

LEGISLATIVE SUMMARIES

Municipal Governments—State Aid to Densely Populated Municipalities Act—1990 N.J. Sess. Law Serv. 364 (West) (to be codified at N.J. Stat. Ann. §§ 52:27D-384 to -394 (West 1990)).

The purpose of the Act is to provide relief to property taxpayers in densely populated communities in order to alleviate the tax burdens imposed by decaying infrastructure and social services.¹ Maintenance of these services will be subsidized by the state to ensure the acceptable levels of health, safety and welfare in these municipalities.²

In order to qualify for state subsidies, a town must have a population exceeding 7,500 residents, a population density exceeding six times the state population density and be located in one of the five most densely populated counties (computed by current state population estimates of the New Jersey Department of Labor or federal decennial census figures).³ Also, the municipality must not currently receive state aid under the "Urban Aid" law—P.L. 1978, c.14 (C.52:27D-178 *et seq.*) in order to qualify.⁴

Beginning with state fiscal year 1992, the New Jersey Legislature will annually appropriate \$33,000,000 for the purpose of funding this act.⁵ This allocation shall be distributed to qualifying communities in three levels.⁶ The first level includes towns with a population of 30,000 or more in a first class county.⁷ This group shall be awarded 32.5% of the appropriated funds.⁸ The second level, consisting of communities with a population between 7500 and 30,000 in a first class county, shall be awarded 57.5% of the appropriations.⁹ The third level, receiving 10% of

¹ N.J. STAT. ANN. § 52:27D-385 (West 1990).

² *Id.*

³ *Id.* § 52:27D-386.

⁴ *Id.*

⁵ *Id.* § 52:27D-394.

⁶ *Id.* § 52:27D-387.

⁷ *Id.* A first class county, according to the 51ST AREA REPORT OF THE N.J. DIVISION OF LOCAL GOVERNMENT SERVICES, Table 1, is one in which the population exceeds 550,000 and the population density exceeds 3000 per square mile. There are currently three counties which qualify—Bergen, Essex and Middlesex.

⁸ *Id.* § 52:27D-388.

⁹ *Id.* §§ 52:27D-387, -388.

the funds allocated, represents all municipalities located in a second class county.¹⁰ The second level shall also receive any additional amount which is not apportioned to first level municipalities.¹¹

Within each level, individual communities shall receive allocations based upon a formula where the amount received by the town (not to exceed \$3,900,000), shall equal the quotient of the residential density of the qualifying community divided by the aggregate level of the residential densities of all qualifying communities in that level, multiplied by the amount allocated at that level.¹² The residential density is determined by multiplying the population density of the qualifying municipality by its population and the percentage (multiplied by 100), of aggregate assessed valuation of the qualifying community which is residential and apartment property.¹³

On or before November 1, the State Treasurer must determine the amount of appropriations and notify the director of Local Government Services in the Department of Community Affairs and the chief financial officers of the qualifying municipalities.¹⁴ The payment shall be made by the State Treasurer to each qualifying community on or before July 15, under the direction of the State Comptroller.¹⁵

Any municipal government may anticipate in its budget the amount determined by the State Treasurer.¹⁶ The amount may be revised to reflect any amendments between November and July.¹⁷ The funds allocated must be used to reduce local property tax levies only, and the appropriation must comply with the "Local Budget Law," P.L. 1960, c.169 (N.J. STAT. ANN. § 40A:4-1 *et seq.*).¹⁸

¹⁰ *Id.* A second class county, according to the 51ST AREA REPORT OF THE N.J. DIVISION OF LOCAL GOVERNMENT SERVICES, Table 1, is one in which the population exceeds 200,000, but does not border the Atlantic Ocean. There are currently nine counties which qualify—Burlington, Gloucester, Morris, Union, Passaic, Camden, Hudson, Mercer, and Somerset.

¹¹ *Id.* § 52:27D-388.

¹² *Id.* § 52:27D-389.

¹³ *Id.*

¹⁴ *Id.* § 52:27D-390.

¹⁵ *Id.* § 52:27D-391.

¹⁶ *Id.* § 52:27D-392.

¹⁷ *Id.*

¹⁸ *Id.* § 52:27D-392, 393.

The Director of the Division of Local Government Services shall review the written reports of the chief financial officers of the qualifying municipalities as to certify that the funds received are equal to the amount of property taxes reduced in the community.¹⁹

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¹⁹ *Id.* § 52:27D-392.