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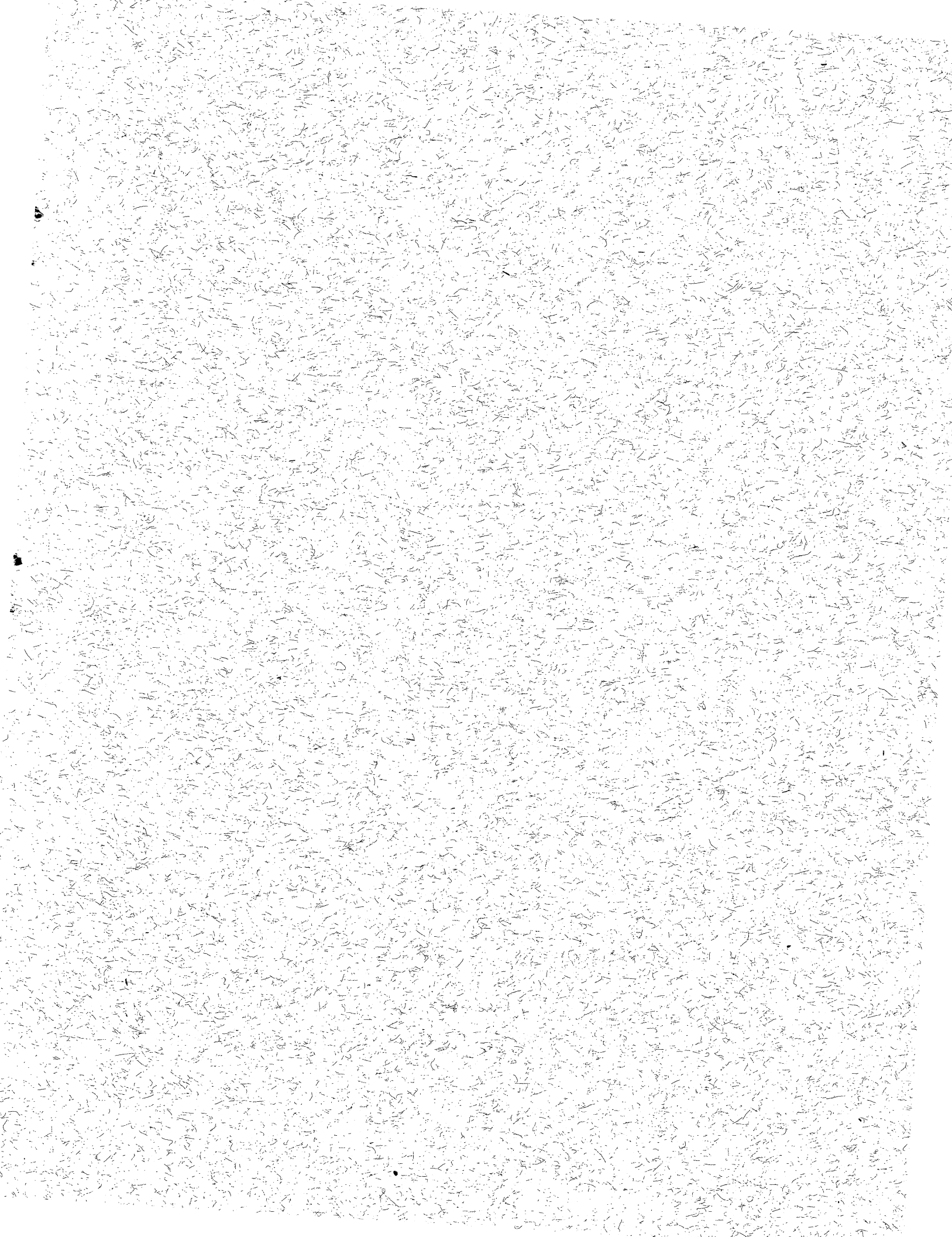
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VOLUME V

PUBLIC HEARING
ON
NEW JERSEY'S TAX PROBLEMS

Held:
June 21, 1962
Assembly Lounge
State House
Trenton, New Jersey

BEFORE
THE COMMISSION ON STATE TAX POLICY
AND
THE TAX ADVISORY COMMITTEE



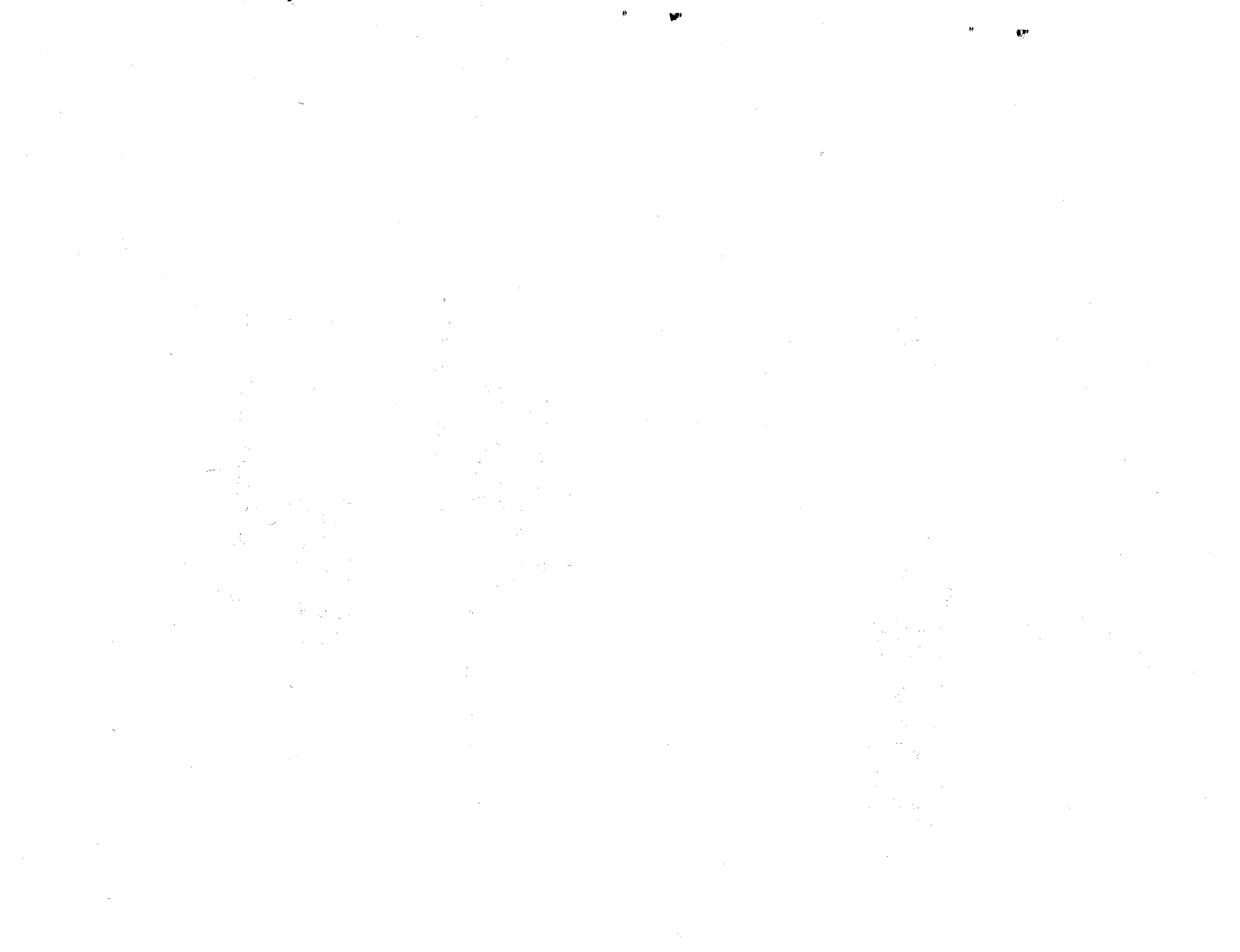
TAX POLICY COMMISSION HEARING

State House Assembly Room
Trenton, New Jersey
June 21, 1962

Board Members:

Archibald S. Alexander, Chairman,
James E. Kerney, Jr.,
Sydney E. Margolin,
Franklin C. Nixon

Richard A. Merlino,
Certified Shorthand Reporter,
Trenton, New Jersey
FOR JOHN F. TRAINOR INC.



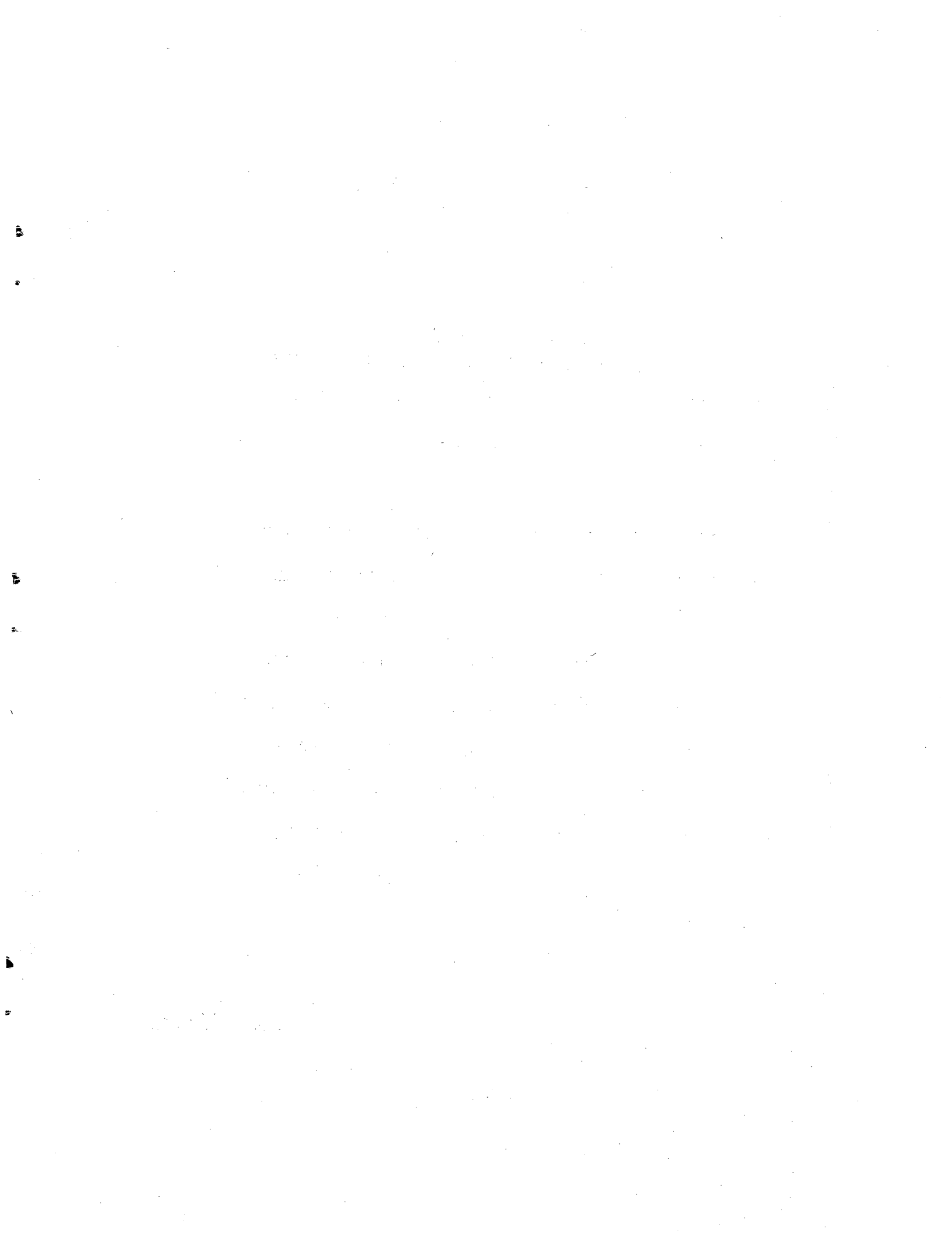
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MR. ALEXANDER: If we are ready, we will bring the meeting to order. I would just like to state for the record that this is a further hearing subsequent to the three days of hearing held in April, and you and the others who are appearing today are coming at your own request.

MAYOR THOMAS GANGEMI: Thank you, Mr. Chairman, and Members of the Board.

I recently made a public statement supporting legalized off-track betting.

Governor Hughes was later asked at a press conference what he thought of my views. He suggested that I come before this Commission and state my position. That is why I am here today, gentlemen.

It takes more money to operate our city, county, state and federal governments today than ever before in history. We need new sources of revenue, but instead we are losing some of our present sources.

For example, in Jersey City last year we lost about \$250,000 in State School Aid, although our pupil enrollment increased.

Despite the objections of the Mayors of the State's largest cities, Governor Meyner signed a bill that would

cut the bus franchise tax from 5 to 3 per cent. That took another \$140,000 from Jersey City.

Almost all the revenues a municipality collects comes from real estate taxes. The home owner has been taxed and taxed and taxed. He cannot stand to bear the entire burden.

There has been much talk about a sales or personal income tax in New Jersey. I am opposed to a sales tax. It is an established fact that a sales tax places the burden upon those least able to pay.

But there is a vast source of untaxed revenue in this state--the millions of dollars bet daily illegally.

In the May 26th issue of Sports Illustrated Magazine, there was a report that in one 24-hour period 400,000 Americans had bet 26 million dollars at the horse races; according to the writer of the story, between three and five times this amount was bet illegally through bookies. That means from 78 to 130 million dollars had been bet during the same period of time illegally. Think of it, gentlemen, 130 million dollars with not one penny of tax money collected.

This is the area where we can get the new revenues we need for highways, schools and hospitals without pain to the taxpayers. Gambling has gone on since the beginning of time. It will continue to go on. Why not make it legal and

tax it?

Some people say legalized off-track betting would increase gambling. I don't think so. The repeal of prohibition did not increase drinking. It did, however, eliminate bootleggers. Legalized off-track betting would do the same thing to bookmakers.

It would provide the funds we so desperately need for new schools, improved highways and help to the needy and the sick.

It would protect the public interest against the criminal actions of bookmakers and their gangster bosses.

I would like to see the State adopt a bill similar to Assembly Bill 30 introduced by Assemblyman William V. Musto on January 16, 1962.

Assemblyman Musto would have his bill put on the ballot. I would like to see it enacted by the Legislature. If this is unconstitutional, then let's put it on the ballot and allow the people to decide.

I think the bill should clearly spell out that the revenues received would go back to the municipalities in the benefits I have already mentioned.

Assemblyman Musto would have the off-track betting stations under the control of the State Racing Commission. I

think this is all right. It could, however, be under the control of a separate independent authority or some other agency, such as the Attorney General. This would be up to the Legislature.

The Musto Bill would provide for off-track betting on running and trotting horses through the pari-mutuel system. I agree with this.

I think the bill should include restrictions. For example, minors should not be allowed in a betting station and it should be illegal for persons under 21 years of age to bet.

Betting stations should be properly policed and conducted in an orderly and businesslike manner.

Persons not allowed at race tracks in New Jersey should not be allowed in a betting station.

It would be up to the Legislature to determine whether the off-track betting stations should be operated by the State or by license. If licenses are granted, the fee should be substantial.

Mayor Wagner of New York City estimates legalized off-track betting in that state would mean 100 million dollars in new revenues.

In New Jersey, legalized off-track betting would produce

three to five times the revenue now received from on-track betting.

I ask you, gentlemen, to consider this proposal seriously. We need new revenues and our people cannot afford a sales tax.

Thank you for your kind attention.

MR. ALEXANDER: Thank you, Mr. Mayor.

Are there any questions that the Members of the Commission or Advisory Committee would like to ask?

Well, I have one or two.

I wanted to ask you, first, what was the reason why Jersey City lost about \$250,000 in State School Aid, although the enrollment increased last year?

MAYOR GANGEMI: The reduction in equalization, that's what brought that on, Mr. Chairman, but we still have a higher enrollment in our city which costs our city more money to take care of.

MR. ALEXANDER: I take it your city, like some of the others in the state, is not satisfied with the present State Aid to the Public School System?

MAYOR GANGEMI: I am not satisfied and I know all of the people are not satisfied. The Board of Education is not satisfied. Taking away \$250,000 at a time

such as this, I thought it was a very drastic move and a burden set upon the people of our city, particularly the little home owners.

MR. NIXON: Mr. Chairman, may I ask a question?

MR. ALEXANDER: Yes.

MR. NIXON: On page 2 you have 130 million dollars, you mentioned that figure. Does that mean the United States or New Jersey, or what?

MAYOR GANGEMI: That's the United States, yes, sir.

MR. ALEXANDER: In one 24-hour period?

MAYOR GANGEMI: In one 24-hour period.

MR. ALEXANDER: Well, could I ask you another question; is that all right with you?

MR. NIXON: Yes.

MR. ALEXANDER: About Assemblyman Musto's Bill, about the same as the proposals made by Mayor Wagner?

MAYOR GANGEMI: I believe that it's about practically the same in some aspects.

MR. ALEXANDER: And what happened to Assembly Bill 30, did it not get on the board or voted on?

MAYOR GANGEMI: Well, what happened to

Mayor Wagner's bill--I hope that it doesn't happen to our bill when we present it to the Legislature, of course with your permission. I believe he had a pretty hard time trying to pass it, as you know, in New York City, and New York State is a much larger city and state than ours. And plus the fact that you have many elements to combat within New York City which we haven't in this state.

And I am proud to say that our city is clean of crime or any other unlawful procedures, and I feel the same way about that throughout the state, that we have a good state here and I am proud of it.

MR. ALEXANDER: I take it it is your judgment that if off-track betting were legalized, that there wouldn't be much bootleg betting any longer?

MAYOR GANGEMI: That's right, that's correct.

MR. ALEXANDER: I have no other questions.

MR. KERNEY: I have a few.

Mayor, you say in your testimony that you feel that any revenues from off-track betting should specifically go back to the municipalities.

MAYOR GANGEMI: In proportion.

MR. KERNEY: To be divided entirely among the municipalities as a relief to real estate?

MAYOR GANGEMI: It would be a relief to the taxpayer, particularly the little homeowners. And, of course, it would be a much increased revenue for our schools, for our streets, for highways, and it would help along without taxing the taxpayer, burdening him with taxes.

MR. KERNEY: I can understand your preference for municipalities and their needs against the county and the State's needs, but I gather, then, that you are recommending this as an aid to the taxpayer in the municipality, without respect to what the needs of the State and county are?

MAYOR GANGEMI: Well, if the City of Jersey City would get some more new revenues from this, that would mean the other eleven municipalities in Hudson County would benefit by it, like all the other municipalities throughout the state. This is not a one-way street; it is a two-way street. It would provide additional revenues for other municipalities throughout the state.

MR. KERNEY: That's all I have.

MR. ALEXANDER: Could I ask a further question along that same line?

MAYOR GANGEMI: Yes, sir.

MR. ALEXANDER: Would you have the total revenue collected anywhere in the state go into a pool and

then get paid out to the different municipalities, and would it be on the basis of population or assessment ratables, or what?

MAYOR GANGEMI: Well, I think that if it all went into a pool and then let this agency or authority, or whatever would be designated to take care of the income of this operation, that in proportion it would be dispensed with, say the same as you now aid the school program, on the basis of that. That would be about the most likely and proper thing to do.

MR. KERNEY: On a per capita basis?

MAYOR GANGEMI: Per capita basis. Of course, you are going to find one city doing more business than another, we understand that.

MR. ALEXANDER: We wouldn't speculate which city.

I just wondered whether maybe there might be some argument in favor of sending the money back to the municipalities by some formula not unlike the formula for distribution of State Aid to Schools. In other words, poorer municipalities or ones that had higher public enrollments would get more, even though they had the same population, than the next town which had higher ratables and less kids at school. That would

be another way of doing it.

MAYOR GANGEMI: Mr. Chairman, I think you can find many more ways of doing it which would be beneficial to all the municipalities. The thing is to get this bill through, either by legislation or by on the ballot. We need more revenue, there is no question about it. The entire state needs more revenue, and I can't see, for the love of me, where in a period of 24 hours close to 130 million dollars has got to go into the hands of a few, and where the State could have a great per cent of that.

It would help our highways, it would help our schools, it would help our institutions, our hospitals, it would help everything.

Today, with the clamoring of the school teachers all over the country for higher wages, and many other things, better school facilities, better playgrounds, recreation facilities and, of course, the home owner has been footing the bill, and here is so much money going into the pockets of the few. And so I think we ought to look up and look at it, and see that the proper thing is being done.

Gambling is going to go on. It was going on before I was born, I guess many, many other thousands and millions of people before they were born. It's not a question of

stopping it; you are not going to stop gambling.

MR. NIXON: Mayor, I would like to know how you arrived at three to five times the revenue received now on the track betting.

MAYOR GANGEMI: It relates back to the article, the Sports Illustrated Magazine; it relates back to that.

MR. NIXON: That's on a national basis?

MAYOR GANGEMI: That's on a national basis, yes.

MR. ALEXANDER: You apply the same proportion to New Jersey?

MAYOR GANGEMI: Yes.

MR. ALEXANDER: I have still one more question, which is: some of the people who have been in favor of new revenue sources, this one or a different one, are in favor of that because they want to see the burden on the local taxpayer lightened. Well, it would be, on the other hand, that more moneys could be collected your way or some of the other ways, but still the local tax rate would stay very high, or later increase. Have you ever given any thought to the possibility of some limitation on local tax rates, provided substantial new revenues were provided, like off-track

betting revenues?

MAYOR GANGEMI: Well, I feel this way, Mr. Chairman, that instead of having a sales tax which naturally goes back to the individual, what this proposal means, this proposal of off-track betting, it would mean that you eliminate any sales tax or any other type of revenue-raising, and naturally--say the City of Jersey City did not lose \$390,000 last year, and I am sure that the taxpayers' bill would have been less this year--and naturally, with the added increase of revenue coming into the city, the tax rate would go down.

It's not a question of using up all of the moneys for something that is not beneficial to the public as a whole. Today we are issuing bonds to reconstruct our schools--we need more schools in our city.-- Because of the various programs we have set forth under my administration, I feel that within the next five or ten years the population will grow in Jersey City because, geographically speaking--I don't have to tell you that situation, you are well-acquainted with it-- and we're in the best spot in the country. It's the gateway to the country. We are surrounded by rail, highway facilities, water facilities. And so we must work towards that end, to see that the population grows.

We have many industries coming in, and our programs are wide and kind of long-range programs, too, but the purpose of this today, this hearing, on my part is the fact that here are so many millions of dollars which no one, no decent person--let's put it that way--gets the benefit of, only a few undesirables. And it's about time that something should be done, and this is the only way it should be.

MR. ALEXANDER: Well, could I put the question another way? Assuming your proposal became true and the State got three times as much from legalized off-track betting than it is now getting from the track--that would be, I think, about 75 million dollars a year. If that were then distributed to the municipalities, according to population, I would estimate--well, Hudson County would get about one-tenth of it. Isn't it about 600,000 out of 6,000,000?

MAYOR GANGEMI: Yes.

MR. ALEXANDER: Then you would get, in Hudson County, the different municipalities, seven and a half million dollars for revenue more than you are now.

Now, I can see your eyes light up; because of that, Jersey City would get what, about half? What I am wondering is: would you object if the Legislature also says, puts some limits on the tax rates, so that--perhaps it wouldn't have to do

it in the case of Jersey City, but at least some towns that the tax rate would go up even with this new revenue, so do you think it would be unfair to have a limit put on the tax rate for a period while this new revenue has come in?

MAYOR GANGEMI: Yes, I can see your point, Mr. Chairman, and I think that something could be worked out to that effect.

But we expect in Jersey City by the new construction that we have been going through since the first of the year, we expect close to 14 million dollars. That's something that didn't happen in 20 years, and naturally when that comes into being, it's more ratables. There is no problem to the limit.

MR. ALEXANDER: If the public felt there was some guarantee against increase of local taxes, provided new revenues were provided.

MR. MARGOLIN: Did you say there is a limit to tax rates in other states?

MAYOR GANGEMI: There is, Pennsylvania.

MR. ALEXANDER: Any more questions?

Thank you very much, Mr. Mayor, for your testimony and your answering the questions.

MAYOR GANGEMI: Thank you.

MR. HARRY F. SALOMON: Mr. Chairman,

Members of the Commission: I wish to thank this Commission for the opportunity to present a retailer's point of view on the tax situation in New Jersey.

It should be understood, however, that what you are about to hear represents the views of not just one merchant in one city in this state, but the convictions of thousands of businessmen all over New Jersey. I speak for the Jersey City Merchants Council, which represents more than 3,000 retailers in our city. I will also speak for a group now in the process of organization--The New Jersey Committee Against A Sales Tax. Merchants from more than twenty cities in our state have already endorsed the principles which I will present to you here this afternoon.

Before many months have passed, I am sure it will be apparent that the vast majority of New Jersey's 65,000 retailers and their customers, the citizens of this state, support the arguments I offer now.

We oppose the imposition of any sales tax by the State of New Jersey.

It is our contention that a strictly businesslike conduct of state government, with maximum efficiency and minimum waste, will provide all state government services, with no need for added levies.

As briefly as possible, within the time allotted, I will state the ten main reasons why we oppose a sales tax.

1. 1. A sales tax falls heaviest on those least able to pay, the consumers. The segment of the population with the least economic resources will be called upon to bear the greatest burden if a sales tax is imposed. The 64 per cent of our families with incomes under \$7,000 a year would be hit particularly hard.

2. A sales tax would further reduce the buying power of the dollar, already depleted by inflation. After our citizens have paid for food, rent, mortgages and taxes, they find it difficult enough to make ends meet without the additional cut of a few more cents from every buying dollar in the form of a sales tax.

3. A sales tax would wipe out the competitive advantage New Jersey's retailers now possess against retailers of neighboring states. The fact that New Jersey has prospered without resort to broad based taxes is one of the foundations of our economy. It would be a tragedy to destroy this asset now.

4. A sales tax would substitute the "easy out" of new taxes for the more practical solution of reduction in government costs. It is absolutely imperative that we find

a way to call a halt to the expansion of government departments and agencies, far greater than is required by the expansion in population and services. Budgets can not only be held, they can be cut, if there is a will to do so.

5. A sales tax would build up an entirely unrealistic mountain of resentment against businessmen as "tax collectors." We have to be apologetic enough now at collecting federal excise taxes without being blamed for more levies. When we accept a customer's dollar we want to be able to give him a dollar's worth of goods or services, not just part of a dollar's worth.

6. A sales tax is one of the most difficult to assess, leaving itself open to many abuses and evasions. There are some unscrupulous persons in all walks of life, in professions, industry, business and government. To that type, the sales tax will be a bonanza, a windfall of shining new opportunities to cheat their government and their fellow men. This is an unpalatable fact, but a fact.

7. So vast a new tax would require new administrative forces and expenses to collect. The time-honored habit of governments and public services to indulge in "empire building" will receive a mighty shot-in-the-arm from a sales tax. Heaven only knows what percentage of this tax will go for

purely administrative expenses.

8. Retailers of this state are already overburdened with taxes and restrictions. Right now a merchant has to be part merchandiser, part accountant, part lawyer and part tax expert just to keep up with the myriad regulations and taxes winding intricately through the operation of his business. For a small businessman to handle sales tax bookkeeping along with this load would make him part magician.

9. New Jersey's great vacation and resort areas would be hit particularly hard by a sales tax. One of the pleasures that visitors from all over the world can enjoy in this state is freedom from a sales tax. Our entire economy profits from this asset. Why destroy it?

10. A sales tax would bring broad-based reduction in the economic status of our citizens, with consequent economic depreciation of the entire state. If this state adds a sales tax, it will soon start subtracting business enterprises. Sales taxes are non-productive. They don't provide jobs, except in government. They don't create products. They don't keep the wheels of industry rolling. They take money out of the productive cycle. The entire economy loses. Every consumer in the state, and that means every man, woman and child in the state, is a loser. That's a ridiculous way to finance

a government.

In closing, let me thank you for your patience in hearing these facts. I can assure you they are felt deeply by my colleagues in business and by their customers, the people of our state. There is widespread consternation at the very thought of a sales tax. That despair has not been communicated to you, purely from the lack of coordinated expression of this very real feeling throughout the state.

But this is a democracy, and sooner or later the voice of the people will be heard.

All I ask is that you be alert to that voice when it sounds from all parts of the state, as it surely will, and that you act to heed the message.

We, the people of New Jersey, do not want a sales tax.

Thank you, gentlemen.

MR. ALEXANDER: Do you have any questions?

MR. KERNEY: Mr. Salomon, I gather you are opposed to all new taxes?

MR. SALOMON: Yes, I would say that.

MR. KERNEY: From your statement you feel that a businesslike conduct--quoting from you--"a strictly businesslike conduct of state government, with maximum efficiency and minimum waste" would meet the needs of the local,

county and state expansion in government services, is that right?

MR. SALOMON: Correct.

MR. KERNEY: This, I assume, is predicated upon some study?

MR. SALOMON: Oh, indeed. I think the real answer to that would be economy.

MR. KERNEY: I wonder if you mind suggesting what might be cut out.

MR. SALOMON: I think that would be a pretty tough question to answer offhand. I am sure that in every business, if the head of the business really made a study of the business, he could find ways and means of economizing.

MR. KERNEY: As you may perhaps recollect, during the earlier hearings that this Commission has held, we were exposed to any number of appeals for increased services, or for relief to local taxpayers from the burden that real estate now carries. Only once or twice was there a voice raised in behalf of economy and at no point, while we had all sorts of specifics for new spending, at no point did we have any specifics where the economies might come from. I wondered if you might help out by making some suggestions.

MR. SALOMON: I would like a little time on it and I could make a study, if you would want it from me, but I think it might be better not coming from a layman, but rather from the heads of government.

MR. KERNEY: I would like to hear from anybody.

MR. SALOMON: I would be very happy to go back and make a study and send in suggestions, if you would like.

MR. KERNEY: I would appreciate it.

MR. SALOMON: I would be very happy to do that.

MR. KERNEY: I would like to ask one other question growing out of your statement. You say that a sales tax would build up resentment against the businessmen as tax collectors and would be difficult to assess, leaving it open to abuses. Is this the experience in other states that have sales taxes?

MR. SALOMON: Oh, indeed. Oh, indeed. It means that every storekeeper, every businessman that would be collecting these taxes must keep, or is supposed to keep, records of every sale that he makes and the tax that he collects. It is a pretty difficult job to supervise, statewide,

such an operation, I think you will all agree, without a terrific force of administrators, and this would cost an awful lot of money. If you were to go into examining the books of every business operation in the State of New Jersey, this would cost an awful lot of money. I think it would almost cost as much as the tax collected, if it really were to be done in a businesslike way and really cover the whole state. And certainly there are abuses. I think you all agree to that.

MR. KERNEY: I don't know.

MR. SALOMON: Well, I don't know for a fact, but I am sure--

MR. KERNEY: I don't know what the experience of other states with sales taxes has been in the way of abuses; maybe the people in those states don't know about the abuses.

MR. SALOMON: I can't answer that, I am sorry.

MR. NIXON: I have a question I would like to ask you, sir.

Here in No. 9, are you familiar with some of the city tax and sales tax that we have in Atlantic City; and if so, could you give me the percentage that it has cut down the people

visiting that city because of the tax?

MR. SALOMON: Not specifically I can't, no.

MR. NIXON: I think Asbury Park is about to introduce a tax, isn't it?

MR. SALOMON: Not a city tax.

MR. NIXON: But it hasn't stopped people from visiting those cities, has it?

MR. SALOMON: I don't think it has. I think people resent it, though. I know as a businessman I very often hear about people not wanting to go to New York to shop because of the tax. And they will often have merchandise sent, if it is a small enough item that can be delivered to Jersey, rather than paying the tax in New York. Or they would prefer to shop in Jersey. And I think that same thing would pertain to Camden, for instance, where it is so close to Pennsylvania.

MR. NIXON: Well, the Mayor made a statement that he was prejudiced as to the sales tax because of the people that we have in Camden coming over from Pennsylvania because of the sales tax. But what effect would it have, do you think?

MR. SALOMON: On people on the whole, I

think it would have a great effect, because people do resent taxes, and this is an added tax that certainly is going to give them more cause for resentment, and then, again, hurt the business people.

MR. MARGOLIN: A few minutes ago you heard the Mayor state that in one year Jersey lost \$250,000 in school aid, that's \$250,000 that's reflected in the tax rate and caused an increase to the taxpayer of Jersey City. How would you make up the deficit?

MR. SALOMON: Well, this certainly isn't going to help Jersey City that much.

MR. MARGOLIN: It certainly will, if they can get the \$250,000 back, because it will cause an increase in the tax rate in some proportion. It's got to come from somewhere; where is it going to come from? You haven't made any proposals at all, except the proposal that you're against tax.

Now, where are we going to make up that \$250,000?

MR. SALOMON: That's not for me to say; I am here to represent the business people, the retailers of the state, and we are opposing something that we are very, very much afraid of.

MR. MARGOLIN: It's not for you to say,

but it's for you to face the issue?

MR. SALOMON: I think that's more for you people to find out. I don't have the answer to that, I am sorry.

MR. ALEXANDER: I think that covers all the questions, then, Mr. Salomon, and thank you very much, indeed. And if you do have some specific suggestions--

MR. SALOMON: Yes, I made a note about that.

MR. ALEXANDER: Let me remind you that the State Tax Policy Commission gets the job about once, twice, three times a year, but every year a number of other people concerned with the tax would very much like to know where economy could be made. We are really not people that are in business.

MR. SALOMON: I certainly am going to send in a long note on that.

MR. KENNETH B. WALTON: Mr. Chairman and Members of the Commission on State Tax Policy, I appreciate this opportunity to appear before you.

My name is Kenneth B. Walton, and I am here as President of Kents Restaurant and Baking Company of South Jersey, with headquarters in Atlantic City. I am also here by specific

request by the President of the Atlantic City Chamber of Commerce and by action of its Board of Directors to represent the Atlantic City Chamber of Commerce as to what I would like to put before your Commission.

I would like to, if I may, sir--gentlemen--take just a brief minute to tell you just a little bit of my experience in this field, so it may help you to lend to my statement whatever you feel my statement deserves, and to evaluate it.

I am a small businessman. My firm was founded in 1930. It has been continuously operated under the same family in southern New Jersey, as you see, almost 60 years. I have been in direct charge of it since 1924, and in charge of this small business I have been dealing directly with the management of real estate and the tax problems of real estate and business personal property, as well as sales taxes, continuously since that time.

We have properties in Atlantic County and in Camden County. I might add that it was my firm which initiated the Walton Tax Appeal case, which is known as Kents Tax Appeal case, which was decided unanimously in our favor by the Supreme Court on January 9, 1961, and which has been called a historic case and set up a new method of providing relief from discrimination in the taxation of real estate. And so

perhaps I may give a little--it may give a little bit of background to this field.

MR. ALEXANDER: That is the New Jersey Supreme Court?

MR. WALTON: Oh, yes, the New Jersey Supreme Court.

My purpose, gentlemen, in asking you to let me appear before you and to make this statement is to deal particularly, though I would be glad to answer any questions you care to ask me in another field, if I am able to,--is to deal particularly with a provision of Chapter 51, Laws of 1960, and which is well-known as the Uniform Assessment Law. It was signed into law by Governor Meyner, as you will remember, in June of 1960. And the particular provision of that law that I would like to discuss briefly with you gentlemen is that provision which deals with the taxation of the tangible and personal property of business.

To refresh your minds, that law provides that the tangible personal property of business shall be put on the assessment books at its full book value, on the books of the company, with a minimal of 20 per cent, whether it's worth that or not, and that that full value at that time should go in with the full value of real estate and be subject to the same per cent.

assessments provided in that law as real estate.

In other words, if a county has chosen 50 per cent as its common level of assessment under this new law, as many have, and as ours has, it would mean that this--all of the book value of business equipment would go on the tax rolls in assessment of 50 per cent of its book value.

Now, before the Judiciary Committee of the Assembly, on December 14, 1959--and I notice you have a copy of it--

MR. ALEXANDER: No, this is something different.

MR. WALTON: Anyway, I appeared representing my business and also another representative of the Chamber who simply endorsed my views on this, and I testified against this provision before the law was adopted.

Necessarily, today I must repeat many of the arguments I made at that time, and I might suggest that perhaps those arguments must have had some merit, because now for two successive years this provision of this law, as you well know, has been postponed because of the storm of indignation and protest raised against it throughout the state.

At that time I pointed out that this would be a tax, if it is allowed to stand, against the productive machinery of business, a machinery that makes jobs. This is the investment

that provides equipment and machinery and tools with which we in business can create jobs for the people of this state. This is a direct tax and a discouragement for investment in business.

When a businessman invests his capital to try to provide employment and to earn a profit, he should not be taxed and penalized because of that.

Now, I have agreed that we have accepted the principle that real estate must be taxed, and when businessmen buy real estate, they expect a tax upon that investment, that's part of our real estate taxing machinery in this state. But I would like to call it to your attention--and I have a few figures here to back this general statement--that it has been our age-old policy in this state, and particularly in our county, to assess the productive machinery of business--and by business I mean, of course, the tangible personal property of business--at relatively nominal rates. And that purpose and that practice and that habit over the generations has a very good and salutary influence on our state and county because it encourages the investment of capital in the productive tools that make jobs and make happy homes. As a result of which in our state, for example--in our county, rather, for example, out of the total assessed value of real property--I beg your pardon,

the total true value, allowing for the percentage adjustment, the total true value of real property of about 702 million in Atlantic County, and this is one of the recent reports, the report of the Division of Taxation by Mr. Kingsley, and the assessed taxation of all personal property in Atlantic County is only 16 million, or $2\frac{1}{2}$ per cent. In the state as a whole, the percentage is somewhat higher. Out of a total true value of real property in the state, which is 23 billion, the total assessed evaluation of all personal property is only one billion, one, which is roughly 5 per cent.

Now, we don't have here the exact figures to show the evaluation of that business personal property and, as you will recognize, I dealt in one case, in the case of real estate, and it was the full true value. And in the other case I dealt only in the assessed value, because we don't have the figures. But you gentlemen who study this problem so much are well familiar with the fact that in most counties--and these figures are indicative of it--this productive personal property of business is assessed at very, very low figures.

Now, when we come along and suddenly say that that is going to be assessed at its full book value, the same as real estate, with the application only of the ratio of the county, and that is the effect of it, so that it is put into the tax

roll exactly as if it were an investment in real estate. And this produces a wedge, and in some cases a ruinous increase in the taxes of business.

Since the best evidence is the evidence you know the most about, I have a good example in our own firm, because we made out our return of tangible personal property under the first year of this new law, -and just before the law was postponed and the effective date was put off to first one year and then the second year and still postponed until next year, as you know, -but here is a good example.

In our case, under the present relatively nominal system of assessments, our personal property assessment for all of our business equipment was \$8,200 and the tax on it at the present rate in 1962 is \$568. Under the provision of Chapter 51, Laws of 1960 to which we have just referred, the tax on this same personal property will become \$3,812, an increase of 572 per cent. In other words, this would make the tax approximately six times as high as it is at present upon the productive machinery of our business. In fact, the increase in these taxes, unfortunately for us, is more than we have been able to earn in recent years, so that this would try to tax us, whether we had the earnings and profits to pay it or not, more than we would be able to earn.

this bill was adopted--we have found that it was practical and desirable to violate that principle right in the terms of this bill, because in the terms of this bill it is provided that inventories of businesses be taken for their standard of value at 25 per cent of their actual value, and so if the principle of taking a certain class of property at somewhat less than full value is recognized for inventories, it is recognized, I believe, also for farm equipment, and so forth.

And I wouldn't take the time to read the exact provisions, with which I am sure you are familiar, but if it can be recognized for those classes of property, it can also be recognized, I submit to you, for the productive and tangible personal property of business.

And so all we need to do is to amend this law, which has already been twice postponed, in this respect, as you know, so as to provide that the productive investment in business personal property shall be assessed like inventories or less, and this should not result in any general decrease in revenues, because they're already being assessed at a very low per cent. And therefore this is not a provision to take away revenue, it is a provision to prevent an unjust and unwarranted--and, in some cases, ruinous--taxes, increases of taxes in business.

If you will notice, the total assessment of personal property in the state amounts to 90 million--amounts to one billion, one dollars, of which a large part is this tangible personal property tax of business.

So we ask that this law be amended to provide this lower per cent of value for tax purposes of this tangible personal property of business in accordance with exactly the same principle, which is recognized and provided in this law, for business inventory, for farm equipment and machinery, and so forth.

I think perhaps I do not need to ask you gentlemen to give me any more time, except perhaps to quote one little figure here that perhaps might be of interest. I quoted you a figure about our 600 per cent increase, our six times over increase in personal property tax of business in our particular. In our particular case, to give you figures so that you can judge in size our total assessment of real estate on a 31 per cent basis, as it was last year, was 114,000, and our personal property assessment was 8,200, but that personal property had a book value of 111,000. In other words, the personal property was being assessed at about 7 per cent of true value, instead of the percent provided in this law.

I might add that in our community, our community

particularly--and I am sure that we are not unique in the state in this respect--there are many businesses to which this provision in the present law could come as just the kind of ruinous description I have given you.

Take, for instance, our great hotels that have a huge investment in personal property, which is their beds, kitchen utensils, chairs, and everything else throughout the hotel are personal property, and this would be an enormous and ruinous increase in their taxes. So, for justice, we ask that this Commission recommend to the Legislature this change in this law, which already has been twice postponed and the injustice which has been so widely protested against, so to keep the present relatively nominal taxation of the tangible personal property of business which makes jobs, prosperity, and happy homes.

Thank you very much.

MR. ALEXANDER: Could I ask you a question about that assessment as it is now, our tangible personal property, whether you could break it down between inventory such as machinery and equipment or other articles which are permanent, as distinct from inventory such as fixtures, the way one means a piece of machinery attached to the floor permanently?

MR. WALTON: Yes, sir. In our case--and I quote it only as an example, because I know the exact figures, but I know they're relatively typical. In the case of the present assessments, of course we have no breakdown on the assessment, because inventory and personal property are assessed in one shot, in one lump sum, and I gave you that figure as \$8,200 in our case.

But according to our return,--and here we will give you the answer, Mr. Chairman, which I think is what you want,--our return shows a value of business inventory of \$2500 and a value of depreciable property--that's after depreciation--a net book value of \$109,000. And the result of that would be a tax, under the law as written, a tax of \$3800.

MR. ALEXANDER: But of the 109,000, how much of this could be considered substantially real estate?

MR. WALTON: None.

MR. ALEXANDER: It's all movable?

MR. WALTON: Mr. Chairman, you may be sure, seeing the handwriting on the wall, that we have nothing in our equipment account that is real estate. Every bit of this is productive equipment of business. We charge to the building all those fixed pieces of equipment, such as heating plant, air-conditioning plants, and we charge them

directly to the building account. This is strictly equipment, this other is strictly productive equipment that we cannot in truth charge to the building account.

MR. ALEXANDER: Not only productive but movable?

MR. WALTON: That's right, productive and movable. It corresponds to the machines and the equipment of a factory. In our case it may be chairs and restaurant equipment, and so forth.

MR. ALEXANDER: Could I ask one more question? The tax reducing, as you propose, the productive personal property to the same valuation in ratio as inventory and farm equipment, would you make some reduction in revenues to the municipality, if there were a recommendation that was more sweeping than that with respect to personal property, because other types of personal property taxes have also been protested against, and there would be a much larger reduction. Do you have any suggestion as to how funds should be obtained by the municipality to make up for the larger or the smaller reduction, whichever it might be?

MR. WALTON: To question your premise, I do not think that the reduction of $12\frac{1}{2}$ per cent would reduce, on the average, the incomes from these personal property

taxes. As I did show you in our particular case, our personal property assessment as it is now is only some 7 per cent of our total real estate assessment, and it is on a very normal basis, it is also about 7 per cent of the total actual value, and it's been assessed right now, and the law has been postponed. This law has never been put into effect.

MR. ALEXANDER: So if what you proposed were done instead of Chapter 51, your personal property tax bill from Atlantic City would be about what it is now?

MR. WALTON: Roughly that would be it. At least it would eliminate the huge increase, and I didn't even suggest that it should be just as low as inventory, but at least no higher than the inventory. And in general, though we don't have the figures available from the public data that I have, we have no way of exactly measuring it, but you can see from the figures I gave you that any proposal like this would keep it somewhere around plus or minus the present relatively low assessment, and therefore I don't think it would interfere in general on the average with the present tax revenue of our taxing districts.

MR. ALEXANDER: Are you familiar with the testimony of the representative of the New Jersey Manufacturers

Association before this Commission in April?

MR. WALTON: No, sir.

MR. ALEXANDER: Well, his proposal was all personal property taxation be abolished and that it be replaced by funds sent to the municipalities by the State in part from a corporate and unincorporated business income tax. Would you subscribe to that proposal?

MR. WALTON: Mr. Chairman, in spite of the fact that we should improve things as we go along, and there certainly is a great deal of basis and merit in that, I think there is also--there is even greater merit in shunning any new bureaucracy of tax collection, when we already have a whole complete machinery throughout the whole state to collect taxes in this way, this personal property tax. And I don't think it is wrong in principle, I say it is wrong only in the sudden and enormous and ruinous changes they have made in it. And we have set tax collectors up all over the state to collect this tax, so why start this new bureaucracy to collect this new tax?

How fast do we want to go to socialism?

MR. ALEXANDER: I take it you would not agree with the proposal from Manufacturers?

MR. WALTON: I would be inclined to feel that there is certainly a great deal of merit in income taxes

versus this fixed lien; this fixed lien is only bearable when it becomes so small that it is nominal, so it would be nothing for a business to worry about.

MR. MARGOLIN: I have several questions because, as you know, Mr. Walton, you are a very popular figure with the assessors in the State of New Jersey.

MR. WALTON: I don't know about that; I hear they heard of me, but I didn't know that I was popular.

MR. ALEXANDER: Mr. Margolin is the assessor in Morristown, so you're a couple of pros here.

MR. MARGOLIN: You have testified that your share of the tax load under Chapter 51 would be, roughly, \$32,000, the assessment would be \$32,000, six times more than what the assessment is right now.

MR. WALTON: Not the assessment, sir, the tax load would be six times more than it is now.

MR. MARGOLIN: I imagine your tax load under the new set-up was computed under the provisions of Chapter 51, subject to regulations by the Director of Taxation, and could you tell me what regulations you will use and how your present assessment was obtained?

MR. WALTON: Oh, yes, I can, but I can't explain to you, as you know if you followed our case before the

Supreme Court, in any chronological story I can only say that those personal property assessments that they are now using in Atlantic City and in most of the small communities of our county--and I believe this is not completely unique in Atlantic City, although it seems to me that I remember in my testimony here before the Judiciary Committee that Morristown is the most model city in this respect. These are purely nominal figures.

Now, what do they say? They look at a restaurant and they say, "All right, we'll put in a thousand or two thousand," or something like that, "of personal property"--admitted it isn't scientific figuring. And what I am saying is that the per cent should not be so much higher as to introduce a completely ruinous increase in the taxes that we have. And it would be perfectly right to have it based on value in accordance with the provision of the new law.

MR. MARGOLIN: You questioned before the Court the standard by which your real property is assessed, and you wanted to make sure that the standards used in your case would apply to everybody else in the State of New Jersey.

Now, why didn't you use the same thing in your personal property? Don't you want the same standards that are used everywhere else in the State of New Jersey to be used against

your personal property?

MR. WALTON: The same standards everywhere else in New Jersey to be used for personal property-- yes, I just said that, that I think that would be a fair provision, but the percentage should be so low that it is nominal, in accordance with our historic tradition.

MR. MARGOLIN: Have you applied the same standards that are applied to your real estate to business personal property, to see if your assessment is correct?

MR. WALTON: No, we did not appeal the personal property tax.

MR. MARGOLIN: Why didn't you?

MR. WALTON: Because for the very reason that I testified to, sir, the personal property tax, by habit-- and I think it is a good custom--by custom, it has been put traditionally at such low, nominal figures so that it was not a matter of concern to the business operating.

MR. MARGOLIN: You mean in Atlantic City?

MR. WALTON: That's right.

MR. MARGOLIN: But not anywhere else?

MR. WALTON: I don't think that that's completely true, because if the business personal property is such a low percentage throughout the state, as low as I gave

you, it's 5 per cent of the total value of real property in the state as a whole and $2\frac{1}{2}$ in Atlantic County, so it can't be so much different. It may be different in degree, but--

MR. MARGOLIN: My complaint is simply this, it seems to me that the businessmen in New Jersey are objecting to Chapter 51 simply because finally, at last, we have gotten down to them and we are trying to make them do something that other people throughout the state throughout the years have done. The business people have not been carrying their share of the tax load.

MR. WALTON: What do you think their share is? When you start taxing them more than they earn, is that their share?

MR. MARGOLIN: I can't conceive that a hundred dollars' worth of air-conditioning is not worth a hundred dollars worth of bedroom or living-room.

MR. WALTON: We have already established that personal homes may be completely exempted from taxation, so if you want to assess it on the same basis, then you should provide in this law that business may eliminate it entirely.

MR. MARGOLIN: The reason that was eliminated is because there was no method of enforcing it. We have a method of doing it now, Chapter 51.

MR. WALTON: That doesn't say it should be completely exempted, as in the case of household property.

MR. MARGOLIN: Chapter 51 does not say in any way to enforce household property. But what I simply object to is the theory that 100 dollars' worth of machinery should not bear its load, the same as a hundred dollars' worth of living-room.

MR. WALTON: Apparently, what I have said to you, you perhaps either did not agree with or did not gather the force of it. I maintain that it should be taxed at a much lower percentage than an equal investment in real estate for the very reason that we have set up this system of taxation over generation after generation, and on this basis we have invested large sums of money, and to tax this productive machinery at such a high rate in many cases would increase the tax of business many times over in this respect, therefore in some cases ruining business, hurting employment and destroying the jobs of people.

MR. MARGOLIN: Wouldn't it conflict with our Constitution that says all property shall be assessed the same way?

MR. WALTON: No, sir, because in Chapter 51, Laws of 1960 it is provided that inventories and farm equipment and any other things like that shall be assessed also at

one-quarter of their true value, and it provides it as a definite State policy. And I maintain the same State policy should apply to the productive equipment of business that makes jobs, and that's the only thing that makes jobs.

MR. ALEXANDER: Thank you very much indeed, Mr. Walton.

SENATOR HENRY S. HAINES: Mr. Chairman, first of all I would like to present my associates to the Commission.

J. Louis Fuller of Burlington is Chairman of the Burlington County Development Committee, but not here in that capacity. He is here in an individual capacity, but because of his interest and background in planning, I asked him to come here with me, and also Herbert H. Smith, Associates, planners, of Trenton.

Now, we appreciate this opportunity to appear before you to present a point of view which we believe has not been emphasized to any extent before the Commission.

(At this point Senator Haines was excused by the Chairman to attend to other business)

MR. HARRY KOSANSKY: My name is Harry Kosansky, President of the Levittown Board of Education, and with me are Mrs. M. David Schaeffer, Member of the Board of Education; John Longden, Superintendent; Mr. Sidney Bookbinder, School

Board Solicitor, and Mrs. Donald Orloff, who just stepped out for one moment, and who is on our School Board as Secretary.

Mr. Chairman and Members of the Commission, we of Levittown are very appreciative for the opportunity to appear before you. We feel that we both represent a problem which is related to education in general as well as representing a unique feature of education here in the State of New Jersey. We have the distinction of being perhaps the fastest-growing community in the state, both population and school-age, and if we may use the figures which can be accepted by both State and Government officials, that 4 per cent school-age, growth in school-age population would be considered fast-growing--that figure is considered fast-growing--but our school-age growth has gone anywhere from 49 per cent,--and currently averages around 21 per cent per year,--so that in the past four years, or past six years, rather, from 1955 to 1961--and, of course, 1955 represents the time when Levittown was still a small township and had a school-age population of 146 of which only about 90 of those students were educated in the township representing the neighboring towns on the secondary level. We now have 4550, but if we reduce it to the '61 figures, 3880--and those figures are based upon figures supplied to us, we have shown a growth of 1899 per cent, a growth far exceeding the growth of any other community in the

state.

And so we will leave with you this information, or part of this information, before we leave this afternoon.

MR. ALEXANDER: Mr. Kosansky, could we borrow that to have it reproduced?

MR. KOSANSKY: Yes.

As a result of this increase in school population, for the cost of education our community requires about 70 to 75 per cent of the taxes raised from the local community. The increase of taxes from year to year is a rather excessive figure, we feel, for last year, as an example, from 1960 to '61, our tax increase was about 50 per cent for school purposes, and between 1961 and '62 our tax increase went down a bit. The increase at the present time is about 26 per cent over last year, and we feel that there is no reason to believe that this will go down any appreciable amount over the next few years.

We feel we live in a rather unique situation, because many of us--or all of us who moved into the community since the Levittown company moved in and built the town, for the first years they have assumed the major portion of the financial responsibility to schools. For the first year we moved in, they assumed 75 per cent for the operation of our schools, and this chart will show that--these yellow blocks here are the contributions

made by Levitt & Son, and the orange indicates the money raised by local taxes, and the blue would indicate the Federal--the State Government, and the orange the Federal Government.

So we see, back in 1958 when the community first began, that Levitt contributed 75.4 per cent of the moneys to carry on education. (See Levittown Exhibit at page 96)

MR. ALEXANDER: May I interrupt you?

The blue, you say, is the Federal?

MR. KOSANSKY: No, the blue is State.

MR. ALEXANDER: The Federal is orange?

MR. KOSANSKY: Yes.

MR. ALEXANDER: Why did it have to be as big as that, the Federal?

MR. KOSANSKY: This orange over here? I imagine because we have a large number of Federal employees living in the community.

MR. MARGOLIN: What is the reason for the drop in '60 to '61 in State aid?

MR. KOSANSKY: This, here?

MR. MARGOLIN: The blue aid, State aid.

MR. KOSANSKY: Oh, from 25 to 20 per cent?

MR. MARGOLIN: Yes. Why did it drop?

MR. KOSANSKY: The reason for that is one

of the features for our community there is a new community land that is of speculative nature, and it seems that there were two sales that took place that year which offset the computation of the true value of the community which entered into the computation of a fair share for our community, and for that reason our State aid was increased that year. And this is one of the other things I wanted to come to very shortly. So that it actually distorted, for that one year it distorted, and for this year, too, it distorted the picture of the amount of State aid we are receiving.

So we are moving from approximately 20 per cent of the all purpose tax to about 70 per cent, and assuming the cost of education. And also included in this picture is the fact that our schools were built by the builder; at this point we are reaching the point where we have a need for additional secondary schools for which the builder is not committed to build, and has indicated that he will not. Starting within a year or two, we will assume, begin to assume the additional financial costs for building new plants which, of course, will add to our tax picture.

The other thing is a fast-growing community. We also raise the point as to the way the present State aid formula is computed, and we receive our moneys based upon the average

daily attendance of the previous year, rather than the present year. And so this chart would indicate, the green bars indicate how much money we are receiving under the present formula, and the orange bar would indicate how much money we would receive if the formula was revised on a present basis. (See Levittown Exhibit at page 97) And, as a fast-growing community, with so many people coming in over the course of the year at the rate they do, this, of course, influences the amount of money which is received from the State. So we feel that the formula should be based upon present enrollment rather than previous-year enrollment.

Very briefly, another feature which is unique to Levittown, perhaps--and I think it was originally envisioned, and I don't speak as the foreplanner of the community but as a resident of the community, and many people moved into the community with the hope of moving into a residential area or suburban area from the city. And it seems that if we are going to be able to control the revenue, we will have to support industry.

The problem we face there is the fact that we have rather confined boundaries to our community and not very much suitable land available for this type of tax rate, plus the fact we would like to suggest that this may be taken into consideration in the tax structure, so that communities have a chance, and not only Levittown but other communities, also, have the chance to

remain residential, as they can do if the formula for raising the tax or distribution of the tax money was revised so we wouldn't be forced into the situation of importing industry on the community, which I feel will change rather severely the entire complexion of the community because of the closeness of the boundaries. It would require that industry would be very, very close to home owners right now.

I mentioned already, based on the questions that were asked, the whole area of land speculation which influences the way the tax is computed. But I hope that we have given our picture and some of the problems which we are confronted with, and we feel that we are rather unique in it, but yet represent a problem that is facing many people throughout the state.

And we would also like to submit to you some programs which have been devised and which are currently being carried out in other states, recognizing they are fast-growing communities and their needs for additional types of aid from the states.

We are also giving you the information of the rapid growth that we have. (See Levittown Exhibit at pages 98 et seq.)

I would like to thank you for the time that you have given us, and if there are any questions that we can answer to clarify our position, ask us.

MR. MARGOLIN: Is there any information on

the tax rates in this portfolio?

MR. KOSANSKY: Of the tax rate over the years?

MR. MARGOLIN: Yes.

MR. KOSANSKY: I don't think there is any in this book, here. We have this presentation which we did submit to the Governor, which does indicate part of the tax rate; however, the reason this has been revised is because we have revised our figures somewhat downward, based upon more knowledge that has been supplied to us in terms of our growth rate, although it hasn't altered the picture too much. We can leave you a copy of this report.

MR. MARGOLIN: Do you know what the tax rate is at present?

MR. KOSANSKY: At the present time for school purposes the tax rate is--for the total purposes, it is \$7.50 a hundred.

MR. MARGOLIN: Do you know the equalized percentage?

MR. KOSANSKY: I'll ask Mr. Bookbinder that.

MR. BOOKBINDER: Twenty-seven per cent.

MR. KOSANSKY: I believe that chart that showed a drop in State aid, I believe I went down from a 50 per

cent level to a 20 to a 27 per cent level.

MR. ALEXANDER: Could I ask you whether the municipality is having similar trouble on the financing of other services as it is having with respect to financing schools?

MR. KOSANSKY: At the present time there aren't very many required services in our municipality, for we are only five years old, and most of the services in terms of water and sewage and public works, police, et cetera, are rather young and don't require very much money. However, we anticipate that this is a problem which the municipal governments will have to reckon with over the next few years.

We have never encountered things like road repair. All of these things were put in by the builder, so we are reaping right now the benefits of the first few years. But I venture to say that in the next few years the local township will have to assume these responsibility, and I feel that it will require quite a rate.

We have a paid police department at this time and a volunteer fire department.

MR. BOOKBINDER: To enlarge on that, our water and sewage is under a utility authority whereby there is a separate rental picture under a long-term lease agreement, to lease it from the sources of the development corporation, which

is a subsidiary of Levitt & Sons, over a 50-year lease. At present they are paying a fixed rental, and the average rental per home for water and sewage is approximately \$17 per year. And there is no street maintenance at this point, and the police and fire situation is controlled by a volunteer fire, and the police is a staff group, but it is kept at a reasonable minimum because of the concentration of population, and it need not be too heavily enlarged.

MR. KERNEY: What is your present population?

MR. KOSANSKY: Presently, 20,000. However, according to the plans of the developer, it is approximately one-third completed.

MR. ALEXANDER: Well, the only possible solution to that, I would gather from what you said, since there isn't much chance of building because you don't have space for business or industry, the only possible solution is State aid.

MR. KOSANSKY: We feel that the formula right now, based upon \$200, we feel that it should be raised to approximately \$350, and I believe this has been the figure that has also been submitted by the Federation of State School Board, plus the fact that we feel that with current enrollment, it should be upon the current enrollment and not upon previous

enrollment.

MR. ALEXANDER: Even if you stepped it up
so--

MR. KOSANSKY: We feel that we could
realize, Mr. Chairman, approximately a hundred thousand dollars
more in State aid if it was based upon the present enrollment
rather than the previous year enrollment.

MR. ALEXANDER: You would like to see that
remedy plus something other than the 200-dollar figure?

MR. KOSANSKY: Yes.

MR. ALEXANDER: And I take it that is some-
thing that would be throughout the state?

The thing that sometimes troubles me is that why something
like this is happening most everything--and actually it is--and
I suppose part of the reason is throughout business and ratables,
and through some of the other municipalities--

MR. KOSANSKY: We feel the raise from 200
to \$250 will be felt throughout the whole state. The previous
year, while it still would be helpful to all other municipali-
ties or school districts, the fact that we far exceeded the
normal growth rate of 4 per cent perhaps should be considered.

MR. ALEXANDER: But you do feel there
should be something in the formula that provides more aid for--

MR. KOSANSKY: Right now, where the rates may increase as to every one house that's added to our house rolls, there is 1.4 children who enter our school system.

MR. ALEXANDER: I guess the only solution for the other communities is to marry and have more children if they want more of a share of State aid.

MR. KOSANSKY: We will be leaving with you a chart that indicates that, based upon the 1960 census, and we have taken a census of every child within our township below the age of five, and the increase that this will reflect is rather enormous.

MR. ALEXANDER: Thank you very much; I think that's all the questions there are.

(Short recess)

MR. ALEXANDER: S. Can we come to order again, please, and Senator, will you and your associates say what you want to say?

SENATOR HENRY S. HAINES: We did want to make it clear that we are here representing ourselves and not any organization. And our interest in this subject has been motivated by the fact--dating back to 1958--Mr. Fuller and I have been associated with county development, the Burlington

County Development Committee, and Herbert Smith, of course, was with the State Planning Division of the Department of Conservation and Development, and subsequently went into business on his own as a professional planner, and has been of great service and certainly is knowledgeable on the subject.

I will run through this as fast as I can, in order to conserve your time.

We have viewed most of the testimony that has been previously before your Commission and we have been disturbed that the emphasis was on justifying broad-based tax, and we believe that we have an angle that ought to be appreciated in the overall picture.

Mr. Fuller and I had sought research facilities in order to develop and substantiate our premise. While undertaking this approach, the Tax Policy Commission was commanded to deliberate, and has had such a deadline placed on it that time becomes of the essence. On this account we decided that our concern should be brought to the attention of the Commission, despite the fact that we did not have opportunities to develop our thinking more fully in order to show feasibility of our suggestion.

Now, you, Mr. Chairman, extended the courtesy to us of having taken the memorandum that I had submitted and had it

mimeographed for members of the Commission, and I would say that there is no point in going over all that material. We would like to emphasize the fact that while the previous speakers today have focused some attention on this general problem, we would like to emphasize that tax on earnings perhaps is more equitable than the personal property tax against business and industry. (See pages 115-117 Statement by Honorable Henry S. Haines, Senator, Burlington County)

Now, what I would like to do, with your indulgence, is to have Herbert Smith sort of give an explanation on the substance of our material here.

MR. HERBERT SMITH: Mr. Chairman, members of the Commission, Senator Haines, I appear before you not as a tax expert or as a representative of any interested group in terms of the expenditure of future moneys raised by taxation in the state, but rather as a planner who has had some 15 years' experience in dealing, or attempting to deal with the problems of the physical growth and development of the communities of the State of New Jersey.

In a rather immodest way, but only for the purpose of letting you understand this background, I would like to say that in my role as a private planning consultant, I have worked with some 150 New Jersey municipalities in planning and zoning problems. My firm has prepared comprehensive master plans

under the 701 Urban Planning Assistance Program for 60 New Jersey municipalities. In doing this, I have been struck with a number of things which I think are of vital concern to all of us in determining a taxing policy for the state.

Very quickly, these seem to me to be as follows:

First of all, as a planner, I can say that nothing affects the future planning and development of our communities more than the soundness of the taxing policy and that at the present time I am disturbed over the fact that we are permitting our taxing policies to determine the future of our communities, rather than sound planning.

Secondly--and conversely to No. 1--planning and zoning policies can and will determine the future taxing base. Now, this is true, regardless of whether it is a broad-based tax or whether it is a real estate property tax, because in long run, in the full measure, the taxing base--whether it be upon income potential or general welfare or real estate--is dependent upon the intangible characteristics of a community that make it attractive, desirable and on the tangible characteristics that make it efficient, in order to provide community services and facilities, and therefore a place to make a sound investment in business, in a home, in industry or any other type of use.

No. 3, present policy has created, fostered, and nursed

558 competitive municipal units in this state, and of unrealistic significance, it is one that is slated to result in chaos and in utter failure. This comes about from the fact that we are putting our municipalities in the position at the present time that each of them feel that they must go out and become Madison merchants regarding the potential of their community in order to obtain the type of land use that can provide them with ratables that will allow them to have a balanced economic base.

No. 4, sound planning has actually been discouraged by the present taxing policy and can continue to be discouraged unless careful thought is given in the evolution of a sound policy.

No. 5, and I think this one is extremely important in New Jersey, regional planning effectiveness has been made impossible by the present taxing policies, and it is my humble opinion that the real reason that we have had little effective regional planning in the State of New Jersey to date has been the problem that has resulted from the taxing policy and the fact that it has been extremely difficult to develop a land use pattern that makes sense on a regional basis and give to each municipality the thing that they are looking for, and that is the opportunity to underwrite their need for additional tax ratables.

No. 6, the real potential of urban renewal in our cities

is being lost, and if not being lost, it certainly is not being taken advantage of to the fullest extent, unless in terms of this same problem of taxing structure. And I say this from the standpoint of thinking that the difference between whether or not a community in terms of its urban renewal plans is productive in its use for industrial or residential development is to a large measure affected by the practical considerations of the ratables that must be required in order to balance the economy of the community and provide the essential services.

No. 7, I am afraid that we are developing a group that is following what I term "jump on the ratable bandwagon," and that as a result we are destroying tangibles in this state which can never be replaced, and which money prices cannot be put upon. I mean simply by that, gentlemen, that I have seen community after community, even after it has attempted to evolve a sound municipal planning program and sound zoning ordinance to effect that program, under pressure from exploiters and developers, in the sense of those that seek benefit from the attractiveness of the community, waving in front of their nose the carrot of an increased ratable provided immediately, overnight, and provided that the character of the community can be sacrificed by concession, and being told that: unless you accept my

proposition within the next 20 minutes, I will take it into the next community. And knowing that it is political suicide to turn down anything that offers a new 2 million-dollar ratable for the community, zoning principles, planning principles are then immediately made secondary, and the intangible character of the community that made it attractive in the first place is eroded away, and we start on the road of blight and plant the seed of the cancer of blight by the indiscriminate location of these ratables.

Just a few brief illustrations. Specifically, in our own work we have dealt with--as I have indicated to you--a number of New Jersey communities. I recall particularly the problems that affected the Borough of Sayreville and the Township of Madison in Middlesex County. Here we have an exact illustration of the kinds of things that we are talking about.

Sayreville is an older community, with a fairly extensive industrial business. Madison, on the other hand, has become a residential bedroom community. Many of the people in Madison homes commute to New York, to New Brunswick, to Newark, and also work in the plant in Sayreville. Sayreville has the benefit of the old, established industry tax base. Madison has to provide housing and part of the labor market for that industrial tax base in a residential tax base community, and

has to provide the essential municipal services, particularly schooling. This makes for a situation that if industry prospers, develops and furthers itself in Sayreville, Madison does not feel any of the benefit therefrom.

The same situation, even in a more drastic sense, applies in Monmouth County in the communities of Holmdel, Middletown. We, for example, prepared a detailed study of the economic situation of the Borough of Raritan and discovered that to get out of having double sessions in schools within the next five years and simply to run to a single-session school system within five years would require the construction of 143 new classrooms in the small Borough of Raritan, alone. And yet immediately next-door, in the Township of Holmdel, research activity, industry activity has been encouraged and successfully so, and at the same time the residential lot zoning in Holmdel for some 75 per cent of the open land left in the community is placed at an acre, whereas in Raritan, because of a slight entry into the planning and zoning field, the housing was already there, and new housing has come in using the zoning criteria based upon established characteristics and can therefore go no higher than 15,000 square feet. So we have a situation again in a single county of an imbalance between the development potentials of a region in terms of its benefit and

its effect upon separate communities.

We have a similar situation in Middlesex County, in the Township of Franklin, which has appeared before you, as have most of those other communities of which I have spoken.

MR. ALEXANDER: Somerset County?

MR. SMITH: Yes. I am sorry, it's Somerset County. The comparison does overlap into Middlesex County and--

MR. ALEXANDER: I have just illustrated why the problem is as bad as you say.

MR. SMITH: Yes, you have. And in New Brunswick we have an older established city with an industry waste, Franklin Township again the bedroom community, Franklin Township facing the situation of, in order to prevent, in order to overrun the need for municipal services, having to raise-- in its vacant area, the land that is suitable for sound growth and development--raised the zoning requirements to a point of being restrictive.

Bridgewater Township, on the other hand, at the other extreme of the area, has been successful in this competitive race of attempting to attract research or industry ratables, and has been put in the position that it can take care of increased growth, and yet at this same time some of the people

that will be working in the research and development in Bridgewater Township will undoubtedly be looking for places to live in Franklin Township. And here we cross county lines and again have no way of redistribution of the benefits of sound economic development.

Finally, we have, of course, the illustration that you have just heard from, the Township of Levittown, where it is my pleasure or my cross to serve as planning consultant. In the development of a master plan of the Township, we are well aware of the problems that the School Superintendent has presented to us. We are aware of the fact that in the total Township there is probably no more than some 200 acres of land that could possibly be used for types of land use that would be income-producing and considered to be non-child-producing, or non-cost-producing.

We are also faced with the very realistic situation there that industry is going to be extremely careful about being seduced to enter Levittown Township. They will have the feeling of what is expected of them. They will have the feeling that they are to be asked to accept passing off to them a large part of this tax burden, which has been built up by involvement, the explosion of a completely new planned community.

At the same time, in the extreme fringes we are having commercial and industrial development results in other townships that actually are being generated by the factor of the development of Levittown, and Levittown is being called upon, again, to be the bedroom and yet provide the amenities of community life for the people that will come into the area, with little hope of ever competing equitably in this ratable rat-race that we have put our communities into.

Now, what I am saying to you gentlemen is that I am seriously concerned that the time has come in New Jersey for us to no longer consider the problem of development of communities on an individual community basis, but that we must devise a taxing policy that will permit us to plan for an orderly land use pattern, and that will make sense, so that we can determine in advance the future development of our community by planning, and not having to adjust our planning to try to overcome the inequities of the economic base provided within the state.

Thank you very much.

SENATOR HAINES: I would like to have the opportunity to emphasize another point.

We have here someone who has had a great deal of experience in the undertaking of problems in the area.

MR. J. LOUIS FULLER: Mr. Chairman, again

I must say I do not represent anyone, and I am here today because of the experience I gained working with the Burlington County people, principally trying to develop Burlington County in trying to prepare them for the impact of growth back in the '40's.

It has been my pleasure in working with the group to have the opportunity to conduct and work with a good many industrial projects coming through the area looking for locations. I have learned a great deal from these people, and I find that they, the large industry, now expresses more concern about the welfare of their employees that might transfer into an area and of the tax situation than they do of the ground site, itself.

Burlington County is a large county, and it is not alone with the other counties in South Jersey with this problem. We have many industries who look us over and they do want to know what is the hypothetical tax of the building of such-and-such and an affair of such-and-such in this community, which can be estimated for them on the basis of the community.

As an example of what large industry will do in the interest of employees, the Shell Chemical Company has located a large operation in West Deptford Township in Gloucester County. I had the privilege of looking over an employee brochure, a very elaborate brochure prepared by Shell Chemical

Company to be distributed to all employees if they proposed to transfer to their New Jersey operation.

This brochure contained information about schools, churches, homes, prices, community history, the cultural advantages of Philadelphia, New York, and it went on to, I would say, within an area of 25 miles of the actual plant site, giving all this information to the employees. It also had where to look, the information--where to get the information to look for homes, recreation facilities, and so forth. It impressed me that they went to such an extent to prepare an elaborate brochure of most communities outside of the community where the plant would be located, again bringing to my mind that what the Township will benefit from the tax ratable there, and it's sizeable, but there would be Woodbury, Haddonfield, Collingswood, and the other nice residential areas who will have to assume the bedroom community problems and cost to supply the community services to the people who will man this plant.

We learned that industry today is being sought, and we know that not only by the townships in New Jersey, but all the states of our country are seeking good industry. They have the same problem of this economic balance of tax ratables and jobs, job opportunities, payrolls that make business. We find that industry today is being thought enough of that the competition is

extremely keen, and again they look for well-planned areas, not only the community in which they locate their plant, community in which the employees will live, and if they do not find that, they will have other ground sites or other places that are better planned and have a better sound structure, and we lose many of them.

So I present to you that this question and problem that does exist in supplying community services to people has reached a point where some consideration ought to be given to correcting that tax distribution between the plant itself that causes or gives the employment and the people, the community where the people live and of the extreme cost.

MR. ALEXANDER: I would like to see if I really have got the drift of what you are speaking of.

You are saying, for one thing, that a good many municipalities are in the process of either finding themselves in the position of Levittown, where their school and other service costs are excessive and they have no business industry to help them out with ratables, or there are other communities which are being spoiled from a planning point of view because in order to get the ratables they have to make concessions. That both these things are wrong and the solution you propose is not to ban industry from New Jersey and not to ban bedroom

communities from New Jersey, but to try to put the burden on a broader base than a purely municipal base.

The suggestion in Senator Haines' memorandum here is county-wide. The reason I jumped at Franklin Township is because you have New Brunswick and Franklin Township across the county line, so this I had intended to ask you anyhow, Senator, and knowing as you do, being an elected official, the problems of local autonomy as it is here, do you think it would be possible to try this on a state-wide basis, in order to get away from the disparity between the counties, or do you think you could get away with it on the county-wide basis, having in mind the strong sense of home rule that there is?

SENATOR HAINES: The thought was primarily to have a wider distribution of the commercial and industry ratables--industrial ratables. We suggested county because the real and personal property tax does not extend beyond the county level now, so that that seemed to be a good reason for talking about this on a county basis.

We did say in our remarks that we had not had the advantage of research study so that we are not prepared to say that this is the only approach, on the county-wide basis.

I personally think that talking about it on the county-wide basis would be easier than otherwise. I think that if we

are talking about having industry, industrial and commercial ratables go into the state level, there would be the fear that it wouldn't come back in the proportion that it went.

I think it would be easier to talk about it county-wide.

Now, we will find a situation such as you have mentioned between Somerset and Middlesex County in that particular area, but it would balance out pretty well within the counties, I think, but this is subject--as I say, maybe it could be on a recognized regional basis, some basis other than county lines.

MR. ALEXANDER: Well, the other thing that I worried about with respect to the home rule aspect of it is the very strong feeling that people have that they don't want federal or state control of their schools, they want them locally. And likewise, on a great many municipal things, including a good many planning things, they want to be able to have the kind of community that they want to have and not somebody from higher up telling them.

To solve the problem you speak of, Mr. Smith--and assume that somebody at a higher level says how much is enough and how much is too much of industrial ratables, for example, in a given community--do you think that all the communities will do the sensible thing on their own in a tax situation?

MR. SMITH: I would like to give you a

specific illustration in point. Dealing with Burlington County, we prepared a Delaware Valley regional plan for 26 municipalities along the Delaware River portion of Burlington County. One of the most vital features of that plan--and I am not proposing this as the ultimate answer--but one of the most vital features of that plan was the fact that the County had an excellent opportunity to develop an industry complex between the alignment of the New Jersey Turnpike and the new FAI 295 Highway. These two roads will be close enough together that in between is not land that can be related to a residential complex. And the fact that they are what you might call a semi-land service road or numerous interchanges, the other, a limited-access roadway, gives an excellent opportunity of transportation as well as advertisement.

Now, this industrial complex cuts across the boundary lines of five municipal units, but this left 21 municipalities that would have to be part of this total regional plan that had none of this industrial complex.

Now, as a result, the 21 municipalities were not kindly inclined toward this proposal, because if this were to be successful, if this were to go as planned--and it certainly made a lot of sense from the standpoint of the technical aspect of the future development of the area--it could mean that it would

pull away from their development potentials for industrial purposes.

However, if there had been some way to do this and then to have the benefit derived from this industrial development crossing five municipal boundaries redistributed through the entire region, and reflecting the benefit through the entire group of municipalities, I think that this would have been jumped on as a desirable proposal, and the result would have been, sir, not only that the county, the region and the municipalities would have benefitted, but this great state of ours would have benefitted tremendously with the amount of increased employment opportunities and the overcoming of the loss of business development and industrial development that we may be facing in this state.

MR. KERNEY: If I understand this clearly, you are proposing that the industrial capacity to pay taxes be equalized with the community problem, -which is a per capita problem, essentially, in many ways, -on a county level?

MR. SMITH: Yes.

MR. KERNEY: Rather than on a state level; yet the State seems to have some functions in determining, by the laws of the Legislature, what the requirements are of the municipalities for per capita school needs, for highways, for

any number of the local services which are controlled by the counties and the municipalities, but where the State sets requirements.

Wouldn't it be a fair equalization if this were done on a state-wide basis rather than on a county-wide basis? Have I made my question clear?

MR. SMITH: Yes. I think the Senator has already commented on this, and I will do likewise.

I have come, of course, as an individual and also without research on the question. I believe that, actually, the answer, Mr. Kerney, would be a combination arrangement, whereby you might utilize the counties on a collection basis aspect of this particular phase of the tax structure, with a joint participation across counties, and probably a participation of the State, because it is so involved in the things that you mentioned. So I think that probably a study of this--and this is really what I am interested in seeing--that in your work and in your judgment, which I know you are going to apply to this problem, that consideration is given carefully to the evolvement of a taxing policy that will be conducive to this kind of thinking, so that we can again come back to doing planning in the sense of sound principles of planning and the desirable development pattern that we need in the State, and not in terms of just tax

ratables.

MR. KERNEY: Well, I don't disagree with you at all; I raised the question because the more you go into a question, the more complex it becomes. I don't know what the answers are.

MR. A. ALAN LEVEEN: I have an outline of my presentation. Would you like me to give my background, first?

MR. ALEXANDER: Yes.

MR. LEVEEN: I am a CPA in the State of New Jersey and registered in New Jersey to practice before the Tax Courts since 1939, that is the Tax Courts of the United States. I am registered with the Treasury Department since 1938, the Treasury Department of the United States, and a member of the American Institute of Certified Public Accountants. I am a member of the New Jersey Society of Certified Public Accountants, member of the New York counterpart, and I am registered in Great Britain and all the dominions beyond the sea.

I should first thank the Commission for this opportunity.

Gentlemen: A great many of the witnesses who appeared before your Committee called for some form of "broad-based" tax. A constant theme running through your hearings was that the local property tax can no longer continue to support the rising

costs of education.

Some witnesses demanded a sales tax; others spoke for an income tax -- on the theory that they are "broad-based"--and many had a "personal axe" to grind: "Take the tax off my product and let's tax the other fellow."

This statement is submitted by me as a private tax-paying citizen of our State, representing no one and no group.

When the Commissioner of Education appeared before this body and estimated that state educational costs will rise at a much greater pace in the next few years, his remarks were characterized as "terrifying."

My own reaction: property taxes have increased three-fold in the last several years. The home-owner must not be burdened with one cent in additional taxes.

And, we frantically search for an equitable new method of state taxation, whereas we should first expend every effort toward economy in governmental operations.

My first recommendation is the organization of a "Little Hoover Commission" to "fine-tooth comb" every department, bureau and division of state government with an eye to economy in operations. Until this is done, can the New Jersey taxpayer justify in his own mind the need for additional sources of taxation?

Sales taxes and income taxes have been advocated as "fair-share" broad-based methods of taxation. This is wrong. The term "broad-based" is a misnomer and a fraud, since neither method of taxation will lower the home-owner's property taxes, but merely add to his tax burden, bearing in mind that 57 to 65 per cent of the home-owner's tax now supports educational costs. Any addition to the home-owner tax burden is inequitable.

I maintain the word "broad-based" has been prostituted in this state because "broad-based" now means to us either a sales tax or an income tax. We have been talking about the increased cost of state education and we begin to talk about a "broad-based" tax, and we forget that somewhere between 57 and 65 per cent of the personal property tax, and I am speaking of the home-owners, 57 to 65 per cent of those taxes include state educational costs, or school costs.

Now, if we speak of a broad-based sales tax or income tax, we are merely adding to the home-owner's burden, and any addition to that tax burden is inequitable.

The sales tax is most unfair because the greatest proportionate burden falls most heavily on the low-income group. To illustrate: A and B are neighbors; Mr. A earns \$15,000 per year and Mr. B earns \$5,000 per year. Estimating that \$3,000

is spent each year for basic living costs which would be subject to a sales of 3 per cent, the tax in each case would be \$90 annually. Yet, Mr. A pays 6/10ths of 1 per cent of earnings, and Mr. B pays 1.8 per cent. Here, a low-income earner pays three times as much as the high-earner.

Our cigarette and gasoline taxes are "in effect a sales tax"--we pay 7¢ in New Jersey taxes when we buy a pack of cigarettes and 6¢ each time we buy a gallon of gasoline.

Referring again to our neighbors, Messrs. A and B: both drive to work. Mr. A's office is 12 miles from home and Mr. B drives 12 miles to his factory. Each pays \$30 in gas taxes while driving to work during a year. Mr. A (who earns \$15,000), his cost is 2/10ths of 1 per cent, and Mr. B's cost is 6/10ths of 1 per cent of earnings. The low-income earner is burdened with three times the tax cost of the higher-income earner. This is not "fair-sharing."

A sales tax is not recommended for another most important reason: experience has proven that the cost of administering a sales tax is most excessive.

I direct the Commission's attention to the cost experience of the State of Ohio; the sales tax scandals of the State of Illinois; and the impractical working experiences of the sales tax in the City of New York.

My second recommendation concerns our gross receipts taxes, and can best be illustrated by quoting from an article in the Bergen Evening Record of July 31, 1961:

It says something about the taxes on Public Service's generating plant totaling \$2,015,375 for Ridgefield.

The article goes on to say that the borough rate has been cut to 222 points. The article goes on to explain that some of the residents of neighboring boroughs, especially Cliffside Park, have periodically proposed that Ridgefield's windfall be divided among its bordering neighbors.

I stress now that this 2 million-dollar tax is a part of Public Service's costs, and is passed along to the consumer in basic charges. I stress here that all of us in every town contribute heavily to this tax. Yet the archaic and obsolete method of allocation permits Ridgefield a windfall of over 2 million dollars, and a resultant drop in their tax rate of 222 points.

Now, what can this nonsensical inequity lead to? Ridgefield's rate will drop next year by 444 points and then 888 points. The more gas and electricity I use, the greater will be Ridgefield's annual windfall, until she'll be building schools and libraries, and more schools and more libraries, all with 15 carat doorknobs, rugs that thick, and even the

kindergartners will be using Parker 51's, while her neighbor-towns are educationally starved.

Parenthetically, I should explain that I use the Ridgefield case as a vivid example of the inequity of gross-receipts-tax-allocations. I apologize to Ridgefield for pointing. As a matter of fact, some of my best friends are Ridgefielders.

So my second recommendation, gentlemen, is the allocations of the gross receipts tax must be changed to an equitable state-wide or county-wide basis. These taxes must go into State educational funds for distribution for school districts on an equitable basis of school population.

Personally, I am inclined to think that the State ought to be the collection agent for these taxes, redistributing them to the various school districts on the basis of school population.

Now, I come to the "broad-based income tax." Tax history indicates most impressively that a new tax does not displace an existing tax. Illustrative of this is the most general war-time taxes, which were presumably temporary, and are still with us.

In New Jersey, the basic tax burden always has been and is upon the shoulders of the home-owner in the form of real estate taxes.

An additional tax (by any name) which does not take into

consideration the heavy burden of the property owner is not truly "broad-based," and will add a disproportionate tax load on the home-owner. It is for this reason that "broad-based income tax" is unfair and inequitable.

I will illustrate by using Mr. C as a home-owner, and he pays \$600 per year in real estate taxes; Mr. D does not own his home. They both earn similar income and each would pay \$350 (figure arbitrarily assumed) in a newly-enacted "broad-based" income tax to enable to the State to help defray rising costs of education.

The added burden to the home-owner is inequitable and unfair: included in Mr. C's property tax is 57 per cent of school costs or \$342. This educational cost plus the newly-enacted \$350 makes a total of \$692 paid by Mr. C for state educational subsidies.

The "broad-based" income tax is a misnomer, adds to the already heavy tax burden of the property owner and is inequitable.

Both C and D have exactly the same annual earnings, yet C's burden for educational costs totals \$692, while Mr. D pays only \$350. It does not spread evenly and fairly the burden of higher educational costs among all of New Jersey's taxpayers.

We in New Jersey have for many years shed crocodile tears

in connection with the extremely heavy tax burden of the homeowner. We must devise a plan that will take into consideration this burden and will ease it. As a matter of fact, President Kennedy has just appointed, a day or two ago, a study committee to survey the reasons for the rising numbers of foreclosures. I say, gentlemen, we in New Jersey know the answer. The uneconomic property tax is forcing foreclosure, forcing abandonment.

And so we come to my third recommendation, which concerns my opinion of an equitable plan of income taxation which is not "broad-based" but "wide-spread."

The "wide-spread" income tax is based on ability to pay; is calculated in graduated tax brackets; spreads the tax burden widely and equitably; and, does not add inequitably to the tax burden of the home-owner. It provides for a direct credit against the tax for that (same purpose) portion already paid and already included in the home-owner's property tax.

To illustrate the use of the "wide-spread" income tax, we refer to the same figures as in our previous case concerning Messrs. C and D, which demonstrated the inequity of the "broad-based income tax."

Mr. C owns his home and paid \$600 in property taxes (57 per cent of his tax dollars are earmarked for school costs).

Mr. D does not own his home. Both men have similar total annual earnings and have calculated their "wide-spread" income tax at \$350 each. The 57 per cent for school costs is \$342. The wide-spread income tax permits a direct credit of this \$342 against his income tax figures of \$350. We find now that Mr. C pays only a wide-spread income tax of \$8, so the income tax of \$350, the credit of \$342, and you the balance of income tax due as \$8.

Mr. D has paid no property taxes, has paid no school taxes, has paid nothing towards educational cost and gets no credit, and therefore his wide-spread income tax is \$350. Both men have paid a total of \$350 for educational costs, the illustration we use here.

The "wide-spread" income tax provides for a direct credit against the tax and not an allowance or deduction in calculating the tax.

The direct credit is equal to that sum included in property taxes, earmarked for a purpose similar to the reason for enactment of the income tax, such as shown in our illustration. And in our illustration we are speaking of rising educational costs. The wide-spread income tax is fair-share taxation, it is spreading the base.

In this report, I have concerned myself only with tax

policy and have strenuously avoided details or mechanics of tax collection and tax administration.

Somehow, -and for many unknown and mysterious reasons, -the enactment of a new tax carries with it the creation of a gigantic and costly bureaucratic monster of administration. This need not be so.

Like all recommendations, gentlemen of the Commission, it concerns itself with mechanics. First, I would create a study committee, which must include Certified Public Accountants. These men are most experienced in dealing with various tax bureaus.

Secondly, we should draw on the experiences of other states. A study of the history of the last 15 years of the New York Income Tax Department will enable us to avoid a bureaucratic monster.

Now, I realize that I must not go beyond the time allotted to me, but just another few moments.

Just as I am concerned with equity and fairness in taxing the individual and with equity and fairness in taxing the homeowners, so am I concerned with the equity and fairness in taxing business.

In my opinion, the most enlightened treatise on taxation presented to this Commission was submitted on April 25, 1962

by Mr. H.R. Brown of the New Jersey Manufacturers Association. I recommend for further study, and it is for that reason that I am not going into these names, I am in full agreement and recommend for further study Mr. Brown's Item 1, Corporate Net Income Tax; Item 2, Unincorporated Income Tax; Item 3, the Personal Property Tax, the Business Property Tax.

I don't know this Mr. Brown, but I disagree with him completely on the standpoint concerning the sales tax; I have made my own position clear. I have proven the unfairness of the sales tax base.

Mr. Brown also speaks of the bugaboo of the forms and paper work, and in my opinion that is not a bugaboo, I think it can be solved by my fourth item, which I have just gone into.

Gentlemen, a summary of my recommendations is:

First, a "Little Hoover Commission."

My second recommendation is: a change method of allocating gross receipts tax funds.

My third recommendation is the "wide-spread" income tax.

My fourth recommendation is: avoid bureaucratic monster.

We can avoid a bureaucratic monster most simply because the Certified Public Accountants in this state are most qualified to assist in planning.

Thank you, gentlemen.

MR. ALEXANDER: I wanted to add to Mr. Leveen's proposal--your proposal for distribution of the wide-spread income tax was that it be distributed to the school districts in proportion to the school enrollments?

MR. LEVEEN: Yes.

MR. ALEXANDER: You would not have any factor in there other than the school populations?

MR. LEVEEN: That being the basic cost.

MR. ALEXANDER: Yes, it is, but present School Aid form has taken other factors into consideration. You don't think that should be done in this case, too?

MR. LEVEEN: I have limited my study to basic educational cost. Now, of course, we realize that there are circumstances where that element must be taken into consideration.

MR. ALEXANDER: Yes, the Levittown place is one example, and some of the big cities are pretty unhappy.

MR. LEVEEN: I think that a formula of weighing our percentages is important.

MR. ALEXANDER: My other question was: you had a Mr. C and a Mr. D. One was a home-owner and the other, you didn't say where he lived, but I presumed that he had to pay some rent.

MR. LEVEEN: Yes, sir.

MR. ALEXANDER: And I would assume that the rent was something that enabled the owner of that place to be paying?

MR. LEVEEN: Yes, sir.

MR. ALEXANDER: And don't you think that on the whole the renter gets stuck with his share of the burden?

MR. LEVEEN: Of the real estate tax, of course he does, but I am saying that the taxpayer, the renting taxpayer is not bearing his fair burden. I say it is infinitesimal. All of our elements go into cost in order to calculate the income on a piece of property where renters are concerned and so, of course, that is true. But my contention is that it is infinitesimal. As a matter of fact, we all pay hidden taxes. We are not aware of them, the hidden taxes, and they are minute.

My contention is that the burden of taxation in this state should be on everyone, fairly.

MR. ALEXANDER: Any other questions?

MR. KERNEY: Well, I just want to raise one question here. You assume that an income tax, personal income tax, if established, would be used entirely for school costs?

MR. LEVEEN: I used that as my illustration. My first recommendation, I think, is very important when we are concerned with the tax policy. I think that this State needs a Little Hoover Commission. I also think that this State needs a lot of extra money. Right now we are primarily concerned with educational costs, institutional costs, welfare costs. I believe in solving one problem at a time.

MR. ALEXANDER: I think he is getting you off the hook.

MR. LEVEEN: I will say a word on that, Mr. Chairman.

Our gasoline tax was earmarked originally--I would like to say this, I think that in studying tax policy, personally I won't be concerned as to whether or not home rule would come into my thinking, or the element of home rule. In studying tax policy, I would say that this is a solution, and we will say Solution X, because I don't want to be prejudiced about my own solution, but let's assume that we arrive at a rule, and there are problems there concerned with home rule. If Solution X, the Solution X is the only answer, then I say: let's throw our problems in to the Legislature and let them solve them for us. Because as a student of tax policy, and a very practical man, 24 years in taxation, I say: let's solve our problems

only as they concern State tax policy, and the solution is we will let the Senators and Assemblymen solve it.

One of your witnesses said if we can get the general taxpayer behind us--if we are right, the general taxpayer will be behind us. I don't think we ought to be concerned about that.

MR. KERNEY: On the tax policy, the Constitution provides that we will not earmark any taxes for any special purposes.

MR. LEVEEN: The wide-spread income tax will guarantee to the home-owners that real estate tax will go down. This is the only way you can absolutely guarantee that they will go down.

Now, I am saying that if you enact a broad-based sales tax or income tax, you are burdening the home-owner.

Now, we have been talking about the home-owner for years now. We know that the tax is beyond his income, it's over his head now. We must not burden him with one cent more unfairly or unjustly.

MR. KERNEY: Unless you reduce his property tax?

MR. LEVEEN: Now, the home-owner who pays his property tax is bearing most his costs of education. By that I mean his burden is so much greater than the other

taxpayers in our State. It is the most inequitable--we are speaking of: let's get some broad-based tax, and I don't like the term "broad-based," because now it means an income tax or sales tax and it means an added burden.

I would like to speak of my wide-spread income tax, because this will guarantee that the property tax will go down, and I am saying that President Kennedy can be told something by us, here in New Jersey, about the excess burden on the property owner.

MR. ALEXANDER: May I say that what I think your wide-spread income tax does, as compared to the normal personal income tax in other states, is to give a direct credit instead of a deduction or a share of the real estate tax that is allocated to school costs, speaking of municipalities. You therefore give him that much of an advantage over somebody else with respect to his income tax payment; while it's possible that a municipality in a school district is going on spending more money, so that his local tax bill will be as high now or higher, plus whatever wide-spread taxes there are.

You have in mind some limitation on what the local tax rate can be?

MR. LEVEEN: It is for that reason that I didn't want to go into some of the discussion that has taken

place before the Commission.

Now, the witness before me said something about the 523 taxing departments. Now, this is correct; this is right. I am in full agreement with this. We have 523 taxing authorities in this State. We must set a limit, we must put a limitation on how high the property tax can go, and at the same time, through the use of a wide-spread credit, when it reaches that maximum, the local taxing bureau is not losing any money, because the property owner is paying his \$342 to the local bureau and not to the State in this case, and when property taxes go down, then it becomes not \$342 but \$142, and the \$100 goes to the State. I say that this guarantees the reduction of homeowners' property taxes, and real estate.

And, gentlemen, I am full of compassion as to your problem here; I fully realize the problem.

MR. ALEXANDER: Thank you very much; that's appreciated.

MR. LEVEEN: I know that you're beyond time, but I would like to just make one mention. The Chairman raised the question, maybe two or three witness before me: do you know what the sales tax experience was in some other states? I think that was the question directed at the witness.

I point to the State of Ohio, I point to the State of

Illinois, I point to New York City, and I say to you gentlemen: the Certified Public Accountants in this state can avoid completely bureaucratic monsters very simply.

I should like to take two minutes in speaking of the history of the income tax of one of our neighboring states.

Many years ago the income tax was enacted, and while the income tax from the Federal Government says to deduct one item, two items and three items, we can't do it that way because if we do, we wouldn't be able to hire our two or three or four thousand auditors, we wouldn't be able to create this bureaucratic monster. And in time we must justify the reason for this gigantic monster.

And now, we will say, the Federal tax permits us to deduct State gasoline taxes, as an example. Well, we in our state will enact a law saying that we will not permit them to deduct Federal gasoline taxes. I am just going into this simple thing as an illustration.

Now, my State income tax form is entirely different than my Federal income tax form. Now, we see the need for a bureaucratic monster, and over the last 18 years we have changed our filing in our neighboring state until today we say: what's on Line 12 of our Federal return? Put this on our form and just give me 10 per cent of that.

Now, there is no need for a bureaucratic monster. Now all you need do is take a photostat of my Federal return and send it to my State. I am speaking now of a hypothetical state, but the history of this monster, this terrific, gigantic monster in our neighboring state is exactly as I pointed out today.

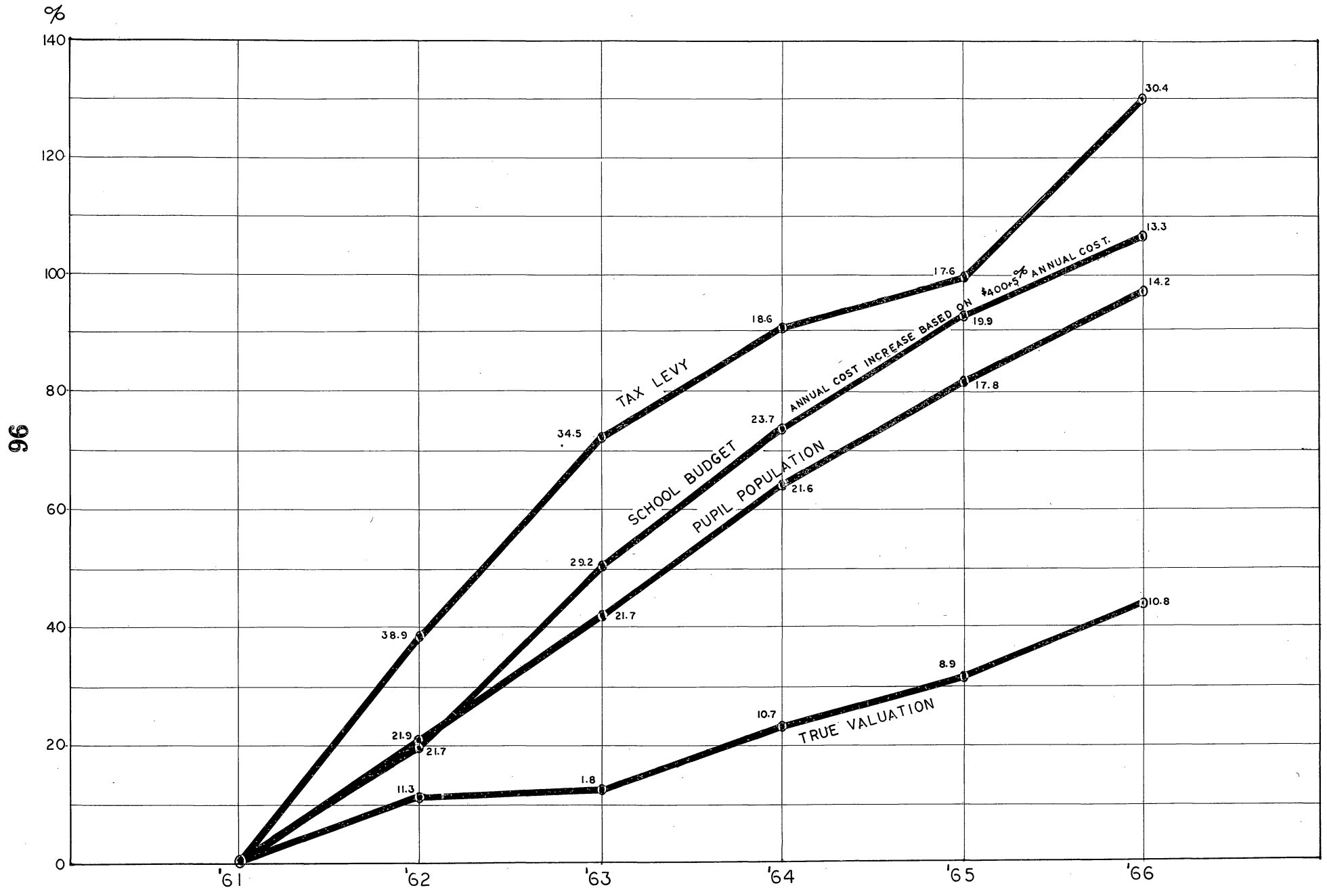
MR. ALEXANDER: Well, sir, should this Commission recommend any form of income tax, wide-spread or otherwise, I am sure that it would make a strong recommendation against an undue bureaucracy in the Division of Taxation.

Thank you very much, indeed.

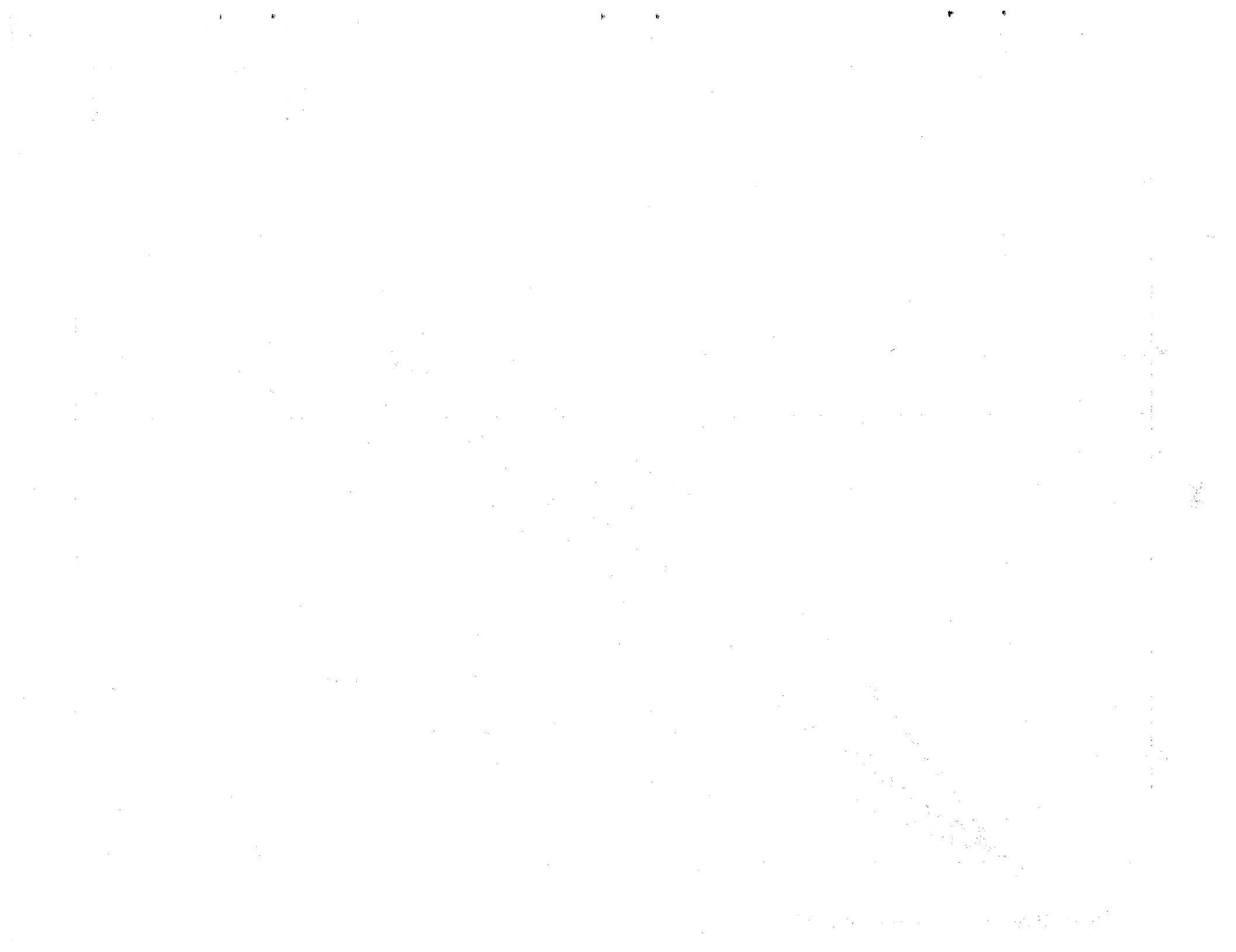
(Hearing adjourned)

1961-1966 GROWTH FACTOR IN LEVITTOWN SCHOOL COSTS*

#5



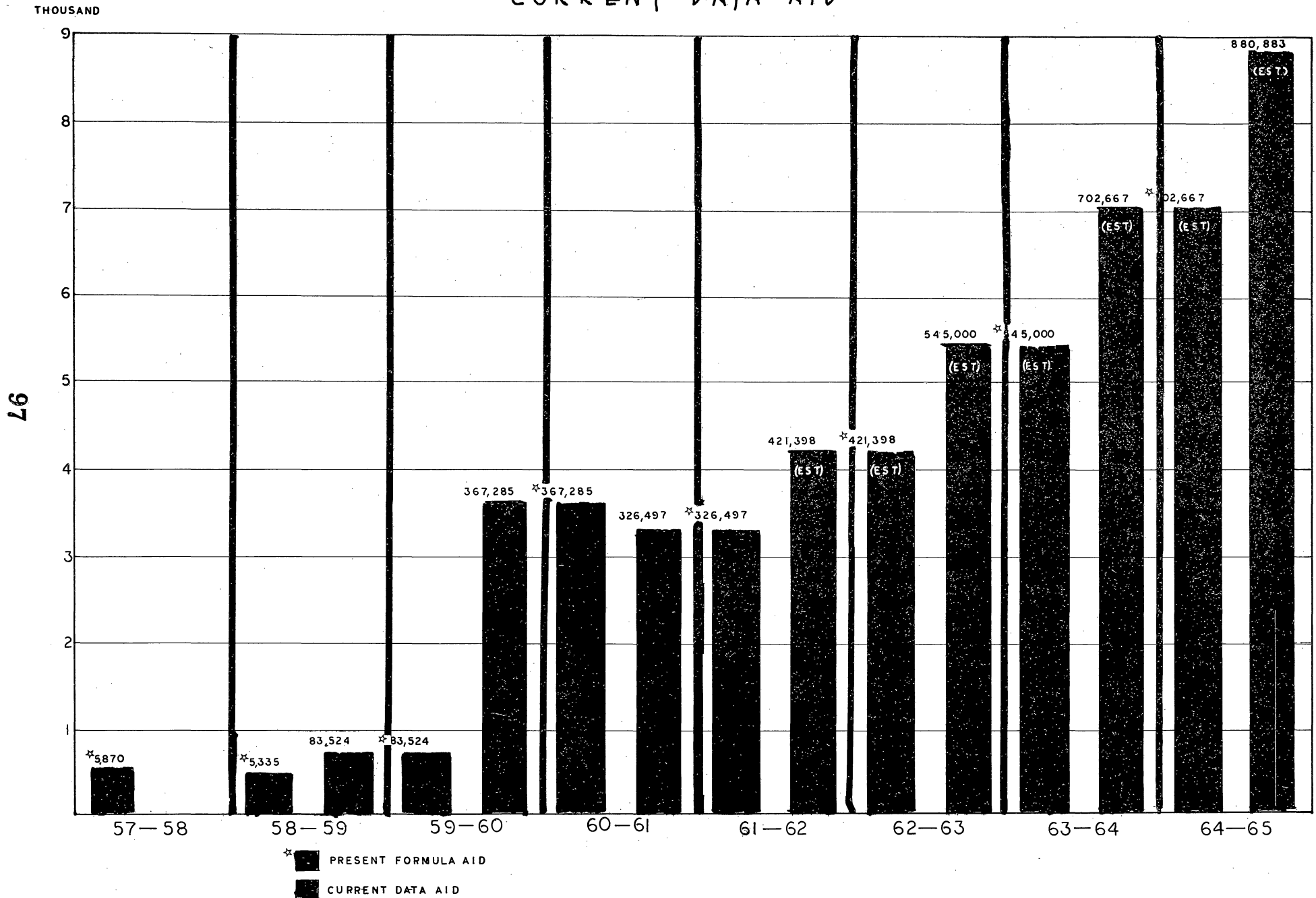
*PERCENTAGES INDICATE INCREASE OVER EACH PRECEDING YEAR.



STATE AID TO LEVITTOWN SCHOOLS

COMPARISON OF MONEY AVAILABLE UNDER PRESENT FORMULA AS CURRENT DATA AID

#6



PROBLEMS OF A FAST GROWING SCHOOL DISTRICT

LEVITTOWN, NEW JERSEY

*** * * * ***

**PRESENTATION TO NEW JERSEY COMMISSION ON STATE TAX POLICY
THURSDAY, JUNE 21, 1962**

TO THE NEW JERSEY STATE TAX POLICY COMMISSION:

We of Levittown appreciate the opportunity to present for your consideration the problems of a rapidly growing school district. It is not our intention to consume your valuable time with a presentation of statistics which are generally available to you, but very briefly we would like to indicate that

• Since 1958 Levittown's population has mushroomed from approximately 850 residents to 20,000.

• The public school enrollment has grown from 115 pupils in 1958 to 4554 at present with a projected school population of 7989 by 1965.

• Exhibit I is a school population study with which we support this projection.

• Exhibit II is a bar graph which summarizes this growth.

• In the beginning, contributions from the community builder, Levitt and Sons, kept the local school purpose tax very low. This, together with his practice of constructing, equipping, and donating the schools, led perhaps to a false sense of security.

• Exhibit III vividly depicts this.

• The rapidly expanding pupil population and the increased tax rate to provide education has created a very real financial dilemma. In each of the past two years, the school budget has been defeated twice. While the budgets have not been extravagant, it is evident the people cannot afford what they need.

• The N.J.E.A. made a study of selected rapid growth school districts. A glance at this study, which is introduced as Exhibit IV, will indicate the enormity of the problem within our state.

• To support the contention that such districts need additional assistance, we present an analysis of state aid programs including growth factors which are presently used by six other states. We have labeled this Exhibit V.

In summary then, may we say that we feel the heart of the problem is obtaining the answer to the question "How Much is Education Costing This Year?" We know that many groups have pointed out the inadequacy of the present State Aid formula which is based on a \$200 per pupil cost, when in reality the cost is nearer to \$500 ; and the further restriction it offers by delaying for one year the payment of current expense money and two years the payment of capital aid. These restrictions pose a very real problem to stabilized districts and have a much greater effect on fast-growing communities.

We feel sure that the Tax Policy Commission is cognizant of this and would be inclined to react favorably in recommending assistance. We would not wish to see the adoption of any formula that would detract from well established districts, but we do urge an upward revision of the foundation program to reflect more adequately the increased costs of education. A fast growth district like ours must turn to the state to help us meet our financial problem.

It is respectfully recommended that

- Formula aid be increased from \$200 to at least \$350 per pupil.
- The formula be revised so that payment is made on current data concerning pupil enrollment rather than the previous year's.
- The revised formula aid include a "special relief factor" for districts experiencing rapid growth.

YEAR OF		Totals	K	1	2	3	4	5	6	7	8	9	10	11	12
YEAR OF 1956-57	WILLINGBORO	146	23	18	10	12	16	12	11	10	11	10	5	4	4
YEAR OF 1957-58	WILLINGBORO	115	9	14	17	8	12	8	7	6	10	11	4	5	4
YEAR OF 1958-59	SOMERSET	877	108	100	106	100	86	87	79	77	37	40	22	21	14
YEAR OF 1959-60	SOMERSET	962	146	141	98	131	108	95	98	56	89				
	BUCKINGHAM	991	122	150	119	120	111	117	87	78	87				
(Opened Jan. 4)	PENNYPACKER	358	45	52	52	46	29	24	21	74	15				
	TOTAL	Sec 323	313	343	269	297	248	236	206	208	191	108	90	75	50
		2634													
YEAR OF 1960-61	SOMERSET	961	172	74	77	51	59	113	122	75	71	57	35	31	24
	BUCKINGHAM	1135	158	113	121	104	107	87	52	95	83	89	52	45	29
	PENNYPACKER	1063	99	119	110	102	140	92	81	71	88	67	50	22	22
	MILLBROOK	721	121	79	61	58	66	70	69	50	42	39	32	24	10
	TOTAL	3880	550	385	369	315	372	362	324	291	284	252	169	122	85
YEAR OF 1961-62	SOMERSET	783	115	75	65	65	63	77	69	63	52	55	40	26	21
	BUCKINGHAM	1213	167	148	110	120	91	110	100	91	74	79	57	37	29
	PENNYPACKER	1143	160	127	106	100	88	107	97	88	72	77	56	36	29
	MILLBROOK	1166	137	149	124	95	90	109	99	89	73	78	57	37	29
	HAWTHORNE	246	24	28	25	20	18	22	20	19	19	21	15	9	6
	TOTAL	4554	603	527	430	400	350	425	385	350	290	310	225	145	114
YEAR OF 1962-63	SOMERSET	912	116	108	95	77	72	63	76	69	63	52	55	40	26
	BUCKINGHAM	1309	166	155	136	111	103	91	110	99	91	74	79	57	37
	PENNYPACKER	1277	162	152	133	108	101	88	107	97	88	72	77	56	36
	MILLBROOK	1293	164	154	135	110	102	89	108	98	89	73	78	57	36
	HAWTHORNE	783	98	93	82	66	62	54	66	60	54	44	48	34	22
	TOTAL	5574	706	662	581	472	440	385	467	423	385	315	337	244	157
YEAR OF 1963-64	SOMERSET	1010	124	116	108	95	77	72	63	76	69	63	52	55	40
	BUCKINGHAM	1453	179	166	156	136	111	103	91	110	100	91	74	79	57
	PENNYPACKER	1416	175	162	152	133	108	101	88	107	97	88	72	77	56
	MILLBROOK	1436	176	164	154	135	110	102	90	109	98	90	73	78	57
	HAWTHORNE	1431	176	163	153	135	110	102	89	108	98	89	73	78	57
	TOTAL	6746	830	771	723	634	516	480	421	510	462	421	344	367	267
YEAR OF 1964-65	SOMERSET	1103	133	124	116	108	95	77	72	63	76	69	63	52	55
	BUCKINGHAM	1586	191	179	166	156	136	110	103	91	110	100	91	74	79
	PENNYPACKER	1546	187	174	162	152	133	108	101	88	107	97	88	72	77
	MILLBROOK	1569	189	177	164	154	135	110	102	90	109	98	90	73	78
	HAWTHORNE	1563	189	176	163	153	135	110	102	89	108	98	89	73	78
	GARFIELD	622	75	70	65	61	54	44	41	35	43	39	35	29	31
	TOTAL	7989	964	900	836	784	688	559	521	456	553	501	456	373	398

SCHOOL CENSUS AND POPULATION PROJECTIONS

Gathering population data and organizing it for effective use is an annual activity in most school districts. The most common population studies involve:

1. School Census - a record of all residents - minors - from birth to a specific age.
2. End of the year enrollment report.
 - a. Makes total available for each grade and school
 - b. Gives an accurate sampling for a single day in a given year.
 - c. Enables us to make relatively accurate predictions on the basis of the number of housing units and the numbers of students entering school at a given grade level from a fairly 'established' neighborhood (i.e.: Buckingham, Pennypacker, Millbrook, Somerset)

For this study we must use the second method. An accurate school census is a useful tool; unfortunately, the population studies conducted by the P.T.A.'s have not been uniform in scope. The validity and reliability of studies done without uniform controls are open to serious question.

School population studies provide basic information for planning many areas of the schools' educational program.

1. The school budget is dependent on the number of pupils to be educated.
2. Boundary lines for attendance areas and plans for re-districting are affected by population shifts.
3. Number of teachers for each school and grade is dependent on pupil population and its location.
4. Transportation routes and facilities must be authorized to take care of pupil population.
5. Emergency housing and building programs are predicted on population studies and education needs.
6. Age, grade distributions affect expenditures per pupil for textbooks and other instructional supplies, materials and equipment.

7. Special staff requirements are determined by per pupil load.
8. Scheduling in the secondary school requires a knowledge of subject-class enrollment.

Each of the above factors must be given due consideration in our educational planning both on a year-to-year basis and over a long term period.

Lack of census data means confining our study to the following area:

1. Number of pupils per grade
2. Number of pupils per house per grade
3. Number of pupils per section per grade
4. Number of pupils per neighborhood per section per grade
5. Total pupils per district per home, elementary
6. Total pupils per district per home, secondary
7. Total pupils per district per home.

Factors that have been considered as having an influence on our predictions:

1. Resale of homes will balance out in terms of number of students in attendance per grade.
2. The addition of a section of first grade at Corpus Christi will affect our kindergarten and first grade enrollment. Corpus Christi has three sections of first grade with a total of 180 students.

Corpus Christi Survey:

<u>September of Year</u>	<u>Pupils enrolled</u>	<u>Pupils per Home</u>
1960	21	.067
1961	73	.130
1962	92	.150
1963	118	.213
1964	118	.195
1965	118	.180

On the basis of this information we estimated that 62 youngsters will not enroll in our kindergarten or first grade but will go to first grade at Corpus Christi. It is expected that the Corpus Christi first grade enrollment will remain constant until 1965.

3. Housing developments on non-Levitt tracts could very well force redistricting unless a school is provided by the builder. We have no definite information on this subject; therefore, we are not able to give it any consideration.
4. Predictions of attendance for Hawthorne and Garfield involved a correction factor based on the growth and development of our older sections. The pattern of housing units was not given the weighted consideration it merits. A lack of information makes this impossible. We are assuming that Levitt will build 500 additional units in 1963, 1964, and 1965. At this rate, Garfield will be a community of approximately 500 homes in 1965.
5. The predictions will vary .001 or 5 pupils above or below the estimated number of pupils for a given grade for the year 1963. Each year the range of variance will increase. All estimates are conservative and changes in building patterns and the number of units will certainly be reflected.
6. Consideration of withdrawals is reflected in the development of all factors involving enrollment of pupils per house. There are definite limitations to the story told by the following statistics. However, we are presenting a current picture which must be studied and revised as we receive more information.
7. The development of a factor for determining future enrollment was done by $\frac{\text{no. of pupils per grade}}{\text{no. of houses}}$ = factor for determining how many youngsters will be in a given grade.

Previous enrollment in a given grade and head count of kindergarten youngsters were used where data could be validated.

Actual grade enrollments were used for our base year 61-62:

It was further determined that our three biggest Parks: Buckingham, Pennypacker, and Millbrook show consistent patterns of school attendance.

Base Year 1961-62:

	Homes	K-6 Students	K-6 Students P/Home	7-12 Students	7-12 Students	K-12 Students	Students P/Home
Somerset (inc. 129 older residents)	888	529	.60	257	.29	786	.89
Buckingham	1274	846	.66	367	.29	1213	.95
Pennypacker	1244	785	.63	358	.29	1143	.92
Millbrook	1260	803	.64	363	.29	1166	.93
Hawthorne	263	157	.60	89	.34	246	.94

The factors developed have built in corrections to take care of variables previously cited. The factor will vary greatest when we attempt to predict actual enrollment in a given grade in a given park. There is a possibility of refining the predictions for Somerset and Hawthorne with additional data. All predictions have been based on the pupil per grade factor taken from attendance figures for 1961-62 school year and the number of homes occupied.

TABLE I

YEAR	# HOMES	K-6 ELEM. ENROLLMT.	K-6 STU-DENTS P/HOME	7-12 SEC. ENROLLMENT	7-12 STU-DENTS P/HOME	K-12 TOTAL	K-12 STU-DENTS P/HOME
1956-57	141	102	.72	44	.32	146	1.04
1957-58	141	75	.53	40	.29	115	.82
1958-59	1243	666	.54	211	.16	877	.70
1959-60	3113	1912	.61	722	.23	2634	.84
1960-61	4304	2677	.62	1203	.28	3880	.90

1961-62	4929	3120	.63	1434	.29	4554	.92
1962-63	5429	3713	.68	1862	.34	5574	1.02
1963-64	5929	4375	.74	2371	.39	6746	1.13
1964-65	6429	5252	.82	2737	.42	7989	1.24

When the Levitt firm purchased the land for development, there were 146 youngsters enrolled in school, grades K-12. In 1958 people began moving out of the district and the pupil population K-12 dropped to 115. The first significant jump in student enrollment took place in 1959:

K-6 enrollment zoomed from 75 in 1958 to 666 in 1959

an increase of 888%

7-12 enrollment went from 40 in 1958 to 211 in 1959

an increase of 527%

K-12 enrollment increased from 115 in 1958 to 877 in 1959

an increase of 762%

Reading TABLE I gives us a picture which indicates although percentage increases are not as dramatic as the year cited above we do have a definite steady increase in enrollment which will tax present school facilities beyond limits.

In 1965, 5252 elementary school youngsters must be housed in six elementary schools (if Garfield school is ready).

Normal capacity for the elementary building is 750 students.

We will be forced to house 875 youngsters in each building.

Note: The assumption is being made that the Garfield School will be ready and that no more than 500 houses will be occupied in Garfield Park.

In 1965, 2737 youngsters will be enrolled in grades 7-12. The high school capacity is 1500; Windsor School capacity is 750. We do not have housing for 487 secondary youngsters.

TABLE II ELEMENTARY

June 30	# Homes	K		1		2		3		4		5		6		Totals	
		S	S/H	S	S/H	S	S/H	S	S/H	S	S/H	S	S/H	S	S/H	S	S/H
6-57	141	23	.16	18	.12	10	.07	12	.09	16	.11	12	.09	11	.08	102	.72
7-58	141	9	.06	14	.09	17	.12	8	.06	12	.09	8	.06	7	.05	75	.53
8-59	1243	108	.09	100	.08	106	.09	100	.08	86	.07	87	.07	79	.06	666	.54
9-60	3113	313	.10	343	.11	269	.08	297	.09	248	.08	236	.08	206	.07	1912	.61
0-61	4304	550	.13	385	.09	369	.09	315	.07	372	.09	362	.08	324	.07	2677	.62
1-62	4929	603	.12	527	.11	430	.09	400	.08	350	.07	425	.08	385	.08	3120	.63
2-63	5429	706	.13	662	.12	581	.11	472	.09	440	.08	385	.07	467	.08	3713	.68
3-64	5929	830	.14	771	.13	723	.12	634	.11	516	.09	480	.08	421	.07	4375	.74
4-65	6429	964	.15	900	.14	836	.13	784	.12	688	.11	559	.09	521	.08	5252	.82

S --- Students

S/H - Students per Home

Indicated are the number of youngsters

we can expect in a given time in

a given grade per home.

TABLE II SECONDARY

June 30	# Homes	7		8		9		10		11		12		Totals		Grand Total	
		S	S/H	S	S/H	S	S/H	S	S/H	S	S/H	S	S/H	S	S/H	S	S/H
56-57	141	10	.07	11	.08	10	.07	5	.04	4	.03	4	.03	44	.32	146	1.04
57-58	141	6	.04	10	.07	11	.08	4	.03	5	.04	4	.03	40	.29	115	.82
58-59	1243	77	.06	37	.02	40	.03	22	.02	21	.02	14	.01	211	.16	877	.70
59-60	3113	208	.07	191	.06	108	.03	90	.03	75	.02	50	.02	722	.23	2634	.84
60-61	4304	291	.07	284	.06	252	.06	169	.04	122	.03	85	.02	1203	.28	3880	.90
61-62	4929	350	.07	290	.06	310	.06	225	.05	145	.03	114	.02	1434	.29	4554	.92
62-63	5429	423	.08	385	.07	315	.06	337	.06	244	.04	157	.03	1861	.34	5574	1.02
63-64	5929	510	.08	462	.08	421	.07	344	.06	367	.06	267	.04	2371	.39	6746	1.13
64-65	6429	456	.07	553	.08	501	.08	456	.07	373	.06	398	.06	2737	.42	7989	1.24

RECOMMENDATIONS:

1. Have pupil census taken under a controlled plan. The census must give complete information concerning all pre-school and school age children and should include:
 - a. Name of child
 - b. Data on parents or guardians
 - c. Complete and accurate location of child's home
 - d. Child's home telephone number
 - e. Sex of child
 - f. Grade of child, if in school
 - g. Birth date of child
 - h. Child's age in years
 - i. Bus students (yes or no, if in school)
 - j. Was child a resident of the school district or system last school year?
 - k. Major defects of child (if any)

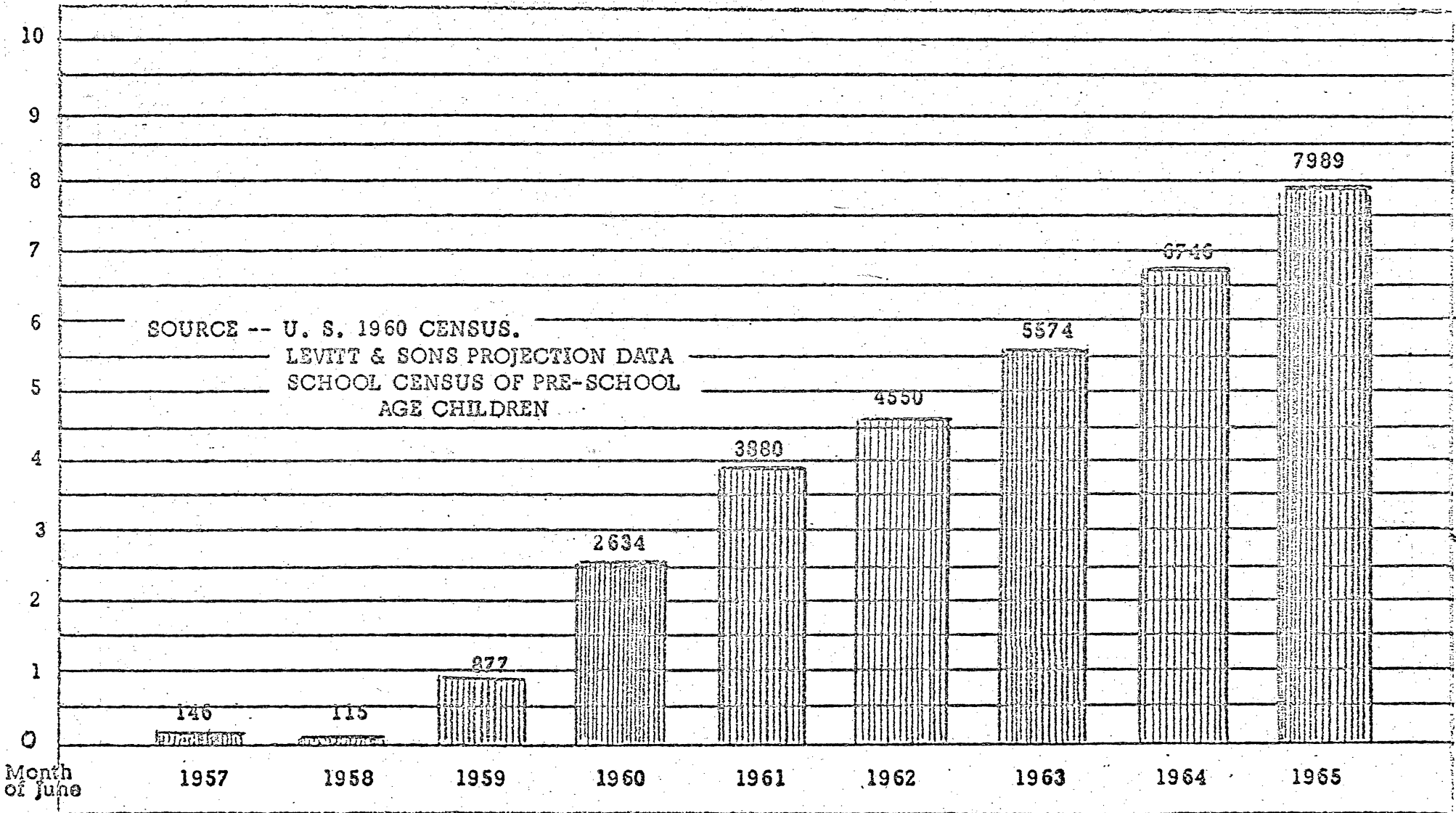
Data supplied should be transferred to punched cards to facilitate quick sorting or reporting on specific points of statistical information.

All information should be kept current (continual census)

2. Analyze school population. Transparent overlays.
 - a. Reflect shifts
 - b. Spot maps of pupil population
 - c. Transportation map
 - d. Map depicting special needs (special student problems)
3. Spring is the time of the year to take a census
(Easter vacation)
4. Sources of information that should be taken into consideration in educational planning, development and projections:
 - a. Tax Assessor - persons on tax rolls
 - b. Realtors - reports of sales or rentals of property
 - c. Register of births - vital records of the district.
 - d. Register of deaths - decrease in district population
 - e. Register of votes - poll lists
 - f. Public utility companies - requests for new meters or changes of address.
 - g. Newspapers serving the school community - housing and population reports.
 - h. Postmaster - change of address cards
 - i. Teachers and attendance clerk.

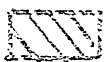
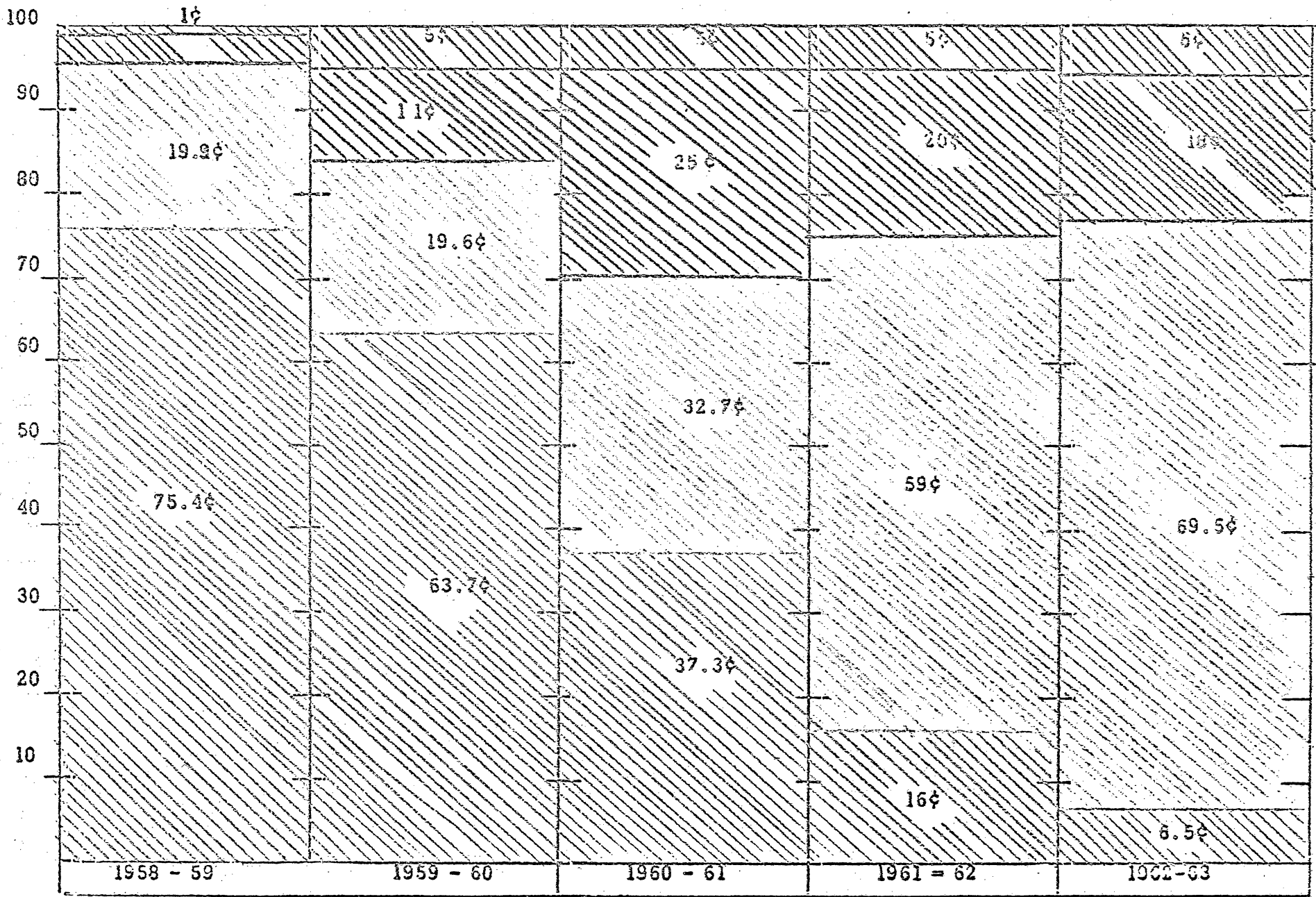
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Thousand



LEVITTOWN SCHOOL POPULATION GROWTH

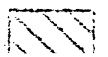
SOURCES OF THE LEVITTOWN SCHOOL DOLLAR



Levitt



State



Local



Federal

The Fastest Growing School Districts in the State from 1955-56 to 1960-61

<u>District</u>	<u>County</u>	<u>Resident Average Daily Enrollment</u>		
		<u>1955-56</u>	<u>1960-61</u>	<u>% of Increase</u>
Levittown	Burlington	175	3,498	1899%
Raritan	Monmouth	902	3,444	282
North Hanover	Burlington	303	1,072	254
Englewood Cliffs	Bergen	198	571	188
Oakland	Bergen	663	1,836	177
Cinnaminson	Burlington	604	1,642	172
Brick	Ocean	1,347	3,661	172
Lower Camden County Reg.	Camden	930	2,458	164
Berkeley	Ocean	239	626	162
Upper Saddle River	Bergen	360	915	154
Cherry Hill	Camden	2,674	6,644	148
Madison	Middlesex	2,282	5,536	143
Ramapo Regional	Bergen	551	1,331	142

5. Greater attraction to industry because of good regional planning.

This indicates the urgent necessity for the industrial community to contribute support to the cost of community services in the residential communities.

Comments:

Burlington County is a good example of the stated problem.

Most of the forty (40) municipalities in Burlington County have large acreage of open land, sufficient for tremendous growth in population, business and industry, as well as enough to retain its potent economic position in the agricultural wealth of the State of New Jersey.

These municipalities are competing with each other as well as many other states for additional commercial and industrial ratables. Some few might achieve their goal, but it is not a practical possibility for all to reach this point.

It is highly desirable that we have industrial communities and "bedroom" communities. Such planning must be encouraged. The converse is true - we cannot afford to have the present tax situation continue to be the principal contributing factor to land waste, devastation, slums, compromising on non-conforming uses.

Summary:

The problem stated does and will have a great impact on the economic status and welfare of the State of New Jersey.

Its importance is great and warrants consideration and attention from the State Tax Policy Commission.

This suggestion is respectfully submitted for your consideration as one step toward a better and healthier situation.



