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before

SENATE COMMITTEE ON TAXATION

on

SENATE CONCURRENT RESOLUTION NO. 23  
(Amending Article VIII, Section I, paragraph 4 of  
New Jersey Constitution - Senior Citizen Tax  
Deduction)

Held:

April 24, 1969  
Senate Chamber  
State House  
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Alfred D. Schiaffo (Chairman)

Senator Wayne Dumont, Jr.

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SENATOR WAYNE DUMONT, JR.(Acting Chairman): In the absence of Senator Schiaffo of Bergen County, who is Chairman of the Senate Committee on Taxation, I will call this hearing to order.

I am Senator Dumont from the 15th Legislative District, and I will proceed with the hearing until he arrives.

I will call as the first witness Mr. Jack Volosin, Executive Secretary of the New Jersey Council of Senior Citizens from Linden, New Jersey. Mr. Volosin.

J A C K V O L O S I N: Thank you, Senator Dumont. I just became aware of the public hearing yesterday afternoon so I only have a short statement here but I would like to, in addition to the statement, make some comment as I go along.

SENATOR DUMONT: All right. Go right ahead.

MR. VOLOSIN: My name is Jack Volosin. I am the Executive Secretary of the New Jersey Council of Senior Citizens. My organization is grateful for the opportunity to present its views on the question of property tax exemptions for Senior Citizens.

The major source of income for most of our senior citizens is the monthly cash benefit paid through the Social Security Act.

The 13 percent general increase in benefits which became effective February 1, 1968, has been eroded through inflation and other regressive measures that raise costs for senior citizens, such as the New Jersey Sales Tax.

The passage of and implementation of Title XVIII of

the Social Security Act - Medicare, is a milestone in the history of the United States. Medicare has brought new dignity and security to millions of older Americans. However, Medicare in its present form falls short of providing a truly adequate, comprehensive program.

Medicare covered only 35 percent of health costs of the aged in 1967. Physicians fees rose 7 percent in 1967 and the average health care expenditure per aged person in fiscal year 1967 was nearly 15 percent more than in the fiscal year 1966.

Unless progressive action is taken, the economic position of our senior citizens will continue its rapid decline.

Home ownership is the most important asset of the elderly. Mounting taxes and other rising costs increase the problems of home maintenance and threaten the acceptable living standards of our senior citizens.

The New Jersey Council of Senior Citizens proposes that legislation be enacted to amend the present statutes to provide:

1. Income limitations be raised from \$5,000 to \$6,000 per annum.
2. Deductions from the tax bill be increased from \$80.00 to \$160.00 per annum.
3. That new legislation provide that a senior citizen meeting the eligibility requirements be entitled to pay the tax levy on his property, less allowable deduction, for the first year his application is approved and the same amount

of tax in each subsequent year that he meets the eligibility required. In the event a reduction in the tax rate occurs, the tax of eligible senior citizens shall be reduced by a corresponding amount.

Now the reasoning behind the proposals of the New Jersey Council, so far as the increase from \$5,000 to \$6,000, is that the \$5,000 is the current figure and has been in effect for a number of years and we know that the dollar of 1969 is not the dollar that it was at the time of the enactment of the \$5,000 eligibility figure.

We also talk about the fact that once a senior citizen becomes eligible, instead of the Legislature having the time-consuming hearings, etc., to continue to give relief to the people who are in need, year after year or at subsequent meetings of the Legislature, this would provide something that would be in effect for the future without coming back to constant hearings and investigations on this.

This is not a new idea. It is not an idea of the New Jersey Council. Such a provision is presently in effect in the State of Connecticut, in their legislation.

We also say, and it may be surprising that we talk about a tax reduction but it did come to our attention that there are some small communities who, within the past years and possibly within the future, are in the process of opening up their communities for industrial ratables which may result in a tax reduction. This is the reason why we have the last sentence in our written statement.

I certainly would be glad to answer any questions

you may have, Senator, in regard to the position of the New Jersey Council of Senior Citizens.

I might, before you do ask those questions, say that the New Jersey Council of Senior Citizens is a group comprised of some 110 clubs throughout the State of New Jersey. Their membership amounts to some 70,000 people. They include all segments of our State, religious, social, labor, municipally sponsored, etc.

SENATOR SCHIAFFO: Mr. Volosin, I am Senator Schiaffo. I, first of all, want to apologize for getting here late but I left the house, very frankly, the same time as I usually do but with all the construction on that Turnpike and two accidents that held us up quite a bit of time - that's the reason why I was late.

I have had the opportunity to read your statement and I am pleased that the third proposition that you recommend is somewhat of a tax freeze and I just would like to point out to you - I wonder if you are aware of SCR 50 which is a bill that I introduced calling for a Constitutional Amendment for the purpose of freezing taxes on residential property owned by citizens aged 65 and over at a certain rate. I thought perhaps in your spare time you might have an opportunity to take a look at that bill and see if that isn't somewhat what senior citizens can use in their ever-increasing fight against inflation.

I have no specific questions, except to say that the purpose of the Resolution, I think, indicates the awareness by particularly Senator Dumont and some members of the Senate



of the plight of the Senior Citizen and his fight to try to maintain a standard with the dollar having less and less purchasing power, and this is one of the reasons for this hearing, to collate and accumulate this information and give it back to the Senate for serious consideration.

MR. VOLOSIN: Well, I would like to say to you, Senator, I am thankful for the information that you gave me, but I am not always aware of what is in the legislative hopper inasmuch as my time devoted to this organization is purely voluntary and it is a voluntary organization with no kind of finances or dues structure, it's simply an informal association of senior citizens and the people who devote their time to it do it in addition to their normal responsibilities.

I would like to take the opportunity to introduce Mr. Rall who is a member of our Board of the New Jersey Council and also a Board Member of the National Council of Senior Citizens of which the New Jersey Council is affiliated.

I will look at SCR-50 and I am pleased to know that there is such a bill pending.

SENATOR SCHIAFFO: Senator Dumont, do you have anything?

SENATOR DUMONT: These clubs that you have, Mr. Volosin, 110 of them, - do you have some in every county in the State?

MR. VOLOSIN: I would, to be truthful with you, say, no, we do not have them in every county. I believe there

are three or four of the rural counties where we do not have clubs but we are represented through the State from Atlantic City up to Mahwah and over to Phillipsburg. Practically all the industrialized counties or urban counties are represented and quite a number of the rural counties.

SENATOR DUMONT: I know you have clubs in two of the three counties, at least, in my district, namely, Sussex and Warren. I am not sure whether you have any in Hunterdon or not, which is the Flemington area.

MR. VOLOSIN: I'm not aware. Mr. Rall is one of our organizers and he's constantly bringing in new groups but we do represent, as I said, a cross-section of the State, not only in its geographical area but insofar as the background of the groups or clubs are affiliated with us.

SENATOR DUMONT: Now these, as presented here on the second page of your statement, are your three recommendations. Do you have any others to make to this Committee?

MR. VOLOSIN: No, not at this time, I don't, but I will be glad to submit something. We are going to have our State Convention in June and at that point there might be something, but I feel that the three recommendations that we have made pretty much cover or would give the kind of added protection or relief, the kind of relief that people in this income bracket desperately need.

SENATOR DUMONT: Have you any general idea as to how many senior citizens there are in New Jersey at the

present time?

MR. VOLOSIN: Yes, I have. We have over 700,000. So, in effect, our organization is representing 10 percent.

SENATOR SCHIAFFO: I just want to break in for a minute. For the benefit of the teacher and the class, this is a hearing of the Taxation Committee on problems of senior citizens. And testifying is a Mr. Jack Volosin of the New Jersey Council of Senior Citizens on the problems of alleviating the tax burden foisted upon them.

This is Senator Dumont from Warren County and I am Senator Schiaffo from Bergen County.

TEACHER: These people are from Flemington.

SENATOR DUMONT: You are in our district also. I am happy to see you here today.

TEACHER: Thank you.

SENATOR SCHIAFFO: Do you have anything else, Mr. Volosin?

MR. VOLOSIN: No. Again, I would like to thank you for the opportunity to be here.

SENATOR SCHIAFFO: Is Mr. Rall going to testify?

MR. VOLOSIN: No, he isn't.

(Committee confers.)

SENATOR SCHIAFFO: Senator Dumont has a statement to make.

SENATOR DUMONT: Mr. Chairman, I appreciate this opportunity to make a statement here which, in a sense,

represents some lobbying, in a way, on a Resolution that I am sponsoring, principally, along with the cosponsorship of Senator Maraziti and Senator Hagedorn.

This is a subject in which I have long been interested because I sponsored initially SCR No. 12 of the 1960 session which provided, at that time, for an \$800 tax exemption for senior citizens. Now that \$800 is a little bit deceiving because what it really meant, of course, was that the \$800 would be taken off the assessed value of the property.

That public question, incidentally, passed with the largest plurality ever recorded to any public question in the history of the State. The vote on it, on November 8, 1960, was 1,368,262 in favor to 376,939 against, a plurality of almost 1 million votes.

After we had had some experience with that particular provision, we found that it wasn't acting fairly to all of the senior citizens in New Jersey because of the great variety of tax ratios that then existed, that is, assessed value to true value. This, of course, was in the days before there was any county uniformity with respect to the ratio of assessed to market or true value.

Therefore, some senior citizens, if they happened to live in a community where the ratio usually was quite low, would receive a disproportionate type of benefit to those living in an area where the ratio was high, of assessed value to market value. Consequently it meant that some people were enjoying much more than \$80, which



was the figure we finally adopted in later years by way of a tax break - I shouldn't call it a "tax break," that's not a fair statement to make, but by way of a tax advantage, perhaps, and others were enjoying much less than \$80, depending upon where they lived.

In an effort, therefore, to provide some uniformity, as we did also with the veterans, we submitted a new question in 1963. That was SCR-5 of the 1963 session, and it was approved on November 5 of 1963 in the general election by a vote of 1,165,739 in favor; 406,002, against. And thus it made for a uniform \$80 cash credit or deduction on the actual number of dollars that a taxpayer would pay in property taxation to his or her local municipality.

Now at that time we imposed certain qualifications. One was that the senior citizen had to be 65 or more years of age; two, that the senior citizen must own and occupy the dwelling house to which the tax deduction would be applied; three, that the income, which has always been interpreted as gross income and not as net income, would not exceed \$5,000 per year. This gross income, by the rules and regulations of the Division of Taxation, Department of the Treasury, has been considered to include Social Security, pensions and annuities, dividends, interest, salaries, wages, everything, as gross income should. And it has also been interpreted to mean, and I think properly so, that if a senior citizen had a gross income of even one cent more than \$5,000 in a given year that senior citizen could not qualify for this property tax

credit or deduction.

Now this proposal in SCR 23 of the 1969 session would make only one change, namely, from an \$80 cash credit or deduction to \$150 per year. The same qualifications that have always applied would still apply.

In addition to that, we specified in 1963, and that would be retained in this proposed amendment, that a senior citizen who is also a veteran would be granted the option of selecting either the \$80, which I am sure every senior citizen would take in the optional situation, or the \$50 accorded to each veteran serving in the periods of time prescribed by law in the various wars in which the United States has participated; and that you could not have both, even though a senior citizen could also be a veteran.

The real problem here, as indicated so well by Mr. Volosin, is that senior citizens when they first got the \$80 found it was of some value. Today, with the property taxes rising constantly, the \$80 being the same year after year, and they living, for the most part, on fixed incomes which they had hoped in the years when they were contributing to those incomes would be sufficient to take them through the twilight years of their lives, have found that the \$80 no longer is of any particularly great value and, therefore, I think an increase is not only justified but is absolutely necessary if they are going to be able to continue to own their own homes, as we hope they can and as we want them to be able to do.

Now I can appreciate fully the viewpoint extended here by Mr. Volosin about a tax freeze. I question that to some degree because while it would be certainly an advantage to senior citizens, such an effort was attempted a long time ago - I think about 50 or 55 years ago - by the New Jersey Legislature, at a time when one of my former colleagues, Thomas J. Hillery from Morris County, who was not then, of course, serving in the Legislature, but whose father was serving in the New Jersey Senate then, and I believe it was he who sponsored a tax freeze on property taxes generally, and it passed and was in operation for a short time. I don't remember for just how long. But it was found to be impractical and later on was repealed.

Consequently, I have, in view of that history, some question as to whether a tax freeze could work, even when confined to one group of citizens of the State of New Jersey.

I think I should point out here that I asked, from the Division of Taxation, a couple of months ago for some material in regard to how many senior citizens were receiving tax deductions in New Jersey and how much it totaled, statewide.

In a letter that was addressed to me on March 10, 1969, from William Kingsley, the Acting Director of the Division of Taxation, he pointed out that the Division of Local Finance estimated that in 1968 there were 141,801 senior citizens receiving tax deductions in New Jersey, and that at \$80 per person those deductions

totaled \$11,344,080; that increasing this deduction to \$150, as SCR 23 proposes to do, would increase the statewide total of senior citizens' deductions by \$9,926,070. In other words, the total deductions then would amount to more than \$21 million for the same number of senior citizens who were receiving these tax deductions at \$80 per citizen in 1968.

They also gave to me at the time figures by counties. They tried to make selections of counties from different geographical parts of the State. There are 8 of them here and I might mention what they are and the number of senior citizens.

Taking the largest one in population first, Essex County, the number of senior citizens in 1968 in Essex County receiving tax deductions was 14,287, and the increase from \$80 to \$150 would mean an increase of \$1,000,090 in Essex County.

In Hudson, the next largest one, 9,637 senior citizens. The estimated amount of the increase would be \$674,590.

In Middlesex, 9,304 senior citizens receiving an increase of \$651,280.

The next one, Camden. 10,292 senior citizens receiving an estimated increase of \$720,440.

Then Burlington County with 4,732 senior citizens receiving \$331,240 by way of an estimated increase.

Then the three counties that are in the District that I have the privilege of representing would show Warren with 2,391 senior citizens, an estimated increase



of \$167,370; Hunterdon with 2,031 senior citizens, estimated increase of \$142,170; and Sussex with 1,989 senior citizens, estimated increase of \$139,230.

If this increase were to take effect, were to be approved by the Legislature and also approved by the voters in the General Election of 1969, the estimated increase in the tax rates in these same 8 counties would be as follows:- this, incidentally, is an increase for each \$1,000 of assessed value:

In Essex the increase would be from less than 10¢ to 40¢ for \$1,000 of assessed value.

In Hudson, from 10¢ to \$1.60.

This, of course, varies according to the municipality where the senior citizen resides.

In Middlesex, from 10¢ to \$1.50.

In Camden, from 10¢ to \$1.80.

In Burlington, from less than 10¢ to 90¢.

In Warren, from 10¢ to \$1.10.

In Hunterdon, from 10¢ to 90¢.

In Sussex, from 10¢ to 90¢.

The letter further pointed out that, while the greater portion of the \$80 presently in effect is shifted to other property owners in the same municipality, there always remains a portion of that \$80 which the qualified senior citizen really is still paying, and that senior citizens have often complained that rather than receiving the benefit of the full \$80 tax deduction they may instead be receiving somewhat a lesser figure, such as \$60 or \$65

in practical application, depending upon the assessed value of the home of the taxpayer and the tax rate of that district where the taxpayer lives.

Of course, any increase in the tax deduction or credit would shift an additional burden to the other taxpayers in the taxing district. We are all aware of that fact. The only way, as a matter of fact, that that could be avoided would be for the State Treasury to pay to each municipality concerned the amount that that municipality would be losing by not only the present \$80 but by any increase in that figure.

In view of the present posture of the State revenues, I would doubt this would be a practical matter that we could possibly take the \$11 million plus out of the State Treasury today to reimburse municipalities or increase that by almost \$10 million more, which would be the amount of the increased cash credit or deduction from \$80 to \$150.

Despite that shift in the burden, I think it is eminently fair that, whether it be this resolution or one somewhat similar to it be passed, something should be done in the 1969 session to recognize the plight of the senior citizens in respect to their property taxes because they, more than anyone else, any other one group of people in the State, have a very difficult time meeting these rising property taxes and retaining the ownership of their homes. And I think it is incumbent upon us, as responsible Legislators, to do something about this problem

that they face and to take action before we recess for the summer along the lines of this resolution or some other resolution like it, but at least to recognize their problem and to take action with respect to it.

Thank you very much, Mr. Chairman.

I will be glad to try to answer any questions that you might have or that Senator Coffee might have, who, I see, is here now too.

SENATOR SCHIAFFO: Just as a matter of curiosity, you don't have the Bergen figures, do you?

SENATOR DUMONT: I can get them for you. I asked them to pick out certain selective counties and they said it would take a while to do it, but I will get the Bergen figures for you.

SENATOR SCHIAFFO: We always felt that Bergen was a selective county.

SENATOR DUMONT: It certainly is, there is no doubt about that. I wasn't trying, incidentally, just to get the three counties in my District here but I simply asked them to pick counties at random from different parts of the State.

SENATOR SCHIAFFO: The only thing that bothers me here, Senator, is, I presume this is right but the jump from 10¢ to \$1.60 just doesn't seem proportionately correct at first glance but I suppose the figures -- you got those figures from --

SENATOR DUMONT: This is a three-page letter that was written to me and I think I should have copies made

of this so these figures could be checked out, but they came from the Division of Taxation.

SENATOR SCHIAFFO: Is this 10¢ per \$1,000 too?

SENATOR DUMONT: That's the way it reads. It says, "Per \$1,000 of Assessed Value." Here's Essex, for example, which shows the smallest amount of increase, from less than 10¢ to 40¢. Then the high one here is Camden, from 10¢ to \$1.80.

SENATOR SCHIAFFO: Which is 18¢ a thousand, really, isn't it?

SENATOR DUMONT: That's right.

SENATOR SCHIAFFO: Thank you very much. I don't have any other questions. It's up to you if you think that letter should go into the record, Senator, as part of the appendix or if you feel you have covered it sufficiently in your statement, then we don't have to worry about that.

SENATOR DUMONT: I think I have covered it all in the statement with the exception of one paragraph which simply gives some samples. On a \$20,000 home, for example, in the City of Camden, - perhaps I ought to mention this and then there won't be any need to make it a part of the record. No, I don't think that I was right when I said 10¢ to 18¢ by way of interpretation. Let me give you this paragraph here which I think clarifies this. It says:

"For example, a \$20,000 home in the City of Camden, where the average assessment ratio is 52%" - was 52% in 1968 - " would be assessed at \$10,400. The increase in the rate, according to the table, would be \$1.56 per \$1,000



and the additional tax would amount to \$16.22."

Then they point out: In the City of Newark, where the average assessment ratio was 85% in 1968, a \$20,000 home would be assessed at \$17,000. The increase in the rate, if the senior citizen went from \$80 to \$150, would be 28 1/2¢ per \$1,000 and the additional tax would be \$4.85, that is on that home.

So that comes out, I think, the way we had it before because they're talking about the tax on the entire assessed value, not just for \$1,000. In Camden it would be \$1.56 for \$1,000. The additional tax, therefore, on a \$10,400 assessment would be \$16.22. And in Newark, 28 1/2¢ per \$1,000, the additional tax on the \$17,000 assessed valuation would be \$4.85.

So a great deal, of course, depends upon where the senior citizen lives and what the tax rate is.

SENATOR SCHIAFFO: All right, thank you very much.

Senator Coffee, do you have anything to ask the Senator or would you like to make a statement.

SENATOR COFFEE: I would like to make a statement.

SENATOR SCHIAFFO: All right. Go right ahead.

R I C H A R D J. C O F F E E: Thank you very much, Mr. Chairman, and Senator Dumont.

I am Senator Richard J. Coffee, representing the 6th Senatorial District, comprising all of Mercer County.

The fact that rapidly rising property tax rates in New Jersey have served to place an almost unbearable burden on homeowners who are, in many cases, eking out

an existence on Social Security benefits and, perhaps, small pensions, has won widespread recognition, as is evidenced by the fact that a number of resolutions roughly similar to the one we consider here today have been introduced in this session of the Legislation. Having spent considerable time and effort in attempting to work out a solution that would be acceptable, workable, and equitable, I hasten to compliment my distinguished colleagues, Senators Dumont, Maraziti and Hagedorn, on their interest, as evidenced by Senate Concurrent Resolution No. 23.

Since it would permit the Legislature to grant deductions up to \$150 per year -- almost twice as much as the present \$80 limit -- it is, in my considered opinion, definitely a step in the right direction.

Regretfully, I am forced to submit that it does not, however, go far enough, and that it fails to consider certain aspects of this question which to me are of great importance.

In the first place, I believe that it is the obvious intent of Article VIII, Section I, paragraph 4, of our State Constitution to concede to the Legislature the right to enact any law granting property tax deductions to our older homeowners, and if I interpret the phrase "from time to time" on the first line correctly, the

right to amend any such law as it sees fit when it sees fit.

However, the Section in question goes on to limit the Legislature's options severely in that it establishes the maximum deduction that may be granted by law and further limits those eligible to those having yearly incomes of \$5,000 or less.

In view of these Constitutional restrictions, the opening statement of the paragraph in question, i.e., "the Legislature may, from time to time, enact laws granting an annual deduction" and so on becomes virtually meaningless. To all intents and purposes the Legislature, having enacted a law which is now in force, is stymied; it can enact no law granting higher deductions to our hard-pressed senior citizens in spite of mounting evidence that an increase is long past due. SCR-23 would not remove the claims that bind the Legislature.

And the \$5,000 income limitation, which SCR-23 would retain, has become of questionable merit in this day and age of inflated prices, inflated taxes and the inflated dollar. I am one of the many people who are convinced that the "means test" is no longer valid; I believe, as do many who have expertise in the field of economics, that the Federal Government has set an example worthy of emulation by avoiding a "means test" in establishing exemptions in the Federal income tax laws.

Furthermore, the \$5,000 income limit -- or any monetary limit -- creates the so-called "notch" problem, whereby a person with an income of \$5,000, for instance, is entitled to the \$80 deduction, and a person with an income of five thousand and ten dollars is not entitled to it.

In lieu of the means test, I definitely favor assessed valuation as the basis for deductions, as was the case when the present Constitution was originally written. While this proved inadequate because of the varying standards of assessment throughout the State, I believe that now, as we move closer to 100 percent assessed valuations in all counties, that this basis can serve our purposes in this regard very well.

I also note the SCR-23 does not differentiate between men and women as to the age requirement. Yet I think it is being accepted more and more that women need economic assistance at an earlier age than men do. The most impressive support of this statement from our Social Security laws, which make women eligible for benefits at age 62. I believe that in amending our Constitution and writing a law to implement it, we must bear in mind that many women are widowed by the time they reach 62, and that many of them are left to face the rest of their lives with totally inadequate incomes.

According to "Parameters of Aging," a study of older people in New Jersey done by the Urban Studies Center of Rutgers, the State University, and based on the 1960 census, the median annual income for single females owning and occupying homes was \$1,700 in the 60-to-64 age group, \$1,100 in the 65-to-74 group, and \$800 in the 75 and over group. Single females renting their living quarters were just about the same -- \$2,000, \$1,200 and \$800.

In the face of these figures, I find it extremely difficult to accept any Constitutional change which does not recognize the serious plight of unmarried older women in New Jersey.

Furthermore, I am firmly convinced that we can no longer discriminate against older people who rent their homes or apartments without the aid of governmental subsidization. We concede that people, having reached the generally accepted retirement age, are entitled to some consideration when it comes to property taxes, but then -- under the Constitution as it now stands and under this proposed amendment -- we say that one segment of that portion of our State's population is excluded from this consideration.

I have to ask myself, "why?" We are all well aware that a portion of the rental paid -- generally accepted to be 25 percent -- is regarded as payment of property taxes by the landlord. If we are going to rebate a portion of the property taxes paid by a homeowner in this age group, what is the justification for denying equal consideration to the person who rents his living quarters?

In my mind, there is a nagging worry that such discrimination may well be contrary to the equal protection of laws guaranteed by the 14th amendment of the United States Constitution.

Now to another matter which, I am sure, is readily apparent to many of you, and that is the inequities which exist in Section I as it now stands and in the Senior Citizens' Property Tax Deduction Act.

I can best illustrate one glaring inequity by pointing out that a person in this age category who has an annual tax bill of \$800 received an \$80 deduction; the person who has a tax bill of \$100 also receives an \$80 deduction. Another illustration would be the case of two houses of equal value located in different parts of the State; on the one, in a community with a high tax rate, the tax bill is \$800 a year, and the \$80 exemption

represents 20 percent of the tax bill. I know I need not point out that the person with the lower percentage deduction pays considerably more in taxes than the other.

Additionally, since at present the burden of paying for these deductions rests upon the taxing community, there is another inequity in that the community with a high percentage of eligible residents bears a heavier load than a community with a low number of older people.

And lastly, there is a third inequity in the present statute which sees people who are eligible for these deductions being denied the full amount of the deduction as provided by the Constitution and the statute. This comes about because the total of such deductions is included in the amount to be raised by taxation in a community's budget, and is, of course, represented in all tax bills rendered. Thus the senior citizen has to help pay for whatever deduction is granted to him, in many cases not knowing that his deduction is thereby decreased. SCR 23 would perpetuate these inequities.

Another point of importance that should be given prime consideration is that the movement for increased senior citizens' deductions stems from the fact that property taxes have risen rapidly in the last 10 to



15 years. It is hoped, of course, that this trend can be reversed. However, if it is not reversed and there is a continued escalation in tax rates, any increased deductions which may be granted will be negated, at least in part. It is my considered opinion that in order to give our senior citizens full benefit of any higher deductions that may be legislated, it is absolutely necessary that a "freeze" provision be written into the law. Such a "freeze" should be effective as of the tax bill last previously rendered before the effective date of any new law for those then eligible, and at age 65 for those who become eligible upon attaining that age.

Then there is the question of who is going to pay for the increased deductions which would be permitted under SCR 23.

Can we ask our hard-pressed cities to shoulder a burden almost double that which they are now carrying?

I say we cannot. I say that we must lift the yoke of increased deductions from the cities and the communities which are striving desperately to keep property taxes within reason, and I further say that we must also relieve them of the burden of the present exemptions.

The only way this can be done is at the expense of the State.

We cannot close our eyes to the precarious fiscal condition of our cities, particularly the larger ones, and we cannot ignore the growing unpopularity of the property tax, the sentiment for its abolishment, and the rising demands for more State aid to cities. Nor can we ignore the long-smoldering resentment on the local level, which is perhaps best expressed by the oft-heard lament, "The State passes laws and leaves it up to us to raise the money."

This, then is my position on senior citizens' property tax deductions. It is not entirely original. I may point out that some years ago a study report by the U.S. Advisory Commission on Intergovernmental Relations said, and I quote:

1. "Base the exemption on the market value of the home, as determined by a state agency."
2. "Establish a uniform exemption without a means test, following federal income tax policy."
3. "Reimburse each local taxing district for the tax loss represented by the exemption property."

I may also say that a study in California agreed with the Commission's conclusions, and that the notable Pelham Commission report in the State of Michigan agreed with both California and the Advisory Commission, and was particularly strong in its stand against discrimination between those who own their homes and those who rent.

With my distinguished colleagues, Senators Knowlton and Italiano, I too have introduced a Constitutional amendment, SCR 53, as well as an Act which would implement that amendment should it be approved by the Legislature and the voters. Those proposals embody the convictions that I have expressed here today.

Since the Legislature and the Governor have named a commission, of which I have the honor to be a member, to study the whole matter of senior citizens' property tax deductions, I believe that any further legislative action should be held in abeyance until that commission can report its findings and submit its recommendations. Until then, I can only hope that those points I have raised here today will be given the consideration I am convinced they deserve.

I think it's extremely admirable of you, Mr. Chairman, and your Committee that you are proceeding with haste and without waste of time to study this problem because, as others have said here before me, - I heard Senator Dumont say it - the senior citizens of our State have a very, very severe problem and we haven't done enough in recent years to help them with this problem and other problems which they face.

Being a new member, as you are, Mr. Chairman, of this Legislature, I am happy to see that you are moving in the right direction and I can assure you that whether action comes as a result of this hearing and through your Committee, that you will have my cooperation and I hope the cooperation of everyone else to alleviate particularly the real estate property tax problem that the senior citizens have on their hands at the present time.

I have been working, studying some of the problems that senior citizens have, for a number of months now, beginning very seriously last summer after my first full legislative session, and I have found that to know and to understand the many ramifications of this problem and others takes a lot of work, you must devote a lot of time to it, and even at this present moment I can tell you that I am by no means an expert.

I do think we ought to take action, and while I wish to say that I hope that we can accomplish something in this session, I however feel that perhaps a more in-depth study of this problem would be in order even if it takes us just

a little bit longer to accomplish the fact.

That completes my statement and I would submit to any questions that the members of the Committee may have and hope that I will be in a position to answer them.

SENATOR SCHIAFFO: Thank you very much, Senator Coffee.

It's interesting to note, first, that those of us here today, Senator Dumont and I and you, are all on that Senior Citizen Study Commission. And also I would like to commend for your consideration, because I noticed that you mentioned it in your remarks that I have SCR-50 which calls for a tax freeze with respect to the senior citizens' problems. So I can say this, that the senior citizens are in the hands of those of us here who have shown an interest in this problem and I am sure that as a result of this hearing and further study by the Commission that was appointed, some real legislation to alleviate their problem should develop.

The problems that you present with respect to talking about the State take-over of the funds, I suppose is the answer, but just as the fiscal affairs of the cities are in a crisis, if you will, I think you are aware, as a member of the Appropriations Committee, that as of this juncture to pick up some \$21 million some odd dollars is a problem that has to be worked out in conjunction with the Appropriations Committee also because it will definitely at this point take some soul-searching to find where we can locate the \$21 million to do it. But I do agree with

you that I think the ultimate solution is the State assuming the cost of this burden and it is unfair to foist this burden on the individual municipalities. That's one area in which we definitely agree.

Your suggestions about women of 62, it's the first time I've heard this, and it's surprising to me that I've never thought about it because it seems such a natural provision in the law and we should follow the Federal practice in that regard. And I think that was a highly good suggestion.

Perhaps the Senator, if he wants to push his resolution, may amend it to include that because I think that's an excellent suggestion.

I have no particular other questions on your statement. I was very interested in it. I am sure when the record is compiled it will be the subject of study and whatever happens to SCR 23, this hearing and the dialogue that has emitted from it will be also available to the Senior Citizen Tax Study Commission.

Do you have any questions, Senator Dumont?

SENATOR DUMONT: No. I would like to commend Senator Coffee too on his statement and many of the points he raised. And I have the same problem that you have and he has with how we are going to get the money, as fine as that would be, out of the State Treasury to reimburse municipalities.

SENATOR COFFEE: We're all aware that every governmental level is in a financial bind. We, however,

somewhere along the line have to decide which level of government is going to finance and be responsible and pay for what services on each level.

SENATOR SCHIAFFO: I agree with you.

SENATOR COFFEE: And, in addition, I agree with Senator Dumont and I'll state it in another way. I think we have a long-range problem here to solve. It might be able to be solved in a short-range manner and in a long-range manner, the long-range being the ultimate entire state take-over of this problem; the short range might be that we adopt a resolution and vote on a referendum, such as he proposes. It might even be stressed that the additional cost for such a program be picked up by the State with a freeze being put on the old cost and left in the hands of the municipal government. But there is one other point that I would like to reiterate before I leave and that is, now that I'm a legislator and have been for a year and a few months --

SENATOR SCHIAFFO: As long as I.

SENATOR COFFEE: -- it seems to me that if we are going to rewrite this law that it should be done in such a manner that in the future succeeding legislatures, without going back to the people with a referendum, be given the power to make any changes that are necessary due to the changes in time that we are obviously going to face up to, whether it's next year, five years from now or ten years from now.

SENATOR SCHIAFFO: All right. Thank you.



SENATOR DUMONT: I think we have got to be aware of the fact that if we do reimburse the municipalities on this they will undoubtedly come and ask us to do the same thing with the veterans' tax deduction as well.

SENATOR SCHIAFFO: That's going to be in for a raise too. That's the other side of the story.

SENATOR DUMONT: I think we better take them one at a time.

SENATOR SCHIAFFO: All right. Thank you.

Is there anyone else here who wishes to testify before the Taxation Committee on SCR-23? If not, then I will declare the public hearing, pursuant to a Constitutional requirement, closed.

(Hearing concluded)



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