

---

---

# ***Public Hearing***

before

## **SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE**

### **SENATE CONCURRENT RESOLUTION No. 36**

*(Amends Constitution to permit legislation freezing local  
property taxes for senior citizens)*

---

---

**LOCATION:** Committee Room 7  
State House Annex  
Trenton, New Jersey

**DATE:** July 30, 1998  
10:00 a.m.

#### **MEMBERS OF COMMITTEE PRESENT:**

Senator Leonard T. Connors Jr., Chairman  
Senator Joseph A. Palaia, Vice Chairman  
Senator Martha W. Bark  
Senator Ronald L. Rice



#### **ALSO PRESENT:**

Robert C. Rothberg  
Hannah Shostack  
*Office of Legislative Services  
Committee Aides*

Ken Raatz  
*Senate Majority  
Committee Aide*

Patrick M. Gillespie  
*Senate Democratic  
Committee Aide*

***Hearing Recorded and Transcribed by  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey***

---

---



## TABLE OF CONTENTS

	<b><u>Page</u></b>
George Aaron Resident Tenafly, New Jersey	1
Senator Gerald Cardinale District 39	2
Michael Brinzey President Hillsdale Over 50 Club	2
Richard A. Burton Sr. Resident Hillsdale, New Jersey	3
Joseph Czechowski Member Hillsdale Over 50 Club	9
Nina Levinson Ph.D. Cochair United Homeowners of the Borough of Fort Lee	11
Julia Ticola Vice President Main Street Seniors	13
Irene E. Brown Senior Citizens Advocate Glen Rock, New Jersey	13
Miriam Messner Resident Glen Rock, New Jersey	16

## TABLE OF CONTENTS (continued)

	<b><u>Page</u></b>
William J. Brown, Jr. Chairman Glen Rock Senior Citizens Advisory Committee	17
Henry Charles Legislative Committee Chairman Edison AARP	21
Louise Riscola Ph.D. Member AARP President Highland Park Area Chapter of the National Council of Senior Citizens	22
Judith Peoples Associate Director New Jersey School Boards Association	25
Jon R. Moran Senior Legislative Analyst New Jersey State League of Municipalities	26
David Smith Princeton Public Affairs Group Representing Tax Collectors and Treasurers Association of New Jersey	31
 <b>APPENDIX:</b>	
Letter plus attachment submitted by William G. Dressel Jr. Executive Director New Jersey State League of Municipalities	1x

**SENATOR LEONARD T. CONNERS JR. (Chairman):** Good morning, ladies and gentlemen. The Senate Community Affairs Committee will hear, at a public hearing, Senate Concurrent Resolution No. 36, testimony in support of the bill. I am making that assumption this morning. It's not a requirement that the full Committee be here. I am the Chairman, Senator Connors.

We don't have much of an order -- excuse me. Oh, Senator Palaia is here. I'm sorry.

SENATOR PALAIA: Sure.

SENATOR CONNERS: Senator Palaia is now here.

SENATOR PALAIA: Always on time.

SENATOR CONNERS: I should have bit my tongue. I knew you would be here, Senator.

SENATOR PALAIA: You got that right.

SENATOR CONNERS: We don't have much of an order with regard to the way you signed up. So if you are out of order-- The first one in here is not going to be the first one taken.

**G E O R G E A A R O N:** Do it alphabetically. (laughter) The name is Aaron.

SENATOR CONNERS: We are under a--

SENATOR PALAIA: Guarantee it starts with A.

SENATOR CONNERS: We are under some time constraints.

Oh, Senator Bark is with us here this morning, so we do have a quorum--

SENATOR BARK: Sorry I'm late.

SENATOR CONNERS: --of the Senate Community Affairs Committee. And the sponsor of the bill is with us here this morning, Senator Cardinale.

Senator Cardinale, will you take a seat. (applause)

SENATOR PALAIA: Let it be noted that's the first and only ovation he ever got. I want you to know that. (laughter)

Good morning, Senator.

SENATOR CONNERS: Senator, you sent a letter here, through your office, requesting that three speakers be accorded the privilege of going first in order to take their testimony.

**SENATOR GERALD CARDINALE:** I would be very happy if you would do that, Mr. Chairman.

SENATOR CONNERS: Okay. Michael Brinzey, President of Hillsdale Over 50 Club.

**MICHAEL BRINZEY:** Right here.

SENATOR CONNERS: I am going to ask-- Sit down, Mr.--

MR. BRINZEY: Can I take my time and give it to Mr. Burton.

SENATOR CONNERS: Certainly.

MR. BRINZEY: Mr. Burton has been the leader of this cohesion of Hillsdale residents and--

SENATOR CONNERS: Okay, we will take Mr. Burton.

Before we take any testimony, I would just like to say this. We have a schedule; we have a Senate Session this afternoon; and we have some briefings that we have to go through. I don't want to rush anybody, but I would appreciate if you would be as brief as possible to get your point across in support or opposition to this bill.

So the first one we'll take then is Mr. Burton.

**RICHARD A. BURTON SR.:** Do you want name and address, which is normal protocol for--

SENATOR CONNERS: Please do it for the record.

MR. BURTON: For the record, I am Richard A. Burton Sr. I live in 90 Baylor Avenue, in Hillsdale, New Jersey.

First, I do applaud this bill very strongly, and it is long overdue. I gave each one of you a copy of a letter that I had mailed to *The Record* and several other papers. You each have a copy or should have a copy, but I would prefer to be given the opportunity just to read it briefly and add a couple of comments along that are not included.

I am writing in support of Senate Bill 395 sponsored by Senator Gerald Cardinale of Demarest. It would freeze the property taxes of senior citizens once they reach the age of 65. And, of course, I neglected to say that you have to be domiciled for at least 10 years in your community.

I believe the concerns raised to freeze property taxes for seniors, while sincere, may be penny-wise and dollar foolish. One member of our borough council pointed out that the high income tax payers would benefit unfairly. Another council member expressed concern that eventually it could add to the town's tax burden.

Taking the second concern first, if you estimate an average annual tax increase of \$200 per house, and if this bill encourages just one out of ten seniors not to sell his home, assuming the other nine would remain anyway, the annual revenue loss to the town would be \$2000. The loss would be more than offset by the reduction of cost of services required for the new family replacing the senior citizen. A younger family with two or more children would

require a minimum of \$10,000 per child to educate in the public school system.

Regarding the first concern, we probably have 3400 families paying property taxes in our town. The question then becomes what percentage of these families would be eligible, and of that, how many would be denied?

The concept of this property tax freeze is not new. Many bills of this nature have been submitted over the past seven, eight years, and perhaps more, but never approved because of the politicizing of the threshold.

When you weigh the potential savings by arresting the explosion of services, against any disparity of revenue losses, it just makes good sense to support this bill without any qualification. And then I conclude with this is a time to let a perceived-- We'll go skip that part, you've got it there.

I just want to say this, that much has been said about this unfairness when objections have been raised. I certainly would take umbrage to that. When I look and I follow these schools for the last 15 years, and when I see -- go back and say, when I went to school, we had anywhere from 45 to 50 in a classroom. Today, I watched my children go through in the '70s, and they were 35 -- we're talking an average classroom. Now, today, I see that we have in our classrooms -- they say 22. But anyone that's taken time to go down to the school and study this system and this set up will see that we are lucky to have 15. Some of them are less than 15, because they are special programs that require-- They only have a handful of teachers. Our average class size is larger than -- is lower rather than 22. It's more like 15, believe me. And we have Michael Brinzey -- I wish he had sat down for this, because being a trustee, he is better equipped.



Now why do I bring this comparison up? It is very simple. We all know we've had a long period of constant inflation. I said back when I went to school -- hell, that was back in the '40s, and I have my children going through in the '70s, and here we are in the '90s. We all know we've had inflation. Forget inflation. Let's say we never had a penny of inflation in that time frame. But I have been penalized, and every one of our seniors have been penalized, because we've gone from class sizes of 45 down to class size-- We were fighting class sizes only a few years ago, of as low as eight and ten.

So that is quite a multiplication. We're paying three, four, five times as much today, if we didn't have inflation at all, just by the school structure.

Now, very frankly, I think this is the best bill I have seen that has come down our way that would at least give us some relief. And I will be honest with you, I think the best alternative would be that it be State funded and there would be no argument.

But here is a bill that, as it stands now, without going to State funding and revenues being recouped from income taxes, I think this pretty fairly well sets up the situation, certainly where everyone benefits. Because naturally, the younger ones are always saying, "Gee, I'm going to pay more taxes." Not so, if you can reduce the people from running out and the services are reduced in turn, that would be a relief for the--

I've talked to young people. I've talked to guys in their 40s, neighbors and so forth. I've only had one person disagree. He did it by letter. He couldn't do it by name. He happens to be Joe Sixpack. That's the extent of the opposition I've seen so far. Someone that hasn't got the courage to put a face on himself.

But this is a good bill for seniors; it is a good bill for younger people. It stimulates stability in the town. God only knows not only we need it, but you need it down in South Jersey. I mean, I take a ride through Jackson to see the development and what is happening down there. I think you guys must be shaking in your boots to see what is going to happen to your property taxes.

Gentlemen, this is a good bill, pass it. And then if you want to go on and do something else, fine. Last year you managed to get one bill passed which was tied to the PAAD threshold. We've argued the threshold business back and forth. It's overkill. Now it's time to get on with it. This is a good bill. If you really want to outdo yourself, think about funding vis-à-vis the state. You are in a better position than we are to negotiate with the NEA. Sixty-seven percent of our taxes in our town go to the schools. And really, in our town, we are also unique. We are the highest in the state -- highest per pupil cost in the state -- and by that comparison, we are the highest in the country. We need relief, particularly the seniors.

That's all I have to say.

SENATOR CONNERS: Thank you.

MR. BURTON: I'm sorry if I took too much time.

SENATOR CONNERS: I would just say this--

Thank you, Mr. Burton.

MR. BURTON: You're welcome. (applause)

SENATOR CONNERS: This bill has already passed this Committee. You do not have to encourage us to pass this bill. This is a public hearing. It's not about schools. It's about taxes and tax relief. So impress that

on the record, and I think you will be going a long way to the people who will be reading this record.

The next one is Michael Brinzey.

Do you wish to speak now, sir?

MR. BRINZEY: Brinzey, B-R-I-N-Z-E-Y, Michael, 33 Highland Avenue, Hillsdale. I concur completely with what Mr. Burton has said, and the bill-- My concern is how long will it take before you pass the amendment, SCR-36, before it becomes law? Again--

SENATOR CONNERS: Let me stop right here.

MR. BRINZEY: Okay.

SENATOR CONNERS: For the benefit of everybody, this is a public hearing on this bill. It has already passed the Committee. It is ready to go to the Senate, but it must have a public hearing. If it goes to the Senate, it's got to go to the Assembly, and then it will be put on the ballot. So the people of the State will vote for it, not just the Senate and the Assembly.

So this hearing today is a requirement under the Constitution as a step towards placing this on the ballot. This testimony is being recorded. It will be read by the Senators and the Assembly when this bill comes up before the Senate and the Assembly.

So this bill has already passed this Committee. It has now taken its second step. The next step is the full Senate, the full Assembly, and then to the ballot.

Go ahead, Mr. Brinzey.

MR. BRINZEY: Thank you.

In the same vein, since we are all in accord that this is a good bill and it will -- and hopefully it will pass this year, before you all go into your

sabbaticals, so that we can start enjoying the election coming in November, so that we can institute this freeze as soon as possible. That is the logical thing to do. Again, I think I will have to agree with Mr. Burton that the funding should be a State funding area, so that the communities will not bear the brunt on the expenses on it, because the flack that we are getting from the younger generation that has moved into town that the seniors paid -- somebody paid for your education, Mr. Brinzey, so pay for my children.

Let me tell you where I came from to why I am here today. I moved into Hillsdale in 1952. They had one school, one public school. All the intervening years we increased the size of that school. We constructed two additional grade schools, two high schools, and we paid for every one of them without any objections at all. So whatever the young generation is enjoying today is our fruits of the labor. And I think they should be gratified to the point that, when they are coming into town, they have all of this top quality education. So that when they think of that, and I'm hopeful that when they do that, and according to Senator Cardinale's synopsis for the next 10 years, it's not going to cost them. This tax freeze will help everybody.

Because in the last five years I have been talking to the community leaders on stabilizing the community and keeping the seniors in town, so that we don't have them move out and the younger generation come in with additional kids to exasperate the school problem. When we do that, then everybody is going to benefit, not only the seniors. And it is about time the seniors do get a break.

Thank you. (applause)

SENATOR CONNERS: Mr. Czechowski.

**JOSEPH CZECHOWSKI:** Good morning.

SENATOR CONNERS: Good morning.

MR. CZECHOWSKI: Today, more than ever, there is a great need for relief in the ever increasing property taxes. This is especially true for those retirees who are on a fixed income. Do you realize that 68 percent of our Hillsdale property tax is for education? This is a 4 percent increase over last year's. Even though we defeated the local school budget, as well as the Pascack Valley Regional High School budget, we were hit with this increase.

The courts have stated that the cost of education should not be borne by local property taxes. It is an inequitable tax. There has to be a better way to fund education, other than by the present system of local property taxes. In Hillsdale, as previously mentioned, that 68 percent of property taxes are for schools and education. Twenty-five percent of the 10,000 population of Hillsdale are 50 years of age or older.

To give you an example of inequity and so-called fairness, take a family of five, with three school-aged children, two in the elementary school at a per student cost of \$8000, subtotal is \$16,000, and the third child, attending Pascack Valley Regional High School at a per student cost of \$14,828, for a grand total of \$30,828. No family in Hillsdale is paying anywhere near \$30,828 in property taxes for education. Therefore, shouldn't there be some relief for those seniors without school children who are helping to finance education.

Over the years, we seniors have added two elementary school buildings, helped build two regional high schools, helped transform our wonderful town to what it is today. We put our roots into this town with the hopes of spending the few remaining years of our lives here.

One must realize the facts. If older people move out, younger families will move in, with children. Schools will have to expand. They will need more teachers, more support staff, more maintenance staff, and etc. Property taxes will raise way up, and there will be fewer property taxpayers without children to defray the cost of education.

We are not looking for charity. All we are looking for is a more equitable method of funding for education, as well as maintaining a homogenous community, one with all ages. We look to you Senators to review the facts. You've already mentioned that you have S-395 -- or S-36 out of Committee, therefore, we look to you to put it out on the floor and support this with your fellow members.

Chances are good if the Senate Bill 395 is not passed, it will only lead citizens to seek a more equitable method of funding education. I mention education with the property taxes, although you mention that the schools were not the main factor. But 68 percent of our property taxes are at the school level. Perhaps by stating the more equitable method of funding, people will look for, perhaps by state income tax, state sales tax, cigarette tax, etc. The state keeps adding new school education mandates such as full-time kindergarten, introducing three-year-olds and four-year-olds into the public school system, and etc. These new proposed mandates, plus all the old mandates, have been and are still being mandated without the State finding other means of funding, other than having them added on to the backs of the property taxpayer.

There has to be a better way of funding education, other than the property taxpayer. And as I mentioned, the bulk of our property taxes are on education. We need some form of relief. I brought this up with a council

member in our town and explained to him what the problem would be, and all he told me was we are living in an affluent community, and if you can't stand the heat, move out. That is the kind of thing we are getting, and I hope that our Senate and our Assembly and our legislators will take into consideration that we are part of it. We don't want to move out of our community. We don't want to move out of the state. We look to you and implore you to give us some form of relief, and I thank you for your time.

SENATOR CONNERS: Thank you. (applause)

Dr. Nina Levinson.

**NINA LEVINSON Ph.D.:** Thank you.

I am Dr. Nina Levinson, 1560 West Street, Fort Lee.

I'm Cochair of the United Homeowners of the Borough of Fort Lee, and we represent about 500 families, more or less.

Basically, Bill 395, I think, is an excellent bill, but we would like to see a cap on the income level. It is not fair that people who have high earnings should be subsidized, in a way, by the younger people who are trying to put their kids through school and doing the best to raise their kids.

In our town, we have a large number of seniors who essentially have very low rental expenditures, because our seniors, up to an income of \$124,000, have rental protection. This affects our taxes, of course, and the seniors who are homeowners and their taxes. The \$124,000 is mandated by the state. Now we are not looking for absolute equity to the \$124,000 because I think if you have an income of, say \$80,000, you can well afford to pay the extra taxes. Even lower than that, I would like to see a cap of \$50,000 or maybe \$60,000. At the moment the cap, of course, is just under \$18,000 with the bill that was passed and is in effect at the moment. Eighteen thousand is

poverty level, and somebody earns \$25,000, they cannot afford to eat and buy their prescription items. So I think it should be raised.

I also think it should be state funded, as many of the speaker who spoke before me. I don't think it should be up to the municipality, because it will pit younger against older people in the municipality. If it is passed, they will say, "Oh, we are paying your taxes," irrespective of whether that happens to be true or not, whether their taxes would go up more if I moved out, for example. But I think if a senior can afford it, they should pay their fair share. So I think it should be State funded. It should be a state legislation and not up to the municipality where your -- one member of the municipality is pitted against another member of the municipality. We want unity in our municipalities, not strife.

Also, a person may live with a house half in one community and half in another. Our communities are no longer a little community here and a little community there, which require home rule. Our communities merge so much into each other that it should be a statewide legislation, statewide funded, and if the cigarette tax has to go up to fund it, even if the gasoline tax has to go up to fund it, or other unpopular taxes.

I, generally speaking, support the bill, but with these two limitations, state funding and cap to the income.

Thank you very much, indeed.

SENATOR CONNERS: Thank you. (applause)

Julia Ticola.

**JULIA TICOLA:** Julia Ticola, 226 Myrtle Avenue, Fort Lee, Vice President of 500 seniors in Fort Lee.



I concur with Dr. Levinson. I agree with her wholeheartedly. All I want to say is that you either have to be -- I just want to add a footnote. All you have to do is be very wealthy or very poor. The middle class is falling through the crack. On a footnote also, Dr. Pataki has just -- I think it's a year ago now -- reduced the taxes for senior citizens in his state. So I hope that the same applies here.

Thank you.

SENATOR CONNERS: Thank you.

Irene Brown.

**I R E N E E. B R O W N:** Irene Brown, from Glen Rock.

SENATOR CONNERS: We have three people from Glen Rock. Can we get them consolidated with the other two. Mr. Brown and--

MS. BROWN: And Mrs. Messner,

SENATOR CONNERS: --Mrs. Messner.

Are they here?

MS. BROWN: Yes.

SENATOR CONNERS: Come up here, please.

SENATOR CARDINALE: Mr. Chairman, I am going to move over.

SENATOR CONNERS: Okay.

Before you start, another Senator has entered the room, Senator Rice, representing Essex County, and he is with us today. And I know he has deep concerns with regard to senior citizens. He sponsored a lot of senior citizen legislation, and I'm sure that he is very sympathetic to your cause.

Go ahead, who is first?

MS. BROWN: I am.

Glen Rock senior citizens are interested in having our property taxes frozen, but first we would prefer that our assessment be lowered to the 1996 assessment, before the revaluation.

Glen Rock did a real property revaluation for 1997. For 1996, typical Glen Rock properties were assessed at one-third of total value for land and two-thirds for improvement. The revaluation resulted in reversing the ratio of land and improvements. Now, typically land is assessed at two-thirds of the total improvements and one-third of the total assessment. This reversal caused a change in homeowner's assessments favoring those with big beautiful houses on small lots, verses owners of small homes on the same sized lot.

Furthermore, after the homeowners received notice of their appraised values from the appraisal firm, Market Value Appraisal Services, Inc., the tax assessor decided that every homeowner should have his assessment based on 80 feet of frontage. If your lot had less than 80 feet of frontage, she added a separate line item for the missing feet and charged half the rate for the phantom land as for existing land. Property owners with more than 80 feet of frontage were assessed at the same half rate for their excess frontage.

Our lot is 55 feet wide, so we were given 25 feet of phantom land assessed for \$30,000. The tax increase that the 1997 rate of \$2.62 per \$100 of assessment is \$786 for 25 feet of land, which does not exist. The tax assessor's justification for this concept is to bring assessments of properties with less than 80 feet frontage up to market value. This adjustment has harmed many senior citizens who have old houses on small lots and whose property was already assessed at or above market value.

My husband has consulted 22 books, including the Real Property Appraisal Manual for New Jersey Assessors and found no mention of any

relationship of the lack of land to the market value of real property. In fact, based on the analysis of information received from Senator DiFrancesco's office, we believe that arguments justifying the assessment and taxation of phantom land are fraudulent.

Two tables are attached for your information. The first summarizes the impact of the revaluation on Glen Rock low-income senior citizens receiving the \$250 tax deduction. The second table provides similar information for some of the additional seniors, who have not received a senior citizen discount. A study of both tables reveals that the majority of senior citizens have been victimized by assessments which were revised to incorporate phantom land.

Now on the table with the \$250 on Page 3 -- now to qualify for this you have to have less than \$10,000 income, plus your Social Security. On the third line, there is someone whose taxes over the two years went up \$3883.25. Their '98 taxes are now \$9343.25. If your income level is \$10,000, and you are putting all of that out for your taxes, it doesn't leave you anything left to pay your bills and live.

Based on the economic hardships caused by the Glen Rock revaluation of 1997, we urge the Senate to amend the proposed constitutional amendment in such manner that the Legislature and municipalities are empowered to roll back the effective freeze date to 1996, as was intended by the original bill submitted to Governor Whitman.

SENATOR CONNERS: Thank you.

State your name, for the record, and your address.

**MIRIAM MESSNER:** It's Miriam Messner, 136 Berkeley Place, in Glen Rock.

I am 81 years old and have had an increase of \$3500 in taxes. I've lived in this house all my life, went to school here. I am living on a limited income, and I think I have payed my dues. As I say, my taxes have increased \$3500, and the tax assessor changed the rate for the land from 2000 per foot frontage to 2600 per foot frontage for a few blocks on A2 neighborhood. In an A1 neighborhood, the same rate was just \$2000 increase -- just \$2000.

My adjustment caused that-- All this is an increase of \$53,500. My land was assessed at \$80,000 in 1996, and now it is assessed at \$227,500. My total assessment increased by \$129,300. I've lived in this house all my life, grew up here, went to the schools here. I don't have a backyard. I have no backyard. I live on a corner. The house next to me, on my right, had improvements and caused a lot of inconvenience for my property, as far as seeing out the windows and all.

So I think I am entitled to a lessor increase.

Thank you.

SENATOR CONNERS: Yes, sir.

**WILLIAM J. BROWN JR.:** I'm Bill Brown, Chairman of the Glen Rock Senior Citizens Advisory Committee.

SENATOR CONNERS: Your address.

MR. BROWN: 675 Lincoln Avenue, Glen Rock, New York.

MS. BROWN: New Jersey.

MR. BROWN: New Jersey, 07452.

I'm 72 years old, so you have to make allowances. (laughter)

SENATOR CONNERS: You need not give your age. (laughter)

MR. BROWN: I think the fastest way is to simply read this. You have a copy of it.

Senator Cardinale's letter of July 14, 1998 needs clarification. The proposed constitutional amendment would not, by itself, permit towns to freeze property taxes of all senior citizens in the state. It would, however, permit the Legislature to enact laws such as the proposed S-395, which would permit towns to freeze property taxes of all senior citizens 65 or over, who lived in their homes for at least 10 years. Whether or not a new law would cover all such seniors, regardless of income, would be determined by the terms and conditions adopted by the Legislature.

I believe that the proposed constitutional amendment must be modified to include a reasonable income cap, otherwise the Legislature could pass laws that open Pandora's Box.

In recent years the burden of costs for education have been shifted from income taxes, based on individual's ability to pay, to property taxes imposed on all property owners with incomes above the poverty level. Without an income cap, the proposed constitutional amendment would make it possible for legislators, many of whom are wealthy, to further shift the burden from wealthy senior citizens, who benefited most from the reduction in income taxes, to property owners under 65, many of whom could no longer afford to remain in their homes.

This year Glen Rock's property taxes increased 7.25 percent over 1997 taxes, with essentially the same total assessment for both years. The tax increase resulted from the increased school budget. The original school budget had been defeated in a school board election and then reduced \$400,000 by the borough's governing body. A continuing increase of 7.25 percent, compounded annually, would cause property taxes to double in 10 years.

The attached chart is based upon assumptions essentially identical to those in the chart enclosed with Senator Cardinale's letter of July 14, except that a constant annual increase of \$400 per taxpayer is assumed, instead of \$200. In Glen Rock, the tax increase in 1988 for a property assessed for \$210,000 was exactly \$399. The \$400 annual increase assumed in the modified chart is very conservative. According to the Bergen County analysis of Glen Rock's Property Assessments before and after the 1997 revaluation, the average residential assessment increased from \$210,850, in 1996, to \$251,871 in 1997. In 1997, the tax rate was \$2.62 per \$100 of assessment. A \$251,871 assessment would have produced a tax bill of \$6599. With the same assessment for 1998, but with a tax rate increase to \$2.81 per \$100, the tax bill would have been \$7078, an increase of \$479 for this average situation or approximately 7.25 percent.

The bottom line of the chart, modified to assume a constant annual tax increase of \$400, would result in a cumulative loss of \$20,000, at the end of 10 years, for every 10 senior citizens, as compared with a \$90,000 cumulative gain, at the end of 10 years, in Senator Cardinale's chart, which assumed a constant annual tax increase of \$200. Only time will tell which assumption will prove more accurate for Glen Rock, but it will not matter as long as the proposed constitutional amendment is itself amended to include a reasonable maximum income level, which the Legislature cannot exceed.

In 1986, Chief Justice Robert N. Wilentz made a remarkable statement in delivering the New Jersey Supreme Court opinion on the petition of Felmeister and Isaacs. He said "We look to the day when justice will be done for all citizens, regardless of wealth." The amending of the proposed

constitutional amendment to include a reasonable income cap can help to bring that day a little nearer.

Thank you.

SENATOR CONNERS: Thank you. (applause)

George Aaron.

MR. ARRON: Good morning, my name is George Aaron. I live at 114 Creston Avenue, Tenaflly, New Jersey.

Replacing elderly residents by families with children increases community expenses. Seniors are a lucrative source of funding, as they require a limited use of public services such as: Trash and garbage collection is a massive municipality expense which requires a minimal collection for seniors. It's obvious, we live two in my house, four people living across the street. They got five baskets out for each collection, and I have less than one.

Senior residents are not a strain on the public schools, which is a major portion of our property taxes. When elderly residents travel or visit their children and grandchildren, they further diminish the need for public services. We are out of town, my wife and I, five months a year.

Last year, three homes in Tenaflly were sold by friends of mine. Four residents were replaced by ten -- six adults, four children -- plus one on the way. The Tenaflly school system once served 3300 children, at a cost in excess of \$9000 each. Two thousand four hundred students attended in 1996. It increased to 2550 in 1997. With the change in demographics, reduction in class size, the addition of electronic equipment, computers, etc. there will be new costs for additional facilities. This could require a student budget increase of over \$2 million, averaging \$500 to each household.

As the subsidizing of community expenses diminish due to flight of seniors, property taxes will escalate for the remaining families. This cost could eventually exceed the services received, discouraging others from moving into the community.

I would like to recommend that we extend the requirements to a minimum of a 20-year residency, effective at the age of 65 or 70. My suggestion of a 20-year residency was based on a consensus taken at a local AARP meeting, attended by 117 members, which included people from Bergenfield, Tenafly, and Cresskill. Ninety percent acknowledged that their residence was for over 30 years at the same domicile. Only a handful responded to less than 20 years.

I have witnessed a similar arrangement in Texas, where the school districts and the municipalities are not the same locations. In the school district, which is taxed as a school district -- the municipality is taxed separately as a municipality -- I've seen this operating in the Friendship School District, independently taxed and voted on by the local community to freeze local senior citizen taxes at their present rate.

Thank you.

SENATOR CONNERS: Thank you, Mr. Aaron. (applause)

Henry Charles.

**HENRY CHARLES:** Good morning. Thank you, Senator. I am Henry Charles, 523 Plainfield Avenue, Edison, New Jersey.

I am in the Edison AARP. I am the Legislative Committee Chairman and past President.

I have been talking with many of our members, and they talk with me and tell me what they think. We have some very wealthy members who are



very pleased with the tax situation in New Jersey, and many of them got the 30 percent decrease. But we have many other members -- I am one of them -- who got less than \$5 decrease in our state income tax. However, our property taxes keep skyrocketing, and so it seems that the folks that are very wealthy are doing very well, and the folks that are in the middle class and below are getting -- sort of getting the shaft. It's disturbing to many of the people.

We found that many of our friends had to leave New Jersey because our taxes are so bad, and we see many of our folks going off, even to Pennsylvania or Florida, where their taxes are much, much less. As far as inflation goes, the wealthy members tell us there is no inflation. When they buy a Mercedes, it hasn't gone up from last year or the last couple. When they buy a yacht the inflation has not gone up. But when people buy food, the inflation is much more than the 2 or 3 percent that they tell us. Very often it is 10 percent and 15 percent inflation in food and the necessary things.

Another thing, insurance has gone up. Health insurance, automobile insurance, home insurance has all been going up, and it is actually going up much more than the 2 percent or 3 percent. So the folks that are the worst off are getting the roughest deal, and the very wealthy are doing very well, doing much better than they were.

All the other things that have been said are true, as far as the schools and the elderly not requiring the schools to put a lot of the youngsters in there. But it just seems unfair that some of the people, who have been in the community for so many years, are now getting a rough time and sometimes being forced to leave our community.

Thank you very much.

SENATOR CONNERS: Thank you.

Dr. Louise Riscola.

**LOUISE RISCOLA Ph.D.:** I am Dr. Louise Riscola, from Edison. I have worked at state and county facilities as a psychologist, prior to my retirement. Although I am a member of AARP and President of the Highland Park Area Chapter of the National Council of Senior Citizens, I am here only to represent myself as a concerned, lifelong resident of the state and a taxpayer. On March 2, I presented testimony in support of S-395 and support SCR-36.

A large number of senior citizens on fixed incomes are living in poverty, in order to pay for their continually increasing property taxes. Senior citizens are also faced with the humiliation of foreclosure and have been literally forced out of their homes to live in towns not necessarily of their own choice, but in those they can afford. The trauma of having to give up one's home and community can be devastating to the extent that it might jeopardize one's health, and even in the extreme, cause death.

My husband and I are originally from northern New Jersey, and we cannot live near our family because of the high property taxes in the area. We do not know how long we will be able to remain in our current home in Middlesex County, because the increasing property taxes are depleting our income, even though my disabled husband is still working.

Reverse mortgages and pensions, with a cost of living increase, are not enough to cover the price of rising property taxes and home maintenance. Property tax increases are unfair and inequitable, because they include services that senior citizens don't use. I might add that the policy, obviously, offices of the aged throughout the state, are that they want to keep senior citizens at home as long as possible, however, I have not seen any indication that they have included property taxes as one of the subsidies to help the senior citizens

remain in their homes. Unfortunately, our care is very fragmented, and I think that people need to look at all the things that senior citizens need, and property tax reduction or freezing is one of them.

I think that there could be opposition to SCR-36 from the municipalities, because municipalities want to collect as much money as they can, with property taxes being one of the main sources of revenue. There is also the possibility that freezing the property taxes of senior citizens would place a property tax burden on other taxpayers. However, senior citizens must still continue to pay property taxes. SCR-36 specifies that the voters must approve a constitutional amendment which allows municipalities to adopt an ordinance to freeze the property taxes of senior citizens at the current level.

There is a possibility that the voters could defeat it. If the constitutional amendment is passed, not all municipalities would freeze the property taxes of senior citizens, with a result of an inequity favoring only a limited number of senior citizen property taxpayers. I really think that the property taxes of all senior citizens should be frozen at the current level. In the long run, it would be more costly not to freeze property taxes, and you've already heard evidence as to why it would be more costly. Senator Cardinale has prepared a considerable amount of research in that regard.

In the long run, I feel that the dignity and the right of senior citizens to remain in their own homes must be maintained. I think that the constitutional amendment is a step in the right direction, however, I am also concerned about home rule. I think that there is a tremendous inequity between northern New Jersey, southern New Jersey, and people that live so close together that they might move from one town to another. The towns run right together.

So I think one needs also to look at the home rule concept and perhaps reassess it and reevaluate it in terms of the current evidence and the testimony that you also heard today.

SENATOR CONNERS: Thank you. (applause)

Judith Peoples, representing the New Jersey School Boards Association.

**JUDITH PEOPLES:** Good morning, Chairman Conners, members of the Committee, and Senator Cardinale.

I'm Judith Peoples. I represent the New Jersey School Boards Association here this morning.

I brought with me a document that Hannah is handing out to you, and there are additional copies here on the issue of property tax. There are many bills before the Legislature, at the present time, that address the issue of property tax. As an Association, rather than take a position on each bill, we have put together, through our association policies, this statement which clearly defines the most critical elements of property tax relief that we are looking for.

I think one of the most obvious things to me, listening here this morning, is the two very questions that we raised with the sponsors: Would those persons not eligible for the exemption of assessed value for school purposes simply pay higher property taxes to make up for the loss from the exempted portion of the property taxes, and if the exception is not intended to cause an overall increase in the property tax rate, how would the loss in revenues be replaced, have been raised by the seniors here this morning, who have come to support the concept of a freeze for property taxpayers.

The most critical issue that I want to raise with you this morning, and I am going to be very brief, is in the center of the yellow document, and it says that we support a needs based circuit breaker for low income property taxpayers, based on a percentage of personal income, with the difference between the reduced tax and the actual tax levy paid by the state. That circuit breaker is not intended only for seniors. It is intended for other low-income people who are struggling to stay in New Jersey and to keep our communities diverse.

No community, no school system, is more rich than the systems that draw their seniors into the schools. We can't have those seniors in the schools if they leave the community. So we are working very hard on the issue of property taxes. We have a biannual delegate assembly. The delegate assembly this November will be addressing practical solutions to the issue of property tax across the state. We will be sharing all that information with you as it goes along, and we are glad that you have raised this issue, and we thank the sponsor.

SENATOR CONNERS: Thank you very much, Judith.  
(applause)

Jon Moran, representing the New Jersey League of Municipalities.  
**J O N R. M O R A N:** Thank you, Mr. Chairman and members of the Committee.

It's Jon Moran, with the New Jersey State League of Municipalities, which represents 562 of the states 566 municipalities.

First of all, we want to express our appreciation to Senator Cardinale. He took time out from his schedule to come and talk with our

legislative committee about this issue. He spent some hours there. It was an honest give-and-take, and we appreciate his time and his forbearance with us.

There are a number of concerns which we have with this proposal. Without a doubt, a property tax freeze for seniors would place the cost of the loss of the tax revenue upon nonseniors and the businesses of the municipality. Moreover, municipalities with planned residential retirement communities will be especially hard hit by this freeze. And that's because of the high percentage of the seniors in those municipalities.

Though the proposal is permissive, we should all remember that there is a difference between political courage and political suicide. Those municipalities where this proposal would have the most severe impact on commercial, industrial, and nonsenior residential property taxpayers would also be those where the pressure to enact the freeze would be greatest. Consequently, in many municipalities, this option would, in fact, be a mandate, not legislatively but politically. We therefore would suggest, as have some other speakers, that the funding for this tax freeze be provided by the State to the municipalities, counties, and school districts that would otherwise have to raise their tax rates on the nonqualifying properties.

By far, the largest part of the property tax bill, as other speakers have pointed out, is attributed to education funding for their school district. Taxes support those services least likely to directly benefit the seniors. Accordingly, it is only fair that the impact for the freeze be proportionately reflected in the school districts tax rate. Although this doesn't affect the taxpayers bottom line, it will help them better understand the justification for the freeze. And absent any direction to the contrary, the only mechanism available to account for the freeze would be an increase in the municipality's

reserve for uncollected taxes funded solely through the local purposes tax rate. Senator Cardinale has expressed some sympathy with us on this issue, and we hope that language can be worked out to this proposed amendment to accomplish this goal

Again, although this is a permissive proposal, if local governing bodies decide to pass this type of ordinance, they should be entitled to an annual fiscal report. We think that the amendment should contain language which would require the chief financial officer of the participating municipality to monitor this program and to do an annual fiscal impact statement for the elected governing body members.

Additionally, and again as other speakers have said, any tax freeze needs to have an income qualification test. We agree that the cost of living is different in different parts of the state, but we strongly believe that some means test must be included in the proposal. It just seems unfair that seniors with a higher income than some nonseniors should receive a tax freeze simply because they are seniors.

That concludes our testimony, and I want to thank you, Mr. Chairman and members of the Committee.

And, again, thank you, Senator Cardinale.

SENATOR CONNERS: Thank you, Jon.

SENATOR RICE: Mr. Chairman.

SENATOR CONNERS: Senator Rice.

SENATOR RICE: Let me just say to the League that in one way I am scolding you, because I spent 16 years of my life in local government. If we mandate something statewide, you oppose it. If we try to deal with 567

municipalities by having permissive legislation, you oppose it. That's been your history. That is why I have been inactive with your organization.

Now we talk about tax breaks and the communities talked about, and the cities, stabilizing taxes, and you oppose it. I get rumblings that you oppose the revaluation bill, which is permissive. It doesn't hurt anybody. If they use it, it will help them, we believe.

So I just want to go on record to say that I am starting to lose confidence in your organization's ability to go back and talk and work with mayors and try to be objective in what we are trying to do here. We're damned if we do, and we're damned if we don't, and maybe we should think about changing that organization structure, maybe like North Carolina and some others.

So I just want to say that, Mr. Chairman, while I had an opportunity, that this is one local government official who has not been happy with a lot of positions of the League and leave it up to the mayors. But I also know what mayors happen to be active in your organization. And I understand their positions. A lot of it is mean spirited and selfish. Permissive legislation is supposed to try to make things look at more fair and equitable and give local home rule an opportunity to move their municipalities. So you don't have to respond, just take it back.

MR. MORAN: If I could just respond, not to your statements about the organization, but to your statements about our position on this proposal.

My point was that in a lot of communities, though the amendment on its face is permissive, the fact is that it will only take one election cycle before the thing is implemented in those. And we are talking about



communities, some in Ocean County, where there is 65 percent maybe, of the residential properties that are in these planned residential communities, all owned by seniors. The argument that if they sell and move out young families will come in doesn't hold there, because they're deed restricted to seniors, to those 65 and older. So that even though you say it's permissive, that's not the case everywhere at all times.

SENATOR RICE: It's not, but it's still its local decision and I think it takes gutsy people, more so than you think, to run for public office to make the right decisions. The rest of them are not going to survive for so long anyway. It's just that simple.

MR. MORAN: My point is that the gutsy people-- If they think this doesn't make sense for their community, in those communities that I am speaking of, and they don't vote for it, they are out of office next time, and they are replaced by people who are going to vote for it. So the nonsenior, the nonqualifying properties in those municipalities are going to bear the burden of the increase in the municipal, in the county, and in the school district tax rates.

SENATOR RICE: And that's my point. That's home rule. They'll be thrown out by the same people who make the determination, majority of what they want. It's just that simple. You can't have it both ways. Let the people decide in those municipalities. I have no problem with that where I come from. I go through this every four years, twice, once now.

SENATOR CONNERS: Thank you, Senator Rice. Thank you, Jon Moran.

MR. MORAN: Thank you, Mr. Chairman.

David Smith, from the Tax Collectors and Treasurers Association.

**DAVID SMITH:** Thank you, Mr. Chairman and members of the Committee. My name is David Smith, from the Princeton Public Affairs Group. We represent the Tax Collectors and Treasurers Association of New Jersey.

Recognizing that we are short on time, I'll just hit a couple of points. I know that Jon Moran, from the League, echoed some of our concerns. The concern is not a policy concern. The stories you heard today are very real, and the tax collectors are very concerned about those. However, the Tax Collectors believe that the recently enacted statute which freezes senior property taxes and comes from a state revenue source is the best way to go.

The concerns are short and simple, in that if funds are frozen, we need to look to other sources. Senator Cardinale has made excellent points about if a senior moves out and children come in and that impacts the educational cost and property taxes. We ask that any type of legislation which results from this will clarify and-- Number one, that municipalities that do choose to go ahead with the freeze that there be some type of provision which permits that to be reversed in the situation where there is a tremendous amount of programs being cut as a result of that freeze.

Number two, some type of provision for the planned residential retiring communities since-- As it was mentioned before, once a senior moves out, another senior moves in, and, in fact, the revenues are frozen. As you go forward, these are two major considerations. There are specific counties such as Ocean County, as we know, where there is tremendous population. If there could be specific provisions dealing with those counties that have higher than normal senior populations, we would appreciate that.

And finally, again, if there is any way to resolve the funding problems with property tax problems that this may cause for nonseniors, the impact on businesses and other nonseniors, we ask that any type of state revenue source be identified.

Thank you.

SENATOR CONNERS: Thank you.

And then finally from our list of speakers, the sponsor himself, Senator Cardinale. (applause)

SENATOR CARDINALE: Thank you very much, Mr. Chairman and members of the Committee. I would like to take an opportunity -- I know we have had many discussions in this Committee -- but to put on the public record a few things.

One, I believe you heard a representative sample of the kinds of mail that we have received in my office. I have a pile over there, and I was going to read some of them. Most of them -- I am going to summarize what they say -- most of them say things very similar to the things that you've heard, and they talk about the plight of the senior citizen. Many of them emphasize the fact that this last program, which we passed, they missed because they made 1000 or 2000 or 3000 above the level that was established in that program. And that's one of the difficulties with a means test.

The other difficulty with a means test, which I haven't heard discussed here, is if you establish it. You heard here what Fort Lee did with respect to rental. They established \$124,000 a year income level for rental. Now I think if one were to propose that in this body, \$124,000 level, I guess there might be a few people from some other parts of the state who are not from Bergen County who would say, \$124,000 that's somebody who -- in a

charitable program -- and that's what that is intended to be -- that is not somebody who deserves charitable consideration. But conditions vary from one municipality to another, and Senator Rice pointed that out very candidly.

Democracy works. The League is afraid of democracy, but democracy works. And if the people in the community vote for something, they're voting with knowledge and they are voting -- and if it doesn't work out they can vote in another way after another period of time.

I'd like to point out that this bill and this amendment are not intended by me or by anyone else -- and we should recognize that -- to be a total panacea with respect to the problem of property taxes in the State of New Jersey. It is a very limited approach to a very limited aspect of the problem, and it is only intended to have an opportunity for people who have lived in a house for 10 or more years to be able to live out their years in that home.

I heard the Tax Collectors say, "Well, you know, in certain communities when a senior moves out, a senior moves in, so that the tax will be frozen." That's not the case under this amendment. If a new senior moves into a senior citizen community, he has to wait 10 years. He has to live in that residence 10 years, before they are going to be eligible for this tax freeze. So that even if one is a senior but has recently moved into the house, that is not triggered, that tax freeze is not triggered under those circumstances. That's just a small factual problem.

The other problem with a cap that I see, and which I don't believe has been discussed and hasn't been discussed in those letters, is should we, as a Legislature, be encouraging, be incentivising, only those with higher incomes to leave? When they leave, they may not leave to another community in New Jersey. They may very well leave to go somewhere else. And in my time in this

Legislature, which has been quite a while now, I have seen us be concerned about the problem of some of our better-off citizens, many of our better-off citizens, fleeing to Florida and availing themselves of lower tax rates in Florida. Should we give-- And we changed our inheritance laws so as to motivate people to stay here.

Just as much as we don't want them to leave because it increases the costs, we should want them to stay because they are a benefit to us. And that has been recognized, and I think I mentioned this on some other discussions before the Committee, but I want it on this record as well. There are communities, a whole bunch of them in Mississippi had been written-up, where they have attempted to attract, as a tax rateable, senior citizens of means. And they have made it very attractive for senior citizens of means, as some other communities have made it very attractive for industrial people, for commercial people to come into their communities because senior citizens of means are an asset to the community. They are an asset to the middle-income people in the community. They are an asset to the merchants in the community. They are an asset to everyone in the community, and we should encourage them not to leave for that reason.

I thank you very much for of your past indulgences and hope that this hearing record will prove enlightening to the rest of our colleagues.  
(applause)

SENATOR CONNERS: Anybody have something that they'd like to make a statement of some sort?

Senator Bark.

SENATOR BARK: Well, I will make a very brief statement. I think that everyone here has effectively made statements as to why we should

give very serious consideration to this particular resolution that is before us and to move forward. I certainly appreciate the effort of Senator Cardinale to bring this to the Senate, and I hope that we will be able to move forward on this. I think that the School Boards Association approach is reasonable, and I hope that some of those initiatives are given some very serious thought. And thank you all for coming.

SENATOR CONNERS: Senator Palaia.

SENATOR PALAIA: Are we ready for a motion, Mr. Chair?

SENATOR CONNERS: We don't need one.

SENATOR PALAIA: We don't need one?

SENATOR CONNERS: We don't need one.

SENATOR PALAIA: The hearing has ended and that's it?

SENATOR CONNERS: Senator Rice, do you have anything you'd like to add?

SENATOR RICE: No.

SENATOR CONNERS: I'd just like to say thank you all for coming. Your testimony is important. It will be read by our colleagues in the Senate, and I just make this observation. I don't think anybody brought it out. Every month there is a Social Security check that comes for those folks that are over the age of 62, in most part, and over the age of 65. It figures very importantly into our economy, and having a balance of senior citizens and young people is very important to any community.

I applaud Senator Cardinale and the people who have sponsored this bill, because it sets into motion thinking about our disadvantaged, our people who are most vulnerable to economic times. Senator Cardinale pointed

out it's not a panacea, but it is a beginning. And that's the thing that we really have to do is start to sit down and discuss it.

So, thank you again for coming. We are happy to have you.

**(HEARING CONCLUDED)**