



LFN 2020-07

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Local Finance Notice

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Distribution

Chief Finance Officers
Tax Collectors
Municipal Clerks
Freeholder Board Clerks
Authorities & Fire Districts

Guidance on Budgets, Tax Bills & Deposit of Funds

Governor Murphy has declared a state of emergency via [Executive Order 103](#) in response to the coronavirus outbreak. [Executive Order 107](#) institutes various restrictions on public places and gatherings. This Local Finance Notice is being issued to provide emergency budget and tax bill guidance, as well as guidance on the deposit of funds.

Extended Deadline for Introduction and Adoption of Municipal and County Budgets

Due to the ongoing coronavirus-related disruption to municipal and county operations, the dates for introduction and approval by both counties and municipalities are extended from March 29, 2020 to April 28, 2020 (or the next regularly scheduled governing body meeting after April 28th). The deadline for county and municipal budget adoption is likewise extended from April 30, 2020 to May 30, 2020 (or the next regularly scheduled governing body meeting after May 30th).

Public Inspection and Public Hearing Requirements for Municipal and County Budgets

N.J.S.A. 40A:4-6.1 requires the budget advertisement to state the "location, phone number, and office hours" of the principal building where copies of the budget will be publicly available, and the name of the individual or office to contact for receiving a copy of the budget by mail. Where closure of or access restrictions to public buildings makes physical inspection and mail distribution of budgets impracticable, the local unit must post the introduced budget on its website no later than the date of notice publication. The budget advertisement must include the website address where the public can access the introduced budget.

Municipalities without websites can email their introduced budgets to dlgs@dca.nj.gov for posting on the Division's website; however, please provide substantial lead-time to ensure that budget posting coincides with

notice publication. Place "<name of municipality> Introduced Budget Posting" in the email subject heading.

For budget adoption hearings held via conference call, livestream, online meeting or other methods of remote communication, the local unit must facilitate public comment during the public hearing. The budget advertisement shall include information on how the public can remotely access the governing body meeting and provide comment during the meeting. In addition to newspaper publication, the Division strongly recommends that local units post budget advertisements on their websites and notify residents of the public hearing through other available electronic means (e.g. email distribution list, automated phone or text message). The budget should be readvertised if access is restricted after publishing the initial hearing notice. The budget should be read in full, rather than by title, at the hearing if public access restrictions have made physical inspection and mailing of the budget impracticable.

Municipalities and counties are encouraged to coordinate with legal counsel and local offices of emergency management to ensure continued compliance with the Local Budget Law, the Open Public Meetings Act, and other statutory obligations.

Exceptions to Levy and Appropriation Caps for Emergency Costs

Expenditures resulting from a state of emergency are treated as an exception to the appropriations cap law (N.J.S.A. 40A:45.3(bb)), 1977 county levy cap law (N.J.S.A. 40A:4-45.4(q)), and the 2010 levy cap law (N.J.S.A. 40A:4-45.45(b)).

[N.J.A.C. 5:30-3.9](#) sets forth the process and terms under which emergency-related exceptions to the 2010 levy cap (i.e. 2% cap) are permissible. Levy exceptions are only available for "extraordinary costs" incurred for the immediate preparation, response, recovery, and restoration of public services due to extreme weather conditions or other catastrophic events not anticipated in the current budget year and subject to the terms of a gubernatorial emergency declaration. Only the portion of costs exceeding the cost of providing services under non-emergency conditions may be granted as property tax levy cap exclusions.

Municipal budgets shall include upon introduction, or be amended to include before the scheduled adoption date, detailed appropriations on sheet 20 under "Operations Excluded from 'CAPS'" utilizing the heading: "Declared State of Emergency Costs for Coronavirus Response: N.J.S.A. 40A:4-45.45(b) and 40A:4-45.3(bb)." County budgets must set forth the declared costs as "Declared State of Emergency Costs for Coronavirus Response: N.J.S.A. 40A:4-45.45(b)" for the 2010 levy cap and "Declared State of Emergency Costs for Coronavirus Response: N.J.S.A. 40A:4-45.4(q)" for the 1977 county levy cap. The Chief Financial Officer must certify that appropriations excluded from the cap were made pursuant to N.J.S.A. 40A: 4-45.3(bb) and 40A:4-45.45(b), in the case of a municipality; N.J.S.A. 40A:4-45.4(q) and 40A:4-45.45(b) in the case of a county. For county budgets and municipal budgets under Division review, N.J.S.A. 40A:4-10 requires prior Division approval before amending the introduced budget.

Emergency Appropriations for Coronavirus Response Post-Budget Adoption

Emergency appropriations made after budget adoption require approval by a two-thirds (2/3) vote of the full membership of the governing body and a certification of the Chief Financial Officer that the resolution covers expenses incurred during the emergency response. [N.J.S.A. 40A:4-46](#) et

seq. The local unit must file a copy of each resolution making such emergency appropriations with the Division. Emergency resolutions that exceed the three (3%) percent expenditure limit require Director approval pursuant to N.J.S.A. 40A:4-49. The Flexible Chart of Account (FCOA) codes should correspond with the applicable appropriation. To the extent that emergency appropriations are paying for disaster-related costs that exceed the cost of providing services under non-emergency conditions, the deferred charge to be raised in the following year's budget would be an eligible exception to both the levy cap and appropriations cap.

Estimated Tax Bills Strongly Recommended

In light of the disruption caused by the coronavirus outbreak, the Division strongly recommends that municipalities prepare to issue estimated property tax bills for 2020. The municipality must mail estimated tax bills to property owners no later than June 30th, and the governing body must adopt an authorizing resolution prior to issuance. For further guidance, please review the [Estimated Tax Bill Guide](#) and [calculation worksheet](#) posted on the [Division's website](#).

Deposit of Funds

In the event a local unit's depository is closed and the depository cannot arrange secure deposit of cash and checks, the Division recommends keeping any cash and checks that the local unit receives in a central locked safe or strongbox with limited access. The local unit's chief financial officer or equivalent is responsible for ensuring the proper accounting of the contents therein. Under the present circumstances, local units should encourage residents to make payments online whenever possible and particularly discourage cash payments.

Approved: Melanie R. Walter, Director

Local Operational Guidance – COVID-19 – 2020-03

Document	Internet Address
Exec. Order 103	https://nj.gov/infobank/eo/056murphy/pdf/EO-103.pdf
Executive Order 107	https://nj.gov/infobank/eo/056murphy/pdf/EO-107.pdf
N.J.A.C. 5:30-3	https://www.nj.gov/dca/divisions/dlgs/resources/rules_docs/5_30/njac_5303.pdf
Tax Collector Information	https://www.nj.gov/dca/divisions/dlgs/programs/tax_collector.html