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

before

SENATE COMMITTEE ON REVISION AND
AMENDMENT OF LAWS

on

Assembly Bill No. 350, Senate Bill No. 6, Senate Bill No. 211, Senate Bill No. 241, Senate Concurrent Resolution No. 24, and Senate Joint Resolution No. 15 - (PROPERTY TAX ASSESSING)

Held:

July 28, 1958
City Hall
Newark, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Wayne Dumont, Jr. (Chairman)

Senator Robert C. Crane

Senator Donal C. Fox

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SENATOR WAYNE DUMONT, JR.(CHAIRMAN): The fourth public hearing will now begin by the Senate Committee on Revision and Amendment of Laws. There are two members present this morning, Senator Fox and myself. Senator Crane telephoned in that his flight had been cancelled. He will be here, he is driving in, but he won't get here until later this morning. There are no other Legislators present at the moment, I believe.

This hearing will again be conducted, as have all three previous hearings, on Assembly Bill No. 350, Senate Bill No. 6, Senate Bill No. 211, Senate Bill No. 241, Senate Concurrent Resolution No. 24, Senate Joint Resolution No. 15 which is identical to Senate Joint Resolution No. 12 which is out of the Committee's jurisdiction at the moment - that is the delaying resolution. Of course, we would appreciate hearing your comments about any other legislation that you might care to remark about. We are interested primarily in getting your viewpoints on this very difficult and important problem confronting the State.

Assemblyman William Musto, a co-sponsor of Assembly Bill No. 350, just arrived.

Our first witness this morning will be Mr. Bart F. Didovich, Chairman of the Executive Board of the New Jersey Citizens' Committee Against 100% Tax Assessment. Mr. Didovich.

BART F. DIDOVICH: Good morning. As I said previously, I don't intend to take up much of your time. I said I would only take three minutes.

We were at the hearing in Trenton and, as you all well know, our organization has gone on record in favor of A-350.

At the past hearings conducted by this Committee we heard different gentlemen speak, and there will be gentlemen speak about these bills later on, so I don't think there is much for us to say except that we would like once again to go on record in favor of A-350. It is the bill that we believe is best so far as assessments are concerned in the State of New Jersey. We ask one thing, if it's possible, and that is to bring it out of Committee on Thursday. It is the only bill that was passed by the Assembly and if it can be brought out of Committee we would like it to be brought out this Thursday and see if it will pass. We are almost certain that it will. Many feel it is unconstitutional. We feel that it is constitutional and we feel the only way that can be proven is to have it enacted into law and brought before the courts.

I said I was not going to take up too much of your time, and the reason I am here is simply that we would like to have this bill brought out of Committee this Thursday when the Legislature meets in Trenton. Bring the bill out of Committee and see where it stands on the floor. We are certain that it will pass.

Thank you very, very much.

CHAIRMAN DUMONT: Any questions of Mr. Didovich?

In response to your request - and I, of course, can't speak for what the Senate will do on Thursday - you understand that with the bill in Committee and one session scheduled on Thursday there would have to be an emergency resolution before any bill could possibly pass the Senate, go through second and third readings

on the same day. And you are familiar with the fact that that requires a three-fourth vote of the Senate, to pass an emergency resolution, and not just a simple majority.

MR. DIDOVICH: We realize that, Senator, and we feel this is very important and that it should be brought out and possibly enacted that day if the Governor of the State would lend us that support.

CHAIRMAN DUMONT: Any questions?

Thank you, sir.

Mr. H. Bruce Palmer, Chairman of the Newark Economic Development Committee.

H. BRUCE PALMER: Mr. Chairman, members of the Legislature, and ladies and gentlemen: My name is H. Bruce Palmer. I am Chairman of the Newark Economic Development Committee, an organization of labor representatives, public officials, and businessmen appointed by the Mayor to promote the economic development of our city through elimination of obsolescent plant (housing, industrial and commercial) development of new ratables and creation of employment.

Among the many problems of economic development this group has had under study over the past four years is our tax structure. In December, 1955 our Tax Sub-committee presented a report to Mayor Carlin recommending positive action on the property tax problem. You will note that our report was issued sometime before the now-famous Middletown case decision which brought New Jersey's property tax problem to the present impasse. The recommendations made to our Mayor at that time are to a degree included in some of the legislation before you, and I shall try shortly to pin-point our views on those recommendations.

Before doing so, however, I should like to make it clear that we regard the property tax problem in New Jersey as only one segment of a long-range problem with which our rapidly growing urbanized economy must come to grips. Reforming the property tax is one step, and a very vital step, in reorganizing our state's tax structure. But it can only be regarded as a first step.

Within the property tax framework there are two problems. First, poor or discriminatory administration of the property tax system has led to legal action by citizens of New Jersey in their search for property tax equity. The second problem is just as important, although it is not before this Committee today. Many segments of our economy have found that the heavy reliance on property taxes for the support of county, school and municipal functions places an unbearable burden on them, and they seek tax relief. You have heard from the farmers, the homeowners, the railroads and from business, and we will not restate their concern with the problem.

It is our opinion that, while the inequities in property tax administration which spring from discrimination in assessments can to a very great degree be eliminated by legislative action, the greater problem of complaints about rapidly growing property tax burdens <u>cannot</u> be solved within the framework of that tax. There is no way of reducing the tax on railroads without increasing it on business and residential property. There is no way of reducing residential and farm property taxes unless business picks up the tab. There is no way to lighten business personal property taxes unless the homeowner or railroads accept higher levies. Shifting the burden of property taxes from one group or class of taxpayers to others offers no permanent solution to the problem.

We are convinced that New Jersey cannot solve all of these problems within the framework of the property tax. The future of our state lies in its ability to attract and to hold its share of a rapidly growing industrial economy. Industry, in my definition, consists of the combination of investment, labor and management aided and abetted by the consumer. There is a broad community of interest here, for none can exist without the others. As our economy and our population expand in the future, we must have the industry to support them. The tax system of New Jersey is and will continue to be an important element in determining whether our state can maintain its competitive position and attract its share of the expansion we all see in the future.

I believe that the sooner we recognize the need for a thorough overhaul of our present tax system, the better will be able to meet the problems of the future. We must have a tax system based on the following basic concepts:

1. The tax system should preserve and promote New Jersey's advantages for industrial and commercial development and new investment to create new job opportunities for its citizens.
2. It should provide a sound, reliable fiscal base to meet current and future state and local government needs.
3. It should eliminate inequity and uncertainty in tax liability and provide for a broad sharing of all government costs.

If these principles are to be observed, the property tax itself needs revision. To eliminate inequity and uncertainty in property taxation requires uniform assessment of property under uniform standards established by state law. We believe that Senator Dumont's bill, Senate 211, contains the basic provisions essential to removing the inequities which result from discriminatory assessment by local assessors, and to correcting the great uncertainty which now exists, especially in the assessment of personal property.

We know that business stands ready to pay its share of the cost of state and local government. Many business representatives find that the wise reliance on local government for all types of direct services, while requiring substantial property tax burdens, offers a real advantage because it keeps the spending close to home. In essence, the right of municipal officials to determine the kind of services, the level of expenditures and the local tax rate means greater taxpayer concern and brings us close to the "home rule" concept. The principle of decentralization is as sound for government as it is for business. Political decentralization is a great strength in New Jersey which has been overlooked and not positively sold as a major advantage.

The great concern of business is the inherent danger of juggling assessments to shift the burden of local taxes. Uncertainty as to the level of assessment currently and in the distant future is a major drawback in attracting new industry. The threat of tax lightning, especially on business personal property, has all too often become a reality. A second concern is the danger of competitive assessment practices to attract industry from other communities, at the expense of the rest of the community or the state. To overcome these weaknesses, we believe that New Jersey must establish and preserve uniform assessment policies on a state-wide basis. This will provide the taxpayer with a reasonable measure of certainty as to the level of assessment, without in any way interfering with the inherent right of local officials to establish the rate of taxation and the level of local services.

The establishment by law of fixed ratios of valuation for real and personal property will establish certainty in property assessment. Assessment of real property at the county level will make possible a higher level of assessment administration. The classification of personal property for tax purposes and assessment by the state will eliminate the tax lightning threat, and competitive

assessment, and at the same time give recognition to the fact that inventories as a class of property cannot support the same level of taxation as real property and machinery. The exemption of household goods will eliminate from the tax rolls a class of property that traditionally has been a problem. All of these proposals were recommended in our Tax Sub-Committee report in 1955, and all have been discussed in reports of the Commission on State Tax Policy. While most of them are included in Senate 211, we urge that amendments be introduced to include all of these proposals to bring about a sound reorganization of the property tax.

There is some question as to whether there is sufficient information as to the impact of Senate 211 on different classes of taxpayers to warrant immediate adoption of its provisions. Doubt has been expressed as to whether the Tax Policy Commission's estimates of valuations on personal property will stand up in actual practice. If they vary substantially especially in the large cities, there will be major shifts in the property tax burden which can have serious effects on municipal tax rates and distribution of local tax burdens.

There are two alternatives to this dilemma. One would be to enact legislation to require filing of personal property tax data by business during the next year, preferably through the State Treasurer's office, in order to determine whether the assessment ratios provided in Senate 211 will work out as anticipated. Adequate data may indicate the need for adjustments in the proposed ratios to minimize the shifting of taxes between different classes of taxpayers. We question whether New Jersey can afford to rush into a revision of this magnitude without full and accurate knowledge as to its ultimate impact.

A second alternative is the adoption of a broad based tax to offset a part of the property tax by allocation to municipalities or school districts. Such a tax would shift a part of the tax from property to economic activity and reduce the impact of uniform property assessment which makes some shifting of property tax burdens unavoidable. In this area the Economic Development Committee has no

specific recommendations to make, because we believe that any broadening of the tax base should come about only after careful study of our entire state tax structure and the impact of new taxes on future economic growth.

Had the Commission on State Tax Policy been free to carry out the legislative mandate contained in Senate Concurrent Resolution No. 28 (1956) to make "recommendations for changes in the entire State Tax structure which the results of its study dictate(d) to be desirable or necessary for equitable distribution of the total imposition of State and local taxes" some of these problems might already be resolved. Since they are not there is no alternative left but to try to find the answers through further research and study.

Earlier I stated three basic concepts within which any major changes in the tax system must be resolved. Revisions in the tax system are needed to promote economic development and preserve New Jersey's competitive position, to provide for an equitable sharing of government costs on a broad base and to assure adequate revenues to meet future needs. Correcting inequities in the property tax is only one step in the process of modernizing the state's tax structure. Further steps must be taken if we are to meet the problems of rising governmental costs and expanded services. But whatever steps are taken, they should be based on thorough study and understanding of their impact on the future of our rapidly growing urbanized economy. This requires research to develop the facts and education to secure public understanding.

It is my belief that we need a new approach to researching our state's tax problems. Instead of attempting to solve individual tax problems without reference to the entire tax structure and economy, as we have in the past, we should look at the basic concepts of economic development for labor, management, investors, consumers and government.

What kind of a tax system will best promote the future development of our state, create the most employment, and increase capital investment? Can we find

better methods for distributing the burden of government costs among all groups, so that all bear a fair share of the burden? Can we develop a tax system which will respond to our growing needs at the State and local levels and avoid the constant need for upward adjustments in tax rates and adoption of special new taxes, at rates which start out at low levels but soon must be increased to meet growing pressures?

We desperately need answers to these problems. To obtain them requires a blending of economic and tax research and sound decisions based on such research. A continuous program of research can help to develop sound tax policy for our state and local governments. Indeed, if we had such a program today, some of the imponderables in the property tax dilemma - how to replace Hudson County's loss in railroad taxes, the collection of detailed data on personal property assessments, the problems of changes in school aid, and the effects on municipal debt limits - would be well on their way to solution.

In summary, we see two separate tax problems facing New Jersey. One is the correction of the property tax to assure tax equity and tax certainty to all property taxpayers. This can be accomplished by enactment of Senate 211 with suggested amendments. The other is closely related, because uniform assessment of property is going to create problems of tax burden distribution which, together with growing needs for state and local government, will require new thinking and a continuing source of economic data that reflect state-wide trends on our growing concentration of technological industries within the borders of New Jersey.

We urge that you move forward to assure that both of these problems can be solved in the best interests of our State's future growth and development.

Thank you.

CHAIRMAN DUMONT: Any question of Mr. Palmer? Senator Fox.

SENATOR FOX: This isn't really a question, Mr. Palmer; it's more in the nature of an inquiry. Do you, by any possibility, have any remaining copies of the report that you and the Committee submitted to Mayor Carlin.

MR. PALMER: I am sure that those could be distributed.

SENATOR FOX: That was prior to the decision in the Switz case?

MR. PALMER: 1955. That's right.

SENATOR FOX: Do you think that you could procure and forward to Senator Dumont, as the Chairman, and Assemblyman Musto, Assemblyman Matthews, Senator Crane and myself, copies of that report?

MR. PALMER: I will be glad to do that.

SENATOR FOX: I would appreciate it very much and I am sure that they would too. May we rely on that?

MR. PALMER: You certainly may.

SENATOR FOX: I have this further question. You made the statement, if I quote you correctly, that we need a new approach to the research and study of our tax system. I realize that perhaps this is not the place to elaborate on that but do you have any concrete thoughts or suggestions on the methods of analyses or research that you would advocate in connection with that suggestion?

MR. PALMER: We have given considerable thought to this particular problem. It is our feeling that this State does not have the economic base studies which we should have in order that we might determine the tax course that we should follow in the State, that would not be inimical to industrial development.

SENATOR FOX: I would be very much interested if you or the Committee would care to submit a memorandum embrassing their thoughts along that line.

MR. PALMER: We have given a considerable amount of thought to it and we will be very glad to have that put in your hands.

SENATOR FOX: Thank you.

CHAIRMAN DUMONT: Assemblyman Musto.

ASSEMBLYMAN MUSTO: Mr. Palmer, I appreciate many of your thoughts here today and with many of them I concur. You do stress one point in your talk, I believe, that you believe in a uniform state standard of assessment.

MR. PALMER: That's right.

ASSEMBLYMAN MUSTO: I believe you are fairly familiar with the economic history of the State of New Jersey, perhaps more so than even I am; don't you think that the State of New Jersey has been much better than average, as far as the other states in the Union are concerned, in their reception of industry and business in this State?

MR. PALMER: Yes, but I think that our business tax structure is rapidly getting us out of the picture as far as competition is concerned, and I don't think we have thought it out as carefully as --

ASSEMBLYMAN MUSTO: Now, are you basing that competition on a local argument, from municipality to municipality, or state to state?

MR. PALMER: I think that obviously it differs by municipalities because some of the taxes are not shared equitably by business throughout the state. I think that that's had its effect. I think the businessman generally does not want any tax

ASSEMBLYMAN MUSTO: Well, I would appreciate your submitting that to me in the form of a report because the uncertainty that I have read about, that I've studied about, and that I've heard for the last 12 years in the Legislature, has been on a state level, not a local level. Now, we have been involved with sales tax, income tax, increased tax on gasoline, and things of that nature; I mean, I've heard all of those things brought together to maintain the main argument that business doesn't want to come to New Jersey. I think they are still coming and I still feel, despite all the things we hear, that New Jersey is probably one of the most attractive states in the Union.

MR. PALMER: It's very attractive because of its market possibilities and its potentials but at the same time, with taxes being a cost of production, you cannot afford, I don't think, if you want economic growth in your state, to pass the barrier of competition where you are passing it with other states that are in this metropolitan area, where localities can still give the market potentials that New Jersey can give. I think it's one of these things that we have to think out very carefully, and you might be interested to know that technical information is being compiled at the present time to meet this particular point and we will be very happy to see that you get that.

ASSEMBLYMAN MUSTO: And I would be happy if you would give a bit more study to this tax problem, whether it be on a local, county or state level - I really wish you would. I will appreciate anything you forward us in this respect.

SENATOR FOX: Mr. Palmer, as I gather from the context of your remarks, you are rather opposed to any hasty or ill-considered action, as far as a general tax policy is concerned. Am I

correct in that?

MR. PALMER: That's right. I also indicated or I will indicate that we think Senator Dumont's bill, S-211, becoming effective in 1960, would give us this next year in which we can get this basic information which I indicated we felt was essential. We feel that's a step in the right direction.

CHAIRMAN DUMONT: Any other questions?

Mr. Palmer, maybe I didn't pick it up but did you make any specific recommendation as to a particular kind of broad based tax in this State?

MR. PALMER: No. We simply indicated a broad based tax.

CHAIRMAN DUMONT: And did you make any recommendation as to just who or how this additional research - who should conduct it and how it should be conducted?

MR. PALMER: Well, of course, the state government - if you take the State of New York, they have much more basic information, economic information, on which you can base tax studies than we feel that we have in New Jersey. We think this is a job of our state government, of our department which we have in state government which could do this particular job.

SENATOR FOX: Well, in answer to Senator Dumont's question, I have a notation here - your response to a question that I asked you as to whether or not the Committee would submit to us data with respect to the research that you recommend and the approach that you recommend. Basically that's your question and basically that's your answer - that you will submit that to us.

MR. PALMER: That's right.

CHAIRMAN DUMONT: In making the comment about more research, were you recommending a tax convention or rather that it be done

outside of any tax convention, by the state government?

MR. PALMER: I have a feeling that this can be done outside, that a tax convention is not essential. I think we need basic economic and tax information. I don't think we have as much as we should have in New Jersey to correct some of the problems in our tax structure.

CHAIRMAN DUMONT: Any other questions? Any question that anyone in the audience desires to ask of Mr. Palmer? Assemblyman Matthews has a question.

ASSEMBLYMAN MATTHEWS: Sir, from my recollection of reading S-211, I don't remember in it any delaying provision. I notice that you recommend that perhaps the adoption of S-211 with an effective date of 1960. Would I be led to believe from that statement that you are in favor of, say, a delay of one year in order to put this tax measure into effect?

MR. PALMER: I would have to ask the sponsor of that particular bill - it is my understanding that it would become effective as of 1960.

CHAIRMAN DUMONT: Well, frankly, I'm a little bit embarrassed. I haven't read it lately but my recollection is that it would take effect rather soon, but I agree with your viewpoint that if it were to be passed it should be postponed, as to the effective date of it. And I am not sure that there is anything in their that does any postponing.

ASSEMBLYMAN MATTHEWS: My recollection of S-211 is that there is no postponement feature in it.

CHAIRMAN DUMONT: I don't think there is.

MR. PALMER: Well, it would become effective but I think the assessment problem was to be solved in 1960. I'm not a

technician either on this but that's what I have been told, that it would give us 1959 to try to get this basic information, to see what the impact would be of the various taxes on municipalities.

CHAIRMAN DUMONT: All right. Anything else? Thank you very much, Mr. Palmer.

MR. PALMER: Thank you, sir.

CHAIRMAN DUMONT: Mr. Nick Schloeder. Now, Mr. Schloeder, will you identify, as you did at the first hearing in Trenton, what municipalities or what groups you are representing here today.

NICHOLAS S. SCHLOEDER: Well, I represent the Township of North Bergen, Jersey City, Union City, Weehawken and Secaucus.

Now, if your Honors recall, at the hearing on June 30th I had spoken at some length in favor of A-350 and there was some colloquy between your Honors and myself in respect to proposed suggestions and you told me to submit, in writing, how A-350 could be implemented. Now, I don't propose to repeat myself - I am very loath to do that at any time - as to some of the things that I said on that day. However, I was trying to think just how I could be of any help in connection with submitting recommendations. I find - I don't want to be personal in any criticism of any speaker in general, but we have speaker after speaker come up here and tell us that he is in favor of uniform taxation, of a sound fiscal policy, that New Jersey should be protected as far as its business is concerned in the competitive field so that taxes are not going to be inimical to such competition, and so forth and so on. The criticism is that we are all in favor of those things, everyone of us here, I believe, in this room. The real question involved is - How are we to achieve these results?

That's the important thing.

So, in looking over the field, I didn't want to prepare a new revision of the tax laws of the state, on my own; I didn't think that I was competent, in a week, to be able to do that. So, I thought I would look over the existing legislation and see if that couldn't be tinkered with. So, the most complete bill on the subject - evidently one which is an implementation of the Ninth Report - is S-211. So, I took a look at that and I dictated my comments, section by section, as to that particular bill.

Now I have this in writing and I would like -- I don't believe in reading anything, I don't do it as a rule when I have briefs before the court. I like to just summarize some of the high points and perhaps talk about some of the suggestions that I have made. Therefore, I ask that this be submitted into the record.

CHAIRMAN DUMONT: Well, we will be glad to make your memorandum, which is very complete and comprehensive, a part of the record, but I wondered if you wanted to summarize that today for the benefit of the people here. In other words, not read from it but summarize it.

MR. SCHLOEDER: I would be glad to do it.

Now, Senate Bill No. 211 has 32 sections. Sections 1, 2 and 3 concern themselves with R.S.54:1-21, etc., which is labeled in the Revised Statutes "Investigations and Reassessments."

Now, I go into the history of this legislation, going back to Chapter 67 of the Laws of 1905, and there are two reasons why I do this. It has been suggested repeatedly by all speakers that New Jersey has had a very ancient and dilapidated tax structure which fairly reeked with inequities, for a hundred years, and that now, at this late date, we have awakened to these inequities and we

sort of feel that something should be done about it and this, above all, in a hurry.

Now, I point out, the historical development of the theory of equalization from this Chapter 67, of 1905, which created the Board of Equalization, indicates one basic, that when we think as we do along those lines we are really following sort of a basic characteristic of human nature, sort of an adolescent attitude.

All of us at sometimes have teenagers around the house and, as your Honors know, they have these lists of popular songs, say from 1 to 30 which are ranked accordingly, and one of the great kicks that I get out of that is the fact that on occasion, nearly all of us, you will find one or two songs in that list of popular songs that's at least 50 years old. And I often am greatly amused at these young people with their look of astonishment and amazement when I tell them that this song was not only sung by your mother or that she danced to that tune but that your grandmother danced to that tune. They can't believe it, that in those days they could feel the same way that they do.

Now, the same is true with equalization. The problem of equalization is just as old as the problem of taxes, and we had the same agitation more than 50 years ago that we have today - identical, in its origin and in its purpose. So when they created the Board of Equalization of Taxes, in 1905, they imposed upon the Director an almost impossible duty. That duty is still today in this present 211 Amendment.

It calls upon the Director - "If, upon such investigation, it shall appear to the Director of the Division of Taxation, that the assessment of any property lying in a tax district or county, including such property of a railroad or canal company, and taxed

of value; and the other is equalization. That's the dual function. That's what the object of Chapter 67 of the Laws of 1905 was, to unite. Well, they kept them together under two titles until 1931, when they separated them, and they gave the appellate function to what they termed the State Board of Tax Appeals, and the revisionary equalization function in the Commissioner. Of course, now the State Board of Tax Appeals has become the State Division, and the Commissioner has become the Director.

Now, what has the Commissioner done in all of those 27 years? Outside of the things I am going to talk about that came out of the School Aid - nothing; the answer is nothing, because of the fact that here again it imposes upon the Director an utterly impossible task.

Now, so much for those sections. As I say, there are two things that are wrong. I have tried to elaborate on this point that there are two things that you have to bear in mind - one is the notion that this problem of equalization is something new, it is not; number two, that you can place upon the Director in Trenton a burden of equalization which he can fulfil, as against the honest and competent effort of hundreds of men located all over the State in direct contact with the problem with which they are faced in making the judgment as to the true value of any particular piece of property. It just can't be done.

The next is Section 4. There is only one thing I may say about that and that is the fact that it repeats the old language - the reason for it I am not going to go into, it's historical - about any appellant who is dissatisfied with the judgment of the County Tax Board. Well, some lawyer discovered some years ago that "appellant" means somebody who takes an appeal, so that if

there has been a reduction in the taxes and the taxing district wants to appeal, he can't appeal, they can't appeal, it can't appeal because they are not an appellant. So the courts had to devise a way in which we would take an appeal under a different section, under the general section. Now, there is no sound basis whatever in the law why there should be a distinction made between a taxing district and a taxpayer. So my suggestion to that is that it should be amended by saying "any party to the appeal." That would remove all of those learned questions.

I cite some of the cases, including my own, - The Hackensack Water in 2 N. J., etc. - in which this question was discussed and I think it ought to be removed. It's silly that it should be there. There should be no question about it. The taxing district and the taxpayer should have an equal right to appeal.

Now, the next section just simply considers R. S. 54:3-13 and harmonizes it with the other parts of the Act and I see no objection to it.

Then, of course, Sections 6, 7, 8 and 9, apart from the grammatical change by substituting "among" for "between", and it also harmonizes by the use of "taxable value" instead of "true value", - there's nothing wrong with those equalization provisions because they're the same as they have always been. So I could suggest or I do say, however, that perhaps the better language would be, "according to the standards prescribed by law," I mean, as to value.

Then we come to the amendment of Section 10, R. S. 54:4-1. That's all right. The point is, as far as "according to standards prescribed by law" is concerned, here again we have this problem of

Well, in the first place, as everybody knows, net book value is cost less depreciation, not even reproduction cost less depreciation and obsolescence as is the test when you are determining the sound value of a building for the general property tax, that is, the real property tax.

Well, because of the exigencies of the business and the Internal Revenue Bureau of Taxes, and other things, accountants have become quite expert in reducing depreciation to zero, and the answer would be that you wouldn't have anything to value property at. So they recognize that, apparently. They put a limit, a bottom, of 20% of the cost.

Now, of course, that's a help, naturally, but it is far from remedying the true vice of such a consideration. In the first place, accounting practices differ from business to business. Then, of course, the question of cost depends upon age. It is conceivable that a company may have gone into business in 1940 as a preliminary to the orders which arose out of the Second World War, and they would buy their machinery for, say, $50,000, then they have depreciated that. Today, however, because of the enormous increase in the cost of all machinery and equipment that same property, to reproduce, might cost $200,000. It's gone up four times and, yet, even if you were to halve the value, you'd still have a hundred thousand dollars, - if you would take it at cost and reduce it to 20% of cost, you would be really taxing at approximately one-fifth of its value. You're not getting close at all. There are too many variables involved. And then, how is this to be determined? Is it to be determined as it is presently, when you see the fellow right in the chair there and you ask him pointed questions, and say "What about this?"

competent people to do the work.

I quote from Mr. Justice Jabobs' remarks where he says: "Universal distrust creates universal incompetence." The thing to do is to get better assessors and more efficient assessors. You are never going to have any remedy in some doctrine or notion that the Director in Trenton is going to equalize this thing. He's never done it before and it's not going to happen now, certainly not in the field of local assessment.

That brings us to -- as I say, I don't want to repeat what's in here, the detailed criticism in connection with these provisions relating to personal property assessments, but I do want to get into the subject of A-350, Section 18. And I say, A-350 could be very neatly incorporated - at least made some part of the bill and I think a very useful and constructive contribution.

Now, one of the most interesting things in this connection was what happened at our last meeting on Monday morning. Your Honors will recall, Senator Lance was here and he had a list of 20 questions. I came up and I asked him two questions and one was, "Do you think that the present statute fixes current market prices as the test of true value?" and he answered, "Yes." If you will remember, I said, "That's why I advocate A-350." because that is not so. That is not the law of New Jersey.

And how would this become a part? One of the main points, as far as A-350 is concerned, is its psychological impact on our thinking. It's a conservative bill that restores to the assessor the means which he should always have used in determining true value, by applying the traditional techniques of appraisal to the determination of true value.

to true valuation, which is, by this statute, made synonymous with current market prices.

However, the point is, this particular statute was of narrow application. It wasn't intended to apply to the valuation by the local assessors of real property. It was never intended to do that. It was merely for purpose of distribution of school moneys. And the attacks were made. I made one and others made the others. And we were told that what you say is true but, we were told, this is a legislative process, this is something where the limitations of time and money will not permit the Director in his administrative and quasi legislative function, I should say, to inquire or make a determination in the traditional sense of value but shall take these figures as a convenient rule-of-thumb for the distribution of school moneys. That's where it came from. And that you can't apply the principles requiring the application of quasi judicial consideration to something which is merely quasi legislative.

But, unfortunately, - and Senator Lance is my Exhibit A - in the thinking, in the Policy Report, everywhere, you see the thought which permeates all of these documents that this is the rule of law and not the traditional rule which says that current market price and true value are not the same, and never have been the same; and as late as the Switz case they reiterate that it is not the same, and that was after all of these considerations arose.

So, this philosophy was taken over into inter-municipal equalization. And inter-municipal equalization once again may apply the Director's tables. And, of course, in the application of this statutory mandate the Director did a good job. I mean, I don't want to -- there is no man in the State of New Jersey

in one column you have inter-municipal equalization - that's county aggregate equalization, against intra-municipal equalization. That's discrimination. The two are utterly different. The principles applied are utterly different. They should not be confused. Then you have the sales price lists and ratio computed on IBM machines, tending to make local assessment a mere comedy. Then, against that, you have the subjective errors of judgment of local assessors using traditional techniques of appraisers.

Now, those are two conflicting philosophies. Then you have the determination of a controversy as quasi legislative, which it is in the field of inter-municipal or county aggregate equalization, as in the distribution of school moneys, as against the review of an assessor's judgment as a quasi judicial process. Now, that's an entirely different thing.

If your Honors please, I remember in one of the little books that I wrote and read by the Supreme Court on the Petition for Certification, I was the only one to get the certification but it didn't do me any good because I lost the case in the end, anyway, - but I had pointed out that in the determination of value, in a quasi judicial process, if our tax system wasn't a system, at least it had been the product of a thousand or tens of thousands of contests in the tax tribunals, and that makes for a definite order. Take, for instance, Hudson County, - we have been very litigious because we've had the railroads on our hands, we've had business on our hands, and so forth and so on, and the result is that, I would say, in a place like North Bergen there's hardly a piece of property that at one time or another hasn't been before some tax-court and its value determined by hearing both sides, in behalf of both the taxpayer and the taxing district.

the Director would have a right to supervise, as he has, but not in the same sense to make him practically the assessing officer as is done in the case of personal property here; other things, of course, are innocuous in their changes, in that they change the taxable value; as far as the 40% is concerned, that doesn't make any difference. I agree with the Ninth Report, whether it's a 40 of 100%, providing we answer the question - 100% or 40% of what? Of what? How determine? In the manner that Chapter 86 determines or in the manner in which the cases have repeatedly said that the assessor should determine it, and that is by the application of the traditional techniques of appraisal. And I say that A-350 certainly is in position to be passed. S-211 needs amendment, it needs further study, and I don't think, in its present form, it is in a position to be passed.

Now, I listen to these fellows that come from the outside and I can agree with everything they say but they haven't contributed anything to the discussion. We all are in favor of sound fiscal policy and the removal of inequities, but I know how these things work. I've been through it for more than 30 years and I've had at least 2,000 court battles in respect to taxes in state tribunals and otherwise. I know how these things come up, and this thing is not going to work.

So, if your Honors please, I again say, finally, anything I've left out, I've left out a lot, - I refer to my little comments on S-211 - I respectfully suggest that S-211 shouldn't be passed until it's substantially altered, and that at the present time A-350 is ready for adoption. Even if it's S-6 - there are one or two little things in there that I like better

because of the delay provisions, than in yours. They are substantially the same.

I thank you for listening.

CHAIRMAN DUMONT: Are there any question now of Mr. Schloeder?

I don't believe that I have officially noted the presence, yet, at this hearing of Assemblyman Elmer Matthews from Essex County, and Assemblyman Fred Hauser of Hudson County.

Mr. Schloeder, just one or two comments, if I may make them, and this is not by any means in the way of criticism because we appreciate very much your review of S-211 as submitted in the memorandum form. I dkn't think there is any intention here, at least certainly not on my part as the sponsor of this legislation, and I would be the first to agree that it needs amending - there's no intention certainly on my part to give out with an implication that assessors are incompetent. I think an assessing position in New Jersey today is probably the most difficult position that any local official can hold down, and most assessors do an extremely fine job.

In line with your thoughts that perhaps in some instances, some few instances, assessors might be better chosen, it seems to me that you probably would agree that assessors, particularly in rural areas, are not very well reimbursed for their efforts. As a matter of fact, in many municipalities in the area of the State from which I come, they receive perhaps $500 a year, $1,000 a year, and obviously it is physically impossible - even though some of their constituents expect it - for them to go around and assess property every year, particularly every single parcel of real property in a taxing district. Also, sometimes these salaries

don't give them much incentive for self-education and self-improvement in their position.

Now, secondly, you made mention of Chapter 86 of the Laws of 1954. I might add that I was the sponsor of that bill, as well as, I think, Chapter 85 of that year which provided for the detailed formula for distribution of state aid for current operations in school districts. I might also add that nowhere in the Assembly did those bills have a better friend than they did in the Assemblyman from Hudson County, Fred Hauser, who is one of the co-sponsors of A-350, and without whose help I am sure the legislation would not have passed in the Assembly.

Now, Mr. Matthews, do you have a question?

ASSEMBLYMAN MATTHEWS: Nick, am I correct in assuming that perhaps your greatest objection to S-211 is Section 18 thereof?

MR. SCHLOEDER: Yes.

ASSEMBLYMAN MATTHEWS: And that you, speaking individually or as the Attorney for the towns listed here on your memorandum, would be satisfied if S-211 were passed with Section 18 changed to conform with the language of A-350? Is that right?

MR. SCHLOEDER: Well, I couldn't honestly say that. I think, while I'm here primarily as an advocate of a change in Section 18 to include A-350, - I still think that those provisions that relate to the ultimate fixing of personal property assessments by imposing them in the Director, are bad. I don't think it's good legislation, frankly. I think it's bad. I don't think it's going to work. It didn't work in real property and I don't see how it can possibly work with personal. You see, the Director would have to have fellows, much more than the Internal Revenue

Trenton, and just now - that the true value concept never meant value as determined by current market prices? and that this theory or current market prices did not enter the picture until Chapter 86, having to do with the State School Aid Law, came into the picture? Do I understand him aright?

MR. SCHLOEDER: That's a very, very simple question to answer. What I said was that I objected to the identification of current market value with true value, as synonymous and controlling. I don't deny that current market prices are an element to be considered in the valuation of property and never have said so. If you will look at my own case - I don't know whether I cite it here but it's the case of North Bergen vs Boulevard Holding Company - in which the Court of Error and Appeals reversed the old Supreme Court because they hadn't considered current market prices and had simply taken economic value. What I say my objection is, is that there is a disposition to regard current market price as it, as controlling, that's it. If you could show the property was sold for $20,000 that should be its assessment at 100%. That's all I say. I admit it's a factor but it should not be a controlling factor.

MR. O'BRIEN: Well, let me ask you this, Mr. Schloeder, - I'm not an attorney but at the Constitutional Convention this entire matter was discussed and I remember Senator Milton saying, at the suggestion of eliminating true value, that it has taken the courts 50 years to know what the framers meant when they put true value in the 1875 Constitution. Now, what have the courts determined? I'm not an attorney, but don't we have, in addition to the true value statute, what lawyers call, I think, "decisional law"? and haven't the courts in hundreds of cases, in trying to reach an opinion or what was meant in the current case, - haven't

MEMORANDUM SUBMITTED BY NICHOLAS S. SCHLOEDER:

COMMENTS ON IMPLEMENTATION OF A-350 BY INTEGRATION WITH A COMPLETELY REVISED S-211

I have secured a copy of S-211, which was introduced May 19th, 1958, by Senator Dumont, referred to the Committee on Revision and Amendment of Laws.

This bill appears to have been drawn to carry out the recommendations of the Ninth Report. At the time of the hearing in connection with this bill and A-350, for which I spoke in Trenton on June 30th, 1958, I was invited by the Committee, consisting of Senators Dumont, Crane, McCay and Fox, to submit suggestions as to how and in what manner this legislation should be supplemented.

Since A-350 is, basically, nothing more than an amendment of Sections 54:4-23 and 26, which are a part of the amendments contained in S-211, I believe my comments should be directed to each section of S-211, taking up Sections 24 and 26, the subject matter of A-350, in their proper order. In so doing, I am presuming that there is nothing necessarily inconsistent between the amendments proposed by A-350 and S-211 since Senator Dumont, in his S-6 as well as S-240 of the year 1957, incorporates substantially the identical provisions in that section and, in particular, the important consideration, R.S. 54:4-23.

I will address my comments relating to the sections in the order in which they appear in the proposed amendments.

SECTIONS 1, 2 and 3

The first three sections of S-211 concern themselves with Sections 54:1-21, 54:1-26 and 54:1-30, which constitute Article 4 of Subtitle 1 of Title 54 of the revised statutes, labeled "Investigations and Reassessments". These provisions, in the main, are derived from Chapter 67 of the laws of 1905,

which had abolished the State Board of Taxation, originally created in 1891 (Chapter 114), and continued as modified by the tax revision of 1903 and creating, in its place, the Board of Equalization of Taxes. In 1915 this Board, together with the old State Board of Assessors, created in 1888 to assess railroad and canal property, was combined under the name of State Board of Taxes and Assessment; and this, in turn, was split again by Chapter 336 of the laws of 1931, becoming the State Board of Tax Appeals. The appeal features of the old Board were assumed by the State Board of Tax Appeals while the equalization features were, in the first instance, reposed in the State Tax Department, headed by a Commissioner.

On July 1st, 1944, as a result of a reorganization of the state government, the "Commissioner" became the "Director", the title which he retains at the present time. I point this out at some detail because the power of the Commissioner, in respect to ordering reassessments of property and otherwise, is a very old one; and there is nothing startling about this portion of the act. The only change made is the substitution of the language "true value" for "taxable value", presumably geared to the proposed revision of R.S. 54:4-23, providing for 40% of the full and fair value of property and a recognition of the change brought out by the reorganization of the state government, changing the Commissioner's title to Director. In these circumstances, I regard these changes as innocuous, and I approve of them.

SECTION 4

The next consideration is an amendment of R.S. 54:2-39, providing for appeals to the Division of Tax Appeals; and, here again, the change is from true value to taxable value. This is unobjectionable. I might, however,

the fair value of machinery and equipment and all other personal property other than inventories, and 10% on inventories. The fair value of the property is presumed to be the net book value thereof, and the Director is required to promulgate uniform rules and regulations for the determination and reporting of the net book value.

Now, net book value, in standard accounting practice, is the cost of the property less depreciation (not reproduction cost less depreciation and obsolescence).

It is common practice, as a result of some of the exigencies produced by the United States Internal Revenue considerations, to depreciate fully used machinery to zero. An attempt is made to combat this by fixing 20% of its cost as the maximum amount to which it may be depreciated. However, even this will often mean that it is taxed at a small fraction of its actual value. This, in itself, would not be so bad were it not for the fact that these external considerations, under varying accounting practices, would lead to great differnces in the disparity between value and assessment. The Director's rules wuld be inadequate to meet the Herculanean task of remedying such discrepancies.

Under Subdivision "E", the Director may promulgate rules and regulations for the reporting, determination and recording of fair values required by the section which, of itself, may be unobjectionable enough; but it also states that he "may permit or require such adjustment in book value as he may find necessary to provide for fair and equal assessment for all taxpayerssimilarly situated. This makes the action of the Director, concerning intramunicipal equalization, administrative, and not as has has always been the practice heretofore, a determination by the appropriate tax tribunal in a

I have no objection to the penalty clause, which could be added as an alternative to the section in question; but the substitution of the Director for the local assessor is a highly impractical change.

SECTION 17

Section 17 appears to be a new section which would have to be given a new numer by the revisors. This section might properly have been included in Section 15, as indicating that it was the intent to give the Director primacy in the matter of personal property assessments, although it fails to fix a time when the Director shall review, audit and modify any assessment made by an assessor.

Furthermore, we have the curious statement that the Director may do so "whether or not such personal property has become part of the realty as a matter of law". This is to compound confusion with confusion for property is either real or persona; and, by implication, the Director is given the right to modify a status according to his own whim. Porblems involving such questions have been the subject of much litigation, see Hackensack Water Co. v. North Bergen Twp., 18 N. J. Misc. 627, 629, where the question as to whether pumps were a part of the realty or personalty were involved; also, Hackensack Water Co. v. State Bd. Tax Appeals, 129 N. J. L. 535, 539 (S. C. 1943), same case on appeal; also, Hackensack Water Co. v. North Bergen Twp., 130 N. J. L. 483, 485 (E. & A. 1943).

SECTION 18

We now come to Section 18, which is the subject] matter of A-350. As already observed, the important section of that proposed amendment is the revision of R.S. 54:4-23

more than adequate in the setting up of standards in making an assessment. This bill is consonant with the applicable decisions of the court.

It has been generally recognized that there are three general approaches to value:

1. Sales price
2. Economic factors
3. Reproduction costs less depreciation

Numerous other formulas are in use; but they are, in the main, subdivisions or adjuncts to the three approaches.

Exclusive reliance on a specific formula may produce error. In the case of N. Bergen Twp. v. Bergen Boulevard Holding Co., 133 N. J. L. 569 (E. & A. 1945), there was an exclusive reliance on the single element of rental to the exclusion of sales price. The court, in noting that error, remarks at page 575:

> We are unable to discover factual support for the finding of value made by the Supreme Court and the state board unless those tribunals either excluded from their field of decision the element of sale price and relied exclusively, and therefore erroneously, upon the single element of rentals, with the ramifications thereof, or based their findings in part upon the taxpayer's proof of price grounded in a mistaken legal principle. Under either condition there was error.

There is no reason why the reverse should not be true and the exclusive reliance on sales price to the exclusion of other elements/be deemed equally erroneous.

It must always be remembered that there is a certain degree of stability and permanence in assessments which do not follow the fluctuation of the market price. As the court observes in Hackensack Water Co. v. Division of Tax Appeals, 2 N. J. 157 (1949) at page 163:

> [6] We are not in accord with the opinion of the Supreme Court wherein it speaks of changed economic conditions justifying ipso facto an increase in valuation. This in itself is not a

> sufficient reason for an increase in valuation any more than a depression would call for a downwardrevision,-in accordance with new market conditions thereby created, however, temporary. Value for the purposes of taxation has some measure of permanency which renders it secure against general temporary inflation or deflation.

By placing an exclusive reliance on sales,price, the evaluator is deprived of checks and balances. The use of more than one factor as a check to ascertain true value is standard practice. As the court observes in Riverview Gardens v. North Arlington Borough, 9 N. J. 167 (1952) at page 175:

> The statute neither requires nor excludes any specific formula for measuring fair value. It is apparent that the Division of Tax Appeals applied the "true value" standard set forth in the statute.
>
> The owners replied soelly on the conclusions of their expert Fyfe, who gave his opinion of value (i.e., "what a willing purchaser would be willing to pay and a willing seller would be willing to accept") on his "knowledge and experience", and repeatedly testified that he did not analyze reproduction cost, did not take into consideration return on investment in his "actual physical processes" in "figuring out" the true value, did not go through any mathematical procedure to arrive at the value per room upon which he based his opinion, although gross rentals entered into his mental processes, and his study of expenses was not reflected in his testimony of value.
>
> The testimony of Cobb, the respondent's assessor, is of little value, for it indicates that he bases the original assessment solely on the income-multiplier formula. However, the respondent's witness Powell, who testified as to full and fair value of the properties in question on the statutory standard of bona fide sale by private contract between willing buyer and willing seller, based his opinions on several factors. These included personal inspection and detailed analysis and report as to the details of construction of the improvements, the numbers of living and garage units involved, the area of land used, the plot plan or physical layout of the structures and examination of the plans and specifications of the subject properties as well as proximity to stores, schools and churches and general location. Fyfe testified that he "substantially" agreed with Powell's description of the properties. Powell also studied the financial statements, actual audit reports, which the owners had filed with the county

board of taxation. He testified that he used three methods of valuation for support of his opinion, characterizing these as "checks" which a]purchaser weighks in considering a property for purposes of acquisition.

There are many inherent weaknesses in the sales price ratio. It is elemetary that sales price and true value are not synonymous, Harborside Warehouse Co., Inc., v. Jersey City, 128 N. J. L. 263 (S. C. 1942). In times of deflation, as during the great depression of the 30's, it was very common that sales prices were much below the assessment, City Holding Co. v. State Board of Tax Appeals, 127 N. J. L. 168 (S. C. 1941); Colonial Life Ins. Co. v. State Board of Tax Appeals, 126 N. J. L. 126 (S. C. 1941), where the court remarks at page 129:

> Evidence of "comparable sales" is ofttimes of questionable probative force, and is rarely, if ever, conclusive. Central Railroad Company of New Jersey v. State Tax Department, supra. This has been especially true of most of the past decade. The economic crisis has so depressed the real estate market as that sales of "comparable" properties do not ordinarily provide the standard of value characteristic of such in normal times. Unlike the case of commodities having a fixed market value, there is no absolute standard for the admeasurement of the value of land at a given time. The constitutional and statutory test is what the sound judgment of the experienced authority set up for the purpose deems it to be, taking into consideration all factors that reasonably enter into the determination of the question. The fact that the property, due to abnormal conditions, is not salable on the assessment date is not conclusive of the issue.

So conversely in these days of inflation, assessments are and, indeed, should be below selling price with most types of property. This principle was reiterated and summarized by the court In Switz v. Middletown Twp., 23 N. J. 580 (1957), where the court observes at page 595:

> A sales-assessment ratio study cannot for obvious reasons be determinative of true value in the statutory sense. Furthermore, the market value

is evidential but not the exclusive criterion; it is not the invariable test of true value. Special circumstances may "increase or depress market value without affecting true value or vice versa". Harborside Warehouse Co., Inc., v. Jersey City, 128 N. J. L. 263 (Sup. Ct. 1942), affirmed 129 N. J. L. 62 (E. & A. 1942); Universal Insurance Co. v. State Board of Tax Appeals, 118 N. J. L. 538 (Sup. Ct. 1937); Newark v. Tunis, 82 N. J. L. 461 (E. & A. 1911); North Bergen Township in Hudson County v. Bergen Boulevard Holding Co., 133 N. J. L. 56[illegible] (E. & A. 1946); L. Bamberger & Co. v. Division of Tax Appeals, 1 N. J. 151 (1948). "Value for the purposes of taxation has some measure of permanency which renders it secure against general temporary inflation or deflation." City of Newark v. West Milford Township, 9 N. J. 295 (1952).

The sales-assessment ratio data do not provide the basis for an intra-municipal true value assessment of individual parcels of real property.

It is my considered judgment that A-350 or S-6, if you will, insofar as it relates to the amendment R.S. 54:4-23, harmonizes with the proper legislative purposes of S-211; and there is no reason why it should not be included therein.

It was suggested by one of the speakers that this section is antagonistic to the present program of revaluation of properties by valuation experts, which is now going on all over the state. Nothing could be further from the truth. It is precisely the standards set forth in A-350 which these valuation experts use, and all considerations relating to the possible lack of competency or integrity by a local assessor are eliminated.

I, for one, have always been heartily in favor of these revaluation programs to insure uniformity and remove discrimination. To implement such undertakings, all municipalities should be required to possess proper tax maps. Furthermore, such revaluation should be extended to include railroad properties and power lines.

SECTION 19

Section 19 amends R.S. 54:4-24 by adding the word "taxable" before value. This is unobjectionable.

SECTION 20

Section 20 amends R.S. 54:4-26 and substitutes the taxable value for true value. This,too, is unobjectionable.

SECTION 21

Section 21 provides for the amendment of R.S. 54:4-27 and, once again, simply substitutes the words "taxable value" for true value, which is also unobjectionable.

SECTION 22

RS 54:4-34 emendates the reference to the form used by assessors under R.S. 54:4-9 in their investigation of personal property. No harm is done by this because it really adds nothing to R.S. 54:4-34.

SECTION 23

Section 23 provides for the amendment of R.S. 54:4-35 by changing the language, if not the meaning, in the prior enactment and can be retained in its present form even if the provisions relating to assessors of personal property are not changed, as suggested by this amendment.

SECTION 24

R.S. 54:4-36 simply changes the affidavit of the assessor to harmonize with the legislation, to include his determination of taxable value.

SECTION 25

Section 25 amends R.S. 54:4-47 and substitutes taxable value for true value and is unobjectionable.

SECTION 26

Section 26 provides for the amendment of R.S. 54:4-48 to include changes in the valuation of personal property.

SECTION 27

Section 27 is a new provision which seems to be a supplement or, at least, a reiteration of Section 15 of the act. Just in what respect it differs from the audit and investigation of personal property assessment returns, which are required by the prior provision of the act, is not made clear. There is no attempt to adjust this to the schedule set forth in Section 15.

Indeed, the Director is given two years in which to increase valuation. In this respect, it is an anomalous provision in the tax law and can only create uncertainty and confusion. It ignores the necessity for prompt determination of fiscal questions in the affairs of the municipality.

The proposed legislation is bad.

SECTIONS 28 and 29

Sections 28 and 29 are amendments to the added assessment statutes, R.S. 54:4-63.2 and 63.3 and simply change the language from full and fair to taxable value and are unobjectionable.

SECTION 30

Section 30 provides for appropriation of half a million dollars, presumably because of the vastly extended powers reposed in the Director by the prospective amendments. The wisdom of this is a matter of policy.

Much of this could be saved if the powers to make personal property assessments remained in the local assessors.

On the other hand, if the Director assumed the duty of becoming the chief assessing officer, if these proposed enactments are taken literally, it is doubtful whether half a million dollars would be enough.

SECTION 31

Section 31 repeals R.S. 54:1-31, 32, 33 and 34. These have been a dead letter anyway and no harm is done.

There is something prophetic about the repeal of these old sections, which came from Chapter 67 of the laws of 1906. Except for a few abortive attempts made more than fifty years ago, these sections and the companion ones, dealing with the powers of the old Board of Equalization which passed to the Commissioner and then to the Director, have remained a dead letter due perhaps, most of all, to the impossibility of the burden thus placed upon a single central authority.

SECTION 32"

The final section makes the law applicable to the assessments for the year 1959, which requires no comment.

CONCLUDING COMMENTS

It is interesting to note that the objectors to the basic philosophy presented in this criticism, with unerring instinct, took exactly the opposite view in practically every case. Thus, Mr. Magovern, representing the New Jersey State Chamber of Commerce, in the criticism of A-350 observes:

> This bill would substitute a list of factors, including several subjective ones, for market price in the determination of the value of real property by the assessor. This bill would serve only to make orderly and uniform assessments more difficult of attainment. It would encourage "tax lightning" in the taxation of real property, including residential property, since assessments would be subject to wide variation depending on the assessor's estimation of a number of imponderable factors.

inequalities and, indeed, absurdities.

In short, S-211 is far from ready for adoption except for those portions which are unobjectionable. Furthermore, there is no reason why the amendment to R.S. 54:4-23, as is expressed by A-350, should not presently be adopted. It is an important step in the right direction, and all criticims that have thus far been made show a basic misunderstanding of its purpose.

The imposition of a percentage of fair value may be added to the section, or it might be the subject of a separate section. I, for one, do not find that the imposition of some standards on a statewide basis would be necessarily objectionable for this has always been the case, the only difference being that, hitherto, it has been at true value. The application of such standards should be left to the local assessor, as it has always been.

Of course, something may be said for leaving to local assessors their own selection of percentages of fair value for, if any inequities arise therefrom, this can only apply to inter-municipal considerations, which can be remedied by the aggregate equalization processes. However, this is not indispensable if the present standards, as set by A-350, are maintained.

Respectfully submitted,

q NICHOLAS S. SCHLOEDER

Attorney for the Township of North Bergen and pro hac vice for the municipalities of Jersey City, Union City, Weehawken and Secaucus

CHAIRMAN DUMONT: Mr. Russel T. Wilson, Assessor of Englewood.

RUSSEL T. WILSON: I'm Russel T. Wilson, Assessor of the City of Englewood, speaking for no one this morning except Russel T. Wilson. I've torn up my canned speech because I've sat through several of these hearings and I think we have belabored the subject of the pending bills pretty well, and I think they've been well expanded upon. So, I will be very brief, gentlemen, and I appreciate the opportunity of appearing again before you.

I wish at this moment that I could borrow some of Mr. Schloeder's eloquence because I think I need a little of it, but I'll do my best.

I have only two or three suggestions to make. I think that the basic problem lies in a choice between assessment by classification or assessment by the Constitutional philosophy of uniformity. I think that a great deal of this discussion could be cut short if we could say here and now that uniformity is completely acceptable, or that classification is the proper philosophy.

As for myself, I could be persuaded almost either way. I don't know. There is a great deal to be said for assessment by classification, I think. Similarly, uniformity is the Constitutional standard. I imagine that it is probably the most popular concept throughout the State, by the public.

Now, I would make these suggestions:

1. We need, I believe, a stop-gap to avoid a repetition of the Switz case. I don't think there are very many assessors who relish the thought of finding themselves in the same position

ASSEMBLYMAN HAUSER: Could you possibly accept uniformity within the taxing district if it was actually uniformity?

MR. WILSON: Accept uniformity within the taxing district?

ASSEMBLYMAN HAUSER: Within the taxing district.

MR. WILSON: Well, I think uniformity in the taxing district is the real problem here. I think that's what we must have. And I think I would say, Assemblyman Hauser, that I would like to see a range even within a municipality, something to allow a little elasticity because, very frankly, we all know how difficult it is to hit precisely on the button. And we also know that, even if we were shooting for 100%, to be safe, we're not going to find 100%, we're going to find something just under, as close to it as possible, perhaps, but it isn't going to represent 100%.

ASSEMBLYMAN HAUSER: I was interested in that part of your remarks where you said no two assessors would have the same ideas with respect to the same piece of property.

One more question. If a tax convention is held, to whom should the recommendations of the tax convention be processed or given.

MR. WILSON: Well, I think obviously the recommendations should be presented to the Legislature.

ASSEMBLYMAN HAUSER: In other words, the problem must be resolved by the Legislature.

MR. WILSON: I'm convinced of that.

ASSEMBLYMAN HAUSER: Do you think possibly that, if a tax convention were held, many members of the Legislature would be delegates to the tax convention?

MR. WILSON: Well now, frankly, I don't know. I think it would be helpful if some of them were.

ASSEMBLYMAN HAUSER: Well, what I'm driving at is this, that if there is a tax convention probably the majority of the delegates would be members of the Legislature, quite naturally so, and I feel, having for 11 years represented the people of Hudson County, that the people of Hudson County who voted for me intend that I should solve this problem, as well as others, and I feel it is my duty to solve this problem, along with the others, without any reference to any delegated authority who, in turn, may re-delegate it to me - in other words, having spent 40 years in the Army, buck-passing.

MR. WILSON: Well, I certainly agree with your conclusion and I would hope that certainly all the members of this Committee would be delegates. I think the convention should be broadened, of course, to include other informed citizens, people with some knowledge of the problems.

CHAIRMAN DUMONT: Any further questions? Senator Fox?

SENATOR FOX: Mr. Wilson, may I ask you this, following up Assemblyman Hauser's thought, I believe, - With respect to a tax convention and going on the basis that it is the duty of the Legislature to solve this problem, as Assemblyman Hauser has said, when you talk about a tax convention - let's be very basic about it, - aren't you going to get into another political dog fight? How can you avoid it?

MR. WILSON: Senator, I'm not enough of a politician to be able to answer that question.

SENATOR FOX: Well now, wait a minute. That's just an easy way out. You're a man of great maturity and you have a great deal of experience and I don't think that you're naive, after listening to you, and I am going to ask you the question

with one - that's Senate Bill No. 178, I believe, - although there is one that was introduced at a later date in the Assembly by our Assemblywoman from Union County, Mrs. Mildred Hughes, -- with respect to a tax convention, it has long been held by those who represent Union County that the holding of a convention would be good for one reason, that despite all the excellent work done by the Tax Policy Commission, when their reports were rendered, they didn't have the same impact as would be gained from a convention. It's felt that when you have people who are directly instructed to resolve one problem, when they sit down in concert, something comes forth from such a body with a degree of public support that's achieved, far more in measure than you have from just a Commission that's appointive in nature. So we have always held that a convention probably could deal with this one problem and help solve it to a better degree than a Commission.

Now, there's two sides to every coin, and there's another side to this one, I'm afraid. First of all, I doubt that a convention could be called with any success prior to 1960, and that's agreed. Our Legislature is only in recess now but the bill would have to authorize election of delegates in the year following next year's general election, and that would throw it behind our time schedule, and I think we have to attend to this problem now.

Secondly, and this is said without any political rancor, I don't believe that the political leadership is present that we had in both parties back during the days when we held the successful Constitutional Convention. Political leadership of a strong nature, in both parties, is an essential element to the success of whatever any convention might bring forth because you have to have both parties absolutely sold on the idea of supporting

ASSEMBLYMAN MUSTO: While we're taking votes, could we take a vote on A-350? (Laughter)

CHAIRMAN DUMONT: I would like to call next on Mr. Aaron Neeld who, as you know, is the Treasurer of the State of New Jersey. I might add that there were a number of proposals from Legislators that Mr. Neeld should be asked to testify at one of these hearings and, to that end, I called his office on Friday and made arrangements for him to come here. He has devoted, as most of you know, 42 years to very superior service to the people of the State of New Jersey. He is held in high regard by many thousands of people throughout New Jersey and I think that, we don't have to say this just by way of paying tribute to him as his retirement approached but because of the high regard we have for him and his thinking, we should hear from him during a public hearing on this important problem. So, Mr. Neeld, if we may hear from you at this time. (Applause)

I think we are all acquainted with the fact, furthermore, that Mr. Neeld rose from - I don't like to refer to it as the lowest position but perhaps that's the way you would describe it in salary, in the Department of Treasury, to the top, in those years. Mr. Neeld.

AARON K. NEELD: Thank you Senator and members of the Committee.

I am somewhat at a loss as to how to proceed because your telephone call reached me late Friday evening and I understood that no prepared statement was desired so I am just a little uncertain as to the approach. I will, of course, be glad to submit to questioning.

Perhaps I could put on the record two or three thoughts that I did note over the week-end. Now, many of these have to do with the question of improvement in local assessment practices rather than a solution to our property tax problem because I'm wondering - well, in fact, I believe there is no solution to the property tax problem either in New Jersey or the other 47 states, including Alaska now. I think it's a process of just slow effort to improve the assessment administration at the local level because without good initial assessment uniformity and equalization are impossible of attainment.

I would like to mention two or three things that I think might help in this direction. I think, in the first place, we should have a legislative plan for revaluation in the taxing districts of the State. At the end of 1958 we will have approximately 200 districts which have been revalued since 1950. Of course, that is far less than 50% of the districts in the State and of the balance, of course, many of them are desirous of revaluation and, undoubtedly, will go through the process, first, when funds are available and, second, when services for revaluation purposes are available at reasonable cost. But there are a great many districts - in fact, I would say probably, in the final analysis, 50% of our districts are not going to go through revaluation short of a legislative program requiring it or a court order ordering it.

That type of legislation should, of course, vest in some agency the power to order revaluation in the districts in accordance with the most crying need of the district's relation to the poorest quality of assessment being considered as subject

to revaluation as the first order of business.

I believe also that it would be desirable for the legislature to provide for the annual declaration, public declaration of the common level of assessment in each taxing district in the State. The purpose of that being to provide the average taxpayer with relief where he is confronted with a discriminatory assessment.

As the matter stands now, a property owner, believing that his assessment is higher than assessments of other properties in the district, has available to him by statutory process the right to have his assessment reviewed on the ground that it is discriminatory, but he also has an insurmountable task ahead of him because he must prove, in order to obtain relief on a discrimination appeal, the common level of assessment on other properties within the taxing district. That means, actually, that even the wealthier taxpayers find it difficult to meet that requirement. So that an officially published common level of assessment for each district, each year, would established a prima facia common level which the taxpayer could rely upon, leaving to the contesting party the obligation to prove that that officially published common level is inaccurate.

Now, the Tax Policy Commission made eleven recommendations. Four of them, I believe, you might label as major recommendations. They are those which recommend that the present standard of value be retained, namely, fair market value; that real property be uniformly assessed throughout the State at 40% of market value; and then, of course, Alternative 1 and Alternative 2.

There were four other recommendations made by the Commission - I don't like to refer to them as secondary proposals because they're really as important as the four major ones, so far as improvement in property tax administration is concerned.

The Commission recommended the consolidation of taxing districts, probably on a county level; two, biennial assessments, that could be triennial or any other period that appears appropriate; three, the qualification of assessors before they take office, either through appointment or by election; and, four, a change in taxpayer compliance, so as to make the assessment process a cooperative effort between the taxpayer and the tax assessor.

Now, it has been mentioned here this morning that there is a major issue before this Committee and before the Legislature. That issue all boils down to the one question of whether we have assessment administration in New Jersey by classification or uniformity. Once that policy matter is decided, then the issues from there on narrow.

Of course, in considering the question of "Do we want assessment by classification?" we would naturally have to weigh the question of the effect on business because I think it is generally agreed, at least in the metropolitan areas of the State, that the need for classification of real property is in order to legally impose a heavier burden of property taxes upon business than upon the home owner. Now, that being so, we have to ask ourselves the question, "How far do we want to impose a burden on industry? How heavy can that burden be before we preclude new industry in New Jersey, before we restrict expansion of industry that is already here, or drive industry that is here out of the State." And, ultimately, of course, what effect any retarding of the location of industry or the continuance of industry in New Jersey would have on the economic situation in the State and ultimately, of course, upon the home owner, because without

business it is going to be very difficult for the home owner to survive.

If the decision is for administration by classification, then in all probability the burden can be shifted sufficiently to industry, or left where it is now, to not unduly harm the home owner.

I might just point out here that, to some extent, industry has profited at the expense of the home owner. While generally the assessment of real property, in the case of business real property, is higher than in the case of residential property, I think also it is pretty generally recognized that the assessment of business personal property has not maintained the same level as the assessment of either business or residential real property. That, I think, is pointed up in the Ninth Report of the Tax Policy Commission which indicates an assessment ratio for tangible personal property used in business at about 12% of book value; whereas the average level of assessment throughout the State is 28% the ratio on business real property is 38%; on homes, 25%; on farms, 15%; and on vacant land, about 20%.

So that, if personal property was being assessed at the same level as real property, as required by present State law - not by the Constitution because that is silent on the subject, but as required by State law, the burden, of course, on the home owner would be a little lighter because the ratables would be materially increased, moving the assessment on personalty up to the level of assessment on realty.

Now, in the event that uniformity is thought to be the better policy for the State -- well, just before leaving classification, of course, I am sure we all recognize that that will

require Constitutional revision and a change in the present statutes regarding assessments. Although practices over the years have been by classification, generally, nevertheless they are in direct defiance of the law on the subject and also the Constitutional provisions.

If assessment on real property is to be on a uniform basis, then we do have a problem of the shift which will take effect initially, that is, in the course of the transition period, from business realty to residential realty. And the Tax Policy Commission points out that that shift will account for approximately $64 million.

Now, in order to prevent that shift, the Commission, of course, in both Alternative 1 and Alternative 2, recommended either the assessment of business tangible personal property, other than inventories, at 40%, the same level as real property; -- I'm sorry, recommended the assessment of machinery, equipment, tools used in business, at 40%, the same as real property; and business inventories at 10%.

Now, under that plan or under Alternative Plan 2, which would have provided for a replacement tax in the nature of a 3% business net income tax, the business properties, or business as a whole, would have picked up more than the amount which it is estimated would have shifted from business realty to residential realty.

Those estimates of the Commission, I think we all recognize, are, of course, estimates, and the material behind those estimates may be somewhat wanting. Whether business personalty will be able to pick up the differential, which will take place when we assess all property uniformly, is an open question. It think at 100%

the Commission said that the increase in property taxes on business personalty would be $94 million, as against the $64 million shift which would move from business realty to residential realty, leaving somewhat of a credit on the residential property owner's side of about $30 million.

I think, in view of the uncertainty of these figures and in the event that uniformity is decided to be the better approach,- and I might say that that is my view - then it is probably desirable that there be provision for a broad based tax in order to pick up a part of the property tax load, in order to make sure there isn't a shift of the real property tax base to the home owner.

And of course, I think it is also well recognized by the Committee that any relief for taxpayers as a whole, that is, property taxpayers as a whole, must come from some new source of tax revenue and in a large volume because, again, the Tax Policy Commission pointed out in its Ninth Report that to pick up less than one-third of the property tax bill will require a 3% general sales tax with no exemptions, or a personal net income tax at one and one-half times the New York rate.

The Commission estimated that either of those would produce approximately $200 million. In 1958 our total property tax bill in New Jersey is $710,900,000. It went up $65 million in 1958 over 1957. Nobody mentions it as a new tax or an additional tax. In 1957 the property tax went up $65 million over 1956. In the last ten years the property tax has more than doubled, the average annual increase being more than $35 million.

Now, I appreciate the fact that my remarks have been disconnected because in the time I had I was not able to prepare a coordinated statement.

I would like to shift, for just a moment, to the nomenclature of this problem we are dealing with.

We hear much about fair market value as being the standard for assessment purposes, or 40% of market. I think probably, if we could distinguish between the standard of value and the standard of assessment, we might clear just a little of the ambiguity of the problem. What we really need for assessment purposes are two standard. One, we need a standard by which the assessor can determine the value of the property to be taxed. Number two, the assessor needs a standard to determine at what figure he is going to assess that property, once he knows the value.

And on the question of standard of value, I think the statement of Chief Justice Vanderbilt, in the Switz case, is about as good a statement as I can think of - I can't repeat it verbatim but, in effect, "What better standard is there than fair market value?".

Now, on the standard of assessment, we also, I think, all generally recognize the fact that it makes little difference whether it's 100% or 40% or 10%, so far as the taxpayer is concerned, other than all of the arguments that develop with respect to the effect which a change in standard of assessment would have on the liability under the Public Utility Gross Receipts Tax, veterans exemption, the borrowing power acts, and so forth and so on, also the claim that any high level of assessment would push rates down and the tendency would be for those rates to move up more rapidly than would existing high rates. All of those things, of course, enter into the picture, but I don't know of any better standard of assessment than that recommended by the Tax Policy Commission, namely, 40% of full true value, which of course,

I again repeat, the Commission recommended be retained.

I am sure that I have duplicated most of the things this Committee has heard over and over again in Trenton, Camden, and last week here in Newark. I am very much afraid I haven't added very much to the notes which you have of these meetings. I would like to offer to answer any questions which the Committee may have, but so far as observations are concerned, I think I have covered about everything that occurs to me at the moment.

CHAIRMAN DUMONT: Any questions of Mr. Neeld? Assemblyman Matthews.

ASSEMBLYMAN MATTHEWS: Mr. Neeld, I have noticed, in many of our discussions at these various hearings, a relative interchangeability of terms. I noticed that you referred to the words "fair market value" which the late Chief Justice Vanderbilt called as good a standard as any, or what better standard could there be; then you stated that the State Tax Policy Commission referred to "full true value"; I have also noticed the use of the term "taxable value" which is sort of a hybrid, I would think, between "fair market" and "full true". I am wondering whether there wouldn't be grounds for differentiation between the two terms "fair market value" and "full true value." Do you think they should properly be defined as the same?

MR. NEELD: Well, throughout the Country - and this goes for Constitutions, in many cases, and also for state laws, - you will find various references to the standard by which the assessor shall determine value for assessment purposes. Sometimes it's "market" sometimes it's "full true", sometimes it's "true" - well, they are endless. My belief is that in New Jersey there is no

MR. NEELD: Well, again I get back to the statement of Chief Justice Vanderbilt in the Switz case, - in fact, that is so specific, I would like to read it. I will just read the paragraph because the statement pulled out of context is not quite as clear as it would be otherwise:

> "All the statutes passed pursuant thereto" - he's talking there of the 1875 Constitutional Amendment - "which I shall refer to in due coursehave uniformly adhered at every level of the taxing machinery - municipal, county and state - to the standard of 'true value' ordained by the Constitution of 1844. These statutes are still the governing laws of New Jersey," then he cites them, "at the local level; at the county level; and at the state level. It is difficult to conceive of a standard of assessment for taxation more simple or more fair than the standard of assessment at true value."

And then again, of course, I call your attention to true value having been interpreted time and again, and by our statutes specifically, to mean the price a willing buyer will pay a willing seller by private contract on October 1 of the pre-tax year.

This matter of standard for valuation purposes is, of course, a very, very critical matter in the administration of the property tax, which, incidentally, is the most difficult tax ever put on the statute books to administer. And even with a clear-cut statute we have found, of course, that administration goes off very badly. Introduce any confusion as to what that standard is and then I believe we are - well, if not back, further back than where we are today.

ASSEMBLYMAN MATTHEWS: Perhaps what I'm getting at, although I probably don't want to get to it and that's why I'm so evasive here, - I'm wondering whether a definition of the use of the term "market value" with perhaps the prime definition thereof what a willing buyer and what a willing seller would pay for a specific piece of property on October 1 - but then add thereto a recognition

or a realization that no matter how you try to avoid it, there is some real property in the State of New Jersey that doesn't have a fair market value on October 1 of any given year. I say that because I have in mind, say, a piece of farm property which the farm bureau indicated might be used for farming for 150 or 200 years and yet that land for development purposes might have a possible much greater value, but actually, as far as its market value is concerned as farm land the values don't even begin to compare. I think scratching around in there might be some start of an answer to the problem.

Take again, for example, railroad property which seems to have been beaten to death in these public hearings quite a bit. I can't begin to think, in the generic term of market value, you are going to be able to say what the market value of a piece of railroad land is going to be on October 1 of any given year because, what is its value except as between railroads?

Now, I might be going off on a complete tangent, and I wish you'd stop me, if I am, but these are the thoughts in the back of my mind as far as a definition of "fair market value" and a definition of "full true value" are concerned.

SENATOR FOX: I might say that those thoughts of Assemblyman Matthews are mine too and I am very much interested in this.

MR. NEELD: Well, I'm wondering again whether we may be just a little off on our nomenclature. I was interested in your example of farm property, namely, the "Green Belt Problem". That, of course, is a problem all over the United States where farm property is changed from its best use as farm property to industrial or commercial or to residential development.

The determination of market value under those circumstances, where that change is in process, of course, is very difficult and no standard you will ever have will make the duty of the assessor any easier. That is certain. But I think maybe there are some more fundamental things here. When we speak and when the courts speak of "fair market value", they don't mean the sale price of a specific piece of property as representing the only figure at which a particular property can be valued for assessment purposes. You'll recall that the requirement of the statute is "willing buyer-willing seller." In running our sales ratio studies, we discard more transactions than we include for ratio purposes because they are influenced by one factor or another, acquisition power, that is, acquiring property to enlarge existing holdings - well, of course, there are a great many, - sheriff's deeds, transactions of husband and wife, related parties, and so it goes, sales under compulsion either on the part of the buyer or the seller. The courts, I believe, have quite uniformly held that the fair market value of a piece of property is the result of the application of three factors, one or all of three factors:

1. Reconstruction cost, less depreciation.
2. Sales price.
3. Rental income or imputed rental income.

Now, in railroad property you have only one, only one of those can be used. You can't impute an income to a transfer bridge, or to a lighterage pier, or to 300 miles of track in a particular terminal; you can only determine the reconstruction cost, less depreciation, including the functionals and the obsolescence and all of those that go into making what might be said to be a reasonable estimate of the value of that property.

CHAIRMAN DUMONT: Senator Fox.

SENATOR FOX: Mr. Neeld, I take it quite definitely that in your opinion the terms "fair market value" and "true value" are synonymous.

MR. NEELD: Yes, sir.

SENATOR FOX: May I ask you this question, also. On July 8th there was a hearing conducted by Assemblyman Matthews and the very able Tax Assessor from Newark, Mr. Hunt, made this statement, and I think he was looking at it in the over-all light: "I believe that we should have a county assessor and let's take assessing out of politics."

Would you care to give us an observation in connection with that opinion? So that there may be no misunderstanding on it, I am very much in accord with Mr. Hunt's observation. Would you care to comment on that? particularly in the light of your statement that much of your remarks deal with improvement in the method of assessment.

MR. NEELD: The recommendation - I haven't read the testimony but the recommendation, as I understood it, is that there be a county assessor rather than the individual municipal assessor, is that correct?

SENATOR FOX? Yes. I'm reading further, "I believe that assessment should be made on a county level. I believe that we should have a county assessor."

MR. NEELD: That, of course, is the recommendation of the Tax Policy Commission.

SENATOR FOX: Does that embrace your feeling?

MR. NEEDL: Well, if I were required to answer categorically, I would say yes, but there's a little more to it than that. It is

possible to have good assessment administration in the municipality, the same as it is at the county level, in many of our largest taxing districts. A county assessor isn't any complete solution to our tax problem because it's going to depend on the calibre of men, the amount of money you are willing to spend at the county level to provide the staff, the equipment, the technical experience, and, above all, the qualification of the men before they are either appointed or elected - I'm not sure how you would provide for that question. Maybe it would be by qualification or competitive examination. If you have competent assessors and an adequate staff at the county level, in a great many of our counties you will do a far better job than it is possible to do under municipal assessment, for this simple reason, that a large percentage of our taxing districts do not have sufficient ratables to employ the services of a competent assessor; his duties can be discharged in a relatively short time and within the district, as a matter of fact, there may not be a competent assessor who is willing to take the job, particularly at the salaries that are offered.

Now, consolidating the districts of a county under one assessment administration, you would, of course, in all 21 counties have enough ratables to justify the employment of fully qualified, full time, adequately paid, adequately staffed assessors.

SENATOR FOX: Thank you.

CHAIRMAN DUMONT: Assemblyman Hauser.

ASSEMBLYMAN HAUSER: Aaron, on that last point, would you, in your opinion, be willing to suggest something like we have in the school laws? The school laws permit individual school districts - I think there are some five hundred and some odd, but the law also provides for possible consolidation of school districts.

In many municipalities there is consolidation of magistrates. Would you be willing to say that compulsion on the county level is not the answer to this thing but that the law should be flexible enough that individual taxing districts can proceed on their own; and where, in such municipalities as you mentioned, there are insufficient ratables or inadequately prepared assessors or no assessor or no applicant, that the law might possibly be flexible enough to provide for a possible joint consolidation of those facilities on the home rule basis?

MR. NEELD: Oh, I think it would be, let's say, feasible, from an administrative point of view to provide for the consolidated taxing district, which would include more than one taxing district. In other words, by agreement several taxing districts comprise a consolidated taxing district, then they appoint or they elect one assessor. But as a practical matter I think the bulk of our assessors are elected. Consolidation in that area may be as difficult as consolidation of municipalities.

ASSEMBLYMAN HAUSER: Yes. We have that over-all problem and I think the expert on consolidation is here, Mr. Musto. But it seems to me - I would hate to see the taxing power taken away from the district, on the home rule basis. I would hate to see Newark, by mandatory legislation, forced in with the other municipalities in Essex County. Whereas, there might be some small municipalities in rural areas where they might welcome the opportunity to join together, as they have in school districts or for magistrate purposes.

MR. NEELD: Assemblyman, before you leave that subject, I wonder if I could make my point clear.

ASSEMBLYMAN HAUSER: Sure.

provide. No matter what the law says, you will still have the question of discrimination at the local level. Providing that property shall be assessed at 40% of its true value isn't going to make it so, just like that. You will have assessments at various levels. The taxpayer who has a high level of assessment should have the plain, adequate, speedy remedy under which he can resolve his discrimination problem. My remarks were directed at that phase, I think, more than they were on the question of uniformity on a statewide basis.

ASSEMBLYMAN HAUSER: In order to prove his discrimination, though, he would have to be strictly local; he couldn't, for example, in Hoboken refer to properties as they are assessed in Cape May or up in Newton.

MR. NEELD: Nor Jersey City.

ASSEMBLYMAN HAUSER: Nor Jersey City, correct.

MR. NEELD: Incidentally, at that point you raise another novel issue. You know you can have uniformity of assessment within a taxing district, that is, class assessment but uniform within the class; and there could be, assuming our Constitution permitted that and our statutes also, - there could be no claim of discrimination if there was uniformity within the class; yet, a statute so providing could be open to Constitutional attack on the ground that there is one other tax, in addition to the municipal and school tax, and that is the county tax, and unless all classifications, similar classifications of property within the county, are assessed at the same level, you have discrimination. So, you must have uniformity at the municipal level and uniformity at the county level because there is one common tax burden at the county level which also must be shared uniformly and with equality.

MR. NEELD: Well, they are factors required of the assessor under that measure, if enacted, in determining fair market value, but remember there is no standard there. There is no standard. Now, I say that with this thought in mind, that presently 54:4-23 specifically provides "full true value", and then the price a willing buyer will pay a willing seller, and so on. Now those are specifically eliminated by the bill, so that the court in determining this measure, if enacted, would first ask itself - well, what change has been made? It would certainly have to conclude that full true value is no longer the standard for assessment purposes, because the Legislature deliberately deleted those provisions from the law. Now, what is the standard which is to guide the assessor? There are factors here but what standard does the assessor use to test value for assessment purposes? and what standard does the taxpayer use in attacking the assessor's standard of value for assessment purposes? That is the area in which I see difficulty in determining exactly what guide the assessor has in making his assessment on real property.

ASSEMBLYMAN HAUSER: Well, Aaron, this is positively my last question: Have you any idea why the framers of the 1947 Constitution deliberately, after much discussion, left true value out of the 1947 Constitution, took it out of the old one?

MR. NEELD: Well, of course, to begin with, it was all property; it required assessment at 100%; it precluded classification. I think those are the basic things that the 1875 clause required. Now, at the 1947 Constitutional Convention there were two or three approaches to this tax clause. One of them was that the least you say, the better off you will be; if you say nothing about taxation in a tax clause, you will have written the best

Constitution, so far as taxes are concerned, that you could write; and I'm one of those who believe in that direction. Then there were the supporters of the classification principle; and then, of course, the same standard or uniform principle precluding classification.

Now, we all know, of course, why the last one was selected, at least I think we know, - in order to overcome the practice then prevailing of assessing railroad property at a standard different than that, and at a level different than that at which other property was locally assessed.

ASSEMBLYMAN HAUSER: Thank you.

CHAIRMAN DUMONT: Assemblyman Musto has some questions to ask Mr. Neeld and after that we will recess for lunch, and we would like to have you back this afternoon, Mr. Neeld.

ASSEMBLYMAN MUSTO: Aaron, I only have one question. We've discussed this problem before, and mine is rather a general question. If New Jersey were one big city, I could understand perhaps your thoughts on this uniform state standard of assessment, but since it isnt' and since every local municipality has its own problems, peculiar to itself, how could that local municipality solve those problems peculiar to itself? For example, every municipality in the State of New Jersey has a problem dealing with tax exempt property, that has been given no consideration, to my knowledge, in this study and given no consideration by the opponents of a state uniform assessment standard. I think it's quite a problem. I think there are, perhaps, many other instances - the point Assemblyman Matthews brought up before about the farm problem, the problem of the farmer, location of the types of business we have in Union City which is peculiar to our City. When you set

CHAIRMAN DUMONT: Maybe you ought to tell Mr. Neeld what you want it to do.

ASSEMBLYMAN MUSTO: I think Mr. Neeld is acquainted with the purpose of A-350 as far as the sponsors are concerned. We've discussed this before.

MR. NEELD: Well, I'm not so sure.

ASSEMBLYMAN MUSTO: We want uniformity within the district, we want a standard of value, we want local home rule.

MR. NEELD: Well, if you want all of those things --

ASSEMBLYMAN MUSTO: It's only these experts that come here that get me confused with A-350. It is rather simple to me. It's really simply, but I get confused when I hear from these experts.

MR. NEELD: Well, if you want uniformity at some level, I'm not sure what level it is, frankly, I don't see that A-350 then accomplishes anything more or different than our present full true value or fair market value standard, and if it doesn't do that then, of course, there is no purpose in the measure. But I can't conceive that the courts would so interpret it because of the specific deletion of full true value as the standard, from existing law.

ASSEMBLYMAN MUSTO: Well, you see, the trouble with A-350 in the arguments that I've heard, they either argue about the Constitutionality of it or that the sponsors are not accomplishing their principle objectives, and that, to me, is good, if you are against the bill and you're for another standard of assessment, for example; but if we're not doing the right thing to accomplish what we want, and the people agree with what we want, we can always change the method we're using. Maybe the bill should be amended, etc. But I'm always concerned with the principles of

the bill, whether the people who come before us believe in what we espouse, as far as the bill is concerned. We espouse local home rule and uniform taxing districts within the confines of the districts themselves, within the confines of Union City or Hoboken or North Bergen or Newark. I think it's as simple as that. We want to negate the Switz-Middletown decision. There's no question about that. That's what we hope to do and we would like to know whether people agree with that in principle andnot so much the Constitutionality of the bill, etc.

MR. NEELD: Well, of course, if that is its purpose, and I certainly accept your statement to that extent, I don't quite see how it could offset the effects of the Middletown case.

ASSEMBLYMAN MUSTO: That's all.

CHAIRMAN DUMONT: Mr. Neeld, I just have one question and perhaps if I ask you this then you wouldn't have to stay over unless you want to. Do you have any comment you want to make about any of the bills, A-350 or any others that are pending before the Legislature?

MR. NEELD: Maybe I better hold that over, Senator, if I could, until after lunch. I do have a couple reservations but there are five or six of these bills and right at the moment they escape me.

CHAIRMAN DUMONT: All right. We'll recess then until 2:30.

(Recess for lunch)

AFTERNOON SESSION

CHAIRMAN DUMONT: The hearing will resume and we will recall Mr. Aaron Neeld as the first witness this afternoon.

MR. NEELD: Senator, I looked over the list of bills. I don't believe I can add anything to the observations I made this morning plus what I know you are already thoroughly familiar with. I have no desire to accumulate the record beyond that necessary. If there are any questions on any of the bills I will be glad to answer them.

CHAIRMAN DUMONT: Mr. Neeld, there has been a lot of difference of opinion as to the practical effect of the Switz decision, particularly as it would apply perhaps to the position of a local assessor after January 1, 1959. Would you care to give us your opinion as to the practical effect of that decision with reference to the various tables of equalization and all of the different reports, etc. that come in from the local assessors to the county and to the State, and their dates? In other words, as to whether you think the Switz decision would actually place a local assessor in jeopardy after January 1, 1959 or at all during 1959.

MR. NEELD: Well, I would like to preface what I am going to say with a statement that, of course, is well known by most people, that I'm not an attorney so any expression on legal points are purely those of a layman.

CHAIRMAN DUMONT: Your opinions carry great weight with Attorneys, however, I can assure you that.

MR. NEELD: Thank you, Senator.

I think the statements or rather the observations of

Chief Justice Vanderbilt in the Switz case make it pretty clear that the over 900 local assessors are not in jeopardy for 1959 in view of the ultimate decision in the Switz matter.

Chief Justice Vanderbilt pointed out, in his dissenting opinion in that case, that the action was against the assessor of Middletown Township. He was the only defendant in the proceeding. And while true, as mentioned by Chief Justice Weintraub, that what was said in the Switz case is controlling throughout the State, nevertheless any attempt to enforce the ruling of the Switz case must be by separate action brought against the assessor in the municipality in which the complaint arises.

Now, I believe that local assessors have, of course, a desire to comply with the Mandate of the Supreme Court and the legislation on the subject, but they are confronted with an immensely practical problem right now. These districts are divided, as I mentioned this morning, 200 of them with revaluation in the last - since 1950, the balance of them with no revaluation program and many of them not even contemplated. So, take the first group with revalution, - as Justice Weintraub, in that case, pointed out that while many of the districts had revalued none of them had adopted 100% except Princeton Township, all had applied a ratio or percentage of full true value for the assessment standard.

So, where there has been revaluation the assessor is probably in a position to apply the principles of the Switz case at 100%, or 40% if the Legislature so directs, rather easily. But, we are now in the 1st of August, his tax role starts as of October 1 and is filed, as you know, by January 10th.

That's a point of mechanical operation in the larger cities, the development of a tax role.

Now, what level is the assessor to use for 1959, right now, if he desired to comply with the Mandate of the Supreme Court, not knowing what the Legislature will do between now and January 1 of 1959? Is he going to use 100%? Is he going to use 40%? or is he going to stick to the percentage he has?

Well, just the practical approach to the problem dictates that he stick to the percentage he has in order to avoid unnecessary expense to his taxing district because, if he has uniformity in his taxing district, through a revaluation program, actually as among taxpayers it makes very little difference whether it's 100 or 40 or some other level that he may have applied when the revaluation program was completed.

Now, as to those districts that have not been revalued, what can the assessor do about it? even if he wanted to, even if the Legislature were, tomorrow, to say that he shall assess all real property at 40% of full true value? He can't do it. As pointed out in the Switz matter, there were 12,000 line items in the Middletown Township case, district, and the assessment ratios, just one year's sampling, showed - I think there were between 700 and 800 samples - showed a range in residential ratios from 4% to 80%. The district average was 15%. Now how does he convert that role to 100% assessment?

And all through the Switz case you can see the need, as expressed by Justice Heher in the majority opinion, and Justice Weintraub in the concurring opinion, that complete revaluation is the only answer. You have to go through that first.

So, come 1959 and the assessors of 566 taxing districts

all except Middletown Township, have not gone to 100%. The question is, what type of proceeding is there that could bring the assessors' failure to act into question before the courts?

It seems to me that the assessors certainly can be required to move to 100%, if the Legislature in the meantime doesn't establish a different level of assessment, but I don't quite see how that assessor can go to jail for failure to comply with the general principle announced in the Switz matter. The action would be the same, I presume, as in the Switz case, namely, equivalent to a Mandamus compelling the assessor to assess in accordance with the provisions of the statutes. Now, when he comes in and says, "My role is such, there is lack of uniformity in the role, there has been no revaluation notwithstanding my efforts to obtain funds for that purpose and I do not feel in a position to convert my role to 100%." I just can't believe that the Supreme Court could do much different than it did in the Switz matter, namely, order that assessor and the taxing district to undergo revaluation so that the district can comply with the Mandate of the Supreme Court in the Switz case.

Now, they're a layman's views. I don't know whether that is the ultimate answer or not.

CHAIRMAN DUMONT: Very good. That's the way I feel. Senator Crane.

SENATOR CRANE: Mr. Neeld, I would value your personal opinion in this respect and I am asking just for your personal opinion - would you prefer the maintenance of a statewide standard of assessment practice or a continuance of the present almost local autonomy of assessment practices?

MR. NEELD: I prefer uniform assessment of all real property, real property only, uniformly throughout the State.

SENATOR CRANE: Uniformly throughout the State. Well then, sir, have you had a sufficient knowledge of A-350 and S-211 to at least base an opinion on them? I mean that's just a yes or no.

MR. NEELD: Yes, sir, I believe I have.

SENATOR CRANE: Well then, which bill, sir, would you prefer, either of itself or in amended form to be a vehicle for a reformation of our tax structure?

MR. NEELD: Well, I hate to be compelled to make the choice as I have a high regard for the sponsors of each of those bills. I tried to make it clear this morning --

SENATOR CRANE: Well, sitting between them I thought I'd ask the question.

MR. NEELD: I trust I won't stand between them. Senate 211 is the bill that I prefer. I think it has the possibilities of sounder results over the years than any other piece of legislation pending presently in the Legislature.

SENATOR CRANE: Would you care to amplify that in any way?

MR. NEELD: Well, number one, it retains full true value as the standard. The same standard has prevailed in the State for a great many years - that is, a standard of value.

Number two, it prescribes a standard for assessment, namely, 40% of full true value which I think are two admirable features. It makes it perfectly clear to the assessor what he's to do. It treats separately the assessment of personal property both as to business and non-business tangible personalty. As to business tangibles it provides for the assessment of all business tangibles other than inventories at 40%, inventories at 10; and as to

non-business tangibles it provides for complete exemption, namely, for household goods and effects.

I think that's a sound approach, at least as a first step in the effort to straighten out our inequitable tax situation insofar as property taxes are concerned in this State.

SENATOR CRANE: Thank you.

CHAIRMAN DUMONT: Any other questions?

Are you in accord, then, - I gather you are - with the recommendation that eventually we can provide for some other means of replacement, eventually eliminating the personal property on household goods and furnishings, - Mr. Neeld, are you in accord with the recommendation that that ought to be eliminated?

MR. NEELD: Yes, sir, providing the municipalities are saved harmless by that change because a great many municipalities do depend on this source or base of taxation.

CHAIRMAN DUMONT: Do you also agree with the recommendation that the personal property tax on business inventory should be eliminated, again with the municipalities being saved harmless?

MR. NEELD: Well, let's see if I understood the question. Alternative 1 provides a 10% tax on inventory; Alternative 2 provides a business net income tax as an alternative to be used as a replacement. Either one, I think, is satisfactory. I would have preferred Alternative 2.

CHAIRMAN DUMONT: So do I, much more than 1.

MR. HEELD: I heartily agree with that. Unfortunately, right at the moment I'm afraid that the entry of the State into the picture first may have delayed somewhat - and the present economic conditions may have delayed the possible full use of the business net income tax as a replacement for the tax on inventories.

CHAIRMAN DUMONT: Assemblyman Matthews.

ASSEMBLYMAN MATTHEWS: Mr. Neeld, since S-211 in its present form becomes applicable to assessments for the year 1959, and since the assessment date of October 1 is some 62 or 63 days away, what are your comments about Senate Joint Resolutions 12 and 15 which, you understand, are identical, to petition the Supreme Court for some sort of a delay?

MR. NEELD: Well, I feel in a very poor position to say very much about either of those resolutions. My personal feeling is that, so far as any practical effect is concerned - well, Resolution No. 15, let's say, can have very little effect, I mean in the sense of hoping that the Supreme Court will delay action in the Switz matter for another year or two years, whatever it may be.

I think the Resolution does have a very definite purpose, however, in indicating to everyone, including the courts, that the Legislature has a very serious problem here with which it's dealing as promptly as it possibly can and to the best of its ability, but that the time element is a very serious matter and one probably which is running against the Legislature at the moment.

I think the Resolution would be - getting back to the action involving the assessor who fails to do something by 1959, I would assume that there would be a use of that Resolution for the purpose of indicating the difficulties in the Legislative Branch of Government, as a defense for the assessor, one of the defenses for the assessor's failure to act, namely, until he is given standards of value and standards of assessment, and to know where the Legislature is going in both of those matters, it is

very difficult for him to do very much different that he is doing.

ASSEMBLYMAN MATTHEWS: Do you think, Mr. Neeld, as a practical matter, in your own personal opinion, that we should seek such a delay?

MR. NEELD: You mean through the provisions of the --

ASSEMBLYMAN MATTHEWS: Yes.

MR. NEELD: Oh, I guess I can see no harm in seeking the delay. That is done by Counsel every day in all forms of litigation. I believe that just an ordinary resolution declaring the problem confronting the Legislature would answer the same purpose, frankly, without requesting the Attorney General to make a special appearance before the Supreme Court for the purpose of a study in that case.

ASSEMBLYMAN MATTHEWS: Well, I'm not so much concerned, in my question, with constitutional implications or the techniques of such a request. I'm more concerned with the practical proposition - do we need the delay? Do you agree that we do, sir?

MR. NEELD: Oh, there's no doubt about that in my mind. 1959 is impossible for any mass improvement in the assessment of real property and personal property.

ASSEMBLYMAN MATTHEWS: Thank you.

CHAIRMAN DUMONT: Assemblyman Hauser.

ASSEMBLYMAN HAUSER: Mr. Treasurer, in your opinion does Senate 211 take the assessment powers away from the local assessors and the local municipalities and transfer them to the State or the State Board of Taxation?

MR. NEELD: No, sir.

ASSEMBLYMAN HAUSER: It does not. Under S-211 would the power to assess still remain with the local assessor?

MR. NEELD: To the same extent it is today, yes, sir.

ASSEMBLYMAN HAUSER: Under Senate 211, with the power remaining in the local assessor, would he have the power to set uniform rates within his own taxing district or would that power pass to the State?

MR. NEELD: That power would be exercised by the Legislature and is exercised by the Legislature in S-211 when it prescribes two things - true value as the standard of value, and 40% as the standard of assessment.

ASSEMBLYMAN HAUSER: In other words, under S-211 the power to determine the level of assessment or the ratio would be really vested in the State by legislative act.

MR. NEELD: That's correct.

ASSEMBLYMAN HAUSER: And, therefore, would pass out of the hands of the local assessor.

MR. NEELD: It never passed into the hands of the local assessor.

ASSEMBLYMAN HAUSER: Well, does the State set the ratio of values today?

MR. NEELD: No, the Legislature does, 100%.

ASSEMBLYMAN HAUSER: That's the thing that's not lived up to. That's all, right now.

MR. NEELD: I might just add, Assemblyman Hauser, of course, there's no question about it, although the Legislature has prescribed a standard of value and a standard of assessment, namely, 100% of true and market value, the assessors have not complied. I think that's at the root of all our evils today. Number one, the assessors of the different districts have applied different

ratios so there's no uniformity from district to district. Number 2, the assessor has applied a classification procedure for the assessment of real property which is not authorized by legislation. And number 3, unfortunately, the range of ratios within the various classifications is rather substantial and as a result there is a great inequity in the distribution of that heaviest of all tax burden in the State of New Jersey.

CHAIRMAN DUMONT: Any further questions? Mr. Schloeder.

MR. SCHLOEDER: Mr. Neeld, in the last series of questions by Assemblyman Hauser, where you say there is no change and the right to assess still reposes in the local assessor, I assume you were speaking about real property tax. Is that correct?

MR. NEELD: Well, I'm not quite sure of the question but I intended my answer to apply to both real and personal.

MR. SCHLOEDER: Well, what about those provisions in the act which give supervisory power or, in fact, the right to make assessment ab initio, concurrent with the assessor, that appears in S-211 - I don't have the bill right here but, in any event, it states that the Director and assessor shall make the assessment. Now, that's something new, is it not, in the law?

MR. NEELD: Are you talking about Senate 211 now?

MR. SCHLOEDER: 211, yes.

MR. NEELD: I don't recall, under Senate 211, any requirement that the Director shall make -- well, in the case of personal property --

MR. SCHLOEDER: That's what I'm talking about.

MR. NEELD: -- where the value is over $5,000, the taxable value, the Director shall make the determination as to value.

MR. SCHLOEDER: In other words, it does make a change so far as local control is concerned, S-211.

MR. NEELD: As to personal, you're right.

MR. SCHLOEDER: All right, as long as we have that clear. Now, this morning you stated or you set forth three approaches to value. Now, here's the way I say it in the report that I submitted to the Committee:

> "It has been generally recognized that there are three general approaches to value: 1. Sales price; 2. Economic factors; 3. Reproduction costs less depreciation."

Now that, except for the fact that the order is reversed, is substantially the same as yours, is it not?

MR. NEELD: Yes, assuming 2, economic factors, be the same as capitalized income.

MR. SCHLOEDER: Yes.

MR. NEELD: I wouldn't quarrel with that.

MR. SCHLOEDER: Yes, that's the same thing. Now, we agree on the approach to value, is that correct?

MR. NEELD: The appraiser's basis for full value.

MR. SCHLOEDER: Yes. Now, you said in answer to a question by Assemblyman Matthews, - you had stated in the first place, referring to the dissenting opinion of the late Chief Justice that he had used the phrase "full and fair market value" yet when you came to read the decision from the record itself, the actual language of the Chief Justice was "true value." Isn't that so? He didn't use "full and fair value", did he?

MR. NEELD: "Full true value."

MR. SCHLOEDER: Well, "full true" but he didn't say "market value," did he? in the excerpt or in the statement itself.

MR. NEELD: No.

MR. SCHLOEDER: No, he did not.

MR. NEELD: I tried to explain that by the fact that the courts had interpreted that as equivalent to, synonymous.

MR. SCHLOEDER: All right. As I understand it, you think that "true value" and "full and fair market value" are synonymous. Is that right?

MR. NEELD: That's correct, that's my understanding of the cases.

MR. SCHLOEDER: All right, now, do you at the same time think that "current market value" is synonymous with "fair market value", "full and fair market value"?

MR. NEELD: I don't know that I quite understand the question. I don't think it makes any difference as of what time you are talking about market value. Market value today is market value today; last year it may have been an entirely different thing.

MR. SCHLOEDER: Well, I mean, do you think that the Legislature or the courts have said that when the Legislature referred to "full and fair value" in 54:4-23, that they had in mind "current market value" or did they distinguish that between that and "fair market value."

MR. NEELD: I think the courts have interpreted the statute to say exactly what it provides, namely, that it is the price a willing buyer will pay a willing seller, private contract, on October 1 of the pre-tax year. Now, market value, therefore, will vary from year to year.

MR. SCHLOEDER: Well, do you think that the assessments ought to vary from year to year then, according to that? The statutory mandate --

SENATOR CRANE: Mr. Schloeder, pardon me, if I may interrupt, I would like to inject a question which I posed at the last hearing that actually these hearings are for the Members of the Legislature to gather as much public opinion as possible from individuals, and that concurrence between the individuals is more or less secondary and, actually, for my part, I would ask you, Mr. Chairman, if it is not more in keeping for us to query the witness than having him queried from the floor.

CHAIRMAN DUMONT: Well, we have no objection, in fact we have tried to encourage anybody from the audience to ask questions of a witness at any time, the only problem is, Mr. Schloeder, that it shouldn't get to the point where it's cross examination.

MR. SCHLOEDER: No, the only reason I asked that was because Assemblyman Matthews questioned -- I think the whole nub of the thing, as far as , for instance, A-350 is concerned, the whole nub of it is the recognition of a distinction between current market price and fair market price.

Now, Senator Crane is not a lawyer and we lawyers we agitate about the meaning of language which at times becomes extremely important. And I think the most important single question is the resolution of the question as to whether or not the courts when they're talking about "true value" have in mind the "fair market value" or the "current market value."

CHAIRMAN DUMONT: Well sometimes we unduly complicate language too, Mr. Schloeder.

MR. SCHLOEDER: I realize that but --

SENATOR CRANE: Mr. Schloeder, I might inject too that sometimes lawyers can't hold a candle to an editor quibbling about words.

MR. SCHLOEDER: I agree with that too, particularly the Editor of the Newark Evening News. That's a very dangerous thing for me to say but that's what I feel about it.

In other words -- well, I'm trying to find out -- for instance, let me give you something from the Hackensack Water, Mr. Neeld; it says:

> "This in itself is not a sufficient reason for an increase in valuation any more than a depression would call for a downward revision, in accordance with new market conditions thereby created, however temporary. Value fr the purposes of taxation has some measure of permancy which renders it secure against general temporary inflation or deflation."

In view of that, how can you say that "current market price" is identical to "true value" in the statute as it has been interpreted by the courts?

MR. NEELD: Well, I think if we just take that statement as it appears, and say that you don't use "current market value", what do you use?

MR. SCHLOEDER: Well, you use something which is a little different, which has a measure of permanency, something in between. That's exactly the point. That's exactly, Senator Crane, what this whole controversy turns upon. I have no objection, myself, - I'm talking now solely for myself - to "true value." I like the phrase "true value" but the trouble has always been a percentage of what? Percentage of "true". But, how imperfect! Does it mean current market value? If it does, it's bad. If it means a permanent value than runs through depression and inflation, it's good. Now, that's the distinction; that's the whole distinction. And that's what A-350 tries to do, to impose upon the assessor the obligation to recognize that these things are permanent as far as the tax assessment is concerned.

SENATOR CRANE: Well, Mr. Schloeder, my point was, and I didn't mean to offend you by my interruption and my posing a question, but I have always felt that in these hearings we wanted to hear the opinion of the person who testified and we have heard you testify and we have heard Mr. Neeld testify. Now, it's not for us to gain concurrence between you two but rather for us to reconcile in our minds exactly what you have placed before us. Therefore, I feel that continuing this type of questioning more or less splits hairs rather than helping us to get more information.

MR. SCHLOEDER: Well, it's not hair splitting in this particular case, Senator; it's vital, it's essential, it goes to the heart of the whole question. Even in the Switz case, the majority opinion, Mr. Justice Heher again points out -- for instance, let me quote from the Switz case.

CHAIRMAN DUMONT: How many more questions do you have, Mr. Schloeder? Your memorandum is already a part of the record.

MR. SCHLOEDER: Just one more. I realize that.

CHAIRMAN DUMONT: And your summary of this morning is also a part of the record.

MR. SCHLOEDER: I want to get his views because I don't think he ever saw my memorandum.

CHAIRMAN DUMONT: Well, that would not be his fault. He didn't get a contact from me until Friday about coming down here today. If you can confine it to just a couple more questions.

MR. SCHLOEDER: Yes, sir. Just one more question.

Well, of course, its really unfair, perhaps, to ask that one because really a lawyer should be asked that, and that is this: Are you aware, Mr. Neeld, that in nearly all cases where statutory standards have been set, - for instance, convenience and necessity

before the Public Utility Commission; public health, safety and general welfare under a health ordinance; or all of those standards in general terms, as a part of administrative law; that the challenge to those statements has always been that they are too broad and general and that the trouble with them is that they are not sufficiently particularized by naming the factors which go into it.

Now, in view of that fact, do you think that A-350 is objectionable simply because it names the factors which go into the making up of a general standard or the simple statement of, say, true value?

MR. NEELD: Well, I think, as I expressed this morning, I don't object to A-350 on the ground that it has various factors set up there which almost any appraiser or assessor should take into account. I object to A-350 on the ground that it is devoid of any standard of value for assessment purposes.

MR. SCHLOEDER: Well, isn't the totality of those factors the standard?

MR. NEELD: If that is so, then why do we need A-350?

MR. SCHLOEDER: Well, I have spoken at length on that, - in order to let the assessor know what factors he's supposed to take into consideration, to inform him, - that's the only reason for that.

That's all.

CHAIRMAN DUMONT: Any further questions? Yes, you're the Assessor from Fairview, is that right?

ANTHONY M. ORECCHIO: Tax Collector, sir.

CHAIRMAN DUMONT: Oh, Tax collector. I beg your pardon.

MR. ORECCHIO: I am Anthony M. Orecchio. I hope my questions will not be cross examination. I am not an attorney-at-law

MR. NEELD: Well, the State abandoned, as I think the members of the Committee know, the property tax as a source of revenue in 1945, after a great many years. It had amounted to approximately $16 million a year - a State school tax. I just have great difficulty conceiving that the State of New Jersey will ever have to look to the taxation of real or personal property on an advalorem basis to balance the State budget. Very few states resort to the property tax as a source of state revenue and none of them as a major source of state revenue. So, I just can't conceive that the state would resort to the property tax for budget balancing purposes.

CHAIRMAN DUMONT: Particularly at a time when, as now, we are trying to find ways at least to relieve the future burden, if not also the present burden, of property owners.

MR. NEELD: There is just one exception, of course. The property tax is a security for every state bond.

CHAIRMAN DUMONT: Senator Crane.

SENATOR CRANE: I have a question of Mr. Orecchio. Sir, when you testified before - will you refresh my memory, - did you testify in behalf of A-350 or S-211?

MR. ORECCHIO: In favor of A-350.

SENATOR CRANE: Then, am I to imply from your question that you feel that it's a fault of S-211 that it enables the levying of a broad based tax?

MR. ORECCHIO: No, the implication here is that I have a fear that it might be. I do not pass it over as not in the realm of reality or possibility. A mere act of the Legislature

could change the situation that now exists where, I understand since 1945, they have abandoned that position. I'm assuming, sir, that the broad based tax is objectionable to the majority of the people in the State of New Jersey and that in looking for additional revenues the State may be forced to turn to that same condition that existed prior to 1945. And I was just asking Mr. Neeld, in view of his experience, would the tendency be to go back to that position in view of the fact that we are not satisfied - or should I say, in my opinion, we are not satisfied with the broad based tax that we are contemplating.

CHAIRMAN DUMONT: Well, Mr. Orecchio, without a broad based tax I don't, personally, see how there can be much relief for the property owner in the future.

MR. ORECCHIO: Well, Senator, I have already stated my position that I think it's time that the Legislature, in all humility, consider a state lottery, state controlled lottery to take the place of a broad based tax.

CHAIRMAN DUMONT: We also have problems of law enforcement to be concerned with in that connection.

MR. ORECCHIO: Yes, sir. I agree with that and I think that the facilities and the resources that the State Government has at its disposal can cope with the situation.

CHAIRMAN DUMONT: Well, that could be argued a long time. Do you have any further questions of Mr. Neeld?

MR. ORECCHIO: Yes. May I ask Mr. Neeld - he made a statement in regard to countywide assessment at the county level by an office in the county. I don't recall whether he favored that or whether he just made a comment on it. I was wondering whether he thinks it would be feasible in a county such as the

one that I come from, Bergen County, where we have 70 municipalities, would a central office of assessment or where assessment would operate out of - would such a plan be feasible?

MR. NEELD: Yes, I think a county assessor form of property tax administration is sound for a county with the number of districts that Bergen County has. Frankly, the number of districts really makes very little difference. It's a question of how many small districts, too small to adequately administer the property tax, are in the County. I favor the county assessor form of administration.

MR. ORECCHIO: Thank you very much, Mr. Neeld.

MR. NEELD: Thank you, Mr. Orecchio

CHAIRMAN DUMONT: Any other questions of Mr. Neeld? Assemblyman Hauser.

ASSEMBLYMAN HAUSER: I just thought of the question, Mr. Treasurer, that I wanted to ask you before. Speaking of Senate 211 and the possibility of this 40% uniformity, some tax districts would lose revenue, I believe. I remember Professor Sly saying at the Trenton hearing - not the Trenton hearing held by this Commission but the open Trenton meeting before the Legislature, - and I think it's in the report of the State Tax Policy Commission, that Hudson County might lose between $6 and $7 million which would have to be replaced. My question is, also from your experience, how would my town, for example, in Hudson County be made harmless or saved whole or, as Mr. Wilson said here this morning, gradually have their pain inflicted instead of at one time, - where would that money come from, for example, to reimburse the municipalities in Hudson County by way of replacement, under this 40% or whatever other percentage might be decided on. I think you touched on that before.

assessment level; but, on the other hand, the personal property will pick up $94 million in additional taxes; so that the net increase to the home owner is about $30 million. That's at 100%.

Now, they have varying results, of course, whether you use the Alternative 1 or Alternative 2 approach, but you will have, in many of the Hudson County districts, an increase in the burden on residential property unless there is some new tax source to offset that shift.

ASSEMBLYMAN HAUSER: Then, as I understand it, in order to save an increased burden on the home owner, whether it be in Hudson County or some other county, that burden will exist unless there is some sort of a replacement tax by the State, regardless of whether it's 40% or whatever the other reduction of 100% might be.

MR. NEELD: If you want uniformity, that looks as if that's the way it will shape up. If you want assessment by classification, again, as I pointed out, I guess youcan continue to pile the burden on the Class IV property.

ASSEMBLYMAN HAUSER: Well, you see, Mr. Treasurer, I think what we are making out here is a good case for the principles of A-350; in other words, to allow the assessment locally on a uniform basis. I think you agreed before, at least, to the point that you had no objection to uniformity within a district and by having uniformity within the district and by having the so-called home rule, we will not only be saving the home owners from assuming the added burden of industry - for example, the railroads, - but we will save these municipalities in case they don't wish to overburden the home owner - and I'm referring particularly to Hudson County - from coming with hat-in-hand to

the Legislature and asking the Legislature for $6 or $7 million, which the Legislature might give this year or next year but which puts the municipalities in a very precarious position of giving up their local home rule and raising revenue for local government purposes and then applying to the Appropriations Committee, with hat-in-hand, and asking them to please give us money to conduct our local operations. In other words, we elect our local officials and give them the responsibility of government but take away from them the very life-blood and vitality of their tenure - the power to tax, - and I don't mean, as Chief Justice Marshall said, the power to destroy, but I mean the power to conduct local government with the power to tax.

I think that's the nub of the whole thing that we are fighting for in Assembly Bill 350. Thanks for the answer, anyway.

MR. NEELD: Could I ask one question, Assemblyman Hauser?

ASSEMBLYMAN HAUSER: Sure.

MR. NEELD: I think I expressed this morning my personal view that I had great difficulty in trying to satisfy myself as to what the real purpose of A-350 was, what standard it intended to create, and I believe one of the answers was that it is intended to keep things just as they are. Is that the answer or isn't it? I'm not clear on that.

ASSEMBLYMAN HAUSER: Well, Mr. Musto made that statement. I would say, first of all, that the purpose of A-350 - it is intended to overcome Switz vs. Middletown; secondly, it is a home rule bill which is intended to keep assessments within the hands of the local assessors, of course, within Constitutional limits because I don't suppose the local assessor would dare violate the Constitution; thirdly, I think when Mr. Ockford

drafted Assembly Bill 350, he was under instructions from me to put specific factors in the bill which would prevent some court or the Supreme Court from saying that the bill was vague, that no specific factors were laid down to guide the assessors. I asked Mr. Ockford to put in the bill the very things that the assessors or the appraisers might do in their assessment or appraisal of property. The bill was also designed to take out statutorily what the Constitution of 1947 took out of the 1875 Amendment to the 1844 Constitution - to remove all reference to true value or fair value. The net result would be a home rule bill allowing the local assessors to assess property on uniform assessment ratios within a municipality and without classification, because that was the farthest thing from my mind, and to do it within specific factors that would withstand a court challenge.

Now, I know you said there's nothing in the bill about a definition of value. The definition of value, in my opinion, exists in the subjective mind of the assessor as he adds up and performs the specific factors which are delineated in the bill. I think it was well stated by Mr. Schloeder before that if he performs those factors, if he does and considers the very things that are pinpointed in the bill, he will have arrived at the thing called value. And I don't think we can legislate values. I mean, that's my answer to your question.

MR. NEELD: Then I assume that the bill is intended to create one standard for assessment purposes, uniformly applied to all classes of property.

ASSEMBLYMAN HAUSER: Within the district.

MR. NEELD: Within the district - well, within every district - but we'll put that aside for the moment. That

standard uniformly applied to the four classes of property which we presently recognize in the ratio study would, of course, result in the very shift that we have been talking about, namely, from commercial-industrial to the home owner. How would you protect the home owner under A-350 from that shift? Or am I assuming something that isn't in the bill?

ASSEMBLYMAN HAUSER: In answer to that, Aaron, I would say that as far as Hudson County is concerned - and I specifically refer to the City of Hoboken - I don't think that the inequities exist that perhaps might be expected common knowledge. I don't think the railroads in Hudson County are assessed at 100%. I think you will agree with that. Can I ask you that question?

MR. NEELD: You can.

ASSEMBLYMAN HAUSER: Do you agree, I mean, with what I said?

MR. NEELD: I agree that I don't know whether they are assessed at 100%.

ASSEMBLYMAN HAUSER: Yes. Well, I think the record will show that you will agree with me that the railroads are not -- I don't mean this record here today, I mean the tax records, court records - I don't think the railroads are assessed at 100%. I don't think industry is assessed at 100%. I think there would be very little divergence or variation in assessments in Hudson County, with maybe one or two outstanding examples which, perhaps, you might know about. I don't think that there is such a wide variation between the assessment of industrial, commercial, railroad, waterfront and residential property in Hudson County. However, I know that you are more expert on that than I am. And, therefore, if the variance or the divergence does not exist,

then the so-called shift of burden from industry, commerce, business, railroad and waterfront, to the home owner would not be as great under A-350, for example, with local home rule as it might be under Senate 211. What we want in Hudson County is to keep the State's hands out of our local assessment problems until such day as the State gives us the money to operate our municipalities And if that day comes, that the State is going to pay our local governmental expenses, then we are willing to turn our local assessment problems over to the State, and that will be the day that you can abolish all the municipalities in the State of New Jersey and kiss them goodbye.

CHAIRMAN DUMONT: Any further questions of Mr. Neeld? Mr. Orecchio.

MR. ORECCHIO: May I pose one more question, sir?

CHAIRMAN DUMONT: If you can just hold it to one, because we still have more witnesses and more material to put in the record.

MR. ORECCHIO: In view of Mr. Neeld's knowledge on this matter, I assume that he is familiar with site taxation.

CHAIRMAN DUMONT: With what?

MR. ORECCHIO: Site - s-i-t-e - taxation.

CHAIRMAN DUMONT: S-i-g-h-t or s-i-t-e?

MR. ORECCHIO: S-i-t-e.

CHAIRMAN: All right.

MR. ORECCHIO: I'm referring to a statement made by Mr. Tucker in the publication known as The Self-Supporting City, in which he says: "There is a simple remedy. Transfer the tax load from building to land values. This will restore to

owners what is justly theirs, enabling many to derive a profit from holdings not even earning tax cost today, and it will increase the site value, not sales prices but true value measured in earning capacity." I was wondering if Mr. Neeld would want to comment on that.

CHAIRMAN DUMONT: Is this a question or a statement?

MR. ORECCHIO: I'm asking Mr. Neeld's comment on this statement, as to the feasibility of site taxation as, I understand, it is used in part now in Pittsburgh and has been used in Scranton.

CHAIRMAN DUMONT: Well, we'll leave it up to Mr. Neeld whether he wants to answer that or not.

MR. NEELD: I don't think I can add anything to the record in attempting to answer that question. Of course, that is a tax plan that has limited application but I do believe, in view of the highly industrialized nature of property in New Jersey, that we could not possibly revert to a single land tax program. The burden would be impossible on vacant land. But that's a long story and I don't think I could give you an adequate answer right off-the-cuff.

CHAIRMAN DUMONT: Any further questions, now?

Mr. Neeld, we thank you very much for coming over here, particularly on such short notice, and I know I speak on behalf of everyone in the Legislature and otherwise when I say that we are deeply regretful about your retirement, despite the fact that it is completely - and particularly because of the fact that it is completely voluntary retirement, which makes it much more regretful. We do hope that you will have many years of happiness

and management.

The first big trial and test of this was in Montreal and is now being carried out in Dade County in Florida and in the areas around Cleveland, Ohio. We believe that the future must bring about some method of this type so that some portion of existing taxes can be distributed for this purpose in order to relieve the bedroom communities.

I might say that we are very much in favor of the continuation of revaluation of our communities in the State of New Jersey. I think we have seen evidence that the revaluation that has gone on in some of our communities has done a good job in those communities and assisted in improving the tax situation.

We also think that these revaluations are best done by what we might term as professionals, and we think there is no difference between assessments, practically, than there is between appraisals and I think that it's recognized that the appraisal of property is now and has been in the past on a professional basis. Therefore, you can have a definite standard for this work.

We are in favor of the uniformity, some uniform system in assessments with standards of formulas for local assessors. We feel that this is needed, particularly in our rural and suburban areas. Our industries are moving out into those areas, coming before assessors which we believe have not had enough experience to cope with these new problems and that they should be assisted - this is not a criticism of them - but they should have the assistance of some system that will aid them in doing a realistic and modern job.

We are also looking forward to tremendous progress in the building, both industrial-commercial and residential, and in the

things that we know are immediately in the future. Without some formula or standard system of assessing, we are quite sure that the present systems and present personnel are going to be up against a real problem.

I might say that, on behalf of industry, we don't object to percentages of assessed valuations relative to the tax levied against them; we do feel very definitely, of course, that that percentage should keep as much of the tax dollar in the local community to serve it, because it is now in trouble in many of its departments, and perhaps also with the thought of not increasing their borrowing power to the point where it could be possible that municipal bodies could go completely hog-wild with some temporary wish to spend a lot of money.

I think we recognize this to be a very difficult problem, but the matter of statewide, national, and authority services going through communities and taking away from them the taxable properties - we feel that somewhere in the new picture something should be done to relieve, at least, the community for the loss of this income. That can be quite serious.

I think we have currently - it shouldn't be considered currently but it has now come to the forefront - a new problem of our elderly which we have taken the liberty to rename and call the problem of our senior citizens. We are all familiar with the fact that this population of senior citizens is growing tremendously and I think we must consider some assistance to them in the State of New Jersey or we will lose them all to some other place. And we find, very definitely, that there is a desire for these people to stay in certain parts of our State and, therefore, perhaps consideration should be given them on some form of tax

relief if they are beyond a certain age or tied in with some type of retirement income formula.

Now, we talk about taxes and relief on residential properties. We are not quite naive enough to believe that this can be done very easily, without some assistance, and we have stated this before to the Legislature, that that additional assistance probably must come from a new broad based tax which will give to municipalities the additional aid in those areas in which they are in trouble, principally schools. And we are in favor of a modified sales tax to do this job. We do think that a sales tax would be very greatly objected to but maybe not quite so much so if it could be established with a provision that certain portions of this tax could be earmarked. I think the citizens themselves feel that to just promote the tax and then not have it reach the places in which they are interested would not bring sufficient support.

That is our feeling on the general situation and we hope that you will take these points into consideration in any legislation affecting tax. Thank you.

CHAIRMAN DUMONT: Any questions of Mr. Wright?

How large an organization is yours, Mr. Wright?

MR. WRIGHT: We have 1600 members throughout the State.

CHAIRMAN DUMONT: All over the State of New Jersey.

MR. WRIGHT: Yes, sir.

CHAIRMAN DUMONT: Any further questions? Any questions from the audience?

Thank you very much, Mr. Wright.

MR. WRIGHT: Thank you, Senator.

CHAIRMAN DUMONT: Mr. Hirschberg, Town Attorney for West New York.

SAMUEL L. HIRSCHBERG: Senator Dumont and Members of the Legislative Committee: The Town of West New York has within its confines property of home owners amounting to an assessed valuation presently of about $10 million. We feel that the burden of taxation for these home owners should not be increased. We hold the view that Assembly Bill No. 350 contains a proper standard as a guide to the local assessors for the assessment of properties. The various factors set forth in the said bill, in its totality, in our opinion, establishes a proper and lawful standard of value as a guide to the local assessors.

The reference made by Mr. Neeld to the factors that go to make up a determination of proper value by the assessors, namely, reconstruction cost less depreciation and obsolescence, sale price and income, we respectfully submit that those factors are contained in and set forth in Assembly No. 350 when it expressly makes reference to the cost of improved property, the replacement cost less depreciation and obsolescence, and the selling value and the rental value.

We submit, therefore, that the factors presented to us by Mr. Neeld are contained in this bill.

I believe that Mr. Neeld conceded that the enactment of Senate 211 would result in a shifting of $64 million of assessments to the home owners or a net increase of $30 million. So that, Assembly Bill No. 350 will not have the effect of increasing to the home owners their burden of taxation, we, therefore, respectfully submit and take the position that in the interest of

the home owners of West New York, whose assessments amount to about $10 million, under Assembly Bill No. 350 there will be no additional burden shifted to them and we urge the passage of No. 350, by the Senate, and its enactment into law.

CHAIRMAN DUMONT: Any questions of Mr. Hirschberg? Any questions from the audience?

Thank you very much, Mr. Hirschberg.

The next witness is Mr. Lawrence Jones, President of the Union City Rentpayers Association.

LAWRENCE JONES: Mr. Chairman, Members of the Committee: The name is Lawrence Jones, President of Union City Rentpayers and Tenants Association, speaking on behalf of the Bayonne Tenant Organization, the Jersey City Tenant League and the one which the speaker is associated with.

Gentlemen, I think that A-350 must warrant your complete and serious consideration for the following reasons:

The shifting of a tax burden to the public for the home owners and tenants, who must in turn bear this shift of taxation to multiple units as well as individual home owners, are unfortunately in a very precarious position at the present time due to inaction on the part of the Senate of this State to protect this section of the public from the speculative activity in the real market, which is the subject and base which you are considering legislation for.

I have heard the Treasurer of this State indicate that true value could also have snyonymous labels. So, gentlemen, you are probably faced with the same dilemma that the average citizen is faced with. Each of three different cans contain peaches and

three different points of view puts three labels on those same peaches.

I have heard professional gentlemen, who have come before you, say that they have had their towns revalued and they don't feel that even that revaluation is true as of the present date.

I have heard some professional gentlemen ask for guidance on a formula, a base. That base, I think, the Treasurer of the State of New Jersey has indicated and which is outlined in A-350 is only part of the factors to be considered by professional appraisers. I am not naive enough to think that any gentlemen who has posed a question to the sponsors of either of the two bills that are of importance, S-211 and A-350, that they want a simple high school boy's formula to be able to appraise real property in the State; that somebody in the Legislature should spell out sin or the basic value for a given piece of property uniformly throughout the State. I don't think that any thinking person would ask you gentlemen to perform such a miracle.

However, taking into consideration some of the quotations by the respected members of the Bar who are considered tax experts, as well, the interpretation appears to be not current market values, not the hypothetical question or presumptive question - who will sell what to whom and supposedly both being willing. These gentlemen I believe, and in my repetition I also plead guilty of taking your time unnecessarily. Presumption is not what you gentlemen on the Committee are interested in. So, if you will review the actual, factual terms that have been presented to you, namely, number 1, a fair market value; 2, the proponents of classification which would have to come at a later date, perhaps rather than as classification in the name of

should any constitutional questions arise, exercise everything within your power to bring about complete clarification and leave established home rule, the healthiest thing that is American. Thank you gentlemen.

CHAIRMAN DUMONT: Any questions of Mr. Jones? Any questions from the audience?

Thank you, Mr. Jones.

Senator Crane has a statement.

SENATOR CRANE: This is a clarification of my remarks this morning, and it's very brief, but I do think that it should be contained in the record.

First of all, since the approval of the convention approach, which we have discussed, requires a public referendum and, following that, an election of delegates to such convention, we are actually beyond the point of taking the proper legislative action this year to accommodate the program. I didn't mention, this morning, the referendum requirement and that's what I wanted to set forth more clearly so that we would have the process in mind.

And secondly, in speaking this morning, I referred to the benefits of public education to be gained from a convention. I have always felt that this was the most essential tool to effect a change. However, I concede that these four public hearings have had much the same impact by engendering discussion in the public press and over the back yard fence. Thus, I do not feel personally discouraged by any lack of action or accord on a tax convention program.

I agree with those who have spoken regarding our tax structure, as being somewhat of a patchwork quilt and actually

Another letter from Lloyd P. Koppe, Chief Clerk of the Board of Assessors of the Township of Scotch Plains, dated July 11, 1958. (See following pages)

One from the Edison Taxpayers Association, Inc. of Edison, New Jersey, dated June 25, 1958. (See following pages)

There is copy of a statement here from A. E. Weiler, Assessor of Maplewood, which he made in detail at the - which he would have submitted in detail - I believe we put it in the record a week ago. That is already in the record along with his summary. His summary deals with his viewpoints on all of the bills pending before the Legislature at the present time. He also adds at the end that"A sales tax is the only solution in aiding the homeowner from his ever-increasing burden. This is the thought of a Republican from Essex County."

Now, Assemblyman Matthews has a letter which he wants to include in the record. And I just want to make sure of one more thing - did we include last week, or was it by indirection, this copy of the minutes of the public hearing which you conducted on July 8?

ASSEMBLYMAN MATTHEWS: No, I didn't include it.

CHAIRMAN DUMONT: Well, this is a very valuable cross section of opinion from Essex County and I think it would be wise if we had it in the record. It will make the record somewhat more extensive but also give us a better idea, particularly from Essex County.

SENATOR CRANE: I think it should be noted, Mr. Chairman, that this transcript which we were furnished was objected to by certain persons who were witnesses before the Committee and we have offered them the opportunity to make any corrected statement, if they so desire.

JOHN J. DICKERSON
54 E. OAKDENE AVENUE
PALISADES PARK, N. J.

July 17, 1958

Hon. Wayne Dumont Jr.
Committee on Revision and Amendment of Laws
of the New Jersey Senate
State House
Trenton, New Jersey

Dear Senator Dumont:

In your Committee's consideration of the problems arising from the Middletown Township case, it would appear to me that two points should be paramount: (1) the solution should be as simple and direct as possible; and (2) it should not bring into being new problems which would, in effect, make the cure worse than the disease.

The quest for tax equalization arises from three needs:

1. That property within a taxing district be assessed equally.

2. That each municipality pays its fair share of the county tax.

3. That there shall be equality in the distribution of State school aid.

Points 2 and 3 presently offer no problem because of the county tax equalization programs and the State school aid formula.

The problem, then, is Point 1.

The State Constitution requires that property be assessed according to the same standard of value, and leaves to the Legislature the determination of what that standard shall be. Clearly, in my judgment, what is called for here is the same standard of value within a taxing district, because to go beyond such a requirement would perform no useful purpose.

Aside from the constitutional problems involved, we are getting along well enough under our present system. I think I can say without the slightest fear of contradiction that any drastic departure from the present system will result in confusion and, in many instances, severe hardship.

Does not the simple and direct answer which the circumstances demand lie in an uncomplicated legislative enactment which would establish each of the 567 municipalities of New Jersey as a separate taxing district

Campbell SOUP Company

CAMDEN 1, NEW JERSEY

OLIVER G. WILLITS
CHAIRMAN OF THE BOARD

July 17, 1958

The Honorable Wayne Dumont, Jr.
Chairman, Senate Committee on
Revision of Amendment of Laws
701 Hillcrest Boulevard
Phillipsburg, New Jersey

Dear Senator:

Campbell Soup Company would like to take this opportunity to present its views on the pending legislation concerning the assessing and taxing of real and personal property before this Committee.

At the outset, we believe it essential that this Committee recognize that only so long as business and industry in New Jersey remain healthy can all of its citizens enjoy continued prosperity and growth. It is business and industry which sustain the status of New Jersey as one of the most prosperous states in the union. Campbell, as one example, employs in New Jersey nearly 6,000 people, most of whom live and own homes, buy products and spend their salaries in New Jersey. In addition, Campbell buys ingredients from hundreds of farmers and suppliers throughout the state. Our products are carried by New Jersey trucks and railroads, and they are sold by retailers throughout the state. Each industrial concern in New Jersey has its own widespread influence on the state's economy. The future tax climate of New Jersey will have a profound impact not only on new industries coming into the state but on industries such as our Company which are already here.

Besides its operations in New Jersey, our Company has plants in Arkansas, California, Georgia, Illinois, Indiana, Maryland, Minnesota, Nebraska, and Ohio. New Jersey is the only one of these states that imposes upon industry all three of the following taxes to a substantial degree: (1) business inventories tax; (2) income tax; and (3) franchise tax.

Each segment of our economy should bear its fair proportion of the state and local tax burden. No one group should be compelled to pay more than its share. In accordance with these principles, we concur with the views of the New Jersey Manufacturers Association which were presented to your Committee on June 30, 1958 as to the most equitable solution to the problem of assessing and taxing real and personal property in New Jersey. This solution would require the following:

1. The assessment of business and industrial property should be based upon the same standard of value as all other property. This is the only way to have

fair and uniform taxation as required by the State Constitution. There is no reason for the real estate of one type of taxpayer to be assessed at a different ratio than the real estate of another taxpayer.

2. Household goods, and business and farm inventories should be exempt from taxation as property. We concur with the conclusion of the Commission on State Tax Policy in its Ninth Report that business and farm inventories and household goods should no longer form the basis for a property tax. This tax can no longer be supported on either theoretical, equitable or administrative grounds.

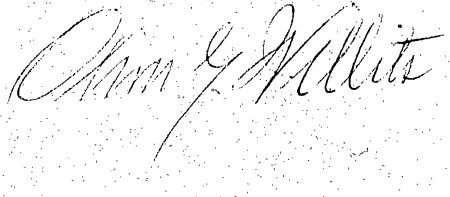
3. Business machinery and equipment should be assessed at a ratio lower than that of real property, the ratio to be determined after a more intensive study. Business machinery and equipment because of its inherent characteristics is different from real estate, and this fact should be given recognition.

4. If it is necessary to have additional revenue, it is suggested that the possibility of a limited sales tax be explored. We believe that the people of the State of New Jersey are now politically mature enough to recognize that a broad base tax, such as a sales tax, is an equitable means of obtaining any necessary additional revenue.

For New Jersey industry to remain competitive, it is imperative that it pay no more than its fair share of taxes.

We would appreciate your reading this letter into the records of the hearing to be held at the Newark City Hall Council Chamber, Newark, New Jersey, on Monday, July 21, 1958.

Very truly yours,



OGW:ijg

cc: State House, Trenton
Honorable Robert C. Crane
Honorable Donald C. Fox
Honorable Harold W. Hannold
Honorable Charles W. Sandman, Jr.

Mr. Chairman Dumont and Members of your Committee:

I feel that the directive of the Court should be complied with by every municipality in our State. Many municipalities have already completed such a program and others are in the process of doing it. If all municipal officials had started soon enough they could have completed the revaluation programs in the time alloted by the Court. In my opinion those municipal officials who have not, at this late date, made plans for a revaluation program are shirking their duties to the taxpayer. These aforementioned elected officials are attempting to evade the issue by leaving it up to the Legislature.

I will be the first to admit that taxes are a complex, unsavory, and an explosive political subject. However, we must, as responsible individuals, face up to the facts. We have x dollars to raise and they must be raised in an equitable manner so that each individual pays his fair share of the budgets.

A limited state sales tax of 2% or 3% is the only solution. Food, medicine, and essential clothing should be excluded. I can foresee little opposition from the average retailer, since he is already collecting what amounts to a 10% sales tax for the Federal Government. The retailer and his employees are familiar with the procedure and bookkeeping necessary to collect and remit such a tax.

The bill for the sales tax should be so written that at least 75% of the money raised should go back to the municipalities for school support. The school tax burden couldthen be reduced considerable. I also feel that the personal property tax on individuals should be removed. It is difficult to administer and not equitable.

Respectfully yours,

Milton H. Cunningham

MILTON H. CUNNINGHAM, MAYOR
BOROUGH OF HIGHTSTOWN

home owner to bear. The Constitution should be amended to permit adjustments by local officials.

But a Constitutional amendment may be considered later. What is needed now is immediate repeal of that portion of Chapter 54 which requires that "all property, real and personal, shall be subject to taxation annually at its true value."

/s/ Wm. J. Conway

July 20, 1958

BOARD OF ASSESSORS

TOWNSHIP OF SCOTCH PLAINS

NEW JERSEY

July 11, 1958

Senator Wayne Dumont, Jr., Chairman,
Senate Committee on Revision and Amendment of Laws,
bills and resolutions dealing with 100% assessments,
Middletown Decision and local property tax matters.
Trenton, New Jersey.

Honorable Sirs:

Along with any revision in the assessment laws, the matter of certain standardized practices and principles should be accorded careful consideration, to the end that a clarified and equitable result may be obtained. Your committee will no doubt be burdened with numerous and conflicting suggestions, and the suggestions and topics which follow are advanced as briefly as possible. They are only intended as initial ideas, formulated as the result of first hand experience rather than theory.

100% Assessment - Middletown Decision.

Scotch Plains may be considered to be in a somewhat fortunate position, in that we have completely revalued as of 1957, and any ratio determination can be readily complied with. However, it appears that continuing changing values make a 100% basis difficult to maintain. It is therefor felt that taxing districts which have not revalued since 1950 should be required to do so within a period of (5) years, with the continuing use of the ratio study conducted by the Local Property Tax Bureau.

Household Personalty.

This tax should be abolished, but simple abolishment would place an added burden on the Real Property owner. Some means of substitute tax or assessment for families in excess of one should be considered. This may be based upon:

a) Classification of building according to Assessors Appraisal Manual.
b) Minimum tax or assessment per apartment or multi-family unit.

Business Personalty.

This tax should also be abolished in the entirety, since, like Household Personalty, the Assessor cannot equitably determine a fair valuation. A substitute method of taxation may more equitably be applied, based on:

a) Incorporated Businesses - a study into the advisability of using Corporation Franchise Tax Returns - Lines 15,16,17 Schedule A (Page 2, 1958 Return).

b) Unincorporated Businesses - to be reported to the State of New Jersey on forms similar to that now required by the Assessor in Pursuance of Title 54, Chapter 4, as amended by Chapter 163, P.L. 1945.

c) The State to submit to the Assessor a list of valuations within his Taxing District; tax bills and collection to be somewhat as at present. The Assessor to maintain and advise State all business establishments as at a specified date.

Veterans Exemption.

A more equitable and practical exemption would appear to be a dollar figure throughout the entire State. The average now being about $42., it is suggested a $40. deduction by the Tax Collector, but shown on Tax List for County purposes. This $40.

could be divisable between Municipalities as at present.

Annual Tax Bills.

It seems that a very great public service could be accomplished through the medium of annual tax bills payable in four equal installments. Current practice of estimating first half and adjusting on second half tax bills appears confusing and unfair. This should be possible by means of change in fiscal year, or assessing day (currently October 1.).

Assessors Functions.

A few comments regarding the Assessors function, practice and qualifications follow:

a) Quality is best obtained through Appointment.
b) A Board of Assessors is more desirable than a single Assessor.
c) Minimum qualifications should be established.
d) Tenure of office is desirable.
e) Adequate compensation is necessary.
f) Standards of minimum necessary office equipment and clerical help.

The tax list should be compiled on a two or three year basis, rather than annual as at present. Adjustments by means of Added Assessment, Partial Assessment and results of Tax Appeals and Petitions to the County Tax Board could easily be accomplished to maintain an accurate, up-to-date total valuation.

General.

It is obvious that the complications of assessments and taxation are practically endless. It appears that tax relief is desirous by everyone, and since the cost of education is by far the biggest item, relief must be obtained in this catagory. Since education is unquestionably a problem concerning the entire nation, it seems that Federal Aid through income tax might be an answer. This could be accomplished by means of long term financing of needed new facilities, interest free, to the School District. Indirectly, the interest cost to the government, which is at a minimum cost or interest coupon, would be included in the Federal Budget and in the long run to the taxpayer according to earned income. Present financing for existing school facilities might be refunded along similar lines. This is, of course, far-fetched and theoretical, and concerns every State in the Union, therefor not an easy problem to resolve, but the approach appears worthy of further pursuance.

The foregoing, in many instances, may not be pertinant to the immediate issue, but the involved nature of Taxation and Assessments calls for the consideration of related factors no matter how remote in appearance.

Should any amplification of of the contents of this letter be desired, I will be happy to co-operate to the extent of my ability.

Yours very truly,

Lloyd P. Koppe

Lloyd P. Koppe, Chief Clerk.

EDISON TAXPAYERS ASSOCIATION, Inc.

EDISON, NEW JERSEY

June 25, 1958

The Hon. Wayne Dumont, Jr.
701 Hillcrest Blvd.
Phillipsburg, New Jersey

My. Dear Seenator Dumont:

The Board of Directors of the Edison Taxpayers Association wishes to urge adoption of statewide 40% assessment of real property, as recommended in the Ninth Report of the State Tax Policy Commission.

We strongly urge the assessment of property at 100% as an ideal to be reached as soon as possible. Because of the delay by the New Jersey Legislature in enacting equitable tax assessment legislation, we support the recommended 40% ratio as a temporary and emergency measure to comply with the Supreme Court mandate requiring uniform assessment by 1959.

We also urge the repeal of personal property assessment of home owners since it is grossly unjust. In Edison, personal property tax is levied on the on-the-premises home owners, while rental property(residential) is exempt.

Thank you for any consideration you may give our requests.

Cordially yours,

Wm. C. Schadewald

William Schadewald, Pres.
6 Willow Avenue
Metuchen, New Jersey

Copy to New Jersey Taxpayers Association

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CEnter 9-4866 627 Bloomfield Ave., Verona, N. J.

July 16, 1958

Honorable Elmer M. Matthews
744 Broad Street
Newark, New Jersey

Dear Assemblyman Matthews:

I have been unable to find past correspondence covering my suggestions looking towards a solution of the present tax dilemma, so I shall endeavor to set them down here.

It appears to me that the difficulty existing with controversial clauses in the constitution such as "True Value" and "Same Standards of Value" lies in their lack of definition. "True Value" has been defined by the courts for many years, as you well know, as the price paid by a willing buyer to a willing seller, etc. In other words this is market value. Theoretical market value of a property until it is sold, is largely a matter of judgement. If for the purpose of assessment properties were valued on standards already established, then at least a large portion of the errors of judgement might be removed.

My proposal would envisage the use of established figures issued by one of the companies specializing in these matters, such as Dow Service, who publish figures covering the cost of labor and materials for definite past periods of time and for various locations. When a house is cubed up these service cost figures would be used. We would thus obtain the reproduction cost as of the date of the figures being used. I would propose that all properties be assessed as of 1955 until 1960 figures are available. Then all properties should be completely reviewed and revised, and every five years thereafter. This might tend to keep assessment rolls up to date and to enforce current operation on an otherwise lazy assessor's office.

I recognize of course that there are many loop holes and there still will be a great many times when judgement must be exercised, for example - the areas of depreciation. However, as the basic revaluation program depends largely on the cubing of the house and the application of proper material and labor costs less depreciation figures, plus land value, we have considerably narrowed the possibility of large errors in judgement by using specific rather than unknown quantities for some of the items. Perhaps if this were spelled out by proper legislation a serious change in existing statutes might not be required.

I do trust that this is the information you desire and hope that it may provoke some thinking toward a solution of the problem.

I was impressed by the orderly hearing and the amount of ground that was covered last week. Our problem is a very serious one and it must be solved. Someone or some group of persons must spend a great deal of time and thought on the matter, but an answer must be determined shortly. More power to you in your efforts to find it.

Cordially yours,

Donald G. Lockward

DGL/hl

CHAIRMAN DUMONT: Is there anybody else who desires to make a statement at this time. Yes, sir. Will you come to the microphone, please.

JAMES J. CARROLL: My name is James J. Carroll. I am a resident of Hudson County and I am here to say that I favor the passage of the Musto-Hauser A-350 bill. As a war veteran and a founder of the Catholic War Veterans, I am strongly in favor of the passage of that bill.

CHAIRMAN DUMONT: Thank you. Now, are there any questions of Mr. Carroll? Thank you, sir.

Does anybody else desire to make a statement?

Well, I might say, before we terminate these public hearings, because we haven't had any requests to go elsewhere in New Jersey - we had one hearing in Trenton, one in Camden, and two in Newark, and there seems to be no necessity for holding public hearings elsewhere but we stand, as we did at the beginning, ready to go to any other section in New Jersey if requests are forthcoming.

Assemblyman Hauser.

ASSEMBLYMAN HAUSER: I would like to say, not as a member, naturally, of the Senate Committee on Revision and Amendment of Laws, as Democratic Assemblyman from Hudson County for the last 11 years and as co-sponsor of one of the bills under consideration, that I would like to compliment the Chairman of this Committee, Wayne Dumont, and his colleagues, Senators Fox and Crane, for having performed what I consider a distinct public service in bringing this vital question of taxes before the public, bringing it to the public and giving everybody an opportunity to be heard.

I think the procedure used by this Committee in this vital question has accomplished more than, let us say, the report of the Tax Policy Commission or any of their reports, or any other similar commission which has held meetings and published its reports which have not become available to the public. And my highest praise goes to Senator Dumont and his colleagues here, Senator Crane and Senator Fox, for this very, very distinct public service.

CHAIRMAN DUMONT: Thank you very much, Fred.

I might add one more thing before we adjourn and that is that Senators Crane, Fox and myself, are to meet with Governor Meyner on this topic on Wednesday afternoon of this week, July 30th. In conversation with the Governor on another matter which had to do with appointments, recently, I mentioned that we would like to confer with him in regard to this problem, after the public hearings had been completed. Since we will be in Trenton, the three of us, on Wednesday, anyway, for a water meeting, we will meet with him that afternoon.

I would also like particularly to thank the Assemblymen who have been here with us, who have participated and who are not only interested in this problem, vitally interested, but who also have given us a great deal of cooperation and help and we are deeply grateful for their assistance, - Assemblyman Fred Hauser, William Musto, from Hudson; Assemblyman Elmer Matthews from Essex. I believe there were other representatives from the Assembly in Trenton with us at the first hearing and others who were with us, in addition to Senator Cowgill, when we were in Camden; and we have had representatives of the Senate

from time to time and we are grateful to all the Legislators but particularly to Assemblymen Hauser, Musto and Matthews for what they have done to help us get your viewpoints, as well as theirs, and we thank you particularly, the people of the State, for your very valuable contribution, and hope that all of us together can come up with an answer.

I also want particularly on behalf of the entire Committee and all the Legislators here to thank Anne Hart and Jane Brown for the very confining job that we have imposed upon them and, believe me, it has been confining to them for a month now and probably for several more days until they start on their vacations, which they can hardly wait to get. Also George Harkins, our very able Sergeant-at-Arms of the State Senate, who has helped us in every hearing;and likewise the people of the City of Newark for making these arrangements possible to us.

Thank you very much.

(Hearing concluded)

MEETING OF THE TAX ASSESSORS AND

MUNICIPAL AUTHORITIES

of the

COUNTY OF ESSEX

TO DISCUSS PENDING

LEGISLATION CONCERNING THE

ASSESSMENT OF REAL PROPERTY.

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Freeholders' Room,
Hall of Records,
Newark, New Jersey,
July 8, 1958.

MEMBERS OF THE GENERAL ASSEMBLY PRESENT:

Hon. ELMER H. MATTHEWS, Chairman of the Meeting.
Hon. MARTIN KESSELHAUT.

MEMBERS OF THE ESSEX COUNTY BOARD OF TAXATION PRESENT:

Commissioner MAURICE SHAPIRA, President,
Commissioner JAMES W. KELLY, JR.

---oOo---

George S. Covel,
Certified Shorthand Reporter.

Mr. O. Warwick Telfair, Tax Assessor, West Orange

Mr. Louis Lando, Tax Assessor, West Orange

Mr. Harry A. Johnson, Tax Assessor, West Orange.

CHAIRMAN MATTHEWS: Suppose we start to get under way. First of all, I would like to introduce myself. I am Assemblyman Elmer Matthews, one of the Assemblymen from Essex County. I am from South Orange.

On my left is Assemblyman Martin Kesselhaut, from Newark. He is the Chairman of the Assembly Revision and Amendment of Laws Committee.

On my right, of course, is Commissioner Maurice Shapiro, the President of the Essex County Tax Board.

Senator Donal Fox, our Senator from Essex County, plans to be with us this morning, but apparently the Courts come first. They put a case down for trial this morning at ten o'clock. He promised he would be here as soon as he could get away.

Now, first of all, I would like to thank all the assessors and municipal officials for coming out on this very, very hot, humid morning. I think it is a real tribute to all of you, the interest you are showing in a problem that is giving not only yourselves and your municipalities, but your Legislature quite a problem. Next Monday the Senate Committee on Revision

and Amendment of Laws is holding a public hearing here in Newark. This public hearing will be held in the City Council Chamber in the Newark City Hall.

MR. THOMAS E. HUNT: I think the date is wrong. It is Camden next Monday, on the 11th, and I think the 21st is Newark.

CHAIRMAN MATTHEWS: Well, it is Monday, the 21st.

That room is not air-conditioned the way this one is. I understand, though, that Mr. Hunt has a copious supply of fans there, so we are going to try to make it very comfortable for you all.

As I indicated in the telegrams, this meeting is to explore a possible Essex County position on the various bills that are before the Senate and the Assembly at this time. Now, on relatively short notice, I tried to place into everyone's hands copies of the various bills which are pending and which have been the subject of recent public hearings. I hope that everyone did receive copies of those bills. If you did not receive copies and you would like to receive copies, I would like you to go forward to that sign-in sheet that we are using and mark that fact

next to your name, and I will arrange within the next two or three days to have copies of those bills mailed to you.

Now, the way we are going to conduct this hearing this morning, because of the date and because of the heat, is really informally. I would like everyone to feel free to give forth any views that he might have; I don't want anyone to feel that he is committing his municipality to any one position. I think that the best way for us to do something constructive this morning is to give our own personal ideas on this assessment problem. I think here in this room we have the nucleus of tax authority in the County of Essex. I think that if a solution of the tax problem is going to come from any group, instead of any individual, that it may well best come from a group such as this, that is living with the tax problem from day to day.

Now, I am one who is very satisfied and very impressed by the competency of our assessors in the County of Essex. I suppose many of you have noticed in recent days and in recent weeks a tendency on the part of a lot of people to

the burden--it should be laid at the door, perhaps, of the Legislature.

Now, this hundred per cent assessment problem has only been with us a year. The Appellate Division, of course, decided the Middletown case two years ago, but actually the mandate of the Supreme Court actually only came down in March of 1957. Chief Justice Weintraub in his concurring opinion in the Middletown case wanted to go very slowly. He wanted to stay the mandate for a period longer than the period that the Court eventually stayed their mandate. He used the words, "I am afraid we might be bulls in a china shop"; and I think that that is one thing that we do have to look out for. I think that we cannot and we should not solve this 100 per cent assessment problem, or so-called 100 per cent assessment problem, just for the sake of solving the problem. After all, the tax laws we have been living under we have lived under for 150 years. They were honored in the breach rather than in the observance, but I do think we should move cautiously, think considerately and considerably, and, I hope, as Al Weiler,

dicate that the purpose of A-350 is to restore the tax law to the position it was in before the decision in the Switz case and in the Lackawanna case. You have also probably noticed there is considerably conjecture, firstly, as to the effect of that bill, whether that bill will in fact restore us to a pre-Switz position; secondly, there are considerations which have arisen concerning the constitutionality of the bill.

The bill in its present form has passed the Assembly and is in the Senate Committee on Revision and Amendment of Laws. The bill has not received the approval of any state-wide organization. Perhaps the loudest dissenters against it--and I say loudest in the true sense, and not in any derogatory sense--the loudest dissenters are, perhaps, the New Jersey Chambers of Commerce, who are definitely opposed to this bill.

What A-350 proposes to do is set up various standards under which you as municipal assessors can operate. The sponsors of the bill claim that the variant standards set up in the bill

are precisely the standards used by the so-called realty experts who testify before your Tax Boards and Division of Tax Appeals. They claim that by using all of these variant standards, the bill spells out more specifically what the assessor can do. As you know, prior to Switz, and, of course, today pending the mandate of the Supreme Court, our test is always what a willing buyer and what a willing seller will arrive at. This bill carries the mandate a bit further and it takes into consideration not only selling value, but rental value, unusual features of size, shape, location, planning and zoning, replacement cost, and any other special features, et cetera.

I do not want to indicate to this group any opinions of anyone in the Legislature or in your Essex delegation as to any of these bills. I don't want to preempt the discussion by guiding your thinking along any one line, so what I am trying to do is give as fair a presentation of these bills as I can.

Assembly 350, finally, becomes effective as of "October 1st next preceding the

the Commission; the majority of the members of the State Tax Policy Commission, realizing the problem that many counties have because of the actual classification of real property we have operated under for 150 years, thought it would be better to impose some sort of replacement tax and to wipe out the business inventory tax features of the bill. Now, this, of course, is oversimplifying the entire problem. The so-called business income tax was not used to implement the tax assessment problem, but it was used to balance a budget which has passed both Houses of your Legislature, so the business income tax is not available as a replacement tax at the present day. So we cannot, the Legislature cannot, I feel--and I am giving my own personal opinion on this--the Legislature cannot implement S-211 by a replacement tax at this time.

S-211 is forty, forty, and ten. There seems to be a lot of sentiment among various business organizations disposed towards S-211, but every organization which is disposed towards S-211 has a little change of treatment attached to it. For example, the New Jersey State Chamber of Commerce

in their presentation of their position at the public hearing last week in Trenton indicated that they would like the personal property, the tax on business personal property, dropped below 40 per cent. They also indicated that they do not want business inventory taxed even at 10 per cent. So the New Jersey State Chamber of Commerce's position on S-211 is not forty, forty, ten, but is really forty, question mark, zero.

The next bill in the classification is S-241, by Senator Farley of Atlantic County. S-241 is presently in committee in the Senate and, of course, has not passed either House.

S-241 would create the office of County Supervisor for the equalization of taxes. S-241 seems to lean away from our well-established principle of home rule and would establish a sort of county assessment level.

With S-241, Senator Farley has introduced a concurrent resolution which would permit the classification of real property by allowing railroad property to be assessed at a variant ratio. At the public hearing last Monday

in the Assembly Chamber, during the time that I was present--and I was present most of the day, up until after six o'clock--there was no real support for the classification feature of Senator Farley's bill through many of the organizations that testified at the hearing. There was some support for the county assessment or the county assessor idea, but not for Senator Farley's bill itself.

Now, I have talked of three classifications of bills, and they are the three classifications as I would go through the list of pending bills: A-350, S-211, and S-241. Of course, I think we are also familiar with the fact that there are two joint resolutions pending. One has passed the Senate, Senate Joint Resolution 12; and there is one pending in the Senate, Senate Joint Resolution 15, which petitions or asks the Attorney General of the State of New Jersey to petition the Supreme Court to stay the mandate of the Middletown case.

I think in listening to the testimony of the various organizations at the public hearing, there seemed to be some sentiment for the stay of the mandate, but I think this basically was predicated on

the fact that a large number of municipalities in New Jersey, in counties other than Essex, have not completed their revaluation programs. I am also advised and understand that there are, perhaps, fifteen or sixteen competent organizations in the country that are qualified to take upon themselves the job of revaluation. It is the argument of the sponsors of SJR 12 and SJR 15 that before we have any implementation by legislation of the mandate laid down in the Switz against Middletown Township case, that all municipalities should be revalued.

Now, I hope in my presentation and description of these bills that I did not express any bias or lean towards any particular bill. I have tried not to. I have only tried to reflect positions that have been communicated to me.

Now, what I would like to do this morning is to throw the floor open to you people and ask if anyone has any comment to make on any of the specific pieces of legislation. What I would like to do is limit our discussion in the beginning to specific pieces of legislation, that is, the specific pieces that were distributed to

you by mail. I am going to call the names of each municipality in alphabetical order. Because of the number of municipalities, I wish each one would try to limit himself to, say, seven minutes. After we have gone through the list of municipalities, I would like to hear discussion as to any ideas that anyone might have that is not contained in the legislation. Now, before I start the call of municipalities--this sounds like a political convention--but before I start the call of municipalities, I would like to know if anyone has any questions before we do get under way. If not, as I call the municipality, I would like you to come forward, the person representing the municipality to come forward to the lectern, and state his name for the benefit of the reporter, and then feel free to give his remarks.

We will start out with the Town of Belleville.

(No response on behalf of the Town of Belleville.)

CHAIRMAN MATTHEWS: The Town of Bloomfield.

HON. DONALD H. SCOTT, MAYOR, TOWN OF

BLOOMFIELD: You have indicated in your preliminary remarks that most of the Essex County municipalities have lived up to their duties, in that they have reassessed. I might say that by your standards, we in Bloomfield have not lived up to our duties. The Essex County Tax Board is constantly breathing down our necks trying to get us to reassess or revalue. We have avoided it for what we consider a very good reason.

I think that the most important commodity that we must seek now is time. I do not feel that just reassessment or revaluation is a panacea or is the solution to the problem completely, nor is it the only problem, and since I feel that time is of the essence and very important, I would say that Senate Joint Resolution No. 15 would be the legislation that we of Bloomfield, or certainly I personally, would favor. In that resolution they recite the judgment of the Court in connection with the Middletown case:

"The inquiry as to true value shall proceed, but the mandate otherwise shall not apply to the tax years 1957 and 1958, thereby to afford

the Legislature the opportunity to take such measures and provide for such administrative procedures as its own inquiry may prove to be essential to the public interest..."

I think that that is the meat of it. I think time is necessary. I think that the Legislature must act and they must act before anything else is done in connection with the 100 per cent assessment or any revaluation program.

There are other problems in connection with this; for instance, as you all know, I am sure, what it would do to the veterans' exemption, unless some modification is made of that. You are familiar, I am sure, with what it would do to the gross receipts tax, unless some modification was made in the Legislature there. You are familiar with what it would do to the bond indebtedness limits of municipalities, unless some modification is made in the statute there. Also, it would have a very definite bearing upon the personal property, because the Court did not call for 100 per cent true value on personal property and, therefore, hundred per cent true value would put more of a burden on

the real property of the municipalities.

The question also arises--and I think it would have to be worked out by some formula of the Legislature as to how--if you are going to maintain 100 per cent true value, how do you maintain this from year to year, because values are changing every year. Do we reassess or reappraise every year? Do we apply an index based upon sales values and adjust each property each year? How do we take into account that even within a municipality one area may go up in value while another area goes down in value? Therefore, what sort of an index will you use if that is the method to be used? How do we make these adjustments?

I think these are mighty important questions. I think these things have to be spelled out by the Legislature before we can have a good program: Modification of exemption laws, modification of gross receipts taxes, modification of bonded indebtedness limit. In our Town our limit would increase threefold, and I think it is too much. If we are going to have limits on bonded indebtedness, we should have reasonable limits,

but not boost them up, for instance, in our case, by three times.

I think it has to be spelled out and some adjustment made in personal property assessing formula, and I think the Legislature must spell out a proper assessing formula as it applies to real property.

So, as I say, time is the most important commodity we must buy at this time, in my opinion. The experts indicate that it would take from five to ten years to reappraise or reassess all of the property of all of the 567 municipalities of the State of New Jersey. I think that the next step is in the hands of the Legislature. I think they should buy time by attempting to pass the Senate Joint Resolution No. 15, to get the Court to modify its mandate, and then to go to work on coming up with a proper tax formula. I am certain that the Court did not take into account when it gave two years that the wheels of government move very slowly and in this case, the wheels of the Legislature are moving slowly, and probably for very good reasons, because this is a very important

issue in the State of New Jersey. I say we should buy time.

CHAIRMAN MATTHEWS: Thank you very much.

The Borough of Caldwell.

MR. CHARLES E. HAIGHT, Assessor, Borough of Caldwell: I have with me today our Mayor. We are in accord on various points in all of these bills, but we would like to hear further discussion and debate on all of them, and I think we can come to some conclusion thereafter. I would like to introduce our Mayor. He might have something to say at this time.

The Mayor will speak later. That is about all I would like to say at this time.

CHAIRMAN MATTHEWS: Thank you, Mr. Haight.

I might like also to add that anyone who wishes to come forward and not register any position, I can fully appreciate that situation.

There has been called to my attention the fact that IN MY DESCRIPTION OF ~~this description as~~ alternative one, I did not note that alternative one, S-211, includes

the abolition of THE household personal property tax. I am sure you are all familiar with that. In my presentation in the beginning, I did not call that to everyone's attention.

The next one would be the Township of Caldwell. Is there anyone present from the Township of Caldwell?

(No response on behalf of the Township of Caldwell.)

CHAIRMAN MATTHEWS: The Township of Cedar Grove.

MR. ROBERT E. EBERT, Tax Assessor, Cedar Grove: I think I would be remiss if I didn't ask my charming Mayor to stand up. Mrs. Turkenkoff.

I met with the Mayor and the Town Council last evening, and basically, the two points that we decided to convey to you this morning at this time was that we, also, wanted to see some more discussion of the various bills. I myself have some personal opinions on the bills, but would rather not express them at this time.

The only bill that the Mayor and Council agreed to support was the Senate Joint Resolution

No. 15, which, of course, asked for the year's time.

In addition to being a tax assessor--I may just as well get a plug in myself--I am in the revaluation business. I think that myself and Mr. Weiler and anybody else who is in the revaluation business probably realizes that the five to ten years that has been mentioned as the time for completing all the revaluations that should take place within the State of New Jersey is rather accurate. You mentioned some ten or fifteen concerns that were well qualified or qualified to do the work. The average, I feel, that actually is working in the State of New Jersey now is some place in the neighborhood of six to ten concerns that have come into New Jersey to do work. The problem is not only one of New Jersey; there are many states going through the same program that we are going through, and there is just too much work for all of us. I myself don't feel that one year's time is enough to complete any revaluation or even to answer all the questions that should be answered.

I would also like to comment, if I may, on the assessors' position, or the problem of the assessors. I feel that here in Essex County we have, as you mentioned, a good group of well-qualified assessors, but in my travels throughout the state, having been in many of the municipal offices, I find that probably 50 per cent of the assessors, or even more than that, are part-time and that every year there is a turnover of 20 per cent of the assessors from the State of New Jersey. I feel that basically, if we don't, the Legislature and the municipalities, solve the problem of the assessors--I am not talking of tenure of office because I happen to be in office--but I am talking of Civil Service standards after an examination; because even if you do revalue, within two or three years if there are not qualified personnel running the assessors' office, your revaluation will have gone for nought, it will be of no value. So I think the Legislature with this problem should consider the problem of the quality of the assessors and do things in enacting legislation that will make the quality of the assessor greater than what it is today throughout the state.

CHAIRMAN MATTHEWS: The City of East Orange.

HON. WILLIAM M. McCONNELL, MAYOR, CITY OF EAST ORANGE: I would like to make a general observation first, and that has to do with the necessity of doing something. East Orange, as I imagine that most of the municipalities in Essex County, at least, and I am sure that many others in the state, has its tax and assessing operations mechanized. That includes, among other things, the preparation of plates by the company that makes them--I imagine the addressograph does most of it. If we are to establish new assessment in our municipalities, the mere preparation of those plates will take a considerable length of time. I have a letter from the company on that subject, which says that if they had to do the work, it would probably complete it in about eight weeks, "Soon we will be on vacation schedule, and that will slow us down. Again, some very large orders involving millions of plates may again change the picture." That is what we are fearful of, that if this problem is allowed to rest until the end of

the year and then some action is taken, no matter what it is, by the Legislature, it will be a physical impossibility for the municipalities to do the things that are necessary in order to put any new assessment into effect for the year 1959.

So, while of course I am sure everybody recognizes that the Resolution No. 15 to delay doesn't involve the problem, if that would enable the Legislature to take the time to come up with the best possible solution, we certainly would have no objection; but we would like to have some assurance as to what we could do. Actually, as we all know, we are all violating the law today if we don't assess at 100 per cent true value. We have completed revaluation in East Orange, and we would like some assurance from whoever is competent to give it to us that if lacking the final answer by the Legislature we ourselves should decide, say, on 50 per cent, that nobody is going to have to go to jail for failure to comply with the law.

Now, taking up these different pieces of proposed legislation, obviously, in the time that has elapsed since they have been received,

it hasn't been possible to give anything like a comprehensive and thorough study to them. Any opinions that I express are not official opinions of the City of East Orange, although I have discussed them with some members of the governing body, and also they are very tentative and would be subject to change after hearing what others might have to say. Since you asked for expressions of opinion, I will give you mine for whatever value, if any, it might have.

Taking them in order, I think in the order which you analyzed them, Mr. Chairman.

Assembly Bill 350, we are definitely opposed to that Bill, as it seems to us that it would open the door to all sorts of discriminatory practices. It seems to us that it would leave the door open to assessors to adopt different standards for almost every single piece of property within the municipality and would, therefore, defeat the purpose of the thing that we are trying to do, namely, to bring about uniformity of assessment. The assessor, I assume, could take selling value for one piece of property and rental value for another, and unusual features,

site location--what does that mean--for other property; and it seems to me that would open a Pandora's box to plague the assessors; you will have all sorts of grief, nobody will be satisfied.

Senate 211, this is one of a series of bills to carry out alternative one. In the absence of having all the bills, I hesitate to express any opinion on the bill as a whole. One feature, though, that we of East Orange do have a definite opinion about is as to the ratio. We would very strongly prefer a ratio of 50 per cent to be applied to real property, and one of the reasons is this: That East Orange and, I believe, some of the other municipalities in the county, Newark, I am sure, are now assessing at very close to 50 per cent. During the years that the County Tax Board has been equalizing assessments, we have been equalized--I don't remember the precise ratios, but very close to 50 per cent--to assess real property 40 per cent would have a very serious effect on our debt limits. Actually, if we took the reassessment figures that we now have, the grand total of reassessment figures under our program, and applied

the 40 per cent ratio to that total, we would be over our debit limit by the automatic act of the Legislature in fixing 40 per cent. Now, of course, I am well aware that we wouldn't be much over, and if we had some increase in ratables, we might not be over, but still, it would seriously affect us. Furthermore, we feel that it would be fairer--we know that many municipalities are way under 40 per cent even--but we feel it would be better to bring the others up rather than to take some municipalities down, and we would very much prefer a ratio of 50 per cent as to real property.

As to the others, the bill as a whole, I simply haven't had time to analyze it too much, and that is the only opinion I would care to express with reference to 211.

241: We in East Orange see no need at all for a new office. In the first place, if the Legislature adopts legislation requiring uniformity of assessment, there will be no need of equalization by anybody, whether by the County Tax Board or a new office. In all events, we feel here in Essex County that the County Tax Board, as represented by some of

its members here, has done a very satisfactory job on equalization, and we feel that a new office with a staff--and those staffs have a way of increasing all the time--would simply mean additional cost to the taxpayers.

Senate Concurrent Resolution 24, which would change the Constitution, we are opposed to that, and largely for the same reason that we are opposed to the Assembly Bill 350; it would set up or make possible, at least, the setting up of different standards throughout any one county. Each municipality could have its own standards, and there again the purpose of bringing about uniformity would be defeated. While East Orange isn't very much involved in the problem of railroads--and that seems to be one of the features in this concurrent resolution--we express no opinion with respect to that, but we are opposed to that resolution.

But as I say, as far as we are concerned, the most important thing is that some action be taken so that we, our assessors can know what we may be able to do with respect to next year's assessment. Thank you, sir.

CHAIRMAN MATTHEWS: Thank you, Mayor.

The Borough of Essex Fells. Is there anyone present for the Borough of Essex Fells?

(No response on behalf of the Borough of Essex Fells.

CHAIRMAN MATTHEWS: The Borough of Glen Ridge.

MR. ANDREW F. ESCHERWEILER, Assessor, Glen Ridge: Mayor Klentner and I came here this morning primarily to listen to the experts, because, as I look around here, I see the teachers at our Rutgers Assessing Course. I know you will get many good bits of wisdom from them, and I think they have studied the problem more than we have had an opportunity to study. This has come upon us so quickly, the notice of the meeting, that with vacations, we have had no chance to have any conferences on these proposed bills.

I would like to urge, though, very definitely that action be taken and that it be taken immediately. The assessors cannot afford to have a decision thrown at them around October 1st, the time

when they are supposed to make their new assessments. Even now the time is running out on what action should be taken.

We must not allow ourselves to go to 100 per cent this year if that is not going to be final, because I am sure I don't need to point out the chaotic condition for the taxpayers if you jump from 30, 40, or 50 per cent to 100 per cent this year and then back again to 40 per cent or whatever the final decision is next year. The taxpayers would not know where they are at, and I am afraid even the assessors and municipalities would be in a quandary as to where they are at.

I therefore urge that action be taken without delay, as soon as these hearings can be completed, and it would certainly seem to me that although I don't like to ask for postponement, but in the light of the situation here in the State of New Jersey that probably the best thing would be if we could get postponement of the action by the Courts so that a reasonable and logical decision for our assessment problem can be reached.

CHAIRMAN MATTHEWS: Thank you,

Mr. McDonough.

The Township of Livingston:

HON. ROBERT H. HARP, MANAGER,

LIVINGSTON: I am the Township Manager of Livingston. Mr. Cannon, our Township Assessor, and I came here this morning primarily to learn something about the studies that are being carried on by our Legislature.

Our comments in regard to the three bills here: In regard to Bill 350, we feel that this would be a step backwards, and we certainly object to this type of legislation.

Senate Bill 211 probably would have some merit if there were a replacement tax provided, but since the Legislature has eliminated that alternative, it seems that Senate Bill 211 does not have too much value at this time.

As far as 241, we see no need for a County Supervisor for the equalization of taxes. It means increased staffs, increased cost of county government, and we doubt the wisdom of this particular move.

We believe that in view of the fact that these bills seem to have a limited usefulness,

that unless the Legislature can come up with an alternative proposal in the near future, that the only course left is to support the Senate Joint Resolution No. 15. However, in supporting this, I would like to say that we do not favor an unlimited time limit. We believe that this problem is real, we believe it is current, and we feel that if there is an extension asked, that certainly the minds of this state should be put to work to come up with an answer within one year. This matter of procrastinating with a tax problem only adds to the ills of our already pretty well mixed up tax burden.

I would like to just add one or two other comments. We feel that the Legislature should take due notice of some of the facts presented by the Ninth Report Of The State Tax Policy Commission. We also believe that in the future the Legislature should certainly consider the wisdom of moving in the direction of some non-property tax situations. The tax structures of New Jersey seem to dictate that unless we have some relief in other forms--and this total problem resolves in what we are talking about here today--that unless we have some

additional relief in other directions, we are going to be constantly faced with this problem, and the people that own property in our community and other communities in New Jersey are going to be faced with confiscatory taxes.

We think it is a real problem. We do not feel that the present bills outlined here this morning offer any help for the answer. We would favor an extension, but a limited extension, and not an unlimited biding of time.

CHAIRMAN MATTHEWS: The Township of Maplewood.

At this time I would like to thank Mr. Weiler, Al Weiler, publicly, for the help he gave me in arranging for some of the incidentals of this hearing this morning. When he received my telegram, he very graciously called me and sent out the news letter which he did send out to all the assessors when it looked like we might have trouble getting hold of the bills.

MR. A. E. WEILER, Assessor, Maplewood: Mr. Chairman, I have been working on a solution that I think might have some merit. I am not going to

express what it is at the present time, because I haven't completed it. Neither have I completed my thoughts as to its merits.

However, I do wish to express my opposition to Assembly Bill No. 350. I did it at the hearing the other day through asking questions of some of the speakers who were in favor of it and also of Mr. Wilson, who I knew could work in the direction that I wanted him to work when I asked him the questions.

When this bill first came out, I wrote a letter to our Senator, Don Fox, and I said that most of the professionals dealing with real estate, I believe, will concur that full and fair value and the price property would sell for at a fair and bona fide sale is market value. At least, it would seem that the Courts recognize this in their interpretations of the law. Now, the items in Assembly Bill 350 are all the items that the assessor or the assessor or appraiser would use in the development of value, and while Mr. Hauser in getting the thirty-seven other assemblymen to vote for the bill claimed that this bill is the solution

which will relieve property owners of their horror at being assessed at 100 per cent and perhaps losing their life savings, I cannot go along with his thoughts, because I believe that actually this bill is the same as our existing statute. In this letter I also said that apparently what these men were doing was the same as Polonius said: "What do you read, my Lord?"

And Hamlet answered, "Words, words, words."

I talked with Mr. Musto after the hearing the other day, and he informed me that this was the only positive bill that we had in the Assembly, and while again I can't go along with it, I think that Assembly Bill No. 350 is just a repetition of your existing law. I think they feel, or I believe they feel, that is, Messrs. Hauser and Musto, that this could be used for classification of property. I can assure you that there is no place in the bill that takes into consideration the classification of property.

Senate 211, by Senator Dumont, I believe is a good bill, but it exempts personal

property, and I was surprised that the Mayor of East Orange didn't mention this, because they have a terrific amount of tenants in East Orange. It exempts household personalty and makes no provision for taking care of losses effected if the bill is passed.

Senate 241, by Senator Farley from Atlantic County, mentions the office of County Supervisor for the equalization of taxes in the several counties. I personally am not adverse to this bill except for the fact that the Board of Chosen Freeholders of each county respectively shall appoint the said Supervisor for the county. Now, I believe that the Supervisor, if one was appointed and if these bills pass, the Supervisor should be given an examination and qualified for that job, and I don't believe that the Board of Chosen Freeholders are any more qualified to appoint a Supervisor, County Supervisor, than some of the governing bodies in municipalities; so that I believe the County Supervisor should be given an examination and qualified for the position.

Senate Resolution No. 15 is a good

bill. I am very much in favor of it. I think the time is a little short. I believe that the maximum time for revaluation of all the municipalities in the State of New Jersey would take another three years.

I would like to ask some of the assessors of the municipalities in the County of Essex whether they have considerable commercial and industrial properties, if they would consider what equalization of taxes means in their municipalities, for this reason, that in many instances the Class 4, or industrial, apartment house, and commercial properties, are assessed at a higher ratio than the residential properties. So if we consider a hundred per cent or any percentage of 100 per cent to cover all properties, obviously, the residential properties are going to be increased and the home owner is going to pay a higher tax bill. Thank you.

CHAIRMAN MATTHEWS: The Township of Millburn.

MR. SARGENT DUMPER: I am a neophyte at this game, having recently been appointed to the Millburn Board of Assessors, and following that having

taken a seven-week trip to Europe, from which I returned last Wednesday. I have not seen a paper in over seven weeks. I saw these bills for the first time on Sunday, and I have discussed them with no one except our very capable assessing clerk, Mark Alver, in Millburn, who is with me today. I have not had a chance to discuss them with any members of the Millburn Township Committee, so that my very brief remarks will be simply my own, and I apologize for that, and I wish to state that anything I may state shall not be held against the Township of Millburn, please.

I feel that Millburn is substantially prepared for whatever may come, because we had a revaluation program three or four years ago, and it will not be difficult for us to do whatever we are probably to be required to do.

I find, in reading Resolution 15, that that appeals to me because of the fact that so many townships seem to need more time. Essex County, apparently, is in a preferred position in preparedness compared to the rest of the state. My fear in it is that it might go on not with a terminal date in '59,

but on into '60, '61, and I think there ought to be a time limit set upon its application, if it becomes effective.

On No. 350, this does not appeal to me, as I read it briefly, because it seems to me that it sidesteps the real issue and it takes us back to false standards of value and into the chaotic unreliable position that we have been in and are in. As an appraiser of property, I look at this perhaps--it seems to me that it endeavors to eliminate full and fair market value; it sort of sidesteps the issue by setting up the possibility of other standards that are quite different from sale value. That is why it does not appeal to me as an individual.

Finally, 211 seems to me to be a step in the right direction. It is long. I don't understand it all. I don't know that it is the end result that we want, but it seems to be a forward step. As I read it, as far as the percentage is concerned, I believe that Millburn will be agreeable to most anything within reason. We now use thirty, and I don't see why we couldn't use forty or even fifty if

necessary.

I feel that I have no additional thoughts, and I don't want to take any more of your time this morning.

CHAIRMAN MATTHEWS: Thank you, Mr. Dumper.

The Town of Montclair.

MR. IRVING H. MEYER, Assessor, Montclair: There is really nothing much more that I can say that hasn't been said. I agree very much with Mr. Weiler's opinions on the bills.

Number 15, I think is probably the main one, the extension of time, which I think is really mandatory. Otherwise, there is very little I can add to what has been said. Thank you.

CHAIRMAN MATTHEWS: Thank you, Mr. Meyer.

The City of Newark.

CHAIRMAN MATTHEWS: The City of Newark.

MR. THOMAS E. HUNT, Director of Revenue, City of Newark: Assembly Bill 350, the City of Newark, is opposed to it, because all it does is give us a greater mess than we now have.

Senate 241, we are opposed to it. It's only setting up another policeman agency, and we believe that if there's any needed enforcement, the County Board as it's presently constituted is able to do it.

Senate Concurrent Resolution 24, we are opposed to it. It creates a ridiculous situation.

Senate Joint Resolution 15, we approve it.

Senate Resolution 12, we approve.

Now, Senate 211 is one that gives us a problem. In Senate 211, in the first section, you are taking out the word "true" and you are substituting the words "taxable value." Then, as you read the bill through, on Page 11, under Paragraph 18, you will find the term "full and fair value of each parcel of real property situate in the taxing district at such

price as, in his judgment, it would sell for at a fair and bona fide sale by private contract on October 1st..."

Well, that's exactly the definition that the Court is now giving our true value situation, so I am wondering what is the difference between the taxable value as mentioned on the first page and the true value that is on Page 11.

Then, on Page 3, when you talk about value, you talk about full value.

In other words, in this bill we have taxable value, we have full value, and then we have the interpretation as given to us by the Court on true value.

Now, on Page 3, Paragraph 14, in which personal property is covered, you are treating personal property different than your home or any other real property. We are opposed to it. Whatever ratio is used on real property should and must be used on personal property. That applies to inventories, as well.

Now, on Page 10, you provide for changes to be made in the taxable value prior to such

April 10. The County Board has to establish our tax rate on April 1st. They seem to be inconsistent.

Now, under Paragraph 16, at the bottom of Page 10 and carried into Page 11, it is provided for a penalty for a taxpayer who neglects to file a return with the State Tax Commissioner on his personalty, and the penalty is 25 per cent of the amount of the tax determined to be due plus interest at the rate of 1 per cent. It says, "Such penalties shall be payable to and recoverable by the director."

I wonder why; the taxing district is the party that is hurt. The taxing district is responsible for the services that are rendered to it, and any penalty should certainly revert back to the taxing district in which it was created.

That same paragraph gives the director--"He may, if satisfied that the failure to comply with provisions of this chapter was excusable, abate the whole part of any penalty." Now, the taxing district has nothing to say about it. Who are we creating, a master mind in Trenton that is going to dictate to us whether or not a penalty should be invoked? The

statute at the present time on tax collection doesn't give any tax collector the right to abate or to adjust or compromise any tax; but here we create a state tax commissioner with the power not only to abate it; he can compromise it or adjust it. Now, on Paragraph 17, in which it talks about personal property as determined by the state tax commissioner, I don't see any right of appeal by any taxing district that may feel aggrieved with the assessment as determined by the state tax director.

I am talking now of when the taxpayer files his return with the state director. I don't find any provision at all for an appeal by the taxing district on it.

On Page 12, Section 20, this paragraph requires the assessor to evaluate each individual building that may be found upon any assessable plot. In the City of Newark I may run into fifty buildings on an individual assessable tract of land, and in this paragraph you also say that such valuations shall be noted on the taxable bills. It is an impossibility. It's ridiculous.

Now, that about limits our remarks on

Senate 211.

Now, you have stated that the State has usurped the business income tax return, and, therefore, it's out of the window as far as a replacement tax. May I say, without regard to the bill, that that is nothing new for the State to do to the towns; it has been going on since 1927, and that is one of the reasons that I am going to suggest that if we have to have a replacement tax for personal property tax, that the position of the City of Newark is that that replacement tax should be adopted by referendum in its completest form, so that when we get something, we know we are going to be able to keep it and we won't have to stay awake all night and wonder if the State is going to take it over.

Now, they have done that starting with our automobile tax, insurance tax, business franchise tax, and they always get us to go along on the theory that we are going to get an extra sum of money, and we do get it for a year or two and the State then takes it over.

Now, in Senate 211 you have exemption of household personal taxes. I don't think it belongs

to Senate 211; I think that that should be a separate bill, because, as you study the abstract of ratables throughout the entire State of New Jersey, it is safe to say that the only County in the whole State is Essex County in which you will find household personal property appearing in the abstract in each and every taxing district. In such districts you will find that there's 200,000, for example, in assessed household tax, but when you go to the household exemption column you will find there's 200,000 household exemptions.

Now, a lot of towns, as you read the abstract for the entire State, they don't even bother with it. They are honest about it. In some towns they assess, for example, 100,000, and then they make up a petition to the County Tax Board in which they get a remission slip back. It's a lot of hocus pocus in household exemption. I believe that bill should be a separate bill, because I think that's a bill that we won't have too much trouble with in disposing of it.

Now, my brief talk with Mr. Weiler, he says we have a lot of household personal. He is talking about East Orange. I don't know how East Orange finds it, but I find in Newark that it's a loss. It

actually costs the City of Newark money when we get through assessing it, with the extra labor and paper. When we get through billing it and get through collecting it and pay the County tax, we wind up on the short end of the stick, so as far as the City of Newark is concerned, we are perfectly willing and happy and eager to have the household tax repealed.

Now, when I talk about the City of Newark, I want it understood that I am not talking about the governing body; I am talking about the administration end of which I am a part.

The City of Newark is opposed to any income tax or a consumer State tax. This is bothering the rest of the towns, because they are constantly having meetings and say that they are assessing its property too low. I believe that assessment should be made on a County level. I believe that we should have a County assessor, and let's take assessing out of politics. I am so sick and tired of going to Leadermen. Every time they talk about tenure of office for the job, some elected official comes up and says, "What are you doing, taking a couple of political appointments away from me?" So if they feel that way,

they are going to influence the assessor. That's doing away with my job. I don't believe it belongs locally; I think the time has arrived that it should be done on a County basis. We have regional high schools. Eventually you are going to have to have the elimination of a certain number of governments.

The cost of government is getting too high to support 567 in the State of New Jersey. In fact, it's getting too high in the County of Essex.

Now, I am not pleading poverty from the City of Newark, because we happen to have a $500,000,000 plant all built, but there's lots of towns in the County of Essex that is only developed that haven't got their plant built, and I would be willing to wager with you that their taxes has got to jump, regardless of who is in office, whether it's Democrat or Republican. It's got to jump in the next couple of years, so I would suggest that all assessments be made on a County level.

I would recommend that assessments be made for a three-year period. I think it's ridiculous to make the towns and the cities purchase paper, pay the addressograph company for running off a duplicate

set of sheets, each and every year. That's actually what the assessor does as you go through the State. If the assessments were made for a period of three years, it gives the taxpayer or the owner the right to appeal to the first year, and whatever judgment is rendered on that year affects the other two years. It will overcome our free statute, it will give the taxpayer the benefit of a stabilized value and will cut out some of the hidden taxes of which the assessor is accused of and which don't exist.

Now, any change in the property can be made under our added assessment list. The present statute provides that you can make changes in value, whether it's due to fire, construction or demolition, or what. It can be made under our added assessment list. However, under 211, you have copied out of the general act--and I would like to make another suggestion, going back to that: There's no provision in here for any building that is completed between October 1st and December 31st, and there's none in your present statute. I think that is where you copied it out. I think that taxes are getting to be so tough today that we will have to get even one-month taxes some day.

Now, where are we going to get the taxes from? One of my pet peeves is public warehousing. It seems that it's a case of fire whenever the ligislature has to deal with it. It seems that the public warehouse has a greater lobby than the entire population of the State of New Jersey. When the Tax Policy Commission has furnished you with information as to what the average inventory is assessed in any taxing district, I can honestly say to you that they don't know what the hell they are talking about, because then figures have been obtained from a business franchise tax, which it tells, that is filed in Trenton.

In the City of Newark I have one holding company in which it has probably three or four subsidiaries, and their inventories run something in this line--and without identifying them--that their books will show an inventory of $3,000,000 and will show a desk for $100, and it will show that that $3,000,000 is stored in a public warehouse, and I can't tax a dollar of it. In each one of these companies, that is a factor.

Now, I wouldn't hesitate but to say that in the City of Newark--and in proportion it's

probably true in other sections--that there's $300,000,000 in warehouses on which no taxes are being paid. One of the most famous for it is the Two Guys From Harrison. They have got stores in every town in the State. You can buy a refrigerator there. You don't get that refrigerator if you go in and buy it; put a chalk mark on it, it will come out of Port Newark. Now, there's no reason why goods in warehouses shouldn't be taxed.

Let me explain to you some of the conditions that I run into. We have a certain warehouseman here that goes around soliciting in the towns. The first thing he sells them is, "You are not going to pay any taxes." Now, is the legislature subsidizing those individual owners, or are they truly going to represent the property owners in the City of Newark. That is one source you can get at.

Now, some of the other replacement taxes which we suggest is your corporate franchise tax, your bank stock tax. If you look at the history in the County of Essex, you find if you look at the bank stock taxes that were paid in 1935 or '36 or thereabouts, and you look at the tax that is being

paid today, you will find the reason why I am recommending that you look into the bank stock tax. Now, when you look at the County Board record in Essex County and see how much of the increase has occurred up to the present time, please look at any taxing district in the County of Essex and take any given house of the same year, and then take that house as of 1958 and see how much the increase was on the home and how much was on the bank.

Your financial business tax--

CHAIRMAN MATTHEWS: I don't mean to interrupt you, but we want to limit this first part here to a discussion of these pending bills. If you want to talk about the replacement taxes, we can do that after we run through the municipalities.

MR. HUNT: This is right in 211.

CHAIRMAN MATTHEWS: I realize that, but not specifically. We are talking about endorsement or non-endorsement of these specific bills. I really don't want to cut you short.

MR. HUNT: Don't you want to know our reasoning?

CHAIRMAN MATTHEWS: I want to hear from

you, but I want to give everybody a chance to go through the bills.

MR. HUNT: All right. Then I will hold that up.

While we are toying around with whether we are going to have a forty, fifty or hundred per cent tax, I think the legislature ought to amend the public utility gross receipts' tax on which it now has a floor of 5 per cent and ceiling of 7½ per cent, and based on the average tax rate of the State of New Jersey. In case of the necessity of a 100 per cent assessment being enforced in this next assessing period, I would recommend that you amend that statute to make it 7½ per cent, regardless of what the average tax rate would be in the State of New Jersey. I thank you.

CHAIRMAN MATTHEWS: The Borough of North Caldwell.

MR. H. R. WEBER, Assessor, North Caldwell: Our picture, we are definitely residential; very little commercial. For that reason, most of the people own their own homes, and this point of dropping out the personal is okay with us. That is my personal opinion.

Now, from the floor Mr. Hunt has knocked 211. There is a question of whether I favor it as I did originally, but in that event, I go to favor 15. 211 fits our picture pretty well, and I go for that bill.

CHAIRMAN MATTHEWS: Town of Nutley.

MR. ROBERT B. ANDERSON, Director of Revenue and Finance, Nutley: It is obvious to us this morning that there are many inconsistencies in the bills that have been presented. Some of the criticism we individually approve; others we disagree with. I think that that has been true all along the line for many years. Some of the gentlemen here will remember that the Trenton officials accused us of heresy when I disagreed with operating the same

as our great great grandfathers did. Now, that observation is a general one, intended only to direct a thought to you gentlemen on the Assembly: I think it was about ten years ago--Director Hunt can probably recall the exact date--that the City of Newark attempted or threatened to sue all the suburban municipalities insofar as an equalization of taxes was concerned. Personally, I am very sorry that that suit never went to Court, because it probably would have developed some things which would have projected this very situation into some sort of legislation before the Supreme Court was required to take action.

Now, I feel, personally, that the bills that have been presented so far have been hasty bills. They are somewhat, if I may be a little crude in an observation, somewhat like patches on an old pair of pants, and they were devised hastily, after the decision of the Supreme Court, and although I am timid about recommending asking for a postponement of the mandate, I believe that that is the only solution at the present time. The reason I am timid is because this matter has

been brought before the Legislature for at least eleven years, to my knowledge. I recall that the Legislature once appointed a committee to look into the situation, to examine it. That committee never held a single meeting. The Legislature has been coerced, urged, pleaded with, to examine this situation and to do something about it. Because of its complexity and because of its complications, certainly since the decision of the Supreme Court, adequate legislation cannot be created, and so I would risk the delay of the law in order to have something more complete than that which has been proposed.

CHAIRMAN MATTHEWS: The City of Orange.

MR. SOL SOLKY, Assessor, Orange: I would like to introduce Commissioner Ernest Gerado, Director of Revenue and Finance of the City of Orange, who I believe would like to be heard later.

I have opinions in the matter. The opinion I have, I want it clearly understood, is my opinion and not the opinion of the Board of

Commissioners of the City of Orange.

As far as A-350 is concerned, I feel that that bill has no merit at this time, that it is not a step forward--if it isn't a step backward. It is only remaining where we are.

S-241: Being an assessor on the local level, I don't approve of that bill. But not wishing to be facetious, I feel that that bill does nothing to aid the current situation that we are facing.

As far as 211 is concerned, I approve of the bill with certain reservations. I feel that as far as the ratio for personal property and industry and business and inventory, I feel that that ratio should be 40 per cent for all of it, not forty and ten.

I feel that the personal property tax on household should be eliminated. We have in our Town commercial, industrial and household homes, residential homes. We feel that the person who has a home in Orange, if he pays his taxes, is paying his contribution towards the cost of government. We feel in the apartment-house dweller, when he pays

his rent is paying a share towards the cost of government, because we have found that when we raise an assessment for an apartment house, the apartment-house owner doesn't bear that extra expense; it is passed on to the tenant and he pays it in his rent.

However, in all the remarks that I make, we feel that in the event that this bill puts any further burden on our real estate, the bill is bad. There must be some replacement for the loss we will suffer in Orange on household. We estimate we will lose approximately 150,000 tax dollars if that goes there.

CHAIRMAN MATTHEWS: The Borough of Roseland.

MR. FRANCIS DeCOSTER, Assessor, Roseland: The Borough of Roseland, of the bills under consideration, favors Joint Resolution 15.

Speaking personally, I feel that a one-year period will leave us pretty much in the same spot we are in now. I feel a realistic period would be three years.

I heartily concur with Mr. McDonough

of Irvington in the suggestion that a tax convention be called.

CHAIRMAN MATTHEWS: The Village of South Orange.

MR. JOHN CONNOLLY, Assessor, South Orange: I am here as an individual talking for myself and not for the governing body. I have read the bills, and what I have done here was try to come up taking a part of each bill and putting it into the recommendations.

I have five recommendations here. They are very short, and maybe something can come of it; maybe nothing can come of it. Here they are:

Number one, the elimination of the railroad property tax from the present real property tax base and substitute in lieu thereof a tax based on the use of the property as a public utility. The revenue, however, to be allocated to those municipalities that now have class two railroad property in their district. That way they will not lose revenue.

Number two. Over the years, it has been the general practice to classify real property

for assessment purposes. If the taxpayers in the State of New Jersey wish this to be continued, then I would recommend that a workable formula be devised by the proper authorities and put into law.

Number three. The elimination of all household personal property assessments, and substitute in lieu thereof a practical tenant tax.

Number four. The elimination of all assessments on taxable personal property used in businesses, including inventory, and substitute in lieu thereof a gross receipts tax on all businesses. Let the municipalities get some of the money instead of the state.

Number five. Because of the many problems involved in the mandate today in the Middletown decision and the other impossibility of compliance with that mandate for the year 1959, it is my suggestion that the Legislature, if legally possible, adopt legislation declaring the valuation of real property for the year 1957 to be the proper assessed valuation for the tax years 1958 and 1959, or possibly longer. It will take at least one year for the Legislature to provide an orderly solution

of the problem and possibly another three years for the various taxing districts to put the solution into effect.

Those are my personal recommendations.

CHAIRMAN MATTHEWS: Thank you. One further question. You seem to have some opposition to just about every bill that has been submitted. You are in favor of an approach similar to SJR 15, you say, but to fix assessments at the level they are at now for the next couple of years?

MR. CONNOLLY: Yes. What I want to do is free the existing assessments and give the Legislature time to orderly find a solution to this problem we have today; in other words, free the assessment for the next two or three years. As I say here, I know it is going to take them at least a year to come up with a decision, and after they get the decision it is going to take the municipalities at least three years to have the revaluation and put that into effect, so it will take at least four years, I believe. There is no kidding about it. You can't do this tomorrow,

next week, or next year; we have too many municipalities that have not had any revaluation whatsoever. They have nothing. Let us not kid ourselves about it. It is going to take time.

CHAIRMAN MATTHEWS: Thank you, Mr. Connolly.

The Borough of Verona. Is there anyone present from the Borough of Verona?

(No response on behalf of the Borough of Verona.)

CHAIRMAN MATTHEWS: The Borough of West Caldwell. Is there anyone present from the Borough of West Caldwell?

(No response on behalf of the Borough of West Caldwell.)

CHAIRMAN MATTHEWS: The Town of West Orange.

MR. O. W. TELFAIR, Assessor, West Orange: I won't take the time to comment on the various bills, but I am sure that the Board of Assessors in West Orange feel, as every other municipality represented has stated, that the essential bill is Bill 15. I don't think the

other bills answer all of our problems. As I stated at an assessors' dinner meeting we had a couple of months ago, that West Orange had their records in good order, and if we didn't get in order to October 1st to assess at 40 per cent or 50 per cent, we were in a position to do it. I have to take that back. At our Town meeting last week, the Commissioners authorized the purchase of an addressograph system, and the girl started today making out plates, which I understand will take two or three months to do, and putting our values on as of October 1st. If they came along October 1st and told us we had to change them, it couldn't possibly be done to get our books in by the 10th of January.

Now, if the Legislature will realize the chaos it will cause throughout the state--first of all, the assessors wouldn't be able to get the books in on the 10th of January. The equalization tables wouldn't be able to be completed on time. The local municipal, county, or state budgets would all be delayed, and it would be chaos for the financial structure of the state.

I think it is most essential that Bill 15, while it may be not as good as I think myself--that it would take at least three years. That is all.

CHAIRMAN MATTHEWS: Thank you.

Has anyone come in that hasn't been called? Are there any municipalities I called before someone arrived?

The Reporter would like a five-minute break, so with all your indulgence--I think his fingers have been going rather swiftly for the last hour and a half--suppose we recess for five minutes.

(Short recess.)

CHAIRMAN MATTHEWS: I hope now not to keep you too long after this. I would like to say a few words now if we have gotten through the roster of municipal assessors and municipal officials.

MR. EBERT: I wonder if I could ask one question? I am concerned with the legality of Senate Joint Resolution No. 15, and in addition to that, I am concerned with the fact that it pertains to any other municipality other than Middletown. In other words, if we by recommending that you extend

this thing, if the Court says we can't give you any relief, then what? Are we doing it the right way? Are we approaching the subject in the right manner? Are we doing it soon enough?

CHAIRMAN MATTHEWS: That is a question that I hope that I can answer for you. I am a member of the Legislature, and coincidentally, this morning, a lawyer. I don't think I am qualified to speak as an Assemblyman and render a legal opinion on a bill. I will say there is considerable discussion about what form a petition to the Supreme Court should take, whether it should be a direct petition from the legislative branch to the judicial branch; whether it should be joined in by the executive branch; or whether the fact it should come from a specific municipality.

Now, we know one thing, that it will not come from Middletown, because, apparently, Middletown has had just about enough of litigation concerning this tax rate. Senator Dumont has approached Middletown to feel them about a possible stay of the mandate emanating from the Middletown Township case. Middletown Township has taken the

position, "We have had it. Let somebody else carry the ball."

There are those who said that any specific municipality in the state would have the power to go before the Supreme Court and petition for a stay of the mandate, not only ~~from~~ FOR themselves but ~~from~~ FOR another municipality because of the general situation in the state. I don't want to give you a legal opinion, but I do think that within those spheres of operation, there is constitutional law to give someone standing to stay this mandate.

What I am saying specifically is that I believe the mandate can be stayed. As to what constitutional mean is taken, I don't feel myself to be the expert on constitutional law to say which is right and which is wrong. I think that eventually that would be up to the Supreme Court.

MR. ERERT: Don't you think they should start that action right away, because we might be talking about something that might not come about.

CHAIRMAN MATTHEWS: Of course, there is indecision not only in this group—I think there is

some indecision in this group as to whether SJR 15 should be taken advantage of--but there is a difference of opinion in the Legislature whether SJR 15 should be taken advantage of and moved, and I think you will find in your local press that there is quite a bit of antagonism toward the adoption of SJR 15. I think that the majority of assessors who have spoken here today have indicated that SJR 15 is the only practical, feasible solution today. I believe that that could very well sum up the position of a lot of the speakers here this morning.

I think that I will be able to go before the Senate Committee on Resolution and Amendment of Laws on the 21st and tell them that it is the considered opinion of the assessors of the majority of municipalities in Essex County that a delaying resolution should be adopted with some limitation thereon ranging, I believe, from down to one to up to three to five years.

I think all that we can do here this morning--when I say we, I am talking for you assessors--is to reflect your opinion. I am happy to receive it. This transcript will be disseminated to show your

opinion to all of the legislators from this county, but I really cannot speak for the legislators myself; I can give my personal views. I don't think in a House of sixty people or in a Senate of twenty-one people my personal views are worth too much.

Now that we have gotten through the list of the municipalities, I think a few comments are in order. Apparently, there is almost a unanimity of disagreement as far as 350 is concerned. I think that can be safely stated. I got the distinct impression that all of you feel that A-350 would be a step backward rather than a step forward. There has been some discussion anent the fact that it does not solve the problem that it sets out to solve, and I refer to the very apt quotation of Al Weiler, which sort of sums up your position.

As far as S-211 is concerned, I think what is coming out of this hearing is possibly what came out of the public hearing in Trenton, perhaps a tendency or a sympathy toward the facets of S-211. I know Tom Hunt raised some very good and very valid technical objections to S-211, and there are many objections. Some of the objections that Tom noted

I know that the sponsor of S-211 is aware of, but I think that one thing that we have done a little bit is swing toward S-211, perhaps in the absence of any other legislation.

SJR 12 and 15 seem to meet the approval of the majority of the people in this room; some for the reason that many of the municipalities in the state have not completed their revaluation program, others for the reason that it is a physical impossibility for the municipalities to do anything in the short space of time that remains.

I would like to say a few words at this time--not to impose upon your time--about the position of the Legislature on this. I know you as assessors, as I said in the beginning, have received quite a bit of criticism. They seem to lay the blame in your lap. I am the first one to agree with you that the blame doesn't lie in your lap, and it certainly doesn't lie in the lap of the assessors of Essex County, but I would like to say a few words on behalf of the Legislature, too, because sometimes we are very maligned.

As you can see from your consideration

of these bills and your discussion of them, there is a lot of room for disagreement in the different bills that have been introduced. Remember, the Middletown decision is not ancient history. The mandate or decision in the Middletown case only came down within fourteen or fifteen months. The Legislature prior to that time, six months prior to that time, asked the State Tax Policy Commission to study the impact of a proposed decision or a possible decision by the Supreme Court that was handed down in the Middletown case. Remember also that the Ninth Report of the State Tax Policy Commission was delivered into the hands of the Legislature in early March. That was only four months ago. Since that time, there have been some ten or eleven bills put in the hopper down in Trenton that have been the subject of quite a bit of discussion not only on the floor but certainly in committee meetings and informal meetings, so I don't want to say that I am looking for sympathy, because, after all, we weren't elected to get peoples' sympathy. I do think that all of us realize that we have a real problem here that we

are not going to solve like that, because when we solve it, it is going to be a solution that is going to last for another fifty, one hundred, one hundred fifty years. I don't think, as I said in the beginning, that we as assessors, that we as municipal officials, that we as legislators, should be bulls in a collective china shop to satisfy the request of some people that a solution be given immediately.

I think it would be the most wonderful thing in the world if we could come up with a solution today, but failing that, I don't think that we should embrace a bill that does not satisfy the problem completely.

Now, what I would like to do now is to ask the individuals who are here for any recommendations that they might have that are variant from the facets of the bills we have discussed for the last hour and a half. I realize that some people do not have original or independent thoughts to cure this problem, but I am sure that some of you here in this room have ideas that you would like to throw out to the crowd.

What I would like to do is have anyone who now would like to speak, I would like to have them rise and give me their names so that I can list them and call on them in order. I would like to start out by inviting Tom Hunt of the City of Newark to complete his remarks that I perhaps cut him off on. I did want to get through the roster of municipal officials. We will put Tom Hunt first on the list. If there is anyone else, please rise and give me your name.

CHAIRMAN MATTHEWS: Is there anyone else who would like to be added to this roster here? Suppose we start now with Tom Hunt of the City of Newark.

MR. HUNT: It made me feel that I was at the County Board when I was told to shut up before. (Laughter.)

I think we were at the stage in which I was talking about replacement taxes, and I believe I had given you my reasons on them.

Now, we also have the other tax, the financial business tax, which covers finance companies. In that particular case I even went to Court and I lost, because the desks and the furniture in their offices are exempted by that business franchise tax, financial tax, so I don't think there is any question but the finance company makes more money than any home in the State of New Jersey. I don't think they should be a preferred customer on our tax list, and I would suggest that you look at the financial business tax for some of your replacement tax.

Now, probably for the last twenty years we have had trouble--and I think I have probably been

in the midst of it--on insurance company taxes. We did have legislation in which we made an adjustment with the companies and in which they made--the life insurance companies will pay on a premium tax and the stock and fire insurance utility companies, they pay on a premium tax, also, but they also pay on furniture and equipment where found.

Now, taxation--and this may be new to you fellows as legislators--but competition between towns is greater than it is between Bamberger's and Kresge's, and I am talking about soliciting customers. In the thirties we had a lot of competition under which most of your insurance companies were taken downtown into one of the senator's offices--I am not giving that as a suggestion, that you should take them, too--and which forced us into a position of making adjustments in our tax structures with insurance companies. Today, if you will look at the insurance company tax angle--and you can take the rates that are now levied on the premium taxes--and they are still scheduled to go a little bit higher--and you compare them with the insurance states which are commonly known to insurance companies as their haven--one of them is Connecticut,

of course; on the other side you have Pennsylvania--and you will find that the rates on insurance companies are lower in New Jersey than they are in any other State.

Now, these are a few sources from which some of the taxes can be obtained. These taxes, when they are distributed, they should go back to the town where they arise and are created. In your Senate 211, under distribution there, you have in there--let's take a town, for example. Take South Orange. I don't think it has any industry, but who knows whether ten years from now a company is going to come in there with $10,000,000 worth, and there is no provision in that act for them to get the benefits for the services of that company which may move in the future; so that your distribution should be changed that wherever the money is created--and to create this replacement tax will require services from the town--that it should go back to the town from which it is gotten up, the same as our present bank stock tax. Today the tax is apportioned in the various towns, regardless of where the home site of the company is.

Now, everybody seems to be worried about

the shift in tax loads. The impression seems to be that the homes are going to be hurt. That may be true in some places, but I think it's going to be only in a limited number; in other words, I know that outside of Hudson County, the City of Newark is the only one affected by the railroad. From our railroad we now receive approximately a million dollars a year. Now, it's true that the railroads are hollering for equalization, but they are using the same tactics that I used to use when a taxpayer hollered equalization.

I used to say, "Everything is a hundred per cent." Now, the railroad property is not assessed 100 per cent in Newark. You can check your railroad property and check the land adjacent to the property, and you will find that the land and the railroad is evaluated the same as the land that is adjoining it on either side of the property. I am not too much disturbed by equalization as far as the railroads are concerned.

Now, I do believe that they should be equalized, even if it did hurt. In the case of the City of Newark, it won't hurt. I believe as you

travel along the Lackawanna, that the amount involved in the various towns doesn't amount to too much.

Now, in your older cities and in your industrial counties--for example, we say in Newark, Belleville, Irvington, Orange, Nutley--there may be a little shift of the home, because the impression is out that all business houses and all industry is assessed too high, and that has been established from ratios developed under our Sales Ratio Act. Now, I can't talk from the other towns, but I can talk from the City of Newark, and if the County Tax Board, who has access to these records, or anybody else, will look over the sales that are taking place, they will find that the sales from which the assessment is high; in other words, where, say, you would assess eighty, ninety, a hundred, a hundred and ten per cent, that that is a fringe of our business area.

For example, you might find that south of William Street on Broad Street. Now, to apply the ratio to the property on Market between Broad and New Street is ridiculous, but that is the way it is done. I don't expect the shift; I do expect shifts within classes.

I have my total revaluation in, my total figure, and while I don't say it's correct--there are some ups and some downs--I imagine it will come to close to what the figure is. The proportionate amount of Class 2, which is the one to four-family houses, in its relation to the total revaluation figure as given to us by my experts is approximately the same as what I gave to the County Board on January 10th, and that holds pretty close.

Now, in the classes there will be shifts. We do feel that by these benefits or favoritism, as you may call it, that homes have received over the past number of years, that that has encouraged their sales price. Therefore, if the taxes on the homes go up--let's assume the tax today is $500 on a home--you are more inclined to pay $10,000 for the home than if the tax on that home is six hundred fifty. You might not want to pay eighteen; you might want to pay fifteen, so that you are going to find that after the shift if it does take place on the homes that it's going to have to come back the same way. It's going to be like the pendulum on a clock, back and forth.

Now, the City of Newark is going to fight like hell for the homestead exemption. It's very, very simple for the Tax Policy Commission in all their might to sit back and say it's too much money. What's too much money? Too much money from who? Is it too much money to come from the industry that some of them serve? You heard in the legislature about the chairman and his testimony on the railroad case. Who are you representing, the people of the State of New Jersey, the people that homes are one-family houses and two-family houses and makes the city? Let me give you a few thoughts: You find an A & P store, and if he don't make a dollar, he puts the key in the door and locks it and pays his rent. That's his civic-minded interest, and that will probably be true of every service industry that you find in your town, whether he is a doctor or a lawyer or a surveyor or architect or whatever it is.

Now, you find in industry, can he do it? No, he can't. All three are statutes that you are bringing in to us today; the real benefit goes to the service stores.

The 10 per cent inventory--let me give

you a few concrete examples: L. Bamberger & Company is assessed for $4,750,000. L. Bamberger, their books will show they have $7,450,000, of which two and a quarter million dollars is fixtures and equipment, so that 40 per cent, it's nine hundred thousand. They have over five million in inventory at 10 per cent, is five hundred thousand, so I come out with one million four hundred thousand against the seven million four hundred and fifty you have today. That's not theory; that's practice. So I want to be emphatic with you that this inventory at 10 per cent is something pulled out of the air.

Now, I believe that every taxpayer should be treated fairly, but when Mr. Shine and his committee says it's too much money, who is it too much money for? For the investor? For the industry? For your service department? Who created your county or your city or town? The people that live in it, the one-family home. You may say to me that the City of Newark, you haven't got that problem, because it's only one-family houses in the suburban, but I want you to know that I have 12,500 one-family houses in the City of Newark, and I have about the same number that's two-family homes.

The City of Newark is going to demand the adoption of a homestead exemption on its homes, and the homestead exemption should apply wherever the owner lives. Now, in your remarks you said that with approval, SJR 12 and 15--well, the complication, at least, that I took, that the city and towns couldn't be ready for anything that comes up. That isn't true, because the cities and towns will be ready for whatever we can get, but we are looking for--we are looking for a fair, comprehensive tax structure, and that may not give the legislators sufficient time to make a study.

We are sick and tired of twenty, thirty years of putting a patch on a house, and all that we ever have gotten in the last twenty years is making property exempt. In fact, you have got it now so that if somebody thinks about a charitable institution, why, it's already exempt. In fact, I am going to think about turning my house into a rectory or something and making a claim for exemption, because five years from now I will do it.

Now, in your exempt property it requires some study, and in my opinion, any exempt property which is not open to each and everybody in the State of

New Jersey is not entitled to exemption. If I have a private club in which you cannot come into it, why should I have exemptions? Exemptions were originated with the purpose of helping out some organization that was helping to reduce the cost of your government. In other words, they should be weighed upon what do they contribute to the town or city in which they live.

Now, we have lots of organizations that contribute and saves every single town in some way, either in health or in juvenile delinquency--I don't say they have to get up a police stick and go out, but there's lots of ways that you can measure it. Anyone that is a private organization in the sense that it isn't open to any Tom, Dick and Harry in the State of New Jersey, is not entitled to exemption.

Now, I think that will about sum up all of the remarks that I have. If I have overlooked any, if there is any question, I will be glad to answer the position of the City of Newark in any question that comes up. Thank you.

COMMISSIONER MAURICE SHAPIRA, Essex County Board of Taxation: I was surprised to find that you didn't offer any remarks with respect to the

five-thousand elimination on the personal property return. I wonder if the assessors know that 211 provides that the assessor has the right to receive the return of the taxpayer up to $5,000, and above that it goes to the Division of Taxation. It seems to me that the assessors are losing jurisdiction over the personal property assessment over $5,000 because an appeal thereafter over five thousand would then go to the State Director. It also provides that the State Director has to look into these assessments over $5,000. In other words, he has to have his own crew and so on. Now, was that given any study?

MR. HUNT: Yes. In fact, our position--of course, I am getting old, but I believe the personal property tax should be done away with--I think it's ridiculous, and if I don't take up too much time--it's the highliest competitive we have today. We know, and the towns surrounding me know, that they bid for industry today. Personal property tax is one of the things they are using, and as far as the City of Newark is concerned, we want personal property done away with and something to replace it. If we are to retain personal property taxes, then we want it done

by a state agency, giving the towns or the cities the right to appeal any action of that state official. We have cases, as you know, in the adjoining county in which the mayor of a certain town has from time to time said that, "Your tax dollar is $5,000. The assessor has nothing to say about it."

We have it in Ocean County, we have it in various counties in the State of New Jersey. Today in the northern part of New Jersey we are in the same position we were in twenty, thirty years ago, when water was a very important means of transportation. Today with our over-the-road transportion, industry can shift to various parts of the state, and that's the weapon they are using. As you go along the Turnpike, you will find that some of the industry you used to see in the Newark-Belleville area, and you have a concrete example of that, as I recall, in Bloomfield with the GE. I think they are going somewhere where they are getting free taxes. That is how it is highly competitive. We believe that even the five thousand should be done by the state.

ASSEMBLYMAN MARTIN KESSELHAUT: On the homestead exemption, do you have any specific

recommendation as to amount?

MR. HUNT: Well, the amount would have to vary, in my opinion, according to the ratio. We are advocating a 50 per cent ratio. It all depends now where the exemption comes off. If the exemption comes off the top, as I refer to it--in other words, before the 50 per cent is applied--then the exemption should be in the neighborhood of $5,000. If the exemption comes off the net--in other words, after the 50 per cent is applied--then that exemption should be from two thousand to twenty-five hundred.

Now, you are going to hear argument in a legislature that the homestead exemption should have some relation to the value of the property involved; in other words, if it's a $20,000 home, the exemption should be based on its value. I want to tell you that's unconstitutional, in the first place. Check it and don't waste time on it.

Secondly, you are getting into preferred treatment when you do that, because you are no longer giving a homestead exemption; you are giving a bonus to the man that has money to spend over the man that hasn't got money.

If it's before the ratio is used, I would advocate $5,000; after the ratio is used, $2,500.

ASSEMBLYMAN KESSELHAUT: If you have a two-family house, one-half of that--

MR. HUNT: I will give him the whole business; he is a home owner, same as anyone else. The home owner is the one that is going to stay in your home. He can't pick up and move. You are stuck once you buy a house until you get some other sucker to buy it. He is entitled to it just as anybody else. That's all. Thank you.

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HON. DONALD G. LOCKWOOD, Mayor, Caldwell: About eight years ago, I believe it was, I accepted the job as Chairman of the Essex County Citizens Committee for State Aid for Schools. I took that assignment not because I believed that the schools needed state aid, but because I was of the sincere opinion at that time that it was the best way that I knew that could dramatize to me what is a most archaic and obsolete tax system that we have here, and I think that time has borne out my judgment in that respect, because it was this particular committee that brought up the matter of our poor taxation policy.

I have had some thoughts along the line of what we need. Right now, I must agree through sheer necessity that we need time. I think that we have to petition the Supreme Court in some manner to get time to put the house in order. At the same time, I can't help but feel that a great majority of your municipalities and perhaps our Legislature, too, have been dragging their feet in the matter. We have a system that goes back actually before the Revolution. It is based on an

agricultural background which no longer pertains to the great majority of the state. Most of your taxpayers, I am sure, are of a suburban nature or urban nature rather than the big landlords that pertained when the original tax was propounded.

I feel that what we have to do is make a complete revision and change our thinking as respects taxation. The bills that were mentioned here today I must agree but are patches on old pants, and as such they are probably weakening the cloth rather than strengthening it.

I believe that railroad property should be handled separately and apart from real estate. I think it should be handled by separate legislation, as has been suggested here, probably on a utility basis, under separate legislation.

As far as ratios are concerned, as far as the Borough of Caldwell is concerned, I believe we are willing to accept any ratio that is propounded generally. We don't feel that it will affect us in one way or another, because as larger ratios are used, we, of course, recognize that certain inequities will have to be resolved at the same

time, such as the debt limit of the towns, the Veterans' exemptions, and so forth. These are all parts of the problem. The basic ratio has to be decided upon, and then the others can quickly be brought into line by remedial legislation.

I feel that the personal property on residences particularly is a complete anachronism. It is a most difficult tax to assess. It is even more difficult to collect in some cases, and by and large I think it should be eliminated completely. Our economy here in New Jersey is based at least 80 per cent, as I see it, on real estate value. I think that is wrong. I think there are some other values that have to be taken into consideration. It is true that land represents basic value, but a going business also represents a going value, and on that basis, anything that creates value lends itself to a tax. It is a mistake, in my opinion, to settle all of the value on the household. I think that some kind of a supplementary tax has to be taken into consideration in order to accomplish the problem.

Since 1950, at least, the tax rate

in the Borough of Caldwell has increased almost 100 per cent, and I can't--we are now just under $8. Our ratio, as established by the county, is something in the nature of 34 or 35 per cent, and within the next two or three years, I can't see it dropping under $10. Of that, as the Mayor--the Mayor and Council have control of perhaps 10 per cent, and not very much control over the 10, be cause the 10 per cent is pretty nearly mandatory, too--the county, the school, the bonded indebtedness of the town, the salaries that pretty nearly have to be there. The only thing that we can control is less than 10 per cent. The rest of it is almost automatic, and I don't care how much time you spend on it, I am sure that you gentlemen that have had anything to do with budget will come up with the same kind of conclusion.

So I do feel pretty definitely that we have to have a change and a complete revision on our basic tax thinking. I feel that the State Tax Policy Commission has come out with some fairly equitable solutions. I think the second solution of theirs was probably the preferable of the two

insofar as I am concerned, but the method of approach at the present time, it appears to me to be wrong. I think we are going to patch an old structure. We have got to discard the old structure and put up a new one, and that takes, I think, some good and clear vision. It has to come if we are going to stay in the fine position as we now hold as a state and as our own individual municipalities.

CHAIRMAN MATTHEWS: Thank you very much, Mayor Lockwood.

The next speaker I have, and last, I guess, but certainly not the least, John, John O'Brien, former assessor of the Village of South Orange. Before Mr. O'Brien starts to speak, is there anyone else who would like to be heard this morning?

MR. JOHN F. O'BRIEN, Consultant, South Orange: I came down here today to this meeting to sit and listen, as I went to Trenton last week--and as my experience was in Trenton, I was called into the discussion at seven o'clock at night. I spoke very briefly, as I am today.

Now, there can be no question, in my

judgment, about the necessity of time. Of these bills, I might say that SJR 15 provides the time, if the Supreme Court would accept it, but it seems to me that what we are up against and why we are here today is for one reason only, and why the Middletown case came down was for one reason only. That was something that happened at the constitutional convention, and because of that, the Legislature has now been faced with the problem of doing in a disorderly way--and I have no criticism of the Legislature when I say that the problem has been with the Legislature, not any criticism on this present Legislature--but it has been before every Legislature that has served since the constitutional convention.

The Middletown case would not have happened if it were not for the strait-jacket clause that was slipped into the Constitution after three months of discussion, slipped into the Constitution at the last minute to placate the delegates from Hudson County on account of the railroad situation. It is on that strait-jacket clause that the Middletown case is based, and because we are in the confusion

that we are in today.

What we need is time, and I have no sympathy at all with the sentiment that the time should be limited to a year or two or three. I am wondering, SJR 15 gives us time, but it is only one year, and that is insufficient, in my judgment, and I am wondering if Senate 6 -- if SJR 15 is not possible because of the Court decision, then recourse might be made to Senate 211. Senate 211, after all, does provide a comprehensive -- something that should have been done ten years ago or nine years ago -- a comprehensive amendment to the true value statute; but they are thinking in Senate 211.

It provides a complete tax structure, and if Senate 211 is resorted to, I think, in my judgment, it should be considered merely a stopgap measure.

I was wondering, from some suggestion made by somebody to me, as to whether the bill introduced by Senator Dumont, Senate 6, which provides this language, after a lot of preamble and a lot of material that is in A-350:

"That the assessment for the year 1957

is deemed to be proper for the tax years 1958, 1959, 1960, and 1962."

Now, if a bill of that kind would be introduced and it would in effect meet the mandate of the Supreme Court by removing true value, it would then give the time that is necessary. As I said before, we are trying to do in a disorderly way what we should have been doing in an orderly way during the last ten years, and in my judgment--I may stand alone in this, but let me tell you I did not stand alone at the constitutional convention, because thirteen of the most important state-wide organizations in this state, all of the tax experts, including Governor Driscoll, John Sly or Dr. Sly of the Tax Policy Commission, then Director Sing, and many others--I would suggest, Assemblymen, because of your interest--and I want to compliment you for your interest in calling this meeting--that it might be well for you to get the proceedings of the tax convention in order to project yourselves back ten years and see the decision. If you do, I think you will agree with me that any sort of assessing at true value--and this is one thing I said at Trenton--should

be unthinkable, because after three months of debate, the most widespread debate on the tax clause--it was discussed more thoroughly than any other clause in the new Constitution--it was the last thing wrapped up--the decision as to whether property should be assessed at true value, in my judgment, was settled, because the delegates to the constitutional convention after this three months of debate and consideration rejected true value and they submitted that Constitution to the people of this state, and the people of this state adopted that Constitution and gave approval to the rejection, and on its own part rejected true value.

The only reason for considering true value today, as I said before, was a strait-jacket provision. It would seem to me no matter what is done, what we need is a stopgap, and what we need is time, and I suggest--this is the tax clause:

"Property shall be assessed for taxation under general laws and by uniform rules. All real property"--

This was the clause. My clause that was endorsed by the Governor, Sly, and Sing, and

found favor widespread in the convention among the delegates was a classification clause. Now, here is the clause that came out of the compromise committee that was appointed in the last four days of the convention, as far as the discussion was concerned, and that was placed in merely to placate the delegates from Hudson County and secure agreement--

"All real property assessed and taxed locally or by the state for allotment and payment to taxing districts shall be assessed according to the same standard of value;"--that was to repeal the 3 per cent tax granted to the railroads during Governor Edison's administration--"and such real property shall be taxed at the general tax rate of the taxing district in which the property is situated, for the use of such taxing district."

Now, in my judgment, no matter what is done in this tax thing, consideration must be given to taking out of the Constitution the philosophy that the Legislature shall be free to do anything it will. As far as personal property wealth is concerned, they can exempt it. The Legislature may exempt it, as it has over the last forty years. It

has narrowed the tax base of ours, taken all personal intaxable wealth out of the tax structure, and in the majority of cases it has left it out.

Tom Hunt mentioned the bank stock tax. The revenue for the bank stock today is a million and a half dollars. Now, I say that--and I made this suggestion--that no matter what is done, it would seem to me that that strait-jacket clause should be taken out of the Constitution. I think that if--that there is time even yet--if there is any merit, to put it on the ballot this coming November, because I don't think that the constitutional amendment that was rejected in 1956 is so similar as to prevent this amendment to be submitted or considered by the Legislature and submitted to the people this coming year.

I suggest that while I would like to see the classification clause written into the Constitution, even if the Constitution was amended, it should be limited to the first sentence, "Property shall be assessed for taxation under general laws and by uniform rules." Even if that was the only thing in the Constitution, it would place the

Legislature in the position of in the future reconstructing this real estate tax structure.

The property tax structure, as Mayor Lockwood said, is absolutely necessary, because, I point out to you, that I don't agree that all real property should be assessed by the same standard of value. I say that the real estate owners of this state have the right to get the same sensible treatment from the viewpoint of taxation as has been accorded to the owners of property wealth.

Then, another part of the entire picture which makes time necessary, as Mayor Lockwood said, and I agree with him wholeheartedly and I agree with Director Anderson, that what is needed is possibly not new taxes, but new taxpayers. I think the Legislature should make a comprehensive review of all exemptions granted to intangible wealth, which was taken out of the tax structure primarily and justifiably to get it to take personal property out of being assessed at 6, 7, and 8 per cent. I think the Legislature should bring back into the tax structure a great deal of the property wealth, because, as the Tax Policy Commission says,

the State of New Jersey is not represented in real estate; it is represented in business activity.

I say that industry is not bearing its share of the tax load in this state. It is not bearing its proper load. The owners of personal property wealth.

The billions of dollars represented by investments in bank stock, the stock in domestic corporations, completely exempt in taxation, and no in lieu taxes. The in lieu tax from the book is piddling. Tax in foreign corporations and in the last action of the Legislature, five or six years ago, the complete elimination of all intangible wealth, so that what we need as a part of this picture is a broadening of the tax base which has been discussed practically since the industrialization of this country. We have narrowed our base and we have removed from it, and that is why your real estate tax is so high today.

I would certainly think that a part of this structure, part of this work--and it will take some years to do it--is a very complete study of the exempt personal property in this state and

an attempt made to bring back into the structure that property wealth at a reasonable impasse that will not injure us.

Now, let me say this: The broadening of the tax base in the state has been recommended for the last thirty years rather intensively, and it has not been broadened because of the political complications of it. If the Legislature is reluctant to broaden the tax base and bring into the taxpaying class on a proper and fair basis the intangible wealth that has been exempt, if the Legislature is reluctant to call upon industry to make a fair contribution to the state in which their plants are located--and don't forget the Tax Policy Commission pointed out that 50 per cent of the gilt-edged corporations in the state have their plants here, and of every dollar they make in profit, 52 per cent of it goes to the Federal Government to buy battleships, when a fair franchise tax on corporations is based on income--a portion of the money going to the Federal Government could go to the State of New Jersey to support education, of which industry is a beneficiary.

Those are my thoughts. I may stand

alone in this question of the right of real property owners and particularly home owners to have their property classified under some fair basis of assessment, but at the constitutional convention that thought was accepted as a good philosophy of taxation, and the clause that I pointed out provided for classification. I say that in any consideration of this entire problem and the complexities that are here today and the same complexities and differences of opinion will be developed by the hearing in Newark and in Trenton--I think it is the Legislature's job, and I don't hold to the thought that classifications will cause a lot of trouble.

I have heard it said that under classifications everybody will be scrambling for a favorable classification, but the owners of personal property have been doing that for thirty years, and they have had their way. As I said before, we don't need new taxes; what we need are more taxpayers.

CHAIRMAN MATTHEWS: Thank you, John.

MR. ERNEST C. GERARD, Orange: I thought I had something to say until John started to talk, and he took most of my thoughts away.

Hunt, where we would tax everything on 100 per cent of true value and give the homestead exemption. That could be determined five or ten thousand dollars, whatever would be fair after the amount of tax that would be required to run our governments.

My second recommendation would be 100 per cent tax on all intangibles, with an exemption, so that it would take care of the situation of warehouses that Tom had mentioned before. If we had 100 per cent assessment, our rates would naturally go down and we would kind of subsidize our home owners by this intangible tax.

My third recommendation is something must be done with the tax-exempt properties. Looking at the City of Orange--and I know a local situation is a bad one, but we have four blocks in the City of Orange that are occuped by tax-exempt property--we are a city two miles square, and to take out those three blocks with tax-exempt property, the burden of taxation is being carried by the poor one-family or two-family property owners, and my recommendation on that is also to take all tax-exempt property on a 100 per cent basis and then to allow

an exemption of fifty or $100,000, whatever would be necessary, so that every religious organization, every charitable organization, would be treated on the same basis, and yet they would not be subsidized at the expense of property owners.

CHAIRMAN MATTHEWS: I think the gentleman from Cedar Grove wanted to say something.

MR. EBERT: The only thing I wanted to say was the question of Mr. Shapira's about the personal property. I am just a new tax assessor, also, but I have been in the appraisal business for a great number of years. My ability to value personal property of large industrial uses, my knowledge is very limited. Therefore, you wouldn't make me mad if you were to take it away from me and give it to some specialist in the field, which is where I think it should be. It is an animal in and of itself, and I don't think a local tax assessor is qualified to do it.

Not to really start an argument, but I am wondering if we have thought of just what the home owner gets in services and what the cost of it is to him. The point that I am trying to make is

that the average cost to educate a child is 400, $450 a year. Some homes have as many as two or three children in our schools. I grant you that the industry gets the benefit from the education that we do give our children, but I also--my children also get a benefit from the education that is given to them at our public schools. I think that the taxes on our home, yes, are very high. They are high, and I know from my own financial condition that I can't afford to own an expensive home, but I still would like to have my children educated.

So that the thing I feel we should be looking for is maybe in addition to more taxpayers, more places to get revenue from. In the back of my mind for a year or so has been the plight of many of the theatres in our cities. Also, the gambling that goes on within the State of New Jersey, much of which possibly could be taxed. I am wondering if maybe the theatres could be used for closed television circuits, have a pari-mutual window at every theatre, let the people come there and bet. Let us collect the money. Let

us legalize gambling. I think we are making a big mistake. This would be one of the ways that we could broaden the base of the taxes. I am sure the tracks would be only too glad to collect the money at a window in a theatre when it is probably lost to them some other way. I know it has nothing to do with our subject here today, but it surely would broaden the base, and I think if the right minds could put some thought to it, you could use this vacant real estate and use the revenue.

MR. O'BRIEN: May I just make the observation: I can do it, because I'm no longer an assessor. Criticism against the assessors, I think in all fairness, I think the criticism is grossly unfair. We have made a great deal of a center of neglect. We have made some progress in assessment procedure during the last seven or eight years, and whatever improvement has come initiated right in this county. As Director Anderson referred to, the suit by Newark in 1950, that was on the basis of the values in the outlying districts. As a result of that--the suit was called off--the assessors themselves equalized, and what they were doing was watched right

up and down the state, and emanated from that movement has come all the improvement.

CHAIRMAN MATTHEWS: I am with you 100 per cent. I tried to indicate that at the outset of my remarks. I disagree with the comments and criticism directed against the local assessor. I think we in Essex County can be very proud of you as a group. I think that your presence here this morning even on this very hot day is another indication of the way you really are devoted to the solution of this problem.

I notice in the audience another of the Essex County Tax Commissioners, James Kelly of East Orange. I wonder, is Commissioner Byrne here, too? Excuse me, Commissioner. I wonder if either of you might like to say something.

MR. HUNT: I don't want him to say anything. He already stole the chair of the Mayor of East Orange, and he doesn't take office until January 1st. (Laughter.)

COMMISSIONER JAMES W. KELLY, Jr.: I want to say that it is enlightening to see the interest showed by the assessors. I have never

heard too much criticism against the assessors of Essex County, and I think I have dealt with them as closely as anyone could be since I have been a member of the Board, and I think we can be very proud of the work that they have done. I know they are looked upon throughout the state as the outstanding group in the state. Just the interest they have is displayed by their coming here this morning. To me, that shows that they are taking their jobs very seriously. I have been very proud to be a part of them and associated with them.

CHAIRMAN MATTHEWS: I want to apologize for not noting your presence sooner.

COMMISSIONER FRANCIS A. BYRNE: I want to concur in the remarks that Commissioner Kelly said and also the very fine manner in which you have conducted the hearing and the very important issues that have been brought out. I know they will be helpful to you, and I do wish to congratulate the assessors of Essex County for their fine cooperation.

CHAIRMAN MATTHEWS: Thank you very much.

COMMISSIONER MAURICE SHAPIRA:

You must get another vote of the Essex County Tax Board to make it official, so I think I will concur.

HON. HEDWIG TURKENOFF, MAYOR, Cedar Grove: I want to ask if copies of the transcript will be sent to the municipalities?

CHAIRMAN MATTHEWS: I am going to investigate that. I took the Reporter's card. I have to check with the County of Essex, because the County of Essex through the Board of Freeholders and through the County Tax Board is graciously bearing the cost of the transcript, and I cannot commit county spending being an Assemblyman, but I will investigate it and I will let Al Weiler know what the situation is as to reproduction, et cetera. If we can, we will arrange that copies will be available.

MR. WEILER: Mr. Chairman, we, the assessors of Essex County, concur with what the members of the County Tax Board have said about the assessors of Essex County, and we want them to know, too, that we feel the same way about them.

CHAIRMAN MATTHEWS: If there is nothing else to be said or reported, the meeting stands adjourned. Thank you.