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PUBLIC MEETING

before

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

To Discuss the State's Distressed Municipalities Program

January 25, 1988
Room 373
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman J. Edward Kline, Chairman
Assemblyman John E. Rooney, Vice Chairman
Assemblyman Jeffrey W. Moran
Assemblyman John A. Girgenti
Assemblyman Bernard F. Kenny, Jr.

ALSO PRESENT:

Stephen L. Kuepper
Gerald M. Dowgin
Office of Legislative Services
Aides, Assembly Municipal Government Committee

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Meeting Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
State House Annex
CN 068
Trenton, New Jersey 08625

P U B L I C H E A R T I N G

before

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE

To discuss the State's Dispersed Municipalities Program

January 22, 1954
Room 313
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman J. Edward Kilmer, Chairman
Assemblyman John E. Roney, Vice Chairman
Assemblyman Jeffrey W. Wolf
Assemblyman John A. Gifford
Assemblyman Richard E. Kenny, Jr.

Also Present:

Stephen L. Kuepper
Gerald M. Dowlin
Office of Legislative Services
Alfred, Assembly Municipal Government Committee

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Rm 313
Trenton, New Jersey 08622



J. EDWARD KLINE
Chairman
John E. Rooney
Vice-Chairman
Jeffrey Moran
JOHN A. GIRGENTI
Bernard F. Kenny, Jr.

New Jersey State Legislature
ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE
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M E M O R A N D U M

January 20, 1988

TO: MEMBERS OF THE ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE
FROM: ASSEMBLYMAN J. EDWARD KLINE, CHAIRMAN
SUBJECT: COMMITTEE MEETING - JANUARY 25, 1988

(Address comments and questions to Stephen L. Kuepper
or Gerald M. Dowgin, Committee Aides)

The Assembly Municipal Government Committee will meet on Monday, January 25, 1988 at 10:00 a.m. in Room 373 of the State House Annex. Bills to be considered at this meeting will be as follows:

A-432 Deverin	Requires municipal liens searchers to pay \$10.00 fee for each record copied in municipalities with computerized records. (Same as A-4107, 1986-87)
A-484 LoBiondo	Extends retail sales tax exemption to certain designated urban enterprise zones.
A-734 Shusted	Provides for the formation and dissolution of fire districts by petition and referendum. (Same as A-500, 1986-87)
A-1110 Moran	Removes limitation on the amount a municipality may appropriate for service from an independent or volunteer fire company in an adjoining municipality. (Same as A-3380, 1986-87)
A-1284 Riley	Clarifies section 2 of P. L. 1952. c. 72 (C. 40:48B-2) concerning certain joint contracts of municipalities and counties by eliminating an erroneous reference to the "Interlocal Services Aid Act" and inserting the correct reference. (Same as A-2512, 1986-87)

- A-1711 Permits description of fire zone ordinance to be
Martin published by municipalities. (Same as A-3267,
 1986-87)
- A-1816 Permits the waiver of a construction permit and
Franks/Kelly certain fees when the construction is to promote
 accessibility to a structure for the handicapped.
 (Same as A-2583, 1986-87)
- A-1942 Permits certain municipalities to contribute money
Hendrickson to fire departments in other municipalities.
 (Same as A-3230, 1986-87)

NOTE: At 10:45 a.m., the Committee will discuss the State's
"distressed municipalities" program with Barry Skokowski,
Sr., Director of the Division of Local Government Services,
in the Department of Community Affairs.

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ASSEMBLYMAN J. EDWARD KLINE (Chairman): At this time, I would like to welcome Barry Skokowski to our meeting today. Mr. Skokowski is here to be placed on the hot seat. He feels we are as concerned as he is on distressed cities -- distressed municipalities -- in the State of New Jersey. Today, the Committee members have to look at how we can address those problems in this next session. We have some questions, and we want to basically get started today to figure out what is best for the State of New Jersey; what is best for distressed municipalities, and how we can work together in the future to correct these problems.

What we are going to do is see if there are any opening comments from my fellow Committee members. We will then move forward and get started with some questions and answers. John, welcome back. (addressed to Assemblyman Girgenti) We just welcomed Assemblyman Kenny and I extended my apologies for the quick start we had this morning. We were rushed on a few things. I apologized to him, and I will apologize to you. That is not the way we usually get started, but under the circumstances this morning, we had to. We apologize for that on the record.

ASSEMBLYMAN GIRGENTI: I understand. On the next agenda, we are going to have nine Democratic bills. (laughter) No problem.

ASSEMBLYMAN KLINE: You talking to me?

ASSEMBLYMAN ROONEY: I am going to chair the next meeting. I start earlier than he does.

ASSEMBLYMAN GIRGENTI: Oh, yeah. The big guns are here right now. (Commissioner Coleman arrives at this point)

ASSEMBLYMAN KLINE: Welcome, Commissioner. We are getting ready to start on the Distressed Municipalities Program. Essentially, this program is intended to provide short-term assistance to municipalities experiencing financial fiscal distress. Eligible municipalities are chosen by the

Director of the Division of Local Government Services from among the wide municipalities eligible for Urban Aid, municipalities under the fiscal control of a local Finance Board -- and this is because of unsound fiscal conditions -- and, three, municipalities which have issued qualified bonds; that is, special bonds backed by certain aid, issued by the municipalities having fiscal problems. Currently, all such municipalities are also Urban Aid qualifiers.

Today is a meeting to ask questions on distressed municipalities and on this program, so that we, as legislators and members of this Committee, can put forward legislation to help, and try to work with the Division of Local Government Services to provide what is best for these municipalities.

Are there any opening comments that any of the members of the Committee would like to start off with? John?

ASSEMBLYMAN ROONEY: No, I just want to say I am very impressed that the Commissioner and Barry Skokowski are here. We have a major crisis ahead of us, and this Committee is going to have to deal with that. I want to compliment the Chairman for scheduling this meeting to get us all off on the right foot, because too often in the past, we have come down to the eleventh hour, and have thrown stuff together that may or may not help. I think this is the way to start, to have our first session, and to get off on the right foot to see what we can do on a permanent basis for these distressed cities.

C O M M. L E O N A R D S. C O L E M A N, J R.: Absolutely.

ASSEMBLYMAN ROONEY: So, thanks for coming. I am very happy to be a part of this Committee.

ASSEMBLYMAN KLINE: Assemblyman Moran?

ASSEMBLYMAN MORAN: Yes. Thank you, Mr. Chairman. Commissioner, it is always a pleasure to see you, and, Barry, it is always nice to see you. I want to personally thank each of you for being here this morning.

Although it is no secret, my feelings about the various city aids, not being from a distressed city district, or an urban area community within my district, I am always extremely concerned when we are paying out money for the needs of the urban communities and to the distressed cities, and very, very little gets sent down to districts such as mine.

I hope I can be convinced to support such programs, and I hope that in the process, those legislators who do represent distressed cities and urban areas recognize the problems that we have in suburbia, and will, in fact, support us in our needs.

With that, I just want to say thank you, again, for being here.

ASSEMBLYMAN KLINE: John?

ASSEMBLYMAN GIRGENTI: I want to thank the Commissioner and Barry. I know Barry has worked many years in the overall municipal area in terms of all the programs, and the Commissioner has done a fine job since he has come aboard. I do represent one of the distressed cities -- Paterson -- and we needed that help and assistance last year, as you well know. I guess a lot of our urban areas especially needed that help and assistance. We want to continue that type of program, and hopefully even make it a better program through the input of the two individuals we have sitting here, who are really the heart of the program in terms of putting it together and making it doable.

So, I want to commend you for your past efforts and your assistance. I agree with you, Jeff, that sometimes it seems that our smaller communities, or suburban communities, are on the short end, and we have tried to do things in the past to rectify this, whether it be through Ed as Chairman, or when I was Chairman. But the bottom line is, I look forward to hearing from you and working closely with you.

COMMISSIONER COLEMAN: Thank you.

ASSEMBLYMAN KLINE: Bernie?

ASSEMBLYMAN KENNY: Gentlemen, I am from Hudson County. I know that Mr. Skokowski has worked closely with all of the communities up there, as well as Commissioner Coleman. I look forward to working with both of you. I join with Assemblyman Girgenti's remarks. Speaking to Assemblyman Moran beforehand, he is an old Jersey City guy. His family came from there for generations, from the Heights in Jersey City. There is a new generation of people up there, from different parts of the world in many respects, and some people who have stayed there over the years. I would just ask everyone to remember that we are all one State, one community, and we should try to help each other when we can.

I look forward to working with you.

COMMISSIONER COLEMAN: Thank you.

ASSEMBLYMAN KLINE: This is a Committee meeting. We did not advertise a public hearing. There is a lot of public here. As we go through, we might accept some ideas or some comments, but this is not a public hearing. It is a Committee meeting. I want to set the record straight, before I get in a fight with someone in the audience. This is strictly a workshop Committee meeting to answer and ask some questions and get straight. So, I wanted to explain that right up-front.

COMMISSIONER COLEMAN: You had a pretty big fight in your district Friday night, I think.

ASSEMBLYMAN KLINE: Yeah, it was all right. We were a distressed city that evening. I had trouble getting enough tickets for my friends. It's nothing we can't handle.

I guess I'll ask a question or two, and we will get started. One thing I would like to know is, how many municipalities annually comply with the Local Finance Board requirement; that is, to file affidavits with you, certifying their review of annual audit -- the local units, I mean? Do you have an idea?

COMMISSIONER COLEMAN: Yeah, okay. Assemblyman, may I make just a couple of opening comments?

ASSEMBLYMAN KLINE: Go ahead. Excuse me. If you would like to make some opening remarks, I'm sorry. Go ahead.

COMMISSIONER COLEMAN: That's quite all right. Assemblyman, by the time I get finished speaking, I'm sure I will have you converted to a distressed cities outlook, particularly now that I know you are from Jersey City.

We have, I think, undergone in this State, without question, a Renaissance over the past several years. You know, the State has been doing very well financially. It is the second wealthiest state per capita now in the country. I think it is incumbent upon us that our entire State share in that prosperity. Now, you know, you've got an old Chinese proverb about, "Crisis leading to both opportunity and danger," and I think the conditions we've had in our State seem to lead us to seize the opportunity, in a sense, in providing our cities with a renewal, and with a Renaissance, that the rest of the State has been experiencing.

Now, if we go back and look at our old areas -- and I guess you can make the case over the past 20-something years about deteriorating conditions and so forth in many of them -- our cities have also been hit, as other parts of the State, but particularly. First you had the oil crisis in the '70s, followed by the tremendous increases in liability insurance coverage, in particular, and now on to garbage. Once again, I recognize that garbage is a problem all over the State, yet if you look at a place like Newark-- Garbage costs are going up well over \$2 million next year, all in one big swoop.

Two years ago, when we came up with the idea for distressed cities, what we felt we needed was a program that would be flexible, that we would be able to apply need where need was required, but not just in a sense to give out the need, and say, you know, "That's it. Spend it, and be back

next year for more," but really tying that to management efficiency, and making corrections within local government, looking at long-term planning, so that a number of municipalities, for example, Jersey City is one, where-- We know Jersey City is getting a lot more ratables over the next several years, and things that should help their economic condition. So, the program of distressed cities was one based on need. I think the process has worked out very well, where the municipality comes in to the Division of Local Government Services, presents its distressed cities application, and from there, let's say the tension, or the negotiations begin. Generally what happens is, a city comes in and presents something for several million or several hundred thousand dollars, depending on the size of the city, more than they end up getting. In Local Government Services, under Director Skokowski, we have a history. We have all their past budget submissions. We can go back and look and see exactly what their expenditures have been, where we can look for expected revenues, and I think make a pretty good and pretty fair determination as to what the need requirements are for a given municipality for a year.

Last year, we gave out aid in 48 municipalities. I guess I got sued by one of the 48. As I say, Barry has hard negotiations at stake, but the figures on that-- You know, I think the process worked very, very well. Tied to that, we send in our management teams, which go in and work cooperatively with each municipality. Where we find abuses, we spell them out. For example, one municipality, last year, spent \$56,000 at a conference in Atlantic City. We let it be known that that was going to have to stop, or "When you file next year's application, it is not likely that you are going to be able to receive aid."

On the positive side, and I think most of the experiences have been overwhelmingly positive, in the

distressed municipalities, where we have sent these cooperative teams in, the tax collection rates have jumped up by 3% the following year. And that is really through, once again, a process of working cooperatively together, using some of our expertise on how to better collect taxes, and the cities have responded. Without exception, we have found cooperation from the mayors and the councils with the Distressed Cities Program.

Another side benefit of it is, when we make recommendations -- those recommendations have to be implemented in terms of filing the application for the following year -- a lot of times, truthfully, mayors welcome the recommendations, because they are something they see needs to be done, but, in a sense, we play the heavies. They have local political problems and difficulties with doing something, and we are able to come in and say, "This has got to be done, and if you are going to receive money from the State next year, we are going to be able to require it." So, that has worked, I think, very, very effectively for us.

The sum of it is, the program has been one where, yes, a good amount of aid has been given out. In return, I think the structures within our municipal governments have been strengthened greatly. For the long-term -- the long-term benefit of our State, as well as our cities -- I think it has been a very, very beneficial program.

Where do I see an incumbent weakness? One incumbent weakness is that right now it is a program that is funded year by year. I certainly would be a very, very strong advocate for some type of permanent funding source for this particular program. You know, you more or less get chaos, or municipalities don't know what they can count on in terms of State aid, until the twenty-third hour, fifty-ninth minute. I can tell you, Randy Primas, I think this time last year, spent more time in my office than he spent in Camden, and it's really not fair in terms of cities that are well-managed and

well-governed. I don't mean to pick him out, but, I mean, Randy Primas is a very diligent and hard-working Mayor. And it is just not fair to him, in a sense, to not know exactly what type of aid he can count on from the Executive and Legislative Branches, from year to year.

So, I would welcome -- welcome -- a permanent funding source to this program.

Barry, do you have anything now?

B A R R Y S K O K O W S K I, S R.: I just want to indicate, and reiterate the fact that the mayors have cooperated tremendously with my staff. Also, we have a very good enforcement mechanism. We not only go in and do a management and fiscal review, and give a copy to the Legislature -- and here it is, okay? -- we make the communities prepare a fiscal recovery plan on their own, using their own thoughts processes, without any advice from us in that particular regard.

We then go in immediately to see if they have implemented all of the recommendations. We further make the communities sign a contract with ourselves, saying that, indeed, they will, or they will jeopardize the receipt of those particular funds. Moreover, unless there is a major cash problem, we don't pay the money out until the end of the calendar year. It is a carrot-stick approach, frankly, and I think that is also very, very successful.

The communities which get money, believe it or not, sometimes \$100,000 to a small distressed city, is as much as \$5 million to the State capital. It's a great program, in that it targets need where it exists. I might want to go through the process, Mr. Chairman, because you did ask about various forms being filed, etc. If you want me to, I will go through that with you.

ASSEMBLYMAN KLINE: Yeah, that along with other things. When the Commissioner said permanent funding, do we

have a number? I mean, how can we go into permanent-- You know, that is going to change every year, isn't it?

COMMISSIONER COLEMAN: The basic need certainly would change, but I think if you were looking for some type of funding, I would say between the levels of \$100 million and \$150 million, I think that would probably, in terms of the municipalities that are presently included, be a good number to focus on.

ASSEMBLYMAN GIRGENTI: Commissioner, or Barry, what is the-- The municipalities that are in the Safe and Clean, are they basically the same ones in the Distressed Cities?

MR. SKOKOWSKI: Yes. In other words, their Urban Aid Municipalities criteria is in the law, and if they get Urban Aid, they get Safe and Clean money.

ASSEMBLYMAN GIRGENTI: So, if you are talking about a permanent mechanism, when you want to more or less address all of these different programs and try to come together with one-- Is that what you are leading to? We have Safe and Clean; we have, what is it, the Municipal Purposes Tax, which is a lot of communities.

COMMISSIONER COLEMAN: Surely.

ASSEMBLYMAN GIRGENTI: Is there some way we could try, instead of pulling out and getting more and more of these different programs -- try to consolidate? Is that--

COMMISSIONER COLEMAN: Yeah. Assemblyman, what I would say to that, is that the others are generally formula driven. I think there is a place for formulas, but one of the beauties of the Distressed Cities Program has been the flexibility and lack of formulas. I can tell you that the first year, for example, we weren't too popular in Newark City Hall, because in Newark-- You know, they are the largest, and obviously the city, which has economic problems-- The program was an \$18 million program the first year. Newark was receiving certain moneys from the Port Authority that year, but

they didn't receive dollars under Distressed Cities. Camden received \$9 million; Newark didn't get any.

The following year, certain economic factors had changed, and Newark received, last year, six point something million. I think a lot of it is-- I think the beauty of the program is the flexibility from year to year, depending on the economic condition within the given municipality.

ASSEMBLYMAN MORAN: You have just convinced me that doing it year by year is much better than doing it over a long period of time.

COMMISSIONER COLEMAN: Yeah, except that I can tell you that the need is going to be there with the municipalities. So, what we are looking for is a source of funding where we will know that you've got at least "X" amount of dollars that will be able to go out to the municipalities that are participating in the program.

ASSEMBLYMAN MORAN: But, isn't it much better, administratively, to hold that carrot out that Barry is talking about?

MR. SKOKOWSKI: We could do the same thing. We are just addressing, I believe, a pot of money that is guaranteed to be there for those in need. It would not change a thing in the process whatsoever. The management review would still continue on.

ASSEMBLYMAN MORAN: But, would it guarantee the City of Newark six point--

COMMISSIONER COLEMAN: No. No municipality in any given year would be guaranteed anything, until they went through the--

ASSEMBLYMAN MORAN: You're saying the amount of money in the pot would be constant.

COMMISSIONER COLEMAN: That is correct.

ASSEMBLYMAN MORAN: It is just those which would be eligible for it.

ASSEMBLYMAN GIRGENTI: The only drawback of that is, it would become almost arbitrary. Obviously, you are in a position where you know the needs, because you have the statewide scope. But the problem is, at some point to just allocate a pot of money, you don't know who, at some point, would get control of it. You're doing an excellent job, but maybe down the road somebody may be playing favorites. What is the check on that?

COMMISSIONER COLEMAN: Well, the check on it is, the program is not up to sort of the Commissioner's and Director's discretion. It must go through the Local Finance Board; the application ultimately must be voted on by the Local Finance Board.

ASSEMBLYMAN GIRGENTI: So, you would advocate--

COMMISSIONER COLEMAN: I would advocate a continuance of that. I think that is one of the beauties of the program. Certainly, any municipality has the right to go before the Local Finance Board and appeal or make its case, if they see it differently than we see it in making the presentation.

ASSEMBLYMAN GIRGENTI: Well, how much-- You had \$70 million in?

COMMISSIONER COLEMAN: That is correct -- last year.

ASSEMBLYMAN GIRGENTI: Would you want to keep it at that figure?

COMMISSIONER COLEMAN: As I say, I think if we are looking at a fund, in my estimation it should be about a \$100 million fund.

ASSEMBLYMAN MORAN: What about if we make it 60 for the urban and 40 for the suburban?

ASSEMBLYMAN GIRGENTI: Just as a point, are there not some suburban towns in there?

COMMISSIONER COLEMAN: There are many suburban towns in it.

ASSEMBLYMAN GIRGENTI: For instance, Haledon was put in there, right?

COMMISSIONER COLEMAN: That is correct.

ASSEMBLYMAN GIRGENTI: That is our district, but it fit that program.

COMMISSIONER COLEMAN: Haledon, and last year Englewood.

ASSEMBLYMAN GIRGENTI: Right. Yeah, they do have--

ASSEMBLYMAN MORAN: What was the criteria that those suburban communities--

ASSEMBLYMAN GIRGENTI: They had fiscal problems.

MR. SKOKOWSKI: Haledon was under State supervision because of fiscal problems of massive overexpenditures and lack of internal controls, and the other community qualified for Urban Aid. A very small amount of money, but it did qualify under that formula-driven program. So, in essence, the Legislature is controlling it. It was eligible by tying it to Urban Aid, and those under State control which really need the money the most. Haledon will not get any money in 1988. They have come out of the hole. They have improved their operations, and they will have a tax rate reduction, I will predict.

ASSEMBLYMAN GIRGENTI: So that is actually the benefit of this, that you are giving them the incentive to get to a position where you are not encouraging more funding, but less.

COMMISSIONER COLEMAN: Exactly.

ASSEMBLYMAN GIRGENTI: And, you know, to become self-sufficient, to sort of say, it can be done.

COMMISSIONER COLEMAN: That's exactly right.

MR. SKOKOWSKI: If the program is continued, I am going to do something I hope to accomplish in a couple of years; that is, release two towns from State supervision which have been there since the Depression. I think it is really wrong that we had to keep these towns under State control. The mechanism is, in the case of Chesilhurst-- They have finally gotten Farmers' Home Administration money for sewerage. Okay? They are going to tie into--

ASSEMBLYMAN KLINE: I was going to ask you about Chesilhurst.

MR. SKOKOWSKI: --Waterford, to the Pinelands, and if we have the program next year, I am going to give them a loan from this program -- we can also give loans -- for the city's share of that sewer project, because they will also get back that same amount of money in four years from the Farmers' Home Administration. So, they're not going to beat us out of the money. They are just going to get the money to start up, get this development going, and then hopefully go out on their own. We have also made them hire their first full-time tax collector and treasurer, which is a great step forward. They used to collect 75% of their taxes. It is now 82%. We took a relatively poor community, and we made them clean up all their vacant lots that had no real good title deeds to them. Okay? It's a real mess, but it's happening. If we can release them, I think it will be an accomplishment for this entire State.

The same with Lawnside. My predecessors, many years ago, said that when Lawnside bought a fire truck, they had to stay under State control until that fire truck was paid for. I worked with them, and said, "Let's refinance it. Take out that bond covenant." Lawnside is in good shape, and they can go out on their own.

With this program, we can be tough when it is time to be tough, and be fair when it is time to be fair.

COMMISSIONER COLEMAN: In Chesilhurst's case, I think in past years we gave them \$100,000 a year. That brings out the case again, the type of impact you can have within a very, very small community. So, you're not always talking about millions of dollars.

ASSEMBLYMAN ROONEY: Actually, just looking at some of the papers here, it seems that the major problem these big cities are having is tax collections. Is that the main reason for the shortfalls they have?

MR. SKOKOWSKI: Not necessarily. There is the problem of who pays taxes in the cities. Let's take Camden or East Orange. Do the residents really own those homes -- do they have mortgages -- or are they renters? Are they at the mercy of their landlord paying the taxes? Is there water getting turned off or turned on when it is appropriate?

The tax collection problems that exist are being improved on tremendously. In the case of Camden, our staff has just assumed the job of tax collector. They will stay there throughout 1988. We have found certain accounting errors in there that preclude a fair presentation -- representation -- of what the tax collection percentage should have been. There were just mistakes made in the past. We are in the process of cleaning all of them up. We have made a massive effort to clean up delinquent taxes and delinquent water liens, which has been paying off. If we make \$250,000 in three months, to me that is very good. If I could do that in every area, you know, it would be great.

We don't charge the towns for our staff. Nobody gets a dime back. It is just there to help and to do what's right. We get ourselves actually appointed to be tax collectors. We did the same thing last year in the case of Orange. We did it in Jersey City for three months last year. In Jersey City, we improved the tax collection percentage by 3%, from where it was through the year we took over, and 4-1/2% in the City of Orange, when we were the tax collector.

So, we have made a lot of improvements. I think you will find that that was our major thrust of the first year.

ASSEMBLYMAN ROONEY: Along with tax collections, I remember a lot of times when we were sitting in the Assembly, and all of a sudden something would come up on the board that was to allow certain distressed cities to sort of reval again. Have we insisted that the revals be done and implemented as a part of this program? Are all of these distressed cities now up to current reval standards 100%?

MR. SKOKOWSKI: Camden's is done and ready to be implemented. The Legislature passed a bill postponing it one year -- last year. Okay? Jersey City is done, and ready to go. East Orange is in the process, and will be ready in 1988, later on this year. So, yes, we are looking at that issue very, very carefully.

ASSEMBLYMAN ROONEY: Because what I saw, as a result of that, was, yes, there are people who may not be able to afford the new rates, but there are a lot of people going along for a free ride who have not been upgraded, whether they be businesses or some of the better properties in that particular area -- who are just having a free ride by not having that reval done. So, that distressed me.

One of the other things I suggested-- State law says that up to the first \$1000 on the taxes, we get 8%, and then above that it is 18% interest. In my municipality what we did was, we went to the banks, and we said that if they held more than one mortgage in the community, the first \$1000 counted on the first mortgage, and that every other mortgage was then cumulative. You should have seen the tax collections go up from the banks. It was unbelievable. We wound up being about 100% for the first time in the history of our community.

This is another area. The banks have been holding back. I would not believe they were doing it, but they are holding back taxes that rightfully belong to the municipalities.

MR. SKOKOWSKI: I also want to clarify one point: The majority of the Urban Aid towns have a percentage of collections in the 90s, from a high of 99% to a--

COMMISSIONER COLEMAN: Is that Passaic?

MR. SKOKOWSKI: Weehawken.

COMMISSIONER COLEMAN: Oh, Weehawken.

MR. SKOKOWSKI: Passaic is 98%; Paterson is 97%. Trenton has made massive strides this past year. They have a new tax collector also and they jumped up a couple of points, because they do a good job.

ASSEMBLYMAN MORAN: Then what still generates the need to be subsidized?

MR. SKOKOWSKI: First of all, property taxes do not begin to pay the bills in any big city -- any urban city. Rate isn't what percent it is of the budget, but it is not a big percent. When you lost revenue sharing, you lost a big chunk of money.

ASSEMBLYMAN MORAN: Well, we in suburbia lost it, and we had to raise our taxes.

MR. SKOKOWSKI: That's right, and so do the towns.

ASSEMBLYMAN MORAN: When we need a new fire truck, we go out and we borrow and we buy a new fire truck. If we want to pave roads, we have to go out and pave roads. If we can't afford to do it, then we just don't do it. If we went and did it, and we couldn't afford it, then we would be down here begging for money like everybody else.

MR. SKOKOWSKI: I would indicate, though, that we do not give out this money to maintain the tax rate. The overwhelming majority of these communities have increased their taxes; I would say 98% of them, some very substantially. Okay? But I have to make the judgment of what is affordable; what can the people pay. In Camden, with a mean average income of \$10,000 a year, how much can homeowners pay, those who are homeowners at least?

ASSEMBLYMAN GIRGENTI: Just to answer you, Jeff, one of the problems is that the tax rate in a lot of these communities has become confiscatory. People are moving out. You know, it is how your philosophy is in terms of, do you want to keep your urban areas alive and vital, and as an important place in our whole structure? The fact of the matter is, as these taxes have escalated over the years, more and more people have left, leaving the cities with less and less people to tax, or the base, so the people who are left can no longer afford to pay. That is where you create this problem of the urban demise, you know, the urban crisis.

I will just bring out one thing: We had a meeting on Saturday where we talked about the garbage problem. You know, just that alone would-- I think you could bring a lot more cities into a distressed area--

COMMISSIONER COLEMAN: Sure.

ASSEMBLYMAN GIRGENTI: --because you are talking about quadrupling the costs of garbage, at least by us. I know some areas may not be as badly impacted, but in our area, you're talking about going from \$20 a ton to send it to the HMD -- or \$23 -- to now over \$100 a ton. When you put that into Paterson or Newark or Passaic-- You know, it affects all communities, but if you put it into that type of an area, you're talking about-- I think in Paterson they said \$7 million more, just for that. Obviously, it is a State mandate in terms of, you know, eliminating the landfills and trying to find other means. Whatever the reasons are, it has dragged on for years. But now these communities have to deal with this problem. It is going to impact them, and it's a tremendous crisis. I'm sure they are hearing it already, and it is going to be even greater. There are bills being put in now to try to get some kind of relief, because that is not uniquely just an urban problem; that is a problem that is going to impact everyone.

COMMISSIONER COLEMAN: Right.

ASSEMBLYMAN MORAN: I appreciate what you're saying. But, Barry, isn't that exactly what's happening to communities in my district, such as Manchester, where we have high property values, and very little, if any, income? Those communities have the same increases in needs for garbage collection because of their sizes, and additional needs for police. It is getting to a point where we are taxing them to death.

I mean, these are people -- you talk about generating \$10,000 incomes -- who are retired. If in a good year with their investments they get \$10,000, they're doing well. They're paying their taxes. They have \$150,000 homes that they

can't afford. It's getting to a point where we are having crisis situations in our senior developments in Ocean County. We are being hit with the exact same crisis situations that the urban communities are being hit with -- the same increases in costs with insurance, with police protection, with garbage and sanitation dumping fees -- but it seems as though those kinds of people can be asked to pay more.

Yet, you can take the exact same circumstances in Passaic, in Camden, or in someplace else -- and I do not begrudge them the opportunity-- You will give it to them under the exact same circumstances, but a community like Manchester could just be forgotten, because they have the potential to pay, and they are not complaining about it. But, they go without eating. We have the Meals on Wheels Program in Ocean County, which you are both familiar with. We were amazed to find out that the majority of the population eligible for that was right from Manchester. And we're doing nothing for communities like that.

COMMISSIONER COLEMAN: Yeah. I don't want to criticize. I am not as aware-- I don't want to pick on Manchester, or anything, but I think for the most part, a lot of the -- particularly in Ocean County-- You have had growing municipalities, so that the pains have been much more ones of growth within a municipality, rather than ones from a situation which has deteriorated, where we are attempting to bring back a new type of life. I feel very strongly that we do have the opportunity with these urban communities right now to bring them back. You're seeing an awful lot happening in Jersey City; certainly now in Newark. You're getting an awful lot of action in terms of private development, land values going up, and others, and I think it is incumbent upon us to work with them in a type of Distressed Cities Program to help them through that process.

That is not at all to say that with Manchester they do not have some very, very strong needs, certainly the seniors. Anyplace that has a large senior population may feel very many of those same stresses.

ASSEMBLYMAN ROONEY: Barry, on the, let's say, tax rate in a particular distressed city, what portion of that is education? I know we fund more education in the distressed cities than we would normally through the State. What portion of the tax rate would be for education?

MR. SKOKOWSKI: The greatest proportion is still the schools.

ASSEMBLYMAN ROONEY: Still the schools?

MR. SKOKOWSKI: Yes.

ASSEMBLYMAN ROONEY: That brings us back to my old favorite, T&E, which said you are not supposed to finance this through property taxes. If we would only take that away -- do that -- and fund education the way it is supposed to be funded, then perhaps with this money -- this additional money could be used for the properties, and it would actually be the answer.

MR. SKOKOWSKI: I appreciate those comments, but let me indicate to you that I just don't look at the municipal budget. I sit down with Vince Calabrese in Education and go over the school budgets, too, because I am looking at the tax rate of the town. If you can't collect it, there is no use levying it.

ASSEMBLYMAN ROONEY: But, if the tax rate is two-thirds of it, as it is in my community -- the schools -- and one-third is county and municipal use-- If we could reduce that some way, then we would be looking at a bigger share for the municipality.

COMMISSIONER COLEMAN: Assemblyman, another way of putting it-- I think, like you, we are all very anxious to hear what SLURP is ultimately going to say.

ASSEMBLYMAN ROONEY: The other thing, too, is, on the permanent funding source, I am a little bit leery of that, for the simple reason that once you put a permanent source in there, you really give a bad message out. That means you are going to permanently fund it, and you are always going to be there. Even though we are going to have a Renaissance in Jersey City, and other areas, we are still going to have these people coming back and asking you more and more to keep funding.

ASSEMBLYMAN KENNY: Mr. Chairman?

ASSEMBLYMAN KLINE: Go ahead.

ASSEMBLYMAN KENNY: I agree that we need a permanent funding source, Mr. Coleman, for the foreseeable future. Certainly for the next 15 or 20 years the cities are going to need it. There is no question about that.

I also believe what is being said by Mr. Moran and Mr. Rooney. We all agree that the SLURP Commission report has to give us some guidance on property tax reform. That is something we all agree on. But the needs of the cities are paramount today in New Jersey because of our tremendous population density. We have, in Hudson County, a half a million people in a small area. In my district, the most densely populated district in the country, I believe, we have almost a quarter of a million people. Many of the problems associated with managing cities have to do with densities of populations; also, antiquated systems of sewage and infrastructures, which are tremendously costly.

I was at a meeting the other day, also on the garbage situation, with Mayor DeFino of West New York, who stated that we could spend almost our entire budget on garbage and sewerage over the foreseeable future. So, I welcome your suggestion that we need a permanent source of funding in the range of from \$100 million to \$150 million.

COMMISSIONER COLEMAN: Thank you, Assemblyman.

ASSEMBLYMAN ROONEY: Permanent with the sunset provision.

ASSEMBLYMAN MORAN: Ninety days. (laughter)

ASSEMBLYMAN KLINE: Earlier you stated that you are now doing the tax collection for Camden.

MR. SKOKOWSKI: Yes.

ASSEMBLYMAN KLINE: The Mayor is cooperating in that appointment.

MR. SKOKOWSKI: He made that appointment, after discussing it with me.

ASSEMBLYMAN KLINE: Which is of you -- your office?

MR. SKOKOWSKI: Well, my staff is doing it.

ASSEMBLYMAN KLINE: Your staff is doing it, correct. What happens if a mayor-- You know, here you have found deficiencies and problems with the tax collection in Camden. The Mayor is cooperating. What if the Mayor didn't cooperate? Would you have--

COMMISSIONER COLEMAN: They wouldn't get any money next year.

ASSEMBLYMAN KLINE: So, you would just pull the plug on the dollars?

MR. SKOKOWSKI: Also, if there is something egregiously wrong in the tax office, in the performance of the tax collector, under statute I may remove that person from office after a public hearing.

ASSEMBLYMAN KLINE: That is definitely legislation from Distressed Cities--

MR. SKOKOWSKI: No, basically it is for every town.

ASSEMBLYMAN KLINE: Okay, so you are all right then?

MR. SKOKOWSKI: Yes.

ASSEMBLYMAN ROONEY: You don't need a city takeover bill, right?

ASSEMBLYMAN KLINE: Well, you don't know. I'm asking--

ASSEMBLYMAN ROONEY: A school takeover bill.

ASSEMBLYMAN MORAN: No, we have it. They're in there now.

COMMISSIONER COLEMAN: Well, I can tell you this: Without Distressed Cities, I would now be the mayor of 50 municipalities.

ASSEMBLYMAN KLINE: Yeah, that's what I'm--

COMMISSIONER COLEMAN: Literally, that's true.

ASSEMBLYMAN KLINE: We have quite a few questions. Do you want to get started on a few of them? I know I have a few I want to ask.

One area is, several of your September, 1987 reports mentioned a lack of qualified personnel in specific distressed municipalities. As you know, in the 1988 State of the State Message by the Governor, he recommended the creation of internship programs to attract young people to local services. In addition, the SLURP Task Force Report recommended cooperative action between distressed local units and institutions of higher education, in part to enhance job training and adult education, presumably part of this latter recommendation could involve the training of local government personnel.

Do you have any specific recommendations as to how, as part of a job training program, colleges and distressed municipalities could cooperate in the training and the recruiting of qualified personnel for municipalities? I would like to put a bill in to address that.

COMMISSIONER COLEMAN: Surely. Let me take it first, Barry, and then you can add on. We have had an agreement with Fairleigh Dickinson University -- one of their schools -- and from that have been able to get a number of interns who have been able to go in and work with our staffs in municipalities. I think this has worked very, very well, for two reasons: One, as you might imagine, the interns sent are very, very eager.

They learn, in sort of on-the-job training, what local government is all about and how it functions. They have made a contribution. We want to keep their interest. We want good people offering to go into local government service. I think this particular program has let people see the inside of it. It has sparked their interest, and we have gotten a very, very good response from it. The Governor went up last year and spoke with all the interns in the FDU program, and I think saw that it was so beneficial, that we would like to expand it -- hence the budget provision -- to see if we can't get more of the intern types to work with us in the program.

MR. SKOKOWSKI: We also just signed a contract with the Director of Hispanic Affairs for Rutgers University in Newark. They are going to have an internship program for minorities, because we do need minority representation in the cities. It is very critical because they live there, and they take more of an interest. I think we had to do that. We have made those efforts already. But, we don't have enough money. I don't know if I can say that or not. Again, it has to be controlled. It is like everything else. You can't spend money just for the sake of it. You have to test it. We tested it, and we think it is very successful. Some of the stories these interns were telling about government were amusing.

COMMISSIONER COLEMAN: Yeah.

ASSEMBLYMAN KLINE: We want to address that this year. We will have staff work with you on it. I want to get some more information to put forward proper legislation to help where we can help.

COMMISSIONER COLEMAN: That would be just great. We would appreciate your working with us.

MR. SKOKOWSKI: Also, regarding training in the urban areas, the Legislature has, for the past seven years, made available \$75,000 for Rutgers University to pay the tuition for courses in municipal finance and municipal tax collection.

Those funds, which we have some say on, are going to be allocated for anybody in a distressed city first, and the rest of the State afterward. But we found out that we have a very good handle on it and, as far as I know, nobody has been turned down from any community.

ASSEMBLYMAN KLINE: Does anyone want to ask any questions?

ASSEMBLYMAN MORAN: I have a question: How many of the communities that have been receiving this particular revenue in grant form have been taken out of the category as a needy urban city, or a distressed city?

COMMISSIONER COLEMAN: Last year, for example, I think 52 municipalities qualified. We ended up funding 48. I think -- was it Lodi that came in? Actually, Lodi came and asked for \$10,000, wasn't it, Barry?

MR. SKOKOWSKI: Yeah.

COMMISSIONER COLEMAN: Lodi asked for \$10,000. Well, the application was actually-- It wasn't a very accurate application. They only asked for \$10,000, and they got \$10,000 based on the application. Most of the time, as I said, you enter into a period of negotiation, anywhere from several hundred thousand right up to millions, that end up getting chopped during that negotiation. Phillipsburg, last year, initially came in and said that truthfully, after looking at the budget, they didn't need any money for that particular year, but would we forward money for the following year? We gracefully said no. There are a couple of other municipalities which were not funded. Haledon is off -- as Barry mentioned -- this year. I am trying to think of the names of the cities that are -- that we were going to carry forward.

MR. SKOKOWSKI: We are waiting for the (word indiscernible) statements to come in.

COMMISSIONER COLEMAN: But the numbers change from year to year significantly. (Commissioner consults with Mr.

Skokowski; both talking at once. Unable to transcribe what is said.)

MR. SKOKOWSKI: For example, Union City received \$1.2 million in 1986, and about \$600,000, \$650,000 in 1987.

COMMISSIONER COLEMAN: So, in other words, it went down half.

ASSEMBLYMAN MORAN: Okay. Now, in Union City's situation, do they have to use that \$1.2 million to offset the existing tax base, or is it for new projects?

MR. SKOKOWSKI: It's not new projects. In the case of Union City -- and I don't pretend to be an expert in Hudson County political activities -- it was an election year. A lot of the money was spent before half of the year was over. So, this was necessary just to maintain police and firemen and other essential services. The money is appropriated in the budget, line item by line item, so you know where it goes.

ASSEMBLYMAN MORAN: But, was this money misappropriated then?

MR. SKOKOWSKI: No, no. They were all things allegedly that were bought that were legal. It is just that it was spent too fast.

ASSEMBLYMAN MORAN: And they didn't have enough money to finish out the rest of the year?

MR. SKOKOWSKI: Right.

ASSEMBLYMAN MORAN: So, in school law-- I mean, Calabrese would be down there hanging a board member.

MR. SKOKOWSKI: I have a bill in -- which we should talk about at some point in time -- to make that a crime, like it used to be, at the local level. The current sponsor is Senator Laskin.

ASSEMBLYMAN MORAN: Okay. Now, what happens-- We give the money to subsidize it. What happens the next year when that money isn't there?

MR. SKOKOWSKI: Because we went in and found other ways that they could help themselves generate money, we found money for them. We found money they could collect if they had to collect it. Okay? That is the key to the thing.

ASSEMBLYMAN MORAN: Yeah.

MR. SKOKOWSKI: We go in there and make them collect every dime they can justly collect. We did that very successfully.

COMMISSIONER COLEMAN: Once again, when they contract with us, they open the system up. We agree that we have the right to go in and look at what we want to look at.

ASSEMBLYMAN KLINE: From the time they apply, or just out of filing their budget?

MR. SKOKOWSKI: One year.

COMMISSIONER COLEMAN: In other words, once that contract period starts--

ASSEMBLYMAN KLINE: (Inaudible response)

COMMISSIONER COLEMAN: That is correct.

ASSEMBLYMAN MORAN: Well, why don't we take a bill and make it a heck of a lot more comfortable to move? Why don't we make -- the Laskin bill?

MR. SKOKOWSKI: Yeah.

ASSEMBLYMAN MORAN: Is that any community that comes under this--

MR. SKOKOWSKI: The Laskin bill says, any community that overexpends its budget willfully and with malice -- okay? -- with safeguards to protect some abusive, you know, State's prosecution, would have a fourth degree crime. It used to be that way back in 1971, I believe, or 1977. The Legislature amended Title 2A to 2C of the Criminal Code, and that was taken out. It is a real problem. It has been a recommendation that I have made consistently.

ASSEMBLYMAN GIRGENTI: Barry, not to interrupt you, but going to the Union City case you talked about, the way you

are explaining it, you don't consider that a crime. Under the bill you are proposing, you're saying that you felt everything that was done, was done legally. I think the problem with that bill is--

MR. SKOKOWSKI: I don't want to get too close to the politics of this. You know, in the first couple of months, you try to make as many friends as you can, legally.

ASSEMBLYMAN GIRGENTI: I understand that. But I'm saying, I don't think that bill then would have that type of an effect in that situation.

MR. SKOKOWSKI: Had the governing body not been unelected--

ASSEMBLYMAN GIRGENTI: I am just using that as an example of a community, you know, saying Community "X," that spends so much of its money up-front--

MR. SKOKOWSKI: But if it was a community that had a November election, they would have a problem under my bill. It is the ones that have a May election-- If they get knocked out of office, they are not there any more.

ASSEMBLYMAN MORAN: One other thing, Mr. Chairman, that I have heard a number of times, especially within the last week and a half, is that there was one community that received aid that had five deputy fire chiefs. One of the reasons they received aid was because they did not have enough money to pay their deputy fire chiefs. Three of the five deputy fire chiefs were sons-in-law of the mayor. There was a need for one deputy fire chief, and this particular community had five. We gave money to pay their salaries. Now, when I go back home, my constituents beat my head in because we are giving money away to subsidize brothers-in-law (sic).

MR. SKOKOWSKI: Well, I don't know about the brothers-in-law. I must say, I don't know that at all. But I would say this: Under the Civil Service system, the brothers-in-law, or whoever they are, would still be employed by that community. They would just bump right down. Okay?

ASSEMBLYMAN MORAN: Okay, but isn't there a way that we can see if in their organization chart, and what the State feels is necessary for their fire department-- Can't we see that they have one captain and one deputy chief, that they don't have five deputy chiefs, and that something has to be done? If we are going to give you \$1.2 million, you have to show good faith by changing that.

COMMISSIONER COLEMAN: Yes, Assemblyman. I don't want to pick on any given municipality, but I can tell you--

ASSEMBLYMAN MORAN: I don't know the name of the town, and I don't care. That is beside the point.

COMMISSIONER COLEMAN: There were municipalities last year where exactly what you're saying came up. We advised that we didn't think that certain promotions needed to be made and, in point of fact, they were not made. Now, once again, it is open. You know, we are not going in with all exclusive powers. We are willing, but I think a mayor and council have their choice. And, once again, next year, if they plan on participating in the program, they are going to have to come back, and we will go over with each of the municipal administrations what we consider to be their record in terms of the implementing of these Distressed Cities reports on a yearly basis.

ASSEMBLYMAN KLINE: Do you have any authority to investigate, or correct any serious irregularities involving a local unit? I mean, what powers--

MR. SKOKOWSKI: If there is an irregularity that is gross, it is referred to the proper authorities in the Attorney General's office, or the county prosecutor's office. If it is something that I can correct, like for example, enforcing all means, okay, then I can issue an Order of the Director. That is an administrative order. Okay? But anything that possibly involves money that doesn't go to my place, would go to the prosecutor.

ASSEMBLYMAN KLINE: Do you have legislation now that gives you the authority to go in and do something strong, or do you need stronger legislation to help you there? Does it fall under a different category of your--

MR. SKOKOWSKI: The legislation has been around for a very long time. I think it is quite effective, and we do issue Orders of the Director every now and again. One other thing about this -- this Order of the Director -- is the embarrassment it causes locally. It is even worse many times than it is in a neighboring community, and that is part of it, too.

COMMISSIONER COLEMAN: The other thing, I think, of what Barry was mentioning, is, we have supported, year after year, making it a fourth degree crime. I think Barry put out the example. We have a governing body that knows it is going out in May. It has several more months to run, so a lot of times you try to make a lot of people happy and, you know, you run into problems. So, we would very much like to see greater enforcement powers given to us through legislation.

ASSEMBLYMAN KLINE: Is that on different forms of government, or specifically that form of government, or is this--

COMMISSIONER COLEMAN: I just pointed out that that is one thing. There can be abuses under any system. But, right now, it is not any type of a crime. So, we would push and support the legislation.

MR. SKOKOWSKI: I think the legislation should be reviewed by the Committee. I would now expect to get a couple of changes in it, because it has been a couple of years. I've learned a little bit more, I guess.

ASSEMBLYMAN ROONEY: One thing I noticed in here is that a lot of these communities -- these distressed municipalities -- do not have computers, and do not have really good mechanisms to implement budgets and do go over budget. I

would think that would be the first thing you would tell them to put in -- to put in a computerized system to put your budgets up. Another step is, I would recommend that the Department come up with a program -- a computer program -- that could be programmed into each municipality. You know, everybody has the same costs; I don't care what municipality, or how big or how small. You have all of these different departments that were all created by law, in most cases. You have a fire department, a police department. It depends on whether they are paid or volunteer. Go right down that list, and just plug in the figures. That way you would have a way to upgrade it, and all they would have to do is put their disk in and send it to you, and you could check their budgets almost on a daily basis.

MR. SKOKOWSKI: We are progressing toward that, very much so. In fact, there is one major community that receives aid, which had a computer for two years before they got it operational. We went in and forced them to do it. Any computer operation that affects fiscal affairs has to be approved by a member of my staff, who are designated by their computer expertise. So we do have that covered pretty well, and we are enforcing that. We, of course, stay away from any brand. That is why it is tough to run a program. We are just saying the general basic components can be written out, and laid out.

ASSEMBLYMAN KLINE: When you recognize a distressed municipality, and you move in and make your recommendations, or you look at the ledger system and, you know, the tax delinquents, and all that, do you have a timetable? I mean, when you come in, and you say, "Okay, we recognize you as a distressed municipality. We recognize problems in certain areas," is there a timetable?

MR. SKOKOWSKI: I first allow the communities to tell me what timetable they would like to work under, to be fair and excellent.

ASSEMBLYMAN KLINE: Okay, so in other words, it is not one that is written. You set up--

MR. SKOKOWSKI: No, they have to write and suggest a timetable. Okay? If I don't like it, we call them in, and I say, "We've got to do this faster." The one thing that is required of all communities, as of January 1, 1986-- For the first time in New Jersey, everybody has to have a ledger system -- a general ledger -- a fixed asset account, which is merely an inventory of what you own -- cars, trucks, etc. -- and an encumbrance system which would point out overexpenditures. So that is in place for every single municipality in the State of New Jersey. The implementation has been slow, but in my application to the communities -- or distressed cities -- I say, "If you didn't do it, why not?" and they better make a good answer.

ASSEMBLYMAN KENNY: What is going to be the impact of reevaluation on Distressed Cities grants?

MR. SKOKOWSKI: There is--

ASSEMBLYMAN KENNY: In Hoboken--

MR. SKOKOWSKI: I knew what you were thinking of, yes.

ASSEMBLYMAN KENNY: What is going to happen?

MR. SKOKOWSKI: Frankly, we agonized over that problem, but if it should happen, in a sense of fairness to everybody else in the State, you should have fair market value everywhere. I can't go against that principle. But there are impacts on certain elements of taxpayers that are so great that it is frightening. I would think it could lead to getting some more Distressed Cities' money.

ASSEMBLYMAN KENNY: Are you referring to the homeowner on a fixed income whose taxes double?

MR. SKOKOWSKI: Unfortunately, I can only give the money to the communities, so every type of taxpayer would get the same percentage break, based on the assessed value of his or her particular property. That's the law. I mean, that is not my law, but that is the law on property tax.

ASSEMBLYMAN KENNY: So, Distressed Cities funds would be used to reduce-- Well, they would satisfy the city for a percentage of those tax incomes?

MR. SKOKOWSKI: Well, I don't look just at the reval issue. I look at the overall affordability of the tax rate on the constituents of the community. If that is an impact, yes. But, there are many, many other factors.

ASSEMBLYMAN KENNY: Are you aware of any legislation where the scenario would be-- It is not uncommon in Hoboken where someone is paying around \$3200 a year in taxes now, and I am told that they will be paying maybe \$7000 next year. What type of relief will they be able to get -- a person on a fixed income?

MR. SKOKOWSKI: I couldn't make that determination right now. That would require, again, looking at the overall tax rate, because the ratables might go up substantially. You know, there are so many factors. That's why, when I sit down to decide these allegations, I have to call in my people and go over every little fiscal fact of life, and call other State departments. It is a very complex matter.

ASSEMBLYMAN ROONEY: Barry, isn't it true that most municipalities have that fear when they go through this reval? I know that when I was Mayor, we were down to 52%, and everybody figured, "Well, we've got to go up to 100%. That means they are going to double our taxes." What really happens is, you double your ratables, and then you cut your tax rate in half, because you divide it into the same number. If your budget is constant, here are the dollars you have to spend. If you reval, and you go up 50%, or whatever the amount is to get up to the 100%, the tax rate is going to be half of what it was. That's the plain and simple of it.

ASSEMBLYMAN KENNY: But doesn't it impact on certain portions of the community greater than it does on others?

MR. SKOKOWSKI: I would say this: There is a community in New Jersey called Willingboro, and it has a 100% computerized reassessment every year, because all of the homes are the same. It is a Levittown, okay? If you take, for example, a city like Camden or Trenton or Hoboken or Jersey City, you have areas that you want to preserve, because those areas are where the people who you most need are. They contribute to the community. Many times, they will get hit very hard. So, it is a factor, and you have to look at the whole town, its make-up -- its physical make-up -- its income potential, but overall, yes -- the calculations, as you say.

ASSEMBLYMAN MORAN: But, it's not that simple. I can remember when I served on the township committee in our community and we went through the reassessment and we were going to do that. We were at 50%, and I said, "Why don't we, instead of spending \$100,000 to hire someone to come in and do it -- why don't we just double the assessment and cut the tax rate in half?" It makes a lot of sense, but in different sections of the community property values went up higher than in other sections of the community. You could go from block to block and it was different, whether the community paved the road or put in sewers or put in water, new gas lines, or whatever the case may be. But that is not what I wanted to ask you at this point.

In a community like Hoboken, what would full funding in education -- which is mandated by T&E, but which we have not done except for once in the last eight years, I believe it is-- What impact would that have on distressed cities in tax dollars, and we'll use Hoboken as an example?

MR. SKOKOWSKI: I couldn't tell you that now without going into a lot of detail and calculations and talking to Mr. Calabrese in Education. I don't know how much they get, off the top of my head.

ASSEMBLYMAN ROONEY: It's about two-thirds -- almost two-thirds in every municipality I have ever looked at. It is very close to two-thirds.

ASSEMBLYMAN MORAN: Because that seems to be-- It is not the municipal governments that you control and regulate and, believe me, a month doesn't go by that I don't get a call from a mayor or a borough clerk or a council person, saying that they needed this from your office, and with a phone call they had gotten it. They don't even need us to call and they get it. In that respect, the tax base in the communities I represent, by the municipal purpose tax level, is not really a problem.

The county taxes -- Ocean County taxes -- are one of the lowest in the State. It's not a problem. Our library tax, and every other municipal tax we have, are nothing. Our biggest problem is our school tax, and it is not being funded properly by the Constitution. Until that happens, suburban communities -- which I represent -- as well as urban communities, are not going to be able to address the urban crisis situations that are there, to be able to color them all the same; to say that the urban communities, the 48 you are funding now-- The problem can be the same next year, or 53 communities can be eligible, or 47 will be eligible. Until we can get a true picture of what that represents -- because we are not funding properly by school tax -- we are not looking at it correctly.

I think once we get the existing statutes corrected as to the full funding that we have a responsibility to fund-- We have that responsibility, but we continually, every year, negate it by the stroke of a pen. It is interesting that there is only one person in the State who can do that, and he just so happens to be a good friend, I think, of everybody here -- Tom Kean. Until he recognizes that we can't straighten out our tax crisis situations in our suburban and urban communities --

which are similar -- the crisis situations we have in all of the areas-- We cannot do this until we get the school tax paid out fairly that is due them.

ASSEMBLYMAN GIRGENTI: Well, I have to agree with you, Jeff, 100% on that. You know, we have fought that battle for many years, I don't care who the Governor was. It was Brendan Byrne before that. I think the formula was tops around '76, or something like that -- in that area. Every year, that has been a battle, and I think that only once it really came close, and that was when one of the Governors was running for reelection.

ASSEMBLYMAN MORAN: That was a good year. That was a real good year, John.

ASSEMBLYMAN GIRGENTI: What I want to ask-- You said before -- and I left the room; I had to go hear a bill -- \$100 million would be needed possibly for this type of a program. You're talking about a permanent funding mechanism. Was there any suggestion from you in terms of where we would come up with the funding?

COMMISSIONER COLEMAN: Well, once again -- and this is a personal statement I came out with in the last two years-- I strongly advocated repeal of the Ford bill. Obviously, it didn't get passed the last two years. I don't know if that was a legislative strategy or not. I certainly see that as a pool of moneys that would be there. I don't think it is a very good tax bill. The average person in Jersey City who files for the tax gets back \$55, and you have someone on the Forbes 400 richest list who gets back \$7000 or \$8000. Even myself, I remember the first year when I was coming out advocating for it, I had to go back and check my own return to see if I had filed for it, and everything.

So I, personally, would advocate still the repeal of the Ford tax. I think that provides a ready source of moneys. But I leave it to the Legislature. Except for the Executive Branch, which came up--

ASSEMBLYMAN KLINE: The wisdom of the Legislature?

COMMISSIONER COLEMAN: --with tax amnesty, I don't know what other mechanisms there would be.

ASSEMBLYMAN GIRGENTI: One other thing. From the latest reports, we see that we are sitting on, possibly, a billion dollar surplus, or at least anywhere in the area of \$800 million to a billion. How is the impact going to be with this garbage problem? Has it impacted on your Department yet, in terms of the overall situation? What is that going to do to the Distressed Cities Program? Would that open up-- Are you going to have many more recruits into your Distressed Cities Program?

COMMISSIONER COLEMAN: I think with it-- You have to remember that with the Distressed Cities Program, you've only got a certain amount of municipalities that qualify for it. Now, one of the things that we could certainly consider in that, is garbage. Camden, for example, took its big garbage hit several years ago. This particular year, you are going to have a hit, particularly within Essex and some Union towns. They are going to be hit very, very hard. Bergen is getting ready to get hit by it. So, it becomes much more of a regional sort of year to year, depending on--

ASSEMBLYMAN GIRGENTI: It happens to be in the northern area now, for the most part -- Bergen, Passaic, Union, Essex.

ASSEMBLYMAN KLINE: Thanks to our Commissioner.

ASSEMBLYMAN ROONEY: Thanks to our Commissioner.

COMMISSIONER COLEMAN: Do you mean the BCUA Commissioner?

ASSEMBLYMAN ROONEY: No, no, the HMDC Commissioner. Thanks for closing the gates, HMDC.

ASSEMBLYMAN GIRGENTI: Yeah. That's a whole other situation, as you know.

COMMISSIONER COLEMAN: We argue up there, too.

ASSEMBLYMAN GIRGENTI: I know what you were saying before, and I kind of agree with you in terms of having that looseness to determine. But yet, don't you feel that we should have certain criteria laid out? You know, it could become an abusive system.

COMMISSIONER COLEMAN: Assemblyman, I think you would find that any system can become abusive. What I might even suggest you do-- If you talk, for example, to the 48 towns who received that assistance last year -- now, you have Democratic towns; you have Republican towns -- I think the one thing you will get out of them is that the process was handled very, very fairly. Nobody, with the exception of Lodi, I don't think -- which got \$10,000 -- got everything they wanted. A number of towns applied for several million, and a number of them made statements afterward, saying, "We wish we had gotten more money." But if you talk to any of them, I think they will say to you that they found the system was fair, and the process we put them through was fair.

As they got the checks and balances, Barry and I certainly discussed what figures and what recommendations we were going to make. We then took it down to the Local Finance Board. As I said, one municipality sued us last year, but the suit was thrown out. The other recourse, obviously, is that we are always open, as we are today, for legislative review.

ASSEMBLYMAN GIRGENTI: Well, let me ask you this, and this question came up when we were reviewing, as I remember, either the Safe and Clean, or the Urban Aid Program. One of the problems we had was that a municipality that bettered itself, or went out and probably rectified a lot of problems, lost out, and a municipality that really, let's say, didn't do the job, or didn't make that effort, they more or less gained, in a sense.

COMMISSIONER COLEMAN: I would say to that, the municipality is not going to gain, because next year they are

going to get cut off. You're going into this with the spirit that it is to better the system. If a town can, you know, increase tax collection by 3-1/2% a year, and even on a political note, a mayor can go out and say, "Under my administration, tax collection has gone up from 85% to 93% or 94%," I think it's good government and it makes good sense. See, the stick is there for funding for the following year -- if they don't implement, cut.

ASSEMBLYMAN ROONEY: One comment: You mentioned the Ford bill. That homestead rebate has always been a bugaboo, because I see that check come in every year, and that check costs us over \$300,000 to have a mailing to each individual taxpayer. It is the ridiculous thing of politics at its worst, where one Governor was trying to get his name before the public prior to an election, and another Governor-- Well, he hasn't had the opportunity to get rid of it. I would appreciate your support on a bill that I will have up next time to have direct payments to municipalities -- one check, or 567 checks going to each of the municipalities, and having them get the money as a tax credit against taxes, the same thing we do on the veterans' tax credit and the senior citizens' tax credit. I think, Barry, when you were counting back on it, that that would make a lot more sense than what we have been doing.

But, it bugs me to have that check go out. Also, the computer list that goes on. It's the hidden costs. It's got to be close to half a million dollars that we could save. I would dedicate that to the Distressed Cities Program, and every half a million dollars counts, I guess.

ASSEMBLYMAN KLINE: We have to break. We have to go down for our session, which will be starting at 12 noon.

There are some more questions I would like to ask, and I would like the opportunity to send them to you in writing. You would then have the time to review them and send the information back--

COMMISSIONER COLEMAN: We would be happy to.

ASSEMBLYMAN KLINE: --so we can try to expedite this. If we can do that within the next few weeks, maybe we can get working on legislation to move forward in the right areas.

Are there any closing remarks before we break?

ASSEMBLYMAN GIRGENTI: The only thing I want to say is, with every municipality I have been involved with, the input of these gentlemen-- They have done the job in terms of opportunities for the communities. I know they will continue to do that type of a job because of the competence of the Department.

COMMISSIONER COLEMAN: Well, thanks very much.

MR. SKOKOWSKI: Thank you.

ASSEMBLYMAN KLINE: I thank you both very much for being here.

COMMISSIONER COLEMAN: It was our pleasure.

ASSEMBLYMAN KLINE: The meeting is now adjourned.

(MEETING CONCLUDED)

