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PUBLIC HEARING

BEFORE

ASSEMBLY COMMITTEE ON TAXATION

(Pursuant to AR-3003)

Held:
September 20, 1977
Courtroom #2
County Court House
Belvidere, New Jersey. 07823

Committee Member Present:

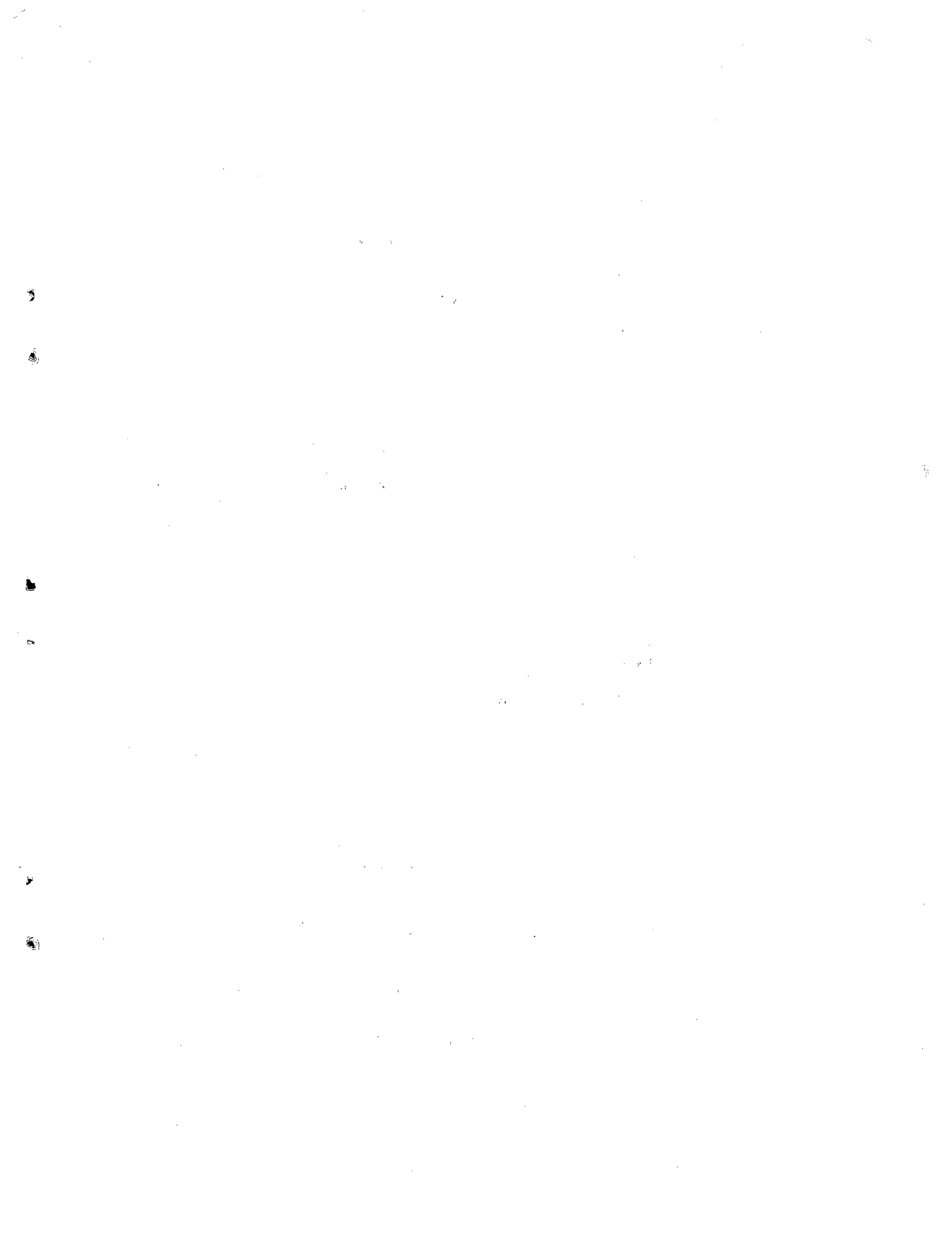
Assemblyman Donald J. Albanese

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J. Gilbert Deardorff - Staff Assistant

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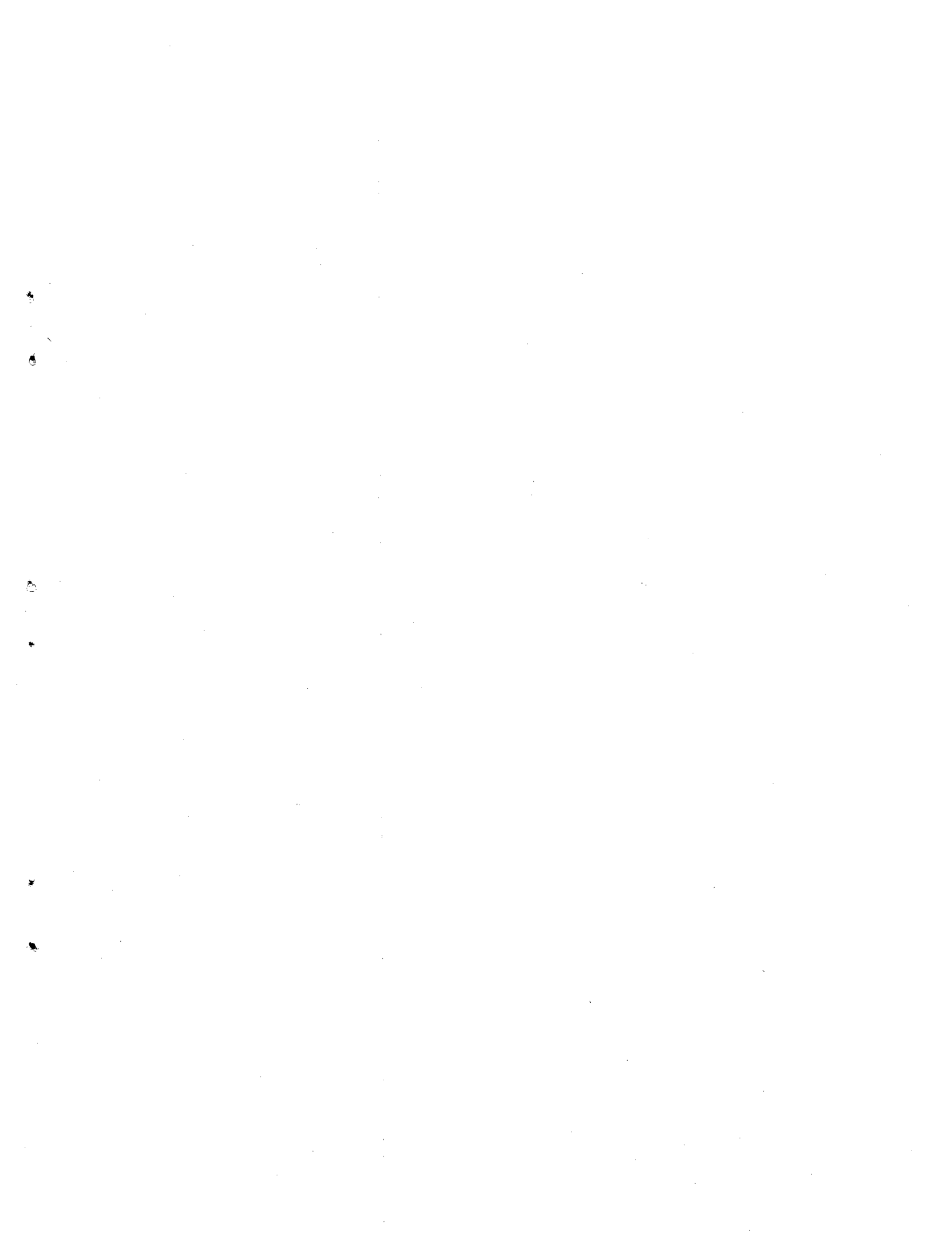
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September 7, 1977 submitted by Reno Minardi

Letter submitted by Town of Hackettstown



ALBANESE: Do I have your attention? This hearing is being recorded, so I would appreciate any side conversations kindly be taken out in the hall. My name is Assemblyman Albanese, I'm a member of the Assembly Taxation Committee and in that capacity I am conducting this hearing this evening. This hearing is being conducted under the authority of the General Assembly of the State of New Jersey, Assembly Resolution 3003, which was co-sponsored by the five-member Taxation Committee, of which I am a member. With me tonight is Chief Fiscal Analyst for the State of New Jersey, Mr. Gil Deardorff, and also a fiscal analyst of the State of New Jersey, Mr. Bill Zuzzio. These hearings are part of a series of hearings we are holding around the State of New Jersey, this is the fifth and possibly the last in the study of the area of assessing. We are studying the problems in the area of equalization, revaluation and any item which may affect or is affected by these items. So, what we are actually doing is studying a subject which affects every property owner, indeed, everyone in the State of New Jersey. As property taxes in some form affects everyone, whether you're a property owner or tenant. If anyone wishes to speak this evening, please give us your name so that we may put you on the list and when you're ready to speak, you'll sit in the seat directly across from me and if you have anything in writing, please submit it to the Committee. Also, if anyone is interested in transcripts of these hearings, please contact my office. Just send me a notice, Box 268, Phillipsburg, New Jersey, and we'll see that you get a copy of the hearings. I think that as we conclude the hearings, they've been very fruitful and beneficial and we are conducting these hearings as a means of improving the assessing situation in the State of New Jersey and we are not here to hinder the process of assessing. In fact, the State Association of Assessors asked us, asked the Taxation Committee, well over a year ago to please undertake these hearings and tackle some of the antiquated laws that exist in the State of New Jersey today. This is what we consider part of the true tax reform of the State of New Jersey. Certainly, in my opinion, tax reform does not mean replacing one tax with another, but what it

means is we study the total area of taxation and come up with improvements in those areas. This is just one area that we are tackling this year, hopefully, we'll tackle other areas in the years to come. I think with that we will start the hearing with Libby Beale.

BEALE: Well, I really don't know now, that I've heard you speak, whether this is appropriate or not. I feel there must be an antiquated law that permits all these people living in state-owned homes and I can prove, and I know it's true because I worked for the State of New Jersey, that these people that live in state-owned homes pay no utilities and do not pay for their own appliances. Every time a tenant moves out, they retire or they fall into another State job, then somebody else moves into that house and it's the same thing. Now, we utilize our energy by turning down our thermostats. These people don't have to turn theirs down because anything for free - why worry. And I don't think it's right that we have to sacrifice like we do to pay a mortgage and all these property taxes, and we're carrying these people. They're just living on the gravy train of the State of New Jersey. The same thing with the State housing. I mean the State cars. Where I work in the Correctional Institution for Women, it's the same thing. Everybody has a State car. They fill them up with gas, drive them to Trenton and back, between their State house, their State gas, their utilities, we're supporting all these people and we can hardly make ends meet for ourselves. I think this should really be looked into. If these cars were all sold and they had to supply their own transportation, like we do, because they make so much more money than we do, everything could be lessened if some of this could be cut back.

ALBANESE: Libby, what state-owned homes? Where are those homes?

BEALE: These are, one of these homes is right in the town of Clinton. It's called The Carpenter House. They always have somebody living in it and right now they're putting Assistant Superintendent _____ in that this week. He's moving into that home. He has a State car. The other homes are in Union Township. The executives

of the Hunterdon State School live in those. I'm sure there's people in the audience that could verify this because they know that area better than I do. I live in Bethlehem. Right on the reformatory grounds, people are living in these State homes. There must be 14 or 15. And when we pay their utilities, in the summertime, the air conditioners. In the wintertime, their heat. I think this is absolutely outrageous. This has been going on for so many years and nobody has done anything about it. Now we, as the taxpayer organization, from the Taxpayers' Association with Joe Shan , I believe he told me he was going to write you a letter and you'd get it before tonight, well, we brought the subject up of this State housing and the little bit they pay, \$37 a month or something, peanuts? Ann Klein made a big issue of it in one paper and all of a sudden it was all forgotten, as usual. Nothing was done. I think these people should pay the same amount that we're paying for mortgages and taxes if we were renting. I don't think we should have to pay to carry these people.

ALBANESE: Well, I agree that's a problem and it's not directly related with the field of assessing, I would appreciate it if you would contact me in writing in my office so that I could look at that as a legislator and find out what's going on in that area.

BEALE: The only way it would blend in with what you're doing tonight would be the fact that if these people were paying their fair share, it's just as their children, they all live in State houses, their children are all transported to school in a State car with a correction officer at \$14,000 a year, where our kids either walk or we take them, you know, the whole system. It would cut down on taxes.

DEARDORFF: Pardon me, ma'am. I know of the houses that exist on the State property. There has been some, a considerable amount of concern about this in the Legislature. However, it seems to me, I was given to understand that some of these houses are not on State property, they're merely, you mentioned one house in Clintontown?

BEALE: Right in the town. Oh, no, that's right, they're not all on State property. But the State built them and the officials are living in them. Those in Union

Township are \$75,000 homes. The State officials are living in them and the State maintenance men are even maintaining them, doing the lawns, and all that. We have to carry our own load and I think that anybody, where there's two in a family, usually the husband and the wife are working for the State where I am, in the Correctional Institution for Women. I've been there 24 years and they make such a good salary that they do own homes but they're renting them or they have them for sale. Why bother, if you live off the gravy train of the State of New Jersey to keep a house? I think something should be done in this area, though, to get some money back and save us some. We're carrying these people. That's what we're doing.

ALBANESE: This is a long battle. Many of us in the Legislature have been fighting it which goes all the way into Trenton. Various homes in Trenton itself.

BEALE: Yes, and then Mr. Farber lives in a house in Annandale Reformatory and has a State car and travels to Trenton everyday. Chief Hassel, the chief deputy of Clinton has a State car and travels to Trenton everyday, it doesn't make sense.

DEARDORFF: What would they travel to Trenton everyday for?

BEALE: Because they live in Trenton. Mr. Farber drives to Trenton to go to work and Chief Hassel drives from Trenton to come to Clinton to go to work. Even the county cars. There's way too many of them on the road. We can support ours, they should support theirs. It's only fair to the taxpayer.

ALBANESE: Thank you very much and you will contact my office. Thank you.

BEALE: You're welcome.

ALBANESE: Thank you. Margaret Woscoe.

WOSCOE: I am Margaret Woscoe and I must confess that perhaps you will feel that this has nothing to do with the assessment but the assessment precedes paying for all kinds of funding, correct? Before any treatment or cure, there must be a diagnosis. I for one, feel that there should be a complete revaluation and restructuring of the entire educational system from the Commissioner right to the first year teacher. Tenure, many things are covered. Or eventually, just this

educational structure will cause bankruptcy on municipalities, states and eventually the nation. I don't pretend to be an expert in this field, but I, for one, do feel that the legislators are the ones that we look up to and have hopes of correcting the situation. We hear about Federal funding and State funding. Federal funding and State funding comes from the taxpayer's dollar. There are many duplications of services, as Mrs. Beale could tell you, I'm sure in the area that she has referred to there are duplications in services and duplications in schools, in the educational system. There really should be a limit on spending. No matter what taxes you have, if there is no limit on spending, there never will be enough. As far as many legislators and the hierarchy of the educational department, they're unreachable. I would just like to read a couple of headlines that were in the Easton Express on September 19, yesterday. "Schools Cracking Under Budget Strain." It all adds up, basic is the best. Free lunches offered. Many times there are families, and families that I know of just in this town who would come under this program of free lunches, but they happen to have a pride, that they feel they can support their families and they're going to do it. A letter to the editor. "Strings on the School Subsidy." Ridiculous. If the districts don't spend it, they will hurt their allocations next year. Then there is the teachers' workshop that is offered on October 5. They specify teachers. They do not include parents who are teachers, they do not include taxpayers who foot the bill, they do not include parent/teacher associations, who work with children, school and home. And I think that would be it. But these are all very, this is a very current subject, we are not getting what we are paying for in this and no matter what your assessments, there will be bankruptcy eventually. If this isn't taken care of. Thank you.

ALBANESE: Thank you. Howard Shaw.

SHAW: Thank you for this opportunity to express a few views, it will only take a couple of minutes. I just would like to state one thing real quick. I own 38 acres down in Tennessee, besides owning property here in New Jersey. My taxes

on my 38 acres in Tennessee just went up 12% this year. The rising taxes are nothing new anyplace else. The only difference is the taxes went from \$38 a year to \$42.50 a year. And that's on 12 or 38 acres. But getting down to New Jersey taxation, I've just got three things here which I feel are important. Everything that I feel is important as far as assessment, I don't believe either one of us has the time to stay here all night. Just the three big items as far as I'm concerned. First, the church-owned properties. Other than property in which the church building actually stands on, and which buildings actually serve in the teachings of the church, I believe that any other property owned by a church ought to be taxed, as the property around it. As an example of this, in a commercial area be taxed as a commercial property surrounding it. If it's in a residential area, tax as a residential property surrounding it. I don't believe that the taxpayers should have to support the church because in many instances the fact remains that the churches are some of the richest institutions in their community. I just don't believe that a man should have to support a church of another denomination through his property taxes. And this is essentially what he's doing. If that property was taxed, as his property is taxed, as other commercial and residential properties are taxed, it would lessen his burden, maybe not by a substantial sum but it would lessen the burden overall. I heard the figure today in Boro Hall, excuse me, yesterday in Boro Hall in Washington, talking with our Boro manager that the figures were way up in the billions of dollars. The amount of properties in this country that are not taxed and owned by religious organizations. Secondly, properties owned by utilities. They should be tax exempt, for the most part, except for the land in which the utility is situated on. We're all concerned with our electric bills going up and up and up. One of the reasons that I base this on is if you look at the local area of Blairstown and Holland Township, both of which have power and light company utility generating stations on them. Their tax base is very

low compared with everybody else's. Why? The utilities pay extremely high property taxes to the local governing bodies. Holland Township, power generating station, pay an astronomical sum. These property taxes are passed on to the consumer. Now the consumer, the more electricity he uses, the more of somebody else's property taxes he's paying. I believe this is a very poor way to tell somebody their property taxes are equitable when you've got a utility that you're paying for, helping pay somebody's property taxes. The last thing which I believe is important, as far as evaluation goes, I think we're a little off base on our evaluation system and method. One thing I can base this on is in a county or a local government, I'm looking at it from a residential point of view, I'm not looking at it from a commercial point of view at this time, the same thing would apply. We've all received pretty much the same services. The people in the Boro of Washington where I live, receive pretty much the same services no matter where in the community they live. Now, we pay more or less, not on what we've received, but on how much we've maintained what we have on our property. It seems to me that a much more equitable and non-discriminating method would be to shift more of the property taxes instead of what's on one's property, but to the size, relative to the size of one's property. A basis on it, more snow removal is required for a person who's got 200 feet of frontage and several hundred feet in depth than somebody who's only got a 70 foot wide lot. I believe that, also, a person who's maintaining a home, a man can have a \$30,000 home and his neighbor has an \$80,000 home, but they both receive the same services. Yet the man with the \$80,000 home is paying better than twice what his neighbor's paying in property taxes for the same services. This is not fair, it's discriminatory. I believe also that it would act as incentive for a man to fix his home up by shifting more of the taxes away from the dwelling that's on the property. If a man could fix his dwelling up, and keep his home in better condition, knowing that his taxes would not increase so much faster, I believe you'd be more inclined to take better care of what he's got. I think he'd be more willing to improve

his property knowing that his taxes were not going to rise because of pride in ownership. I think it's deplorable, the fact that a man today or a woman today, whether they be man and wife, husband and wife, whatever, when they work for a life time practically, a person goes out on the working market today at 18, 20, 22 years of age and they work until retirement. They retire and living on a limited income, they're still paying the same property taxes that they had to pay all the years that they were working. Where do they go when the money runs out? The same thing when we had this terrible period of time when unemployment was so high. All these people that were unemployed, I wonder how many of them who were destitute when they had to get that money up to pay property taxes and they didn't have anything coming in? I think it puts a man in a bad situation when he's got to pay property taxes before he can feed his wife and children. I'm sure that, I'm not saying that anybody neglected to feed their wife and children but I'm sure it put an awful pinch on some pocketbooks. The waste that goes on in State government, county government, local government, I believe that a lot could be done to make our property taxes more fair, more equitable, to everybody. Thank you.

ALBANESE: Mr. Shaw, do you want to wait just in case we have a question?

DEARDORFF: Yes, I'm given to understand that really what you're talking about is a land tax rather than a tax on the land and improvements?

SHAW: Sir, what I'm saying is that when they come around and revaluated in the Boro of Washington about six years ago, I owned a single family dwelling at that time, and I owned a dwelling at that time. The tax on both of those properties were based on the combined value of the property and the house in both cases. Yet, one property is pretty much across the street from the other, both properties received the same services from the Boro, yet one

property was assessed quite differently from the other. Yet the land values were quite similar. What I'm saying is this. That we put too much emphasis on how well a man maintains and what type a house he lives in. I think the emphasis as far as our tax structure goes, as far as our assessment structure goes, when you consider what you receive from the boro or from the township or from the county and services, you receive it not so much on what kind of a house you live in or how well you maintain your home. You receive a lot more services by the amount of property you own.

DEARDORFF: You mean the amount of land, not the amount of...

SHAW: The amount of land you own. I think a much fairer method would be to shift more of the tax base evaluation onto the land, and remove a lot of it from the dwelling and I think that a lot of people would be willing to fix up some homes that over a period of a few years they've let fall. Because of the tax situation being what it is.

DEARDORFF: Well, there have been proposals in the past and with good reason to have a reverse assessment on those people, particularly not so much where they live there themselves, but where they rent to other people, to penalize them for letting their property run down, rather than to penalize the person who keeps their property up. What do you think of that idea?

SHAW: Sir, I think you're still missing the ball as far as assessment goes. We're talking about assessing property, again you assess properties to get tax revenue to pay for services. I don't care what name you put on them, you're still paying for services whether it be for a garbage truck to come up and down the street or whether it be to pay your town manager or pay your counsel or pay the municipal fees or the State fees, whatever it may be. What I'm saying is this. That as far as the services received go, the size of your house, the type of your house, the amount of buildings you have on your property, really doesn't mean a hill of beans when it comes to the services that you

are paying for. You actually are being penalized if you build a home for \$30,000, or you build a home for \$60,000. The man who builds a home for \$60,000 is probably going to pay nearly twice the property taxes, and I think that is discriminatory because he's receiving the same services.

DEARDORFF: How would you categorize school taxes?

SHAW: School tax, sir? I think the method of which we pay school taxes is archaic. I think it is ridiculous and I think this woman over here ought to be applauded for not paying her school taxes and putting that money in escrow. If a heck of a lot more people would do it, maybe we'd get some people thinking in Trenton. Which they evidentially don't seem to be doing a lot of now.

DEARDORFF: Well, there will. The point that I was asking in line with the rest of your reasoning when you're talking about getting, paying for what you receive, in essence, then the person with five children in school would have to pay more than the person with one.

SHAW: Yes, sir. I believe wholeheartedly that there should be a head tax. The only way that I look at school taxation now is this. I have two children going to school. I went to school. I've got a high school education and I've taken some night school courses, which I've paid for. But the only way that I could look at that tax dollar going out for education now, is I'm paying today's school system for the education that they gave me 10-15 years ago; and my kids are going to start paying it when they pay their taxes, for the education they are receiving today. But, sir, I wholeheartedly believe in a head tax. I think if a man's got five children, he should pay a head tax on five children. As far as schooling goes. I believe that if he's got no children in school, he should not have to pay a head tax. If he is retired, his children are out of school, I don't believe he should have to pay a head tax. But as long as he's got children in the school system, I believe that he should have to pay a head tax on those children. Now that money could be paid in at the beginning

of the school year into the local, municipal treasury, and the tax office. That money could be used towards education this year, but to help defray the expenses for the following year.

ALBANESE: It would certainly be an excellent way to have birth control, by the way.

SHAW: Well, I'm not here to discuss birth control.

ALBANESE: I just want to comment on the tax in Blairstown and Holland, as I think it's on the gross receipts that the utilities receive -- it's called a gross receipts tax. They also pay a property tax, but that is almost like a normal property tax, but their gross receipts tax is really where they have more revenues, and that's the key to their property tax being so low, because that goes to the communities.

SHAW: Yes, sir. I realize that, but on the other hand, they do pay property tax not only on the land but they are also assessed for the buildings that are over there -- the improvements to the land.

ALBANESE: Oh, yea. Right.

SHAW: Now, you know, we in essence are supporting the taxpayers in Blairstown and in Holland Township because our electric bill, you know, not only that but people with electric heat in the winter time, with this fuel tax that's on the bill now, is staggering enough. My electric bill for last month for four people, two children, my wife and myself, was \$34.00, plus \$15.00, I believe it was for the fuel tax.

DEARDORFF: Mine was \$165.

SHAW: Well, you work for the State -- you can afford it. I don't. Now, that was in jest. I again, I state, that the more electricity that you use, the more you're subsidizing people living in Holland Township and Blairstown.

ALBANESE: I'm not debating the theory there but, however, the property tax in Blirstown that the utility pays on is low to them also because of the gross receipts.

SHAW: But we still subsidize. We're talking tonight. The reason for this meeting was evaluation. And I don't believe that as far as utilities go, John Public is paying the utilities, and I don't believe he should be penalized by another area because they've put a generating station in Holland Township or Blirstown. Why should we be penalized because we're paying higher electric bills, these people are getting off a little bit easier by a long shot. And it all boils down to the way it's assessed. Now I say that monies that they're getting now, that's wrong. They should have to foot the same bill that we do.

DEARDORFF: Well, there is more to it than just the location of the power plant. For instance, you don't have any power plant in Linden Township. And yet, Linden Township gets a tremendous amount of franchise and gross receipts taxes. Because the basis for the franchise, well the gross receipts taxes primarily, the franchise to some extent, is on the number of lines, they pay on the footage basis depending on the type of a line, overhead, underground, whether it's a half inch, an eighth inch, one inch. So much per foot, throughout the State. The reason that Blirstown, for instance, forgetting about the property tax per se gets the large amount is that all of lines that run out of that power station that fan out in all directions. In addition, yes they tax you on the power station. Now we get into rather, urban areas. The Village of Richfield is a prime example where they have a very low tax rate, similar to Blirstown, for the same reason -- a large power plant. They contend, which would not be quite as true with Blirstown, but they contend that they have to put up with the dirt, the smoke and the inconvenience of the power plant and therefore they should get something for

that. Because the next town doesn't want it. They want the power but they don't want the plant. There is a great deal of inequity in the distribution of franchise and gross receipts taxes. It really extends to many, many more municipalities in varying degrees than just the Blairstowns, the Holland Townships and the Richfields. Fourteen percent roughly of what you pay on your electric bill goes for taxes. Now, there have been bills put into the Legislature to try and alter this, one was to freeze the taxes, so there would be no more, no increase in the tax so even if the electric bill went up a dollar, it only went up a dollar because of a dollar in cost rather than going up \$1.14, a dollar for the cost and 14¢ for the tax. It's an extremely difficult problem to deal with, believe me, and it's this type of thing that we're trying to look at and I wish there were some easy answers.

ALBANESE: It seems to me that there's a court case on this every couple years. There was one recently.

SHAW: I wish for once that the taxpayer would win. Win a court case.

DEARDORFF: Well, you see you're the taxpayer in Washington and the taxpayer in Blairstown wants to maintain the status quo.

ALBANESE: Klara Tarsi.

TARSI: Assemblyman Albanese, Ladies and Gentlemen. I, Klara E. Tarsi, of 866 High Street, Alpha, New Jersey, Tax Collector and Borough Clerk for the Borough of Alpha feel duly qualified to make the following statement with refernece to the New Jersey State Tax Appeals:

Any appellant who is dissatisfied with the judgment of the county board of taxation upon his appeal may appeal from that judgment to the Division of Tax appeals in the Department of Treasury by filing a petition of appeal on or before December 15th, following the date fixed for final decision by the county boards and as Title 54:2-39 states; "and the division shall proceed summarily to hear and determine all such appeals and render its judgment thereon as soon as may be."

"As soon as may be," may be three years from the date the appeal was first filed.

This I feel is rather unfair to a municipality.

If a municipality knew that the appeal was to be taken care of within the year, they could appropriate an amount in their budget for that current year to compensate for fees incurred by the municipality for an appraiser and attorney.

Is it fair to taxpayers to increase the budget (that is if you can, in order to remain in the 5% caps) to cover these accrued fees?

After the judgment is received (by the way, there is that two or three year waiting period) and the judgment is in favor of the appellant, the municipality must then pay back the years of interest accordingly. This could be a big piece of cake for the appellant and a big slice of cake missing from the municipality.

How then is this justified? Does this not jeopardize or hamper the operation of a municipality to its fullest?

Title 54:2-39 should read: "and the division shall proceed summarily to hear and determine all such appeals and render its judgment thereon as soon as possible and not exceeding one year. Perhaps the matter should also be checked whether Judges are full time or part time. Having a full time staff would certainly increase rendering final judgments sooner.

Perhaps it may be wise to have the county tax board have the final say or an establishment of another local board for the appellant who is dissatisfied with the judgment of the county board of taxation.

These recommendations I feel would certainly alleviate the long waiting period and would be justified to a municipality.

Thank you.

ALBANESE: So the first of what you're saying, Klara, is the fact that the Division of Appeals in Trenton, it just takes too darn long to get anything

accomplished. Have you found also, and this is another complaint we've received, that letters are not even acknowledged or answered by that Division?

TARSI: As far as I know we have a case right now and it's going into it's second year.

ALBANESE: Do you find that correspondence with that Division fairly prompt? Do they reply quickly or is there a problem with correspondence with the Division of Tax Appeals?

TARSI: No.

ALBANESE: No problem? No problem in that area?

TARSI: No, I mean, this happens to be the first time for us and since, in the process of this I found that there is quite a few things that could hamper us. I really don't know about the correspondence because they would go to our assessors since I am only the tax collector, the only thing that I would get is that there is being an appeal made. So, I would have to ask our assessor if there is correspondence. Have you received any correspondence?

ASSESSOR: (not audible)

TARSI: Some are just waiting.

ALBANESE: O.K. Thank you. Gil, do you have any questions?

DEARDORFF: The Division of Tax Appeals begs the question of so many cases that they can't handle. It's true. That over the years, it's built up. From your position as a local position, do you think that the county tax board should be given a better authority to do the job so that many of the appeals that now go to the State would not ever go there?

TARSI: Yes, sir. I think they should. And the reason why is because I feel they are from the local area, they know what we need. There's also, I would like to recommend that perhaps maybe an assessor should sit on that county board. As far as I know, the assessors are there when there is a hearing,

but perhaps maybe an assessor should sit on that board because he knows what the assessment of taxes really are and he has to be certified in order to assess these taxes, therefore, he should be able to give an appropriate answer as far as the appeals are concerned.

DEARDORFF: Well, there have been proposals for different types of qualifications, for members of the county board. There's one thing, I think, that many people try to steer clear of is trying to make the county board not representative locally. However, there have been several interesting ones, one of which would be to require county board members to take the courses that assessors take at Rutgers which they wouldn't have to be certified but at least they would have that background. What would you think of that?

TARSI: I would be highly in favor of that.

ALBANESE: Thank you very much, Klara. Richard Shepherd.

SHEPHERD: Assemblyman Albanese, my name is Richard Shepherd. I'm the assessor in Harmony Township. I'd like to discuss six points concerning the farmland assessment. Number one:

1. Eliminate annual filing with a copy to Trenton. Years ago this was necessary for two reasons (1) copy to Trenton was used to prepare the yearly report on how farmland assessment was changing the assessment base of the state. After 14 years, Trenton has all the pertinent information and this report is really of no further use or it could be obtained in other ways; (2) it was thought that annual filing would give farmers the opportunity to reflect changes and alter their acreage in various land groups, changes that would be likely to occur each year due to crop rotation. This was more trouble than it was worth and therefore everyone copies their previous filing and that's it. Even one senator sponsoring the act relied on his clients first application during an appeal rather than tell it like it is for the year in question. But the heartbreak of this requirement is that if a farmer forgets to file he loses out

and no appeal can reinstate him. My solution would be only file if you want to change the facts. The advantage of this would prevent the penalty of forgetfulness and would save the cost of the forms, the cost of addressing same, and the cost of mail from and to the assessor.

2. Woodland Problems. In Harmony land is assessed at \$1,000 an acre. Under farmland assessment, as woodland, the same piece goes for \$13 an acre. You would be on easy street if the whole farm was classified woodland. Woods are no problem with a bona fide farm with cows, corn fields, pasture and a small percentage of woods which contribute to rainfall retention. However, the abandoned farm with a couple of steers to make the \$500 ante is another matter. The old fields, overrun with brush are called woodland by the owner, what a sweet deal this is for the speculator.

3. Lumber Problem. A canny owner of a tract consisting entirely of woods is tempted to say that he intends to lumber in the future. What with the price of wood at 30¢ a board foot, can he reasonably expect to average \$500 year? This depends on how many acres he has. My analysis of timber sales in Harmony Township indicate a minimum requirement of 350 acres for this to be possible. In this area we are hurt by the boys in the Forestry Department who would probably certify the trees in my backyard to qualify for farmland assessment. The old cliché, the cliché used to justify farmland assessment is Woodland Management. This usually means judicious thinning so you will end up with a terrific woodlot in about 50 years. Probably the woods would look so good that noone in their right mind would dare to cut them for lumber. Woodland management should not qualify for farmland assessment because the intention to actually lumber is not demonstrated.

4. Firewood. Look at an advertisement offering a load of firewood for \$50 and the smart woodlot owner says 10 loads sold to my family and friends

will qualify for farmland assessment and the beautiful \$13 an acre assessment. Actually \$50 a load is labor dollars. The cost to saw, transport out of the forest, split, merchandise, deliver and profit. To make money selling firewood you have to get the raw material almost for free. Except in special circumstances this doesn't qualify for farmland assessment.

5. Christmas Trees. If you could buy 2,100 trees from the State for 15¢, grow them for 7 years with a 40% loss and wholesale them at \$3.00, you would produce \$500 a year. This is very attractive but "if'y". I bought 2,000 trees. It was a dry summer and I ended up with maybe 200. To wholesale over 1,000 trees a year, requires land free from brush, lanes and terrance suitable for truck or tractor, the availability of this equipment and also the savvy to sell that many trees in these days of artificial trees. Most people start off with high hopes and end up with a nice woods. Anticipated income from this source requires careful evaluation of the applicant's ability and motives. It is very easy to prevaricate with Christmas trees. In general, with proof of income, why not tie this to the IRS statements?

6. (and last) Soil Class Reporting. While writing this, I am looking at a Supplemental Farmland Assessment Form (unsigned) which shows that Cropland Harvested as 2.0 acres, Class A; 22.5 acres in Class B; 22.3 acres in Class C, and 0.3 acres in Class E for a total of 57.1 acres. When I inspected the farm I saw maybe 60-70 acres of crops, since you can't run a survey on each farm, I approve the 57.1 acres. How in the devil could I check the soil classes for each crop that was in the field? Naturally, I use the average class for that area from the soil class map that we have. If the applicant went to school for farmland assessment and the farmers are very smart, and checked my figures, and then filed an appeal, the Tax Board would rule against me. Is this fair to the other farmland assessment people who don't do this? Really, all I'm asking for is that we need better rules for governing these areas of farmland assessment act.

ALBANESE: Mr. Shepherd, with all of the hearings we can have simpler and easier guidelines for assessors to follow to make their job a lot easier. And I have one question getting back to your statement, when you referred to the IRS, were you referring to the income factor?

SHEPHERD: Yes, many times I'm told that a different person will go and tell me that he has \$500. Then actually, what he does is he makes up some receipts and often times he's not very clever about it and he gives me a half a dozen all dated with the same date. Actually, it's very unlikely that this was really income and I would say that we would go and as a test to true income it would be if you required him to pay income taxes.

ALBANESE: Yes, I think this is a serious problem, because we've had this come up at other hearings, where assessors claim that they're just not getting straight facts from people and you know everytime somebody rips off an area in the area of property taxes, other people pay. Because the rest of us have to pay more property taxes for these people that are getting unfair burdens. Gil, do you have any comments?

DEARDORFF: There's one point that has been brought up twice, once up in Newton and once down in Ocean County. There are many people who object, among them assessors, collectors in municipalities to one aspect of the farmland assessment and that is the tendency of the so-called gentleman farmer to take advantage of it. And in many instances. Not only the gentleman farmer, but the gentleman farmer who doesn't farm. However, on the other hand, several assessors have pointed out that the true farmer very often rents/leases the land from the speculator or the gentleman farmer and therefore, the land is actually farmed. How do you think that type of thing should be handled? So that the speculator who really doesn't give a darn about farming or the farmland but only the farmland assessment, or the gentleman farmer who merely wants to ring himself with a buffer zone, yet would lease this land to a real honest-to-God farmer. How would you suggest that that type of thing be

handled in any revision of the law?

SHEPHERD: Well, I see no objection to that, having the purpose of the act giving relief to the farmers and the other purpose of the act was to go out and preserve the open space in the State and we want to do that. The thing that I object to is we have with farmland assessment act a very structured dollar value for your assessment from it. The highest to the lowest. The tendency of the gentleman farmer who does not have a true farm. He just has enough to go make \$500, then the rest of his farm is in the lower category. So he really goes and cheats the system, and the system should be corrected.

DEARDORFF: Would you advocate a longer roll-back period?

SHEPHERD: No.

DEARDORFF: You would change the income provision?

SHEPHERD: Certainly.

DEARDORFF: In other words, base it more on actual income and more for a larger place than for smaller place.

SHEPHERD: Well, I would think the income is much too low. We couldn't really live with that. Mostly other areas of soil class, lumbering and woodlands, things which are very hard and your income is only anticipated income. Considering ... fifty years from now and it's not even that that can be proved. I guess by the time he gets around to go and doing what he says that assessor is retired and someone else is in his salary.

DEARDORFF: Thank you.

ALBANESE: Thank you very much. James Williams, Warren County Tax Board.

WILLIAMS: My name is Jim Williams and I'm a commissioner on the Warren County Board of Taxation. I'd like to go in reverse order. I really didn't know what I was going to talk about until I got here and I heard a few things, now I will ask you to stop me when it gets too long. What do you do about a leased farm?

That is a problem. Farming is a valuable enterprise in New Jersey. We certainly need it. We have to be alert to the fact that increased costs in transportation are going to make the importation of food into New Jersey more and more expensive in the future. It is to our own self-interest to protect that funding which exists in the State. The Farmland Assessment Act has not done it.

The way in which we are going to have to protect farming, I believe, in this State is through the system of transferable development rights. I see no alternative to them. I haven't heard of anyone that has a remote chance of success. I would not object to seeing a roll-back period extended. In California and some other states the roll-back period, as I understand it, extends to the full term of the granting of the original preferred assessment.

I think, however, you would run into some problems with trying to collect that much money from people who have held property for a very long period of time. And you end up with the State confiscating pieces of property in lieu of being able to collect the roll-back taxes, auctioning the property off, settling for a reduced sum, and not ending up with anything more than an additional piece of property owned by the State of New Jersey, which we don't want, and then sold at a loss to somebody else. I think the answer to it is transferable development rights, and I don't want to get into that now. Mr. Shepherd spoke about woodlands -- he's right, he's dead right; it is the single greatest abuse that we have in the farmland assessment act, which is a house of abuses. We don't, in the Warren County Board of Taxation, we don't give very much weight to cord wood, and it's pretty hard to see how farming can consist of cutting up a tree that the wind knocked down, putting up a sign at the edge of the road, and peddling a few dollars' worth of wood.

On the other hand, I don't see really where a smaller lot can produce enough income from trees to enable us to justifiably see an income of \$500

per year, plus 50¢ per acre woodland on the average for the future. It would have to be a pretty big place to do it. I don't care whether the State certified, or the Feds certified, or anybody else, but I don't see it. So I agree with Mr. Shepherd; he's right -- woodland is the greatest single abuse in a house of abuses, which is the farmland assessment program.

As far as Mr. Shepherd's remarks regarding a yearly filing, I'm fully in favor of yearly filing. I would be favorable of monthly filing, daily filing, because from this great benefit, which accrues primarily to land speculators, there should be something in return, if nothing more than just get some mail for 13¢ into the Post Office Department. Now, I don't want to ... on the farmland assessment act. I think it is a disastrous thing. It is a house of abuses; there is no reason to penalize a farmer. But, I think that we have to start to define what farming is.

The original intent of the Farmland Assessment Act was to paraphrase the committee report which established it, to protect the family farm in New Jersey and as a consequence, to maintain open space in New Jersey. People have argued that the object of the Farmland Assessment Act was to preserve open space in New Jersey; that's wrong, it wasn't; it was only meant to preserve open space insofar as the family farm was protected.

Now, what is farming? We have a Supreme Court decision, East Orange vs. Livingston, which establishes beyond any question what is farming. There is no ambiguity in this whatsoever. It's established. And it is established by the Supreme Court through their definition of the word "devote" and "devote" means to dedicate in virtual perpetuity so that when land should be assessed as farmland at a special rate, it should be rated in virtual perpetuity to that end, farmland. And, not be permitted to be sold for some other use. Radical? No it's not. This is the statement from the Supreme Court from this State. It's radical if you've listened to the self-serving statements

of real estate speculators who have grabbed up most of the farmland and leased it back to the farmers; it's radical from their point of view because it attacks our subsidy - my subsidy and the general public's subsidy - of their real estate holdings. But it's not radical from the law's point of view. Okay, enough on that.

As far as the equalization procedure is concerned, we live in a county here in Warren, where we have very small communities. Through the equalization procedure, we attempt to put a ratio of values on separate classes of properties, based upon sales within the community. Very frequently, we have very, very few sales. We might have only one sale of commercial property in a municipality but through the machinations that the State uses, we are forced to regard that property as exemplary of all property within that class and we make mistakes that way. We say things and we do things which are incorrect and I think that some sort of relief ought to be afforded to other members of the Warren County municipal communities so that when one community has a class four property, that sells at some ridiculous ratio which is not at all reflected on what's going on in that community. The rest of the members of the Warren County community, municipal community, don't have to pay for that. That's a rather technical point, but I think it's worthwhile to bring it up here. We've been through the utilities business so there's no reason to go through that. As far as the assessors are concerned, the best thing that ever happened to assessing in the State of New Jersey was to require that the assessors attend school and be certified. I don't know why we didn't make it necessary for tax commissioners to do that other than purely-based political motives. I can't think of any other reasons. How an individual can be expected to serve on a board of taxation and judge men who have spent hours in school and not having attended school themselves is beyond my comprehension. And yet, we allow this to persist! Members of boards of taxation now and in the future should be required to attend

the classes at a minimum. And I would like to say this. Not some special class can.... board members, but the same class, conducted by the same teachers, held at the same times as anybody else. The lowest paid commissioner in the State of New Jersey is \$3,750 a year. That's what I get paid for this job and maybe I'm worth it. Maybe. But, I think there are a good number who are not worth that much money. And now, there is the affront to say that we are going to have a \$3,000 increase in salary! From \$3,750 to \$6,750 for people who don't go to school! For people who are parttime! It's an affront. It's an affront to the citizenship. And when the citizens of this State see that kind of thing, it's no wonder that they lose faith in government. Because that is a faithless act by government. Now, the roll-back to the State. Another kind of technical item. When the State takes property that has been formerly held as farmland, the State becomes liable for the roll back. And what happens is that the State recognizes the fact that it's supposed to pick up the roll-back taxes because it holds the property, but it says, o.k., municipalities, sue me. We have a perfect example in one of our municipalities where the State has taken some property. In the process of taking this property, it took farmland property. It converted that farmland into some other use. The roll-back tax applied. Local assessor wants to roll that back but in the process of rolling it back, he knows that his municipality is not going to get paid by the State. However, he knows that when he rolls it back, the county is going to count his debit to the State as his municipality's portion of tax due to the county. So he will not have the cash coming in from the State but he will have the cash going out to the county. I think it should be required in any negotiations by the Division of Eminent Domain or whatever they call themselves that they specifically state in any contract that they make that they be required to collect from any person who sells them land formerly held in farmland assessment that that individual specifically dedicate a certain amount of the purchase price for the purposes of roll-back taxes. So this penalty to the municipalities for enforcing the law will

not fall upon you. There should be some special courses for tax commissioners on the decisions from the State of New Jersey, from laws, so that they are better able to handle their responsibilities. All right. On the Division of Tax Appeals, I'm a commissioner of the State of New Jersey. I think the trials at the state level ought not to be de novo but should be based on the fact of the case. Problem. If we do that, what we're going to do with the commissions? We better make them good, number one, but we also ought to do something else. We should relieve them of all administrative and supervisory duties. They should not have any administrative duties insofar as the execution of a tax law is concerned, or in the equalization table. Those are functions which are best done by an administrator and they are very easily done by a law established at the State level. I believe that by taking a quasi judicial board, such as any board of taxation, and in putting on its shoulders non-judicial functions, tend to deteriorate the quality of the judicial function and the judicial function; the quasi judicial function, I believe to be prime in the boards of taxation. Therefore, the administrative and the supervisory function I think ought to be abandoned. It's not quite conceivable to me, by the way, how an individual can sit on a board of taxation and attempt to supervise an assessor in his work at the same time can then after the fifteenth day of August each year judge what he did in a quasi judicial setting. Those things do not match.

ALBANESE:it gets into a constitutional question and I don't want to get into that. O.K. Here's a question I've always wanted to ask of a commissioner and never did, so here's a good time to get it on the record. Approximately how many hours a week does a tax commissioner in Warren County spend on that job? Just roughly.

WILLIAMS: Let's suppose we have twelve, let's make it ten, two full weeks of hearings. That would be ten days of hearings. Let's supposing we also meet

one day a month, in all those months in which there are no hearings. Let's say we have hearings for two months, well that gives us ten months, also with one day, that'll be an additional ten days. That will be twenty days a year. That's a rough figure. We may have fifteen days worth of hearings and we may have seven days worth of hearings, but I think in Warren County with 300 appeals, 50% of which are going to end up in stipulations when you finally get the adversaries facing each other, we're not going to hear them anyway, so we're going to have ten days worth of hearings and ten days worth of meetings which are going to be half days worth of meetings because I took a day off from work I'm going to charge it for a full day.....say it's twenty days a year. I get paid \$3,750, but I may get \$6,750.....(laughter)

ALBANESE: Is that increase effective yet?

WILLIAMS: I don't know.

DEARDORFF: I don't think it's been enacted, it may have.

ALBANESE: Do you have any questions?

DEARDORFF: Yes, I have a number of questions, because I find, Mr. Williams, in all of our hearings a completely different tact that's been taken by county board members and secretaries. That was the case five years ago. I'm not saying that this is true of every one. Five years ago we tried to get the, in fact we had a bill on the board and the county board association objected to it, to make the appeals to the State Division of Tax Appeals, de novo, on the record. At the same time we wanted to do away with the Division of Tax Appeals and have a tax court. Do you think that having an appeal on the records would cut down, at all, on the number of appeals carried beyond...?

WILLIAMS: Yes, sure. Especially where we have those appeals which are brought on the income approach to value. I don't think there'd be any problem. I don't think there'd be any question that we would see a reduced number of

appeals for the Division.

DEARDORFF: In going through the testimony that was taken by Senator Dunn's committee just strictly on appeals, and particularly on the State Division of Tax Appeals, it seemed to me that, in many, many instances, the appellant went to the county board just because that was the avenue to go, rather than feeling that anything was going to be done there.

WILLIAMS: We got requests from people who say, we'd just as soon not bother having to present our case before you, would you just please dismiss it without prejudice so that we can take it forward to the State? We don't want to even bother talking to you guys because no matter what you say, we're going to go to the State anyway.

DEARDORFF: That seems to be a common.... do you think that the period within which you hear appeals should be extended?

WILLIAMS: You see, it's very difficult for me to answer that question meaningfully insofar as the State of New Jersey is concerned. My experience insofar as the time required for hearing appeals, is limited to this county which has only a few. In large counties, Bergen, Essex, Union County there are many thousand appeals and they probably need more time. I don't think we need any more time in our county. But I can't speak for those others, they may. I think one of the things that should be done is to encourage the taking of testimony in other than group session, I see no real value in that, the entire procedure could be speeded greatly if individual commissioners were to take the testimony and present that to their colleagues for decision. Sitting in a group to take testimony doesn't accomplish very much.

DEARDORFF: The hearing examiner would do and then would take it back to the board.

WILLIAMS: We don't gain anything, right.

DEARDORFF: Do you think that the Office of the Secretary should be strengthened to be an administrator?

WILLIAMS: Absolutely. He's an active administrator as it is. In some cases I would say the clerical force and not the secretary ought to administrate.

DEARDORFF: Are you familiar with the bill that was introduced that was drawn up, I guess primarily, by Mr. Leodori, the Secretary of the Bergen County Board? I know he consulted with Sid Glaser on it to make the administrator full-time and call him a tax administrator. There were several people from county boards, one commissioner and one secretary who said that they agreed with it in principle but that they felt that it really almost made the secretary overshadow the commissioners. I was wondering if you were familiar enough with it to voice an opinion.

WILLIAMS: I don't really see how that can be. I can see it how Leodori might get that feeling across to some individuals with whom he deals, but I would say that if we were to by legislative action establish a truly judicial tax board unencumbered by supervisory or administrative obligations, I don't see where there would be any chance for the secretary to run over the top of them anymore than the Clerk of the Court runs over the top of the Judge.

DEARDORFF: There's one more thing in this regard. I think Ben Jager mentioned this when we were in Newton. I know several people have brought it up and that is that one of the problems is the State says to the County Board of Taxation "ye shall do this" but when it comes to anything about the board members' salaries they are dependent upon the board of Chosen Freeholders. Therefore, perhaps the State should do a little more toward providing the where-with-al for the county boards, not just the commissioners' salaries.

WILLIAMS: You mean to finance the salaries of the secretary and the office staff?

DEARDORFF: Perhaps not in totu, but in part.

WILLIAMS: I can perceive no advantage, I can perceive no particular disadvantage. I haven't given the matter very much thought. I just don't know. I don't see any particular advantage to it.

ALBANESE: The disadvantages comes about when the State is continually mandating to local government, county government, and creating financial burdens on the counties and on the municipalities and not providing funds to back up their mandates.

WILLIAMS: I think that the classic example of that is the myth of thorough and efficient. If we're going to work on something where the State is making rules and not coming up with the dough, let's start with T & E. The boards of education are far worse than ...and the problem with the boards of education are far worse than the boards of taxation.

DEARDORFF: Amen.

ALBANESE: We won't get into that because there are some pretty strong opinions on that. I intend to agree with you. Anything else?

DEARDORFF: No.

WILLIAMS: Thank you for the opportunity. I appreciate it.

ALBANESE: I appreciate you coming. Stan Smith.

SMITH: I am Stan Smith, an assessor in Hackettstown, New Jersey. This is going to be very very short; I have two or three points which I think that should be considered. First, is the appeals process. The best and probably the only way to strengthen the process and shorten the appeal time is to completely eliminate the State Division of Tax Appeals and replace it with a full time State Appeals Court. I know today there was a bill, introduced or voted upon, to increase the State Division from seven to eleven. That will maybe cut it down from five to three years. I just got through with one that was five years. A full time judgeship, and if it pays an attractive salary

a number of attorneys could actually qualify themselves as experts in the taxation field, then they qualify for these positions. Mr. Williams said that some of the cases should be by-passed. In my estimation it's just like if you say if you don't give them a tidy sum, they're going to take it to the State. The assessors know, or at least I feel sure, that the assessors are looking for uniformity. They're trying to get uniformity. If they give them this tidy sum, the assessors are going to take it to the State. So you've wasted probably expert testimony and attorney fees in getting that far when you can probably get it right by. Not a small land settlement or home dwellings, something of that sort, but something larger. For exempt properties, A-930, I don't think it's been signed by the Governor yet, but this is a step in the right direction for exempt properties. I happen to be on the State Association of Municipal Assessors, the exemption committee. These things come up constantly. There's a lot of them and we'd like to see just a few to be implemented because it's been a political football every since I guess the first one started. It'll say, that you take nothing away from the senior citizen, but real quick, the \$50 deduction to veterans. I get that. I'm from Kentucky. I don't think I should be getting that. As 40% of the ones in New Jersey that are getting this are not veterans from the State of New Jersey but they're veterans from other states. They got possibly a bonus from their state which I did too. There's one thing, I don't know if you're aware of it or not, but the total and permanent disabled veteran receiving a full exemption under homestead. Everything else in on the exemptions is taken up with the State. The State now pays to the municipality the \$50 deduction and also the \$160 deduction for the senior citizen. But this total and permanent disabled veterans, his homestead and some municipality are hit a lot harder than others and this is not spread out over the state. The municipality itself pays for this one.

The only thing under equalization is, I think, to spot speculators, where we run into appeals, and there are classes of property once you get into it, as Mr. Williams stated before. Just for instance, the land under a house may be the reason that it sold, causing the dwelling to sell for the price that it did, but when it is used in the equalization table, it is used as Class II property. If you take a municipality -- say like mine, Hackettstown, we don't have too much vacant land left. It's the vacant land, the vacant land may be what is causing our ratio to go down, and then those making vacant land appeals can use the ratio against that vacant land. It's defeating its purpose. Uniformity is one of the big things. Let's just take a municipality with only two properties. One owns three-fourths of the town, the other one owns one-fourth of the town and they've got to carry the whole tax load. If this was so, one owns one-fourth and has to carry the same tax load as the one who owns three-fourths. It should be based strictly like the income tax, the more you earn the more you have to pay. Of course, I know that there are some that go overboard, that build too much, and it makes the tax a burden. I can see uniformity only if you assess everybody on the front footage. A fellow with a piece of vacant land getting nothing from the municipality is going to pay the same as the one that has a house sitting on it. Unless you use value alone. That's all.

ALBANESE: You referred to A-930. Do you support that concept of ...

SMITH: Yes I do. In fact, one thing I was willing to say is a proportionate share of all exempt properties -- the municipality percent of the municipality's portion. The assessed value of the land alone, forget about the buildings. They'll do something for leaf collection, for street sweeping, snow removal, lease protection -- that kind of thing.

DEARDORFF: There is such a bill to require all tax exempt property to pay on the basis of the land value alone. That portion of the general property tax

which is municipal purposes tax.

SMITH: Well, we'd like to see it pushed.

DEARDORFF: We don't call it a tax, we call it a service charge.

SMITH: Well, we don't care what you call it, as long as there's

DEARDORFF: ...because there is a constitutional question.

SMITH: I'm not saying that, not all exempt property, not exemptions, not senior citizens, strictly the exempt property.

DEARDORFF: Do you really think that the assessment ratio is so important, or is the coefficient of deviation much more important?

SMITH: It is, if the coefficient of deviation is strictly a true coefficient of deviation. But this is what's hard to drive at. In fact, it's using statements. So many times they'll buy an old building, and maybe the old building is assessed at half of the total assessment, but they'll buy the old building and tear it down just for the land underneath it. Now, these things, that should be considered a landsale only, but add to it what it cost him to remove the building. These kind of things is what should happen.

DEARDORFF: Do you think land, as such, tends to be undervalued in relationship to improved property?

SMITH: Well, it gets that way by inflation, well, from 1969 to right now, the land in my municipality, for instance, has just about tripled in value. In 1969. if that was the true value of the land, this is what has to be done when you have a revaluation it be a true one, with experts and stay over them with a stick to be sure that it is a true revaluation, not just something that the assessor goes and O.K.'s--yeah, this is good. But I mean it has to be and once it is done, and uniformity is spread over the whole municipality, nobody should have any qualm, whatsoever.

ALBANESE: Thank you very much. Bob Merritt.

MERRITT: I am Assessor of Hopatcong Township. Thank you Assemblyman Albanese. Ladies and gentlemen. I don't want to rehash everything that has been said before tonight. I have difficulty with respect to the three or four years that we have to wait for some of these appeals. I didn't quite hear everything that was said. I think we have to understand that say after four years I have a million dollar appeal, and say the decision against the Township is \$200,000, you apply this to the tax rate for each year for four years, figure up the amount that you owe them and then of course you owe I think up to \$1,000, 8% interest, and then it's 12% interest after \$1,000. If you're talking about \$200,000 you're talking about an awful lot of money. Now this is not because of anything the local municipality has done; the Assessor may have made a mistake -- we're not perfect -- but the thing is there is an appeal, there may be another reason or the judge makes a decision against you, but the thing is the municipality has to pay that penalty. It is not our fault that we've had to wait four years. My suggestion is that the State possibly pay this interest or come up with a more equitable system whereby we don't have to wait so long, possibly hire more judges, or something like this. I just wanted to say this, I think we're trying to say the same thing, you said the same thing, but I want to reiterate that the municipality pays 8% and 12% -- is over \$1,000 12%?

DEARDORFF: There is a bill before the Legislature right now that would reduce that to 5%. It is still a lot of money when you have a large appeal.

MERRITT: Most of the time when they go to the State they are large commercial properties. The other thing that has been said here tonight, but one thing that hasn't been brought up (Stan just briefly touched upon it) is in respect to revaluation. It is a tremendous cost when you have to pay \$20, \$30, \$40, \$50,000 to revalue a small municipality; this is a tremendous burden, and we have to do it every five years. I have discussed this with some assessors, some agree with me and some don't agree. I have talked with

a few outside appraisers and some in the assessing field also; we always use cross-conversion factors. My suggestion in respect to revaluation would be after you have a revaluation and the assessor has approved it -- five or six years ago I thought we had a good revaluation in Hopatcong Township, as revaluations go we had a good one. Now I think what could be would be that each card -- and those people here who are assessors know that there's a card -- you come up first of all (after you take the classification of the property) with a building cost. No matter what manual you use, whether it is the assessor's manual or any manual, there's always the cost-conversion factor. This cost-conversion factor could be put into a computer and you could run off your straight building cost as you do with your value. Each year this could be updated as your ratio is updated, because each year we come up with a new ratio. We always hear about this table of equalization. We could come up with a factor because it is a factor that computes by a cost-conversion factor (six years ago it was 1.6 I just can't remember, but I think it's 3.2%). You can use this cost-conversion factor and apply it to the straight building cost -- you're coming up with almost twice the value now that you had five or six years ago. I am suggesting that we might come up with a program, where we would come up with a ratio each year, an annual figure, a figure that would be computerized and each year it could be updated so that we would not have to have these revaluations every five or six years. This is just a suggestion that I have.

ALBANESE: How often do you think property should be revaluated? We're trying to get new ideas and feelings.

MERRITT: I thought that recently appraisers, and people in the field, say that there should only be one reval while the assessor is in office. I think this system or something similar to it, could possibly make this be. I'm not going to say it's going to be perfect. There is a gentleman down in South Jersey, I forget his name, but he's in Levittown, New Jersey he takes the four property

classifications he has and he computerizes it each year, but he spends a lot of time for it. This is a reassessment, it is not a revaluation; it is an alternative and I think it would be a lot cheaper -- this every five years is a tremendous cost. As Stan says, you have to stay right on it, I know I was right with them.

ALBANESE: Thank you very much. I get very annoyed when I see the City of Newark for example, that doesn't touch their properties since World War II, and communities in my district are making every effort to abide by the law, and then they come to the Legislature and ask to be extended another two years because they haven't even started -- and this is since 1945. That's another problem but I just felt I wanted to get that on the record.

MERRITT: This is true. If we're being forced to do it, of course it's all in keeping your ratio as close to 100% which is virtually impossible. Just take the inflation rate each year.

DEARDORFF: Do you think that computerizing your assessment procedure and using your cost-conversion factor is practical in a large City?

MERRITT: You know, we're so computerized today that I think it's within the realm of possibility but I'm not an expert on the subject. I can see where it is possible. When you run into numbers like this you have so many factors, you can have a city within a city, you have depreciation, special assessments, special types of buildings. There are so many things so many ways of assessing things that you have to assess. I work in a small community, and I think for a small community it is feasible but I don't rule it out for a large community. I really think we have to come up with an alternative.

ALBANESE: Do you think you get a fair revaluation if it would be done locally, assuming you could get qualified people to come in?

MERRITT: Well, the possibility of the revaluation is to have outsiders come in and you take it away from the assessor who could be influenced by local people. All that we do is approve it. A lot of people don't realize this

but they're our figures -- we're approving them when we put them in the book after the revaluation is over. We certainly have looked them over. However, when you say local people, do you mean hiring local people? I think they have to be qualified; we talk about assessors having to be certified. They should be appraisers and they should be qualified people. It has to be. You know the old story they call the windshield appraisal, that isn't what you want.

DEARDORFF: That's what many of them are.

MERRITT: So many times you hear people say "gee, they have a guy at my house..." and this is where the assessor has to stay with it, get them in the house. The assessor has to update these assessments each year. Now there's other problems in the assessing field also, the fact that many municipalities have difficulty getting people to understand that they need building permits. Building permits are very necessary -- the assessor has to check them. You have to have everyone working together -- the building inspector, the assessor, the collector and the local municipal government.

ALBANESE: Thank you, Bob. Mr. Stout.

STOUT: My name is Lester P. Stout, I am the Tax Collector in the Town of Belvidere. I am here representing my office as Tax Collector of Belvidere. I have access to records which makes it a little easier for me to express the opinions of the people. In regard to exempt property I feel that something must be done. Living in a small community such as Belvidere, the tax duplicate for 1977 shows that we have \$6,327,750.00 in exempt property for a small community that has the tax base of \$30 million -- that amounts to about 16% of our value in exempt property. Out of that \$2,759,000 is county property. Belvidere has very little development land left that we can grow on, and this bite that the county is taking out of our tax rate is a big portion. Figure it is the duty of all of the citizens of one county to share in this, and I feel that the town of Belvidere, or any municipality that has county-owned property, should be reimbursed by a credit on their county tax or by some other formula. Just

using the county property value, the county tax rate for Belvidere is \$22,335.62 if we were relieved of just the county. Taking in the school tax in the county tax, it amounts to \$96,565.00 and Belvidere isn't collecting just on county-owned property. That doesn't count the other exempt property within the town, so you can see that a small community with a small tax base (this is a big portion of our tax) we just can't collect. So I feel there should be some formula where this was spread out throughout the whole county and they share in county government and the expense to Belvidere. We supply all the services, the streets, police, fire and ambulance and no compensation whatsoever. I think we are subsidizing a good portion of Warren County by having the buildings and property located in the town. I do not feel it is fair, especially with a small community that doesn't have a chance to broaden its tax base.

There's been quite a bit on revaluation. Four years ago Belvidere's revaluation was put on the tax books. At that time the county gave us a ratio of 119%, this year we're down to 72%, and so actually we're passed revaluation, we should have had one now, but you cannot afford them that often. I feel that the county tax board should take what we consider reasonable sales and work them up ratio, as Bob said, put them into a computer and bring us up closer to 100%. At that time they could have the informal hearing of the property owners that objected to it similarly to what you have after a revaluation, which would probably alleviate a lot of the appeals. Now the only exceptions I can see to that would be where the assessor definitely felt that a property had depreciated and that he could supply this list to the county tax board and verify it with the property record cards. I think that would take away this large expense of revaluation, which could be the sale of property and the way the property values have increased, especially in this area, of this state, your ratios just would drop so fast that all of a sudden you would say, "gee, we should reevaluate." But why reevaluate? It's not through new construction, or improvements, it's just through the increase of property sales. You'll go back

and arrive at the same basic figures, and you're just going to increase the dollar value. Also, in the form of appeals, which has been hashed over, an appeal process should be speeded up in that we should increase the body, the state appeal body, and give them a definite time for hearing and finding appeals. We have one, a phone company in Belvidere that's been running for a while, and this has been going since our revaluation. So, if that continues, until we get that straightened out, and you win...it's the same, I guess, with every town. Every municipality. There are appeals that involve large amounts of money and ones that go to the State and they are the ones that take the longest, and everyone gets hurt.

ALBANESE: How long ago was the revaluation in Belvidere?

STOUT: In 1973 it was put onto the book.

ALBANESE: And the telephone company is still before the appeals?

STOUT: They've got a revaluation and a construction project at the same time and they both apply to the same town.

ALBANESE: It's changed hands, also.

STOUT: It has changed hands and our municipal attorney was just around the other day to gather some information. It's coming close to a hearing now but that's been going on for a long time.

ALBANESE: Do you know the amount of the appeal, offhand?

STOUT: No, I don't. I don't have it with me.

ALBANESE: I'm just curious. Gil.

DEARDORFF: I'd like to ask you a question which I'd meant to ask several previous gentlemen and maybe they might comment, too. Do you think there is a certain element of harrassment in large appeals that are taken purposely to harrass the municipality with the idea of beating them down?

STOUT: Yes. It takes a small municipality such as Belvidere and we set aside a small amount of money as a retainer and attorney fees and they know that when

they come and say well, we're going to take this appeal to the State, and you're going to have to send an attorney and what not down. Right away the dollar signs start to light up. It's going to cost you a lot of money. I think you're more willing to say to the county "let's try and compromise."

DEARDORFF: What would you think of a body of expertise being made available at no cost to you in defending such appeals?

STOUT: I think it would be good for small municipalities.

DEARDORFF: Actually, it could be good even for a large municipality.

STOUT: It would be good for any municipality, but the small municipality does not have the finances to fight these things. I really feel myself that the county board of taxation is within the area of the appeal, and as you spoke before, the State has qualified evaluators that will come out for the salvage of property in Belvidere and I don't see where it's necessary for them to go further than that. I don't see where somebody sitting in Trenton or Newark, or any place you want to say, can establish a value on a property found in Belvidere better than people in their own county. They deal with them every day, or every month, and know what is happening. Whenever you take it out of the area, you're depending purely on expertise or what somebody tells you.

ALBANESE: Thank you very much. It looks like Reno P. Minardi is our next speaker.

MINARDI: Assemblyman Albanese, Ladies and Gentlemen. My name is Reno Minardi and I'm the tax collector or Pohatcong Township, recently appointed for a third term. Most of the speakers who preceded me talked about improving different segments of the value system. I would like to take a little different approach.

My solution is based on the "ability to pay" to meet the budgeted requirements of the municipalities. The source of income would be from the

New Jersey Gross Income Tax, Gross Receipts and Franchise Tax systems that we presently have, and by the same token the elimination of the Property Tax system. In brief, the system would work as follows:

- 1) The municipalities would continue to submit their budget requirements to the county (limited to a percentage increase or whatever, each year).
- 2) The county would submit the county and municipal requirements to the State in total.
- 3) The State would reimburse the county from the three sources of revenue.
- 4) The county then would redistribute to the municipalities.

To arrive at the tax requirements, the State would have to determine from the present Gross Income Tax, the Gross Receipts and Franchise Tax systems, the increases needed, to cover the budget requirements of the counties in total.

I believe the system would:

- a) Eliminate the property tax system.
- b) Eliminate the need for property revaluations, assessments, etc.
- c) Shift the burden to those who have the ability to pay.
- d) Citizens on fixed incomes would no longer face the possibility of losing their properties as under the present system.

I'm sure there are other pluses -- I don't see too many minuses. Liens would still be placed on properties for non-payment of taxes under my proposal.

I would also like to submit to you a recent article which appeared in the Wall Street Journal which points up the problem very vividly and may be food for thought for our State. That's about all I have on that.

ALBANESE: Thank you. This is a new approach this evening, obviously, to replace all property tax whether school, county, municipal, with the income tax, gross receipts and franchise tax (which is from the utilities). Figures don't come to mind off the top of my head but I would assume that would be a pretty hefty income tax. I am not arguing the point, I'm just saying

that it would have to be pretty high.

MINARDI: I'd just like to quote from this article (the assessor of Los Angeles County, Philip E. Watson) "I'm painfully aware that the property tax isn't only socially destructive but also is probably the most vicious tax ever conceived by mankind." "It's levied without regard to a person's financial condition or present earnings capacity".

DEARDORFF: This type of proposal has been made from time to time and it has a certain amount of merit; as Don said, it would require a pretty hefty income tax, but as you say, it would be merely substituting one tax for another, not necessarily increasing the amount of money. However, when you place tax on income, or place reliance on income, and you start hitting a certain element of the population -- which has often been characterized as the backbone of the population, the middle class -- to a point where the middle class is paying everything, that's one of the objections that has been heard. Another objection is that with property tax at all it would be a field-day for land speculators, property speculators. I think we all agree that the property tax per se has many many evils, some of them inherent in the type of tax, some of them because of the imperfection of man in administering, but there are certain elements of the property tax which may be beneficial. For one thing, it is the tax that's closest to home, both literally and figuratively. If all of the money were coming out of Trenton or Washington, would the people in Belvidere really worry about what their local government spent? And then on the other hand, would not Trenton want to be "Big Brother"? Of course, you have to look at it this way too. The State of California has a rather substantial income tax, the State of New York has a very substantial income tax, the State of Oregon has a horrendous income tax, as does the State of Minnesota, and yet they all have property taxes and all the property taxes are going up. That's one of the big problems.

ALBANESE: Wherever you get distributions from Trenton that go Statewide, you

would get a problem of equitability. Take just the Revenue Sharing theory that exists for the current income tax. What bothers me is the fact that Revenue Sharing has traditionally been beneficial to the metropolitan areas because it's based, in the State of New Jersey, on a per capita basis, in other words, the money is distributed on a head count, so if you take Newark where they have the highest unemployment and the highest welfare cases and the lowest income per capita, and yet they have the highest population when it comes to distributing Revenue Sharing from Trenton, in a sense we are supporting the metropolitan areas in the Revenue Sharing aspect. I just wonder how fair it would be. I get a little bit shaky when I give power to Trenton to hand back to us. I'd rather raise it locally and control it locally than.....

MINARDI: I'm sure that could be done too.

DEARDORFF: It's an interesting proposition, but probably like what we have, it will have its imperfections.

MINARDI: But I think it has more possibilities.

DEARDORFF: Well, we'll be very glad to give it our full consideration.

ALBANESE: Thank you very much. Ray Bush.

BUSH: Good evening Assemblyman Albanese. Ladies and Gentlemen. I'm Ray Bush from Franklin Township, a taxpayer. In our county, that is Franklin Township, Hunterdon County, we have revaluations with tax assessors from _____. They come periodically there's no township or municipality having the reassessment the same year, and there's a constant battle with our county as to when...one assessor mentioned theirs 119% another one 72%, and the county's constantly trying to get them equalized. I think that the county should get together and have a universal time for revaluation, whether it is done by computer or the cost of living, once the revaluation is made, because all properties cost a certain amount to build, or are of equal value at a certain time; we certainly should be able to have these properties assessed at say

5% of the cost of living, or 10 or whatever it may be that year, and do away *with this constant* and excessive amount of harassment of the State officials by we the people, when we appeal our taxes. There's no way of getting out of it if everyone is going to be treated equally. It is so simple that I don't know why it cannot be done, it is as simple as that, and this is the big bone of contention in our taxpayers' association in Hunterdon County and I'm sure other people think much the same way, or have thought about it as you have heard from one of the assessors. There are so many things wrong with the taxes that we could go on here for hours, all night, all week, all month, pointing out details in all aspects of our tax situation. The primary thing to do -- and I hope you go along with this Assemblyman -- is to spend less, cut the spending in Trenton. Every municipality cut the spending in their town and every person cut their spending of their own personal items whether it is food, or clothing, or the trip or whatever, and saved that money for the tax. In other words, let's stop all this wild spending and we wouldn't have the inflation we have. I'm getting a little sidetracked, this is not part of the tax, but this is why we are here because of inflation, everyone is spending wildly, and I hope that Bateman or whoever gets in (if Byrne stays in I know it isn't going to be any better), if they would just put the lid on things, stop the hiring of new employees and a million other things. Mrs. Beale already mentioned that the homes on State property which are being rented for approximately \$50.00 a month which could be sold and put back on the tax roles, this is just the tip of the iceberg in Hunterdon County; we have at least seven major State institutions or public institutions which are suffering because of thousands of acres of land not being assessed for tax money and we suffer the burden of having countless thousands of people come into our parks, as it were and as it was and the local people are so, well we're not used to it, we don't go to these parks because it's

so crowded. And if we do, for instance, we have deprived children, senior citizens, they have the \$5 a carload to get in, it's ridiculous. They're taking off our tax roll and of course the people, I think, they should have some place to go to, there's very few places left. But do you see our problem now here in Hunterdon County? Then when we talk about the power and light companies sharing their tax loads with just the two towns, well the two municipalities, Holland Township and Belvidere. What about the rest of the counties? Warren and Hunterdon? Or the rest of the state? The whole area is paying those taxes, why shouldn't we all share instead of having Holland Township have a superior-type school. And we get into thorough and efficient education. We have to bring all schools up to the level of Holland Township. How many more millions of dollars in taxes are we going to pay in order to bring it up to the solely efficient education system? So many things that we're getting into because of the welfare stage that we're coming to, we can't keep on getting it. We have to stop spending it. I'm not done, but I could go on for hours. Does anybody have any questions? That was the main one, the municipalities with their assessments. Why can't county, say every three years, or every year, every year, cost of living goes up 5%, why should we have to wait three years and then have these horrible new evaluations come into, everyone's horror-struck. They immediately run to the tax board. To appeal, right? So why can't we just do it and everyone will then be treated fairly and squarely in my estimation. If they don't keep their properties up, they will be the ones that suffer when they sell, the more decrepit the property looks, the less they're going to get for it. So whether you fix it or not, every year it goes up 10%, he's got to keep it in repair, because when the tax board gets so high, he's going to have to sell it and if he can't sell because it looks crummy, he's going to have to

abandon it to the State and we don't want that. If the State keeps on the way it is, the State will soon own the State, the State, the Government, will soon own it because everyone will abandon it. It will be a welfare state.

ALBANESE: All right. You asked if I agree with economy in government. I've been working towards that for two years.

BUSH: Yes, I know. It's hard to work alone. That's our problem. I ran for State Senator in Hunterdon County. I'm glad I didn't make it because you can't fight a losing battle alone. It's pretty tough. I would say that the other thing that we're doing in Hunterdon County, which I would like to see ended, is the Green Acres Program. In Hunterdon County we really don't need it. We have public hunting and fishing grounds, the river bottoms which they are buying up for Green Acres could not possibly be filled because they're flooded periodically by just a heavy thunder shower, let alone those hundred year floods that we have. Or the five-hundred year one that we just had in Kansas City. We have these every summer and we have a flood over all this bottom land which Hunterdon County has been buying, taking off the tax rolls, and then our evaluations have to go up now to police the parks, police officers, toilet facilities, and the maintenance of the park, And the new buildings, and constant maintenance, and the vandalism, which causes us more taxes. Another thing. Why don't we have more sophisticated burglar alarms in all schools? Make it mandatory. The State can get those mandates for thorough and efficient education, but they don't say one thing about the installing of burglar alarms. Sophisticated, no. So the kids can't, or the vandals can't get in as easily as they think. If the State's going to mandate all of this, let's mandate something that will be good for us. And the other thing is the evaluation of property by the State in the buying up the farms in South

Jersey, which they're doing, to keep them in perpetuity as farmland. Well, if they can just, one thousand, three thousand dollars an acre, give to the present owner of the land, what do you think you will do to that man? Once he gets that three thousand dollars, which it's worth today. Right? What will he do with the land? He will just let it go to seed because he's got his money and he'll take off and who's going to own that land which the State has already paid three thousand dollars an acre to the farmer that took off and went to Florida. What's going to happen to that land now? Will anybody, will the State then pay the new owner or anyone willing to buy it, the farmland rights or the perpetual farmland rights. Have they thought of that? You think about it. You try to see if it's funny and tell the boys down there about it, O.K.? I appreciate that.

ALBANESE: You did fire up something that noone else has mentioned and I'm surprised noone has mentioned Green Acres.

BUSH: Now, see I've got a lot of time to think. I'm not going down to the Assembly everyday and I'm not on a committee, that's another thing. Let's do away with all those committees.

ALBANESE: This one?

BUSH: Well, this is a good one. This is one of the first one's you've had that's been good. I must say that. Right? We've had a couple of other senators come around and they, you'd ask them a question, gee, that's real great. We'll think about that. Now do you know about my program to do that? He'll turn right around and he's talking about his project. You're talking about our tax situation from beginning to end.

ALBANESE: Well, our intention is to bring this committee right to the people. To get input.

BUSH: Well, I hope you have that point about the abandoning of farmland.

And the river bottoms. Somerset County did the same thing. The same river continuation, Raritan River goes to Somerset. They did the same thing. It's costing them tens of thousands of dollars in vandalism repair bills. Did you see their stands? Have you ever been there? They're all concrete you know because of the experience they've had in other parts, Spruce Run, because of vandalism. You've got to have steel doors on everything, because people break in. And that costs the State a lot of money. Not the State. Us, money. That costs us money and the thing about Green Acres which our freeholders keep telling me, Ray, why are you worried? Federal Government is funding most of the Green Acres. Right now the Federal Government is in debt to us to the extent that if everyone of us today paid our bills, man, woman and child, each one in this room would have to pay \$151,000 today to the Federal Government to write our debts off the books. Can you imagine that? That was in the Wall Street Journal.

DEARDORFF: I couldn't make it. I couldn't afford it.

BUSH: This is why we have constant spending on a Federal level so the State Governments are trying to get their fingers in the pie and they're willing to spend that Green Acre money. They have to put matching funds in which is coming out of our pocket. The other thing that I would like you tax assessors and all the people here to think about is let's pay as we go. When we need a new bridge in Hunterdon County, let's not go out and sell bonds to build new bridges. Let's just put a new pier and they have sophisticated ways to build today so that's actually, that pier will not block or impede the passage of the river to any great extent. Just put a new support under the middle of the bridge and triple the tonnage, instead of building a whole new bridge. Detouring for twenty miles now with the gas shortage, all around that bridge for a year while they build it. We did it in Hunterdon County. We put a new railroad bridge in. It only cost \$300,000; now it's over a

million for a bridge not even as good. For over a year we detoured around that thing for about five miles -- it was a short detour. And gas is going to go up. Mrs. Beale talks about State cars; let's have these State people pay their fair share. We who are carpenters or farmers, we have to buy our own cars, we have to buy our own gas. For instance I have seen, and I know only too well that the State cars aren't on business tours late at night or on Sundays, I mean this, I don't know who owns them, I don't want to know but it doesn't look right to me. Mrs. Beale brought it up and I'm just reiterating that fact. I guess I'll let it go at that. Do you want to ask me some questions?

ALBANESE: No. Thanks. Frank Dillelo.

DILLELO: I am Frank Dillelo, Warren County Tax Board, I am also a Trustee of the Association of Commissioners and Secretaries, I am also on the five-man board of a study like you people are doing here -- tax appeals, and several bills that are coming up in the Assembly.

The reason I came up here tonight was to listen because I wanted an insight into what they feel -- the same as you do -- so that I can report to my committee. But I have to speak on at least three or four subjects concerning property taxation. It is my opinion that Farmland Assessment is being abused, not only in Warren County, but throughout the State. Being abused in such a way that under the act you must have five acres of land with \$500 income. It seems to me that today five acres of land and \$500 income is inadequate, especially where a _____ farmer is concerned. There's a lot of speculation going on, we know it, you probably have heard it and know it also. What is happening, is that they're buying up properties in Sussex, Warren, in the areas where there is still land available, and let me say that that is a commodity in the State of New Jersey that we're getting very short of. They're doing it in a way that under the act there's no way to stop them, I feel that by changing the act -- and it will take a constitutional amendment

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The reason I came up here tonight was to listen because I wanted an insight into what they feel -- the same as you do -- so that I can report to my committee. But I have to speak on at least three or four subjects concerning property taxation. It is my opinion that Farmland Assessment is being abused, not only in Warren County, but throughout the State. Being abused in such a way that under the act you must have five acres of land with \$500 income. It seems to me that today five acres of land and \$500 income is inadequate, especially where a _____ farmer is concerned. There's a lot of speculation going on, we know it, you probably have heard it and know it also. What is happening, is that they're buying up properties in Sussex, Warren, in the areas where there is still land available, and let me say that that is a commodity in the State of New Jersey that we're getting very short of. They're doing it in a way that under the act there's no way to stop them, I feel that by changing the act -- and it will take a constitutional amendment

to do it -- you just handle it by legislation. It should be 10 acres and with an income of \$2,000, at least this would stop some of the tax appeals. Let me say at the outset that I've been on the Tax Board for 7-1/2 years, I know a little about it, I'm not an expert but I do know a little bit. It would stop in my opinion, some of the speculators who're only interested in that \$500 income. They'll rent a piece of property to another person they'll plant anything on it, till off some hay, get a \$500 income off of it, and say, we are now qualified under the act because we did this for two years prior and we have the invoices to prove it. And many times those invoices are questionable because it may be a tomato farm or a tomato garden and they'll use that as income on its own. What I'm trying to say is that the act is passed A, it should be straightened out to benefit the farmer. Without the farmer we are at a loss. We depend more on the farmer than anybody else. Especially in this state. At one time we were known as the Garden State. Today it's a little different situation. We're losing it to speculators and well, I won't go into the other things that I was going to say. Let me also say on the roll back tax. Here I disagree with some of the testimony I heard today, or tonight, I do believe that the roll back should be a longer term. This would stop the speculator. With the farmer, if he's a legitimate farmer, normally, that land or that farm is passed on from family to family. And if it is so, it would be up to them to make sure that they get enough money from that farm to pay the roll back taxes. I don't think that bringing up the five, seven year like some of them have been proposing, I propose a roll back of four years, not the two and one that we have now. Woodland. Sore spot with any assessor. Throughout this state, not only in the county. Now they come around and they say, "if you are in a forestry program, consideration will be given for the farmland assessment on anticipation of the income." What is the anticipation? How many years is the anticipation? It could be two, could be five, could be thirteen, maybe twenty. 's woodland, does it qualify for, not only

speculators, but under the Farmland Assessment? Are they qualified because they lot and cut several cords of dry wood or because of two or three larger trees and sell it on the street or to your neighbor and get an invoice for it to certify that the invoice is correct and come under the amount that is just required? Perhaps not \$50 over the amount. I say that is not farming, that is not farmland assessment. We hear this throughout the state and particularly in the wrong county where we do have a lot of woodland property and also in other county, and Hunterdon County. They're all in the same boat. Speaking on the bills right now being questioned by perhaps, you and my committee, one bill does have the merit. And that is Dante Leodori's bill. In my estimation Dante Leodori is one of the best first secretaries in the State of New Jersey. He came up with the tax structure and I believe he was one of the very first on the committees under, even before Sid Glaser, I believe, and I believe it has a lot of merit. On this bill it was shown that there would be an administrator, and the administrator would be presumably the secretary, the clause is in it, where the secretary would still be on so that through politics they could not take him off if he's doing the job. I believe that that should be. I believe that the secretary now does most of the administrative work in a county board. He strikes the ratio, a lot of people don't know this. He strikes the ratio, looks up the coefficient, which I really know is more important than the ratio. And I feel that he is better qualified in that particular end of it although the commissioners still have to approve it. So, here he's actually doing the work, the commissioners, if they're doing their job, if they know it, and approve it. What I don't buy, in that bill, or maybe I'm getting confused with Dunn's bill, where a guy, he wants a president of the board, and also he wants a secretary being paid at, I believe, not less than \$15,000 in a county such as Warren, plus the president of the board up to around \$55,000 a year. And the president of the board should be, should be, which means almost like shall be, an attorney.

I wholeheartedly disagree with that section of that bill. I know there are a lot of qualified women and men who could sit on that board and are just as qualified as an attorney. It seems to me that this is one of the basis of the problems in the State of New Jersey right now. That you have about seven attorneys and I don't fault them, because they were smart enough to see it, that are doing most of the State tax appeal work, and are doing most of the big work and therefore, are almost dictating to the State on how and why and what rules should apply and what rules should not apply to these appeals. As I stated, I can't fault the attorneys. I feel that perhaps some of the judges should wise up because there are opinions handed down from one judge to another that contradicts the same question that was put forth by someone else. And we as the local commissioners, try to go by those opinions and the first thing you know, we're going on one opinion and it's contradicted by another judge on the same type of appeal, so it leaves the assessor, and not only the assessor, but the county board-- did we do right, did we do wrong, by which appeal or opinion do we go by? I also feel that it's mandatory by the State that the county boards must hear all appeals by November 15. By the State, the backlog is about four and one-half years, on State appeals. I feel that by putting additional judges (which incidentally, that bill passed, and they are putting additional judges on) by putting additional judges on a State level, make it full-time judges and put a mandatory date, and I'm not saying November 15, through August 15, November 13, or December 1 to October 1, but at least with a restriction, of up to one year, because most of these tax collectors, and of course, our assessors, they get blamed too. When a tax appeal is in the State for any length of time, say four years, three years, and even two years, any appeal is of great nature, perhaps a half a million dollars and we do have some of those, also, even though we are a small county, and that appeal is granted to the appellant, after three or four years, you realize what happens to a small municipality that has to

pay that back, it could hurt them so bad that that following year the tax rate would go so high that it's not funny. So that's why I state that there should be a mandatory date, also on the State level, by which tax hearings should be completed and judged, and I'm suggesting a year which would give them enough time if they put more judges on. I didn't come prepared, because as I said I wasn't going to speak but I have to state that I am in favor of a de novo, a matter of record. I feel that by doing that that the appellant will stop in most cases at the county level and not bring their appeal to the State. Right now what happens, the appellant comes to the county level and he gives testimony; the county commissioners do not grant the appeal to the appellant. The appellant then has the right (by December 1) to go to the State. Granted that may not be until three or four years hence. His whole testimony is entirely different than the testimony that was given at the county level, and I feel this is not correct because at the time the local assessor went and gave his evaluation, the local assessor is defending his case on the local level, testimony on such was given and in the opinion of the county board, the appeal of that appellant should not be granted. When it goes to the State level the testimony is altogether different -- a lot of you people may not realize that. They use different testimony and that's why in many cases (not many, I won't say many), but let me say at the outset one reason why Warren County doesn't have as many appeals as some of these other counties, is because we do have good assessors -- and I mean that. I still feel that the testimony should not be changed, what is given at the county level should be the same as is given at the State level.

I would also like to dispute what the commissioner who spoke ahead of me, on the question of time put in in the Tax Board as a commissioner. It is true that that may be a year, or perhaps two years, that the total time involved

could be up to a thirty day period. Now you must remember that the total time could be, if the amount of appeals were to come in, anywhere from four to five, and in some cases, six months. Even though there's a misunderstanding I believe with many people, that tax appeals must be in by November 15 doesn't mean that tax appeals can't be heard and judged prior to that. If there's a big case load such as in Bergen County and many other counties -- right up in Sussex County they have a bigger case load than we do -- you go on and you hear those cases because we, under mandatory statute, must be finished by November 15. So what I'm trying to tell you is that looking over the picture throughout the State, now, the commissioner is not overpaid in fact the commissioner does not go thirty days in but must be available for all the time that is needed to do his job. Not many commissioners can take the job as a commissioner because it is a part-time job and with the salary they're paying me, and I happen to be Chairman this year, for \$3,700, if I were to work semi-retired I couldn't afford to take the job and take the time that it requires to be put in. I also feel that the \$3,000 they're asking for in increase can be, in smaller counties, too high. Our commissioners in Warren County voted for that, and we had a two to one vote. I honestly feel that you shouldn't take a 100% increase at one time but take perhaps a 25% increase at one time and bring it up to the level that the job deserves. Perhaps I should also add that the commissioners have not been granted an increase in salary in over 15 years. How can you expect to get -- and this goes for assessors also, and with the point that I made that in Warren County we do have good assessors -- a commissioner or an assessor to give his all and do the best to his ability and put in the extra hours that are required, a lot of homework, if they're not adequately paid? If you want the calibre of people working on these jobs that are qualified, and I stress that qualified, then by all means give them a living

wage. I would also like to state that in my opinion the coefficient in the ratio is very important, in a revaluation. I have heard it mentioned _____ out a computer, heard this also on the State level, but it does have problems on a computer level; it has everything else, so you've got to have a lot of problems. We're looking into this right now. The assessor will still have to be the computer. Change forms have to go in, and I'm afraid to say this because there are small counties that are working with part-time assessors, in particular in Warren County, I'd like to keep our assessors on but there is a move to regionalize and there is a move to have full-time assessors and that is why I feel that a county such as Warren, even Sussex, Hunterdon, Ocean, and a few other smaller counties who have part-time assessors, the computer system would not work, and the additional cost would be to the taxpayers because additional monies would have to be put in by having full-time assessors, not at the miserable salary most of these assessors are working with -- and when I say miserable, \$2,000, \$2,500 some as low as \$1,500 a year. No way, because then you're going to go into an assessor who is going to want \$25,000, \$30,000 or upward even to more than that. Secretaries of Boards in some cases right now, are earning \$25,000. So when it comes to computerizing, I think a lot of talk has to go into that before we go into that.

DEARDORFF: When you were mentioning about the salaries of the county board commissioners, isn't it true that if you had to put everything on the record your work would increase at that point.

DILELLO: Definitely. Time and time and time again the assessors state why don't you tell us the reason (to the Commissioners) why you're reducing that property. As the law states right now we don't have to do it, but if it was a matter of record then in turn we would have to put the reason down why we reduced that property or why we increased that property, but we have to put it down. Under the law the way it is right now we don't have to do it,

and it leaves the assessor in a bind because the assessor says the following year we reduce this land here, and when the assessor is asked why he throws up his hands and says "the county tax board did it," but if it was a matter of record the assessor would know, and that's the reason why I'm saying, it should go, as a matter of record, and therefore I feel that the increase would be justified in a commissioner's salary. To answer your question, if I can answer it, I'll tell you, if I can't, I will.

DEARDORFF: I felt that it would increase your workload.

DILELLO: Definitely will.

ALBANESE: Frank, on the farmland assessment, the amount the present \$500 income, anyway, you know, we hear this from each hearing that this is trumped up, it's not accurate, people are cheating and I think a lot of previous speakers, well, the Commissioner, Williams, said we could use the IRS, but you pointed out something that would not make the IRS forms valid because there could be other income on that form. Do you have any ideas on what we could do?

DILELLO: One way of doing it is the way I stated. As a matter of record, no change of testimony into the State, on a state-level, therefore when the appellant comes to the county he is going to be sworn again on a higher level than ours off the record. Right now we are a quasi. We can do it to a point. So I suggest that we ask those we have had in our county to have it certified. It's not required. An invoice is not required. If they're swearing the oath that these are it, that's it. The assessor has the right to subpoena as well as the commissioners. We have that right to subpoena although many assessors perhaps don't think that way. But you have that right to subpoena all information necessary and the first step is probably public relations is lacking. The first step is to be made to any tax appeal, is to the assessor before he filed an appeal. Many times you go into the collection office or our office, pick up a tax bill, never go over to the assessor to discuss the case. There could be an error. And it could be stipulated perhaps. But no, they come right to an

appeal, a tax appeal. I feel that there is a lack of communication perhaps. Not only state-wide, but county-wide too. But they do have the right to subpoena right now. We have it. There is one other thing that I would like to clarify also before I forget it because it meant something to me. As I said, I've been on the board for seven and one-half years. I've attended many Rutgers classes. I even, in a couple cases, taught a couple courses to the new commissioners of taxation, coming in. But yet I am not certified. And I'll tell you the reason why. The law now states and perhaps a lot of people aren't even aware of this, the law states that on a three-man board, one member of the board shall be certified. There's nothing stated in law when what happens if you do not get certified after the third year. They will not pledge a board without any member that is certified. I think, in fact, Don, as a legislator, I am asking you to look into that particular phase of that law. It is no good. N. G.! When a new commissioner comes on, he's asked to be certified. But he doesn't have to because a law states as long as there is one commissioner that is certified, that is it. I say that the law should be that all commissioners should be certified upon being appointed to the tax board but in that same year. So that you have a continuation of certification of all commissioners. I'm going to tell you why I didn't get certified and I'm using myself as a reason why I say that law is wrong. I felt that we, at seven and one-half years, were promised seven years back that if we went to the courses at Rutgers, and you received so many certificates, that that would have been satisfactory at the time. That changed and meant nothing anymore because the legislation came in, stating one commissioner be certified so I saw the loophole and I said to myself, I feel I know enough about the commissioner's end of this work. I believe I know enough through at least practical experience that I've had on the board for so many years. Worked even with tax commissioners throughout the State and I felt that we do have a certified man. Why should I take the time on the salary that I'm being paid,

to go to get that certificate and spending that time. If it was mandatory, then I would have to go or give up being a commissioner. And with that I close, unless you have questions.

ALBANESE: Thank you very much. Carl Hillbers.

HILLBERS: My name is Carl Hillbers. . It's getting late, I'm not going to say too much but I did want to mention something on that farm assessment. The State has in South Jersey bought the development rights of farms. That's very costly. And I don't think that it's the answer. Farm assessment has been abused as Frank stated. I think farm assessment is not completely right but I do think all vacant land, whether it's farmland, woodland, or what it is, should be at a special tax rate. You gain by it, I gain by it, all vacant land, if you don't hunt or fish you are gaining by the pure air that is filtered through our woodland. If we don't put a special tax onto it, it's going to go on the block. I see it everyday coming on the market because the taxes were too high and people are selling their woodland. And if it's got a little road frontage, if they can possibly divide it, then they're cutting it up into a few lots. The heck with the back plan. Just as long as they get a lot or two off of it and subdivide it and I think that it would be better if we would take and put all vacant land under the same as farmland. Woodland, if you are a woodland farmer, and the piece of land was cut clean, it would take you 50 years to get a crop. I know of a couple of pieces that was cut clean when I was a kid. Today, they'll harvest about 3,000 feet per acre. I am confident in that because I was logger myself. I think some thought should be given in along that line. I have myself 143 acres and I know if I couldn't keep the most of it, under Farmland Assessment I would be dumping it on the market too. Last year I didn't get farmland assessment in in time and my tax had jumped up \$1,900. So, you can see for a person or man with vacant land or a farm, that farmland assessment is very important. I think that is one of the main things

we should consider rather than consider buying up the development rights because buying up development rights could be another sunfish pond. And somebody spoke about charitable property not being taxed. I agree, there is another field that is a sore spot. I just happened to pick up the tax book of Washington Township for 1975 yesterday. Vacant land and farms in Washington was assessed at \$6,000,000. Charitable property, no taxes, \$10,000,000 for the little township of Washington. Surely, some of that, all of that is not churches, and parsonages. Some of that's investment. As far as tax appeals, I don't know but there seems to be quite a problem in the tax appeal. I appealed a tax face and I was given 10 minutes to be heard, I presented two counts, I got half-way through the second count and I was told you'll hear from us by November 15, and I had two more counts, which were my best two counts, and I never even got a chance to present them. I know attorneys will not touch the tax appeals and it's hard to find an attorney that will touch a tax appeal, so what is the problem there? I don't know. I think it should be investigated. That's all I have to say. Thank you.

ALBANESE: The State purchasing farmland, I guess it's appropriate to state that in all the Legislature, there was only one legislator that voted against that program and that was me. It's safe to say that here, I guess.

HILLBERS: Well, I attended quite a few, two or three, of their meetings, and I couldn't see where it was feasible for the State to purchase the developing rights. It just didn't seem right.

ALBANESE: Thank you very much. That concludes the hearing for this evening and I want to thank all of you for the input you've had and as I said before, it was our intention to bring State Government as close to the people as we can and that's why I insisted we hold these hearings in Warren County and Sussex County as well as some of the other areas. Thank you very much.

Grass-Roots Revolt

Soaring Property Taxes

Infuriate Homeowners.

Spur Legislative Action

Home-Pricing Leap a Factor,

Especially in California;

An Assessor Is Ashamed

One Ploy: Mass Ordination

By STEPHEN J. SANSWEET

Staff Reporter of THE WALL-STREET JOURNAL

CANOGA PARK, Calif. — "I just sat down and bawled," says Shirley Miller.

It has been a bad year—first a divorce, then what Mrs. Miller calls "a hard-fought settlement that gave me the house, if I could make the payments." Then came the crowning blow, the property reassessment that raised the taxes to \$2,400 a year from \$1,100.

For Mrs. Miller, a mother of four who drives a school bus part-time (and whose take-home pay last year was \$8,900), that meant an unaffordable increase in her total house payment, previously \$359 a month. She has done the only possible thing, moved to a smaller house.

She isn't alone in her bitterness. In the last two years, as house prices in Southern California have skyrocketed, hundreds of thousands of homeowners have seen their property tax bills rise as much as 200% in a single year. They are fighting mad about it, and they are making themselves heard.

Gov. Jerry Brown has called property tax relief his No. 1 legislative priority this year. Lesser political figures are feeling the heat too. Furious homeowners in nearby Ventura County have forced the tax assessor to face a recall election this fall. And Los Angeles County supervisors were pressured into reopening and reducing their \$3.3 billion budget by \$26 million last year.

"Destructive and Vicious"

Even those who are part of the system agree that something must be done. "I'm painfully aware that the property tax isn't only socially destructive but also is probably the most vicious tax ever conceived by mankind," says Philip E. Watson, Los Angeles County's assessor. "It's levied without regard to a person's financial condition or present earnings capacity, and there are many times that I'm ashamed to be a part of the system."

Mr. Watson's own assessment practices have come under fire, with some supervisors charging that he doesn't make business pay its fair share and that he has taken political contributions or other favors from businessmen whose property his office assesses.

"Rubbish" has been his reply. But two weeks ago he announced that he is resigning in December because of ill health (he had heart surgery earlier in the year) and a "demoralized" office atmosphere. Coincidentally, it was disclosed a few days earlier that his wife, State Superior Court Judge Nancy Watson, had filed an appeal of the tax assessment on the Watsons' new house.

California householders aren't alone in their ire about property taxes. Cook County, Ill., homeowners, hit with tax increases of as much as 300%, have been talking about organizing a "tax strike" and withholding their payments. Many communities, such as Toledo, Ohio, have refused to vote tax increases to pay for public education, raising the specter of shortened school terms such as occurred in many localities earlier this year.

Tarring and Feathering?

In Bucks County, Pa., an angry crowd of mostly middle-aged and elderly residents threatened county commissioners with tarring and feathering after they proposed a property tax increase of 126% for this year. Civic groups in such places as Boston and Atlanta are riding herd on local assessors after the publication of studies claiming that the tax burden has been spread unfairly in those cities, with minority groups and the poor faring the worst.

And, in Hardenburgh, N.Y., homeowners were ordained en masse as ministers of a mail-order church so they could declare their home church property (like the nearby order of Tibetan monks) and thus evade tax.

Few have gone that far, but the property tax seems to have been unpopular since the colony of Massachusetts began collecting it annually in 1646. In a recent nationwide poll, 33% of respondents named the local property tax as "least fair" of all taxes. (The

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Hartford Lets Taxpayers Work Off Delinquencies

By a WALL STREET JOURNAL Staff Reporter

HARTFORD, Conn. — Most homeowners who can't pay their property taxes get delinquency notices. Hartford offers them jobs. In a program started last year and just reinstated, unemployed and "underemployed" homeowners are offered city jobs and "forgiven" up to \$2,000 of the property tax.

Last year the city council appropriated \$300,000 for the program, most of which was to cover "salaries" going directly to the tax collector. However, because the program had a late start and the tax forgiveness was considered income by the Internal Revenue Service and the bureaucrats who hand out unemployment checks, only 100 homeowners participated in the program. About \$45,000 in taxes was worked off.

Michael J. Cirullo, who administered the program last year, says that 35% of the participants were over 65. An unemployed nuclear physicist helped solve some programming problems in the city's payroll department. Others filled jobs ranging from clerical to carpenters' assistant.

Continued From First Page

federal income tax came in second, at 28%.) In the West, the property tax was rated as the most unfair by 45% of those polled.

Taxpayer revolts against the property tax—followed by politicians' promises of reform—have been common over the years. But changes have been slow in coming; property levies make up more than 80% of locally generated tax revenue for local governments around the U.S.

Property taxes are the financial bulwark of the public school system. Last year, nearly 66,000 local government units and 15,000 special assessment districts collected some \$60.2 billion in property taxes, up 11% from 1975 and about 150% above a decade ago. About 60% of that revenue was spent on public education.

A chief criticism of the property tax is that it is regressive, being assessed without regard to income and affecting most those who can least afford to pay. "We're in a heluva fix when a guy works all his life to get a little security, then retires on a fixed income and finds he can't keep his house because the taxes have gone up," says Howard Jarvis, 74-year-old head of California's United Organization of Taxpayers. "And how can a young couple on a tight budget even buy a house anymore?"

Various studies indicate that the tax burden is unfairly apportioned because of either deliberate or unintentional assessment practices that discriminate against certain groups. Researchers from Georgia State University recently found that nonwhite neighborhoods in Atlanta tended to be over-assessed, as were low-value homes in higher-class neighborhoods.

"Assessors may feel that the political power or knowledge of the appeal process is less for these groups," the researchers speculated. On the other hand, they found that very high-priced houses were under-assessed, as were those in areas where prices had risen above the citywide average.

Assessors get most of the blame for what is wrong with the system. "In most parts of the country the assessor is at the bottom of the totem pole," says Paul V. Corusy, executive director of the International Association of Assessing Officers. "So what kind of quality do these towns expect when they hire some small farmer or Joe Blow, the insurance salesman, to be part-time assessor?"

An increasing number of states are setting stiffer standards for assessors. Indiana requires examinations and a continuing education program. Georgia gives salary incentives to assessors with certifications from Mr. Corusy's organization. Kansas now requires full-time assessors for counties with more than 20,000 residents. Mr. Corusy estimates that about half the nation's 14,000 assessors are elected; he says the trend is toward more appointed officials who meet rigid qualifications.

Soaring property taxes reflect skyrocketing local government expenditures—up 192% in the last decade, to \$162.3 billion last year. A major cause is the rising payroll for government workers; the number of such workers has gone up 47% to 8.8 million in the last decade; their payroll has increased by 174% to \$7 billion a year.

prices, property tax collections in many localities have gone up even faster than governmental budgets, despite the enactment of limits on tax rates or revenues in at least 38 states. Questions are being asked about non-property items financed by property taxes.

Out of Control

"I think we've got to move the burden for health and welfare from residential to commercial and industrial property and pay for education through a universal sales tax," says Baxter Ward, a Los Angeles County supervisor who has produced a detailed plan to do just that.

What about spending cuts? He says they aren't a realistic alternative. "What with state and federally mandated expenditures, we really only control 9% to 10% of the budget," he says. "This thing has really gotten away from us."

The howls of protest in Los Angeles began a year ago, when assessment notices were sent to owners of more than 850,000 residential properties, about half the county's total parcels. While the full assessment roll rose 14%, thousands of homes went up more than 100% in assessed value. Mr. Watson, the assessor, says that some of those homes hadn't been reassessed for eight or nine years because of a relatively stable real-estate market. "But when housing prices start rising 3% a month we had to do something," he asserts. Aided by computers and a speeded-up data-collection system, Mr. Watson's 500 real-estate appraisers brought homeowners face to face with an unpleasant reality.

Moribund civic associations sprang to life and new tax protest groups were formed. Organizers came up with mass protests in stadiums and symbolic tax-bill burnings. Busloads of steamed-up homeowners descended on the county supervisors and more than 200,000 letters demanding relief were sent to Gov. Brown.

In July, another 170,000 residential parcels were reappraised and the clamor grew; many homeowners living in exclusive canyons or on the beach were socked with 200% increases, and the meetings and protests have begun again. Middle- and upper-middle-income families are howling the loudest. The "Big Spenders"

Ralph Littrell, a 62-year-old manufacturers' representative, even posted signs on the lawn of his comfortable, two-story brick and stucco home in the upper-middle-class neighborhood of Cheviot Hills to voice his displeasure: "For sale soon, our beautiful home for life, thanks to these . . . big red ink writing hoods."

The Littrells bought their house 15 years ago for \$50,000 and paid a property tax of \$800. It was assessed in the mid-1960s at a market value of \$65,560, and the taxes last year were \$2,238. The assessment rose this year to \$157,900, with an indicated tax of \$5,180.

"We were hoping this would be our home for life, but you reach a point of diminishing return," Mr. Littrell says. "I don't argue with the assessment: it's the big spenders who caused this."

Some changes are on the way, partly because of homeowners' pressure and partly because a California court decision involving school financing has forced a reevaluation of the entire property tax system. In the so-called Serrano decision, which the U.S. Supreme Court recently refused to overturn, it was held that the present system of financing public education violates the equal

protection provisions of the state constitution because it permits wealthy school districts—those with the highest property values—to provide better-financed education for their students than poorer districts can provide.

Because of the decision, the state will take an increasingly larger role in financing schools, relieving some pressure on property tax payers. California is expected to have a budget surplus of between \$2.5 billion and \$3 billion by the end of next June, and the state legislature has formulated a plan to distribute nearly \$4 billion over the next five years to implement the Serrano decision, and more than \$811 million this year in property tax rebates to homeowners and renters.

The legislation also includes a hefty tax on speculators who resell a home they don't occupy within a year of purchase. (A constitutional amendment to let localities tax commercial and industrial properties at a higher rate than residential properties was passed by the legislature and now goes to the voters.)

However, skeptics doubt that legislative action is going to do much for those most hurt by rapidly rising assessments. In fact, the package of legislation was stalled in the legislature last week after the state senate turned it down, and passage in the original form looks unlikely.

"The chance of any real reform coming out of this legislative session is zero," Supervisor Ward says. "The proposals they're considering are unsatisfactory because, in effect, they mean increased taxes for the middle-income wage earner, and people are going to be outraged."

Mr. Ward believes that the legislature might institute radical changes in the system only if an initiative proposal sponsored by the United Organization of Taxpayers and another group qualifies for the ballot. The initiative would limit property taxes to 1% of market value (compared to the present level of about 3.5%) and limit the in-

crease in assessed values to 2% annually.

A similar initiative, which the state's legislative analyst estimated would have resulted in a revenue shortfall of more than \$7 billion, narrowly missed qualifying last year. Mr. Jarvis of the taxpayer organization doesn't argue with that figure but says, "The only way to cut the cost of government is to withhold the money in the first place."

County Assessor Watson, who has seen two property-tax-limitation initiatives he sponsored go down to defeat at the polls, says there is another alternative. "People have to realize they're living in houses that reflected their standard of living and earnings capacity at the time they bought them," he says. "It may sound cruel, but they have to face the reality that they can't afford their own homes anymore."

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James G. Smith

TOWN OF HACKETTSTOWN
Municipal Office

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Wilbur C. Willis

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APPEALS PROCESS

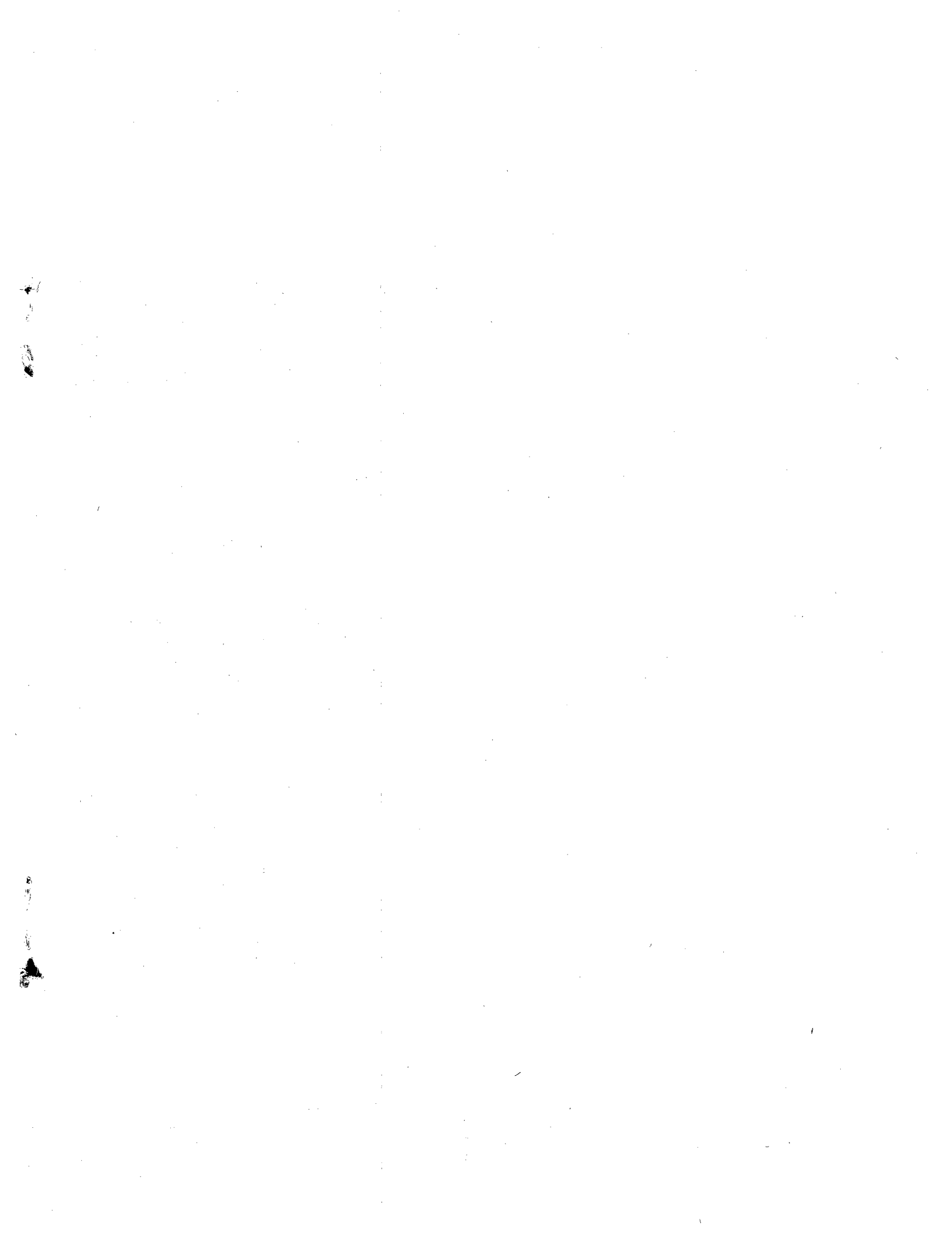
1. The best and probably the only real way to strengthen the process and shorten the appeal time is to eliminate the State Div. of Tax Appeals and replace it with a full time State Appeals Court. A full time Judgeship, paying an attractive salary, would attract and entice a number of attorneys to qualify themselves for the positions.
2. At the County Board level of appeals the process could be shortened by setting a figure whereby the case would be heard by the State Appeals Court first. This would eliminate most of the cases that now go to the State Div. from the counties, because cases that involve high assessments will be taken to the State if a tidy reduction is not given and if this tidy reduction is given the Dist. assessor will take it to the State level. This would reduce the cost upon the dists. for attorneys and for experts.

EXEMPT PROPERTIES

1. Being a member of exemption committee of the Association of Municipal Assessors of New Jersey for the past four (4) years puts me in a position to know by study that this has for a long time been a political football and has gotten far out of reason. No qualm about S.C. Deds., but out of state Vets. should not be granted the fifty (\$50) dollar deduction. Total and permanent disabled vets. should not be granted total exemption of their home-
stead and just, maybe, an income limit on the others.
2. Are you aware that the cost of the total and permanent disabled vets. is places solely upon the municipality which is contrary to all of the other exemptions? This is probably an oversight but should be rectified as soon as possible.
3. Assembly Bill #930 is a step in the right direction and the next step should be to broaden it to include all exempt properties. A percentage of the municipal portion of the tax rate or the municipal tax rate applied toward the assessed value of the land only would be something that probably would be accepted by most all.

EQUALIZATION

1. Only one thing that is strictly unfair under the present method of calculating the equalization table and that is that there is no residual calculation for separating the classes of property. For instance; the land under the house on residential property can triple in value and cause the sale of the Class #2 property to decrease the ratio of the district and then a speculator of vacant land can come in and file a successful tax appeal based upon the ratio. This would, also, aid in determining the need for a revaluation.



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