

LFN 2012-25

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Local Finance Notice

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Hurricane Sandy-3

Managing Charitable Contributions

Many local governments plan to or have already collected funds, or have been asked to establish funds for making contributions to national charities, local organizations, or residents affected by Hurricane Sandy. In cases where donations are intended for third parties rather than for the local government's own storm related needs, the Division of Local Government Services strongly encourages local governments to instruct persons to make donations directly to appropriate non-profit organizations rather than assuming the responsibility for re-distributing donations.

However, if local units are given contributions or gifts for support of disaster related purposes, the local unit may appropriate funds and spend them for the purpose for which they are donated. N.J.S.A. 40A:5-29 (Acceptance of Gifts) provides the authority to do so.

The procedure for accepting and appropriating funds under N.J.S.A. 40A:5-29 is as follows:

1. The governing body must approve a Dedication by Rider resolution. The title of the appropriation dedication should include a reference to "Hurricane Sandy 2012" or "Superstorm Sandy 2012."
2. The Rider resolution must include a plan of disposition for any funds collected, including who will receive the funds (i.e., the specific group of persons or organizations), how they will be allocated, and the process for making allocation decisions (if funds will be disbursed to more than one person or organization).
3. There should be public disclosure at the time of contribution specifying the purpose for which the money will be spent.

4. Budgeted appropriations not offset by contributions are not authorized or permitted.
5. State law does not allow property tax or utility fee based contributions for these purposes.
6. Local units must adopt a formal policy outlining how donations to local residents or organizations affected by the disaster will be made.
7. Individuals and organizations should be appropriately screened to ensure donations are disbursed to those who are qualified.
8. Information concerning national charitable organizations involved in disaster relief can be found on the web at <http://www.aidmatrixnetwork.org/fema/States.aspx?ST=New+Jersey>

Note: If your local unit plans to go beyond the gift provision and establish a separate charitable fund, you should review with your legal counsel whether registration is necessary with the Charities Registration Section of the Office of Consumer Protection within the Department of Law & Public Safety.

Approved: Thomas H. Neff, Director.