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FINAL REPORT

o f t h e

SENIOR CITIZENS TAX STUDY COMMISSION
(Created under Joint Resolution No. 16, 1968)

Members of the Commission:

Assemblywoman Josephine S. Margetts Chairman	Senator Alfred D. Schiaffo Vice Chairman
Assemblyman Joseph H. Higgins	Senator Richard J. Coffee
Assemblyman William E. Schluter	Senator Wayne Dumont, Jr.
Charles J. Alexander	Senator Norman Tanzman
John J. Barry	John J. Halloran
Norval W. Beeson	Frank L. Heyman
Edward L. Carr	Meihale S. Lascarides

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Letter of Transmittal

May 7, 1970

To His Excellency Governor William T. Cahill and the Honorable
Members of the Senate and General Assembly of the State of
New Jersey:

Pursuant to Joint Resolution No. 16 of 1968, the Senior
Citizens Tax Study Commission hereby transmits its findings and
recommendations.

Respectfully yours,

/S/ Josephine S. Margetts
Assemblywoman Josephine S. Margetts
Chairman

/S/ Alfred D. Schiaffo
Senator Alfred D. Schiaffo
Vice Chairman

/S/ Joseph J. Higgins
Assemblyman Joseph J. Higgins

/S/ Richard J. Coffee
Senator Richard J. Coffee

/S/ William E. Schluter
Assemblyman William E. Schluter

/S/ Wayne Dumont, Jr.
Senator Wayne Dumont, Jr.

/S/ Charles J. Alexander
Charles J. Alexander

/S/ Norman Tanzman
Senator Norman Tanzman

/S/ John J. Barry
John J. Barry

/S/ John J. Halloran
John J. Halloran

/S/ Norval W. Beeson
Norval W. Beeson

/S/ Frank L. Heyman
Frank L. Heyman

/S/ Edward L. Carr
Edward L. Carr

/S/ Meihale S. Lascarides
Meihale S. Lascarides

ASSEMBLY JOINT RESOLUTION No. 10

STATE OF NEW JERSEY

INTRODUCED JUNE 20, 1968

By Assemblyman MORAITES

(Without Reference)

A JOINT RESOLUTION creating a Senior Citizens Tax Study Commission to review and evaluate existing laws, proposed legislation and other alternative programs and policies concerning the taxation of citizens of this State of the age of 65 or more years, and to make recommendations for a practicable and equitable tax policy for such citizens.

1 WHEREAS, There are more than 650,000 citizens of New Jersey of
2 the age of 65 or more years, according to the Federal Bureau of
3 the Census; and,

4 WHEREAS, The vast majority of these senior citizens are finding it
5 increasingly difficult to maintain living standards enjoyed in
6 previous years as a result of increases in the cost-of-living and
7 the diminishing ability of pensions and other benefits to meet
8 these increases; and,

9 WHEREAS, The Legislature and people of New Jersey recognized
10 and accepted their responsibilities to senior citizens, in 1960,
11 through the amendment of Article VIII of the State Constitution
12 to provide an exemption from real property taxation for certain
13 senior citizens owning homes; and,

14 WHEREAS, Since 1960, numerous proposals have been made, and
15 several are pending in the Legislature, to increase the tax exemp-
16 tion already granted and to provide additional benefits and grant
17 exemptions from other types of taxation; and,

18 WHEREAS, In recognition of the great contributions made to New
19 Jersey society by our senior citizens in the past and in the
20 present, and with a knowledge of the seriousness of the economic
21 problems facing these citizens today and in the future, a com-
22 prehensive review and evaluation of existing laws, proposed
23 legislation and alternative solutions to these problems is neces-
24 sary at this time; now, therefore,



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

1 1. There is hereby created a Senior Citizens Tax Study Com-
2 mission to consist of 15 members, to be appointed as follows:

3 (a) One citizen of the age of 65 or more years and 4 members
4 of the Senate, by the President thereof;

5 (b) One citizen of the age of 65 or more years and 4 members
6 of the General Assembly, by the Speaker thereof;

7 (c) One citizen of the age of 65 or more years and 4 other citizens,
8 by the Governor.

9 The members of the commission shall serve without compensa-
10 tion. Vacancies in the membership of the commission shall be filled
11 in the same manner as the original appointments were made.

1 2. The commission shall organize as soon as may be after the
2 appointment of its members and shall select a chairman from
3 among its members and a secretary who need not be a member of
4 the commission.

1 3. It shall be the duty of the commission to review and evaluate
2 existing laws, proposed legislation and other alternative programs
3 and policies concerning the taxation of citizens of this State of the
4 age of 65 or more years, and to make recommendations for a
5 practicable and equitable tax policy for such citizens. The com-
6 mission, in addition to any area of study it deems relevant, shall
7 give particular attention to the practicability and feasibility of
8 instituting a "tax-freeze," whereby senior citizens shall pay taxes,
9 or any particular tax, based upon the amount of tax paid in a
10 given year.

1 4. The commission shall be entitled to call to its assistance and
2 avail itself of the services of such employees of any State, county
3 or municipal department, board, bureau, commission or agency as
4 it may require and as may be available to it for said purpose, and
5 to employ such technical, stenographic and clerical assistants and
6 incur such traveling and other miscellaneous expenses as it may
7 deem necessary, in order to perform its duties, and as may be
8 within the limits of funds appropriated or otherwise made avail-
9 able to it for said purposes.

1 5. The commission may meet and hold hearings at such place or
2 places as it shall designate during the sessions or recesses of the
3 Legislature and shall report its findings and recommendations to
4 the Governor and the Legislature, as soon as may be, accompa-
5 nying the same with any legislative bills which it may desire to
6 recommend for adoption by the Legislature.

1 6. This joint resolution shall take effect immediately.

Introduction:

The Senior Citizens Tax Study Commission was created by Joint Resolution No. 16 of 1968 and was given the duty to "review and evaluate existing laws, proposed legislation and other alternative programs and policies concerning the taxation of citizens of this State of the age of 65 or more years, and to make recommendations for a practicable and equitable tax policy for such citizens." The commission was further directed to give particular attention to the practicability and feasibility of instituting a "tax-freeze" for senior citizens. The members of the commission were appointed during the Winter-Spring session of the Legislature in 1969 and the organization meeting was held on June 5, 1969. The commission met in executive session on several occasions to pursue its work and held two public hearings, on February 4 in Trenton and on February 13 in Hackensack, to obtain the views and recommendations of interested and concerned parties to assist them in their work.

As directed by its creating resolution, the commission reviewed the legislation proposed in both 1969 and in the current year concerning senior citizen tax deductions, exemptions, and deferrals (lists of the proposed legislation in 1969 and in 1970 to date are included in the Appendix). Throughout the course of

its work and concurrent with its study of the various proposals for senior citizen tax relief, the commission adopted and made several recommendations to the Legislature and the Governor on matters related to its work, or concerning senior citizens in general.

At the commission meeting on June 24, 1969, it was unanimously agreed by the members present to recommend to the General Assembly that Senate Bill No. 805 of 1969 be passed at the next meeting of the General Assembly. This bill proposed to leave the administration of the senior citizen tax deduction primarily in the hands of local assessors by repealing the effect of Chapter 79 of the Laws of 1968, which would have turned the administration of such deductions over to local tax collectors beginning with the 1970 tax year. The bill also proposed changes in the procedure for applying for the deduction to make it easier and more convenient for senior citizens. The commission's secretary was directed to send a letter to the Speaker of the General Assembly informing him of this recommendation (a copy of this letter is included in the Appendix). The bill was subsequently passed in the Assembly on July 2 and was approved by the Governor on July 22.

At the meeting on December 11, 1969, it was unanimously agreed that the commission recommend to the Governor that Assembly Bill No. 693 of 1969 be approved. This bill

proposed to permit railroad and bus companies to transport senior citizens at less than the ordinary and usual fare at such times and under reasonable regulations determined by the companies. Assemblywoman Margetts, Chairman of the commission, transmitted this recommendation by a letter to the Governor (a copy of this letter is included in the Appendix). Assembly Bill No. 693 of 1969 was subsequently approved by the Governor on January 12, 1970.

The commission also adopted at the meeting on December 11 a resolution urging "that consideration be given to instituting a program of basic tax reform of all revenues at State and municipal level at the earliest possible date." Copies of this resolution were forwarded to the Governor, the Governor-elect and the members of the Legislature (a copy of this resolution is included in the Appendix).

Having apprised itself of the various proposals for senior citizen tax relief and the problems involved with each of them, the commission proceeded to hold public hearings in February of this year. Several interested parties and organizations appeared and offered comments and recommendations to the commission. Based upon its study and investigations and the public hearings, the commission has formulated several recommendations and prepared this report.

Findings:

Senior citizens in New Jersey represent a sizable and significant minority. According to the 1960 census, there were 550,414 persons 65 years of age or older in New Jersey. This figure represented 9.2% of the total population. The latest estimates of the U.S. Bureau of the Census (July 1, 1968) indicate that there are 663,000 persons 65 years of age or older in New Jersey and they comprise 9.3% of the total population.¹ A high proportion of the senior citizens in New Jersey live in their own households. At the time of the 1960 census, approximately 2/3 of the senior citizens lived in owner-occupied households. More recently it has been estimated that, for the country as a whole, nine out of every 10 older men and almost eight out of 10 older women live in their own households as heads or wives of heads of the household.² This sizable and significant segment of the population of the State is confronted with serious, complex problems which warrant and require governmental concern and action.

The fact that senior citizens are faced with serious problems and that the problems are complex in nature has been well documented and outlined, and need not be repeated in great detail here. It suffices to note that the primary problem confronting senior citizens is an economic one. Most

senior citizens are retired from full-time employment and must face their remaining years on a relatively static income. Inflation, which has been an economic fact of life in this country for much of this century and which presently represents one of our most pressing national problems due to its high rate, erodes the purchasing power of these static incomes and forces senior citizens to finance their needs in their latter years on an economic base which grows increasingly smaller. In this respect, the remaining years of life for many senior citizens can truly be called declining years.

Taxes, particularly local property taxes, are a major factor in the economic life of many senior citizens. As the majority of senior citizens own and reside in their own homes, they are confronted with an increasingly heavy burden of local property taxes. Senior citizens who rent their homesteads have this heavy burden of local property taxes reflected in high rents. For many senior citizens, their homes are the only significant assets they have. After the many years they participated in and contributed to the growth of society by working, paying taxes and raising children, many senior citizens are finding it increasingly difficult to maintain their homes due to property taxes.

Table I is a State summary of property tax change from 1961 to 1969. Between these years, the total net taxes (exclusive of any deductions or exemptions) increased by



Table I

Property Tax Change in New Jersey - 1961-69
(State Summary)

	Total Net Taxes	Senior Citizens' & Veterans' Deductions	Senior Citizens' Deductions Number	Senior Citizens' Deductions Amount	Senior Citizens' Deduction as a % of Total Net Taxes
1961	\$899,719,000	\$30,434,000	¹ 103,269	\$7,737,564	.86
1962	971,174,000	28,176,000	¹ 114,359	7,955,563	.82
1963	1,035,591,000	25,942,000	¹ 122,535	7,506,798	.72
1964	1,124,513,000	31,924,000	- - - -	10,641,000	.95
1965	1,201,126,000	32,689,000	- - - -	10,895,000	.91
1966	1,240,317,000	33,381,000	- - - -	11,126,000	.90
1967	1,412,023,000	33,730,000	- - - -	11,242,000	.80
1968	1,520,162,000	33,772,000	² 142,691	11,415,280	.75
1969	1,677,660,000	33,865,000	² 142,605 1/3	11,401,043	.68

Change: 1961-69

Amount	\$777,941,000	\$3,430,436	39,336 1/3	\$3,663,479
Percentage	86.46%	10.13%	38.09%	47.34%

Change: 1964-69

Amount	\$553,147,000	\$1,941,000	- - - -	\$760,043
Percentage	49.19%	6.08%	- - - -	7.14%

Source: The totals for the "Total Net Taxes" and "Senior Citizens' and Veterans' Deductions" are from the annual reports of the Division of Taxation for the years listed. The total of "Senior Citizens' and Veterans' Deductions" is included because the two deductions are not reported separately in the county or state abstracts of ratables. The number and amount of senior citizens' deductions for the years 1961 to 1963 are from -1- Some Economic Aspects of the Senior Citizen Exemption by Elwood Shomo, The Urban Studies Center, Rutgers-The State University, May 1964. The number of senior citizens in 1968 and 1969, and the total amount of senior citizens' deductions for 1969 are from -2- reports of the Division of Local Finance on the senior citizens' and veterans' deductions in 1968 and 1969. The amounts of senior citizens' deductions for the years 1964 to 1967 are estimates obtained by taking 1/3 of the total amount of the senior citizens' and veterans' deductions for those years.

\$777,941,000 for a percentage increase of 86.46%. During the same period the total amount of senior citizens' deductions increased by \$3,663,479 for a rate of increase of 47.34%. As the type of the senior citizens' deduction was changed for the 1964 tax year from that in the previous three years by making the deduction \$80 from the tax bill instead of \$800 from the taxable valuation, the figures for the years 1964 to 1969 are more comparable. Between 1964 and 1969 the total net taxes increased by \$553,147,000 for a rate of increase of 49.19%. During the same period, the amount of senior citizens' deductions increased by \$760,043 for a rate of increase of 7.14%. Probably more significant has been the change in the percentage that the amount of the senior citizens' deductions bears to the total net taxes. Beginning at .86% in 1961 and .95% in 1964, this percentage has declined to .68% in 1969. While it is true that the heavy reliance on the property taxation in New Jersey presents problems to many groups in our society, to no group does it present a more critical problem than it does to senior citizens.

The State gave recognition to the problem that property taxes present to senior citizens as early as 1960. In that year the amendment to the Constitution to provide for a senior citizen's deduction was first placed before the people of the State in a referendum at the general election (pursuant

to Senate Concurrent Resolution No. 12 of 1960). The electorate responded by giving an overwhelming endorsement to the proposed amendment by almost a 4 to 1 margin. The electorate was called upon again to amend the deduction section in 1963. This was necessitated by the decision of the New Jersey Supreme Court in Switz v. Kingsley, 37 N.J. 566 (1962) which was interpreted to mean that the senior citizens' property tax exemption of \$800 had to be applied to the true value instead of the assessed value of the property. To avoid the inevitable decrease in the amount of the exemption that would have resulted from this interpretation, an amendment to the Constitution to change the exemption to an \$80 deduction from the tax bill was placed before the electorate in November 1963 (pursuant to Senate Concurrent Resolution No. 5 of 1963). It was overwhelmingly endorsed. As Table I clearly indicates, however, the effect of the senior citizens' deduction has been substantially lessened since its enactment and alteration. While the deduction was undoubtedly meaningful to senior citizens when it was first initiated, its impact has clearly been negated by increases in the amount of property taxes alone.

The diminution of the effect of the senior citizens' deduction has led to the introduction of numerous bills proposing changes in the senior citizens' deduction or additional

tax relief for senior citizens in each session of the Legislature in recent years. In 1969, 18 bills dealing with senior citizen tax relief were proposed; in 1970, 34 such bills have been proposed to date. With the exception of one bill (S-805 of 1969) which made changes in the administration of the present senior citizens' deduction law, none of these bills have been passed.

All the bills have the same object, providing greater tax relief for senior citizens, but there is considerable variety in the proposed methods of achieving this object. Some propose increases in the amount of the deduction by a specific dollar amount or by changing the deduction to a percentage of the tax bill; other bills would change the income limit to entitle more senior citizens to a deduction. Some call for an increased deduction varying in amount depending on income. A few bills propose a freeze on the amount of school taxes payable by senior citizens, and another bill, introduced in both years, would permit senior citizens to defer payment of taxes on their homesteads until their death or the sale of their homesteads (see the list and abstract of bills introduced in 1969 and 1970 in the Appendix). The major problem with all of the proposals is who is going to bear the cost of them.

Under most of the bills, the cost of the increased

tax relief for senior citizens would have to be borne by the taxpayers in the respective municipalities in the same manner as the present deduction is financed. This would mean that senior citizens would bear some of the cost of their increased deduction as they currently bear a portion of their present deduction. This is due to the fact that the amount of the senior citizens' deductions is added to the amount to be raised by taxation in a municipality, resulting in a higher tax rate for all taxpayers in the municipality, including senior citizens. In view of the high level of property taxes in many municipalities in the State, the placing of an additional burden of a significantly increased senior citizens' deduction on local property taxpayers does not seem to be practicable or palatable. The only other feasible alternative, which would not place an additional burden on local property taxpayers and would not require senior citizens to bear some of the cost of their own deduction, would be to have the State pick up the cost. This naturally leads to the question of how much can the State afford. This question must be asked and answered in the context of the current tax and budgetary picture in the State. If the State has a surplus in its budget, is it willing to allocate it to provide tax relief for senior citizens; if it does not have a surplus, is it willing to curtail some other expenditures to provide this relief.

These questions must be answered by the Legislature and hopefully the recommendations of this commission will help to provide the answers.

The tax deferral proposal for senior citizens appeared very attractive to many of the members of the commission. This proposal, however, is evidently not very popular with senior citizens. Many senior citizens strongly opposed it at the hearings of the commission. One witness claimed that property taxes are presently unfair and confiscatory, and that it would be wrong to make them a lien against the property of a senior citizen. It was brought to the attention of the commission that the tax deferral program for senior citizens in the State of Oregon is little used. It may be that the deferral proposal has not received sufficient publicity and that many senior citizens do not understand it. The proposal in its present form does raise a question as to what happens when a senior citizen's deferred taxes exceed the value or equity of his property. Must he settle the amount on deferred taxes or lose his home? Objections have also been raised concerning some of the administrative features of the bill, and it has been suggested that it be reworked by State and local tax officials. Nonetheless, the deferral proposal could provide a method for senior citizens threatened with the necessity of selling their homes because of inability to pay the taxes on them to remain in their homes.

Several witnesses at the public hearings suggested that only through a complete revision of the entire tax structure of the State can a real meaningful reduction in property taxes be effected, and that only such a reduction can provide the significant type of tax relief that senior citizens require. The commission agrees with this appraisal in the long run and the commission proposed by the Governor to undertake a study of the entire tax structure is a hopeful sign. The senior citizens of New Jersey, however, are in need of relief immediately. A thorough study and revision of the tax structure of the State will take time. This commission feels that some relief must be provided for senior citizens as soon as possible.

Recommendations:

In view of the foregoing, the commission feels that senior citizens in New Jersey should be granted additional tax relief by way of expansion and extension of the present senior citizen deduction provisions. Therefore, the commission recommends that the following changes in the senior citizen tax deduction section of the State Constitution be approved by the Legislature for submission to the voters in a referendum this November immediately:

1. the amount of the deduction be doubled, from \$80 to \$160;
2. social security benefits be eliminated in determining the income qualification;
3. the State be required to reimburse municipalities for 1/2 of the amount of senior citizens' deductions allowed.

The doubling of the deduction will provide direct tax relief which can be available for senior citizens next year, if a resolution to this effect is approved by the Legislature, and the electorate in November. The exclusion of social security benefits from the income qualification determination would effectively increase the income qualification limit which presently has been rendered unrealistic by inflation. Such exclusion is consistent with the policy of the Federal Government of exempting social security benefits from income taxation, and will extend the deduction to more senior

citizens. The requirement for State reimbursement of 1/2 the cost of the deductions is the only feasible way to provide this additional relief for senior citizens; local tax bases could not bear the burden of it. A concurrent resolution - ACR 75 - has already been introduced to effect these changes. This was necessary because of the time period and procedures required by the Constitution for the approval of proposals to amend the Constitution by the Legislature (a copy of the bill is included in the Appendix).

The cost of this recommendation cannot be reliably estimated because of the lack of current data concerning the number of senior citizen homeowners and their respective incomes. Based upon the present number of senior citizens receiving the deduction and the total cost of the deduction, it is possible to speculate upon what the potential cost might be. A 10% increase in the number of senior citizens receiving the deduction would increase the cost of the present deduction by approximately \$1,140,000. An increase in the range of 10% to 30% would raise the cost of the present deductions from approximately \$11,400,000 to between \$12,800,000 and \$15,600,000. Since the commission's recommendation calls for a doubling of the deduction and a reimbursement by the State of 1/2 the total cost of the deductions, the cost to the State would be at least the cost of the present deductions,

and would probably be greater, somewhere in the range indicated above.

As the completion of the commission's work has coincided with the completion of the work of the Joint Legislative Appropriations Committee on the appropriation act for the next fiscal year, the commission decided that it was important to transmit to the Joint Appropriations Committee the finding and recommendation of the commission that senior citizens in New Jersey are in need of immediate tax relief. To this end, a resolution was adopted at the meeting of the commission on April 17, 1970 requesting the Joint Appropriations Committee to earmark the necessary funds in the State budget for the fiscal year 1970-71 to finance the increased senior citizens' property tax relief recommended by the commission. A copy of this resolution is included in the Appendix.

The commission further recommends that a tax deferral program be adopted. In view of the apparent unpopularity of the proposal, it would probably be as little used in New Jersey as in Oregon. Yet, for senior citizens in dire circumstances, it would provide a way for them to remain in their homes if they were unable to pay their property taxes. The commission feels that the bill presently pending before the Legislature should be reviewed, and reworked if necessary, by the Division of Taxation to insure that administrative features of it are

sound and consistent with New Jersey tax practices. The commission also recommends that any deferral programs adopted contain adequate provision to insure that no senior citizen who deferred his taxes would be forced out of his home because the deferred taxes exceeded the value of, or the equity in the property.

The commission's study also impressed upon it the fact that senior citizens who pay rent for their homes are faced with economic problems similar to those of senior citizen homeowners. Providing tax relief for senior citizen rentpayers, however, presents a more difficult problem than providing such relief for homeowners because renters do not actually pay property taxes. The taxes are, of course, reflected in their rent, but it is the landlord who actually pays the taxes. There have been proposals to provide relief for senior citizens who rent their homes based upon a percentage of the annual gross rent paid by such senior citizens. These proposals are similar to laws of the states of Wisconsin and Minnesota which provide income tax credits and refunds for senior citizen rentpayers based upon a percentage of the annual gross rent paid for their homesteads (25% in Wisconsin and 20% in Minnesota). These percentages are recognized and established as rent constituting property taxes on the homesteads of senior citizens, and the relief provided is a percentage of the rent constituting property taxes. In New Jersey, such relief would have to be in

a different form than income tax credits and refunds, probably a reimbursement from the State as has been proposed. The commission feels that these proposals have merit and therefore recommends that property tax relief for senior citizen rentpayers in the manner outlined above, be enacted by the Legislature. Legislation to provide for this relief should include the same income qualification as that recommended for senior citizen homeowners (\$5,000 per year exclusive of social security benefits) and should limit the reimbursement to senior citizens who do not receive any other State or Federal assistance or subsidy in renting their homes.

The commission further feels that the policy of the Federal Government under the Social Security Program which permits women to retire at full benefit earlier than men, 62 instead of 65, should be carried over and reflected in the senior citizen tax relief policies of this State. Accordingly, the commission recommends that single or widowed women be entitled to senior citizen property tax relief at the age of 62.

In the long run, the commission feels that only a complete revision of the tax structure of the State to reduce the high level of property taxes can provide meaningful tax relief for all property owners, including senior citizens. The economic problems confronting senior citizens in this State, however, require immediate relief. The commission feels that its recommendations will provide the relief and urges their immediate adoption.

Footnotes

1. U.S. Department of Commerce, Bureau of the Census. "Population Estimates," Current Population Reports. Series P-25, No. 420. U.S. Government Printing Office, Washington, D.C., April 17, 1969.
2. For an analysis of the characteristics of the older population of the State according to the 1960 census, see Don F. Heisel. Parameters of Aging. Urban Studies Center, Rutgers - The State University, New Brunswick, New Jersey, 1964. For a current analysis of the economic problems confronting senior citizens, see United States Senate, Special Committee on Aging. Economics of Aging: Toward a Full Share In Abundance, Committee Print, 91st Congress, 1st Session. U.S. Government Printing Office, Washington, D.C., March 1969.

A P P E N D I X

ASSEMBLY CONCURRENT RESOLUTION No. 75

STATE OF NEW JERSEY

INTRODUCED APRIL 9, 1970

By Assemblywoman MARGETTS, Assemblymen FORAN, KEAN, LITTELL, MABIE, A. S. SMITH, POLICASTRO, OWENS, DENNIS, THOMAS and EWING

Referred to Committee on Taxation

A CONCURRENT RESOLUTION proposing to amend Article VIII, Section I, paragraph 4 of the Constitution of the State of New Jersey.

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

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

PROPOSED AMENDMENT

3 Amend Article VIII, Section I, paragraph 4, to read as follows:

4 4. The Legislature may, from time to time, enact laws granting
5 an annual deduction from the amount of any tax bill for taxes on
6 the real property of any citizen and resident of this State of the
7 age of 65 or more years residing in a dwelling house owned by him
8 which is a constituent part of such real property but no such de-
9 duction shall be in excess of **[\$80.00]** \$160.00 and such deduction
10 shall be restricted to owners having an income *exclusive of social*
11 *security benefits* not in excess of \$5,000.00 per year. Any such
12 deduction when so granted by law shall be granted so that it will
13 not be in addition to any other deduction or exemption to which
14 the said citizen and resident may be entitled. *The State shall*
15 *annually reimburse each taxing district in an amount equal to 1/2*
16 *of the tax loss to the district resulting from the allowance of tax*
17 *deductions pursuant to this paragraph.*

1 2. When this proposed amendment to the Constitution is finally
2 agreed to, pursuant to Article IX, paragraph 1 of the Constitution,
3 it shall be submitted to the people at the next general election
4 occurring more than 3 months after such final agreement and shall

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

5 be published at least once in at least one newspaper of each county
 6 designated by the President of the Senate and the Speaker of the
 7 General Assembly and the Secretary of State, not less than 3
 8 months prior to said general election.

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

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

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

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

1 2. In every municipality the following question:

	Yes.	<p style="text-align: center;">SENIOR CITIZEN TAX DEDUCTION INCREASE AND STATE TO SHARE COST</p> <p>Shall the amendment of Article VIII, Section I, paragraph 4 of the Constitution of the State of New Jersey granting an annual deduction not to exceed \$160.00 from the tax bill for taxes on real property as therein provided of certain citizens and residents of this State of the age of 65 or more years instead of the \$80.00 deduction presently provided on the aggregate assessed valuation of such real property, and providing for ½ of such deduction to be reimbursed to municipalities by the State of New Jersey, be approved?</p>
	No.	

Bills Introduced in the 1970
Legislative Session Concerning
Tax Relief for Senior Citizens

Senate Bills

- S-89 -- amend the senior citizens' deduction law to permit veterans to obtain a \$50 senior citizens' deduction in addition to their \$50 veterans' deduction.
- S-367 -- provide a reimbursement by the State to senior citizens (males 65 and over and females 62 and over) for property taxes and rent constituting property taxes on homesteads of such senior citizens based upon the assessed value of an owned homestead and a percentage of the gross rent on a rented homestead.
- SCR-1 -- amend the Constitution to change the limit on the amount of the senior citizens' deduction from \$80 to \$150.
- SCR-2 -- amend the Constitution to permit veterans to obtain senior citizens' deductions in addition to their veterans' deduction.
- SCR-21-- amend the Constitution to entitle citizens and residents 65 or more years of age with incomes of \$5,000 per year or less to an annual deduction from the amount of taxes on their homesteads in an amount equal to the increase in school taxes over the amount of such taxes in 1971 or 1972, whichever is lesser, for citizens who are 65 or older as of 1971, or in the year in which a person becomes 65 for future senior citizens.
- SCR-22-- amend the Constitution to authorize the Legislature to enact laws granting reimbursements to senior citizens, (males 65 and over and females 62 and over) for property taxes and rent constituting property taxes of their dwelling houses, and eliminate the income qualification and the dollar limit in the present senior citizens' deduction section.

SCR-46 -- amend the Constitution to change the limit on the amount of the senior citizens' deduction from \$80 to \$160, to eliminate social security benefits from the income qualification and to change the income qualification limit from \$5,000 to \$7,500, and to permit the Legislature to adjust the limits on the amounts of the deduction and the income qualification to reflect changes in the cost of living index once every five years.

Assembly Bills

A-12 -- amend the senior citizens' deduction law to provide a freeze on the amount of taxes that senior citizens shall pay on their dwelling houses to the amount of taxes paid on the property during the year in which the senior citizen became 65 or in the year 1970 for those over 65 in that year.

A-13 -- amend the senior citizens' deduction law to change the amount of the deduction from \$80 to \$160.

A-16 -- amend the senior citizens' deduction law to change the income qualification limit from \$5,000 to \$7,000 per year.

A-17 -- amend the farmland assessment law to entitle owners of agricultural and horticultural land who have reached the age of 65 and are no longer able to work the land because of health reasons to have their land assessed as horticultural or agricultural land.

A-69 -- exempt from local betterment assessments for improvements of municipal water and sewer facilities every person 65 or more years of age whose income in the preceding three years did not exceed \$3,000 and reimburse municipalities for 75% of the amount of such exemptions from the State Treasury.

A-113 -- amend the senior citizens' deduction law to exclude social security benefits from the definition of income under the law.

- A-226 -- permit citizens and residents 65 or more years of age to defer taxes on their own residences with such deferred taxes constituting a lien on their property and reimburse municipalities for the amount of taxes deferred less 3% from the State Treasury.

- A-236 -- amend the senior citizens' tax deduction law to exclude social security benefits from the definition of income under the law.

- A-357 -- amend the Sales and Use Tax Act to include as an exempt organization under the act any corporation, association, trust, or community chest, fund, or foundation, organized and operated exclusively for the care of the elderly.

- A-433 -- supplement the Sales and Use Tax Act to provide for reimbursement of municipalities for the total amount of senior citizens' deductions from the revenues derived from the sales and use tax.

- A-443 -- amend the senior citizens' deduction law to entitle senior citizens residing in dwelling houses erected at their own expense or at that of one of their predecessors in title on land occupied under a life estate or a lease for 99 years or longer to a deduction.

- ACR-2 -- amend the Constitution to change the limit on the amount of the senior citizens' deduction from \$80 to \$160.

- ACR-3 -- amend the Constitution to change the limit on the income qualification for a senior citizen's deduction from \$5,000 to \$7,000 per year.

- ACR-4 -- amend the Constitution to provide that owners of agricultural or horticultural land who are 65 or more years of age and no longer able to work their land may continue to have their land valued as agricultural or horticultural land, provided it is not devoted to any other use.

- ACR-5 -- amend the Constitution to eliminate the limit of \$80 on the amount of a senior citizens' deduction.

- ACR-16 -- amend the Constitution to entitle citizens and residents 65 of more years of age with incomes of \$5,000 per year or less to an annual deduction from the amount of taxes on their homesteads in an amount equal to the increase in school taxes over the amount of such taxes in 1971 or 1972, whichever is lesser, for citizens who are 65 or older as of 1971, or in the year in which a person becomes 65 for future senior citizens.
- ACR-23 -- amend the Constitution to eliminate the income qualification limit of \$5,000 from the senior citizens' deduction section and to substitute a sliding scale for senior citizens' deductions based upon income ranging from an \$80 deduction for senior citizens with yearly incomes under \$5,000 to a \$10 deduction for senior citizens with yearly incomes between \$8,001 and \$8,500.
- ACR-25 -- amend the Constitution to change the limit on the amount of a senior citizen's deduction from \$80 to 25% of the amount of any tax bill and to change the income qualification limit from \$5,000 to \$7,000 per year.
- ACR-26 -- amend the Constitution to change the limit on the amount of a senior citizen's deduction from \$80 to \$150 and to change the income qualification limit from \$5,000 to \$6,5000 per year.
- ACR-30 -- amend the Constitution to change the limit on the amount of a senior citizen's deduction from \$80 to \$150 and to change the income qualification limit from the fixed amount of \$5,000 to a sliding scale with the deduction varying according to income and ranging from \$150 for annual incomes under \$5,000 to \$75 for incomes between \$9,001 and \$10,000.
- ACR-38 -- amend the Constitution to change the limit on the amount of a senior citizen's deduction from \$80 to \$120.
- ACR-39 -- amend the Constitution to add two new sections to authorize the Legislature to enact laws providing for annual payments from the State Treasury for senior citizens and veterans who rent their dwelling houses or abodes in an amount not in excess of 1/2 of the amount of the annual tax deduction to which senior citizen and veteran homeowners are entitled.

- ACR-41 -- amend the Constitution to change the income qualification from the fixed amount of \$5,000 to a sliding scale with the deduction varying according to income and ranging from \$120 for yearly incomes under \$5,000 to \$50 for yearly incomes between \$8,001 and \$8,500.
- ACR-45 -- Amend the Constitution to extend the senior citizens' deduction to persons under the age of 65 years retired by business policy of an employer or for health reasons acceptable pursuant to the Federal social security act, to change the limit on the amount of the deduction from \$80 to 25% of the amount of any tax bill, to change the income qualification limit from \$5,000 to \$7,000, and to provide that no retired citizen and resident who has a child in public schools in the State shall be entitled to a senior citizen's deduction.
- ACR-46 -- amend the Constitution to extend the senior citizens' deduction to senior citizens residing in dwelling houses erected at their own expense or at that of one of their predecessor's in title on land occupied under a life estate or a lease for 99 years or longer.
- ACR-49 -- amend the Constitution to eliminate the limit on the amount of a senior citizen's deduction of \$80 and the income qualification limit of \$5,000 and to provide that the deductions shall be a percentage of the amount of any tax bill varying on a sliding scale based upon income and ranging from 80% on annual gross incomes of \$2,500 or less to 50% on annual gross incomes of \$5,000 or more, and to provide for reimbursement by the State to the affected municipalities for any loss of tax revenue caused by the provisions of this section.
- ACR-64 -- amend the Constitution to change the limit on the amount of a senior citizen's deduction from \$80 to \$160 and to provide for annual reimbursement by the State to each taxing district in an amount equal to 1/2 of the tax loss resulting from the allowance of senior citizens' tax deductions.

Bills Introduced in the 1969
Legislative Session Concerning
Tax Relief for Senior Citizens

Senate Bills

- S-21 -- amend senior citizens' deduction law to permit a veteran to obtain a \$50 senior citizens' deduction in addition to a veterans' deduction.
- S-666 -- provide a reimbursement by the State to senior citizens (males 65 and over and females 62 and over) for property taxes and rent constituting property taxes on homesteads of such senior citizens based upon the assessed value of an owned homestead and a percentage of the gross rent on a rented homestead.
- S-805 -- amend the senior citizens' deduction law to leave the administration of the deduction primarily in the hands of local assessors, and liberalize and simplify the procedure for obtaining the deduction (P.L. 1969, c. 140).
- SCR-23 -- amend the Constitution to increase the limit for the senior citizens' deduction from \$80 to \$150.
- SCR-27 -- amend the Constitution to extend the senior citizens' deduction to senior citizens residing in dwelling houses erected at their own expense or at that of one of their predecessors in title on land occupied under a life estate or a lease for 99 years or longer.
- SCR-50 -- amend the Constitution to authorize the Legislature to pass laws regulating, restricting or prohibiting increases in effective tax rates on property with dwelling houses of citizens and residents 65 or more years of age with incomes not in excess of \$5,000 per year.

- SCR-53 -- amend the Constitution to authorize the Legislature to enact laws granting reimbursements to senior citizens (males 65 and over and females 62 and over) for property taxes and rent constituting property taxes on their dwelling houses, and eliminate the income qualification and dollar limit in the present senior citizens' deduction section.
- SCR-54 -- amend the Constitution to entitle citizens and residents 65 or more years of age with incomes of \$5,000 per year or less to an annual deduction from the amount of taxes on their homesteads in an amount equal to the increase in school taxes over the amount of such taxes in 1970 or 1971, whichever is lesser, for citizens who are 65 or older as of 1970, or in the year in which a person becomes 65 for future senior citizens.

Assembly Bills

- A-240 -- amend senior citizens' deduction law to extend the deduction to senior citizens residing in dwelling houses erected at their own expense or at that of one of their predecessors in title on land occupied under a life estate or a lease for 99 years or longer.
- A-715 -- amend the senior citizens' deduction law to exclude social security benefits from the definition of income under the law.
- A-716 -- exempt from local betterment assessments for improvements of municipal water and sewer facilities every person 65 or more years of age whose income in the preceding three years did not exceed \$3,000 and reimburse municipalities for 75% of the amount of such exemptions from the State treasury.
- A-870 -- amend the senior citizens' deduction law to exclude social security benefits from the definition of income under the law.
- A-994 -- permit citizens and residents 65 or more years of age to defer taxes on their owned residences with such deferred taxes constituting a lien on their property and reimburse municipalities for the amount of taxes deferred less 3% from State treasury.

- ACR-11 -- amend the Constitution to change the limit on the amount of the senior citizens' deduction from \$80 to 25% of the amount of any tax bill and the income limit from \$5,000 to \$7,500 per year.
- ACR-17 -- amend the Constitution to extend the deduction to senior citizens residing in dwelling houses erected at their own expense or at that of one of their predecessors in title on land occupied under a life estate or a lease for 99 years or longer.
- ACR-24 -- amend the Constitution to extend the senior citizens' deduction to persons under 65 retired by business policy of an employer or for health reasons acceptable pursuant to the Federal Social Security Act, to change the limit on the amount of the deduction from \$80 to 25% of the amount of any tax bill and the income limit from \$5,000 to \$7,000 per year, and to exclude persons with children in public schools from eligibility for a deduction.
- ACR-67 -- amend the Constitution to entitle citizens and residents 65 or more years of age with incomes of \$5,000 per year or less to an annual deduction from the amount of taxes on their homesteads in an amount equal to the increase in school taxes over the amount of such taxes in 1970 or 1971, whichever is lesser, for citizens who are 65 or older as of 1970, or in the year in which a person becomes 65 for future senior citizens.
- ACR-89 -- amend the Constitution to change the limit on the amount of the senior citizens' deduction from \$80 to a municipally determined amount equal to the tax on a percentage of the assessed value of the property not to exceed 50%.



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June 27, 1969

Honorable Peter Moraites
Speaker of the General Assembly
Monument Building
Cresskill, New Jersey 07626

Dear Mr. Moraites:

The Honorable Josephine S. Margetts, Assemblywoman from Morris County and Chairman of the Senior Citizens Tax Study Commission, has asked me to inform you that the members of the Senior Citizens Tax Study Commission present at the last meeting of the Commission on June 24, 1969 - Assemblywoman Margetts, Chairman, Senator Schiaffo, Vice-Chairman, Assemblyman Schluter, Senator Coffee, Mr. Beeson, Mr. Carr, Mr. Heyman, Mr. Alexander and Mr. Barry - agreed unanimously to recommend to the General Assembly that Senate Bill No. 805 be passed at the next meeting of the General Assembly.

Senate Bill No. 805 was passed in the Senate on May 15, received in the General Assembly and given second reading on the same date, and referred back to the Revision and Amendment of Laws Committee on May 20. This bill would leave the administration of the senior citizens tax deductions in the hands of local assessors by repealing the effect of P.L. 1968, c. 79, which will turn the administration of such deductions over to local tax collectors beginning with the 1970 tax year.

Sincerely yours,

Thomas P. Bryan
Secretary to the Commission

TPB:hm

cc: Honorable Josephine S. Margetts



GENERAL ASSEMBLY
OF NEW JERSEY
TRENTON

December 18, 1969

The Honorable Richard J. Hughes
Governor of New Jersey
Trenton, New Jersey

My dear Governor:

At the meeting of the Senior Citizens Tax Study Commission, of which I am the Chairman, on December 11, 1969, the commission unanimously agreed to respectfully recommend and request that you approve Assembly Bill Number 693 of 1969.

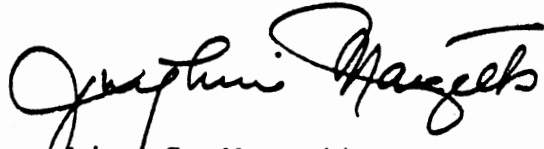
Assembly Bill Number 693 would permit railroad and bus companies to transport senior citizens at less than the ordinary and usual fare at such times and under reasonable regulations determined by the companies. This measure was passed by the General Assembly on May 8, and by the Senate on December 1.

While the commission's primary task is to study the impact of taxes upon senior citizens in New Jersey and to recommend an equitable tax policy for such citizens, it realizes that no single approach, whether it be tax relief, or increased public services, or improved programs for income maintenance, will solve all or most of the major problems confronting many senior citizens in New Jersey today. The commission is concerned with the total problem of insuring that New Jersey's senior citizens have the opportunity to live out their lives with dignity and security. Therefore, the commission feels that it should consider and take a position on worthwhile proposals addressed to this total problem.

The Honorable Richard J. Hughes
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December 18, 1969

Accordingly, as Chairman of the Senior
Citizens Tax Study Commission, I hereby respectfully
submit the recommendation and request of the commission.

Sincerely yours,



Josephine S. Margetts

JSM:hm

SENIOR CITIZENS TAX STUDY COMMISSION

Resolution Adopted December 11, 1969

WHEREAS, Property taxes in New Jersey are inequitable, oppressive and regressive, particularly in their effect on Senior Citizens; and

WHEREAS, The national problem of spiraling inflation is especially harmful to Senior Citizens who must live on fixed incomes and often must incur increasing medical costs; and

WHEREAS, Many proposed methods of relieving this problem for Senior Citizens contemplate revision of our State Constitution; now, therefore,

BE IT RESOLVED that the Senior Citizens Tax Study Commission recognizes the inordinate burden of the property taxes in New Jersey, and further recognizes the desirability of leveling off property taxes, and the Commission hereby urges that consideration be given to instituting a program of basic tax reform of all revenues at State and municipal level at the earliest possible date, and further resolves that copies of this resolution be forwarded to the Governor, the Governor-elect and members of the Legislature.

The above resolution moved by Assemblyman Schluter and seconded by Senator Schiaffo and passed unanimously at the Senior Citizens Tax Study Commission, December 11, 1969.

SENIOR CITIZENS TAX STUDY COMMISSION

Resolution Adopted April 17, 1970

WHEREAS, The Senior Citizens Tax Study Commission has concluded that senior citizens in New Jersey are in need of immediate relief from their real property taxes; and

WHEREAS, The Commission is recommending that the amount of the deduction be doubled, from \$80 to \$160, that social security benefits be excluded from the determination of the income qualification, and that the State reimburse municipalities for one-half of the total amount of senior citizens' deductions granted, which recommendations are embodied in Assembly Concurrent Resolution No. 75; and

WHEREAS, It appears that there is a substantial surplus in the proposed budget for the fiscal year 1970-71; and

WHEREAS, The Commission feels that there is no other problem in New Jersey which merits a higher priority in the expenditure of State funds than the economic plight of its senior citizens; now, therefore,

BE IT RESOLVED by the Senior Citizens Tax Study Commission that the Joint Appropriations Committee of the Legislature is hereby respectfully requested to set aside and earmark the necessary funds in the State budget for the fiscal year 1970-71 to finance the increased senior citizens' property tax relief contemplated under Assembly Concurrent Resolution No. 75.

BE IT FURTHER RESOLVED that a copy of this resolution be transmitted to the Joint Appropriations Committee of the Legislature.

This resolution was proposed by Senator Coffee, seconded by Mr. Carr, and unanimously adopted by the members of the commission present at the meeting on April 17, 1970.

