

---

*Report to*  
*The Honorable Charles Edison*  
GOVERNOR OF NEW JERSEY

by the  
*Hudson County Board of Taxation*

LEO ROSENBLUM, *President*

PAUL E. DOHERTY

AUGUST ZIEGENER

MICHAEL V. DONOVAN

JOHN F. WILKENS

NEW JERSEY STATE LIBRARY  
TRENTON

January 15, 1943

---

974.99

T 235

1943

*Report to*  
*The Honorable Charles Edison*  
GOVERNOR OF NEW JERSEY

by the

*Hudson County Board of Taxation*

LEO ROSENBLUM, *President*

PAUL E. DOHERTY

AUGUST ZIEGENER

MICHAEL V. DONOVAN

JOHN F. WILKENS

NEW JERSEY STATE ARCHIVES  
TREASURY DEPARTMENT

January 15, 1943

974.99

T 235

1943

REPORT TO THE HONORABLE CHARLES EDISON  
GOVERNOR OF NEW JERSEY, BY THE  
HUDSON COUNTY BOARD OF TAXATION

HUDSON COUNTY BOARD OF TAXATION,  
JERSEY CITY,  
January 15, 1943

*To the Honorable Charles Edison,  
Governor of the State of New Jersey:*

On July 23, 1942, after a hearing on charges of misconduct, your Excellency removed Patrick A. Monahan, Alexander D. Sullivan, Harry Bischoff and George Scheetz, all of the members of the Hudson County Board of Taxation, from office and, on that day, appointed an entirely new board composed of Leo Rosenblum, Paul E. Doherty, Michael V. Donovan, August Ziegner and John F. Wilkens. Such appointees were confirmed by the Senate on the same day and, on July 24, 1942, took their oaths of office administered by the late Hon. James R. Erwin, Judge of the Hudson County Court of Common Pleas.

BARRED FROM OFFICE

Upon seeking to enter the permanent offices assigned to the board of taxation in the Hudson County Court House, we were physically barred therefrom by armed Hudson County police under the personal command of Chief Patrick A. Dolan, acting on orders of County Counsel

J. Emil Walscheid. At said time, we learned that not only were the offices of the board barred to the public also, but that the public records of the Hudson County Board of Taxation had been removed from the offices and concealed in another part of the Court House.

Each member of the board appointed by your Excellency separately attempted to gain access to the board offices and each was resisted forcibly by the armed police.

#### ORGANIZATION OF BOARD

Confronted by such menacing opposition, it became necessary for us to hold our organization meeting in one of the court rooms of the Court House, at which time, we made immediate attempts to secure the attendance of the then secretary of the board in order that he might participate in the proceedings in his official capacity. Attempts to locate such secretary were futile and we were compelled to proceed with our organization in his absence.

At such meeting, Leo Rosenblum was elected permanent president and August Ziegner, secretary pro tem of the board, after which, attempts were again made unsuccessfully to gain access to the board offices.

#### WRIT OF MANDAMUS OBTAINED

Faced with the prospect of being prevented indefinitely from entering our official offices and from exercising our official duties by reason of what clearly appeared to be an excessive and unlawful use of police power, and seeking to restore law and order in the administration of the work of the board of taxation, an agency of the State, our board

applied promptly to the Supreme Court for a writ of mandamus to compel the county officials and police to turn over to us the offices and records of the Hudson County Board of Taxation. Such proceedings were instituted on our behalf by John Warren, Esq., designated as special assistant Attorney General for such purpose by the Hon. David T. Wilentz. Mr. Warren ably, vigorously and successfully prosecuted our application before the court and a peremptory writ of mandamus was issued by Mr. Justice Joseph L. Bodine compelling all of the county officials involved promptly to turn over to your new appointees, as members of the Hudson County Board of Taxation, the offices and records of the board.

On the afternoon of August 5, 1942, amid turmoil and disorder, we took physical possession of the offices. We found the shelves of the record room bare, documents scattered about without regard for orderly filing, and a general state of confusion entirely unbecoming and unsuited to the requirements of a public office of the State of New Jersey.

#### SECRETARY DISMISSED

Immediately after gaining access to the offices, we held a formal meeting and, for the first time since our appointment, we met Harry W. Vanderbach, the then secretary of the board. Mr. Vanderbach had been appointed secretary on June 19, 1942 by our predecessors in office after your Excellency had conducted the hearing upon charges filed against them.

Although, during the entire period from July 23 to August 5, 1942, we made diligent efforts to locate and

interview Mr. Vanderbach concerning the official business of the tax board, we were unable to find him. However, Mr. Vanderbach was in attendance at the meeting held by the board on August 5, 1942 and, after questioning him concerning the events of such period, our board suspended him from office. Subsequently, after due notice and hearing, he was dismissed.

#### SINECURIST OUSTED

Upon surveying the personnel employed by the tax board, we learned that we had in our employ, as of the time we assumed office, an acting chief clerk, who had been appointed to such post but one month prior thereto, and thirteen deputy clerks. In addition, our records disclosed that our assistant chief clerk had been on leave of absence without pay for approximately six years. Upon careful inquiry, we learned that one of the deputy clerks employed at \$2,700 per annum had in fact performed little or no services for the State or County for a period of at least one year although in receipt of his full pay during all of said period. Shocked at the discovery of this sinecure, we promptly discharged that delinquent employee. Of interest in this connection is the fact that not one person employed by the board at that time was qualified to do stenographic work as a result of which we were unable to dispose of such simple office routine as dictating and typing replies to correspondence which had accumulated.

Without dwelling at great length upon the antiquated system under which the clerical routine of this important office was then conducted, it is well to note in passing that duplicates of office correspondence were made by means of

an obsolete letter press, an office mechanism better suited to the requirements of the "horse and buggy" days.

#### FILING OF APPEALS

Under the law, taxpayers in all taxing districts throughout the State are permitted to file appeals from the assessments of the municipal assessors with their respective county boards of taxation on or before August 15 in each year. When we first gained access to the tax board offices on August 5, 1942, about two thousand appeals from 1942 assessments had already been filed with our predecessors in office. At that time, only ten days remained in which taxpayers could file their appeals. Consequently, we were forced to undertake our duties in the midst of one of the busiest periods of the year.

By the close of business on August 15, the enormous total of 14,721 petitions of appeal from assessments by the taxing districts of Hudson County had been filed with our board. Of this number, almost 10,000 appeals were filed from assessments in Jersey City alone.

#### HEARING OF APPEALS

For many years theretofore, the Hudson County Board of Taxation refused to grant hearings to taxpayers upon their tax appeals. The practice had been to determine completely the merits of the very substantial and, in many cases, intricate questions involved merely by scrutinizing the generalized information furnished to the board by an endorsement on the back of the original petition of each tax appeal filed. In other words, appellants were given no

opportunity to present witnesses in substantiation of their claims and the taxing districts were not required to produce witnesses or other evidence in support of the assessments.

This practice existed despite a clear statutory requirement that all county boards "shall summarily hear and determine the appeal, and revise and correct the assessment in accordance with the true value of the taxable property." R. S. 54:3-22.

Because of the old board's statutory dereliction in this regard over a long period of time, we found our office entirely unequipped to administer promptly hearings of almost 15,000 appeals. Our task, unlike that of most succeeding office holders, was not one of merely continuing the administration of a routine already established. In the short space of the time allotted, we were called upon to install a complete system under which appeals could be heard promptly, secure suitable quarters for such hearings, compose and have printed thousands of forms of various types for the use of our members in connection with such work, direct and train our staff in the routine of mailing to all taxing districts and appellants daily notices fixing the time and place for the hearings of appeals, prepare and issue daily calendars of hearings before each commissioner, confer with lawyers and other representatives of all taxing districts in order that their needs and convenience might receive consideration in the organization of our system, and dispose of numerous other important details.

Nevertheless, within two weeks after we took possession of the offices of the board, the necessary machinery for the commencement of hearings was set up and proper notices

of hearings had been mailed to the taxing districts and appellants concerned in the first days' hearings. By resolution of our board and pursuant to statute, we divided the board into five parts, each member being assigned to preside over an individual part, and the use of five court rooms for such purpose was obtained. On August 24, 1942, in the Court House in Jersey City, the Hudson County Board of Taxation began public hearings on tax appeals as required by law and, for the first time in many years, aggrieved taxpayers were granted an opportunity to be heard.

#### CONDUCT OF JERSEY CITY OFFICIALS

From the very first day of the hearings, lawyers and other officials representing Jersey City under the direct supervision of its corporation counsel, Charles A. Rooney, by their conduct, clearly evinced their planned intent to impede, harass and frustrate the board of taxation in the disposition of the pending appeals. The conduct of the Jersey City officials appearing before us was so disgraceful, impudent and scandalous, that only by the exercise of great self-restraint were we able to proceed with our work.

We are frank to report to your Excellency that, in our opinion, officials of Jersey City have never desired to conduct hearings upon appeals from their assessments before our board. For reasons best known to them, they embarked upon a program designed to delude the public of Hudson County and New Jersey into believing that public hearings, as required by law, upon almost 15,000 tax appeals, could not be held and determined by November 15, 1942, the deadline prescribed by law.

New Jersey State Library

New Jersey State Library

With such plan in mind, the Jersey City lawyers attempted unnecessary and protracted cross examination of witnesses, filibustered at will, interposed frivolous and insulting motions at regular intervals, offered unsolicited and ungentlemanly observations without regard to their obligations as members of the bar and, in general, indulged in heckling, dilatory tactics better suited to a tavern brawl than to the quasi-judicial proceedings in which they were then participating. On one occasion, in a crowded courtroom, the Jersey City attorney gave vent to a vituperative personal attack upon the president of this board who was then hearing tax appeals. Notwithstanding demands that he desist, this attorney continued his tirade even while the presiding commissioner was talking. Only by declaring a premature recess of the hearing was the commissioner able to terminate this intemperate exhibition.

In marked contrast was the conduct of the lawyers and officials representing the other eleven taxing districts of the County of Hudson. Despite a strong difference of legal and factual opinion evidenced in the course of the thousands of hearings in which Jersey City was not involved, let it be said that all officials participating conducted themselves with full regard for their obligations to the taxpayers and members of this board. In particular, the Corporation Counsel for the City of Hoboken, in open court, criticized unnecessary and dilatory practices in the prosecution and defense of the appeals, and informed the commissioner then sitting that the City of Hoboken would do all things necessary to expedite the disposition of their pending appeals.

Upon learning of the objective of the Jersey City lawyers in this regard, we served notice that we would continue our hearings each day and each night as late as necessary to conclude the complete daily calendar. As a result, our commissioners were compelled at times to sit until eight o'clock in the evening before the last case of the day was heard.

We strictly observed this program for a period of two weeks during which time every case listed for hearing on each day before each commissioner was disposed of. Then, realizing that their obstructionist tactics had failed, the legal representatives of Jersey City refused to participate any longer in the proceedings before our board, as a result of which the remaining cases involving Jersey City were heard and disposed of without such representation. It is to be noted that in this connection, attorneys for all other taxing districts of Hudson County continued to participate in hearings involving their taxing districts until each and every appeal had been heard.

#### ALL APPEALS DETERMINED

We are pleased to report that notwithstanding the vexations and difficulties confronting us, a full and complete hearing was granted to every party appealing before us; and each litigant, whether taxpayer or taxing district, was permitted at all times ample opportunity to adduce any and all evidence in his or its behalf.

By November 15, 1942, within the time limited by law, our board disposed of every one of the 14,721 petitions of appeal filed for the year 1942. In all cases but two, judgments were rendered on the merits of the issues involved and, in those two cases, the board entered judgments affirm-

ing the assessments without prejudice in order that the appellants might have their appeals determined before the State Board of Tax Appeals.

#### PROPERTIES AND STREETS INSPECTED

Proper determination of the issues raised in these many thousands of appeals involved much more than the actual hearings herein described. The law requires that the members of each county board, in carrying into effect provisions of the tax statute, "shall view and inspect so far as possible in all cases, the various assessed properties in the various taxing districts in the county \* \* \*." R. S. 54:3-15.

In order to comply with the said provision and to grant each litigant the full benefit of our personal observations, the members of the board embarked upon a program involving the physical inspection of as many parcels of real estate under appeal as was humanly possible under the circumstances. In furtherance thereof, the members of this board, between September 1 and November 15, 1942, personally viewed approximately 5,000 buildings in Hudson County and visited and inspected almost every street in the major taxing districts throughout the county. Performance of this task required all of our spare time throughout said period and, for that purpose, we devoted fully our time on Saturdays, Sundays and holidays as well as the late hours in the afternoon after hearings had been concluded for the day. Such inspections have proved invaluable in aid of our final determinations and we are of the opinion that this practice should be continued in the future insofar as the same is possible.

#### OBSTRUCTIONS—OFFICIAL AND UNOFFICIAL

During this period, in order to make available sufficient time for our deliberations and determinations we were compelled to hold the majority of our board meetings at night and on holidays, thus requiring the facilities of our Court House offices during other than ordinary business hours. The various officials of the County of Hudson with whom we were required to conduct our official business, apparently taking inspiration from the conduct of the Jersey City officials, then embarked upon their own obstructionist program.

The Hudson County Court House does not possess a central mailing system. Each office requiring postage stamps must arrange for its individual needs in that respect. Our office, particularly during the period from August 15 to November 15 of each year, handles a considerable amount of outgoing mail. Postage stamps, under the Court House system, cannot be requisitioned from any central office, and it devolved upon our board either to pay for postage out of our personal funds, requiring repayment by the County, or to request funds from the County Board of Freeholders with which to purchase postage stamps. Our request to the Freeholders for \$500 for such purpose was denied bluntly, without legal or other justification, and it was not until we instituted mandamus proceedings in the Supreme Court that the Board of Freeholders authorized such payment to us. Obviously, the work entailed in such legal proceedings had to be performed at the sacrifice of our regular duties.

Court House attaches constantly quarreled with us when we were compelled to work evenings. Their general attitude reflected concern for their personal interests only, irrespective of the work which we were required to do for the benefit of the taxpayers, taxing districts, County of Hudson and State of New Jersey. As time went on, conditions grew worse. On several occasions, the custodian of the Court House or his assistants unceremoniously ordered our board members and assistants to leave the Court House by a designated hour under threat of having our office lights extinguished. During one of our busiest evenings in November, immediately before the statutory deadline expired, the lights were extinguished in an apparent attempt to retard our work. On another occasion, several of our employees were locked in the Court House and managed to obtain their release only by communicating with the Court House custodian at his home. Throughout the entire time we were required to perform the bulk of our work, a constant temperature of 85 degrees was maintained in our offices resulting in great physical discomfort. This condition persisted despite numerous protests on our part.

#### REDUCED VALUES IGNORED BY JERSEY CITY

Having determined and entered judgments in connection with all 1942 appeals before this board, we are in a position to report that as a result thereof, we have been compelled to reduce the aggregate amount of ratables in the County of Hudson for that year in the sum of \$71,960,958.

A complete resume of our action on appeals for 1942 as it concerns each taxing district of the County of Hudson is as follows:

#### SUMMARY OF APPEALS FOR THE YEAR 1942 DETERMINED BY THE HUDSON COUNTY BOARD OF TAXATION

Taxing District	Assessments on Appeal		Total
	Realty	Personalty	
Jersey City	\$180,329,125	\$ 4,801,042	\$185,130,167
Bayonne	8,120,120	927,500	9,047,620
Hoboken	16,076,400	690,100	16,766,500
North Bergen	7,886,350	2,028,150	9,914,500
Secaucus	892,600		892,600
West Hoboken	10,352,280	436,600	10,788,880
Union	11,091,700	596,300	11,688,000
Union City	21,443,980	1,032,900	22,476,880
West New York	14,738,050	166,925	14,904,975
Weehawken	2,413,900	1,500	2,415,400
Guttenberg	213,730	1,700	215,430
Kearny	610,550		610,550
Harrison	190,400	21,400	211,800
East Newark	11,500	331,000	342,500
Totals	\$252,926,705	\$ 10,002,217	\$262,928,922

Taxing District	County Board Judgments		Total
	Realty	Personalty	
Jersey City	\$122,428,809	\$ 2,486,500	\$124,915,309
Bayonne	7,318,600	829,000	8,147,600
Hoboken	12,101,700	423,500	12,525,200
North Bergen	6,954,100	1,072,150	8,026,250
Secaucus	817,400		817,400
West Hoboken	9,004,200	362,200	9,366,400
Union	9,775,900	469,200	10,245,100
Union City	18,780,100	831,400	19,611,500
West New York	13,398,150	96,825	13,494,975
Weehawken	2,168,500	500	2,169,000
Guttenberg	193,380	1,000	194,380
Kearny	538,000		538,000
Harrison	171,800	16,050	187,850
East Newark	9,500	331,000	340,500
Totals	\$184,880,039	\$ 6,087,925	\$190,967,964

Taxing District	Reductions		Total
	Realty	Personalty	
Jersey City	\$ 57,901,316	\$ 2,314,542	\$ 60,215,858
Bayonne	801,520	98,500	900,020
Hoboken	3,974,700	266,600	4,241,300
North Bergen	932,250	956,000	1,888,250
Secaucus	75,200		75,200
West Hoboken	1,348,080	74,400	1,522,480
Union	1,315,800	127,100	1,442,900
Union City	2,663,880	201,500	2,865,380
West New York	1,339,900	70,100	1,410,000
Weehawken	245,400	1,000	246,400
Guttenberg	20,350	700	21,050
Kearny	72,550		72,550
Harrison	18,600	5,350	22,950
East Newark	2,000		2,000
Totals	\$ 68,047,666	\$ 3,914,292	\$ 71,960,958

In general, we have found real property in Jersey City to be greatly over-assessed. Particularly is this true with respect to land assessments wherein little or no change has been noted since as far back as 1927 despite acceptance by all accredited experts and by the courts of this country of a general decrease in real estate values since that time. The assessing officials of Jersey City have shown little or no regard for the economic depreciation particularly prevalent in certain areas of that taxing district, and their repetitious assessments, year in and year out, defy all proper standards for real estate appraisal.

#### THE TAXPAYER'S ANNUAL LAWSUIT

In the course of hearing appeals, we have examined the tax histories of thousands of parcels of real estate in Hudson County, and have learned thereby that for many years it has been the practice of many of the assessing officials to give independent treatment to each year's assessment, without consideration for or regard to previous determinations by the County Board of Taxation, the State Board of Tax Appeals, and even the Supreme Court. In other words, determinations by these appellant bodies have been completely ignored by municipal assessors, presumably upon the theory that a valuation in 1941 is not necessarily the valuation for the same property in 1942. This practice has continued over a number of years so that when the municipality makes the assessment, it is reduced on appeal, restored by the assessor, again reduced on appeal and again restored by the assessor. Occupying an unenviable position in this continual joust between the municipality and the appellate tax boards is the taxpayer.

He must pay taxes upon the original assessment year in and year out, irrespective of repeated determinations to the contrary by appellate tribunals. He is subjected to the inconvenience and expense of annual appeals from assessments that already have been determined in his favor by such appellate boards, and proper relief seems to him unattainable. Implicit in this practice is the requirement that the taxpayer promptly pay taxes upon the excessive assessment even though at the time such payment is made, there is almost a certainty that the assessment will be reduced. Frequently, a judgment by the State Board of Tax Appeals is not rendered until years after the assessment is made and the tax thereon paid; and when many years later, the municipality is forced to refund to the taxpayer the excess amount of taxes, he receives no interest on the money so paid by him, but is limited to the return of the excess tax only.

Under these circumstances, the taxpayer is compelled by law in effect to lend money to the municipality without hope of compensation for the use thereof. Particularly does a municipality take undue advantage of the law when it knowingly exacts an excess tax from a taxpayer and, thereafter, stipulates before either the county or state board that its assessment was excessive and consents to a reduction thereof. While in isolated instances real estate values may frequently change and thus justify the action of assessors in support thereof, the general rule weighs to the contrary, for the stability of real estate values, particularly where land is concerned, is not conducive to frequent change. Changes in real estate values usually are occasioned either by functional or economic factors. These

factors, from their very nature, produce much greater stability in the real estate market than the actions of the assessors of Hudson County would indicate.

#### NUMEROUS STATUTORY DUTIES

The work of a county board of taxation, contrary to public belief, is not confined to the hearing and determination of appeals from municipal assessments. The legislature has set up a strict timetable for the performance of the duties of the board throughout the year. Included therein are the requirements that each county board shall secure the taxation of all property in the county at its true value, in order that all property, except such as shall be exempt by law, shall bear its full, equal and just share of taxes (54:3-13); that each county board of taxation shall have supervision and control over all officers charged with the duty of making assessments for taxes in every taxing district in the county (54:3-16); that the county board of taxation shall meet annually for the purpose of equalizing the assessments of real property between the several taxing districts of the county (54:3-18); that the board shall entertain complaints, conduct hearings and otherwise act upon the assessment of all omitted property in the taxing districts of the county (54:3-20); that the board shall meet for the purpose of examining, revising and correcting the tax lists and duplicates filed by the various tax assessors (54:4-46); that, after properly revising the various tax lists and duplicates, the board of taxation shall fix and adjust the amount of state school, state and county tax to be levied in each taxing district in the county (54:4-48); that the county board shall, on or before March

10 in each year, prepare a detailed table of aggregates for the entire county (54:4-52); that each county board of taxation shall annually tabulate and attach to the table of aggregates the amount of bank stock taxes levied in the county (54:9-11), and many other duties.

#### ASSESSMENT OF INTANGIBLES—AN UNSOLVED PROBLEM

Our board, since completing hearings on appeals in November, has been called upon to conduct many hearings upon complaints for the inclusion of omitted assessments under the provisions of R. S. 54:3-20 cited in the foregoing paragraph.

Several of those complaints involved claims by a taxing district for the inclusion of omitted assessments against the estates of decedents of those taxing districts. In one of those cases, the hearing has been completed and a judgment has been entered by virtue of which an assessment of approximately \$350,000 has been entered against the said estate. Significantly, all of the property involved and against which an assessment was so levied consists of *intangible* personal property owned by the decedent before his death on the taxing date in question.

In the light of the present public controversy concerning assessments against intangible personal property, we do not think it amiss to comment briefly upon the nature of such assessment and its relation to the question with which your Excellency has recently expressed concern.

The assessment against the intangible personal property of this estate was required because of the statutory provision that *all property, except such as shall be exempt by law, shall bear its full, equal and just share of taxes.*

The law provides for the taxation of all real and personal property and our statutes draw no distinction between *tangible* and *intangible* personal property. Consequently, the estate of this decedent was liable to taxation for its intangible assets such as stocks, bonds, accounts receivable and the like, to the same extent and at the same rate of taxation as physical or tangible personal property such as machinery, stock in trade, household furniture and similar items. Nor do the requirements of law restrict such assessments to corporate property. The provisions are all-inclusive and the problem of intangible assessments concerns property of individuals as well as that of corporations.

If the intangible personal property of this decedent and that of a few other isolated persons are to be assessed and a tax levied at the same rate as on all other tangible property, what is to be said about the intangible property owned by the many other thousands of residents of the same taxing district against whom no assessment has been made or attempted? It takes but a cursory examination of the tax lists of any one of the taxing districts of Hudson County to satisfy the most skeptical that assessments of intangible personal property are the exception and not the rule.

#### THE EXODUS OF CORPORATIONS EXPLAINED

During recent months, so much has been said in the public press concerning the relation of our board to the removal of registered offices of many corporations from Jersey City that we should regard this report to your Excellency deficient and incomplete without a statement of our position in the matter.

In order to understand properly how completely this charge against us lacks basis, it is necessary first to review briefly the background of events which so suddenly and prominently brought the question before the public.

As heretofore explained, the law draws no distinction between *tangible* and *intangible* personal property and, likewise, the law draws no distinction between *individuals* and *corporations* in relation thereto. All personal property, both tangible and intangible, whether owned by corporations or individuals, has for many years been assessable and taxable under the uniform laws of taxation of this State. Until recently, most taxing districts with very few exceptions, either by design or through neglect, did not attempt to assess intangible personal property as required by law.

#### JERSEY CITY INVOKES THE LAW

During the latter part of 1938 and the early part of 1939, Jersey City awoke from its dormant attitude toward the assessment of intangibles and determined then, for the first time, that it would seek enforcement of the law. To effectuate this purpose, Jersey City filed with our predecessors, the then Hudson County Board of Taxation, hundreds of complaints against corporations maintaining registered offices in Jersey City. These complaints, pursuant to R. S. 54:3-20, alleged that although the corporations in question should have been assessed for their intangible personal property, the City of Jersey City had omitted to do so. Consequently, the complaints requested that the Hudson County Board of Taxation grant a hear-

ing, determine the amount of intangibles owned by such corporations, and enter on the tax lists the assessments so determined.

It is important to note that the City of Jersey City itself demanded in those complaints that the corporations under attack be assessed by the county board not upon a special or privileged basis, but upon exactly the same basis as was all other property in the City of Jersey City, whether real or personal. That is the manner in which the law has always provided for the assessment of intangible property of such corporations.

The aggregate amount of intangible property of the corporations which the City of Jersey City alleged had been omitted from the assessment rolls approximated the staggering sum of four billion dollars. If these corporations had been assessed as Jersey City insisted they should be assessed, the tax rate for that municipality, of necessity, would have been reduced to a nominal amount; and the benefits produced by this adjusted tax rate would have been distributed to every owner of real estate in Jersey City and, to a lesser degree, in the County of Hudson.

Thus, owners of small homes, factories, apartment houses, garages, stores, and of other property in Jersey City would have uniformly and with equality reaped the harvest produced by the resultant nominal tax rate. Moreover, even the same corporations called upon to pay these intangible taxes based upon the full and legal rate would have also enjoyed the benefits of the decreased tax rate with the result that their net tax would not have been considered unreasonable.

To illustrate, the taxing district of Flemington, for the year 1943, will have reduced its tax rate to the extremely low figure of \$2.70 per thousand dollars of valuation, a *reduction of almost 64% of the 1942 rate*, principally because of the sudden influx of corporations against whose intangible personal property legal assessments have been levied in full.

#### ILLEGAL AGREEMENT SUBSTITUTED FOR THE LAW

But Jersey City, after filing its complaints with the Hudson County Board of Taxation, failed to prosecute them in the manner provided by law. Instead, an "agreement" was reached with the majority of these corporations under the terms of which the municipality agreed to tax their intangible property at a flat rate of \$3.00 per thousand dollars of valuation. In other words, while owners of small homes, factories, apartment houses, garages, stores, and of other property were required by law and by the City of Jersey City to pay taxes upon their assessments at the legal rate of approximately \$50.00 per thousand dollars of valuation, the favored corporations were permitted to escape their full share of taxes which the City, by its complaints, maintained that these corporations were required to and should pay. The members of the county board, preceding us in office, accepted the terms of this agreement and permitted assessments to be levied against these corporations in accordance therewith.

This agreement is admittedly illegal. There is no authority under the present laws of New Jersey which makes it possible for a municipality to fix arbitrarily a high tax rate for owners of small homes, factories, apartment

houses, garages, stores and other property, and, at the same time, to fix a low tax rate for corporation intangibles. The authority for the approval by the county board of taxation of such illegal action was likewise lacking in law, and we state unequivocally that such an agreement, if presented to us in pursuance of our duties, legally could not and would not receive our official sanction.

If the corporations that have reputedly removed their registered offices from Jersey City did so because they feared that their intangible property might be assessed at its true value at the legal rate, as required by law, instead of at the reduced and illegal rate which they previously enjoyed, then those corporations removed their offices from Jersey City because they objected to the substitution of *legality* for *illegality*.

If we are to be charged with having driven these corporations from Jersey City because they anticipated that our board would not lend its offices to an illegal enterprise, then we admit the charge readily with the avowed determination that we will never consciously violate any law of this State. Moreover, insofar as it is within our power, we propose to continue to protect all taxpayers, whether home owners or corporations, against illegal taxation of any kind.

#### ONLY THE LEGISLATURE CAN SOLVE THE PROBLEM

It should not require argument to demonstrate how impractical it is for us to secure the taxation of all property in the county at its true value (including all intangible property) in order that all property shall bear its full, equal and just share of taxes. Where the taxing districts

in making the original assessments each year select taxable property of persons and corporations at random, make assessments without regard for equality and, in short, negate the legislative and constitutional mandate for equal taxation (particularly where intangibles are involved), it is almost impossible for the county board of taxation, under present circumstances, to solve the problem thus arising.

Moreover, the problem is not restricted to intangibles. The law likewise requires that all household goods, except such as is exempt by law (\$100), be assessed and taxed as personal property. In the taxing district of Jersey City, we have observed that such assessments have been restricted to homes in only five or six streets in that city, so that taxpayers who reside on those streets are taxed for their household goods to the complete exclusion of the residents on all other streets of that municipality. It is to be noted that in some other counties of the State an entirely different practice prevails in that household goods are uniformly assessed.

County boards of taxation, and, particularly the Hudson County Board of Taxation, are not equipped to take over and administer all of the original assessing duties of every taxing district in the county. The legislature should not, and undoubtedly did not, so intend.

These grave problems of taxation will not be relieved by passivity. It does not make for good government to condone the continual violation of law by assessors or by other public officials because the statutes in question are unpopular or impractical, or both.

We do not hesitate to inform your Excellency that our experience as members of this board compels us to oppose the present tax laws insofar as they deal with the assessment and taxing of intangible personal property. Some of the reasons for our position in this connection are only too evident by what we have heretofore recited in this report. Other reasons, none the less valid, have been repeatedly expressed elsewhere by others.

The problem is legislative; the need is immediate. Until remedial legislation is enacted, we shall continue to enforce the existing law to the fullest extent of our limited facilities. That is our obligation and we do not conceive it to be within our province to ignore such obligation irrespective of the personal viewpoint shared by the members of this board.

#### REVISING ASSESSMENTS TO SECURE UNIFORMITY AT TRUE VALUE

We have now entered into a new and important phase of our work. As hereinbefore mentioned, we are required by law to examine, revise and correct the complete assessment lists and assessors' duplicates for each taxing district in the county and, on or before April 1st in each year, cause such corrected, revised and completed duplicates, certified by us to be a true record of the taxes assessed, to be delivered to the collectors of the various taxing districts in the county.

It is required by law that the assessors of the various taxing districts shall file their assessment lists with us on January 10 of each year. In the past, taxing districts of Hudson County have not complied with this requirement and our records indicate that in 1942 the complete set of

Jersey City books were not filed with the county board until the latter part of March. The State Board of Tax Appeals, in an opinion, has commented upon this dilatory practice, observing that this statutory requirement is more honored in its breach than by its observance.

This year, we served ample notice upon all of the assessors in Hudson County that we would require strict adherence to the statutory requirement, and advised them that our board would meet all day on January 11, 1943 (January 10 being Sunday), for the purpose of receiving their assessment books. As the result of our firm insistence in this regard, we are privileged to inform your Excellency that all of the assessment books for each and every taxing district of Hudson County were filed with us on that day and, to the best of our information, this is the first time that complete adherence to the statute has been had during the past fifteen or twenty years.

We are presently busily engaged in examining, revising and correcting all of such books filed with us and, in compliance with the statutory requirement, it is our purpose to so correct and revise all of the assessments that the taxation of all property in Hudson County shall be secured at its true value.

#### BOARD OF FREEHOLDERS EXERCISES CONTROL OVER STATE AGENCY

Our task has not and will not be made less difficult by the attitude of the Board of Chosen Freeholders toward our board. In an obvious attempt to obstruct and hinder us in the performance of this important work, they have taken advantage of a statutory provision which authorizes us to appoint only such clerical assistants as may be neces-

sary, with the approval of the Board of Chosen Freeholders, and of a further provision that the annual salary to be paid to our clerical assistants shall be fixed by the Board of Chosen Freeholders. They, the Board of Chosen Freeholders, have in effect informed us that they, and not our board, will determine who shall be employed and how much they shall be paid.

It has been clearly established that the Hudson County Board of Taxation is a state and not a county agency. It has likewise been established that all of the employees of the county board of taxation are state and not county employees. In that regard, Attorney-General David T. Wilentz, in August, 1942, furnished an opinion wherein he so held and, in consequence thereof, advised us that funds collected by this board as fees for the filing of tax appeals, should be paid over to the State Treasurer in opposition to the demand of the County Treasurer.

The attitude of the Board of Chosen Freeholders is particularly vexatious in the light of the economical policy pursued by us in administering our work. Although, by conducting hearings in this county for the first time in years, we have been compelled to perform a tremendous amount of additional clerical work, nevertheless, we have effected a substantial payroll saving. This has been accomplished by adjusting our personnel according to our needs as a result of which we have reduced the payroll of our predecessors from \$4,258 per month to \$3,525 per month, an annual saving to the County of Hudson of approximately \$9,000.

If a county agency, such as the Board of Chosen Freeholders, is to be permitted to hinder this state agency in

the performance of its statutory duties by an unreasonable exercise of what purports to be a statutory power, what is to prevent the same Board of Chosen Freeholders from reducing our work to a minimum effort by the simple expedient of either refusing to approve the employment of or the payment of an adequate salary to our assistants? Frustration of the valid work of a state agency by such means is governmentally wrong and in our opinion requires correction.

#### RECOMMENDATIONS

Limitation of time, coupled with the burden of our necessary duties, precludes us at this time from offering a complete analysis of the laws of this state relating to taxation which we think the subject requires. Nevertheless, certain deficiencies have been herein discussed in some detail and we deem it proper and fitting to propose legislative changes in connection therewith:

#### JUDGMENTS OF APPELLATE TRIBUNALS TO BE FOLLOWED

FIRST: Municipal assessors should be required, by reasonable legislative enactment, to observe and follow, in making up the annual assessments, the last rendered judgment of a county board of taxation, or of the State Board of Tax Appeals, or of any higher tribunal that may have acted thereon. While it is true that a county board of taxation may revise and correct the municipal assessments to conform to such judgments, by so doing the county board is compelled in effect to perform the task of making original assessments and where, as in the City of Jersey

City in 1942, the assessments on almost 10,000 parcels of real estate were subjected to change by the county board, it is obvious that this increases the work of the Board to an unreasonable extent. The legislature can and should correct this situation.

#### TAXATION OF INTANGIBLES BY STATE

SECOND: The troublesome responsibility for assessing intangible personal property, both as against corporations and individuals, should be removed from the municipal assessors and county boards of taxation. That uniformity which is treasured by the Constitution and required by legislative enactment can never be attained while taxing districts are permitted to enter into spirited competition for the privilege of assessing the intangible personal property of corporations and others by attractive, though illegal, offers. To eliminate the present inequitable and unworkable system, these intangibles should be uniformly assessed through a centralized agency, preferably the State Tax Commissioner.

#### EXCLUSIVE APPOINTIVE POWER VESTED IN BOARD

THIRD: County boards of taxation, at least in first class counties, should be granted exclusive appointive power of its employees, subject to the usual civil service control, in order that the work of such state agency be not impeded by antagonistic county boards of freeholders. If need be, a ceiling might be set upon the aggregate annual sum to be expended by the county board, but if such ceiling is set, the county board should be clothed with sole responsibility

for its allocation. It is only reasonable to expect that the public officials charged by law with the duty of administering the work of the board would know best how and when the funds appropriated for its work should be spent.

#### CONCLUSION

Our experience demonstrates the urgent need for a thorough study of the entire problem relating to the assessment of property for taxation purposes.

Respectfully submitted,

HUDSON COUNTY BOARD OF TAXATION,

LEO ROSENBLUM, *President*

PAUL E. DOHERTY

MICHAEL V. DONOVAN

AUGUST ZIEGENER

JOHN F. WILKENS

