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PUBLIC HEARING  
before  
SENATE REVENUE, FINANCE AND APPROPRIATIONS COMMITTEE  
on  
SENATE CONCURRENT RESOLUTION NO. 86

(Amends the Constitution to Permit the Application of  
State Gambling Revenues to Pharmaceutical Assistance  
Programs and Other Programs which Benefit Eligible  
Senior Citizens and Disabled Residents)

Held:  
November 15, 1978  
Assembly Chamber  
State House  
Trenton, New Jersey

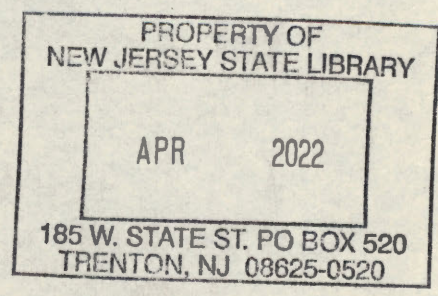
MEMBERS OF COMMITTEE PRESENT:

Senator Bernard J. Dwyer, Chairman  
Senator Walter E. Foran

ALSO:

William D. Zuzzio, Staff Assistant  
Office of Fiscal Affairs  
Aide to Senate Revenue, Finance and Appropriations Committee

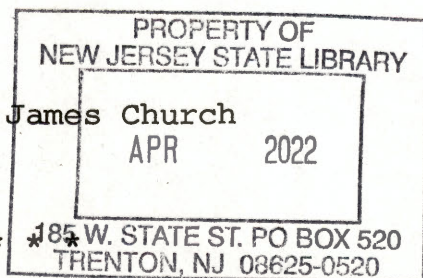
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I N D E X

	<u>Page</u>
George Cooper New Jersey Federation of Senior Citizens	2
Warren Cummings, Chairman National Retired Teachers' Association American Association of Retired Persons	3
Marjorie Prumatico New Jersey Council of Senior Citizens	5
Anthony Gottberg New Jersey Federation of Senior Citizens	6
John Semberger	8
Lucy J. Pinto Burlington County Office on Aging	8
<b>ALSO SUBMITTED:</b>	
Letter from Senior Pioneers Paramus, New Jersey	1x
Letter from Bergen County Senior Citizens Coordinating Council	2x
Letter from New Jersey Association of Health Care Facilities	3x
Petition from Fanwood-Scotch Plains, Union County, N.J.	5x
Petition from Senior Citizens Council of Watchung	7x
Petition from Tri County Senior Citizens Center	10x
Petition from Grant Avenue Community Center Plainfield, New Jersey	15x
Letter from Over 50's Club of St. Philip and St. James Church Phillipsburg, New Jersey	19x

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SENATE CONCURRENT RESOLUTION No. 86

STATE OF NEW JERSEY

INTRODUCED APRIL 24, 1978

By Senator DWYER

Referred to Committee on Revenue, Finance and Appropriations

A CONCURRENT RESOLUTION proposing to amend Article IV, Section VII, paragraph 2 of the Constitution of the State of New Jersey.

1 BE IT RESOLVED *by the Senate of the State of New Jersey (the*  
2 *General Assembly concurring):*

1 1. The following proposed amendment to the Constitution of the  
2 State of New Jersey is hereby agreed to:

PROPOSED AMENDMENT

3 Amend Article IV, Section VII, paragraph 2, of the Constitution  
4 to read as follows:

5 2. No gambling of any kind shall be authorized by the Legislature  
6 unless the specific kind, restrictions and control thereof have been  
7 heretofore submitted to, and authorized by a majority of the votes  
8 cast by, the people at a special election or shall hereafter be sub-  
9 mitted to, and authorized by a majority of the votes cast thereon by,  
10 the legally qualified voters of the State voting at a general election,  
11 except that, without any such submission or authorization;

12 A. It shall be lawful for bona fide veterans, charitable, educa-  
13 tional, religious or fraternal organizations, civic and service clubs,  
14 senior citizen associations or clubs, volunteer fire companies and  
15 first-aid or rescue squads to conduct, under such restrictions and  
16 control as shall from time to time be prescribed by the Legislature  
17 by law, games of chance of, and restricted to, the selling of rights  
18 to participate, the awarding of prizes, in the specific kind of game  
19 of chance sometimes known as bingo or lotto, played with cards  
20 bearing numbers or other designations, 5 or more in one line, the  
21 holder covering numbers as objects, similarly numbered, are drawn  
22 from a receptacle and the game being won by the person who first  
23 covers a previously designated arrangement of numbers on such a  
24 card, when the entire net proceeds of such games of chance are to  
25 be devoted to educational, charitable, patriotic, religious or public-  
26 spirited uses, and in the case of senior citizen associations or clubs

27 to the support of such organizations, in any municipality, in which  
28 a majority of the qualified voters, voting thereon, at a general or  
29 special election as the submission thereof shall be prescribed by the  
30 Legislature by law, shall authorize the conduct of such games of  
31 chance therein.

32 B. It shall be lawful for the Legislature to authorize, by law,  
33 bona fide veterans, charitable, educational, religious or fraternal  
34 organizations, civic and service clubs, volunteer fire companies and  
35 first-aid or rescue squads to conduct games of chance of, and  
36 restricted to, the selling of rights to participate, and the awarding  
37 of prizes, in the specific kinds of games of chance sometimes known  
38 as raffles, conducted by the drawing for prizes or by the allotment  
39 of prizes by chance, when the entire net proceeds of such games of  
40 chance are to be devoted to educational, charitable, patriotic,  
41 religious or public-spirited uses, in any municipality, in which such  
42 law shall be adopted by a majority of the qualified voters, voting  
43 thereon, at a general or special election as the submission thereof  
44 shall be prescribed by law and for the Legislature, from time to  
45 time, to restrict and control, by law, the conduct of such games of  
46 chance and

47 C. It shall be lawful for the Legislature to authorize the conduct  
48 of State lotteries restricted to the selling of rights to participate  
49 therein and the awarding of prizes by drawings when the entire net  
50 proceeds of any such lottery shall be for State institutions, State  
51 aid for education.

52 D. It shall be lawful for the Legislature to authorize by law the  
53 establishment and operation, under regulation and control by the  
54 State, of gambling houses or casinos within the boundaries, as  
55 heretofore established, of the city of Atlantic City, county of  
56 Atlantic, and to license and tax such operations and equipment  
57 used in connection therewith. Any law authorizing the establish-  
58 ment and operation of such gambling establishments shall provide  
59 for the State revenues derived therefrom to be applied solely for  
60 the purpose of providing *funding for* reductions in property taxes,  
61 rentals, telephone, gas, electric, and municipal utilities charges of,  
62 *and for pharmaceutical assistance and other programs benefiting,*  
63 eligible senior citizens and disabled residents of the State, in  
64 accordance with such formulae as the Legislature shall by law  
65 provide. The type and number of such casinos or gambling houses  
66 and of the gambling games which may be conducted in any such  
67 establishment shall be determined by or pursuant to the terms of  
68 the law authorizing the establishment and operation thereof.

1 2. When this proposed amendment to the Constitution is finally  
 2 agreed to, pursuant to Article IX, paragraph 1 of the Constitution,  
 3 it shall be submitted to the people at the next general election  
 4 occurring more than 3 months after such final agreement and shall  
 5 be published at least once in at least one newspaper of each county  
 6 designated by the President of the Senate and the Speaker of the  
 7 General Assembly and the Secretary of State, not less than 3  
 8 months prior to said general election.

1 3. This proposed amendment to the Constitution shall be sub-  
 2 mitted to the people at said election in the following manner and  
 3 form:

4 There shall be printed on each official ballot to be used at such  
 5 general election, the following:

6 a. In every municipality in which voting machines are not used,  
 7 a legend which shall immediately precede the question, as follows:

8 If you favor the proposition printed below make a cross (X),  
 9 plus (+) or check (✓) in the square opposite the word "Yes."  
 10 If you are opposed thereto make a cross (X), plus (+) or check  
 11 (✓) in the square opposite the word "No."

12 b. In every municipality the following question:

Yes.	<p><b>THE APPLICATION OF STATE GAMBLING REVENUES TO PHARMACEUTICAL ASSISTANCE PROGRAMS AND OTHER PROGRAMS WHICH BENEFIT ELIGIBLE SENIOR CITIZENS AND DISABLED RESIDENTS</b></p> <p>Do you approve the amendment of Article IV, Section VII, paragraph 2 of the Constitution of the State of New Jersey, agreed to by the Legislature, which adds pharmaceutical assistance programs and other programs which benefit eligible senior citizens and disabled residents to those programs to which the State revenues derived from the licensing and taxation of gambling in Atlantic City are dedicated?</p>
No.	

**STATEMENT**

The purpose of this Constitutional amendment is to provide that in addition to reducing property taxes, rentals, telephones, gas, electric, and municipal utilities charges of eligible senior citizens and disabled residents, State revenues derived from the licensing and taxation of gambling in Atlantic City shall be applied to funding pharmaceutical assistance programs and other programs which benefit such persons.

SENATOR BERNARD J. DWYER (Chairman): Good morning, ladies and gentlemen, my name is Senator Bernard Dwyer. I am the Chairman of the Senate Revenue, Finance and Appropriations Committee and I hereby call this public hearing to order.

I would like to welcome you here this morning. At this time, I would like to introduce the other member of the Committee who is present: Senator Foran, Republican 14th District, always dependable and always here. I might add that some of the Senators are at the League of Municipalities meeting in Atlantic City. Some of those people are on panels there.

This public hearing is called pursuant to Article 9, Section 1, Paragraph 1 of the Constitution of the State of New Jersey. Its purpose is to discuss Senate Concurrent Resolution No. 86, of which I am the sponsor. It is customary at public hearings of this nature for the sponsor of the subject legislation to open the testimony. Since I am both the sponsor of the Resolution and the Committee Chairman in this instance, I will make my opening remarks from here and then we will go on with testimony from others.

Before I begin, let me say that I will call witnesses in the order that they have requested to testify. If you would like to testify but have not yet submitted your name to us, please see Mr. Zuzzio of our staff and he will add you to the list. He is sitting at the first desk.

SCR-86 proposes to amend Article 4, Section 7, Paragraph 2 of the Constitution. It is this paragraph which governs gambling in New Jersey. Subparagraph D was adopted by the voters in November of 1976. It empowered the Legislature to enact legislation which would result in the establishment, regulation, control, and taxation of casinos in Atlantic City. It further provides that the revenue generated to the State can only be used for reductions in property taxes, rentals, telephone, gas, electric, and municipal utilities for eligible senior citizens and disabled residents of the State. It is the latter provisions which SCR-86 addresses.

The new language in the Constitution, if SCR-86 prevails on the ballot next November, would expand the use of casino funds to include pharmaceutical assistance and other programs benefiting eligible senior citizens and disabled residents. The basic interest - and I believe the area in which most of the testimony will center today - will be in applying the money to the pharmaceutical assistance for the aged program, or PAA as it is known.

This program, enacted by the Legislature in 1977 and implemented at the beginning of this year, is costing nearly \$3 million a month and that number is constantly increasing as the number of participants and the costs of prescription drugs rise.

Other committees of the Legislature are investigating various means of controlling PAA costs and that is not the subject under discussion here. What is relevant here is whether the Constitution should be amended to expand the use of casino revenues to items other than property taxes and utilities.

In addition to the PAA program, the money could then be applied to senior citizen and disabled transportation, housing, and whatever other programs might be developed.

It is my feeling that the casino monies must continue to be used to benefit those who were promised the aid. But, it is also my belief that to unduly restrict the type of aid available to those beneficiaries is a policy which could work to the detriment of those it was intended to help. However, my feelings may

or may not be comperable to those who are affected by this matter. That is why we would like to hear from you today.

Unless any member of the Committee has any remarks they would like to make, we will now hear from our first witness.

Senator Foran.

SENATOR FORAN: I would just like to get it on the record, Mr. Chairman, that the so-called take from casino gambling revenue - if I am correct - is 8% of the gross profit. Is that correct, Bill?

MR. ZUZZIO: Yes.

SENATOR FORAN: That, at 8%, runs somewhere around \$40 or \$50 thousand a week. At the present time, we have available in the fund, pending enabling legislation, monies which amount to somewhere in the neighborhood of \$8 million, is that correct?

MR. ZUZZIO: Yes.

SENATOR FORAN: Thank you very much. Thank you, Mr. Chairman.

SENATOR DWYER: Thank you, Senator Foran. The first witness on my list is Mr. George Cooper, New Jersey Federation of Senior Citizens. Mr. Cooper.

G E O R G E C O O P E R: Thank you, Senator Dwyer and gentlemen. I am representing the New Jersey Federation of Senior Citizens as a trustee of the organization. I am also co-chairman of the Tax Task Force.

We appreciate the opportunity of presenting our position. As background I would like to briefly outline our position under the present provision of the Constitution. Under the present Constitution, with its limited choice, we opposed using these funds for funding A-1830, the Lifeline Utilities Bill, which provides that such sums as are necessary to aid the establishment and maintenance of the lifeline rate for eligible users should be so funded. The Legislature did not go along with our point of view and passed this provision which we still oppose. The reason we do so is that our concept of lifeline is one of financing, basically, through rate restructure as a conservation measure so that low users can get the benefit of a lower rate and high users would have a somewhat higher rate. Still, the bill protects industry in many regards. But, our concept is in favor of rate restructure as a method of financing this kind of utility bill.

Given the limited choices in the present Constitution, we supported the use of these funds for property tax relief and presented our position in front of the Joint Tax Policy Commission in Woodbridge and also in Willingboro. Our reasons there for the choice were primarily that-- Oh, one very important reservation was made in this support and that is that some method be found to equitably bring tenants into a property tax relief program. We feel that is one of the largest problems with reference to the present relief setup.

We suggested our own approach which was a circuit breaker type of approach which allows for say 25% of rent to be in lieu of property taxes for the purpose of the rebate and then scaling the rebate on a sliding scale with reference to the break off point -- the lower the income the higher the rebate, to a maximum -- on an either/or basis. It would not cancel the present homestead provision, but make it higher, up to a maximum. We feel that kind of relief would bring tenants into the picture, but there are other methods too. It would be very important if we were to support property tax relief, in the long run - if the Constituion is changed - that this be done.

The property tax relief concept hits seniors and disabled people on the broadest possible base, whereas the rent option and in some cases the utility option

is limited in its application.

So, that basically was our position to date under the present constitutional provisions and under A-1830.

This brings us down to the present proposed constitutional amendment and we support it. We support it without reservation. We think that on its face things like the purpose for which money should be spent for seniors and disabled people should be as broad as possible and take into account all possible choices. Further, the present PAA crisis is a graphic illustration of the need for that flexibility and although we have not made a final determination of the formula by which we think funds should be distributed, we certainly think it is a prime candidate for any consideration under any funding program and we would therefore support the proposed amendment broadening this choice.

We have also supported - and yesterday, or the day before yesterday, the Committee acted on this - the addition of a senior representative and a representative from the disabled community to the Legislative Commission that would set up the formula by which these funds would be distributed. I don't know how that will eventually turn out, but we supported that.

So, the New Jersey Federation, which is a statewide organization with some 495 clubs - I believe this was the latest count - has taken the positions we have outlined. We do support the proposed constitutional amendment. We are very sympathetic to considering PAA among the purposes for which these funds would be expended. We have not, however, made a final determination as to our present support of property tax relief, as opposed to possible broadening or splitting the funding, for PAA or other matters. I think at this point in time it isn't quite the time to do that.

I think that summarizes the Federation's position at the present time.

SENATOR DWYER: Thank you, Mr. Hooper. Do you have any questions, Mr. Foran? (no questions)

Thank you very kindly. Mr. Warren Cummings, Chairman of the National Retired Teachers' Association/American Association of Retired Persons, Newton, New Jersey. Mr. Cummings.

WARREN CUMMINGS: Thank Senator Dwyer and Senator Foran for giving us this opportunity to present our views this morning.

I think I can skip the background material because it so closely parallels what the previous speaker said, with one exception: Our organization did not oppose the lifeline legislation. But, in every other regard, I think our experience was exactly the same as his.

I suppose that I should make clear that I am not giving an official position this morning of these two organizations, which my committee represents. It represents both of them. We have not adopted a position yet. I think we will do so on Friday. So, I am speaking as an individual. However, in my position as the Chairman of the Joint Committee, it is my duty to find out what retired people are thinking on public issues and here is what I found they have been thinking on the subject before us today.

First, they know that they have been promised something from the revenues accruing from Atlantic City. Since May they have been reading and hearing fantastic stories of huge amounts of money amassing from gambling operations. Older citizens have been wondering when some announcement would be made as to what relief these sudden riches would bring to them. Now, I realize that the period of time is short and the government moves slowly, but when people are waiting for relief, time

stretches out. They have been growing impatient waiting for something to be done.

Every week that passes without an announcement of a definite program has increased their impatience and their cynicism and the skeptics who have been saying all along, "It is all promises; we will never get any of the money" are now saying, "I told you so."

Second, the pharmaceutical assistance program has been a tremendous hit - an embarrassingly tremendous hit. Not only has it had a tremendous use, it is almost universally acceptable by even those who aren't eligible for the service.

In line with the frightening increases in the cost of health care and the figures - I have just been reading some new figures in the past day or two - are simply amazing. One of them that I read is almost unbelievable, but the source is pretty impeachable. It said hospital costs are rising at the rate of \$1 million a day. This is hard to take.

So, it is a matter of curious fact, and one which I am sure has not escaped the members of this Committee, that with the present fever for cutting budgets and reducing government spending of all kinds, health care has been noticeably missing on the list of suggestions for victims of the budgetary ax. I submit in passing that more help at all levels of government in meeting the frightening rise in health costs for the old and the disabled is an idea whose time has come, and the pharmaceutical assistance program has been a tremendous help. It must be continued at all cost.

Therefore, I am confident that New Jersey's retired will favor Concurrent Resolution No. 86 because it will reassure older citizens that the Legislature has not forgotten the commitment of gambling revenues to them. It will give people like me something to tell the skeptics who say we will never get anything. It furnishes help for the highly desirable pharmaceutical program. It is flexible enough to take care of future emergencies not unforeseen in programs to relieve the elderly or disabled. It seems to me that the original, rigid specification of certain uses to which the fund could be put was wrong and that this nearly alleviates that problem. It is a definite effort to bring some relief to the old and disabled and I am happy to support the Concurrent Resolution wholeheartedly.

SENATOR DWYER: Thank you, Mr. Cummings. Senator Foran.

SENATOR FOEAN: Warren, it is nice to see you again. I would like to make a comment on behalf of the Committee and myself, and the Legislature in general. I would like to reaffirm, for the benefit of the skeptics, the fact that one, the money is accumulating from Atlantic City. I mentioned when we first started that there is somewhere in the neighborhood of around \$8 million at the present time. I can assure you that it is invested. I can assure you that it is not going to be used for budget crunches or any other program, other than the Constitution allows it be used for. The problem is, the amount is so small - even though \$8 million sounds like an awful lot of money in order to give adequate tax relief for a group of our citizens - we are talking about maybe \$2, \$3, or \$4 a piece. Although that would help, it is kind of not worth it at the present time. The fund needs to be built up. I think SCR-86, at the end of the year providing everything stays quid pro quo, should generate in the neighborhood of some \$25 or \$30 million. We can then really do a program for the senior citizens.

But, tell your skeptics that the money is there and it will be used for their benefit.

MR. CUMMINGS: Thank you. I am very happy, Senator, to hear those words

and I am sure my people will be too. They need that reassurance. Thank you very much.

SENATOR DWYER: Thank you, Mr. Cummings.

MR. HOOPER: May I correct something you said about our position?

SENATOR DWYER: Go ahead.

MR. HOOPER: You must have misunderstood me. When we opposed the financing provisions of lifeline, we did not oppose lifeline. We were one of the prime sponsors of lifeline.

MR. CUMMINGS: That was my original understanding. I didn't get that. I am sorry to give that impression.

SENATOR DWYER: Thank you very much, Mr. Cummings. That point that was made is important -- that you support the Concurrent Resolution. The other important point was that, as Senator Foran pointed out, these monies are going to be used for senior citizens. Don't worry about that.

Marjorie Prumatico, New Jersey Council of Senior Citizens. I am sorry if I mispronounced that, Marjorie. I might also say that there is a glare from up here on my right that hits this paper and it is like looking into a looking glass at this point.

M A R J O R I E P R U M A T I C O: Senator Dwyer and members of the State Revenue and Finance Committee, I have been asked to come here this morning to represent the New Jersey Council of Seniors. John Tergis is ill and could not attend and our Executive Director is out of state.

I am Marjorie Prumatico. I am the new Treasurer for the New Jersey Council of Seniors. I am Recording Secretary of the United Auto Workers for the State of New Jersey and Vice Chairman for the United Auto Workers of North Jersey and Pennsylvania.

If I may, I will read a letter from our Executive Director.

"The New Jersey Council of Senior Citizens is opposed to introducing legislation to amend the New Jersey Constitution to permit the use of casino gambling profits toward the funding of the Pharmaceutical Assistance Program at this time.

"In enacting the P.A.A. Program, the State undertook to fund a program of pharmaceutical assistance to low and moderate income senior citizens. The original act was well within the State's means because it contained a graded deductible. In amending the P.A.A., the deductible was eliminated and the plan started paying from dollar one. It is not surprising that costs skyrocketed from \$3 million to \$35.7 million.

It now becomes incumbent on the State to either fund the present program or to modify it so that costs will be within the State's means. All of this should be done with the knowledge of and the understanding and the consent of senior citizen groups. We are presently attempting to have the Institutions, Health and Welfare Committee hold public hearings on this matter.

"We respectfully submit that the interjection of your Committee's hearing at this time may very well confuse the ongoing process.

"We respectfully submit that if casino profits are used to help fund P.A.A., senior citizens will be resentful and very much disturbed because they will realize that P.A.A. levels will be the same or lower than they were before and casino profits will have been used to purchase something which should have been funded through another source. Therefore, they will take the attitude that casino profits will have been lost to their benefit."

I would respectfully request that this be put in the record.

SENATOR DWYER: Yes, Marjorie, I have the letter from Jack Volosin and I was going to include it in the record. I have some other letters to be included in the record also. It is usually done after everyone has testified. I was going to read the letter at that time, but I thank you for saving me the trouble. Thank you very much.

MS. PRUMATICO: You are welcome.

SENATOR DWYER: Mr. Anthony Gottberg, New Jersey Federation of Senior Citizens.

ANTHONY GOTTBERG: My name is Anthony Gottberg. I am President of the Senior Citizen Clubs of Bergen County and Secretary of the New Jersey Federation of Senior Citizens. I want to thank the Committee for this opportunity to address you on this very important need of senior citizens -- the continuation of the P.A.A. and its amendment that gave seniors on fixed incomes the \$1.00 prescriptions.

The feedback from thousands with incomes of between \$200 and \$300 per month was ecstatic over the fact they have \$13.00 or \$20.00 more per month to spend. They now have a few bucks left over after paying rent and other essentials, to buy food for a more adequate diet. In addition, they are helping out the economy of the State of New Jersey because they will spend these funds on their needs, not bank it.

These are some of the reasons why we are happy to back the addition of pharmaceutical assistance to the Casino Gambling law.

I recognize that this change cannot be made immediately but needs a constitutional change.

What makes the proposed change important to we seniors is that it is the first attempt to find an answer to the 15 million dollar short-fall of P.A.A. funds that didn't ask the seniors to pay for it out of their meager incomes. And, for this I thank you and will remember.

May I suggest another possible answer and a further reduction of this serious short-fall: The use of generic drugs where possible, in place of brand name drugs. If hospitals can use generic drugs, so can we.

This, added to casion funds, could bring us to within shooting distance of success, possibly. At this point, the raising the the co-payment of \$2.00 that the legislators seem to be insisting upon may not be as necessary.

What we are asking of the Assembly and State Senate is to look kindly on our very evident financial needs and look a bit closer at the State budget; that last million might just well be there.

When we find that of the first 160,000 seniors signing up for P.A.A., 50,000 had incomes under \$3,000 per year, and 100,000 seniors with incomes under \$6,000 a year, I think the enormity of their problem becomes evident. This is mainly why I am here this morning: To attempt to alleviate some of the contracting of our income due to the yearly increase in the cost of living, while our income stays fixed. Thank you again for listening.

SENATOR DWYER: Thank you very kindly, Mr. Gottberg.

Is there anybody else in the audience who wishes to testify?

MEMBER OF AUDIENCE: May I say something?

SENATOR DWYER: By all means. Come right up, sir.

VICTOR VOLPE: My name is Victor Volpe. I am 72 years old and I am very much interested in things that concern senior citizens. I would like to elaborate

on what the previous speaker said. In New Jersey every month there are approximately 732,000 retirement checks that go out. This may involve closely 800,000 senior citizens. I am not talking about survivors, which are an additional 500,000; I am talking about retirees. Eleven percent of that group in the State of New Jersey are on S.S.I. - supplementary security income. If they are single and they have less than \$1,500 in the bank, they get the usual \$207.00. If they are a couple and they have less than \$2,500 in the bank, they get the \$309.00. Now, these people are protected by medicaid. But, there is a group whose social security check goes right down to \$154.00 for the simple reason that they have some savings that they have accumulated over the years. These people are hurting very badly as far as medical care is concerned. They don't carry any insurance. They don't carry any medical insurance of any kind. In fact, 40% of senior citizens do not carry insurance and they are very dependent on this program.

Those senior citizens that I mentioned - the 732,000 - two-thirds of them receive no other income other than the retirement pension. They receive no trade union pension or an industry pension. Now, these are facts that I have gotten from the Social Security Administration and the U. S. Treasury - the I.R.S. which sends the checks out.

Now, the question of the drugs -- This gentleman mentioned \$15,000,000. We were told it was \$10,000,000. Where do we find the \$10,000,000? Just recently, you, our noble gentlemen, appropriated \$4 million for beach erosion. You should have thought of human erosion. That was \$4 million. We repealed \$114 million in so-called nuisance taxes for business and industry. You see, we ought to take that into consideration too. I think that the priority should have been the health of people - senior citizens.

Now, I would like to go a step further. This gentleman spoke about generic drugs in hospitals. Every hospital has a formulary. Now, I am not an authority on this; I am speaking as a layman, so I may not be too correct here and there, but bear with me. When you go to a hospital and the hospital has a formulary, this is operated with generic drugs which are the least expensive of drugs but the most effective. The government department that controls drugs -- I have lost the title of that department in my mind -- has okayed this. In fact, they just recently-- I got a new formulary I think about a month ago, which was published by a certain magazine concerned with health. We were told that if they followed this - and this was done at the time of the passage of the generic drug bill - that there would be savings ranging from 15% to as high as 45%, and some figures were even higher than that.

Now, why couldn't the hospitals, through the department of State which has some influence on that, immediately set up that program so that these savings could have been effected? If it had been done at that time we would not be in this jam at the present time.

Another question I asked myself is, if this \$10 million deficit that we are talking about is going to ride from March to the end of fiscal year June, 1979, couldn't we have deficit financing until that time for that \$10 million? Then, beginning in July for your 1979-1980 budget, you can then think in terms of a modified casino gambling act, if you wish, to get funds from that. Because I think this is a great program. It is innovative. There is no other state in the country that has this. In fact, the United States Senate attempted this and dropped it. We are the only state that has it. It is really a remarkable thing.

When you go to senior citizens and you talk to them about it, they are very well pleased with this program. This would hurt them tremendously if they lost it.

I pick up things from newspaper accounts here and there. Governor Byrne said that he wanted no legislation unless the funding was found for that legislation. Otherwise, the Administration would not give its approval to the bills dealing with these problems. If I remember correctly, Mr. Goldman and Mr. Leone said - and this is documented in newspaper articles - that it wasn't necessary to increase the state income tax for the simple reason that we may fall behind in collections in the first year. But, beginning the second and the third year, the revenue accruing from the state income tax would be more than enough to finance any needs we may have as far as the state was concerned. I think that under those circumstances we ought to think twice before we touch the P.A.A. program. It should remain as it is. If we increase it another dollar, the deficit is still there. If we put in deductibles, senior citizens who need it badly are going to be left out like in the previous program. That was the reason for this \$1.00 prescription drug program.

I urge you - I implore you - to be very careful. Stick to the dollar. Don't make any changes. You can find the funds. Out of a \$,400,000 budget, you can find \$10 million. Thank you very much.

SENATOR DWYER: Thank you, Mr. Volpe. Senator Foran, do you have any questions? (no questions)

Does anyone else wish to testify? Yes, sir? Will you please state your name?

J O H N S E M B E R G E R: Senator Dwyer, gentlemen, my name is John Semberger. I am a Trenton resident. Although I am a member of a lot of senior citizen organizations I am only representing myself at this time. And, what is on my mind I know is on the minds of most of the senior citizens who voted for this program.

Senior citizens voted for the reason that they would get property tax relief and now they want to take the money away from us. P.A.A. is really a rip-off. All state employees, politicians and judges draw the blood out of the money that is appropriated for that program. Now they want to take it and give it to more. Why should a judge or a state executive, making \$40 thousand a year, get a \$1.00 prescription? A senior citizen makes a hell of a lot less than that - or maybe doesn't make anything at all - and yet they want them to pay more for their drugs.

There are quite a few in that gang that I go with that are getting less than \$3,000 a year and the druggists are after them to pay for that. Now, all I would like to know is, why is a low income senior citizen not eligible while a man with a \$40,000 job, working for the state, is eligible? Thank you very much for your time.

SENATOR DWYER: Thank you, Mr. Semberger. Does anyone else wish to testify? (affirmative answer from the audience) Do you want to come down and testify, madam?

MEMBER OF AUDIENCE: Yes.

SENATOR DWYER: Mr. Zuzzio, would you help the young lady down, please?

L U C Y J. P I N T O: Thank you very much for your courtesy.

SENATOR DWYER: We wanted you to come down so that you could be part of the official record.

MS. PINTO: I did not expect to say a word. We are representatives of the Burlington County Office on Aging. We did not prepare a formal statement because we did expect to see hundreds of senior citizens. I am a little disappointed.

SENATOR DWYER: Could we have your name, please?

MRS. PINTO: My name is Mrs. Lucy J. Pinto. We have four others sitting up there.

I would like to make a short statement. I have been listening to the gentlemen who have been very eloquent in pleading. I will speak also as a senior citizen. I am one. I am 64 years of age and I am very proud of it. I expect to be working until I am 84.

We heartedly endorse SCR-86, at it stands - the amendment. In our estimation, or in our feeling as senior citizens, we feel that you, our legislators in the State of New Jersey, are really putting an all-out effort to a solution to this horrendous financial problem of the P.A.A. program. It has been so highly successful it is unbelievable.

Working for the Office on Aging, we receive the calls. They come into our office. We see the income -- \$3,000; \$4,000; two living on \$6,000. This is not the exception; this is the average.

Since the inception of the P.A.A. program in 1975 - I believe I am correct - the horrible one which was almost impossible to understand and that I worked with seniors day and night on, I have seen only two come into our office with an income of over \$12,000. Our office has helped, aided, spoke on the phone, counseled, and given out information to hundreds and hundreds and hundreds.

Now, I will end my discussion -- or shall I say what I have to say? - on the note that we are in favor of this amendment and we wish you well. Please find a solution to this program. I, myself, am recuperating from a mild heart attack and the bill for 19 days was unbelievably -- \$4,000 just for room and board. I am very fortunate that I am working and that I can pay for my medication. I still owe but I am going to pay.

Thank you very much for allowing me to speak. I didn't expect to do this, but I am happy to do it.

SENATOR DWYER: You have done an excellent job. Thank you for coming.

MRS. PINTO: Thank you very much.

SENATOR DWYER: Does anyone else wish to speak? (no response)

I would like to read into the record communications that we received. We received a letter opposing Concurrent Resolution No. 86 from the Senior Pioneers from Paramus, New Jersey. That is one in opposition. We received a letter from the Bergen County Senior Citizens Coordinating Council, Inc. They are opposed and they suggest a circuit breaker.

Supporting the Concurrent Resolution are petitions from the Fanwood-Scotch Plains area of Union County; the Senior Citizens Council of Watchung; the Tri County Senior Citizens Center; the Grant Avenue Community Center in Plainfield; and the Over 50's Club of Saint Philip and Saint James Church in Phillipsburg.

If there is no one else here this morning to testify, I will now conclude this public hearing. Thank you for coming.

(hearing concluded)

OFFICE OF PIONEER SENIOR CITIZENS  
FISCAL AFFAIRS

Nov 10 1 16 PM '78

406 Valley View Ave.  
Paramus, N.J. 07652  
November 7, 1978

Senate Revenue, Finance & Appropriations Committee  
New Jersey Legislature  
Suite 232 State House  
Trenton, N.J. 08625

Re: Senate Concurrent Res. #86

Gentlemen,

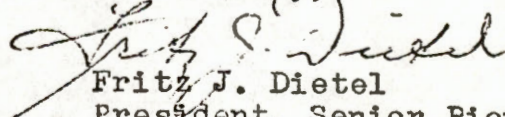
As President of the Senior Pioneers of Paramus, I wish to go on record as opposing the use of Casino Gambling funds for purposes other than those prescribed in the Constitution, Article IV Section VII. Casino Gambling was approved by the electorate with the distinct understanding that these funds would be used for tax and utility relief for Senior Citizens. Any change in the use of these funds, whether by Constitutional Amendment or otherwise, would constitute a breach of faith with Senior Citizens.

Seniors deserve better than to have legislative promises broken at the whim of the legislators.

Adequate financing must of course be provided for the Pharmaceutical Prescription Program for the Aged, in view of the present impending deficit. However, that program should be devised to stand on its own, with appropriate and adequate support of those participating. The Joint Legislative Committee on Health & Welfare has conducted hearings at which the New Jersey Co-ordinating Council of Senior Citizens, of which the Senior Pioneers of Paramus is a member, had representation and presented its views. The Committee has concluded its hearings and has now presented its findings. It is hoped that the legislature will adopt one of the recommendations presented.

Accordingly, any attempt to Amend the Constitution should be abandoned.

Yours truly,



Fritz J. Dietel  
President, Senior Pioneers  
of Paramus

# BERGEN COUNTY SENIOR CITIZENS CO-ORDINATING COUNCIL, INC.

A UNITED ORGANIZATION OF SENIOR CITIZEN  
CLUBS, CHAPTERS, AND UNITS



222 Haworth Avenue,  
Haworth, N. J. 07641

Nov. 10, 1978

Board of Directors

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*[P.P.] Chairman*  
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Haworth

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Ernest Cossette  
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Charles Dilba  
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Nicholas Paladino  
*Trustee*  
Lodi

Bernard Piela  
*Trustee*  
Lodi

Aaron Sherman  
*Trustee*  
Palisade Park

Eric Smith  
*Trustee*  
Ramsey

Members of the Senate  
Revenue, Finance and Appropriations Committee,  
Hon. Bernard J. Dwyer, Chairman,  
State House, Trenton, N. J. 08625

Dear Committee Members;-

Please accept this as the official position of this Council regarding your public hearing on S. C. R. 86.

At our meeting on November 6, 1978, the Council, comprised of over 100 Clubs and Chapters in Bergen County, voted unanimously not to support this bill, unless convinced otherwise. We are absolutely opposed to any changes in the allocation of funds derived from Casino Gambling.

The referendum on last year's ballot specifically stated that these revenues were to be solely used for Senior Citizen property tax and rent relief, and utility cost aid. We are convinced that the people voted for the referendum because of the stated use of the funds; otherwise it may have been defeated, and there would be no casinos to-day, and you would not have to be concerned with the allocation of them.

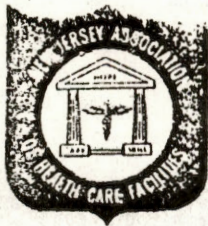
We urge you to immediately allocate the revenues received thus far by giving all Senior Citizens whose taxes exceed \$1,000 and rents that exceed \$250. additional property tax rebates and rent relief. We believe that it is equally important, if not more so, to keep ALL Senior Citizens in the Community of their choice by a reduction of taxes and rents as compared to any other program.

Please be advised that unless we can be convinced otherwise, we will work to defeat any referendum that would cause a change in the distribution of Casino Gambling revenues from the intent of the referendum approved by the people in 1977.

Respectfully yours,

Eleanor Norton, Corresponding Secretary.

C. C. Brendan T. Byrne, Governor.



# New Jersey Association of Health Care Facilities

CAPITOL HOUSE  
142 WEST STATE STREET  
TRENTON, NEW JERSEY 08608

AREA CODE 609  
989-8200

November 15, 1978

Honorable Bernard J. Dwyer  
Chairman  
Senate Committee on Revenue,  
Finance & Appropriations  
State House  
Trenton, New Jersey 08625

Dear Senator Dwyer:

I hope you will add these views to the testimony you received today regarding Senate Concurrent Resolution 86.

Because the primary concern of our member nursing homes and licensed boarding homes for sheltered care is the needs of the elderly, we find your interest in better utilizing casino revenues most encouraging.

As you may know, we worked closely with the Legislature to rectify an unfortunate interpretation that financially qualified residents of nursing homes were not entitled to funds under the Pharmaceutical Assistance to the Aged (PAA) program. You and your colleagues quickly demonstrated the incongruity of denying pharmaceutical assistance to those most in need of such help--the relatively low income, self-supporting patients in nursing homes.

Now, this humanitarian program is running into cost problems and you are considering the valid suggestion that casino revenues be channeled into the PAA program. We concur in such action.


I want to call your further attention to another needed use for the casino proceeds--also involving the elderly. Your committee and the Senate Institutions, Health & Welfare Committee are both keenly aware of the need to upgrade conditions in the State's boarding homes for sheltered care. All of us have heard the "horror" stories concerning some of these establishments, particularly those which serve elderly persons released from mental institutions.

I think there is general recognition in your committee and in the Legislature that the state's support--it's share of the SSI payments to the needy elderly--has been minimal in this area. Indeed, as the Federal Government has increased its share of SSI payments to meet inflationary pressures, the State has reduced its share.



Therefore, I want to inform you of the NJAHCF support of SCR-86 which would open the door to not only improved financing of the PAA program but also better support of needy residents of boarding homes that provide "other programs which benefit eligible senior citizens and disabled residents...".

Sincerely yours,

  
James E. Cunningham  
President

c. Honorable Gerald J. Reilly  
Honorable Anthony Scardino, Jr.

THE OVER 50'S CLUB  
OF ST. PHILIP AND ST. JAMES CHURCH  
426 SO MAIN ST.

PHILLIPSBURG, N.J. 08865

State of New Jersey  
New Jersey Legislature  
Senate  
Revenue, Finance and Appropriations  
Committee  
Suite 232 State House  
Trenton, N.J. 08625

ATT: William D. Zuzzio,  
Staff Assistant

Dear Senators,

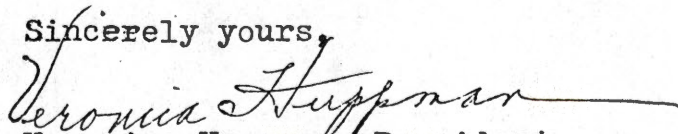
We, the Over 50's Club of St. Philip and St. James wish to support the Senate Concurrent Resolution No. 86 which proposes to amend the provisions of the Constitution which prescribe the purpose for which revenue from licensing and taxation of gambling in Atlantic City may be used for senior citizens and disabled residents.

We feel that this will be beneficial to our members. We would be willing to furnish signed petitions to support this amendment. Our club consists of 208 senior citizen members as of November 9, 1978.

We are also willing to actively work within Phillipsbug to secure added signatures if needed.

Again we wish to thank you for hearing our voices in the aforementioned amendment.

Sincerely yours,



Veronica Huppman, President  
Over 50's Club of  
St. Philip and St. James Church