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PUBLIC HEARING

BEFORE

SENATE COMMITTEE ON FEDERAL AND INTERSTATE
RELATIONS

on

SENATE CONCURRENT RESOLUTION NO. 15 -
PROPOSING TO AMEND ARTICLE VIII, SECTION 1,
OF THE CONSTITUTION OF THE STATE OF NEW JERSEY,
BY ADDING A NEW PARAGRAPH TO BE NUMBERED 4
TO PROVIDE ANNUAL TAX EXEMPTION ON THE DWELLING
HOUSE OWNED BY A CITIZEN AND RESIDENT OF THE
STATE OF THE AGE OF 65 OR MORE YEARS.

Held:
Senate Chamber
State House
Trenton, New Jersey
March 30, 1959

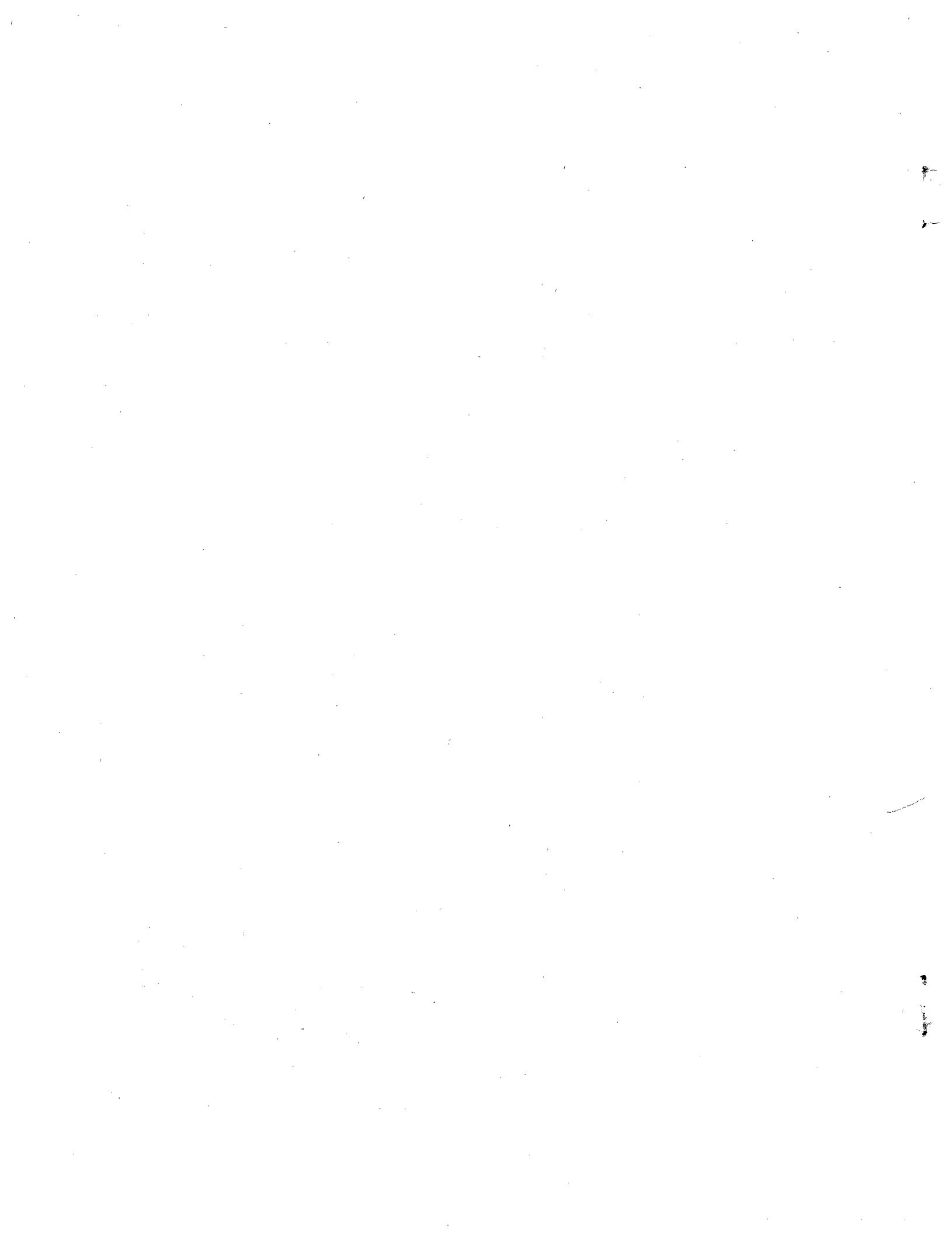
MEMBERS OF COMMITTEE PRESENT:

Senator Walter H. Jones (Chairman)

Senator William E. Ozzard

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New Jersey State Library



SENATOR WALTER H. JONES (THE CHAIRMAN): Let's proceed.

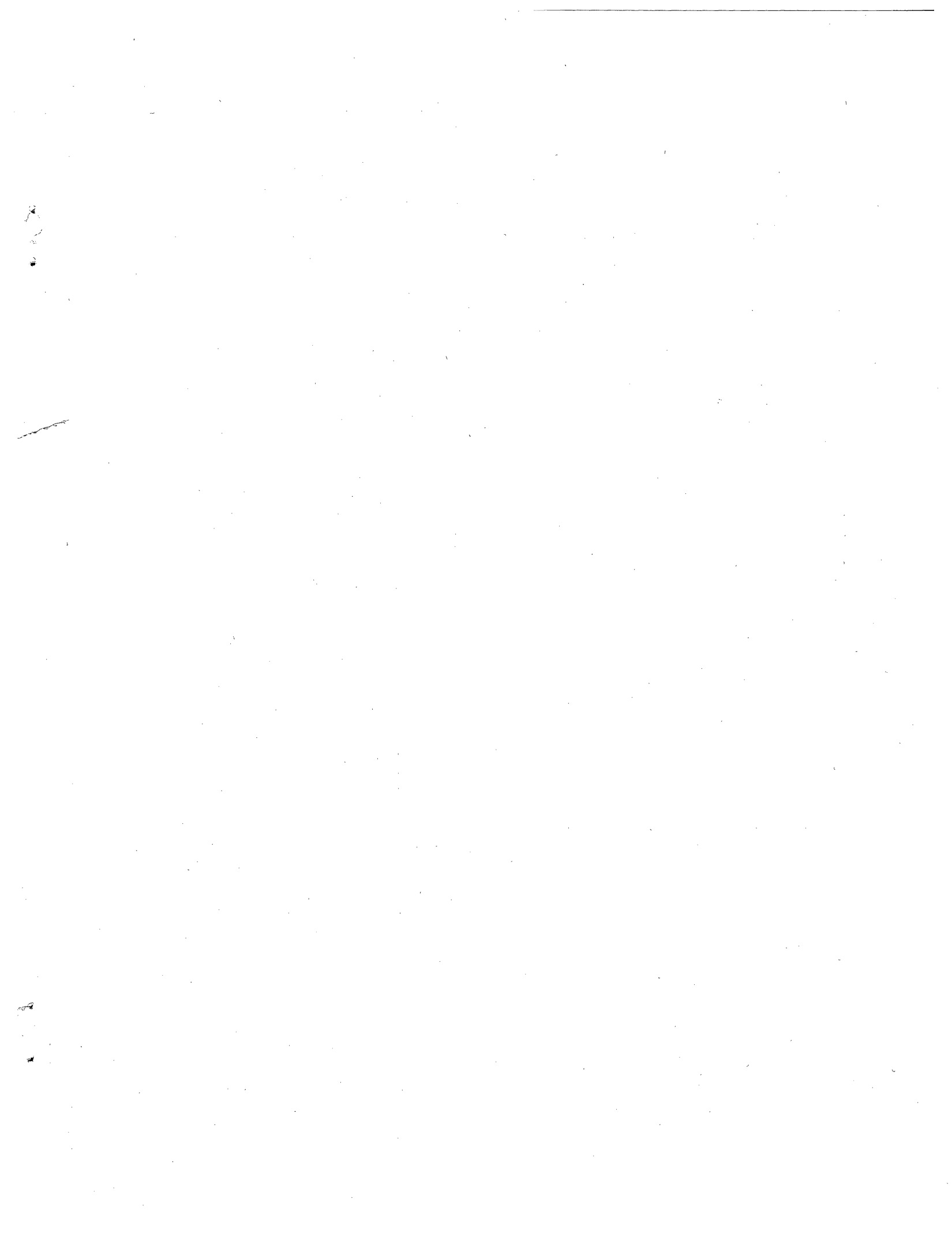
SENATOR WILLIAM E. OZZARD: All right. We have just one witness.

MR. EDWARD F. GRAY: My name is Edward F. Gray and I am a representative of the United Automobile Workers Union. Our office, as you know, is in New York City and I reside in New York.

We have some 40,000 members in the State of New Jersey, including several hundred retired members. We are greatly interested in the proposal that has been made for tax exemptions for older people. As a result of our experience, we know that almost all people suffer a sharp drop in income at the time they retire. In some cases, of course, the drop is much greater than others, but almost without exception their incomes are sharply reduced. It makes sense, therefore, for the State and for others to take the approach of reducing taxes at the point that such a reduction in income occurs. Accordingly, we heartily endorse any proposals that have been made for the purpose of relating the tax load to their ability to pay.

Now, we would also suggest that this type of tax exemption, if it is passed by the Legislature, ought to be in addition to any general tax exemption that may later be enacted. I understand that some proposals have been made to the Legislature for a general tax exemption for owner-occupied family homes.

SENATOR JONES: In other words, you are saying there, Mr. Gray, that in the event of a constitutional amendment - because that is the only way that the homestead exemption



SENATOR JONES: Do you have any other comment, Mr. Gray?

MR. GRAY: That is essentially our position.

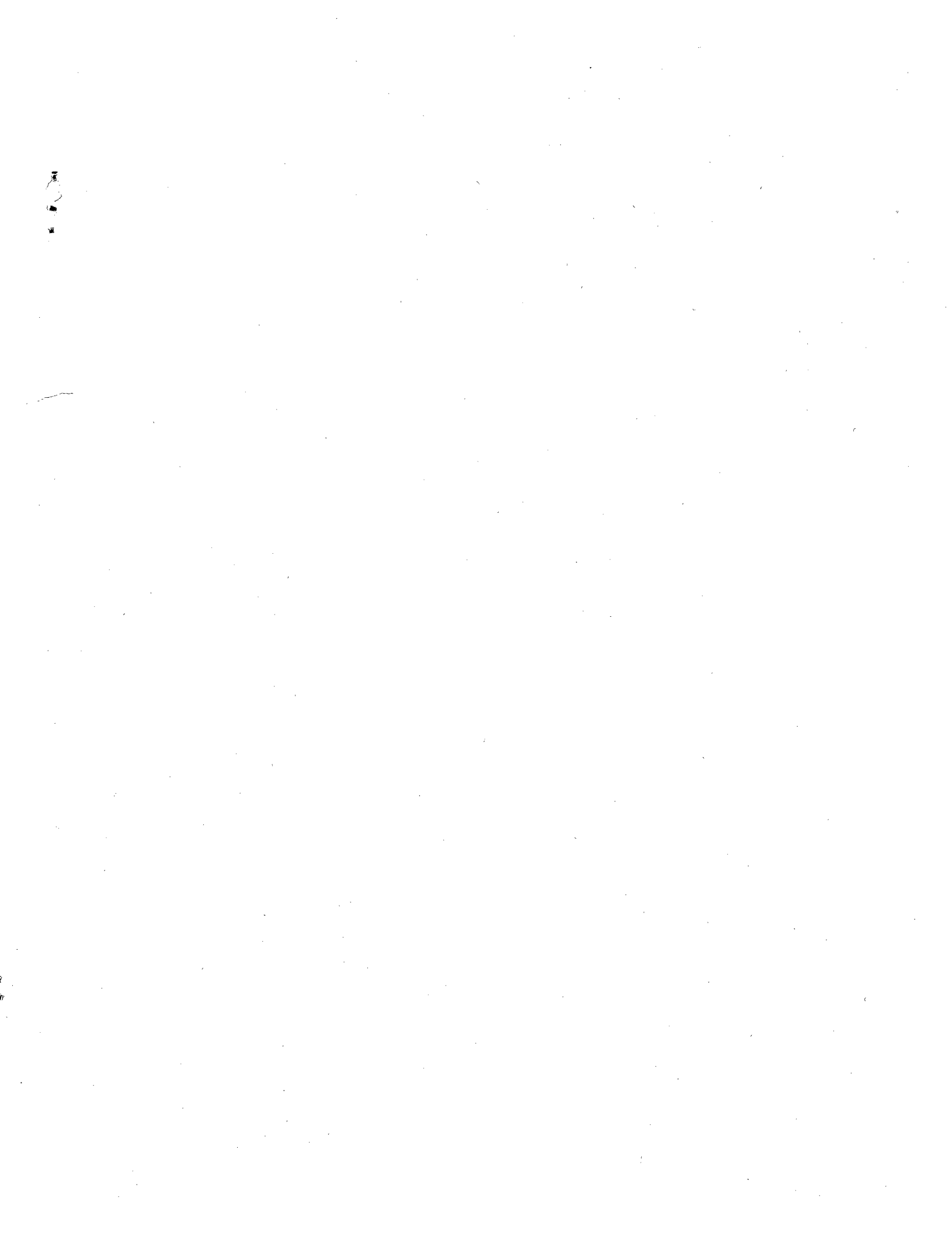
SENATOR JONES: Well, I just want to say this: I know Mr. Gray and I know his work in this field, and I am very pleased to see that he, representing his organization, feels favorably toward the constitutional amendment in question. Mr. Gray has given extensive study to the old-age field and I consider him one of the CIO experts in that area, and it's good to know that this proposal meets with his approval. I am sure that we will hear more from Mr. Gray about other old-age proposals and I am sure, Mr. Gray, you will hear from the Legislature about other old-age proposals. It's an important field. It's a field that has gone by completely unnoticed and without serious intention in the United States, and certainly in this State until 1958, when we passed an old-age act and when we created the Division of the Aging, which is the first Division of the Aging in the United States.

We need your help, Mr. Gray, and we're glad you are here today.

Is there anyone else to come before the hearing? If not, we can consider the hearing closed.

(HEARING CONCLUDED)

(See statement on following page)



Statement
of the
New Jersey State Chamber of Commerce
filed with the
FEDERAL AND INTERSTATE RELATIONS COMMITTEE
of the
New Jersey State Senate
HEARING ON SENATE CONCURRENT RESOLUTION 15
Monday, March 30, 1959

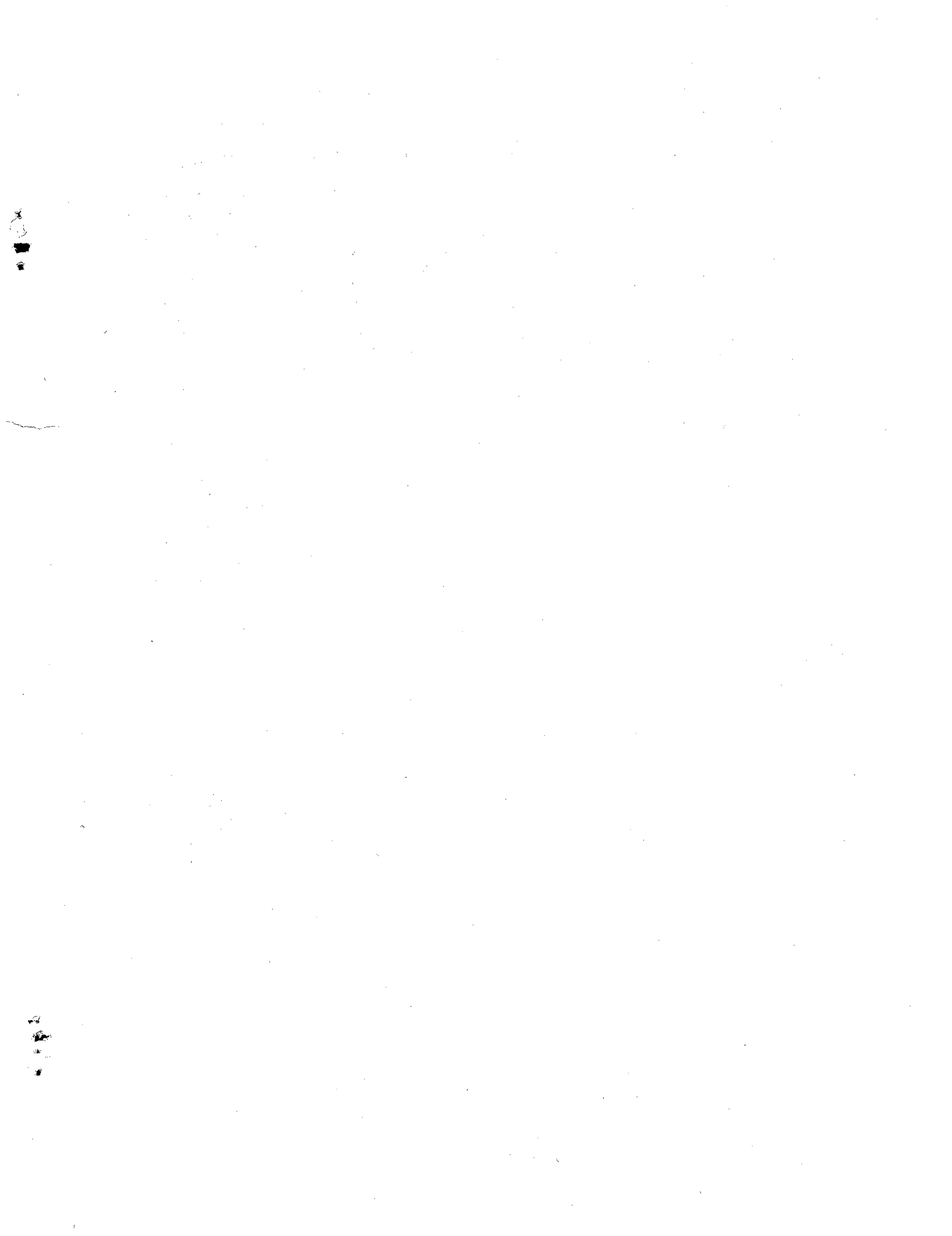
Summary of SCR 15

Senate Concurrent Resolution 15 proposes an amendatory new paragraph to Article VIII, Section I, of the State Constitution to provide that every citizen and resident of New Jersey of the age of 65 or more years residing in a dwelling house owned by him, would be exempt from taxation annually to a valuation of \$800.00 on the real property of which the dwelling is a constituent part. The exemption would be subject to such rules and regulations as may be imposed from time to time by the Legislature. Only one exemption would be allowable to a husband and wife; and the exemption would be offset by any veterans exemption.

Position of the
State Chamber of Commerce

The New Jersey State Chamber of Commerce is opposed to Senate Concurrent Resolution 15 for many reasons among which are the following:

1. Because of the heavy taxes to which property is subjected in New Jersey, exemptions from property taxation should be kept at a minimum. Additional exemptions mean higher tax rates and heavier taxes on all property not benefiting by the exemption.
2. Impairment of the property tax base through exemptions, such as is proposed in SCR 15, will make more difficult the financing of essential municipal, school, and county expenditures. For example, the increased property tax burden falling on taxpayers not favored by the proposed exemption would stimulate them still further toward rejection of school budgets.
3. For the reasons already stated, property tax exemptions should not be used in an attempt to cope with social and welfare problems such as those associated with aging; nor are property tax exemptions at all appropriate for this purpose. All home owners over 65 are not needy. All the needy over 65 are not home owners. Therefore, homestead exemptions are not a good device for providing assistance to the needy aged.
4. A homestead exemption for home owners over 65 would discriminate against those over 65 who live in rented homes and apartments because, in addition to not getting the benefit of a homestead exemption, these elderly tenants would probably have



their rents increased by their landlords who would be paying the higher tax rates brought about by the exemption.

5. Part of the property tax burden lifted from the shoulders of home owners over 65 (who in many cases have good incomes, small claims on their incomes, and little or no mortgages) would rest on the shoulders of young home owners who at the start of their work careers may not have good incomes, but who do have heavy claims on those incomes because of children and establishing a new home, and who do have large mortgages.

ALBERT H. ACKEN
Secretary

March 30, 1959

