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1970

STATE OF NEW JERSEY



Report of  
Commission to Study the Laws of New Jersey  
Exempting Real Property Held by Religious,  
Educational, Charitable, and Philanthropic  
Organizations and Cemeteries from Taxation

JANUARY 30, 1970

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# STATE OF NEW JERSEY



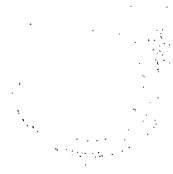
## Report of

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JANUARY 30, 1970

1911-12-13

On 12th Dec 1911 I was  
in the morning I was  
in the afternoon I was  
in the evening I was



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Commission to Study the Laws of New Jersey  
Exempting Real Property Held by Religious,  
Educational, Charitable, and Philanthropic  
Organizations and Cemeteries from Taxation

JANUARY 30, 1970

Members of the Commission:

CHESTER APY, *Chairman*, Former Assemblyman, District 5B—  
Monmouth County

SENATOR ALFRED N. BEADLESTON, District 5—Monmouth County

SENATOR WAYNE DUMONT, JR., District 15—Sussex, Warren and  
Hunterdon Counties

SENATOR NORMAN TANZMAN, District 7—Middlesex County

ADDISON M. McLEON, Former Assemblyman, District 12A—  
Hudson County

WEBSTER B. TODD, JR., Former Assemblyman, District 8—  
Somerset County

ROY E. COTTEN, Little Silver

CANON STUART F. GAST, Ocean Grove

PAXSON KEATES, Atlantic City

JAMES J. MOONAN, Trenton

WILLIAM H. McLEAN, Hoboken

RUSSELL T. WILSON, Hackensack

## LETTER OF TRANSMITTAL

January 30, 1970.

*To the Honorable Members of the Senate and General  
Assembly of the State of New Jersey:*

Pursuant to Assembly Concurrent Resolution No. 42 of 1968, and Chapter 142 of the Laws of 1969, the Commission to Study the Laws of New Jersey Exempting Real Property held by Religious, Educational, Charitable, and Philanthropic Organizations and Cemeteries from Taxation hereby transmits, as directed by said resolution and law, its findings and recommendations.

Respectfully yours,

/s/ CHESTER APY

Assemblyman Chester Apy  
*Chairman*

/s/ ADDISON M. McLEON

Assemblyman Addison M. McLeon

/s/ WEBSTER B. TODD, JR.

Assemblyman Webster B. Todd, Jr.

/s/ ROY E. COTTEN

Roy E. Cotten

/s/ PAXSON KEATES

Paxson Keates

/s/ JAMES J. MOONAN

James J. Moonan

/s/ ALFRED N. BEADLESTON

Senator Alfred N. Beadleston

/s/ WAYNE DUMONT, JR.

Senator Wayne Dumont, Jr.

/s/ STUART F. GAST

Canon Stuart F. Gast

/s/ WILLIAM H. McLEAN

William H. McLean

/s/ RUSSELL T. WILSON

Russell T. Wilson

## STATEMENT BY SENATOR ALFRED N. BEADLESTON

I am in general agreement with the contents of this report, and, consequently, I have signed it. There are, however, three matters which cause me some concern.

I cannot agree that the land of some organizations should be taxed (the YMCA, YMHA, YWCA, YWHA, Boy Scouts and Girl Scouts, historic sites, historical societies, hospitals, etc.) and to that extent, I dissent from the report.

Many private schools (including parochial schools) and private colleges are local in nature and serve the residents either of a single municipality, a few adjacent municipalities, a county or an area of one or more counties and in some cases a large segment of our state. Others do not, but draw the majority or at least a large percentage of their students from without the State. This is especially true of Princeton University. In my opinion it seems unfair to spread the load of that exemption over the entire county of Mercer. Unfortunately, there appears to be no way to exclude such a situation from the provisions of any proposed legislation recommended by this report. The benefits of spreading the exemption, therefore, outweigh this imperfection.

Lastly, to spread the exemption, for instance, of Princeton University and Lawrenceville, over all of Mercer County while not doing similarly, for example, for Rutgers University and Middlesex County, is inequitable. The solution, of course, which is beyond the legislated responsibility of this commission, is to spread the exemption of most State and County facilities in the same manner as is recommended here. I trust the Legislature will give early consideration to such a proposal or to provide adequate payments in lieu of taxes to those municipalities now carrying the full load of such exemptions.

## STATEMENT BY SENATOR NORMAN TANZMAN

I have reviewed the report of the commission with extreme care and find that I am in agreement with many of its findings and conclusions. Certainly, the commission has performed an extremely valuable service for the people of New Jersey by highlighting the present inequities in the current system of tax exemptions. Many of the recommendations that have been suggested would clearly represent an improvement over present practices.

I must join with my fellow Senator—Alfred N. Beadleston—in registering my concern about the manner in which the tax exemption for Rutgers University is handled. At the very least, the commission should recommend treatment similar to that proposed for Princeton University and Mercer County. Such an approach, while not a total answer, would clearly be an improvement over the present arrangement.

The difficulties that the commission encountered, however, in handling tax exemptions for major institutions such as Rutgers and Princeton Universities and other worthwhile activities such as the Boy Scouts, Girl Scouts and hospitals, illustrates the inevitable shortcoming of approaching the real property tax problem from this limited viewpoint. This study serves to highlight the necessity for an overall revision of the real property tax and the inadequacy of any effort directed towards modifying only a portion of that tax problem.

As you know, I have strongly advocated the establishment of a broad-based, comprehensive tax convention which would have provided the type of review of the state's tax problem that is clearly needed in the fulfillment of such a comprehensive review. I am fearful that the piece-meal adjustment of existing tax irregularities will necessarily lead to the creation of new irregularities rather than the establishment of a tax structure which is fair to all. The partial stripping of tax exemptions for worthwhile activities such as hospitals and the Boy Scouts serves to illustrate this point very well.



It is, therefore, with the greatest reluctance that I dissent from this report because I believe that the commission has done a commendable job. The major short-coming in the commission's report relates primarily to its limited jurisdiction and its inability to attack this problem on a broad enough scale. My dissent, therefore, should not be construed as a criticism of the commission itself but rather of the enabling legislation which limited our perspective and thus compelled us to deal with systems rather than the cause of our present tax problems. I would hope that the commission's report will serve as a spur to a more comprehensive review. Under such circumstances, the commission's findings and conclusions could prove to be of great assistance to those who undertake this more comprehensive review.

## ACKNOWLEDGMENTS

We would be remiss if we did not express our appreciation to those individuals whose assistance and cooperation made the work of this commission both easier and more fruitful. We were most fortunate in having the generous cooperation and invaluable assistance of the Division of Taxation since our inception. The commission would like to express its sincere thanks to: Sidney Glaser, Acting Director of the Division of Taxation, and his predecessor, William H. Kingsley, and the staff of the Director's office; James A. Arnold, Jr., Chief of Tax Research and Statistics; and Alan F. Hart, State Supervisor of the Local Property Tax Bureau and his staff. To the counsel to the commission, Jack Okin, we express our appreciation and gratitude for providing us with the legal research necessary to our work. We also gratefully recognize the contribution made by Thomas P. Bryan, commission secretary and a member of the staff of Law Revision and Legislative Services, Division of Legislative Information and Research.

To all the other individuals and organizations who testified at the public hearings, submitted information and otherwise assisted the commission in its work, we extend our appreciation and gratitude.

We would also note the sadness imparted to the commission's work by the untimely death of one of the original members of the commission, Dr. Frank Kovach. To his family, friends and colleagues, we express our sincere regrets and condolences.

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## INTRODUCTION

The Commission to Study the Laws of New Jersey, Exempting Real Property Held by Religious, Educational, Charitable, and Philanthropic Organizations and Cemeteries from Taxation was created by Assembly Concurrent Resolution No. 42 of 1968. The commission began its study with an organizational meeting on October 16, 1968, and pursued it actively throughout 1969. Five public hearings\* were held by the commission as follows:

January 22, 1969 —Assembly Chambers, Trenton

February 19, 1969—Essex County Tax Board  
East Orange

February 26, 1969—Essex County Tax Board  
East Orange

March 19, 1969 —City Hall, Camden

May 21, 1969 —Assembly Chambers, Trenton

Before and after these public hearings, the commission met on the average of once a month to review and study the vast amount of information it received at the hearings and from its research sources. Pursuant to Chapter 142 of the Laws of 1969 (Assembly Bill No. 727), the reporting date for the commission was extended from June 30, 1969 to January 30, 1970.

The scope of the commission's work, and its *raison d'être*, is outlined in its creating resolution. The resolution begins as follows:

WHEREAS, It is essential that the costs of government and governmental services be equitably distributed and shared to the greatest degree possible;

WHEREAS, Any real property tax exemptions granted to religious, educational, charitable and philanthropic organizations and cemeteries place an additional burden on all other real property owners;

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\* Transcripts of these hearings as well as copies of the report are available at the State Library, Trenton.

WHEREAS, In recent years an ever increasing amount of real property has been granted tax exemption; and

WHEREAS, There is a possibility that our present statutes and practices regarding these exemptions have permitted an imbalance to be created, which imbalance should be re-evaluated; now, therefore, . . .

Section 3 of the resolution outlines the duty of the commission which was:

. . . to review and study the New Jersey laws exempting certain religious, educational, charitable and philanthropic organizations and cemeteries from the payment of real property taxes, the nature and extent of such exemptions and the impact of such exemptions and the impact of such tax exemptions on the fiscal capabilities of local governmental units and on the other owners of real property.

At the outset of the public hearings, the chairman of the commission, Assemblyman Chester Apy, further clarified the scope of the commission's work. The commission would consider only exemptions from New Jersey real property taxes accorded to religious, educational, charitable, philanthropic and cemetery organizations, and would not consider any other type of tax or exemptions therefrom, either state or Federal. The commission would not consider tax exemptions enjoyed by lands owned by the State, counties or municipalities and other governmental agencies inasmuch as other commissions were studying the ramifications of these exemptions. Nor would the commission study senior citizens' and veterans' tax credits, or miscellaneous exemptions like those accorded to fallout shelters and air and water pollution equipment.

The major stimulus for the creation of the commission was the burden of real property taxes in New Jersey. Recitation here of the often-repeated indicators and examples of this burden does not seem necessary; it suffices to say that it is widely and commonly known. Besides this commission, there are at least six other ad hoc or permanent commissions studying various problems in local finance which result mainly from heavy reliance on property taxes as the major source of local revenue. State aid to local governments under both old and newly-created programs has been increased considerably in recent years to meet these problems, and proposals for further increases have

been numerous. Yet, local property taxes continue to rise at a rapid rate. This commission focused upon the traditional and primary base of local finance—real property taxes—to see if exemptions for religious, educational, charitable and philanthropic organizations and cemeteries have created an imbalance in the distribution of the cost of local government.

Prior to the study by this commission, the subject of property tax exemption for religious, educational, charitable and other non-governmental organizations had not received a comprehensive review since the 1930's. Pursuant to Joint Resolution No. 8 of the 1929 Session of the Legislature, the State Board of Taxes and Assessments undertook a survey of the tax-exempt property of universities and colleges, and of the State and the various counties, and reported its results to the Legislature in 1930.<sup>1</sup> In 1938, the State Tax Department, at the direction of the Legislature, carried out a comprehensive study of all exempt property, and reported its results to the Legislature in that year.<sup>2</sup> The subject has lain more or less dormant in the interim. The whole subject of taxation and exemptions was considered by the 1947 Constitutional Convention, but exemptions for property of religious, charitable, educational and other non-governmental organizations did not receive a comprehensive investigation.

The study by this commission comes at a time of general restiveness over taxation throughout the nation and of concern over tax-exempt property in many other states in the Union. In recent years, a number of taxing authorities have moved to restrict property tax exemptions. The Metropolitan Government of Nashville and Davidson County in Tennessee placed a number of properties of Vanderbilt University on the tax rolls in a major tax review begun in 1964, including the house of the Chancellor, about 18 fraternity houses and a faculty club, on the theory that they were not devoted to educational functions. The University has challenged the assessments in the courts. A parallel situation developed in Ithaca, New York, where Cornell University attempted to obtain tax-exempt status for some of its fraternities and sororities by taking title to them. A New York State court ruled that they could not be sheltered from

<sup>1</sup> New Jersey State Board of Taxes and Assessments. *Report from Survey of Tax Exempt Property of Universities and Colleges, and the Property of the State of New Jersey and Its Various Counties*. February 25, 1930.

<sup>2</sup> New Jersey State Tax Department. *Report on Exemptions*. December 19, 1938.

property taxes by the school. A number of state legislatures have moved to tighten exemption requirements. In 1963, the Indiana Legislature passed a law requiring yearly filing of exemption claims instead of every four years as previously required, and giving the State Board of Tax Commissioners the power to review exemptions. It was estimated that approximately \$400 million worth of property was put back on the tax rolls in Indiana as a result. Illinois joined Indiana in requiring yearly filing of tax exemption claims beginning in 1965. Michigan has also tightened its reporting requirements on exemption claims. In 1965, Tennessee limited its churches to one exempt residence per church for clergymen. The Florida Supreme Court ruled in 1966 that a church-operated retirement home must pay property taxes if it charges its residents a fee. This ruling was the culmination of a long battle by the home to avoid property taxes.<sup>3</sup>

In many other instances, tax-exempt organizations have decided to make payments in lieu of taxes on their exempt properties. In the State of Washington, the Veterans of Foreign Wars decided to pay taxes on half of a two-story building it owned in Seattle; the first floor was rented to a land development corporation and the second floor was used as the VFW state headquarters. The VFW felt it was better to make a voluntary payment before it was required to pay taxes. Based upon similar reasoning, the Board of Christian Education of the United Presbyterian Church decided to make in-lieu payments to the City of Philadelphia, despite the fact that it had won a favorable court ruling on the tax-exempt status of some of its property. The same Board contributed an amount equal to the full amount of taxes on a 21,000-acre ranch it owned in New Mexico in 1967. The Augsburg Publishing House, operated by the American Lutheran Church in Minneapolis, won a court case challenging its tax-exempt status in 1965, thereby allowing it to avoid over \$100,000 in taxes a year. The church has subsequently made voluntary in-lieu payments of \$6,700 on two occasions.

In other instances, however, there has been opposition to making payments in lieu of taxes on the theory that their voluntary nature results in a lack of uniformity among exempt organizations. Some exempt organizations, particularly many

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<sup>3</sup> "Tax Crackdown—City, State Authorities Wring More Revenues from 'Exempt' Property," *The Wall Street Journal*. November 16, 1966, p. 1+.



large schools and colleges, have been making in-lieu payments for many years, and the practice seems to be becoming more widespread with payments getting larger, especially in hard-pressed communities. In Monroe County, Pennsylvania, a 4,300-acre Boy Scout camp which had been making payments in lieu of taxes for years was put on the tax rolls in 1968 by county officials because of the high level of exempt property in the County. Scout officials offered to increase the annual payment but county officials refused because they felt the proffered payment much too small. The controversy has gone to the state courts.<sup>4</sup>

The subject of tax-exempt property has been receiving increasing publicity in many quarters. More and more articles are appearing in the press and in popular magazines on the subject,<sup>5</sup> and a major television network devoted an hour of prime time to a consideration of the financial resources of religious organizations in the United States, raising some searching questions concerning the tax exemptions accorded these organizations.<sup>6</sup> Much of the current notoriety concerns exempt organizations involved in businesses unrelated to the purposes of the organizations, but it has also served to focus attention on the whole range of exemptions, both governmental and non-governmental. Exemptions for religious organizations have been attacked as violations of the First and Fourteenth Amendments of the Federal Constitution in a case entitled *Frederick Walz v. Tax Commission of the City of New York* which originated and was dismissed in the New York courts. The United States Supreme Court has agreed to hear an appeal in this case and it is presently pending before the Court. In recent years several other states have conducted or are presently conducting full-scale investigations of tax-exempt property, including Rhode Island, Minnesota and New York.

Recognizing the gravity of the problem with which it was confronted, the commission endeavored to approach its task impartially and objectively. The chairman set the tone for the

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<sup>4</sup> "Voluntary 'Taxes'—More Cities and States Are Paid for Services to Tax-Exempt Groups," *The Wall Street Journal*. September 11, 1967, p. 1+.

<sup>5</sup> See "Tax-Exempt Property: Another Crushing Burden for the Cities," *Fortune*. May 1, 1969, pp. 76-79+ and "Should Churches Be Allowed to Do Business Tax-Free?," *Reader's Digest*. March, 1969, pp. 84-88.

<sup>6</sup> CBS Reports, "The Business of Religion." CBS Television Network, June 18, 1968.

work of this commission when he opened its public hearings on the following note:

It cannot be stated too clearly, or too often, that we undertake our task and assume our responsibilities without any preconceived notions about where we will end. We can all perceive the problems, but the search for their solutions will take us into uncharted territory. In undertaking that search we intend to be guided by the facts, and unswayed by emotions, recognizing full well that the subject matter of our inquiry arouses strong feelings. As we delve into this—one of the most sensitive areas of our society's life—we ask not only those of you who testify, but all of the people of New Jersey, to proceed on the same basis. If we do, the end result will be more meaningful and fair, and New Jersey will be a better place for all of us to live.

## FINDINGS

The first problem the commission confronted was ascertaining the scope of the exemptions with which it was concerned, i.e., what is exempt under the statutes which provide exemptions for religious, educational, charitable, and philanthropic organizations and cemeteries? The second problem was what is the value of these exemptions?

### THE CONSTITUTIONAL, STATUTORY AND COMMON LAW BASES OF EXEMPTIONS

The exemptions with which the commission was concerned are contained in one paragraph of the State Constitution and approximately 14 sections of the statutes. These, however, were merely an indication of where to begin.

Exemption from taxation for property of religious, educational and charitable organizations was first enacted into our laws in 1851; however, the practice of exempting such property from taxation had evidently been traditional. In an early case in which a taxpayer challenged the tax assessment on his property by the city of Jersey City on the ground, among others, that the churches in the city were not assessed, *State v. Jessie Platt, Collector of Jersey City*, 24 N. J. L. 108 (1853), the Supreme Court stated:

Meeting houses and school houses, although not formally exempted by the tax laws in force prior to 1851, were seldom if ever assessed in any part of the state. This omission was so obviously proper, and so entirely in accordance with the public sentiment, that it universally prevailed, and was in fact a contemporaneous construction of the laws this court would probably have sanctioned, had the question been formally raised. When the new system was adopted, the exemption was for the first time expressly enacted; and although not contained in the charter of Jersey City, I do not think the omission to tax the churches such an illegality as ought to render the whole assessment void.

The original enactment is found in the Laws of 1851, page 271, section 5, and reads as follows:

5. *And Be It Enacted*, That the following persons and property shall be exempt from taxation, viz:

\* \* \*

II. All colleges, academies, or seminaries of learning, public libraries, school houses, and all buildings erected and used for religious worship, the lands whereupon the same are erected, the furniture thereof, and the personal property used therein; pews in churches, grave yards not exceeding ten acres of ground, and all buildings erected and used exclusively for charitable purposes, with the lands on which they are erected and the furniture used therein; also the engines and apparatus of any individual or company used for extinguishing fires.

From that time to this, these exemptions have been the subject of over 25 enactments, which clarified or limited the exemptions in some cases, but which expanded them in most cases.<sup>7</sup>

### CONSTITUTIONAL EXEMPTIONS

The 1947 Constitutional Convention added a paragraph concerning these exemptions to the present State Constitution. No such clause had been included in earlier State constitutions and to the extent that this paragraph raises a constitutional question concerning some of the exemptions studied by the commission, it has complicated the commission's task. The texts of this constitutional paragraph and the sections of the New Jersey laws which provide the exemptions for religious, charitable, educational and other non-governmental organizations and uses are contained in Appendix I.

Aside from these constitutional and statutory provisions, the history of tax exemptions for nongovernmental organizations contains a considerable amount of case law. The actual exemption laws and their interpretations, however, comprise only a partial picture of these exemptions; perhaps more important, has been the administration of these exemptions by local and State governments. The commission was thus confronted with a complex and incongruous picture of constitutional law, legis-

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<sup>7</sup> See New Jersey State Library. *Legislative History of Tax Exemption of Non-Profit Organizations*. April 3, 1961.

lative enactment, judicial interpretation, and governmental administration concerning exemptions for nongovernmental organizations, from which it had to determine what is exempt, why it is exempt, and what is the impact of the exemption. The commission was fortunate in being able to employ legal counsel to assist it in this task.

One of the initial legal questions with which the commission was concerned was whether or not there were any restrictions emanating from either the United States or New Jersey Constitutions on what the commission could recommend by way of legislative enactment concerning exemptions for non-governmental organizations.

The present provision in the Constitution of the State of New Jersey, concerning these exemptions, Article VIII, Section I, paragraph 2, reads as follows:

2. Exemption from taxation may be granted only by general laws. Until otherwise provided by law all exemptions from taxation validly granted and now in existence shall be continued. Exemptions from taxation may be altered or repealed, except those exempting real and personal property used exclusively for religious, educational, charitable or cemetery purposes, as defined by law, and owned by any corporation or association organized and conducted exclusively for one or more of such purposes and not operating for profit.

There are no cases which have interpreted this provision, and the New York State Constitution which contains virtually identical language has likewise never been construed.

The first sentence of the above paragraph provides that exemption from taxation may be granted only by general laws. There has been much interpretation of this type of language relating to taxation in that portion of the New Jersey Constitution dealing with the taxation of property under Article VIII, Section I, which provides that "property shall be assessed for taxation under general laws and by uniform rules." This language has been held to be self-executing and in need of no additional legislation for implementation. See *North Ward National Bank of Newark v. City of Newark*, 39 N. J. L. 380 (1877), reversed on other grounds, 40 N. J. L. 558 (1878), and other similar cases. See particularly *Switz v. Kingsley*, 69 N. J. Super. 27 (1961), modified 37 N. J. 566; *Village of Ridgely Park v. Bergen*

*County Bureau of Taxation*, 61 N. J. Super. 170, reversed on other grounds, 33 N. J. 262, appeal dismissed 81 S. Ct. 834, 365 U. S. 640A, 5 L. Ed. 2nd 857. Furthermore, this language has been held to bar classification of real property for tax treatment as in *Siegel v. City of Newark*, 38 N. J. 57 (1962).

The second sentence of this paragraph provides that:

“Until otherwise provided by law all exemptions from taxation validly granted and now in existence shall be continued.” This appears to be a saving clause which carries forward the statutory exemptions which were in existence on the date of the adoption of the 1947 Constitution. Obviously under this sentence the exemptions granted by statute did not rise to constitutional status and could be eliminated.

It is the third sentence of Article VIII, Section I, paragraph 2 of the New Jersey Constitution which creates the real problem. This sentence provides that exemptions from taxation may be “altered or repealed, except those exempting real and personal property used exclusively for religious, educational, charitable or cemetery purposes, as defined by law, and owned by any corporation or association organized and conducted exclusively for one or more of such purposes and not operating for a profit.” Thus there is created the basic constitutional problem confronted by this commission, since these classes of property, to wit, religious, educational, charitable or cemetery, when owned by a nonprofit corporation organized exclusively for one or more of these purposes, have a constitutional protection.

Two other constitutional questions have presented themselves for study. The first question arising under the United States Constitution is whether or not the elimination or repeal of a tax exempt statute embodied in a corporate charter granted directly to a corporation by the State would amount to the impairment of a contract under Federal law. A mere grant of exemption does not by itself create a constitutional right which is the subject or can be the subject of the Doctrine of Impairment of Contract. See *Hale v. Iowa State Board of Assessment and Review*, 302 U. S. 95, 82 L. Ed. 75 (1937), and the cases cited therein. In New Jersey, it appears that this doctrine will not create a major problem, except for corporate charters which include tax exemption and which were in existence prior to 1846, since the Legislature in 1846 promulgated a general law pro-

viding that the charter of every corporation thereafter granted should be subject to alteration, suspension and repeal at the discretion of the Legislature. See *New Jersey v. Yard*, 95 U. S. 353 (1877). It is therefore apparent that some question as to the impairment of a contract exists for corporations which were in existence prior to 1846. See also *Little v. Bowers*, 46 N. J. L. 300 (1884). See also 4 A. L. R. 2nd 744. In *Seton Hall College v. South Orange*, 86 N. J. L. 365, affirmed 37 S. Ct. 54 (1914), the Court held that if an exemption is a mere gratuity it is subject to repeal. If an act of the legislature creates a binding contract, it cannot be repealed, but there is a strong presumption against the existence of such a contract.

Aside from the contractual question, there does not appear to be any other restriction arising out of the Federal Constitution on recommendations for change in the exemptions studied by the commission. It is interesting that a case challenging the tax exemptions for religious property is presently pending before the United States Supreme Court, as noted in the introduction to this report. Exemption for church properties in many instances is based upon immemorial usage,<sup>8</sup> and it is curious that the U. S. Supreme Court has agreed to hear an appeal attacking such exemptions. But the fact that it has done so is also an indication of the current interest in and concern with tax exemptions.

### STATUTORY EXEMPTIONS

The cornerstone of nonpublic tax exemption in the State of New Jersey is section 54:4-3.6 of the Revised Statutes. This section reads as follows:

#### 54:4-3.6. Exemption of property of nonprofit organizations.

The following property shall be exempt from taxation under this chapter: All buildings actually used for colleges, schools, academies or seminaries; all buildings actually used for historical societies, associations or exhibitions, when owned by the State, county or any political subdivision thereof or when located on land owned by an educational institution which derives its primary support from State revenue; all buildings actually and exclusively used for public libraries, religious worship or asylum or schools for

<sup>8</sup> See Carl Zollman, *American Church Law*. West Publishing Co., St. Paul, 1933. This work treats the subject exhaustively.

feeble-minded or idiotic persons and children; all buildings used exclusively by any association or corporation formed for the purpose and actually engaged in the work of preventing cruelty to animals; all buildings actually and exclusively used and owned by volunteer first-aid squads, which squads are or shall be incorporated as associations not for pecuniary profit; all buildings actually and exclusively used in the work of associations and corporations organized exclusively for the moral and mental improvement of men, women and children, or for religious, charitable or hospital purposes, or for one or more such purposes; all buildings owned or held by an association or corporation created for the purpose of holding the title to such buildings as are actually and exclusively used in the work of 2 or more associations or corporations organized exclusively for the moral and mental improvement of men, women and children; all buildings owned by a corporation created under or otherwise subject to the provisions of Title 15 of the Revised Statutes and actually and exclusively used in the work of one or more associations or corporations organized exclusively for charitable or religious purposes, which associations or corporations may or may not pay rent for the use of the premises or the portions of the premises used by them; the buildings, not exceeding 2, actually occupied as a parsonage by the officiating clergymen of any religious corporation of this State, together with the accessory buildings located on the same premises; the land whereon any of the buildings hereinbefore mentioned are erected, and which may be necessary for the fair enjoyment thereof, and which is devoted to the purposes above mentioned and to no other purpose and does not exceed 5 acres in extent; the furniture and personal property in said buildings if used in and devoted to the purposes above mentioned; all property owned and used by any nonprofit corporation in connection with its curriculum, work, care, treatment and study of feeble-minded, mentally retarded, or idiotic men, women, or children shall also be exempt from taxation, provided that such corporation conducts and maintains research or professional training facilities for the care and training of feeble-minded, mentally retarded, or idiotic men, women, or children; provided, in case of all the foregoing, the buildings, or the lands on which they stand, or the associations, corporations or institutions using and occupying them as aforesaid, are not conducted for profit, except that the exemption of the buildings and lands used for charitable, benevolent or religious purposes shall extend to cases where



the charitable, benevolent or religious work therein carried on is supported partly by fees and charges received from or on behalf of beneficiaries using or occupying the buildings; provided, the building is wholly controlled by and the entire income therefrom is used for said charitable, benevolent or religious purposes. The foregoing exemption shall apply only where the association, corporation or institution claiming the exemption owns the property in question and is incorporated or organized under the laws of this State and authorized to carry out the purposes on account of which the exemption is claimed or where an educational institution, as provided herein, has leased said property to a historical society, or association or to a corporation organized for such purposes and created under or otherwise subject to the provisions of Title 15 of the Revised Statutes.

Before entering into a full discussion of this statute, it is well to have read the statute the way it presently exists. Doing so makes it obvious that some change should be made in its text. A good explanation of this statute exists in the *Handbook for New Jersey Assessors*, revised July, 1965, Section 306. It attempts to clarify the statute as follows:

306.2 *Exempt buildings.* The following buildings are exempt from property taxation:

- (1) All buildings actually used for colleges, schools, academies, or seminaries.
- (2) All buildings actually used for historical societies, associations, or exhibitions, when owned by the State, county, or political subdivision thereof.
- (3) All buildings actually and exclusively used for public libraries, religious worship or asylum, or schools for feeble-minded or idiotic persons and children.
- (4) All buildings used exclusively by an association or corporation formed for the purpose and actually engaged in the work of preventing cruelty to animals.
- (5) All buildings actually and exclusively used and owned by volunteer first-aid squads.
- (6) All buildings actually and exclusively used in the work of associations and corporations organized exclusively for the moral and mental improvement of men, women, and children, or for religious, charitable, or hospital purposes.

- (7) The building or any two buildings actually occupied as a parsonage by the officiating clergyman of any religious corporation of New Jersey, together with accessory buildings on the same premises.

If only to simplify and clarify the wording of R. S. 54:4-3.6, a redrafting of this section along the lines indicated in section 306.2 of the Handbook would seem desirable.

That portion of R. S. 54:4-3.6 requiring nonprofit organizations to be incorporated or organized under the laws of the State of New Jersey to qualify for tax exemption is clearly unconstitutional and should be repealed, and in the past has been ignored by the Court. See *Denville v. St. Francis Sanitarium*, 89 N. J. L. 293 (1916). Note that there is no requirement in the New Jersey Constitution that the owning corporation or organization be organized under the laws of the State of New Jersey and in a specific case, *WHYY, Inc. v. Glassboro*, 390 U. S. 979 (1968), the U. S. Supreme Court struck down that portion of the statute requiring incorporation in the State of New Jersey. In an attempt to make the *WHYY* case moot, the State of New Jersey, in 1967, after a favorable decision in the Supreme Court of the State of New Jersey at 50 N. J. 6 (1967), but before the U. S. Supreme Court decision, enacted R. S. 54:4-3.6a, which exempted both New Jersey incorporated and foreign incorporated organizations or nonprofit associations engaged in the production of educational television, provided that the land did not exceed 30 acres in extent. As a result of this 1967 legislation, which was only to be effective in 1968 and thereafter, educational television stands in a preferred tax-exempt status in this State, since it has a 30-acre limitation, whereas a 5-acre limitation is provided for in R. S. 54:4-3.6.

Perhaps the most serious problem in relation to exemptions for nongovernmental organizations is that of defining the exemption. Definitions have evolved from the cases on these exemptions for both the classes enumerated in the State Constitution and for other words which appear in the statutes. A problem which arises with some of these definitions is that they may not be valid today. What might have been a charity fifty years ago may not be recognized as a charity today, or perhaps more important, vice versa.

Let us look first at "religious" property. In *International Missions, Inc. v. Lincoln Park*, 87 N. J. Super. 170 (1965), the

court held that the home of a minister who was vice-president of the Mission was not tax-exempt. In this case the minister was an office manager, worked at home one day a week, preached on weekends by invitation, and was an administrative officer. Therefore, the home was held not a parsonage, and was not exempted by R. S. 54:4-3.25, since he was not a district superintendent. In *West Jersey Grove Camp Association v. Vineland*, 80 N. J. Super. 361 (1963), the lands were lotted off, dwelling houses built by plaintiff and leased to persons over 65 for 99 years; the court held no exemptions. However, in *City of Asbury Park v. State*, 41 N. J. Super. 504 (1956), the Appellate Division granted an exemption to the Salvation Army, which operated a home for Salvation Army officers and employees who were pensioned and retired because of old age and infirmity. In this case it held that the buildings and land were exclusively used in the work of the organization. The Supreme Court in *Teaneck Tp. v. Lutheran Bible Institute*, 20 N. J. 86 (1955), while holding that the homes provided by a Bible institute for institute faculty members and their families were not exclusively used in the religious or educational endeavor of the Institute, even though there were offices in the homes, nonetheless found that a parsonage exemption might exist in these cases.

Parking lots have also been the subject of favorable treatment, see *Congregation B'Nai Yisroel v. Millburn Tp.*, 35 N. J. Super. 67 (1955).

The Appellate Division, in *St. Matthew's Lutheran Church for the Deaf v. Div. of Tax App.*, 18 N. J. Super. 552 (1952), held that a religious corporation was entitled to a tax exemption on a building in Nutley occupied by the minister who had been assigned to conduct religious worship for the deaf in Nutley and who had established a congregation in Newark which met regularly and at a fixed place, even though the corporation did not own a church. Apparently *ownership by a church is not necessary to receive a parsonage exemption in this State.*

The nonprofit making or profit making aspect of exempt properties has been treated in several cases, one of which is the *Dawn Bible Students Association v. Borough of E. Rutherford*, 3 N. J. Super. 71 (1949). There the court upheld the exemption even though a profit was made, saying that the thrust of whether an organization is profit or nonprofit is not whether or not a

small profit is made, but rather whether the organization was actually seeking a profit.

With regard to exemption for Salvation Army property, it is clear from the cases that the Salvation Army is a religious organization and is entitled to the constitutional protection.

Determining the taxable status of lands of retreats, rescue missions, and camp sites presents a more difficult problem. Many of these cases are old, a leading case being *Sisters of Charity v. Cory*, 73 N. J. L. 699 (1906). It, in essence, overruled an earlier case, *Sisters of Charity v. Township of Chatham*, 52 N. J. L. 373 (1890), involving a corporation which, by the express terms of its charter, provided that the essential object of the said corporation shall be the "instruction and education of youth, the erection and maintenance of a hospital for the sick and destitute and affording and rendering assistance to the poor and destitute." It owned 300 acres of land, only two-thirds of which were productive. Situated by this tract was the building in which the Sisters of Charity lived, part of which was devoted to a school. All the farm produce was applied toward the support of the institution and it carried on other activities which were definitely charitable. The court held that despite a subsequent amendment to the Constitution requiring property to be assessed under general laws, the charitable exemption, contained in an 1866 Act, for buildings used exclusively for charitable purposes and the land whereon the same were erected which was necessary for the fair enjoyment thereof, was still valid.

The Court of Errors and Appeals in the later case, *Sisters of Charity v. Cory*, *supra*, reversed the prior case and interpreted an 1890 statute reading that "all buildings used for charitable purposes with the land whereon same are erected and which may be necessary for the fair enjoyment thereof shall be exempt," as meaning that the primary object of the exemption is the building. The court found the statute created a double test: firstly, are all of the lands including the tract upon which a building is erected necessary for the fair enjoyment of an exempt building, and secondly, if so, may lands acquired after the construction of this exempt building be also considered necessary for the fair enjoyment of the building? The court, in essence, narrowly construed that portion of the statute dealing with the fair enjoyment test to relate back the necessity of the

land to use of the building. This is further limited by our present statute to an area up to 5 acres.

It is apparent that the 5-acre provision has been construed to be the amount of land which is allowed to be used for such purposes, rather than as a limit for the lands which are allowed to be used for such enjoyment. This principle is important since it would appear that the amount of land which should be tax-exempt is *limited* to the use of the particular buildings and may not be added to form a larger area. Nonetheless, it appears that the rule that has been generally followed is that the 5-acre limitation is cumulative. This has resulted in large acreage being exempted from taxation, since the specific test of whether or not the land is needed for the fair enjoyment of the exempt building has not been applied, but only the 5-acre test.

*The State Board of Tax Appeals v. the Haven of Grace Rest Home*, 19 N. J. Misc. 414 (1941), held that a rest home was not a religious activity, and an organization formed to spread the Christian gospel and to serve incidentally as a place of work for the benefit of a New York corporation, was not exempt. On the other hand, the fact that one building houses both church and parsonage will not defeat a religious worship purpose exemption. In *Jersey City v. Bethel Baptist Church*, 18 N. J. Misc. 208 (1940), the first floor was used by a church and the second floor was used as a parsonage. The court held the entire property to be exempt. The Supreme Court, in 1924, held that property used by the Sisters of Sea Isle City to recuperate during summer vacation, each sister paying \$7.00 per week, was not exempt; *Sisters of Sea Isle City v. Sea Isle City*, 2 N. J. Misc. 385. In the opinion, there seems to be an intertwining of the charitable and religious tests where a religious body also does "charitable" work.

The educational use exemption has had some interesting interpretations, the most recent decision being *Bloomfield v. Academy of Medicine of New Jersey*, 47 N. J. 358 (1966), reversing 87 N. J. Super. 595 (1965), where a library was found to be a nonprofit, tax-exempt corporation by reason of its organization exclusively for the moral and mental improvement of man. This library was open to the public as well as members of the medical profession. As previously noted, the United States Supreme Court found an educational television station, i.e., *WHYY, Inc. v. Glassboro*, *supra*, exempt.

In *Princeton Twp. v. Institute for Advanced Study*, 59 N. J. Super. 46 (1960), the residence of the director of the institute was granted tax exemption, the court holding that the institute was a college within the statute, even though it had no formal instruction but held studies and seminars, and awarded no degrees, its students having already attained doctorates. Rutgers University, however, lost the exemption on its football field due to, among other things, a lack of continual use. Apparently actual use was held to be more than occasional or incidental use. See *Trustees of Rutgers University v. Piscataway Twp.*, 134 N. J. L. 85 (1946). A claim for exemption by the Textile Research Institute was denied in *Textile Research Institute v. Princeton Twp.*, 25 N. J. Misc. 94 (1946) even though the building was used as a laboratory, because it was controlled by the textile industry.

Charitable purposes have also been described on many occasions by the courts. The problem that the YMCA's had prior to the statute which was passed to cover their particular situation was the use of the building by persons who were not recipients of charity. A number of cases involving the YMCA, culminating in a series of decisions in 1938, led to holdings that although the YMCA's ultimate aim was the mental and moral improvement of man, its buildings were not exclusively used for such purposes.

Section 54:4-3.26 of the Revised Statutes, which purported to exempt lodges and fraternal organizations, was held unconstitutional by the Supreme Court in *Rutgers Chapter of Delta Upsilon v. New Brunswick*, 129 N. J. L. 238 (1942), affirmed 130 N. J. L. 216 (1943), only because of an attempt on the part of the Legislature to limit the exemption of fraternal organizations or lodges to those lodges other than college clubs or lodges or college fraternities. The latter part of the statute was held unconstitutional primarily because it violated the requirement of uniformity in taxation under Article VIII, Section I, of the New Jersey Constitution.

With the exception of the foregoing, there appears to be no problem in relation to organizations which do not have constitutional protection. In this group, and without further citation, the courts had determined the tax status of the following organizations, prior to the holding of the unconstitutionality of R. S. 54:4-3.26. The Elks were held exempt, although the Masons were not; the Essex Troop was held not a military organization, thus not exempt; the Odd Fellows were not exempt;

however, the Abraham Browning No. 122 of the Junior Order United American Mechanics was. A year later the North Brunswick Aeris was held a fraternal organization, but not exempt. The Knights of Columbus was held not exempt, as was the Morris Grange. The State Board of Tax Appeals, in the *Alumni Association of New Brunswick* (1942), held that an alumni association having undergraduate fraternities at Rutgers was not exempt, probably misconstruing the unconstitutionality of R. S. 54:4-3.26. A fleet reserve association was not entitled to an exemption since it admitted persons who were not necessarily veterans of any war of the United States. In *New Providence Twp. v. Lions Club*, 19 N. J. Misc. 103 (1941), the Lions Club was held not exempt in running a camp, since it was held that the Lions Club was not organized *exclusively* for the moral and mental improvement of mankind, even though the camp was run by the boy scouts. The Board of Tax Appeals distinguished between a fraternal organization and an athletic club in *The National Turn Verein v. Newark*, 19 N. J. Misc. 452 (1941).

Although the problem of fraternities is no longer with us, R. S. 54:4-3.26 should probably be repealed, since it appears that at least one case has misconstrued the holding of unconstitutionality of the statute. A home for children and old persons, Seaside Home, in *Seaside Home v. State Board of Taxes, et al.*, 98 N. J. L. 110 (1922), was held to be charitable. In an interesting decision, the State Board of Tax Appeals in 1940 held that the Polish Army Veterans Organization would not be exempt, although it provided, without charge, food, clothing, shelter, and other benefits for Polish Army war veterans, because it was also organized to provide peace and patronage (18 N. J. Misc. 40). The St. Francis Sanitarium in Denville Township in 1960 fared much better, and had 203 acres of land in Denville, which included a convent, parsonage and other buildings, declared exempt. The Washington Camp No. 23 of the New Jersey Patriotic Order of the Sons of America lost out in the Supreme Court in 1913 (87 N. J. L. 53), since it was not organized exclusively for benevolent and charitable purposes, but was organized for patriotic purposes and was a social organization. An orphanage asylum association which operated out of a headquarters in Newark and for five months of the year in Mountainside, had both sites exempted; *Mountainside v. Bd. of Equalization*, 80 N. J. L. 38 (1910), affirmed 81 N. J. L. 583 (1911).

The problem throughout all of these cases is one of definition. There seem to be no fixed rules as to what is a charitable organization. Rather, the words seem to be accepted by the courts in their common meaning, the use then being scrutinized on a factual basis to see whether or not it is, in fact, charitable. The same situation is true for the use in R. S. 54:4-3.6 of the words charitable, benevolent or religious purposes, which apparently mean something more than just a charitable purpose. The phrase "moral and mental improvement of men, women and children," once again, is broader than religious, charitable, and educational. The attempt to use words such as these in the statute has extended the right to exemption rather than limited it.

In its study, the commission did not find any instances where an exempt, nonpublic organization was receiving a tax exemption on property devoted to a business or income-producing use unrelated to the purposes of the exempt organization. This type of situation in other states has received considerable notoriety and is the basis for much of the concern over tax exemptions for nonprofit, nonpublic organizations. Present State laws are strict in requiring that property be owned by a nonprofit, exempt organization and be devoted to a nonprofit, exempt use in order to qualify for exemption from property taxes. While there may be considerable variation in interpretations by local assessors as to what constitutes an exempt ownership and use, it appears that the variation has not been so wide as to include property clearly devoted to a profit-making use unrelated to the purposes of the exempt organization. Several cases where exempt organizations, like churches or schools, were paying taxes on some of their property because it was not actually or exclusively devoted to an exempt use were brought to the attention of the commission. New Jersey does not appear to have the problem in this area that some of its sister states have.

Our review of the case law also leads us to conclude that the higher the level to which a challenged exemption is appealed, the less likely is it to be granted. It would appear, therefore, that some of the present problems and lack of uniformity which exist in exemption of property through out the State is due to the practice of having a local assessor make a determination which is both legal and factual in nature. The local assessor is too often subject to local pressures which impair the judgment that he is required to make. One local assessor candidly stated



at one of the commission's hearings that he would resign before putting the Knights of Columbus in his town on the tax rolls. Another assessor, up for election in her town, and requesting that her name not be used, refused to reconsider any local exemptions because of fear it would harm her chance to win; but after the election, she promised to have more to say. The same problem seems to exist on the county level, with county tax boards being more likely to grant an exemption than the Division of Tax Appeals; the Division, in turn, is more likely to grant an exemption than the Appellate Division of the Superior Court. It appears that the courts have been attempting to hold the line throughout the years, but there are generally too few decisions in this particular field. Our conclusion is reminiscent of the conclusion of the State Tax Department in its 1938 report that:

From all the foregoing it is evident that there is not such a need for the revision of the various exemption provisions as there is a need for a more strict adherence to the law by the assessors.<sup>9</sup>

## THE VALUE OF EXEMPT PROPERTY

The second half of the task of defining the scope of the exemptions which the commission studied, namely, ascertaining the value of the exemptions, was an equally thorny problem. As indicated above, this subject has not received a comprehensive investigation since the 1938 report of the State Tax Department. The Department then attempted to determine the value of all exempt property in the State, and the results are indicated in Table I. The State Board of Taxes and Assessments, however, in its report in 1930 had questioned the reported valuations on exempt property. This report states:

In compiling the amounts of the above [exempt] property we find discrepancies in the valuations shown on the tax lists and those certified to the Board by the County Boards of Taxation and shown on the abstracts of ratables. The Board is of the opinion that assessors of the various municipalities are lax in the listing of exempt real estate, and that in some instances no change is made in valuations of such property from year to year . . . . In view of these circumstances, we feel the above valuations represent a very

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<sup>9</sup> New Jersey State Tax Department, 1938.

**Table I**  
**Valuations of Exempt Property—1938**

United States Securities .....	\$918,334
Public Property .....	728,330,487
Property of Passaic Valley Sewerage Commission .....	3,472,875
Property Used for Military Purposes .....	1,433,880
Property of Religious, Educational and Charitable Organizations .....	262,848,824
Funds of Mutual Benevolent Societies .....	202,150
Cemeteries and Graveyards .....	15,734,676
Property of Fire Associations .....	2,485,538
Franchises Railroad and Canal Property .....	1,063,018
Veterans, Exempt Firemen, etc. ....	13,622,043
Property of Fire Patrol and Salvage Corps .....	958,425
Household Goods .....	20,840,690
Turnpikes .....	950
Building and Loan Investments .....	33,635
YMCA, YWCA, YMHA, YWHA .....	9,094,889
Property of Veterans Associations .....	892,208
Property of Fraternal Organizations .....	3,572,865
Municipal Land Extending into Another County .....	20,350
<b>Total .....</b>	<b>\$1,065,525,837</b>

*Source:* New Jersey State Tax Department. "Recapitulation Sheet, State of New Jersey—Exempt Property—1938," *Report on Exemptions*. December 19, 1938.

conservative estimate of the amount of such property in the state of New Jersey.<sup>10</sup>

This commission has found that, by and large, the same situation prevails today. Pursuant to section 54:4-27 of the Revised Statutes, local assessors are required to maintain a separate list of *all* exempt property (including public schools and other public property) showing the value of such property in the same manner as taxable property and indicating the grounds for exemption. Values from these lists are annually reported in the county abstract of ratables under six categories. Table II indicates these values reported in the state abstract of ratables in

<sup>10</sup> New Jersey State Board of Taxes and Assessments, 1930.

**Table II**  
**Net Valuation Taxable, Summary of Exempt Property,**  
**Total Valuation, and Percentage of Total Valuation Exempt in New**  
**Jersey for the Years 1950, 1960, 1967 and 1968**

	1950	1960	1967	1968
Net Valuation Taxable .....	\$5,944,408,870	\$9,566,590,235	\$29,751,794,393	\$30,592,367,714
Summary of Exempt Property, as Reported:				
Public School Property .....	278,296,195	503,531,722	1,479,230,727	1,516,777,299
Other School Property .....	85,828,151	151,987,087	448,772,755	477,680,598
Public Property .....	577,188,572	851,864,894	1,639,511,815	1,705,075,468
Church and Charitable Property	206,932,301	355,609,601	898,392,446	943,623,723
Cemeteries and Graveyards ....	14,619,575	19,401,649	80,251,013	82,243,118
Other Exemptions:				
Real .....	183,206,632	265,359,181	683,668,114	736,869,244
Personal .....	61,924,875	71,197,215	17,076,108	7,833,050
Total .....	\$1,407,996,301	\$2,218,951,349	\$5,246,902,978	\$5,470,102,500
Total Valuation (Taxable and Exempt) .....	\$7,352,405,171	\$11,785,541,584	\$34,998,697,371	\$36,062,475,769
Percentage of Total Valuation Exempt .....	19.2	18.8	14.9	15.2

*Source:* Annual Reports of the Division of Taxation, Department of the Treasury, 1950, 1960, 1967 and 1968.

the years 1950, 1960, 1967 and 1968. The general feeling among tax officials is that the accuracy of these figures is highly questionable.

Fortunately for the commission, its creation coincided with the undertaking of a comprehensive survey of exempt property by the Division of Taxation. Late in 1968, the Division gathered information on all exempt property from the local tax-exempt lists. The information was coded according to ownership and use, and fed into the Division's computer for collation and preparation for analysis. The Division worked closely with the commission since its inception and several print outs of the Division's initial survey of exempt property were presented to the commission at its public hearing on May 21, 1969.

These print outs confirmed the skepticism of tax officials concerning the accuracy of the values listed for exempt property. There were innumerable instances where no value was reported for exempt properties; in many other instances, it was evident that only nominal values were listed. Table III indicates the state totals for the ownership code "other" (exempt property

**Table III**  
**State Totals of Assessed Valuations Per Usage Code**  
**of Other Exempt Property**

<i>Usage Code</i>	<i>Assessed Valuation Lands</i>	<i>Assessed Valuation Improvements</i>	<i>Total Assessed Valuation</i>
0 Unknown .....	\$3,537,560	\$12,391,570	\$15,929,130
1 Administrative Building .....	473,390	1,986,255	2,459,645
5 Armory .....	12,800	19,200	32,000
6 Army Base Military Post ....	2,500	22,600	25,100
8 Beach .....	17,900	21,000	38,900
9 Boardwalk Amusement .....	115,500	1,624,400	1,739,900
12 Bridge (Foot) .....	1,400	.....	1,400
13 Camp .....	3,508,218	4,921,363	8,429,581
16 Cemetery .....	53,721,440	7,472,970	61,194,410
17 Chapel .....	4,004,380	30,435,220	34,439,600
18 Church .....	65,308,390	448,057,469	513,365,859
19 Circle .....	36,400	207,100	243,500
20 Club House .....	823,240	2,686,830	3,510,070
23 Community Center .....	1,274,200	9,009,050	10,283,250
24 Convent .....	1,800,765	17,306,285	19,107,050
27 Crematory .....	2,000	20,000	22,000
30 Dock Port .....	30,200	127,200	157,400
31 Drainage .....	5,030	103,720	108,750
33 Educational .....	24,912,758	287,106,062	312,018,820
36 Farm .....	52,325	162,800	215,125
37 Fire House .....	1,485,845	9,717,510	11,203,355

	<i>Usage Code</i>	<i>Assessed Valuation Lands</i>	<i>Assessed Valuation Improvements</i>	<i>Total Assessed Valuation</i>
38	Firemen's Home	\$11,250	\$130,000	\$141,250
42	Fraternal	2,198,210	10,827,773	13,025,983
43	Garage	73,910	162,116	236,026
44	Grange Hall	92,870	479,435	572,305
45	Graveyard	10,225		10,225
46	Hall	718,150	3,307,380	4,025,530
47	Hatchery	925,800	591,500	1,517,300
48	Hospital	8,730,335	155,274,780	164,005,115
52	Institutional	1,600	4,400	6,000
56	Lake	4,650		4,650
57	Land, Vacant	17,172,865	2,897,860	20,070,725
58	Library	419,100	2,779,400	3,198,500
60	Lock House	30,000	540,000	570,000
61	Maintenance	10,300	40,000	50,300
62	Marina	30,000	319,500	349,500
63	Medial Strips	100		100
64	Monument	170,180	88,440	258,620
65	Multi-Housing	1,816,915	38,397,910	40,214,825
66	Municipal Building	7,900	14,000	21,900
67	Museum	153,100	215,150	368,250
68	Naval Station	382,555	3,221,150	3,603,705
70	Orphanage	1,224,950	3,966,610	5,191,560
72	Park	1,025,900	175,725	1,201,625
73	Parking Areas	1,958,380	102,210	2,060,590
75	Parsonage	3,592,655	11,508,961	15,101,616
76	Pavilion		1,700	1,700
80	Pump House		114,800	114,800
81	Pumping Station	30,050	250,800	280,850
82	Right-of-Way	28,200		28,200
84	Radio Towers	15,600	41,600	57,200
85	Railroad	14,600		14,600
87	Recreational	5,360,740	21,968,905	27,329,645
88	Rectory	1,661,100	8,930,570	10,591,670
89	Refreshment Stand	1,913,525	14,434,710	16,348,235
90	Rescue Squad	461,500	2,375,435	2,836,935
91	Reservoir	1,300		1,300
92	Residential	1,321,110	4,545,100	5,866,210
95	Service Area	600		600
96	Sewerage	81,350	153,800	235,150
97	Sewerage Disposal	62,100	543,325	605,425
98	Stadium	3,000	15,000	18,000
103	Storage	36,200	321,500	357,700
108	Utility Building	10,975	10,250	21,225
109	Veteran	2,478,870	6,831,255	9,310,125
110	Veterans' Homes	58,675	226,675	285,350
111	Water Shed	36,600	27,450	64,050
112	Water Plant	100	400	500
114	Water Supply	27,750	12,202,500	12,230,250
115	Water Tank	2,350		2,350
Total		\$215,494,436	\$1,141,438,679	\$1,356,933,115

*Source:* Computer print outs of state totals of assessed valuations of "other" exempt property (nongovernmental) by usage code from survey of exempt property in the State in 1968 by the Division of Taxation. The total valuations shown include only mathematically correct line items.

of nongovernmental organizations) based upon this survey. Some curious gaps appear in these totals. Under the usage code "vacant land," a valuation for buildings is shown; under usage codes "pavilion" and "pump house," building valuations are shown with no land valuations. The use of approximately \$16 million worth of exempt property is listed as unknown.

At the request of the commission, the Division of Taxation agreed to do another survey of exempt property based on 1970 tax lists. The ownership and use codes were revised, and the form of the exempt property list was revised to provide more uniform and detailed information on exempt property. Through the Local Property Tax Bureau, the Division required all assessors to revise their exempt real property lists so as to include all exempt properties and to list updated valuations consistent with current full true values. The assessors were requested to forward these revised exempt real property lists to the Division by November 1, 1969. The extra effort required by the assessors to comply with this request is greatly appreciated by this commission.

The Division reports that lists have been received from most of the local assessors. Since additional time will be required to key punch the information for submission to the computer and for subsequent analysis of the printed results of this second survey, use of this survey in the commission's report was impossible. The commission has agreed with the Division that the results of the survey will be submitted when they are ready and will be appended to the commission's report.

The commission also received information on the valuations of tax-exempt property from another source to serve as a comparison for the work of the Division of Taxation. A survey of State-owned, tax-exempt property undertaken by J. Gilbert Deardorff, Chief Fiscal Analyst in the Office of the Legislative Budget and Finance Director, was expanded to include all exempt property because of the work of this commission. Mr. Deardorff's study was made through a personal examination of the individual tax rolls of each municipality in the State. Table IV contains the results of this survey and indicates the state totals of assessed valuations in various categories and subcategories. The categories employed are a mixture of ownership and use and they reflect the various tax exemption statutes. Mr. Deardorff has indicated to the commission that the assignment

of exempt properties to these categories is arbitrary in many cases, and in some instances, the categories do not reflect all of the land or improvements within a particular category. For example, those categories within the province of religious organizations were often not distinguishable as to use from the information on the tax rolls. Where no such indication of actual use appeared, the entire amount was placed under assessed value of church land.

**Table IV**  
**State Totals of Assessed Valuations of Tax**  
**Exempt Property—1969**

PUBLIC PROPERTY

<i>Category</i>	<i>Assessed Value Land</i>	<i>Assessed Value Improvements</i>	<i>Total Assessed Value</i>
State .....	\$112,766,813	\$303,610,630	\$416,377,443
Federal .....	74,618,108	344,976,370	419,594,478
County .....	144,640,494	154,779,640	299,420,134
Municipal .....	348,978,547	310,823,150	659,801,697
Authority .....	258,430,710	390,359,197	648,789,907
Public School .....	156,707,580	1,459,526,167	1,616,233,747
Sub-Total, Public Property....	\$1,096,142,252	\$2,964,175,154	\$4,060,217,406

RELIGIOUS PROPERTY

Church .....	\$69,328,053	\$517,276,973	\$586,605,026
Church Related .....	40,474,340	140,262,612	180,736,952
Church School .....	22,643,171	197,834,294	220,477,465
Sub-Total, Religious Property..	\$132,445,564	\$855,373,879	\$987,819,443

OTHER PROPERTY

Private School .....	\$20,910,205	\$160,751,765	\$181,661,970
Vol. Fire and Amb. Cos. ....	4,844,400	23,992,525	28,836,925
Fraternal .....	5,768,410	21,656,353	27,424,763
Veterans Organizations .....	4,363,333	10,158,262	14,521,595
Hospital .....	16,202,145	235,367,660	251,569,805
Cemetery .....	59,996,035	.....	59,996,035
Other .....	35,966,028	71,424,753	107,390,781
Sub-Total, Other Property ....	\$148,050,556	\$523,351,318	\$671,401,874
Grand Total .....	\$1,376,638,372	\$4,342,800,351	\$5,719,438,723

*Source:* Prepared by J. Gilbert Deardorff, Chief Fiscal Analyst, Office of Legislative Budget and Finance Director, from a personal survey of local tax lists.

Despite these efforts to provide accurate valuations for exempt property, the commission remains skeptical about the possibility of obtaining accurate valuations at this time. This is not to say that the commission feels that the surveys of the Division of Taxation are not highly important and extremely valuable. Besides focusing attention on the value of exempt property in the taxing districts throughout the State, they provide a detailed indication of the types of property that are exempt. This information highlights graphically the fact that many local assessors are not adhering strictly to the exemption laws. Under these laws, vacant land held by exempt organizations should not be exempt; the initial survey by the Division indicates that approximately \$17 million worth of such vacant land is exempted in the State.

Accuracy in valuations of exempt property, however, is probably not a realistic goal under existing laws. Even with taxable property, valuation practices vary widely from taxing district to taxing district. On both the State and county level, systems of equalization of taxable valuations among taxing districts had to be developed to provide for equitable distribution of state school aid and the cost of county government, respectively. The Local Property Tax Bureau conducts a detailed program for ascertaining the ratio of assessed values to actual sale values in each taxing district in the State. The Bureau's records indicate, however, that there is considerable variation in this ratio within taxing districts. This program is applicable only to taxable property, and it is questionable if a similar program could effectively be applied to exempt property. Because of the uniqueness of some exempt property, e.g., churches and hospitals, and the lack of a volume of actual sales of such property, an equalization system similar to that used for taxable property would probably be difficult to develop. Furthermore, since tax-exempt property yields no tax revenue, it is doubtful that any scheme for arriving at accurate valuations of exempt property would inspire local assessors to maintain accurate, current valuations on the exempt property in their districts.

Despite the skepticism of the valuations of exempt property, they can be used to provide an idea of the magnitude of the tax consequence of the exempt property. Inclusion of the total valuation of other exempt property from the Division's initial survey, \$1,356,933,115 (Table III) in the net valuation taxable



in 1969, \$32,617,042,321, would have reduced the average state property tax rate from \$5.24 to \$5.03 per hundred dollars assessed valuation. Applying this latter rate to the valuation of other exempt property indicates that approximately \$68 million in additional tax revenue had to be raised from taxable property as a result of these exemptions. Using the same method for *all* exempt property with the exception of municipal and public school property as indicated in Deardorff's study (Table IV), the average state property tax rate in 1969 would have been reduced from \$5.24 to \$4.74 per hundred dollars assessed valuation and the tax return from this exempt property would have been approximately \$163 million.<sup>11</sup>

### THE PHILOSOPHICAL JUSTIFICATION FOR EXEMPTIONS

Concurrent with the two-sided problem of ascertaining the scope of the exemptions with which the commission was concerned, the commission's other principal task was to study and review the justification for the exemption from real property taxes for religious, educational, charitable and other nongovernmental organizations. The commission requested those who appeared before it to justify their exemption both philosophically and economically in light of the tremendously increasing pressure on a tax base growing smaller each day. In this report the commission decided not to discuss at length the numerous positions and justifications presented to it. The transcripts of the public hearings are ample evidence of the variety and nature of the positions relative to the exemptions which the commission studied. The questions raised by the commission members with the witnesses indicate both the general and specific areas which concerned the commission. The recommendations which follow deal with specific exemptions, and the rationale for any position adopted by the commission with regard to a specific exemption will be made clear in the recommendations.

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<sup>11</sup> Equalized valuation and effective tax rate are the more appropriate tax data for use in developing statewide tax estimates because of the variety in assessing practices among the taxing districts. As equalized valuation of all exempt property in the State is not available, unequalized values and average tax rates were used. Because the valuation of exempt property is conceded to be inaccurate and the estimate developed by employing it is only intended as a rough estimate of the magnitude of the tax consequences of exemptions, it was felt not improper to use the unequalized values.

## RECOMMENDATIONS

After over a year of study, review and deliberation, the commission recognized that it could not recommend any appreciable change in the exemptions presently provided for property used exclusively for religious, educational, charitable or cemetery purposes. The commission will recommend a number of changes in the statutes which presently provide for these exemptions, but the primary purpose of these recommendations will be to clarify what should be exempt under the statutes. The principal reason for this decision is that the commission feels that the traditional justification for exempting property used exclusively for religious, educational, charitable and cemetery purposes from taxation is still considered valid today by the vast majority of the people of this State. Speaking for the Supreme Court in 1935 in the case of *Dwight School of Englewood v. State Board of Tax Appeals*, 114 N. J. L. 594 (1935), Justice Heher expressed this traditional justification for tax exemption for nongovernmental organizations as follows:

Equality is the basic principle of taxation. Exemption therefrom can be justly sustained only upon the principle that the "concession is due as *quid pro quo* for the performance of a service essentially public, and which the state thereby is relieved *pro tanto* from the necessity of performing, such as works of charity and education, freely and charitably bestowed. . . . Without that concurring prerequisite, an exemption becomes essentially a gift of public funds at the expense of the taxpayer, and indefensible both under our public policy of equal taxation and our constitutional safeguard against illegal taxation."

In recognition of the continuing validity of the exemption of religious, educational, charitable and cemetery uses from taxation, the Constitutional Convention in 1947 provided them with a constitutional protection from alteration or repeal by the Legislature. Exclusively religious, educational, charitable and cemetery uses have by the Constitution been determined to be essential public functions which the State would have to provide in the absence of provision for such uses by private entities, or in whose absence, the way of life in our society would be immeasur-

ably deteriorated. Furthermore, encouragement of private organizations to provide these essential services through tax exemption is clearly a recognition that private initiative is basic to our way of life. The commission does not feel that a change from these principles is called for by way of a constitutional amendment, and doubts that the public would accept any change even if proposed.

### **EQUALIZATION OF EXEMPTIONS**

Although the commission concluded that the greatest percentage of the exemptions which it considered will have to remain unchanged, it does not feel that the present inequitable distribution of exempt property of religious, charitable, educational and other nongovernmental organizations among the taxing districts, and the consequent variable burdens of such exemptions on the local taxpayers of the State, should continue. Table V indicates the distribution and tax impact of nonpublic exempt property in Mercer County. The percentage of the valuation of nonpublic exempt property to the total of the net valuation taxable and the valuation of nonpublic exempt property varies widely among the taxing districts in the county, from a low of 0.31% in East Windsor Township to a high of 59.17% in Princeton Borough. More important, however, is the tax impact of nonpublic exempt property. In the City of Trenton in 1969, \$2,447,413 in taxes would have been realized from the nonpublic exempt property in the city had it been taxable, and the tax rate would have been reduced by \$1.37 per \$100 assessed valuation. The problem lies in the fact that, in many cases, property devoted to an exempt use in a particular municipality draws the beneficiaries of its exempt service from a much wider area than that municipality.

For example, there are approximately 143 hospitals in New Jersey, 100 voluntary, nonprofit hospitals, 40 governmental hospitals, and three private, profit-making hospitals. A number of these probably provide specialized services, thereby reducing the number of hospitals which provide general hospital services in the State. Thus, most municipalities in the State do not have a hospital, and their residents must depend upon the hospital in some neighboring community for hospital services. The same situation holds true for colleges and universities, probably for many churches, and for many other exempt properties.

**Table V**  
**Percentage of Assessed Valuation and Taxes Attributable to Nonpublic Exempt Property—**  
**Mercer County—1969**

Taxing District	Net Valuation Taxable (N.V.T.)	Valuation of Nonpublic Exempt Property (V.N.E.P.)	N.V.T. + V.N.E.P.	V.N.E.P. as a % of N.V.T. + V.N.E.P.	Amount on Which Tax Rate is Computed (Excluding Amount for County Purposes)	Tax Rate Without V.N.E.P. (Per \$100)	Tax Rate With V.N.E.P. (Per \$100)	Taxes (Excluding County Taxes) Attributable to V.N.E.P.
East Windsor Twp. ....	\$39,025,763	\$122,400	\$39,148,163	0.31	\$2,199,663.90	\$5.63	\$5.62	\$6,879
Ewing Twp. ....	90,652,370	26,067,832	116,720,202	22.33	5,163,557.53	5.70	4.42	1,152,198
Hamilton Twp. ....	172,942,304	6,095,075	179,037,379	3.40	9,135,267.74	5.28	5.10	310,849
Hightstown Boro. ....	14,516,570	4,014,100	18,530,670	21.66	1,032,273.02	7.11	5.57	223,585
Hopewell Boro. ....	5,393,261	99,450	5,492,711	1.81	397,406.65	7.37	7.24	7,200
Hopewell Twp. ....	33,204,943	644,300	33,849,243	1.90	1,984,726.56	5.98	5.86	37,756
Lawrence Twp. ....	65,411,400	29,605,000	95,016,400	31.16	4,223,878.61	6.46	4.45	1,317,423
Pennington Boro. ....	6,489,681	3,222,660	9,712,341	33.18	485,259.98	7.48	5.00	161,133
Princeton Boro. ....	46,561,068	67,465,300	114,026,368	59.17	2,198,036.29	4.72	1.93	1,302,080
Princeton Twp. ....	87,788,200	11,910,900	99,699,100	11.95	4,146,632.97	4.72	4.16	495,493
Trenton City ....	179,034,309	24,846,830	203,881,139	12.19	20,082,941.04	11.22	9.85	2,447,413
Washington Twp. ....	10,559,604	84,200	10,643,804	0.79	517,531.20	4.90	4.86	4,092
West Windsor Twp. ...	44,976,040	207,600	45,183,640	0.46	1,564,829.56	3.48	3.46	7,183
Total .....	\$796,555,513	\$174,385,647	\$970,941,160	17.96	\$53,132,005.05	....	....	\$7,473,284

NOTE: The valuations for nonpublic exempt property are the totals of the valuations listed under "other school property," "church and charitable property," and "cemeteries and graveyards" listed in the county abstract of ratables. It is realized that this is an imperfect measure of nonpublic exempt property; however, it was deemed adequate for the purpose of illustrating the level and tax impact of nonpublic exempt property. County taxes were excluded from the tax rates in this table because the apportionment of county taxes presently disregards exempt property.

SOURCE: Mercer County, New Jersey, *Abstract of Ratables—1969*. Mercer County Board of Taxation.

In view of the inequity inherent in this situation, the commission recommends that the burden of exemption from real property taxes for property of religious, educational, charitable and other nongovernmental organizations be equalized among the taxing districts in each county. The commission realizes that this is not a precise mechanism for correcting the imbalance in the distribution of exempt property. Ideally, the burden of exempt property servicing a wider area than the municipality wherein it is located should be distributed over the actual service area. The service area, however, will be different for each such exempt property, and will not necessarily reflect either municipal or county lines. Short of taxing the exempt property and forcing the organization to distribute the taxes among its beneficiaries and supporters, there would be no recognized base over which the burden of the exempt property could be spread. The commission believes that spreading the burden of exempt property countywide would be fairer than the present system.

The county represents an existing base which is presently employed for distribution of the costs of county government based upon the equalized valuations of taxable property of the municipalities in the county. A method equalizing the burden of exempt property could be determined and the costs could be distributed by means of the county equalization system. The commission considered a proposal to provide for statewide equalization of exempt property but rejected the idea. There is no system on the state level by which the costs involved in equalizing could readily be distributed among the municipalities in the State. The present state equalization program is used for distribution of state school aid and not for a distribution of costs to municipalities as under the county equalization program.

With regard to the method of equalizing and distributing the burden of exempt property countywide, the commission considered several methods. The objective was to spread the total tax revenue loss attributable to exempt property more equitably among the municipalities within a county. Initially ascertaining the value of exempt property (see page 28 above) presented a problem in determining the method of equalization and distribution. Consequently, the commission decided upon a method which eliminates the problem of ascertaining a value for exempt property but which nonetheless provides a more equitable dis-

tribution of the burden of exempt property. This method is as follows:

1. Determine the amount of tax per taxable acre in each municipality by dividing the total of the amount to be raised by taxation for school, municipal and free county library purposes and veterans' and senior citizens' deductions by the taxable area in acres.
2. Ascertain the actual burden of nonpublic exempt property in each municipality by multiplying the area of such property in acres by the tax per taxable acre (#1).
3. Determine the average burden of exempt property which each municipality in a county should bear by apportioning the total county burden of nonpublic exempt property (the total of amounts determined under #2 for all municipalities in the county) on the basis of taxable equalized valuation.
4. Each municipality would receive an increase or decrease against its county taxes in the amount by which the actual burden of nonpublic exempt property (#2) differed from the apportioned averaged burden of nonpublic exempt property (#3).

The commission feels that this method establishes a fair formula for determining what municipalities lose by having exempt properties within their borders, i.e. the ability to derive from the exempt acres the same amount of taxes, on the average, that they derive from taxable acres. It avoids not only the problem of valuing exempt facilities but also the problem of balancing the benefits derived from exempt facilities against the municipal services rendered to them. Distribution of the burden of nonpublic exempt property countywide is a recognition of the fact that such exempt property is unevenly distributed among the municipalities of the State, and that municipalities with low levels of nonpublic exempt property rely on municipalities with higher levels of this exempt property for many types of services provided by exempt facilities, or are benefited by the presence of exempt facilities in these municipalities. As indicated above, the commission realizes that in some cases counties will be inappropriate as regions for distributing the burden of some exempt facilities; however, the counties presently have a mechanism for distributing such costs, and such distribution would be more equitable than the

present system under which only the municipality where an exempt facility is located bears the burden of the exemption.

To illustrate the effect of the recommended distribution, Table VI indicates what the distribution of the burden of nonpublic exempt property would have been in Mercer County in 1969 had it been in effect. The net result of such a distribution would be a change in county tax rates; some taxpayers would have to pay more in local taxes while others would pay less. Table VI also illustrates what the change in tax rates for the taxing districts in Mercer County would have been in 1969. Adequate evaluation of this proposal requires similar tables for each county in the State. Therefore, the commission recommends that tables indicating the effect of the recommended distribution in the other counties be prepared by the Division of Taxation as soon as possible.

The commission also realizes that the recommended distribution could be applied to public property. As public property comprises the greater percentage of exempt property, application of the distribution to *all* exempt property should be considered in implementing this recommendation; however, since exempt public property is outside the scope of this commission's responsibilities, we make no recommendation concerning it. Perhaps the Commission on State Tax Policy, the successor to the work of the commission on taxation of state lands chaired by Assemblyman S. Howard Woodson, Jr., should consider the recommended distribution in connection with its study on exempt public lands.

A proposed bill to provide for distribution of the burden of nonpublic exempt property in the manner described above is contained in Appendix II. The commission has been advised by its counsel that this recommendation may be accomplished by legislation without constitutional amendment.

#### **SPECIFIC STATUTORY EXEMPTIONS**

The second category of recommendations which the commission is making concerns the exemption statutes themselves. In this area, the commission recommends a tightening up of certain existing statutes, the repeal of others, and an extension of tax exemptions for nonprofit organizations in one situation. For the four categories which enjoy constitutional protection—

**Table VI**  
**Effect of Proposed Distribution of Burden of Nonpublic**  
**Exempt Property—Mercer County—1969**

Taxing District	Tax Per Taxable Acre	Actual Burden of Exempt Property	Apportioned Burden of Exempt Property	Increase or Decrease in County Taxes	Change in Tax Rate
East Windsor Twp. ....	\$237.49	\$166,931.72	\$127,874.18	—\$39,057.54	—\$0.10
Ewing Twp. ....	803.20	370,837.44	478,028.24	+107,190.80	+ 0.12
Hamilton Twp. ....	393.14	219,174.55	792,282.36	+573,106.81	+ 0.33
Hightstown Boro. ....	1,707.08	196,997.03	52,642.12	—144,354.91	— 0.99
Hopewell Boro. ....	867.51	11,537.88	26,055.33	+ 14,517.45	+ 0.27
Hopewell Twp. ....	57.29	2,904.60	170,962.69	+168,058.09	+ 0.51
Lawrence Twp. ....	338.81	167,677.07	290,438.09	+122,761.02	+ 0.19
Pennington Boro. ....	845.55	44,560.49	29,109.08	— 15,451.41	— 0.24
Princeton Boro. ....	2,590.19	575,022.18	206,299.63	—368,722.55	— 0.79
Princeton Twp. ....	443.76	99,269.11	342,786.43	+243,517.32	+ 0.28
Trenton City ....	5,743.23	1,588,003.10	723,140.77	—864,862.33	— 0.48
Washington Twp. ....	39.91	554.75	45,481.58	+ 44,926.83	+ 0.43
West Windsor Twp. ....	96.36	2,505.36	160,875.80	+158,370.44	+ 0.35

See Appendix III for complete table on Mercer County.



religious, educational, charitable and cemetery uses—the commission's recommendation is that the wording in the present statutes be changed to be consistent with the Constitution and interpretative case law.

### Religious

The present exemption statutes for religious property provide exemptions for buildings *actually and exclusively* used for religious worship or asylum, for buildings actually and exclusively used in the work of associations or corporations organized exclusively for religious purposes, two buildings actually occupied as a parsonage by the officiating clergyman of a religious corporation and the dwelling house of the district superintendent of a religious organization. The commission recommends that the wording of the exemption for property used for religious purposes be changed to all lands and buildings actually and exclusively used for religious purposes. This wording would replace the present two sentences concerning religious worship and use for religious purposes. With regard to parsonages for officiating clergymen of religious corporations, the commission recommends that this provision be changed to provide an exemption for only one parsonage owned by a religious corporation, and only where such parsonage is used in connection with a house of religious worship and is located in the same municipality as the house of worship.

The commission further recommends that any requirement that a corporation be incorporated in New Jersey to be entitled to exemption, as contained in the present provision regarding parsonage exemptions, be deleted wherever it is included in the exemption statutes. The counsel to the commission has advised it that this requirement is clearly unconstitutional.

With respect to the dwelling house of a district superintendent of a religious organization, the commission recommends that this exemption be retained.

The commission also considered other types of religious property. There are many schools operated by religious organizations in New Jersey. This type of religious property falls within the exemption for property used for educational purposes, and no change is recommended as to it. Another type of religious property is that devoted to retreat or meditative purposes, such

as a retreat house or campsite. As the present exemption laws do not contain any specific reference to this use, the commission does not propose the addition of such a reference. Any property devoted to such use would have to qualify as property used actually and exclusively for religious purposes.

### **Educational**

Under the category of educational exemptions, the statutes provide exemptions for all buildings actually used for colleges, schools, academies or seminaries, and for buildings and structures used exclusively for the production and broadcasting of educational television. Private or nonpublic schools provide one of the best examples of the continuing validity of the traditional rationale for exemption from taxation. On the elementary and secondary levels, there are numerous private schools, many operated by religious organizations, which do an outstanding job in educating a large percentage of the children in New Jersey. They thereby relieve the public school districts of the State of the task and expense of educating these children. The commission also realizes the important contribution of the private universities and colleges to the educational system of the State, particularly in this age where the opportunity of obtaining a college education is being made available to increasing numbers of New Jersey's high school graduates. The commission is also aware that most of the private colleges and universities, and in some cases, private secondary schools, in recognition of the burden their exemption places on the taxpayers of the communities in which they are located, are and have been paying taxes on some of their properties, or have been making gratuitous payments to these communities. The commission highly commends them for this action and strongly recommends that they continue to make such payments and to increase them wherever possible.

For purposes of consistency and clarity the commission recommends that the wording of the educational exemption provision be changed to conform to the existing statutory interpretation, i.e., lands and buildings actually used for educational purposes. The commission recommends that the present practice of treating the 5-acre limitation on lands exempted in connection with exempt buildings as cumulative, 5 acres per building, be continued in the case of educational exemptions because many

educational facilities require more than 5 acres to carry out their functions. No substantial change concerning the scope and intent of the general exemption for educational purposes is contemplated by the commission.

With regard to the exemption for educational television, the commission recommends that this exemption be retained; however, it recommends that the acreage limitation of 30 acres be reduced to 5 acres per installation, the limitation for all other nongovernmental exempt property with the exception of cemeteries and graveyards.

### **Cemeteries**

Under the current statutes graveyards and burial grounds used or intended for interments not exceeding 10 acres, and cemeteries and buildings for cemetery use thereon, and all mausoleums, vaults, crypts and structures intended for interments are exempt. Exemption for cemetery purposes differs from the other exemptions in that the exemption is for the land, and not buildings or structures. This exemption also extends to lands intended for use for cemetery purposes, whereas the other exemptions are for buildings and lands actually, or actually and exclusively used for the exempt purposes. The commission was concerned over the exemption of land intended for future use for cemetery purposes. There was some feeling that such lands should be taxed until actually developed. The question was raised as to whether or not land could be held ostensibly for cemetery purposes and enjoy tax exemption while in reality it might be intended for speculative purposes. The commission's counsel advised it that this area has been well defined by the State courts. Accordingly, the commission recommends no change in the present exemption for lands used for cemetery purposes.

### **Charitable**

The last category enjoying constitutional protection from change is exemption for property used for charitable purposes. The present provision exempts buildings actually and exclusively used in the work of associations organized exclusively for charitable purposes. As in the case of the general religious and educational exemptions, the commission recommends that the wording of the present section be changed to conform to the

present interpretation, i.e., lands and buildings actually and exclusively used for charitable purposes.

There are several other exemptions presently provided for in the statutes in which the commission recommends no change. Included in these are exemptions for volunteer first aid and rescue squads, and volunteer fire companies. The services performed by these organizations are essentially governmental. Likewise, SPCA's and similar organizations perform quasi-governmental functions. Governing bodies may and do contribute to the support of these organizations, and would have to provide the service in the absence of these organizations. The commission also recommends that the exemption for public libraries be continued. Likewise, the commission recommends that the present exemption for land and buildings actually and exclusively used for schools for feeble-minded or idiotic persons and children be continued.

With respect to the foregoing categories of total exemption (other than educational uses and cemeteries), the commission recommends that three land exemption requirements be met: (1) the land must be used in connection with an exempt building; (2) the land exempted would only be the amount required for the fair enjoyment of the exempt building; and (3) the total land area would not exceed 5 acres.

With respect to a number of charitable usages which are presently totally exempt from taxation, however, the commission recommends that the exemption be limited to the building only and that the land be taxed. By this recommendation, the commission does not intend to belittle the value of the service provided by the organizations in these categories; the commission recognizes their value and importance, but the commission also recognizes the needs of the taxing districts throughout the State and the burden, already too heavy, that these needs place on local taxpayers. The commission's study led it to the conclusion that no piece of property of these types should be entirely free from local taxation in New Jersey. The commission further realized that partial taxation of some presently exempt property is one method of redistributing the burden of the exempt property.

Included in the category of uses and organizations for which it is recommended that only the buildings be exempt are historical

societies, hospitals, the Red Cross and similar national and international relief organizations, the YM & YWCA's, the YM & YWHA's and the Boy Scouts and Girl Scouts of America. In these cases the buildings would remain exempt but the lands would be subject to taxation. Precedent for taxation of land only may be found in another section of the statutes, R. S. 54:4-3.3, which provides that watershed property of other governmental bodies within a municipality shall be taxed on the value of the land only.

For all categories in which the commission recommends that buildings be exempt, the commission believes that such buildings should be exempt from taxation while under construction. Under existing laws, exemption for exempt buildings under construction applies only to youth organizations specifically delineated in R. S. 54:4-3.24. The commission feels that any nonprofit organization entitled to an exemption on a building should not be required to pay taxes on it while it is under construction; however, the commission feels that the present provision to this effect for specific youth organizations is too broad. There should be a stipulation in the law that if a building is exempted during construction because of proposed exempt use and does not subsequently qualify for a tax exemption, the taxes otherwise payable while the building was under construction must be paid. Accordingly, the commission recommends that the tax exemption for all categories of exempt buildings be extended to the time they are under construction but that any taxes so excused for the two years prior to completion should become payable if the building does not subsequently qualify for exemption.

There are several exemptions presently on the books which the commission feels should be repealed. An obvious case is the section of the statutes which provides for exemption for property of fraternal organizations. This was held unconstitutional by the New Jersey Supreme Court in *Rutgers Chapter of Delta Upsilon v. New Brunswick*, 129 N. J. L. 238 (1942) because the section attempted to exclude college fraternities from the exemption. The commission recommends that this section be repealed.

The commission also recommends that the exemption for veterans' organizations be repealed. While the work of veterans' organizations is still very valuable and important, they played a more important role in providing benefits for the veterans of our country's wars at an earlier time. The commission also feels

that the nature of these organizations has changed considerably. Today the Federal government is the major provider of benefits to veterans. Most states also provide benefits for veterans; New Jersey gives them a \$50 deduction from their property tax bills and preference for civil service jobs. The nature of these organizations today is frequently more like a fraternal organization. Where they do own property, it is essentially for a local meeting hall, often available for private functions on a fee basis. In light of the present property tax situation in New Jersey, the commission does not feel that these facilities should continue to enjoy exemption from property taxation.

The commission feels that two other sections of the present statutes should be repealed because they are no longer applicable. R. S. 54:4-3.13 provides exemption for the property of public fire patrols or salvage corps, and R. S. 54:4-3.15 provides exemption for the property of corporations organized to provide instruction in agricultural pursuits for crippled soldiers and sailors. As far as the commission has been able to determine, there are no longer any corporations or organizations which claim exemption under these sections. We recommend they be repealed.

With respect to the foregoing recommendations where the commission recommends restriction or elimination of the exemption, the commission intends that any such organization might still be able to avail itself of a total exemption if it can qualify under any of the provisions for total exemption. The total exemption for property actually and exclusively used for charitable purposes would still be available to any organization which thinks its work is essentially charitable. This commission, however, feels quite strongly that exemptions from taxation must be strictly construed, and that the burden of establishing a right to exemption rests with the organization seeking it. The commission further feels that the present provisions for tax exemptions need tightening up and limitation as recommended above. While the commission could not subscribe entirely to the view that no property should be totally exempt from local taxation, it seriously considered it.

## OTHER RECOMMENDATIONS

At the public hearings, the commission received considerable testimony about other problems in relation to tax-exempt property which it feels are matters of concern. The commission has not evolved detailed recommendations in response to these problems because they are outside the scope of its work; however, its findings and thoughts in these areas should be noted.

### OPEN SPACE USE

The commission came to the conclusion that some type of tax limitation is warranted in the area of lands held by nonprofit organizations for open space purposes. Lands which fall within this category would be wildlife preserves, natural or wilderness areas, and watershed lands. Concern over preservation of our natural environment has prompted the establishment of many programs on both the Federal and state levels directed toward this goal. In New Jersey, the voters approved a \$60 million bond issue which enabled the State to carry out the Green Acres Program directed at preserving some of the natural environment of New Jersey.

Several private, nonprofit organizations testified before the commission that they and other similar organizations would like to participate in the preservation of the natural environment of the State but they did not feel they could do so at present because of the potentially large amount of property taxes they would have to pay by holding sizeable acreage for nonprofit, open space use. There is no exemption for such use at present. The commission feels that the participation of nonprofit, private organizations in this field would be a significant supplement to state and local activity in this area.

Therefore, the commission recommends that a limitation be provided on the valuation for the purposes of taxation of land held by nonprofit organizations for open space use. The commission has not attempted to work out the specific details for such a limitation, and it is recommended that this proposal be given further study for this purpose. The Commission on Open Space Policy, created by chapter 312 of the Laws of 1968, might be the

appropriate body to do this. In any event, this commission has concluded that several specific provisions should probably be included in any such limitation. In order to qualify for such limitation, lands should be perpetually dedicated to open space use, or in the alternative, they should revert to the State or the municipality in which they are located when no longer devoted to such use. It should further be required that such lands receive the approval of the Commissioner of Conservation and Economic Development as suitable for open space use, and the consent of the municipality wherein the lands are located to be held as tax-exempt open space land where the total area of such exempt lands exceeds 5% of the municipal land area.

#### **PROCEDURES RELATIVE TO THE GRANTING OF TAX EXEMPTIONS AND TAX APPEALS IN GENERAL**

Throughout the hearings and meetings of the commission, deficiencies in the current procedures relative to the granting of tax exemptions and tax appeals generally were brought to its attention. As indicated earlier in this report, it seems that the higher the level to which an appeal on a tax exemption is brought, the less likely is the exemption to be granted. The municipal assessor has the initial responsibility for approval or rejection of an application for tax exemption. All too frequently local pressures are such that the assessor is induced to authorize exemptions which might not fall within the statutory requirements. Very rarely are exemptions challenged and an additional burden is thereby levied on remaining taxpayers in perpetuity.

The commission considered the respective county boards of taxation as possible centers for approval of exemption applications. Its study, however, led it to the conclusion that these bodies are not far enough removed from the municipalities to avoid the same pressures to which the assessor is subject, nor to apply the objective consideration of statutory limitations and authority required to properly administer this sensitive area of the local property tax.

The commission, therefore, recommends that the responsibility for initial approval of tax exemption applications be lodged in a review panel or bureau located within the State Division of Taxation to insure uniformity of treatment throughout the State. Appeals from the panel or bureau should go directly to the State



Division of Tax Appeals, or to the proposed New Jersey Tax Court which is discussed below.

Initial jurisdiction over tax appeals currently rests with the 21 county boards of taxation, which are composed of either three or five commissioners plus a secretary and staff. In some counties these appeals each year mount into the thousands. The statutory requirement that appeals be disposed of by the boards by November 15 renders ineffectual any conscientious attempt by an assessor to present an adequate defense and similarly inhibits the appellant from presenting full and complete testimony. It is recognized that the county boards of taxation serve a very useful purpose in screening the vast bulk of appeals, thus sparing higher appellate bodies the necessity of considering evidence with respect to most appeals. The county boards are aware that in appeals where the amount in question is substantial, the appellants as well as the assessors present somewhat less than a fully developed case in anticipation of carrying the appeal to a higher level on a *de novo* basis.

For these reasons the commission recommends that the jurisdiction of county boards of taxation on tax appeals be limited to cases involving aggregate assessed valuations not in excess of \$100,000. Cases involving aggregate assessed valuations in excess of \$100,000 would be filed directly with the State Division of Tax Appeals or the New Jersey Tax Court. The county boards would retain initial appellate authority in cases involving eligibility for tax credits of senior citizens, veterans and veterans' widows, but would lose their appellate jurisdiction in relation to tax exemptions as provided above.

The second level to which tax appeals are presently carried, and the final administrative level, is the State Division of Tax Appeals. Notwithstanding the substantial reductions recently accomplished in the backlog of pending cases in this Division, it is recognized that the recommendations in this report will increase the work load of the Division. The commission does not feel that the Division of Tax Appeals as it is presently constituted is adequate to handle the current and proposed future work load and responsibilities in relation to tax appeals. It is recommended that the Legislature establish a tax court consisting of at least seven members as an inferior court within the judicial branch of government and that the Division of Tax

Appeals be abolished. The judges should serve full time and receive appropriate compensation. The Legislature has the authority under the State Constitution to establish such a court. This proposal is consistent with recommendations advanced by the New Jersey Bar Association which have been supported by the State League of Municipalities and the Association of Municipal Assessors of New Jersey.

## APPENDIX I

### Constitutional and Statutory Provisions Concerning Exemption from Property Taxation for Religious, Educational, Charitable and Philanthropic Organizations and Cemeteries

#### CONSTITUTION OF THE STATE OF NEW JERSEY

##### Article VIII, Section I, paragraph 2.

2. Exemption from taxation may be granted only by general laws. Until otherwise provided by law all exemptions from taxation validly granted and now in existence shall be continued. Exemptions from taxation may be altered or repealed, except those exempting real and personal property used exclusively for religious, educational, charitable or cemetery purposes, as defined by law, and owned by any corporation or association organized and conducted exclusively for one or more of such purposes and not operating for profit.

#### NEW JERSEY STATUTES ANNOTATED—Title 54—Taxation

##### 54:4-3.5 Exemption of property used for military purposes.

Real estate or personal property owned and used for military purposes by any organization under the jurisdiction of this State, shall be exempt from taxation under this chapter on condition that all income derived from the property above the expense of its maintenance and repair shall be used exclusively for such military purposes; and any building, real estate or personal property used by an organization composed entirely of veterans of any war of the United States shall be exempt from taxation under this chapter.

##### 54:4-3.6 [see pages 11-13 above].

##### 54:4-3.6a Exemption of property of nonprofit association used for production and broadcasting of educational television.

In addition to the exemptions from taxation authorized by Revised Statutes 54:4-3.6 the following property shall be exempt

from taxation under the chapter to which this act is a supplement: All buildings and structures located in this State and used exclusively by a nonprofit association or corporation organized under the laws of this or another State for the production and broadcasting of educational television; the land whereon the buildings and structures are erected and which may be necessary for the fair enjoyment thereof, and which is devoted to the foregoing purpose, and no other purpose, and does not exceed 30 acres in extent; the furniture, equipment and personal property in said buildings and structures if used and devoted to the foregoing purpose. The foregoing exemption shall apply only where the association or corporation owns the property in question and is authorized to carry out the purpose on account of which the exemption is claimed.

#### 54:4-3.9 Exemption of burial grounds and vaults.

Graveyards and burial grounds used or intended to be used for the interment of bodies of the dead or the ashes thereof not exceeding ten acres of ground, and cemeteries and buildings for cemetery use erected thereon, and all mausoleums, vaults, crypts or structures intended to hold or contain the bodies of the dead or the ashes thereof, and solely devoted to or held for that purpose shall be exempt from taxation under this chapter.

#### 54:4-3.10 Exemption of property of fire associations.

The real and personal property of any exempt firemen's association, firemen's relief association and volunteer fire company incorporated under the laws of this state and which is used exclusively for the purpose of the corporation shall be exempt from taxation under this chapter.

#### 54:4-3.13 Exemption of property of public fire patrol or salvage corps.

The real and personal property of an association or corporation organized under the laws of this state to maintain, and actually maintaining a public fire patrol or salvage corps for the public purpose of saving life and property from destruction by fire, used exclusively for the purpose of such association or corporation shall be exempt from taxation under this chapter.

54:4-3.15 Exemption of property used by crippled soldiers.

Any personal property or real estate not exceeding two hundred and fifty acres in extent, owned and actually and exclusively used by any corporation organized under the laws of New Jersey to provide instruction in agricultural pursuits for soldiers and sailors of the United States who have been permanently crippled while in active service in time of war, provided all income derived from the property in excess of the expense of its maintenance and operation, shall be used exclusively for the benefit of such crippled soldiers and sailors, shall be exempt from taxation under this chapter.

54:4-3.24 Exemption of property of certain young people's associations; limitation.

All real and personal property used for the purposes and in the work of 1 or more of the associations known as Young Men's Christian Associations, Young Women's Christian Associations, Young Men's and Young Women's Christian Associations, Young Men's Hebrew Associations, Young Women's Hebrew Associations or Young Men's and Young Women's Hebrew Associations or of the Boy Scouts of America or Girl Scouts of the United States of America in this State, whether incorporated or unincorporated, shall be exempt from taxation under this chapter if the legal or equitable ownership of such property is in 1 or more of said associations using said property and the land so exempt does not exceed 5 acres in extent or, in the case of improved land, the acreage limitation under section 54:4-3.6 of this Title. Any real property upon which construction of a building or other improvement has been begun for the purpose of putting the same to use for the work of such association shall be within the said exemption. The foregoing exemption shall not apply to any property or part thereof used for the purposes of pecuniary profit.

54:4-3.25 Exemption of property of veterans' associations; limitation.

All real and personal property used in the work and for the purposes of one or more bona fide national war veterans organizations or posts, or bona fide affiliated associations, whether incorporated or unincorporated, existing and established on June eighteenth, one thousand nine hundred and thirty-six, shall

be exempt from taxation under this chapter if the legal or beneficial ownership of such property is in one or more of said organizations, or posts, or affiliated associations.

**54:4-3.26 Exemption of certain property of fraternal organizations; limitation; college organizations not exempt.**

All real and personal property used in the work and for the purposes of one or more fraternal organizations or lodges, or any association or society organized on the lodge plan, or affiliated associations, whether incorporated or unincorporated, shall be exempt from taxation under this chapter, if the legal or beneficial ownership of such property is in one or more of said organizations, lodges, associations or societies, and no part of such property is used for pecuniary profit.

Nothing herein contained shall be construed to permit the exemption of property owned directly or indirectly, or for the benefit of, organizations commonly known and designated as college clubs, or college lodges, or college fraternities.

**54:4-3.27 Exemption of property of certain volunteer aid and relief associations or organizations.**

All real and personal property used in the work and for the purposes of any association or organization, whether incorporated or unincorporated, organized for the purpose of furnishing volunteer aid to the sick and wounded of armies in time of war or for the purpose of continuing and carrying on a national and international system of relief in peacetime to mitigate the sufferings caused by pestilence, famine, fire, floods, or other great national calamities, or for both of said purposes, shall be exempt from taxation under this chapter, if legal or beneficial ownership of such property is in such association or organization, and no part of such property is used for pecuniary profit.

**54:4-3.35 Exemption for residences of district supervisors of religious organizations.**

The dwelling house and the lot or curtilage whereon the same is erected, together with the accessory buildings located on the same premises, belonging to any religious association or corporation actually occupied as a residence by a clergyman of such association or corporation who is a district superintendent of

such religious association or corporation who is acting as such, shall be exempt from taxation on proper claim made therefor.

#### 54:4-3.52 Historic sites; exemption.

Any building and its pertinent contents and the land whereon it is erected and which may be necessary for the fair enjoyment thereof owned by a nonprofit corporation and which has been certified to be an historic site to the Director of the Division of Taxation by the Commissioner of Conservation and Economic Development as hereinafter provided shall be exempt from taxation.

#### 54:4-3.53 Certification of historic sites.

The Commissioner of Conservation and Economic Development when requested for any such certification and after consultation with and the advice of Resource Development Council of the Division of Resource Development within his department shall certify a building to be an historic site whenever he finds such building to have material relevancy to the history of the State and its government warranting its preservation as an historical site and in the event of a restoration, heretofore or hereafter made, such building is or shall be of substantially the same kind, character and description as the original.

#### 54:4-3.54 Cancellation of certification.

In the event of any substantial change in the building or the premises, such certification may be canceled by the commissioner, but no such cancellation shall preclude the issuance of a new certification.

## APPENDIX II

### Proposed Legislation to Implement the Commission's Recommendations

#### A. Changes in the Statutory Provisions Concerning Tax Exemptions for Nonpublic, Nonprofit Organizations.

AN ACT concerning property tax exemptions and amending sections 54:4-3.5, 54:4-3.6 and 54:4-3.24 of the Revised Statutes and P. L. 1942, chapter 10, P. L. 1962, chapter 92 and P. L. 1967, chapter 24, supplementing Article 2 of Chapter 4 of Title 54, and repealing sections 54:4-3.10, 54:4-3.13, 54:4-3.15, 54:4-3.25 and 54:4-3.26 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey*:

1. Section 54:4-3.5 of the Revised Statutes is amended to read as follows:

54:4-3.5. Real estate or personal property owned and used for military purposes by any organization under the jurisdiction of this State, shall be exempt from taxation under this chapter on condition that all income derived from the property above the expense of its maintenance and repair shall be used exclusively for such military purposes; and any building, real estate or personal property used by an organization composed entirely of veterans of any war of the United States shall be exempt from taxation under this chapter.

2. Section 54:4-3.6 of the Revised Statutes is amended to read as follows:

54:4-3.6. [The following property shall be exempt from taxation under this chapter: All buildings actually used for colleges, schools, academies or seminaries; all buildings actually used for historical societies, associations or exhibitions, when owned by the State, county or any political subdivision thereof or when located on land owned by an educational institution which derives its primary support from State revenue; all buildings actually and exclusively used for public libraries, religious worship or asylum or schools for feeble-minded or idiotic persons



and children; all buildings used exclusively by any association or corporation formed for the purpose and actually engaged in the work of preventing cruelty to animals; all buildings actually and exclusively used and owned by volunteer first-aid squads, which squads are or shall be incorporated as associations not for pecuniary profit; all buildings actually and exclusively used in the work of associations and corporations organized exclusively for the moral and mental improvement of men, women and children, or for religious, charitable or hospital purposes, or for one or more such purposes; all buildings owned or held by an association or corporation created for the purpose of holding the title to such buildings as are actually and exclusively used in the work of 2 or more associations or corporations organized exclusively for the moral and mental improvement of men, women and children; all buildings owned by a corporation created under or otherwise subject to the provisions of Title 15 of the Revised Statutes and actually and exclusively used in the work of one or more associations or corporations organized exclusively for charitable or religious purposes, which associations or corporations may or may not pay rent for the use of the premises or the portions of the premises used by them; the buildings, not exceeding 2, actually occupied as a parsonage by the officiating clergymen of any religious corporation of this State, together with the accessory buildings located on the same premises; the land whereon any of the buildings hereinbefore mentioned are erected, and which may be necessary for the fair enjoyment thereof, and which is devoted to the purposes above mentioned and to no other purpose and does not exceed 5 acres in extent; the furniture and personal property in said buildings if used in and devoted to the purposes above mentioned; all property owned and used by a nonprofit corporation in connection with its curriculum, work, care, treatment and study of feeble-minded, mentally retarded, or idiotic men, women, or children shall also be exempt from taxation, provided that such corporation conducts and maintains research or professional training facilities for the care and training of feeble-minded, mentally retarded, or idiotic men, women, or children; provided, in case of all the foregoing, the buildings, or the lands on which they stand, or the associations, corporations or institutions using and occupying them as aforesaid, are not conducted for profit, except that the exemption of the buildings and lands used for charitable, benevolent or religious purposes shall extend to cases

where the charitable, benevolent or religious work therein carried on is supported partly by fees and charges received from or on behalf of beneficiaries using or occupying the buildings; provided, the building is wholly controlled by and the entire income therefrom is used for said charitable, benevolent or religious purposes. The foregoing exemption shall apply only where the association, corporation or institution claiming the exemption owns the property in question and is incorporated or organized under the laws of this State and authorized to carry out the purposes on account of which the exemption is claimed or where an educational institution, as provided herein, has leased said property to a historical society, or association or to a corporation organized for such purposes and created under or otherwise subject to the provisions of Title 15 of the Revised Statutes.】

*The following property shall be exempt from taxation when owned by a nonprofit corporation or association organized under the laws of this or another state and authorized to carry out one or more of the following purposes, and not operated for profit:*

*a. Buildings actually and exclusively used for:*

- 1. religious purposes,*
- 2. charitable purposes,*
- 3. public libraries,*
- 4. volunteer first aid squads,*
- 5. volunteer fire companies,*
- 6. the work of preventing cruelty to animals,*
- 7. orphanages*
- 8. care, treatment and study of feeble-minded, mentally retarded, or idiotic men, women or children,*

*together with the lands whereon any such buildings are erected, when devoted to the purposes above mentioned and necessary for the fair enjoyment thereof, but in no case in excess of a total of 5 acres.*

*b. One building, together with accessory buildings, owned by a religious corporation and actually occupied as a parsonage by an officiating clergyman of said religious corporation, provided the parsonage is located in the same municipality as the building actually and exclusively used for religious worship by*

*said religious corporation, and the land whereon the parsonage is erected, when used in connection with the parsonage and necessary for the fair enjoyment thereof, but in no case in excess of a total of 5 acres.*

*c. Buildings actually used for educational purposes together with the lands whereon any such buildings are erected, when used in connection with such buildings and necessary for the fair enjoyment thereof, but in no case in excess of 5 acres per building.*

*d. Buildings actually and exclusively used for:*

- 1. historical societies, associations or exhibitions,*
- 2. hospitals.*

3. Section 54:4-3.24 of the Revised Statutes is amended to read as follows:

54:4-3.24. All **real and personal property** *buildings* used for the purposes and in the work of 1 or more of the associations known as Young Men's Christian Associations, Young Women's Christian Associations, Young Men's and Young Women's Christian Associations, Young Men's Hebrew Associations, Young Women's Hebrew Associations or Young Men's and Young Women's Hebrew Associations or of the Boy Scouts of America or Girl Scouts of the United States of America in this State, whether incorporated or unincorporated, shall be exempt from taxation under this chapter if the legal or equitable ownership of such **property** *buildings* is in 1 or more of said associations using said **property** and the land so exempt does not exceed 5 acres in extent or, in the case of improved land, the acreage limitation under section 54:4-3.6 of this Title. Any real property upon which construction of a building or other improvement has been begun for the purpose of putting the same to use for the work of such association shall be within the said exemption **buildings**. The foregoing exemption shall not apply to any **property** *building* or part thereof used for the purposes of pecuniary profit.

4. Section 1 of P. L. 1942, chapter 10 (C. 54:4-3.27) is amended to read as follows:

1. All **real and personal property** *buildings* used in the work and for the purposes of any association or organization, whether incorporated or unincorporated, organized for the purpose of

furnishing volunteer aid to the sick and wounded of armies in time of war or for the purpose of continuing and carrying on a national and international system of relief in peacetime to mitigate the sufferings caused by pestilence, famine, fire, floods, or other great national calamities, or for both of said purposes, shall be exempt from taxation under this chapter, if the legal or beneficial ownership of such **property** *buildings* is in such association or organization, and no part of such property is used for pecuniary profit.

5. Section 1 of P. L. 1962, chapter 92 (C. 54:4-3.52) is amended to read as follows:

1. Any building and its pertinent contents **and the land** whereon it is erected and which may be necessary for the fair enjoyment thereof owned by a nonprofit corporation and which has been certified to be an historic site to the Director of the Division of Taxation by the Commissioner of Conservation and Economic Development as hereinafter provided shall be exempt from taxation.

6. Section 3 of P. L. 1962, chapter 92 (C. 54:4-3.54) is amended to read as follows:

3. In the event of any substantial change in the building or the premises, such certification may be canceled by the commissioner *who shall notify the assessor of the municipality wherein such building or premises are located of the cancellation*, but no such cancellation shall preclude the issuance of a new certification.

7. Section 1 of P. L. 1967, chapter 24 (C. 54:4-3.6a) is amended to read as follows:

C. 54:4-3.6a. Exemption from taxation for educational television.

1. In addition to the exemptions from taxation authorized by Revised Statutes 54:4-3.6 the following property shall be exempt from taxation under the chapter to which this act is a supplement: All buildings and structures located in this State and used exclusively by a nonprofit association or corporation organized under the laws of this or another State for the production and broadcasting of educational television; the land whereon the buildings and structures are erected and which may be

necessary for the fair enjoyment thereof, and which is devoted to the foregoing purpose, and no other purpose, and does not exceed [30] 5 acres in extent *per installation*; the furniture, equipment and personal property in said buildings and structures if used and devoted to the foregoing purpose. The foregoing exemption shall apply only where the association or corporation owns the property in question and is authorized to carry out the purpose on account of which the exemption is claimed.

8. Exemptions from property taxes on buildings and lands, or buildings only, owned by nonpublic, nonprofit corporations or associations pursuant to Article 2 of Chapter 4 of Title 54 shall extend to cases where:

a. Buildings which would qualify for exemption under Article 2 upon completion are under construction and in the course of being furnished and equipped; provided, however, that should any such buildings fail to qualify for tax exemption upon completion, the buildings and lands, or buildings only, shall be assessable as omitted property pursuant to P. L. 1947, c. 413 (C. 54:4-63.12 *et seq.*), P. L. 1949, c. 144 (C. 54:4-63.26 *et seq.*) or P. L. 1968, c. 184 (C. 54:4-63.31 *et seq.*) for the year in which such buildings are completed and the prior year.

b. Buildings are actually and exclusively used by one or more nonpublic, nonprofit corporations or associations and would be entitled to exemption under Article 2 if owned by said nonprofit corporations or associations, which nonprofit corporations or associations may or may not pay rent for the use of the buildings or portions thereof.

c. The work of any nonprofit corporations or associations carried on in any exempt buildings in furtherance of the purposes for which the exemptions are granted is supported partly by fees and charges received from or on behalf of beneficiaries using or occupying the buildings; provided, the buildings are wholly controlled by and the entire income therefrom is used for the exempt purposes.

9. Sections 54:4-3.10, 54:4-3.13, 54:4-3.15, 54:4-3.25 and 54:4-3.26 of the Revised Statutes are repealed.

10. This act shall take effect immediately and shall be applicable to assessments and taxes levied for the tax year 1971 and

thereafter, and shall not affect any exemption granted under the laws amended, supplemented or repealed herein, nor the obligation, lien, or duty to pay any taxes, interest or penalties which have accrued or may accrue by virtue of any assessment made or which may be made with respect to taxes levied, for any year prior to the year 1971.

**B. Distribution of the Burden of Nonpublic Tax-Exempt Property.**

AN ACT to provide for the distribution of the burden of tax-exempt property of nonpublic, nonprofit organizations among the taxing districts in the several counties and supplementing Title 54 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey*:

1. This act shall be known and may be cited as the "Nonpublic Tax-Exempt Property Distribution Act."

2. As used in this act unless the context clearly indicates otherwise:

(a) "Amount to be raised for county purposes" means the amount to be raised by taxes within each taxing district for county purposes, less the amount of bank stock tax due to the county pursuant to R. S. 54:9-13, as shown in the table of aggregates prepared pursuant to R. S. 54:4-52.

(b) "Amount to be raised for free county library purposes" means the amount to be raised by taxes within the taxing districts receiving the benefits of free county libraries, as shown in the table of aggregates prepared pursuant to R. S. 54:4-52.

(c) "Amount to be raised for municipal purposes" means the amount to be raised by taxes within each taxing district for local municipal purposes, less the amount of bank stock tax due to the taxing district pursuant to R. S. 54:9-13, as shown in the table of aggregates prepared pursuant to R. S. 54:4-52.

(d) "Amount to be raised for school purposes" means the total amount to be raised by taxes within each taxing district for district school purposes as shown in the table of aggregates prepared pursuant to R. S. 54:4-52.

(e) "Apportioned share of total county burden of nonpublic tax-exempt property" means the amount determined for each

taxing district in a county by apportioning the total of local burden of nonpublic tax-exempt property for all the taxing districts in the county on the basis of apportionment valuation among said taxing districts.

(f) "Apportionment valuation" means the net valuation on which county taxes are apportioned among the taxing districts of the county, as defined in R. S. 54:4-49.

(g) "Local burden of nonpublic tax-exempt property" means the amount determined by multiplying the total area of nonpublic tax-exempt property in a taxing district by the municipal tax factor. Where the nonpublic tax-exempt property in any taxing district includes property which is entitled to exemption on the building only, the area of such exempt property shall be included in the total area of nonpublic tax-exempt property for said taxing district, but the amount of taxes assessed against the land whereon any such exempt building is erected shall be deducted from the amount determined by multiplying the total area of nonpublic tax-exempt property by the municipal tax factor to determine the local burden of nonpublic tax-exempt property for said taxing district.

(h) "Municipal tax factor" means the amount determined by dividing the total of the amounts to be raised for free county library, municipal and school purposes and veterans' and senior citizens' deductions within a taxing district by the total area of taxable property in said district.

(i) "Senior citizens' deductions" means the total amount of deductions against taxes payable, granted pursuant to P. L. 1963, c. 172, in each taxing district.

(j) "Taxable property" means all real property subject to taxation pursuant to Subtitle 2 of Title 54 of the Revised Statutes, land in agricultural or horticultural use taxed under the Farmland Assessment Act of 1964 (P. L. 1964, c. 48), real property exempt from taxation upon which a taxing district receives a mandatory payment in lieu of taxes under the Urban Renewal Nonprofit Corporation Law of 1965 (P. L. 1965, c. 95), Urban Renewal Corporation and Association Law of 1961 (P. L. 1961, c. 40), Redevelopment Companies Law (P. L. 1944, c. 169), Urban Redevelopment Law (P. L. 1946, c. 52), Senior Citizens Non-profit Rental Housing Law (P. L. 1965, c. 92) or Limited-Dividend Housing Corporation Law (P. L. 1949, c. 184), or P. L.

1947, c. 382, and real property for which a taxing district in a county of the first class having in excess of 800,000 population receives a rebate in county taxes pursuant to R. S. 54:4-5.

(k) "Nonpublic tax-exempt property" means the property of nonpublic, nonprofit organizations exempt from taxation on lands and buildings, or buildings only, pursuant to Article 2 of Chapter 4 of Title 54.

(l) "Veterans' deductions" means the total amount of deductions against taxes payable, granted pursuant to P. L. 1963, c. 171, in each taxing district.

3. Beginning with the 1972 tax year, each taxing district in the several counties shall receive an increase or decrease in the amount to be raised for county purposes within said taxing district in the amount by which the local burden of nonpublic tax-exempt property is less or more than the apportioned share of total county burden of nonpublic tax-exempt property for said taxing district, respectively, as provided in this act. Whenever an amount of decrease in the amount to be raised for county purposes determined as provided in this section for any taxing district is greater than the amount to be raised for county purposes, the amount of decrease for said taxing district shall be the amount to be raised for county purposes, and the amounts of increases and decreases of the other taxing districts in the county shall be adjusted accordingly so that the totals of the amounts of increases and decreases in the county shall be equal.

4. Upon the filing of the assessment lists and exempt property lists with the county board of taxation for the 1971 tax year, the board shall meet from time to time for the purpose of determining the total areas of taxable and nonpublic tax-exempt property within each taxing district. Any assessor shall attend before the board at such time and place as it may direct, and shall, under the direction and supervision of the board, make any corrections on and additions to the assessment and exempt property lists necessary for such determination.

5. On or before May 1, 1971, the county board of taxation shall make a preliminary determination and certify to the assessor of each taxing district within the county the total areas of taxable and nonpublic tax-exempt property within each taxing district in the county and the amount of increase or decrease each taxing district would have received against the amount to



be raised for county purposes in 1971 had this act been applicable to the tax year 1971.

6. Between May 1 and September 1, 1971, the county board of taxation shall meet from time to time to give a hearing to the assessors and representatives of the governing bodies of the various taxing districts for the purpose of ascertaining the accuracy and validity of the determinations of total areas of taxable and nonpublic tax-exempt property certified within each taxing district by the board, and the validity of the exemptions granted to the properties included as nonpublic tax-exempt property. The board shall disallow any exemption when it finds any property included as nonpublic tax-exempt property is not entitled to exemption, and shall revise or confirm its preliminary determination of taxable and nonpublic tax-exempt property. No increase in the total area of taxable property or decrease in the total area of nonpublic tax-exempt property determined for any taxing district shall be made without affording to the governing body of the taxing district affected an opportunity for a hearing, to be held upon not less than three days' notice. On or before September 1, 1971, the county board of taxation shall make a final determination and certify to the assessor in each taxing district in the county the total areas of taxable and nonpublic tax-exempt property in each taxing district in the county.

7. The final determination made by the county board of taxation under section 6 of this act, subject to any changes made pursuant to section 9 of this act, shall serve as the basis for calculating the distribution provided for by this act beginning in the 1972 tax year.

8. Any taxing district aggrieved by a final determination of the county board of taxation pursuant to this act may appeal for review to the Division of Tax Appeals in the State Department of the Treasury in the same manner as is generally provided for appeals from any action or determination of a county board of taxation.

9. Commencing in the 1972 tax year and in every year thereafter, the county board of taxation shall determine the total areas of taxable and nonpublic tax-exempt property in each taxing district in the county and the amount of increase or decrease which each taxing district shall receive as provided for in this act. On or before February 1, the board shall make a

preliminary determination and certify to the assessor in each taxing district the total areas of taxable and nonpublic tax-exempt property in each taxing district in the county. Between February 1 and April 1, the county board of taxation shall meet from time to time to give a hearing to the assessors and representatives of the governing bodies of the various taxing districts for the purpose of ascertaining the accuracy and validity of the determinations of total areas of taxable and nonpublic tax-exempt property within each taxing district, and the validity of the exemptions granted to the properties included as nonpublic tax-exempt property. The board shall disallow any exemption when it finds any property included as nonpublic tax-exempt property is not entitled to exemption, and shall revise or confirm its preliminary determination of the total areas of taxable and nonpublic tax-exempt property. No increase in the total area of taxable property or decrease in the total area of nonpublic tax-exempt property determined for any taxing district shall be made without affording to the governing body of the taxing district affected an opportunity for a hearing, to be held upon not less than three days' notice. On or before April 1, the county board of taxation shall make a final determination and certify to the assessor in each taxing district in the county the total areas of taxable and nonpublic tax-exempt property in each taxing district in the county and the amount of increase or decrease which each taxing district shall receive under this act.

10. In apportioning the amount to be raised for county purposes pursuant to R. S. 54:4-49, the county board of taxation shall include the increases and decreases provided by this act. The net amount of increases or decreases to be included shall be the amount of such increases or decreases determined as provided in section 3 of this act adjusted by any debits or credits hereinafter provided. Where there have been any changes in the total areas of taxable and nonpublic tax-exempt property or the amount of assessments in any taxing district subsequent to apportionment in the preceding year or years by reason of additions to and deletions from assessment and exempt property lists, final judgments on appeals, complaints and applications, the correction of clerical errors under R. S. 54:4-53 and the allowance of additional veterans' and senior citizens' exemptions or deductions during the prior tax year by the collector pursuant to law, the taxing district shall receive a debit or

credit against the amount of increase or decrease determined as provided in section 3 of this act in the amount by which the amount of increase or decrease determined in accordance with the provisions of this act in the preceding year or years is greater or lesser than the amount would have been had the changes been included in the determination for the preceding year or years.

11. The total areas of taxable and nonpublic tax-exempt property, the amount of increases and decreases in the amount to be raised for county purposes, the debits and credits against such amounts, and the net amount of increases or decreases in the amount to be raised for county purposes shall be enumerated in the table of aggregates prepared pursuant to R. S. 54:4-52 in the form and manner prescribed by the Director of the Division of Taxation, subject to any changes or additions made by the director.

12. The Director of the Division of Taxation shall issue regulations for the guidance of the county boards of taxation in making the determinations required under this act to insure uniformity of application and treatment in the several counties.

13. This act shall take effect immediately.

## APPENDIX III

### Effect of Proposed Distribution of the Burden of

Taxing District	1 Total Area	2 Exempt Total Area	3 Total Area Minus Total Exempt Area	4 Amount on Which Tax Rate is Computed (Excluding Amount for County Purposes)	5 Amount of Tax Per Taxable Acre (Col. 4 ÷ Col. 3)
East Windsor Twp. . .	9,984.0	721.8	9,262.2	\$2,199,663.90	\$237.49
Ewing Twp. . . . .	9,683.2	3,254.5	6,428.7	5,163,557.53	803.20
Hamilton Twp. . . . .	25,203.2	1,966.4	23,236.8	9,135,267.74	393.14
Hightstown Bor. . . .	787.2	182.5	604.7	1,032,273.02	1,707.08
Hopewell Bor. . . . .	480.0	21.9	458.1	397,406.65	867.51
Hopewell Twp. . . . .	37,120.0	2,476.4	34,643.6	1,984,726.56	57.29
Lawrence Twp. . . . .	13,996.8	1,529.9	12,466.9	4,223,878.61	338.81
Pennington Bor. . . . .	633.6	59.7	573.9	485,259.98	845.55
Princeton Bor. . . . .	1,126.4	277.8	848.6	2,198,036.29	2,590.19
Princeton Twp. . . . .	10,400.0	1,055.7	9,344.3	4,146,632.97	443.76
Trenton City . . . . .	4,800.0	1,303.2	3,496.8	20,082,941.04	5,743.23
Washington Twp. . . .	13,248.0	281.2	12,966.8	517,531.20	39.91
West Windsor Twp. . .	17,177.6	937.8	16,239.8	1,564,829.56	96.36
Total . . . . .	144,640.0	14,068.8	130,571.2	\$53,132,005.05	.....

Tables in this appendix were prepared with the assistance of the Division of  
of ratables.

## APPENDIX III

### Nonpublic Exempt Property—Mercer County—1969

6 Total Area Nonpublic Exempt Property	7 Col. 5 X Col. 6	8 Total of Col. 7 Apportioned by Equalized Valuation	9 Distribution (Difference Between Col. 7 and Col. 8)		10 County Tax 1969
			Increase	Decrease	
702.9	\$166,931.72	\$127,874.18	.....	\$39,057.54	\$583,849.25
461.7	370,837.44	478,028.24	\$107,190.80	.....	2,182,586.29
557.5	219,175.55	792,282.36	573,106.81	.....	3,617,411.00
115.4	196,997.03	52,642.12	.....	144,354.91	240,353.96
13.3	11,537.88	26,055.33	14,517.45	.....	118,963.71
50.7	2,904.60	170,962.69	168,058.09	.....	780,583.21
494.9	167,677.07	290,438.09	122,761.02	.....	1,326,085.24
52.7	44,560.49	29,109.08	.....	15,451.41	132,906.56
222.0	575,022.18	206,299.63	.....	368,722.55	941,925.00
223.7	99,269.11	342,786.43	243,517.32	.....	1,565,097.81
276.5	1,588,003.10	723,140.77	.....	864,862.33	3,301,723.62
13.9	554.75	45,481.58	44,926.83	.....	207,660.29
26.0	2,505.36	160,875.80	158,370.44	.....	734,528.38
3,211.3	\$3,445,976.28	\$3,445,976.30	\$1,432,448.76	\$1,432,448.74	\$15,733,674.32

Taxation from the exempt property lists submitted to the Division and the 1969 abstract

## Areas of Public and Nonpublic Exempt Property (in acres)

MERCER COUNTY—1969

	Municipality	Total Area	Federal, State and County Property	Municipal Property	Sub-Total Public Property	Sub-Total Nonpublic Exempt Property	Total Exempt Property	Exempt Property as a % Total Area
66	1. East Windsor Twp. ....	9,984.0	7.1909	11.7344	18.9253	702.9017	721.8270	7.23
	2. Ewing Twp. ....	9,683.2	2,417.6693	375.1575	2,792.8268	461.6509	3,254.4777	33.61
	3. Hamilton Twp. ....	25,203.2	478.2805	930.6464	1,408.9269	557.4637	1,966.3906	7.80
	4. Hightstown Bor. ....	787.2	1.1233	65.9665	67.0898	115.4202	182.5100	23.19
	5. Hopewell Bor. ....	480.0	.....	8.5600	8.5600	13.3074	21.8674	4.56
	6. Hopewell Twp. ....	37,120.0	1,885.0634	540.6049	2,425.6683	50.7148	2,476.3831	6.67
	7. Lawrence Twp. ....	13,996.8	583.5690	451.4432	1,035.0122	494.9316	1,529.9438	10.93
	8. Pennington Bor. ....	633.6	.....	6.9790	6.9790	52.6739	59.6529	9.41
	9. Princeton Bor. ....	1,126.4	7.0182	48.7571	55.7753	222.0361	277.8114	24.66
	10. Princeton Twp. ....	10,400.0	170.4070	661.5440	831.9510	223.7310	1,055.6820	10.15
	11. Trenton City ....	4,800.0	238.7471	787.9432	1,026.6903	276.5226	1,303.2129	27.15
	12. Washington Twp. ....	13,248.0	200.4895	66.7844	267.2739	13.9380	281.2119	2.12
	13. West Windsor Twp. ....	17,177.6	799.2320	112.5439	911.7759	26.0118	937.7877	5.46
	Total .....	144,640.0	6,788.7902	4,068.6645	10,857.4547	3,211.3037	14,068.7584	9.73

## APPENDIX IV

### Witnesses Who Testified at the Public Hearings of the Commission

January 22, 1969

JACK W. OWEN—Executive Vice President and Director, New Jersey Hospital Association.

PAUL VAN WEGEN—President, Stony Brook-Millstone Watershed Association.

EDWARD J. LEADEM, Esq.—Catholic Diocese of Trenton.

REV. JOHN E. MORRIS—President, New Jersey Conference of Catholic School Superintendents.

MSGR. THEODORE A. OPDENAKER—Diocesan Director of Catholic Institutions and Agencies.

MSGR. JOSEPH A. O'CONNOR—Director of Catholic Hospitals, Diocese of Trenton.

REV. CANON JOSEPH H. HALL, III—Executive Director, Episcopal Diocese of New Jersey.

GERARD NAPLES—City Councilman, City of Trenton.

WALTER W. SALMON—President, County Assessors Association.

HENRY COATES—Peddie School, Hightstown.

ELMER MATTHEWS—Attorney for the Presbyterian Homes of the Synod of New Jersey.

ELLIS G. WILLARD—Presbyterian Homes of the Synod of New Jersey.

REV. CLAUDE L. ROE—President, New Jersey Association of Homes for the Aging.

February 19, 1969

JOSEPH SOLIMINE—Secretary, Essex County Tax Board.

JUDGE ARTHUR S. LANE—Member, Executive Committee, Region II, Boy Scouts of America.

ROBERT C. STANLEY—Vice President, Monmouth County Council of Boy Scouts.

FRANK H. KANIS—Controller, Girl Scouts of America.  
 JOHN ACCARDI—Garwood, New Jersey.  
 JOHN MASTERSON—Knights of Columbus, Garwood, New Jersey.  
 MILTON LOWENSTEIN—YM-YWHA's.  
 ALFRED W. KIEFER, Esq.—Attorney, New Jersey Synod of the  
 Lutheran Church in America.  
 FRANK L. TOMASULO—President, N. J. Society for the Prevention  
 of Cruelty to Animals.  
 EUGENIA O'CONNELL—Hudson County District SPCA.  
 DR. SOLOMON GELD—Director, Daughters of Miriam & Infirmary  
 for the Aged, Clifton.  
 REV. ALBERT O. JUDD—President, Board of Trustees, House of  
 the Good Shepherd, Hackettstown, New Jersey.  
 JACK OKIN, Esq.—Counsel, City of East Orange.  
 FREDERICK MOTT—Tax Assessor, Wyckoff, New Jersey.  
 GEORGE M. WALLHAUSER—Goodwill Industries of N. J.

February 26, 1969

PRENTICE C. HORNE—President, New Jersey Association of In-  
 dependent Schools.  
 NICHOLAS CONOVER ENGLISH, Esq.—Counsel, New Jersey Associ-  
 ation of Independent Schools.  
 EDWARD FELD—Department Judge Advocate, Department of  
 New Jersey, American Legion.  
 CHARLES B. ATWATER—Treasurer, New Jersey Association of  
 Independent Schools.  
 EDMUND G. LYONS—National Executive Committeeman, Ameri-  
 can Legion.  
 RICARDO A. MESTRES—Financial Vice President and Treasurer,  
 Princeton University.  
 DR. HAROLD FELDMAN—Vice President, Financial Affairs, Fair-  
 leigh Dickinson University.  
 RICHARD D. GOODENOUGH—Executive Director, Upper Raritan  
 Watershed Association.  
 THOMAS H. GASSERT, Esq.—Roman Catholic Archdiocese of  
 Newark; Roman Catholic Diocese of Paterson; Byzantine  
 Rite Eparchy of Passaic.



MONSIGNOR RAYMOND J. POLLARD—Assistant Director of Catholic Hospitals, Archdiocese of Newark.

MONSIGNOR JOSEPH DOOLING—Director, Mount Carmel Guild.

MONSIGNOR PATRICK J. TRAINOR—Executive Director, Associated Catholic Charities.

REV. ALEXANDER H. SHAW—General Secretary, New Jersey Council of Churches.

HON. JOHN F. MONICA—Mayor, City of Orange.

WILLIAM STENDER—Assessor, Long Branch, New Jersey.

FERDINAND J. BIUNNO—Business Administrator, City of Newark.

MRS. YAHNEL—Tax Analyst, Middlesex County Board of Taxation.

ROBERT PERKINS, JR.—Wildlife Preserves, Inc.

March 19, 1969

DONALD W. EALY, ROBERT MASERONI, FRANK POOLE—Church and Society Sub-Committee, Presbytery of Newton, United Presbyterian Church.

MARTIN F. MCKERNAN, Esq.—Attorney, Catholic Diocese of Camden.

REV. JOSEPH A. VON HARTLEBEN—Superintendent of Schools, Catholic Diocese of Camden.

SISTER JACQUELINE BELL—Principal, Parkside Catholic Community Center School.

MARTIN L. GREENBERG, Esq., LEONARD SCHWARTZ, Esq., RUSSELL ZESCH—N. J. Cemetery Association.

REV. JOSEPH P. HERRON—Administrative Secretary of the Diocese of Camden and Assistant Director of Catholic Charities.

MARRIOT G. HAINES—Assessor, City of Vineland.

MICHAEL BIBKO, JR., Esq., JAMES FITZGERALD, State Commander, WILLIAM STAFFORD, SR., Vice Commander, JOHN CAINES, State Inspector, Veterans of Foreign Wars.

DANIEL KIELY, President; NORMAN HARVEY—Association of Municipal Assessors of New Jersey.

WALTER W. SALMON—Assessor, Township of Moorestown.

DR. WALTER JACOB—American Institute for Mental Studies.

PETER F. BUELL—Executive Director, South Branch Watershed Association.

PHILIP E. KUNZ—Minister, United Church of Christ.

May 21, 1969

WILLIAM KINGSLEY—Director, Division of Taxation.

JAMES W. TINDALL—President, Council of Social Agencies.

DR. ALBERT E. MEDER, JR.—Association of Independent Colleges  
and Universities.

RALPH S. MASON—YMCA's of New Jersey.

JOHN PEPIN—Vice President & Treasurer, Drew University.

SIDNEY E. LEIWANT—Vice President, Jewish Community Council  
of Essex Co.

JOHN C. GIORDANO, JR., Esq.—Counsel, Monmouth Medical Cen-  
ter, Long Branch, New Jersey.

REV. IVAN A. BACKER—Minister, Episcopal Church, East Ruth-  
erford, New Jersey.



