax Bills

Dear Municipal Clerk:

Recently enacted legislation has changed how the State Aid offset to property taxes is reflected on property tax bills for 2016 and forward. N.J.S.A. 54:4-65(c) has been amended to permit the dollar amount of state aid offset per parcel to be presented on the Department of Community Affairs website. Instead of referencing the amount of state aid offset based on the assessed value for each parcel, the tax bill is now only statutorily required to contain a general statement concerning the state aid offset. As such, county tax boards will no longer be responsible for computing the aid rate and transmitting same to vendors.

The new text for printing on property tax bills for 2016 and forward, printed in the same location as the prior statement in 10 point type (font is locally determined), shall be as follows:

State Aid Used to Offset Local Property Taxes: The budgets of the government agencies funded by this tax bill include State aid used to reduce property taxes. State aid offset information for current year municipal tax bills will start becoming available at the end of July. Access the Division of Local Government Services' website at http://www.nj.gov/dca/divisions/dlgs/resources/property_tax.html to find (based on the assessed value of this parcel) the amount of State aid used to offset property taxes on this parcel.

The Division of Local Government Service's Property Tax Information and Municipal State Aid webpages will both contain a link to a State Aid Property Tax Offset Calculator. Once the taxpayer selects their municipality from a dropdown menu and inputs the total assessed value of their parcel (land and improvements), the amount of the offset will be automatically calculated and appear on the screen. The state aid offset calculator for 2015 has been posted and can be accessed by clicking http://www.nj.gov/dca/divisions/dlgs/resources/property_docs/15_data/2015aidcalculator.xls. Data relating to tax bills for 2016 and future years will be initially uploaded at the end of July; however, current tax year data may be delayed for certain municipalities due to later budget adoptions. As such, further updates to the Calculator's data will be made on a regular basis through December, as necessary.

Local Finance Notice 2016-6 can be viewed at: www.nj.gov/dca/divisions/dlgs/lfns/16/2016-06.pdf

THIS NOTICE HAS BEEN SENT TO THE FOLLOWING OFFICIALS: Municipal Clerk, Chief Financial Officer, Tax Collector

new jersey department of community affairs
people.places.progress
division of local government services

LFN 2016-6

March 8, 2016

Local Finance Notice

Chris Christie, *Governor* | Kim Guadagno, *Lt. Governor* | Charles A. Richman, *Commissioner* | Timothy J. Cunningham, *Director*

Contact Information

Director's Office
V. 609.292.6613
F. 609.292.9073

Local Government Research
V. 609.292.6110
F. 609.292.9073

Financial Regulation and Assistance
V. 609.292.4806
F. 609.984.7388

Local Finance Board
V. 609.292.0479
F. 609.633.6243

Local Management Services
V. 609.292.7842
F. 609.633.6243

Authority Regulation
V. 609.984.0132
F. 609.984.7388

Mail and Delivery
101 South Broad St.
PO Box 803
Trenton, New Jersey
08625-0803

Web:
www.nj.gov/dca/divisions/dlgs

E-mail: dlgs@dca.nj.gov

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Change to Presentation of State Aid Offset on Property Tax Bills

Recently enacted legislation has changed how the State Aid offset to property taxes is reflected on property tax bills. N.J.S.A. 54:4-65(c) had required that the dollar amount of the State Aid offset for each parcel be displayed on the tax bill. Section 31 of P.L. 2015, c. 95 amends the statute to permit this dollar amount to be presented on the internet website of the Department of Community Affairs. Instead of referencing the amount of state aid offset based on the assessed value for each parcel, the tax bill is now required to contain only a general statement concerning the state aid offset. From this year forward, the Division will no longer be issuing Statements of State Aid (SOSAs) for each municipality.

The new text for printing on property tax bills for 2016 and forward, printed in the same location as the prior statement in 10 point type (font is locally determined), shall be as follows:

> State Aid Used to Offset Local Property Taxes: The budgets of the government agencies funded by this tax bill include State aid used to reduce property taxes. State aid offset information for current year municipal tax bills will start becoming available at the end of July. Access the Division of Local Government Services' website at http://www.nj.gov/dca/divisions/dlgs/resources/property_tax.html to find (based on the assessed value of this parcel) the amount of State aid used to offset property taxes on this parcel.

The Division of Local Government Service's Property Tax Information and Municipal State Aid webpages will both contain a link to a State Aid Property Tax Offset Calculator. Once the taxpayer selects their municipality from a dropdown menu and inputs the assessed value of their parcel (land and improvements), the amount of the offset will be automatically calculated and appear on the screen.

The Calculator currently posted on the Division's website incorporates data relating to 2015 tax bills. Data relating to tax bills for 2016 and future years will be initially uploaded at the end of July; however, current tax year data may be delayed for certain municipalities due to later budget adoptions. As such, further updates to the Calculator's data will be made on a regular basis through December, as necessary.

The state aid offset will be calculated in the same manner as it has been since 2007, similar to the way taxes are calculated – treating the total aid as if it were a levy, developing an "aid rate" based on the total taxable value, and multiplying the rate times the value of each parcel. The specific formula is discussed further below. Once the taxpayer inputs their municipality and the assessed value of their parcel, the Calculator will automatically multiply the aid rate by the assessed value to come up with the amount of the state aid offset.

County tax boards will no longer be responsible for computing the aid rate and transmitting same to MOD-IV vendors. Instead, the Division will utilize the "Total Taxable Valuation" figure set forth in each municipality's adopted User-Friendly Budget (Cell M21 of Sheet UFB-1).

The Per-Parcel Aid Calculation

The formula for calculating the per-parcel State Aid offset amount includes the following programs:

The municipal government portion of the total formula includes:

- Consolidated Municipal Property Tax Relief Aid (entire amount of cash award and the 1994 pension savings reduction). This amount is larger than the CMPTRA award according to state aid certifications.
- All payments of Energy Tax Receipts.
- Watershed Moratorium Offset Aid.
- Garden State Trust Payment in Lieu of Taxes.
- Calendar Year Transitional Aid to Localities

The local and regional school district portion of the total formula includes:

- Department of Education allocation of State aid funds.
- Regional District Aid (apportioned on the same basis as property taxes for the district).
- Estimates of the State's payment for social security costs and Type 1 and Type 2 debt service aid (even though actually paid to the municipality).
- An estimate of State funds used as State aid or to pay for debt service of districts receiving grants from, or having school facilities paid for by, the State's School Development Authority.

The county portion of the total formula includes:

- Calendar Year estimated cost savings from the State program assuming certain human service and family service costs, which took effect in 1991.
- An estimate of County Constitutional Officers based upon the prior year.
- County Prosecutor Pilot Project
- Calendar Year State resources utilized in the assumption of county court costs.
- Apportionment of State education aid provided to County Special Services and Vocational Education Districts including social security costs and debt service aid.

For 2016 data on forward, the total formula will also incorporate State aid to free public libraries.

Elimination of Statements of State Aid (SOSAs) & Display of Property Tax Data on the Division's Website

The Division will also no longer be issuing Statements of State Aid (SOSAs) for each municipality, as the state aid offset amount for each parcel will appear online rather than on the physical tax bill. In lieu of SOSA statements, users can reference a reconfigured property tax data table on the Division's website to see a breakdown of various forms of State Aid.

In an effort to create a more user-friendly display of property tax data, the State Aid Offset Calculator joins a revamped property tax data table to make property tax information more understandable to the average citizen. The 2015 property tax data table, provided by the Department of Community Affairs and available on the Division's Property Tax Information webpage, now sets forth data in a more accessible format. Additional information has also been incorporated to help taxpayers better understand their property taxes.

Property tax data tables from 2015 on forward will now be broken down into separate sections/tabs:

- Glossary of Key Terms
- Tax Summary – Municipal Detail
- Tax Summary – County Detail
- Citizens Tax Summary
- Property Tax Viewer

The Property Tax Viewer is particularly noteworthy in its display for each municipality of average residential property taxes, tax rates and a breakdown of the municipal, county, and school share of property taxes; showing a comparison between countywide and statewide averages.

Approved: Timothy J. Cunningham, Director

Document	Internet Address
P.L. 2015, c.95	http://www.njleg.state.nj.us/2014/Bills/PL15/95_.PDF
Property Tax Information	http://www.nj.gov/dca/divisions/dlgs/resources/property_tax.html
Municipal State Aid webpage	http://www.nj.gov/dca/divisions/dlgs/resources/muni_stateaid.html
State Aid Property Tax Offset Calculator – 2015 Tax Year	http://www.nj.gov/dca/divisions/dlgs/resources/property_docs/15_data/2015aidcalculator.xls
2015 Property Tax Data Table	http://www.nj.gov/dca/divisions/dlgs/resources/property_docs/15_data/15taxes.xls