



LFN 2017-6R

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Local Finance Notice

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Distribution

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Municipal Budget Appropriations for Volunteer Fire Companies and Fire Districts

Effective August 2015, Section 27 of P.L. 2015, c. 95 amended N.J.S.A. 40A:14-34 to increase the amount of funds that a municipality can annually appropriate for use by its volunteer fire companies or boards of fire commissioners to \$150,000. The Director is required to adjust this amount for inflation every two years in accordance with the Cost-of-Living Adjustment promulgated for the 1977 cap law (N.J.S.A. 40A:4-45.1a). Effective for CY2017/SFY2018 and CY2018/SFY2019 municipal budgets, a COLA adjustment of **one-half percent (.5%)** has been applied to adjust the annual maximum contribution to **\$150,750**. In any municipality where there are more than three volunteer fire companies or fire districts, the governing body may appropriate an additional \$50,000 annually for each additional volunteer company or fire district.

Pursuant to N.J.S.A. 40A:14-34, at least 50% of the municipality's annual appropriation must be used by a volunteer fire company or board of fire commissioners for the purchase of fire equipment, materials and supplies. N.J.S.A. 40A:14-34 also requires the volunteer fire company or fire district to provide the municipal governing body, on an annual basis, an accounting of the use of all funds so appropriated.

In addition to the above-referenced appropriations, the municipality may appropriate additional funds for the purchase of fire equipment, supplies and materials for use by a volunteer fire company or fire district; however, the municipality must control and disburse the funds as well as hold the title to the equipment purchased.

Approved: Timothy J. Cunningham, Director