

PUBLIC HEARING

BEFORE

JOINT COMMITTEE ON STATE TAX POLICY

SUBCOMMITTEE ON LOCAL GOVERNMENT

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SOMERVILLE, NEW JERSEY

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A S S E M B L Y M A N W A L T E R J. K A V A N A U G H.

Ladies and gentlemen, thank you for coming. As you can see, in this world of electronics, at least we are starting within twelve minutes of the assigned time and at this time I would like to introduce the people at the head table for the benefit of those in the audience who do not know who they are. Starting from my left is Elliott Smith who is the Assemblyman with me from the 16th District encompassing Somerset County except the Franklin, Manville and four towns up in Morris County, Passaic Township, Mendham and Chester; we have on my immediate left Senator Walter Sheil who is from the 31st District of Hudson County and Senator Sheil is also the Democratic Chairman of Hudson County -- in today's world you have to bow your head to an individual such as him -- on my right is Gil Deardorff who is our Staff Assistant on the Taxation Committee and on this Joint Committee on State Tax Policy, and Bill Zuzzio who is the Staff Assistant also. These people have the expertise for the questions that will be coming forward this evening. We hope that this will be an informal type hearing, we are rather folksy here in Somerset County, and as the Chairman of this Subcommittee I took it upon myself to make sure that we came to Somerset County so that we would have the opportunity to have some input from the individuals from the area. We are looking at the entire tax system in the State and we feel that the opinions of the taxpayers are so important that we are hoping this evening we will be able to give each of you the opportunity to speak, get your ideas so that we can digest them and return them to the Legislature in October. We want to look at the overall program. We have had hearings in Morristown, over in Flemington in Hunterdon County, we are going tomorrow to Willingboro and then we will be in Newark on Thursday. Probably in the Newark area it will be more of the business people than the citizens, but we are trying to get input from all individuals. Two members of the Subcommittee who are not able to attend tonight are Richard Van Wagner who is the vice chairman of the Joint Committee, he is from Monmouth, who had an unfortunate experience in that the other day his office was burnt to the ground, so Dick has a lot of problems and he was not able to come. Barbara McConnell who is from Hunterdon County is on vacation, she was with us at the Flemington meeting and she will be with us at future meetings after this week. I had passed around a sheet and asked that if individuals who would care to speak would come forward. As I say this is an informal situation, possibly what I would ask at this time is if Mr. Deardorff would give us a little background of what we have been doing and how we have come up to this point, then we can move ahead and go into an open discussion. Gil.

J. G I L B E R T D E A R D O R F F. Taxes, of course, are perhaps more important in everybody's mind today than a year ago -- but taxes are always important. The purpose of this whole Committee, the Joint Committee of which this is one Subcommittee, is to attempt to look at our whole State Tax Policy and to determine those areas where perhaps we need some adjustments --

and that doesn't necessarily mean more taxes -- but what it probably means is are we getting enough service for each dollar that we put in? We are also looking at local government and this is the theme of this particular Subcommittee. We get letters and complaints on the phone and in person constantly about the fact that the Legislature passes legislation that costs the local governments money indirectly. We also have the "cap" law that is something that local governments are very much concerned about. I don't think anybody expects that the cap law is ever going to be lifted -- particularly in the climate that we have at present on taxes -- but maybe we should have a better cap law.

We are going into all areas of the State tax policy which is what the name of the Committee signifies. We hope that you will be able to contribute just as the people in Willingboro, in Camden, in Newark, in Flemington, in Morristown and wherever we have hearings can contribute so that the Committee can sit down and look at all the material and say "well, this is what we should do, this is what we should recommend to the Legislature." Now just because we recommend it doesn't mean it's going to be accepted but I think that the Legislature is looking to this Committee (this Joint Committee) as an avenue to make recommendations so that any recommendations you make are going to be very carefully considered because you do represent one area of the State, and we are going to be in all areas of the State. One thing I think that we should note is that this is on the record, it is being transcribed, and that is only for our benefit so that whatever you say will be recorded, it will be transcribed, it will be placed in a document that the Committee can sit down with later on, look at it and say "this is what the people said in Somerville." Thank you.

KAVANAUGH. At this time I call on Senator Sheil.

S E N A T O R W A L T E R J. S H E I L. Thank you, Mr. Chairman, it is a real pleasure for me to come down to Somerville. I enjoy working in the Legislature with you two outstanding Assemblymen -- Kavanaugh and Elliott Smith. We are here with no preconceived ideas, we are here to hear suggestions from you, to formulate future tax policies, and gather your suggestions. As I said I go into these hearings with no bottom line in mind at all, certainly you can rest assured that every consideration will be given to your comments. Thank you.

KAVANAUGH. Wally was an old ABL basketball player -- could never go to his left. You may have read in Sunday's "Times" he was written up along with Mayor Smith of Jersey City, and with the oncoming November election and with basketball on the front page -- I just mention that.

At this time I would ask that Mr. Carter Bucey from the New Jersey Alliance for Action come forward and make his comments to the Committee.

C A R T E R B U C E Y. Mr. Chairman, ladies and gentlemen, I am here tonight representing the New Jersey Alliance for Action which is an association of business industry, small, large, of labor, construction, formed a few years ago in an effort to lend a hand where we might in order to

move New Jersey's economy as we saw it sinking. I do have a prepared text here I would like to present to you in relationship to this hearing.

During 1977 the New Jersey Alliance for Action sent a questionnaire to every municipal and county engineer throughout the State asking them to submit information in regards to the condition of their roads, bridges, and streets. The results were quite startling to this task force of municipal and county engineers and we further went ahead to form an additional committee that could explore this situation to a greater extent. The report has been completed and was submitted to the committee at your June 27, 1978 meeting by our committee member L. Stanley Stires. Our purpose in testifying here this evening is to re-emphasize the facts and the warnings brought out in that report by this highly prestigious group of engineers who are vitally concerned with the safety and the welfare of the citizens of New Jersey. We fear that unless steps are taken now to protect the road investment that is in place in New Jersey, that the situation will reach a crisis stage very shortly.

The average citizen driving New Jersey's roads does not need an engineering study or special report to convince him of the deplorable condition of New Jersey's roads. How many millions of dollars are pouring out of citizens' pockets for ruined tires and damaged wheels caused by the deteriorating roads. Not to mention the fact presented by our New Jersey State Safety Council of an economic loss of \$800 million last year due to damages, property loss and fatalities -- how high this figure will rise to in the near future unless constructive action is initiated is anybody's guess. The paradox of the whole situation is that the citizens who drive automobiles are paying for first class roads and they're not receiving them. For example the estimated income for 1976 from taxes imposed on motor vehicles and trucks is estimated from our fuel tax alone, to be \$310 million; from vehicle registrations another \$242 million or an estimated total income of \$552 million. The estimated Department of Transportation budget out of this \$552 million, is \$219 million with a balance of approximately \$333 million being returned to the general revenue. The driving public and truckers in New Jersey are paying for something they are not getting. We are quite aware of the fact that New Jersey's Constitution does not permit dedicated taxes, but out of a sense of both fairness and good practical sense, we should plough back more than the only roughly 40 percent of taxes for which they were originally initiated.

Our present casino gambling tax provides that the income from this money must be used to help senior citizens and the disabled with property taxes and utility bills -- and certainly this is a worthwhile and justifiable cause. In this context would it not be feasible for some increased formula of the motor fuel and registration tax of 70 percent going back to maintain our roads, streets and bridges? The driving public has paid for this and is certainly entitled to a fairer return on their tax dollars.

We respectfully request and urge you to look into our request and the facts presented by the municipal and county engineers' task force. To allow our road system to deteriorate faster than it can be repaired or reconstructed, is ludicrous and indicates a total lack of responsibility to cope with the problem by New Jersey's government. Thank you.

KAVANAUGH. Thank you Mr. Bucey. Do you have any comments to make outside of your statement?

BUCEY. I don't think so.

DEARDORFF. Mr. Bucey, I know this is a problem which in some states they do have a dedicated fund for roads and streets. We did at one time, up until the 1947 Constitution. Do you think that we should go back to that, the pre-1947 situation? Or do you merely think that we should appropriate more money for roads and streets?

BUCEY. My personal feeling -- having lived in a few other states where they have had dedication of funds -- is that dedication of motor fuel vehicular tax is the really only adequate solution to a long-range problem. I feel that the whole industry cannot gear itself to a sensible on-going program of highway maintenance, or disregarding new construction and what those needs may be, but just purely maintenance and improvement cannot really be accomplished unless we know from year to year that some reasonable amount of money is going to be appropriated for this purpose. This thing that we've gone through for the several years I've been a resident of New Jersey -- and incidentally I do live in Somerset County, that's just a coincidence because I'm here tonight -- we have witnessed the \$300 million a year program, the \$100 million a year program -- you're all aware of this I don't need to remind you, but my personal feeling that I would not necessarily although I believe I reflect the feeling of those people I'm here representing tonight, the Alliance for Action, that dedication is really the only satisfactory answer to assure continuing an adequate program.

DEARDORFF. Of course, you realize that despite the fact that even our own law states that the motor fuel tax is to go for roads, enacted back in the 1920s, if we did this either we would have to raise other taxes or cut back other programs. Now do you think that the road program should have precedence over other programs perhaps -- people programs -- or do you think that perhaps we need adjustments upwards in other taxes?

BUCEY. Number one, I think there are some gross inequities in the distribution of taxes, and without going into the whys and wherefores of that -- frankly I'm probably not qualified to do that -- I feel that a roads program, a good transportation system is certainly a "people" program and I think we can all witness this; you, I, or anyone who goes anywhere in New Jersey it is considered very very much a "people" program. Anyone who steps outside of their car (or outside their house) and gets in an automobile whether it is for pleasure or business purposes. I also must say that I think there are areas where tax dollars are being spent and not too wisely with the results that are being seen. Again, I feel that without any increase in taxes, but perhaps with a

little more equitable distribution of the tax dollars we have, that we could accomplish those things that are necessary, at least to maintain the present transportation system that we have.

DEARDORFF. In other words you are talking about a reordering of priorities.

BUCEY. Yes sir.

DEARDORFF. I want to point out to you that the questions I may ask of you, or that the Chairman, or Senator Sheil, or anybody else may have, do not necessarily mean that we are asking them out of a bias point of view, but are asked merely to try to elicit from you ideas which we will have to look at later on.

KAVANAUGH. Mr. Bucey. As Mr. Deardorff mentions -- we have Mr. Deardorff here as the devil's advocate -- it is because of his expertise in the field that we can somewhat go down the wrong lane at times and he always brings us back into alignment, and then he mentions priorities. As far as revenues, there's been some question brought up as far as revenues with motor vehicle that when you go back twenty, thirty years ago, your registration fees have not escalated the same as the cost of living index has gone up and we have had some thoughts as far as increasing registration fees. Now do you feel, since you have a close proximity to these individuals as far as talking in the industry, as far as motor vehicle fuel tax, and the registration of them, do you think there would be an outcry on the part of the citizens of New Jersey, those who use the roads, because really if you raise the registration fees the only people paying are those who use the roads, so it's not going to affect your senior citizens who are not driving? Do you think there would be any problem if we look for revenues by increasing registration of motor vehicles?

BUCEY. I don't think you would provided you immediately set about -- when I say you, I mean our government officials, specifically the Department of Transportation -- to prove to the people that these increased taxes were specifically going....now you're getting back, in essence, in my layman's way of thinking, to dedication. If you say that we're going to raise gasoline taxes a penny a gallon, we're going to raise motor vehicle registration fees to whatever, that increase is going to go to the DOT budget for road improvement and maintenance, I don't think you would. But where you will get a hue and cry, and a great hue and cry, is if it is raised and then we see this continued dissipation of those funds into the many other facets of financing State programs. This is something we hear all the time out in public, "where are our gasoline taxes going, where are our motor vehicle taxes going?" So I answer that qualifyingly in that if you said the increase was going to be specifically dedicated, if you will, for road, bridge, and street improvement, then I think it would be acceptable to the motoring public.

KAVANAUGH. Because we are talking, in the State of New Jersey, with something like 7.3 million people we have about 4.5 million registered vehicles overall. This has been one thought that's been given because tax itself for tax purposes really kind of turn people off today. They don't know where the dollar's going as you mention, and I think if they can see the end result I

think no one minds paying for something if they can see what they're getting.

BUCEY. Right.

KAVANAUGH. Is there anyone who would like to comment in this area before we move on?

I know you Tom, but for the rest of the people in the audience would you please identify yourself.

D R. T O M C O R R I G A N. I am Dr. Tom Corrigan, Councilor from Somerville and I'm the Finance Chairman for Somerville. The only thing I would like to comment on at present is anything that the taxpayer pays, whether it be property tax, income tax, or any other kind of tax, will be used by people who use New Jersey as a corridor. I'm not recommending anything else. I didn't come prepared to speak on that, but I don't like to see the taxpayers -- particularly property taxpayers, particularly Somerville property taxpayers -- paying a lot of extra tax to keep up good roads (and Somerville has some of the worst roads).

KAVANAUGH. Thank you. Our next speaker is Mrs. Virginia Kenney.

M R S. V I R G I N I A K E N N E Y. I seem to be quite confused. Since we had our State income tax which was for the purpose of schools, am I right? Because it was illegal according to our Constitution, to fund our schools through local property tax, am I right or am I wrong on that, I don't know?

KAVANAUGH. We have here -- and I would like to give accolades to those who deserve accolades -- and for those of us here in Somerset County I would like you to know that Gil Deardorff is the draftee of the income tax in New Jersey.

MRS. KENNEY. I try to read the newspapers and be informed, and what I'm confused about is if that was right why are our taxpayers in Somerville continuing to pay a school tax?

DEARDORFF. This is a misconception. The misconception which was often reported was that the State Supreme Court said that it is unconstitutional to use property taxes to fund the public schools. The Court did not say that. The Court said that the method of distribution of the monies was unconstitutional, that the use of the property tax as the main determinant of the ability of a municipality to support its public schools, because one town was rich in ratables and another was poor in ratables was unconstitutional, and that the method of distribution of those State aid monies which had been put in on top prior to that, did not give equal protection to all pupils in the State. Therefore, there were two alternatives. One was to increase the amount of money in order to bring the poor municipalities (poor in ratables) up in terms of school funding. And the second was to take the money that was being spent and redistribute it. If we had redistributed the money, Somerville probably would have received more, but probably every other municipality in Somerset County would have lost money. So you can see that that was not really a viable solution.

MRS. KENNEY. In other words, the money that we're paying in our Boro taxes for schools is going to other communities than Somerville.

DEARDORFF. No. The way the school money is distributed is, if you have X number of pupils --

let's say you have a thousand pupils -- and you have a certain amount of ratables behind those pupils, if you are a community like Far Hills for instance, that has many thousands of dollars behind a pupil, at the other end of the spectrum, in Somerset County, you have Somerville which has a much lower number of dollars behind each pupil. It behooves the State then, not to give Far Hills money but instead to give Somerville money, and that was the gist of what the Supreme Court said -- that we were not giving Somerville enough money, that the pupils in Somerville did not have enough money behind them to support a "thorough and efficient" system of public education. Throughout the State this was true, and therefore what the Legislature did was to raise more money. We wont take it away from Bridgewater Township and give it to Somerville. We'll leave Bridgewater Township as it is -- we'll give Somerville more money and bring Somerville's money behind each pupil up to what the surrounding communities are. And this required more money. The question at the time was should we only fund the public schools or should we do something else about the property tax? And that was why the revenue sharing and the homestead rebates were included, but the impetus behind it was to try and raise those communities which were below the norm up to a level where they could meet the thorough and efficient standards.

MRS. KENNEY. Has our education improved since the State income tax? Do you feel our school systems have benefited?

DEARDORFF. I speak only from the financial aspect.

MRS. KENNEY. I was very confused about this. Every time I get this tax bill I still have this school tax on our Boro tax, I just thought -- and I think everybody did too -- that we were not going to have this.

KAVANAUGH. The State income tax has raised the State effort, as far as what the State has come up with, to 38 percent.

MRS. KENNEY. But our State income tax is going for purposes other than education.

DEARDORFF. The two big elements that come out of the State income tax are the schools and the property tax rebates. Municipal revenue sharing amounts to \$50 million plus picking up senior citizen and veteran exemptions which comes to roughly \$86 million. One thing you have got to remember is that if you pay let's say \$1,000 in property tax, and you get \$150 back on a homestead rebate, you really are only paying \$850.

KAVANAUGH. Your main concern Mrs. Kenney, is that you felt the income tax would have a more drastic reduction on your property tax which you haven't seen.

MRS. KENNY. I haven't seen it, and believe me it hurts. Right now I am paying a school tax plus three people in my house are working and paying State income tax, so there's four people paying the same tax and I don't think that's fair. Our share has tripled. I mean I am not against education, in no way, I don't have children in school, but I just can't seem to understand.....

DEARDORFF. Let me give you this example. It isn't an answer, but it is an example. If we

were to fund the public schools entirely from the income tax -- which many people, like yourself, felt that the Supreme Court said had to be done -- in other words you couldn't use the property tax. Instead of having our present income tax you would be paying roughly five times as much as you are now and you would have far less control because what you pay locally, you do have closer control over than what you pay to the State or the Federal government. The question of whether you are getting your money's worth or not is another question. We are here talking about strictly dollars and cents.

MRS. KENNEY. Well that was a question I thought I would get an answer to here. Thank you sir.

KAVANAUGH. In many of your minds I think Proposition 13 is something that you have read so much about and people are concerned about that, but you have to realize in California it is somewhat different than from what we have here in New Jersey. First of all in New Jersey our income tax which is a 2 to 2-1/2 percent tax, whereas in California we're talking about 15 percent as the rate of their income tax so that they had millions of dollars in surplus. We did a work-up on some of the figures of that and today with a \$4.6 billion budget in New Jersey, if we went to a Proposition 13 and it was accepted in New Jersey, we would reduce our spending in New Jersey to something in the area of \$2.6 or \$2.7 billion and you can see that that's an unrealistic area. Certainly I see some other conservatives in the audience besides myself and we'd like to see that we could return to that type of figure, when we take in 1970 the total State budget was \$900 million and today, in 1978, it is \$4.6 billion. These are some of the questions that have been brought forth as far as the reduction of services and this is the input we want to get from the citizens. I say tonight we are going to hear more from citizens and citizen groups than we'll get when we go to Newark where we will probably hear more from business people. The Corporate area, as you know, is now paying 7-1/2 percent on the Corporate tax. It will raise something in the area of \$60 million if we raise it one percent. So it is unrealistic to think that we could go ahead with a Proposition 13 in New Jersey and still be able to exist because there's no way with what we have done as far as the expansion of services, that we could return to a \$2.6 or \$2.7 billion budget and still give the \$160 and what have you, so it is a give and take situation. We have to say do we want services, or do we not want services? How far do we want to go? And this is some of the areas we want to explore and the attitudes of the people as we go on our road-show throughout New Jersey, and I think it is important for those of you who may not have put an X by your name, that we can instill a little thinking in your mind and get you to come forward. Many of you who have attended public hearings and public meetings and haven't spoken, but just sat there, then grumble when you got home and said "gee I should have said this, or should have said that", well we hope that you say it here tonight because you have a bipartisan Joint Tax Study Committee that's sitting here on local government this evening and we want to hear your views so that we can take them back. There are twelve of us out of a total of 120 so that you have better than 10 percent, and we can reflect

your views back to the Legislature, and I think you would be remiss. If you have thoughts -- you don't have to be eloquent, you can get up and say it any way you want to say it. But say it and let us know your feelings then we can reflect your views when we get back to Trenton.

D R. T O M C O R R I G A N. This is not a planned talk but I feel that we are going to get questions regarding Somerville specifically -- why is this tax high or why is that tax high? I would like to point out it is my understanding that the purpose of this Committee, is for the whole State to look into and to dig as deep as you can possibly dig to reform the whole tax situation in New Jersey which we all agree is BAD. I would like to say that any emotional questions that come up regarding Somerville, I am here, I am the Finance Chairman, I take full responsibility. The new surcharge, the school tax, anything you want. But let's tell this Committee what we can do to promulgate a more fair taxation system in New Jersey. I want my name last to represent Somerville. I think there's a lot of things unfair in our taxes (not that we have control over them) but right now I'll answer questions regarding Somerville; the questions to the table should be on the basic problem of how are we going to reform taxes not why do I pay this tax and why do I pay that tax.

KAVANAUGH. Thank you very much doctor. Whose hand do I see go up back there? All I ask is would you please come up so that Cecilia can get you on the recorder. I hope that's a shillelagh you're leaning on.

M R. J O S E P H F E N Y O. My name is Joseph Fenyo, I live at 33 Whitier Avenue in Somerset and I've been a resident of the Township for 27 years. I don't represent anybody except myself. I am very puzzled on this whole issue of taxation. One thing that puzzles me most is (of course there's inflation and things have to go up) and I don't mind paying taxes, but believe you me sir, although I don't mind paying taxes I do mind the excessive paying of taxes. Picking up this issue of Proposition 13 in California, and right away you come out with these statements, and this is not only you personally but politicians generally throughout the nation, whether nationwide, statewide or locally, and they come out with these scare tactics -- "we got to cut back on services right away". Now let me tell you a for instance in our township. The money -- for instance we're supposed to have police protection -- when I moved out to this township over here (Franklin Township) we had maybe about six or eight fulltime cops. Today we have 63. The crime rate is ten times as much. I don't know any official statistics but I think most of the people will bear me out on this. Now where does this tax money help me, not only as a senior citizen but as a taxpayer against crime? This is just one instance. Now to the education problems. Where does an athletic field, or a first-class gymnasium, or audio-visual equipment and everything else have anything to do with the basic three Rs? We have this idea that we need the money for education. I do believe that I'm willing to pay for the education of my offsprings and so on and so forth, but I'm not willing to pay for all the fringes -- and this is what the whole thing's all about. In other words, they bring up these scare tactics. Let's get back to the basics. When

a child finishes the twelve years he should be able to stand on his two feet after we paid that money for him. This is what I believe and this is what I'd like to see. And I don't want us always coming back to this idea that we have to cut back the services. Let's try something else. Let's try trimming the fat, the fringes, the unnecessary things in every field -- not only in education but every field, whether it's cars, chauffeurs, limosines or whatever else it is; there's an awful...You know better than I do and this is what I came over here to tell you. Now here's the "cap" law we're talking about. Meanwhile just like in any other law that you're passing they have some sort of "loopholes". Either we have a cap on spending or we don't have a cap. If we have a cap on spending let's stick to it in all respects and let's not try to get around it. In our township the State Superintendent of Education gave our fathers again over \$1 million above the cap. Now why do we vote down the budget? He just threw our votes into the wastebasket. I think that's ridiculous. I think that's a mockery of the American democracy. Thank you very much.

KAVANAUGH. Before you leave could I just ask you something because I think that you have brought up so many points here this evening? Your major point is excessive government -- layers of bureaucracy, I think that's what you meant.

FENYO. Excessive spending, not government.

KAVANAUGH. Excessive spending -- that was my first word I wrote as far as excessive. Now when you speak about caps, the major problem as we have heard, I think probably the thrust to the whole idea and I believe if you poll the people in the audience tonight they're in general agreement with the "caps" but there are certain areas as far as mandated costs that get involved as far as energy and all that your Boards of Education, your municipal government have no control over. They can't control these things -- for example, your fuel costs, your lighting costs, your water costs, your workers' compensation costs -- all these things are there that we have to look into this issue to say where do we start a threshold? Do we say from the time the caps were established and then move on beyond to allow, because we can't stifle government but we have to limit government? I think this is what you're saying that you are concerned when you get down to the three Rs and all the fringes of education, who is doing what to whom, and as far as the end result, are we getting the proper education, are we getting productivity, do we have a child that comes out of a school system who can fill out a job form? I think this is the concern that we see from many people. Are we getting a \$1.05 for every dollar spent? Because we sit on this side of the table and you're on that side of the table, we are taxpayers also, we're businessmen and in many cases we reflect the same attitudes that you do and I think it is very important that what you said tonight is important, we are keenly aware of that. When you talk about over in Franklin Township, some of those things have to do with your local government. When you go from eight police officers you have expansion when you go to 63 officers. This is not a State problem, this is a local thing. I think the worst thing the State can do is interfere with the local problem. I am a very strong

believer in home rule and you have, by the ballot box every year, you can go in and elect your local officials -- the same as you can do at the State level -- so if you think you have something that is excessive spending, you can do it by the ballot box. When we talk as far as Tax Policy and when we look as far as the State and generate ideas on the State level that's something a little different.

FENYO. Can I ask you a question? Who is this person who has the authority to nullify my votes or that of the thousands of people who vote when we vote down a budget?

KAVANAUGH. You're talking about the Commissioner of Education!

FENYO. Well, whatever he is. Is he an elected official? Is he an appointed official? Is he a King or somebody? You say this is a local problem.

KAVANAUGH. This is definitely a State problem that we should study. This is one point that has been mentioned numerous times.

DEARDORFF. At every meeting it is the same thing.

KAVANAUGH. Because what he is doing, he is voiding your vote at the ballot box.

FENYO. He is making a mockery out of it. I go over there religiously the last 40 years ever since I became a citizen I have voted over there, and he makes a mockery out of it and I think that's a darned shame.

KAVANAUGH. I agree with you. Thank you very much Mr. Fenyo. May I now call on our next speaker.

K A R L D O K T O R I C H. My name is Karl Doktorich. I spoke at the Flemington meeting and I would like to ask is it possible to get a transcript of what I said?

KAVANAUGH. Certainly, we have your address here and we'll send you a copy.

DOKTORICH. I'd like to go back to the statement that Mr. Fenyo made. He and I belong to the Franklin Township Senior Citizens Club -- it's a little club, consists of 50 some men and about 300 and some women -- and one of our principal problems and one of our principal beefs is exactly what the Commissioner of Education has done to us this next school year. I produced at the last meeting the enrollment of the school for 1971 and today. Our budget in 1971 was \$10 million, this year it is over \$13 million. Before the election even took place the Board of Education submitted their budget, they wrote to the Commissioner of Education and asked him to give them \$1,100,000 over the 7 percent cap. Number one, we object to the 7 percent cap. If the municipalities and the counties must live by the 5 percent cap -- which they are not -- why give it to the school board? If the enrollment had increased fine, then they have a reason for it, but no. The \$1,100,000 wound up going for teachers' salaries over last year. How does this ridiculous situation come about? Before the voting even took place the Board of Education told the voters "don't vote the school budget down because if you do we're going right back to the Commissioner and he's going to give it back to us." The Commissioner happens to be an appointed person in our State government.

He's not elected. But when he takes our vote and throws it into the waste paper basket then he makes us fourth or fifth class citizens, and I don't think we're entitled to become fourth or fifth class citizens. The homeowners are supposed to be the backbone of the State, the backbone of the community, the backbone of the country and we're the most abused taxpayers in the State of New Jersey. And as I stated at the Flemington meeting, there are 17 states now where seniors 65 and over living on social security do not pay any local property tax. Naturally we can't ask that in New Jersey because then we'll be accused of being communistic or something, but that's the situation. When that Commissioner can take our vote and give our school board \$1,100,000 over the cap he's picking our pockets, and I don't think we're entitled to have him pick our pockets because the Commissioner doesn't give a hoot. He said he didn't do it one of his assistants did it. Well, the whole thing is ridiculous. After all we're supposed to have some semblance of democracy and if this keeps on going where are we going to wind up? This is one example and we don't think it's a bit fair that the Commissioner does this and we don't even have the right to appeal it. Where do we go to appeal it?

KAVANAUGH. Can I ask you a question Mr. Doktorich?

DOKTORICH. Yes

KAVANAUGH. Aside from this because I know that from the Flemington meeting the concerns you have are the concerns of the Committee -- the general concern that the Commissioner has this power of over-riding and voiding your vote. Let's go into another field because senior citizens today, the situation we have with senior citizens, and you said that you represent the 50 males and 300 females -- which are real good odds in Franklin -- when we concern ourselves now with the Pharmaceutical Assistance Act. When we talk about expansion in government, when we talk about dollars being spent, and we talk about the PAA program, initially it was established for those in need. That was the reason, Senator Bateman at the time when he was in office, was very very instrumental in getting that Act moved. In fact, Brian Miller, a pharmacist here from the county was instrumental in drafting the legislation, it went through Legislative Services, and it came about. But now we've gone to the other side of the spectrum. Instead of having 20,000 people enrolled we're now taking care of all people -- back to the old syndrome of "cradle to the grave", we have senior citizens in the area of about 240,000. We've got 240,000 people who're going to be in the Pharmaceutical Assistance Program which is going to cost the State of New Jersey and you as a taxpayer, millions and millions of dollars. People who can fully take care of themselves but they want to be socialistic and say "let the State of New Jersey take care of me". Now I as a legislator oppose that type of legislation, when we have that type of law, yet you talk with senior citizens and they say "we're entitled to it". You are no different to the rest of the people who are taxpayers in New Jersey, everyone thinks they're entitled to everything. You as a spokesman and as an individual who seems to be concerned about taxes, what do you think about the

Pharmaceutical Assistance Program?

DOKTORICH. I'm very glad you brought that up because I didn't know how I was going to connive myself to bring that subject up. You see I happen to be a Statewide executive board member of the New Jersey State Federation of Senior Citizens. This is our convention report. This is the primary concern of the 4,000 delegates that we had at the April 20th convention at the War Memorial Building in Trenton. Number one, food costs -- that you can't control, the fatheads in Washington have to do that. I call them fatheads and I think I can explain it too. Number two, crime against the elderly. You know there's more crimes committed against the elderly than any other segment of our society. The next is doctor fees and hospital fees. Utility rates are right in back of them and that you have taken care of to an extent, it goes into effect on October 1st. The next one is tax reform. These are the most important subjects facing the seniors. But now that you brought up the question on the pharmaceutical assistance act, I don't mind telling you that I happen to be a cardiac patient of the Somerset-Raritan Valley Hospital, you see I carry Nitro with me because I have to, and there are 10 million men and women in the United States who carry the same thing. You say that us seniors are being greedy.

KAVANAUGH. No I didn't say that.

DOKTORICH. No, that isn't what I meant. But you happen to forget one very very important aspect of the Pharmaceutical Assistance Act. In 1969 when Governor Hughes (or just a little bit before that) was able to connive the Legislature into raising the sales tax from three cents to five cents, the Legislature very nicely turned around and sneaked a rider in with the increase in the sales tax and that was to provide pharmaceutical assistance to all State employees of which there are approximately 70,000 to 75,000. It just doesn't cover the 75,000 employees of the State whether they're male or female, but it covers their entire family. If it is a male it covers his wife and children, and the average family does have approximately two to two and a half children -- that's the way they have it calculated here. So you take those 75,000 State employees.

KAVANAUGH. Can I have a conference here for a second? I believe it was two years ago not 1969. The program is two years old. (At this point there was a brief exchange with a member of the audience who claimed that his wife started getting benefits four years ago, then Assemblyman Kavanaugh continued) Health benefits or Pharmaceutical?

DOKTORICH. Pharmaceutical. \$1.25.

McHUGH. The program is 2 years maximum.

DOKTORICH. Here we have 75,000 State employees, their spouses, and their approximately two and one half children -- how many thousands of people does that cover? And these people have no income restrictions placed upon them, whereas in the senior citizens you can only earn \$9,000 as a single person and \$12,000 as a married couple. So before these legislators, or these so-called lobbyists, stop taking pot-shots at the senior citizens, they'd better take into consideration the

fact that the State employees have no income restrictions placed upon them. I go into the drug store and I have a Judge in front of me getting drugs for his family -- he makes \$48,000 a year, and he's getting cough medicine for his son. You know that just isn't kosher. Something stinks someplace.

KAVANAUGH. You have to look at the situation we have today with negotiated agreements. This is something you're probably more familiar with, like NJEA negotiating with the teacher contracts in Franklin Township when you're talking about the million dollars. These are negotiated agreements in lieu of dollars it goes into benefits, but it all comes down to the package when they talk about the "total package", it is dollars. When the State employees negotiated the agreement two years ago or a year and a half ago, the pharmaceutical would be in there in lieu of dollars. So that in many ways, we as taxpayers are better off to negotiate that type of a contract rather than a dollar contract because if you give them a dollar they take the whole dollar home, if you give them pharmaceutical then they may only spend twenty cents of that dollar.

DOKTORICH. I understand. You are Mr. Kavanaugh, isn't it?

KAVANAUGH. Yes.

DOKTORICH. I never met you but I have read about you. You see, I happen to follow New Jersey State politics as far back as Governor George Silzer and on whose porch I spent many a Saturday evening listening to him when I was a young lad. I was young once too. But I just want to tell you that I have followed New Jersey politics and New Jersey government all those years since then, and I never realized that I would have to wind up coming over here and discussing matters of this type with you in 1978. But nevertheless, this is one of our concerns and when these lobbyists start taking pot-shots at the seniors because we are asking for something which a lot of people feel is a sort of a charity, well it is unfortunate but we're all going to wind up getting old. So before they start taking pot-shots at the seniors they'd better start counting the State employees and their families first because they pay a buck and a quarter and I pay a dollar. When it comes down to complaints -- taxations. One of the reasons that our State Federation will definitely come out with a statement as to just exactly what we're going to ask for. But the consensus is that we're going to ask for the same thing that they have in California. Two percent increase in the caps, one percent increase in property tax assessments, but it will have to be Statewide because right now you've got the most helter-skelter situation that ever ever existed in the State of New Jersey.

KAVANAUGH. Can I interject right here. That's concrete. You say you are looking for what?

DOKTORICH. Two percent on taxes on the increase, two percent cap, and one percent increase in assessment, but it would have to be established as a Statewide.....

KAVANAUGH. How would you define the two percent? Increase or cap? I cannot understand what you mean. Instead of 5 percent are you saying 2 percent?

DOKTORICH. Instead of 5 percent, 2 percent. And bring the school boards right down to the same level as the municipalities because they are no better than anybody else.

KAVANAUGH. You want to reduce 2 percent? In other words from 7 percent to 5 percent?

DOKTORICH. From 7 to 2 percent. Because they are no better than the community, I mean the municipalities, and no better than the county. I don't know if you happen to look at your own tax bills -- I found legislators who don't even look at their own tax bills because their wives take care of their book-keeping and they do a good job of it.

KAVANAUGH. She's in the back. Cost me \$4,200 last year.

DOKTORICH. I can get off this subject and come to

KAVANAUGH. I tell you, Karl, it's not to shorten you or to paraphrase your thinking, but if you could condense it in say the next two minutes so that the young lady over here could speak. Not to cut you short, I love to listen to you.

DOKTORICH. I just want to bring to your attention the gentleman before who was talking about the road program. We happen to have a road program in the Township of Franklin that is unbelievable. They started it back on June 29, 1971. They appropriated the sum of \$683,647 to bond to fix the streets. Any time they want to spend any extra money all they're going to do is BOND. And that's one way they're going to get past the loopholes and it is as simple as A B C, because they have the right to go and bond and bond the dickens out of us as long as the Division of Local Government allows them to go to a certain limit.

KAVANAUGH. That would last for one election. Because you'd bond them right out of office.

DOKTORICH. We're going to bond them out of office because they started this bonding program and they name the various streets.

KAVANAUGH. Do you think as far as the general concern you have really, gets back to that original word "excessive".

DOKTORICH. You're right. EXCESSIVE. And we don't have any protection, the homeowners have no protection whatsoever from our State government as far as our municipal government is concerned. Absolutely none, NONE, and I just want to take two more minutes to explain it to you. When they started this bond, the road improvement program, they listed a number of streets and said what length of that street was going to be done. When they got down near to the end of \$683,000, all of a sudden they found out there were two streets that weren't done yet -- but they had already spent the money! So what do you think they did to the other two streets? They turned around and introduced another bond issue and stuck those streets on to the next bond issue. And when they ran out of money then went and stuck it on to the next bond issue. This way they went and fixed up approximately eighty some streets and roads within the community. Section three of the ordinances (because they follow one another -- nine of them), let me read to you what it says: "The improvement hereby authorized and the purpose for financing of which the obligations are to

be issued, is the improvement of the following streets in the township by the construction therein of a new bituminous concrete roadway pavement, useful life, and durability at least equal to a class B construction." Fourth class construction.

KAVANAUGH. Don't you think that you as a resident of Franklin Township have the right of the ballot box, if you are in disagreement with what's happening on these bond issues that you go back to your local government when you have the elections, that you remove these people from office if they are offensive to you.

DOKTORICH. These people should be removed from office by the Prosecutor's office or the Attorney General's office, and I'll tell you why. I didn't finish reading the article to you. It said that "all this is going to be done under section 48:2-22 of the said local bond law, together with incidental storm water sewers, cross-drains, including all necessary desirable catch basins, manholes, fittings, connections and appurtenances."

KAVANAUGH. That's a standard engineer's document that they put in there.

DOKTORICH. They fixed about 80 roads and 80 streets, Mr. Kavanaugh, They didn't lay 10 foot of storm-water drain.

KAVANAUGH. Your concern there is with your local government rather than State government, but many other points of the issue

DOKTORICH. Do you know what the Prosecutor's office said? "Oh wait a minute, what they're doing is illegal but it's not criminal and therefore we cannot interfere with them."

KAVANAUGH. I'll tell you what I'll do, I will take that and your comments here, I have marked them down for Assemblyman Paterno and Assemblyman Schwartz from your district and I will have them get in contact with you on that.

DOKTORICH. And if you ever get that situation straightened out, you just get yourself ready to be the next governor.. Thank you.

KAVANAUGH. Thank you very much.

CORRIGAN. I think one of the reasons that I'm here, possibly, I'm just talking for myself, but to represent municipal governments all over. I think in Somerville we are probably as conscientious as anyone about keeping our expenses down, and I think that was true not only of the present municipal government, but all of them in Somerville. I think that's probably true in most of the smaller municipalities in New Jersey -- I know nothing about Franklin Township. That's true regardless of whether they're talking about democrats or republicans. We're here to try to fix a ship that's sinking, and that's all of our tax problems in New Jersey. So far I don't know what Assemblyman Kavanaugh thinks, but from what I've just heard we're putting band-aids on compound fractures. I may sound like a conservative, I may sound like a liberal, I may sound like a democrat, I may sound like a republican -- I'll let you know I am a democrat and as a democrat I'm more darned concerned about property taxes than anything else. Let's look at the overall picture,

let's not get bogged down in detail. And here I disagree with you Mr. Kavanaugh, you're not going to solve problems by voting for or against local municipal officials -- the government ahead of us tried just as hard: when you were in there you tried just as hard, we're all trying hard. What we need is a complete renovation of the whole New Jersey tax system -- I will have my own say about what I think, it is unfair to small municipalities but I would like to see what an overall picture would look like and I'd like to see maybe that you would look at how the other 49 guys do it. In other states property taxes are necessarily that high. Maybe one solution to the problem is bring in the other guy and vote against him but if you keep doing that every other election you will find nobody can solve the problem and you have got to get down to fundamentals.

KAVANAUGH. Thank you doctor.

M R. J O H N H O W E L L. I'm John Howell of Hopewell Township and I'm a senior citizen. I would like to follow up on the question that was just asked because that was what I was sitting thinking about for the last fifteen or twenty minutes. Perhaps someone on the Committee, or an advisor to the Committee, can get us some information about how our level of taxation compares -- not necessarily with all the other 49 states -- but let's take eight or ten nearby states plus California. How do we compare with New York, Pennsylvania, Connecticut and Massachusetts for instance, and California, on income taxes? I think the three comparisons that I would be interested in, one would be the comparison of the income tax rates, second would be the comparison of let's say the general property tax burden -- which I would equate to average tax rate based on 100 percent assessed valuation. I know there's a great deal of unevenness within states so it is very difficult to compare that. And the third comparison would be the other principle broad-based tax that's quite general which would be the sales tax rate.

DEARDORFF. I can tell you pretty much exactly where we stand. Nationally we stand within the first ten or twelve in terms of the only yardstick that you can really use and that is per capita overall State and local taxes. Within the northeast we stand sort of toward the bottom. Let's take the income tax. Our income tax is roughly comparable to that in Pennsylvania. It is far lower than that in New York. Connecticut does not have an income tax. It is far lower than that in Rhode Island; it is far lower than that in Massachusetts; it is far lower than that in Vermont. New Hampshire does not have an income tax, and it is considerably lower than that in Maine. So out of the northeastern states, and if you want to throw in Maryland and Delaware, we're away below them in the income tax. We are far below California on the income tax as Mr. Kavanaugh mentioned before. New York is the most taxed state in the United States. The percentage of income that goes for taxation, the per capita amount of taxation in the State of New York (State and local) is the highest in the United States. Number two is Massachusetts - both of which are northeastern states. New Jersey ranks about eleventh. You have got to remember that in comparing states you have to compare not only what you pay but what you get for what you pay. One of

the problems we have is that in our education formula for many years they said New Jersey was only contributing 26 percent of the per pupil cost of local schools. Put that 26 percent in dollars was far higher than almost any other state in the country except for New York, California and a few others. On the basis of income (that is income per capita) our State and local taxes are relatively low. Until we got the income tax we were way down toward the bottom.

Now one of the things which does not appear in statistics, on the level of taxation, are our homestead rebates. If you pay \$300 income tax and get \$200 back on a homestead rebate, you're actually only paying \$100 not \$300 -- though in all the statistics it would show up as \$300. Our local taxes, the property tax, is about the fourth highest in the country; it's higher than California was prior to Proposition 13, it's lower than Massachusetts, it's lower than New York -- believe me it's lower than New York -- but we rank within the top 25 percent (toward the bottom of that 25 percent) in overall taxes per capita. In overall taxes on the basis of personal income we are further up because New Jersey is one of the highest states in per capita income despite our rather large unemployment figure.

I think one of the things that we have difficulty in realizing is that in the so-called sun-belt states of the south and the southwest, taxes are much less in almost every instance, except in income tax (and even in income tax in a few), but the services in many instances are non-existent. And this is not an apologia for New Jersey.

Another thing that was brought out about the State employees. There may be a good argument for what was said but from the point of view of State employees, on the basis of the population of the State we have one of the lowest number of State employees of any state in the United States. At one time we were about fiftieth -- I think we're about fortyseventh now -- we have only about half as many State employees as there are employees in the City of New York. Of course, you cannot use New York City as a very good example. In fact we have less employees in all of our governments in New Jersey than there are in the City of New York. So at least from that point of view we are not excessive. Perhaps as Mr. Kavanaugh mentioned before, what we need is an examination of our priorities. I hope that at least answered part of what you asked.

HOWELL. That was very helpful indeed. I think I would only like to make a comment or two in the light of this information, that we have a very complex problem before us and it seems to me where individual or groups of people, such as senior citizens or young married couples, or certain classes of businesses are finding themselves very severely disadvantaged, people losing their homes because of taxes or businesses feeling that they are forced to leave the State because of taxes or other specific problems. Certainly adjustments are in order and part of our tax policy as I would view it needs to be a policy of making sure that the burdens of taxation are as fairly shared as it is possible to do. At an earlier time I looked through tax rates, assessments, and property values and so forth, in the 600 or so municipalities that we have in New Jersey and I was

quite shocked at the discrepancies that appeared. I also have a lot of sympathy for people who are really being driven to the wall by taxation and my only general point in relation to tax policy is that it should be one of making those adjustments as delicately and as carefully as possible so that we relieve real distress and always look to trying to increase the fairness of the tax system. That is all I wanted to say.

KAVANAUGH. Thank you Mr. Howell. I think it is important that the senior citizens of New Jersey which is a large segment, who were very productive when they had the earning power, they put dollars away, and in time when they thought it would be enough for them to get along on and enjoy their golden years--I kind of get a little distressed because I don't think many senior citizens like that term "Golden Years" of the senior citizen because they are probably more productive now, many of them, than they were when they were in their formative years starting out in society. But I think that what we are looking for throughout, for all of the taxpayers of New Jersey -- we see the ads "How do you spell RELIEF?" It's ROLAIDS. I think we have to find the answer to HOW DO WE SPELL RELIEF?

HOWELL. Yes. I'm also concerned about young couples. There are many communities where young couples are, their parents have lived, their grandparents have lived there, but they can't afford to live in their own hometown -- they have to get out. That's a very sad commentary on our tax structure.

DEARDORFF. With the young couples, and even with the senior citizens, there is more to it than our tax structure as far as our State and local taxes. To a great extent it is the mortgage market for the young couple. I heard just today that the average mortgage interest rate, that is affective mortgage interest rate, in the United States last month was 9.47 percent. That's a lot of money. When you're talking about inflated prices along with it, when you're talking about inflated food prices that everyone has to pay, inflated Federal taxes, so that this Committee and the Legislature in New Jersey I think is attempting to look at equity when it comes to taxation and I believe we have come a long way in the last ten years. Not anywhere near maybe what we could but we can just go so far and we have to look to Washington to do many of the things that should be done so that the things that the New Jersey Legislature does aren't frustrated.

HOWELL. I suppose that the taxing power is between the local authorities who set tax rates (the property tax) and the State authorities including mostly the Legislature that sets the sales tax rate, the income tax rate and so forth, and it would be nice if this Committee could also control inflation.

KAVANAUGH. Thank you very much. The young lady in blue, from Montgomery Township, would you please come forward.

ELIZABETH BROWN. I'm Elizabeth Brown from Montgomery Township and I'm President of the Somerset County School Board Association, and I'm also on the Montgomery Township Board of

Education. I'm not here for either of those organizations but, please, for those of you who protest that large item on your tax bill, it is to take care of your kids and part of this is that the caps are there to help us regulate the amount of taxes that we can assess in the township. Also, the school budget's the only one that any person has the chance to vote on and that's why everybody feels so strongly about that. School boards are very oppressed because of the descending rate of school population. In many areas -- not in all -- but in many, a teacher can teach eight kids or twenty in a class in high school french for instance or in an academic program. You can't eliminate the teacher if you want to maintain a program and I think that some of the citizens should be aware of the fact that these people are considered State employees and that we are mandated certain things that we must give them. I'm not really here to defend the school board and what they're talking about. It is primarily our wish that in any bill or anything where a tax is necessary, that you would look very carefully at the way that this thing is going to be implemented. You have just said -- and I was interested to hear you -- that we have fewer State employees here than in many other states. However, we find that many of the things that our school boards are mandated to do is really a duplication of effort. There are things that we must do that we must do for something else, now we have to send two or three; we do have to spend secretarial and clerical as well as teacher time on these things and we wish that you would look carefully at these when you start to think about new bills for taxation or for any kind of a service, to check over what employees need to be hired, what new jobs, because many times we feel that some of these things could be handled by the jobs already in existence. We would like to see more efficiency in terms of the tax. I have lived in many other states and frankly the tax picture in New Jersey is not all that bad. I think we are trying to educate our students to be aware of the fact that for any service you demand you must expect to pay something and therefore we really feel that we get a tremendous amount from New Jersey but we do wish for efficiency, for non-duplication of effort, to look towards some of those organizations who are really protesting the amount of paper -- that sort of thing that we have to do over, which perhaps could be done once and passed around, something of that sort. We do hope you limit caps on some things, we would like to have some of the caps on, for instance, the utilities and those things not under the caps for the reason that the gentleman stated. Same for senior citizens, the costs go up for schools as well as for any citizen. I do have a son who has a brick barn -- talking about the younger generation -- that was built for \$800, his recent assessment is \$30,000 -- would you believe? And he has to pay taxes on that, but for that he is going to the municipal government. This is my main plea, that you look toward new jobs and try not to have very many for implementation of various services, and non-duplication of things that are mandated.

KAVANAUGH. Can I ask you one question? As a board of education member, and since taxes are so important to local government -- in most cases 70 or 80 percent of every dollar is being spent on schools -- and you mention the school board election; as an individual do you feel that the

citizens should have the opportunity to vote on a school board budget and not on a municipal budget?

BROWN. Every year in the Delegates Assembly of the New Jersey School Boards Association there is a resolution to be voted on that says let's ask the Legislature not to have school budget elections any more, and every year this has been turned down. In our district we feel that the public at least ought to have a right to vote on something in terms of a budget and that is why we continue to do it. It is my feeling that they ought to have a right to vote on the municipal budget too but at least if they don't have a right to vote on it they do have hearings and I do think if people will go as they have come tonight, and speak to their municipal government. As the man from Somerville said, most elected township school board officials are honestly in there trying to do a good job. They do have meetings for the public to come and give their input. We have many meetings with input and we get six or seven people. It is not a true representation.

DEARDORFF. Do you think that the Commissioner of Education should be able to negate the vote of the people?

BROWN. I feel that the Commissioner of Education -- believe me I don't know the particulars in this case that we're talking about frankly -- is mandated by law to see that the school districts are providing a thorough and efficient education for the children.

DEARDORFF. What does that mean?

BROWN. The Legislature took three years to figure that out so don't ask me to do that tonight! However, there were hearings for that too, the citizens around the State were asked for input. What I am trying to say is that there are certain aspects that have been listed that make up thorough and efficient education, and it's my belief that if he feels that this township is not able to do it at the budget that they have listed then he can change those caps. But also don't forget, if I'm not mistaken, if there is any free appropriated dollars they have to be applied to that, therefore you give up your contingency -- which is a very dangerous thing to do -- and I don't think school boards do it unless they really are in desperate shape.

DEARDORFF. Let me just ask you, hypothetically, As a member of the school board in Montgomery Township, if the State said to you here is X number of dollars per pupil, we don't care how you spend it but you'd better spend it in getting a good education for the pupils in that township, do you think you could do a better job than the way you're doing it now? As long as it is not a completely inadequate amount. I'm talking about a relatively reasonable level of spending.

KAVANAUGH. Before you answer. This is a very, very important point because we're talking the greatest percentage of the budget.

BROWN. My feeling is that you have to have some kind of guidelines.

DEARDORFF. Well, naturally, you'd have certain guidelines in the sense of providing certain

basic programs. What I'm really getting at is that one of the things that we have found, not just in this Committee but in other committees I've worked with, they talk about frills. Frills may be alright because I feel quite certain that there are municipalities in this State that if you went out and asked the voters in that municipality -- and could even get the majority of them out -- they would vote to have ski lessons, horseback riding, everything, but there are others who wouldn't. So what I'm getting at is could a school board take a reasonable amount of money and provide a good basic education? If they wanted to go beyond that let them go to the people and say "give us more money because we want to do this," and if the people said "yes", fine. But not to say you've got to have these things just because somebody has an idea that it would be nice and call that part of thorough and efficient. What is "thorough and efficient"?

BROWN. I think you're asking a way too difficult question to be answered in a short time. I think that many school districts could take a certain amount of money -- a reasonable amount -- and do an excellent job. There has been that kind of effort in the past. We have had what we call "lighthouse districts" where somebody will be willing to ask the public for an additional amount of money to start some new idea in curriculum, some new way of going about something, new books, new equipment, and the voters are willing to put forth that amount and therefore, they have established something that other school districts can try to emulate one way or another. Now we can't do that because of the budget caps because with the way that the cost-of-living is you're almost limited by also the requests of negotiating. We really have teacher unions, and in negotiations you are almost limited -- the cost of living is more than your cap so that your negotiations are very apt to be awfully close to your total cap without any changes in equipment or anything else. So I would say it would be very difficult. However, I know that there are some places where the money might go into different things therefore, I do think you need those guidelines and I really think the Legislature did a great job in trying to define "thorough and efficient" education. It's not an easy thing to do. It is just that in some of these things I think there is a duplication of effort, too many paper reports required, too much time involved in something that has to be sent out that doesn't affect the children. It doesn't reach the children, and there's that money going for reports and paper and secretarial/clerical time and the kids don't benefit from it.

DEARDORFF. Isn't that really what a thorough and efficient education should be? That when a student graduates from high school he can read and write.

BROWN: And plus. We'd like him to be a good citizen in this State. I think this is important. I think the money should go as nearly to the student as possible.

KAVANAUGH. Thank you. Our next speaker is Mayor Griffith. While Mayor Griffith from Bridgewater is coming forward I was remiss in not introducing Peter McHugh who is here with us this evening from the Office of Fiscal Affairs -- which is a non-partisan group established by the Legislature -- and Mr. McHugh is a Budget Analyst with OFA. These are the people whom everyone

disbelieves when they come out with the facts but at the end of the Fiscal Year you find that they are honestly true. Mayor Griffith who is here tonight is a registered Lobbyist in Trenton with the New Jersey Bankers' and he just lost a very big bill -- A-63 went down the tubes -- we hope he is still employed.

MAYOR ALFRED H. GRIFFITH. I am wearing another hat tonight, I'm wearing my mayor's hat, and I would like to thank you, Walt, Elliott, Gil for being here in Somerset County and for getting around the State to hear what the residents feel about tax policy in New Jersey. As a Mayor of a community I can say as one who has had some exposure now to Trenton, that the gentlemen up front represent an agency in the Legislature which has been, to a large degree, maligned by many residents as well as local elected officials, and seeing them in action and understanding what they are trying to do within the time constraints that they have, working with some outstanding professional staff -- people such as Gil -- they do the very best job possible. As a local official, again, I appreciate it and I would just like to share a few thoughts with you as the Mayor of the Township of Bridgewater. I generally tend to be an optimist about things, however, in trying to think about what it is that ought to be recommended in the area of State tax policy that will be a panacea or will be a way of solving our problems and making us, as taxpayers, happy, I really don't think it can happen in the State of New Jersey or any other state. Many of the people who spoke tonight put their finger on various elements that affect taxation and are quite significant. The one that comes to my mind the most, and first, is the whole element of inflation that takes place within a free enterprise society -- and I understand such takes place even in societies where government has greater control over the economy. This matter of inflation affects people's income, their life-style: without any question, affects the level of government service and what government can or cannot ask for in its citizenry. Therefore, to say that there will be some tax policy that will be able to overcome the difficulties created by inflation is unrealistic in terms of expectation. As Gil mentioned before, there is also Federal tax policy which the State Legislature has said in New Jersey cannot as an entity necessarily control. And there are other levels of government below the State level -- counties, municipalities and school boards -- as well as authorities which to some degree affect us from a tax point of view, that operate independently. As a local mayor I do feel very strongly that the decision on the part of localities to decide where and how their money that's raised locally should be spent should continue to be a major principal that should be considered by the Tax Policy Committee. I feel very strongly that the local elected officials are subject to the public vote and are subject to the greatest and most direct pressure of any level of government possible, are and should be in a position to make decisions affecting their day-to-day operations with the income that is generated locally, with a minimum of State controls, regulations, guidelines, etc. I have seen in too many cases attempts on the part of the State of New Jersey to regulate, to make decisions that affect local government, that have not always been

understanding of the wishes and desires of local communities. Bridgewater is a different type of community than Franklin, as Franklin is a different type of community than Far Hills, as Far Hills is a different type of community than Somerville. Each municipality tends to have its own niche, tends to have its own priorities and I cite that's another major element in the understanding of State tax policy -- that is the question of priorities. As Gil said, what may be a frill for one or what may be considered to be wasteful by one, might very well be a definite and necessary advantage to someone else. To see the needs of senior citizens satisfied through State subsidies, State support, through the support of local taxpayers, may in some cases be considered to be a frill yet from the prospective of the senior citizen certainly this takes on a different type of dimension.

With respect to the "cap" law, I do feel that the Legislature has acted wisely in establishing a cap law for local governments. I understand there are two municipalities in Somerset that are not under the cap -- Branchburg and my own township of Bridgewater -- fortunately we have been blessed with some rateables and other advantages that other municipalities have not. I would like to say it is our ability as local elected officials but I don't think I could be completely honest in making such a comment. But even though we are not under the "cap" we try as a municipality, to follow the guidelines of the cap in our budget process and we do think that it is a good, necessary, and desirable thing to continue. We are concerned, however, that there are costs that are beyond the reach of the municipalities that are affected and impact us without any control. Such things as pension programs and utility costs, which do put many municipalities at a point by the time they add up their increase in cost due to the increases beyond their control, that they have a difficult time taking care of the balance of the services to the community. I hope that the State Legislature, in particular this Committee, will attempt to address those particular kinds of problems that are generated at the local level. I know as an example, also the school boards, face the very same problems of trying to maintain the school facilities, and those costs again, are beyond them. So I do feel that that's a necessary thing.

In conclusion I do feel that perhaps (and I am speaking now personally and not as the Mayor of Bridgewater Township because I don't think that it would be fair for me to quote how the residents feel philosophically about tax policy), but I do feel that a tax policy should be established, and one which taxes people on the basis of their ability to pay. I do feel that the property tax historically has been a regressive tax and has not been in the interests of the residents of our State. The State income tax has been a move toward equalizing and providing a greater degree of fair play in the tax field. I do feel additionally, and in conclusion, that the State Legislature and in particular this Committee, should seriously consider making recommendations that will attempt to encourage business development in the State of New Jersey -- I think the Governor's Job Conference, the development of EDA -- the looking in at various kinds of regulations

that affect industry, that affect industry's willingness to continue in the State, should be looked at very hard. As a local official dealing with DEP, I have been consistently and completely frustrated by the policies that have been enacted not only by the Legislature but to a large degree by the regulators within DEP. And while there has been a considerable maze of regulations that impacts the township as well as local industry, the great difficulty seems to be also something that Gil Deardorff mentioned before and that is, in dealing with DEP while there are umpteen number of regulations that must be followed, there really is a minimal number of people in DEP involved in administering policy. The Township of Bridgewater has been frustrated in its effort to try and get vitally needed sewer projects through, under the guise (and an honest guise) of a human and health emergency, and even with that and even with recommendations from health officials, to get the DEP to move quickly on our application has been very difficult. I don't necessarily blame DEP officials because again, there are so few responsible for administering so much. I would recommend that perhaps consideration be given to taking a look at the regulatory agencies. I think Assemblyman Kavanaugh's Sunset Law is a very effective idea, I think perhaps various agencies that have delayed and limited expansion of the township as well as industry made the agencies that may not necessarily really have to exist. I strongly support your position on that Assemblyman Kavanaugh, and I hope that there will be various agencies that will be looked at that are not really affectively serving the residents in the State, that are hindering local as well as business development that perhaps would not continue, and perhaps some savings can take place not only in terms of the administrative cost but also again in encouraging development.

The proposal that is also before you by Senator Hamilton which calls for a new department of Commerce and Business Development, would be one more step I think, if it were to be supported by the Legislature which would encourage business development in the State which, in turn through its ability to employ people, would generate a much greater number of jobs, and a greater number of people with a greater number of dollars into the State Treasury to help meet many of the financial needs of the State of New Jersey.

I have kind of rambled, I did not prepare a speech tonight, and I am reacting to some degree to some of the comments made tonight. I deeply appreciate your willingness to come here and to travel around the State to get an expression of feelings from all types of people in the State of New Jersey. I wish you well in your venture. Again, I don't think you are going to come up with a panacea -- though I'd like to hope that you will -- I don't think you will and I hope residents of the State don't think that will be the case. I know you will try to do the best that you can in your role. I want to thank you.

KAVANAUGH. Thank you very much Mayor Griffith. Yes sir.

M R. D A N P I N E, My name is Dan Pine, I consider myself an average American male today, divorced, supporting two households, two kids, I'm supporting one landlord. Over a quarter of my

salary goes to taxes and I am concerned about taxes. I'm totally against them. My logic -- I think our country today -- an awful lot of people need an awful lot of things, and my suggestion to you people may sound way out, but delete taxation. Let people keep their salaries for a couple of years. Personally speaking, I would need another home. I'd love to buy another home. I would put a carpenter to work, a plumber, an electrician; appliances, I would need all the appliances, furniture, draperies and all that goes with a house. In turn, you could collect a lot of taxes from industry that produces these items -- there's a lot of people need washing machines, cars, clothing, whatever -- you name it -- I love to spend, but I'm broke. I make \$25,000 a year and I'm broke. I'm divorced, I have an excuse o'okay. But nobody has given any grass-roots suggestions as to how to reduce taxes. I consider myself the owner of a corporation, the State of New Jersey. I have people working for me -- political people. I think you ought to re-evaluate their salaries. No comments! I think before any future elections let the people vote on new salaries for governor, State senators, whatever, and let's see what happens. Let's evaluate their expenses. O'okay. You're going to need three offices, two offices, or cars or whatever; let's evaluate all these things. I think we get to the point when we're shovelling against the tide. I think I make a good salary, I don't want any more money -- I really don't -- I think \$25,000 is a pretty good salary but I can't live on it and I can imagine..... I come from a very poor family, my mother and father still live in a cold-water flat, my father's worked all his life and he's still broke. He's still working but he's retired and 74 years old. There's a lot of people here, if they didn't have medicaid (I don't believe in medicaid, I don't believe in giving anything to anybody) we should have been able to save that money all our lives and have it for when we retire, but we don't. I'm 44 years old and I'm not going to have any when I retire either. I'm going to have somebody support me although I have worked darned hard all my life and I'm still working hard, and I don't ever expect to retire. The only thing we do have control over is the salaries that we pay you. Why not evaluate them? That's one suggestion. I'm not that bright on politics -- I've never followed politics but I think I will though in the future. I'm an engineer by trade, I served an apprenticeship as a tool-maker, design work, and I work hard and I think \$25,000 is enough money to make, should be enough for anybody -- but it's not. I'm one of those middle-class poor. That's all I've got to say.

KAVANAUGH. Dan, you mention voting on the salaries. I think that many of us in the Legislature feel there should be a Commission established to adjudge what salaries....

PINE. Not a Commission, that's going to cost me money.

KAVANAUGH. The election costs you money, when you have to get all your elected people together.

PINE. No. I'm sure we can get a lot of volunteers. That's another thing. Mayor Al in Bridgewater, I'm a resident of Bridgewater and Hillsboro. I think when you were first elected you had a fantastic suggestion --there's an awful lot of volunteers, a lot of professional people

in the township -- if you need help call us. I'd be glad to volunteer my time on any mechanical problems you have. There's a lot of people in the area who would do that. And I think if all communities in the State (in the country) would do this we'd reduce our costs quite a bit.

KAVANAUGH. I don't think that we're spending that much money though on elected officials' salaries. I have to defend the position because I am in the Legislature and I'm in business. I get \$10,000 a year to be a legislator; the first two years in office it cost me (two years to represent you) \$17,000 out of my own pocket. Now is that fair?

PINE. Were you an elected official?

KAVANAUGH. An elected official.

PINE. What did it cost you to be elected to that \$10,000 job.

KAVANAUGH. As far as \$3,400 in the campaign....

PINE. Why are so many people spending millions of dollars for \$30,000/40,000 jobs?

KAVANAUGH. I question that too.

PINE. O'kay, that's the question but I think you ought to evaluate that.

KAVANAUGH. As far as the salary. There's a difference between the money to be elected, and what you get after you're elected, but I certainly can tell you it is a great loss of income to be an elected official on the local level, on the county level or on the State level.

PINE. So why do it?

KAVANAUGH. For the same reason I've been a member of the Rescue Squad since 1967 -- because you want to do something for other people. We have so many people that are established in this district, in the State of New Jersey, that don't want to do anything except for themselves, protect themselves, cover all their own bases. And I think this is the problem we have with society today. We have got to go out and help others; it may cost you some money. Someone may come to you, maybe you have to buy him lunch, maybe you have to do things for other people and this is why people get involved in government. Unless you get involved.....

PINE. There are people like yourself who're working for next to nothing, a lot of our officials in Bridgewater are working for next to nothing, but I'm talking about the high salaried people. I'm going into New York City where some got increases of \$10,000 and I suppose this must happen in New Jersey too. Taxation. I was raised in Jersey City in the Greenville section. Went to Snider High School, played ball, semi-pro and so on. And I know what taxation has done to Jersey City and with the schools. Behind the taxation, industry moves out, there's nobody there to pay taxes, everything starts to deteriorate including the schools so taxation is not the answer. But get down to grass-roots. When the barbers increased the hair-cuts what happened? Nobody got haircuts. When the movie theaters started increasing prices what happened? When the United States post-office increased their postage stamp that saved me \$200 a year -- I don't buy christmas cards any more. Taxation is not the answer. We should know by now, my gosh.

A S S E M B L Y M A N E L L I O T T S M I T H. Can I just say one thing? I'm not on the Committee, I'm one of your legislators though -- 16th District -- but you brought up a point which I have done quite a lot of research on. Perhaps some of you saw it, maybe some of you didn't. In Reader's Digest several months ago there was an article by one of the Rockefeller's if I recall correctly, and he pointed out in there that if it wasn't for the \$26 billion a year that is given freely as donations to churches, colleges, rescue squads, fire companies and all the other charities and non-profit organizations -- that is given freely by the people -- plus the 26 billion in man hours put into manning fire companies, rescue squads and all volunteer organizations, little league, you name it -- everyone of them -- this country would be in some sad state. You think you have high taxes now! If you had to pay for all those services that are given freely by the people of this country, and this is what makes this country different from any other country in the world. I've talked to people from other countries, they come to this country and say "gee, we just don't understand how this system works." We all get junk mail. I myself give only to local charities where I know the money isn't going into administrative fees and the like. This is the kind of thing you've alluded to and that Walt's alluded to, and certainly there's a lot to be said for people going out and doing things for themselves or others on a free basis, and what's you have pointed out is a good thing. I don't know that it can be carried out to the extent that you are talking about. You are talking about the complete elimination of taxes altogether. There are certain services that you must have and they have to be maintained, but I do think more people do have to do more for themselves. I think they're willing to do more for themselves. As an example, when people start throwing garbage out along your road, you pick it up, don't expect the town to pick up. That's just one simple example. If everybody would pick up the garbage in front of their own house, along their own street, and carry on from there, these kind of costs could begin to come down. Do it on an individual basis, a municipal basis, it does start at grass-roots as you said.

PINE. I was with the rescue squad for ten years, and there's an awful lot of volunteers out there. When we had the floods a few years back down in Wilkes-Barre, I went on the microphone to different neighborhoods requesting goods, food, clothing and so on. Before I got back to the squad building there must have been at least twenty station wagons and cars already there donating stuff. So there is a volunteer thing in this area.

KAVANAUGH. But Dan, you have to realize. In 21 municipalities in the county, using this county as an example, if we had to do away with volunteer rescue squads here I guarantee it would cost you \$4 million -- \$4 million dollars extra a year to operate. You have to have people involved. You say why are people doing legislative work, why are they doing local work, county work? You've got to be involved. You've got to give something of yourself in order to help others. That's the whole name of the game.

PINE. You point out to the public that their taxes will be reduced considerably, I would

guarantee you'd get an awful lot of people out there.

KAVANAUGH. Well I'll tell you, every day I see in the paper where they're looking for volunteers for the rescue squad....

PINE. There's no unity in the State, there's no unity anywhere anymore. People are divided. If you get people united you're going to get a good State.

KAVANAUGH. As far as your views, you are echoing some of the things that Jeff Bell said in his campaign. Thank you Dan. Next please, Bill.

M R. B I L L R E G A N. My name is Bill Regan and I'm from Branchburg Township, and I guess to sum up my feeling on the tax position -- Peter Finch did it several years ago in a movie called "Network", there was one scene in the picture where he gets up and he says "I'm mad as hell and we're not gonna take it any more". That pretty much sums up my feeling on taxes. I follow New Jersey politics, in fact I was involved in Franklin politics for many years, and Karl you remember me as one of the good guys I hope. At any rate, over the years we were told the broad-based tax was going to be our salvation. We passed a 3 percent sales tax. Along came Bill Cahill and we raised that to 5 percent. Then along comes Brendan Byrne and sells us the income tax, and now we're up to \$4.6 billion and obviously from what I read in Vince Zarate's column, we're going higher. Where are these dollars going? Certainly we're not getting better services, I don't see anything along these lines. Certainly in the field of education -- and I'd like to address just a few points to the education industry, because I have to label it as an industry because of the amount of money that we're throwing into education. Over the years I have sent all of my five children to private school, primarily here in Somerville, earlier in Bound Brook. Over that period of time I can remember several things happening. Initially I paid my own transportation to get to St. Mary's in Bound Brook, I believe it was about \$75 per child for a year. The bill went up the following year to \$150. Again, the point that I am trying to make is the cost differences between public and private education. Here in Somerville a private education for a high school student will run you approximately \$1,000 per year per student. I don't know Somerville numbers -- maybe the gentleman in the back can supply them -- but my off-the-cuff feeling is that it is roughly two and one half times the amount of private education. Several years ago we had Jack Ewing on the Senate Education Committee, and I guess one of my recommendations (I have three then I will close out) is for one of these Committees, either in the Assembly or in the Senate, to come up with some sort of analysis why it costs us more to put a child through a public school than a private school, roughly two and a half times more -- that's a pretty good guess on my part. My second recommendation is that all these taxpayers and voters in November vote for Jeffrey Bell who promises a 30 percent reduction in our income taxes. And my third recommendation sort of ties in with the gentleman on the left who, in effect, was saying "government take a holiday". I agree. It is time for maybe a year's holiday from government -- perhaps to China.

KAVANAUGH. I've got to make my own speech. The one thing you don't know is that that last remark alludes to my upcoming trip that I'm taking at the end of the month to Red China. I would also like to make a public statement that it is at my own expense. The situation should be very clearly stated -- it is with the National Conference of State Legislators, but I'm paying the bill and now, going back to your first comment, Bill, when you mentioned two and half, I think two and a half is a little high, if you are talking in Somerville right now, high school students, probably something like \$1,900. One of the reasons, one of the main reasons, for the great differential when you allude to private school, you are possibly talking about Immaculata which is here in the district, the cost of Immaculata is in the \$1,000 range -- it comes out to salaries, which is 80 percent of your total school budget. When you have a high school teacher at Immaculata making in the area of \$9,000 compared with a high school teacher in the Somerville school district making say \$16,000 or \$17,000, there you see the cost differential.

CORRIGAN. I feel one of my functions here is defending the local municipal, not just Somerville, but all of them so that these gentlemen up front can get on to bigger things. I think most local officials do well with the experience of the system they're working in. I think it is to maybe look at these ground rules that these gentlemen here should do and I certainly wish you the best of luck. But, to answer the question, Mr. Kavanaugh and anyone else in this room who lives in Somerville, pays 4.12 percent of his assessed property value in property tax, that is if you are resident and not running a business, .54 percent are county expenses and the remainder which I believe 1.10 are Somerville expenses which the local government has control over. In addition to that if we had not converted over to pay for the sewerage, it would have been approximately 15 points higher. This does not mean that you people in the audience from Somerville are paying more for sewerage, at least for the first time it is visible to you -- you've been paying it all along as part of your property tax. After everyone is all done and I get a chance to talk, I would like to point out one thing -- but I would like to be the last speaker.

KAVANAUGH. Well Doctor, we may give you the opportunity of being last. Mrs. Kenney.

MRS. KENNEY. I just want to answer the question "why does public schooling cost more than the church affiliated schools?" Are you aware that in a church-affiliated school doesn't the parish contribute? In other words it costs his child maybe \$1,200, but the parish subsidizes the total cost. Another thing is, I have been noticing in the papers and with this Proposition 13, whenever they talk on taxes why do they pick on education? Everyplace you go it's "cut education". There are a lot of other programs that could be cut. Isn't welfare a high expense? And all these other programs. Why are they always picking on education? I have no children in school. Anywhere -- California, New York -- you hear "cut out the education, cut the schools": why is it when there are a lot of other commissions and departments that are spending a lot of money unnecessarily, we hear the same thing "cut education."

KAVANAUGH. I think the major reason you get this reaction is that New Jersey is the second highest in the nation as far as dollars per pupil. As Gil had mentioned before, New Jersey as far as cost per pupil, not the effort on the part of the State because we are low there, we've gone up from 26/28 percent up to 38 percent today, but our cost per pupil is the second highest in the nation. As far as dollars we spend to educate children we rank number two. This is where we have the problems and this is why we're here -- why we have the problems -- because of this great number of dollars being spent to educate children. Where do you get the money? You get it from your property tax. And that's the whole situation.

Is there anyone else? Dr. Corrigan wants to be last and if we have any others, they may come forward. It is five minutes to ten, we've always had it that we never cut anyone off who might want to be heard, so if there's anyone who spoke previously and wants to add anything please do so now before the doctor. Yes Karl.

DOKTORICH. I would just like to make an observation. Mr. Deardorff made the statement before that there are so many states that have almost twice as many State employees as New Jersey. But Mr. Deardorff forgot to tell one very important fact. How many states are there where the teachers of all the public schools are on the state pay-roll? There are fifteen including the Commonwealth of Pennsylvania. In the Commonwealth all teachers in the state school system are on the state pay-roll, and the same thing applies to the State of Ohio and the State of Indiana. There are fifteen of them. So that may be the reason why there are so few State employees in New Jersey. I would just like to add that observation.

DEARDORFF. They are not counted as State employees.

DOKTORICH. Well, according to the National Association of retired teachers and the AARP states that in fifteen states teachers get paid by the state -- a lot of times they don't get paid at all.

KAVANAUGH. Just to clear up on that Karl, they are paid by the State but they're not included. When we talked about the number of State employees we didn't include those in our census. Is there anyone else?

JOE WIZNESKI. Now according to the Star Ledger there were eighty railroad cars in the last two months that were leased to another state, new cars. Now they're speaking about rebuilding the old cars at an expense of close to \$100,000 a piece. Why does this happen?

KAVANAUGH. You are talking about the bid. This area really does not come into Taxation but is really an oversight in the lack of controls within government. Someone missed the boat somewhere as far as expenses, because it is a great cost to the taxpayers. That question I think would have to be directed into the Transportation Department rather than Taxation -- it is going to end up with us anyway because we're going to have to pay for it. As far as an answer, we can't give you the answer to "why?"

WIZNESKI. This isn't the only incident. Two years ago they overbought buses as you know. They couldn't utilize all the buses they bought at that time which they leased for a dollar a piece a year.

KAVANAUGH. Also we bought electrified cars that we can't use because we don't have the proper electrical system too. Thank you. Is there anyone else? If not it looks like Dr. Thomas C. is on stage. Tom, first of all, being from Sayreville, I appreciate that you take the time to come here -- and this goes for the rest of the people here this evening, we certainly appreciate it as we go around the State, there certainly hasn't been anybody throwing their hats in the ring. We appreciate the opportunity of coming before you and we're going to leave some cards here on the desks this evening so if anyone wants to contact us for further discussions we'd be glad to talk with you. One of the major problems we see is the lack of communication between the State and the people, and we're pleased to see that we are opening up lines of communication. You certainly are not going to agree with all our thoughts but we're not trying to put thoughts out. On my part this evening, maybe some of my comments came over as opinions, that is not the purpose of these hearings, we want to hear your opinions -- we don't want to be opinionated. Doctor.

CORRIGAN. Do I have introduce myself again?

KAVANAUGH. There's no need Tom, we all recognize your voice.

CORRIGAN. The one thing I do want to say, and I believe I have told you this Mr. Kavanaugh back in the two times I campaigned against you incidentally -- and I have certainly told your opponent -- I think we have an unusual social problem which, as far as I know from the many states I have lived in, seems to be more acute in New Jersey. That is, we have certain towns which I call the landlocked boroughs like Somerville (so I am speaking for you because you pay the property taxes there) that form as the hub, and are surrounded by what I refer to as the parasitic bedroom communities -- with apologies to Mr. Griffith. By this I mean we have large townships with a lot of area who can draw ratables but where is the center of that town? These towns have no down-town area. We have our Somervilles and others like it throughout the State I'm sure. 2.39 square miles, only 13,650 people, and yet the center of a population of 75/100,000. Is there any way we can mitigate the problems here? I believe. Here's the reason I believe these problems are not being addressed not only by you, but by either party. We want to increase jobs, so we want to attract industry. With our American hopes, and our organics division of Cyanamid and some of the largest corporations in the world, they don't put their headquarters inside the little boroughs -- they put them in the large townships. Now, as I understand, Minneapolis may have come up with some solution where they have a regional area for equalizing property taxes. As yet, I haven't found out anything about it. I might say in my two years (one and a half years) as Finance Chairman, all I have done is learned that there is a problem. I don't know the solution. I'm asking you people to look into a solution of this amongst other

things. I think it is the few land-locked townships that have a large inordinate burden since we have more restaurants probably, we have to have a bigger health department, that type of thing. We have a large police department for our area, and for our population, but not a large police department for the responsibility we have. Again, I have no solutions. I have no other axe to grind except your community is taking it in the neck because of this problem, and I think it is a peculiar type of problem to New Jersey alone. I have looked at other places and sure, there are land-locked cities like Pittsburgh but they have industrial sections with a lot of ratables. I am not offering a solution, I am just saying please investigate this problem as part of your study.

KAVANAUGH. Thank you very much. If no-one else wants to speak I would like to ask Assemblyman Smith if he has something to add.

SMITH. I would just like to thank you all for coming tonight. I did not expect to be up here at the front table, I tried to take a seat in the back but Deardorff thought I ought to be up here so that you could see who represents you. I am only too happy to be here. I'm glad you came, and I am happy to participate in this hearing.

KAVANAUGH. Senator Sheil.

SHEIL. I want to thank everybody. We will certainly be cognizant of your remarks -- and it is nice to see someone from my neighborhood of Greenville here. Nice to be with you.

KAVANAUGH. Thank you very very much for coming. We will be in Willingboro tomorrow, and if you want to see the show again, we will be in Newark on Thursday. Thank you and goodnight.

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