



State of New Jersey
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MEMORANDUM

TO: Municipal and County Chief Financial Officers
Municipal Clerks
Municipal Tax Collectors
County Tax Administrators

FROM: Timothy J. Cunningham, Director
Division of Local Government Services

DATE: July 14, 2017

SUBJECT: Impact of FY2018 Increase in School Aid to Certain Districts

With final action on the State's FY 2018 budget having been taken, additional school aid is being made available to a substantial number of school districts throughout New Jersey. Revised school aid numbers can be found at <http://www.nj.gov/education/stateaid/1718/>. Boards of education in these communities are being permitted to reconsider their 2017-2018 budgets and may elect to reduce their property tax levies in an amount not to exceed the increase to their State aid. Please note that this process does not authorize districts to lower their 2017-18 general fund tax levy below the minimum tax levy required by N.J.S.A. 18A:7F-5(b). This does not apply to county vocational school districts due to their lacking a separate certified levy and the appropriation being in the county budget.

District boards of education/boards of school estimate that are receiving increases in aid and seek to apply additional aid toward reducing the school tax levy are being instructed to **immediately contact** their municipal tax collector and county tax administrator and confirm whether or not the revision and reissuance of tax bills would be fiscally prudent in light of any additional printing and mailing costs borne by the municipality. If the municipality agrees to accommodate a revision of tax bills, the district will need to revise and submit the general fund tax certification (Form A4F) by no later than **4PM on Friday July 21** unless the municipality and the district agree to a later deadline. The municipality, the county board of taxation and DLGS, among others, shall be provided the revised A4F.

Tax bill vendors are being instructed to print bills as directed by the municipality and/or the county tax administrator. Municipalities should contact their school district if they have any questions about whether the district seeks to reduce the school tax levy.

For those municipalities that have not yet issued final third quarter property tax bills, if your school district(s) seeks to apply additional school aid toward reducing the school tax levy, the Division of Local Government Services encourages delaying the issuance of tax bills if it is fiscally prudent for the municipality to do so.



Cash flow needs include payments to the county government, boards of education, and any other local taxing districts. N.J.S.A. 54:4-74 (counties) and 54:4-75 (schools) allow tax payments to be deferred until after 25 days from the time tax bills are mailed, or no later than September 15 for counties and September 1 for schools. Officials in these agencies are asked to work with each other to review cash flow needs and, where possible, modify existing payment schedules to accommodate the restricted cash flow of the municipality. In the event a municipality faces a short-term cash flow issue, depending on its fiscal status and cash flow needs, the municipality has the option of issuing tax anticipation notes or otherwise taking measures to carefully review their cash flow needs and resources, projecting property tax receipts once tax bills are issued and revenue flow begins.

Thank you for your attention to this information.

TJC/jm

cc: Division of Taxation
Department of Education