

COUNCIL CHAMBERS  
CITY HALL  
EAST ORANGE, NEW JERSEY

RE: PUBLIC HEARING HELD BY :  
THE ASSEMBLY COMMITTEE ON :  
TAXATION AND THE SENATE :  
REVENUE FINANCE & APPROPRIA- :  
TIONS ON VARIOUS TAX PROPOSALS :  
BEFORE THE LEGISLATURE. :

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June 19, 1974  
East Orange, New Jersey

B E F O R E:

SENATOR JOSEPH P. MERLINO  
SENATOR BERNARD J. DWYER  
ASSEMBLYMAN GORDAN A. MAC INNES  
ASSEMBLYMAN FRANCIS J. GORMAN  
ASSEMBLYMAN JOSEPH W. CHINNICI  
ASSEMBLYMAN WILLIE B. BROWN  
ASSEMBLYMAN HAROLD MARTIN





1 MR. MAC INNES: I'd like to call  
2 this public hearing to order. My name is  
3 Gordon MacInnes. I'm a member of the  
4 committee on taxation. With me in attendance  
5 is Joseph Merlino, Mercer County, who is  
6 the Chairman of the Senate Committee on  
7 Revenues and Appropriations.

8 I would like to call as the  
9 first person to comment, Mr. Harold Karns,  
10 member of the City Council for the City of  
11 East Orange.

12 MR. KARNS: At an official meeting  
13 of the City Council we made a resolution  
14 in regards to the tax proposal as it now  
15 stands, which I passed out as many copies  
16 as we had, whereas the government of the  
17 State of New Jersey, the Honorable Brendan  
18 T. Byrne has introduced a comprehensive tax  
19 program for the State of New Jersey; and  
20 whereas this comprehensive report includes  
21 one, provisions of equated educational pur-  
22 poses throughout New Jersey plus eliminate  
23 the start of the equality as to the New  
24 Jersey Superior Court.

25 Two, provisions for special tax





1 consideration. The person of low income  
2 of a special coordination, senior citizens.  
3 Appropriations for well based--if this and  
4 county in regard to initial advertence.  
5 Four, provisions for payment from municipali-  
6 ties for tax deductions offered to the  
7 public housing, senior citizens and the  
8 other vital parts. Provisions for a maximum  
9 tax rate allowable in the State Hall.

10 Six, provisions for a fair allocation  
11 for State earned money, other methods of  
12 distributing it among the proper legislations  
13 of New Jersey and whereas the Mayor of the  
14 City--of the council recognized the vital  
15 importance to pass this legislation by the  
16 State Senate and the State Assemblymen, and  
17 therefore be it resolved that Frank Dye and  
18 State Assemblyman Gewertz are requested and  
19 employed to purport all pieces of this pro-  
20 posed legislation which the Mayor and City  
21 consider of the most importance for the  
22 future health and welfare for the City of  
23 East Orange and for the ultimate benefit  
24 of all New Jersey residents.

25 Gentlemen, in addition to the resolu-





1           tion we have passed over the years, we have  
2           passed a resolution introducing a principle  
3           of Governor Cahill's program. We feel  
4           that a tax reform is probably the most  
5           single important piece of legislation which  
6           will ever be passed to benefit the city and  
7           the community. We feel very strongly about  
8           tax reform. We feel that any representative  
9           who comes forward and votes against the  
10          governor's proposal without at the same time  
11          coming forward and offering a proposal that  
12          they feel is equal is asking for something  
13          immoral in the face of justice, now existing  
14          in the State of New Jersey.

15                 Our resolution is aimed at our  
16          three representatives and we want to make  
17          clear that other members of the city, we  
18          feel that we speak for all of them, because  
19          we are going to watch carefully how they  
20          vote on this piece of legislation.

21                 If you have any questions, I'll try  
22          and answer them.

23                 MR. MAC INNES: Before the questions  
24          I want to say thank you for your hospitality  
25          that the members of the Council have shown





1 us here.

2 Are there any questions directed  
3 to the councilman?

4 (Whereupon there were no questions.)

5 MR. MAC INNES: Next, I would like  
6 to call Robert Ruane, Assemblyman from Essex  
7 County.

8 MR. RUANE: Thank you, Mr. Chairman.  
9 Gentlemen of the committee, colleagues,  
10 we come here tonight perhaps to offer one  
11 man's opinion, although I'm a representative  
12 from the 27th District, which includes  
13 neighboring towns, from East Orange, I feel  
14 compelled that this taxing problem that  
15 we're trying to solve or at least grapple  
16 with should be construed to be the basis  
17 of our entire election hearing from last  
18 November. By that, I simply mean that I  
19 believe each and everyone of us ran on the  
20 issue of integrity.

21 Now, I will, if I may, make a slight  
22 presentation concerning the tax first.  
23 Secondly, I should say--but first I feel  
24 compelled that we should address ourselves  
25 to the reason that we're in this room.





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1 Basically we're in this room because of a  
2 judicial decision affecting the education  
3 of the children of the State of New Jersey,  
4 the Botter decision and subsequently the  
5 Weintraub (phonetic) opinion. I read the  
6 report, gentlemen, on the joint education  
7 committee and I have looked at the Wylee-  
8 bergsky (phonetic) bill and I can only  
9 construe that as a blatant attempt for  
10 the State takeover of our educational system,  
11 per se without any regards for local economy  
12 or local control. That is just my opinion  
13 as an individual.

14 On Monday afternoon we spent a  
15 considerable amount of time in Trenton with  
16 the Governor and his representatives and  
17 ourselves and we debated and discussed all  
18 of the alternate proposals for the funding  
19 to the State funding of our educational  
20 system. Well, I must say, that I was a  
21 little confused with the program that was  
22 offered and the alternatives that were pro-  
23 posed.

24 First of all, as I construed the  
25 body of the decision, he was taking basically





1 the local property tax of five hundred and  
2 fifty million dollars and this was directed  
3 towards the education of our children, and  
4 on Monday I listened to three proposals,  
5 one by Mr. Doyle Neuman, totalling a figure  
6 of one billion seven hundred and eight-one  
7 million dollars. Then a proposal by Mr.  
8 Vanwaggnerman of one billion eight hundred  
9 and seventy-five million dollars, and one  
10 by Mr. Harmilton of one point seven billion  
11 dollars.

12 Now, if my recollection doesn't  
13 fail me, there's no provision here for the  
14 interpretation of the Botter decision around  
15 five hundred and fifty million dollars, and  
16 what we have now addressed ourselves to is  
17 a total tax package of perhaps--let's say  
18 on the average one point eight billion  
19 dollars, and this is coupled with the current  
20 six hundred and thirty-eight million dollars  
21 that the State currently provides towards  
22 education, and suddenly the whole package  
23 is two point five billion dollars.

24 I mean, we have come a long way in  
25 about a month and a half, haven't we? From



1 20 per cent of the total, which is five  
2 hundredmillion dollars, we reached to point  
3 five million dollars.

4 Gentlemen, I know it's your re-  
5 sponsibility to report back to us and I do  
6 not wish to overemphasize the misinterpreta-  
7 tion of some people as I see of the Botter  
8 decision. I believe, that if we were going  
9 to follow the Court's dictate, which the  
10 Governor has said we must do, I think, we  
11 should first address ourselves to an alterna-  
12 tive proposal of a funding that five hundred  
13 and fifty millions dollars, and then if there  
14 are further delinquencies or defficiencies  
15 in our educational system, then perhaps  
16 we could discuss other alternative methods  
17 of revenue raising in order to supplement  
18 a budget.

19 As I see it, gentlemen, what one  
20 point eight billion dollars is a very far  
21 cry from five hundred and fifty million  
22 dollars.

23 Now, I would just like to point out  
24 to you that in this folder here, this folder  
25 constitutes one day's mail in regards to





1 this income tax issue. I don't mean to  
2 impress you by it, but I mean to point out  
3 to you quite clearly that it is a highly  
4 emotional issue and the people in my district,  
5 almost in unison want this income tax that's  
6 being proposed by the government. They  
7 have in effect have suggested to me that  
8 they don't want any taxes at all and I can  
9 agree with that in my humble estimation.  
10 They've been taxed enough and I've been  
11 quoted to that effect, but if we have to  
12 find an alternate method I would suggest  
13 that we concentrate on following the decision  
14 of the Court first, and then perhaps, Mr.  
15 Chairman, as I have done and examined the  
16 Assembly Bill of 1719, I suggested that we  
17 more or less reintroduce the "Boheim" Commi-  
18 ssion and that can be explained to the  
19 secretary who will monitory the grades and  
20 let us study what is wrong with the education  
21 in the State of New Jersey.

22 Let us ask some appropriate questions.  
23 Why can't a child 12 years of age tell the  
24 time? Why can't he read? Why can't he  
25 write? If as a legislature you or I as a



1 parent or I as a taxpayer have to assume  
2 a certain support, a certain amount of the  
3 blame, in this State and for the deplorable  
4 condition of the education I wonder perhaps  
5 if the teachers should take a little bit of  
6 the blame too, gentlemen, and none seems to  
7 be pointing the finger in that direction  
8 and I'm not saying that all the teachers  
9 are bad, and I'm saying if all of us have  
10 this problem then why should it be the  
11 legislatures who are being attacked? Why  
12 should it be the taxpayers who are being  
13 incumbered further? Can't we sit down and  
14 discuss a problem without just having the  
15 dictates of one individual completely run  
16 our lives for us?

17 I won't continue too much further,  
18 except that upon studying the Governor's  
19 tax proposal, gentlemen, as I read it, with-  
20 out very strict amendments and many of them,  
21 I do not feel that it accurately reflects  
22 the middle income group or takes into con-  
23 sideration their tax burden. If I read it  
24 correctly, the most heavily taxed as usual  
25 will be between the \$10,000 per year and the





1 \$25,000 per year.

2 For instance, if someone has in  
3 my town, in Bloomfield, if the Governor's  
4 proposal goes through they stand to get  
5 64 cents off on a local property tax, but  
6 the current level of the income per annum  
7 far out exceeds that with regard to the  
8 income tax to be proposed. So we have to  
9 search our souls and find out first of all,  
10 what is the function of the legislature  
11 with regard to Botter? What is the function  
12 of the legislature with regard to the tax-  
13 payers and I believe, gentlemen, they will  
14 be numbered.

15 MR. MAC INNES: Are there any  
16 questions from the members of the Chair?

17 MR. MARTIN: Yes, I have some. I  
18 wonder could I have the permission to make  
19 some remarks and ask some questions?

20 MR. MAC INNES: You have the per-  
21 mission.

22 MR. MARTIN: Mr. Chairman, as I  
23 know, I'm not a member of your committee.  
24 I'm a member of the Institution of the  
25 Assembly, a member of the Preparation



1 Committee of the Assembly and a Joint  
2 Appropriation Committee.

3 I have spent some time on the  
4 budget and I have spent some time on the  
5 education committee sitting with the other  
6 committees as an auditor. As director to  
7 that report, and my colleague Robert Ruane,  
8 has made some mention of, and I'm rather  
9 surprised that some of the remarks I've  
10 heard here tonight as you started off with  
11 some of them remained by making reference  
12 to the Wileburnstein Report. I think you  
13 indicated that it would destroy local  
14 control of education if there be a State  
15 takeover, am I correct?

16 MR. RUANE: That is my opinion.

17 MR. MARTIN: I'm glad that you  
18 qualified that by saying that it's your  
19 opinion. I have sat through most of the  
20 sessions in which we heard many hundreds  
21 of people testify before us, I hope to  
22 graph that report. We have had many discus-  
23 sions over the question of Local Control  
24 versus State Control and the principle  
25 thrust of that report if you have read it





1 is to maintain the--to be sure that the  
2 State maintains local control of education.  
3 In view of your statement I wonder if you  
4 could point specifically to some part of  
5 that report or of a bill on which that is  
6 based, that report?

7 MR. RUANE: I'd be happy to do so.

8 MR. MARTIN: That will spell out  
9 your concern about State takeover of edu-  
10 cation?

11 MR. RUANE: Yes, sir. I would  
12 read it out so that I don't have to spell  
13 it out. With regards to the report do you  
14 have a copy of the report, sir?

15 MR. MARTIN: I'd like you to read  
16 the pertinent part.

17 MR. RUANE: Article two, section  
18 six, "The State Board after consultation  
19 with the Commissioner shall; (A) Establish  
20 goals and standards which shall be applicable  
21 to all public schools in the State and which  
22 shall be consistent with the goals and guide-  
23 lines established pursuant to Section four  
24 and Five of this act.

25 (B) Make rules providing for the



1 establishment of particular educational goals,  
2 objectives, and standards by Local School  
3 Boards of Education."

4 Now, if I may emphasize the word  
5 objectives, gentlemen, I have spoken to the  
6 Local Boards in my district and members of  
7 the Local Boards and they have told me that  
8 the State never makes objectives to the  
9 Local School Districts and I was able to  
10 show them that the word objective is clearly  
11 there.

12 Now, in the report, and this is  
13 drawn from the report, but it was modified  
14 somewhat, the report delegation of authority,  
15 page nine, if I may, "Since the legislature  
16 can only separate general goals and divide  
17 lines the committee recommends that the  
18 legislation delegate to the State Board  
19 of Education the part and duty to establish  
20 with the advice of the Commissioner of  
21 Education more rules, goals and standards  
22 which shall be applicable to all public  
23 schools in the State and which shall be  
24 consistent with the above described legis-  
25 lative goals and guidelines at the establish-



1           ment each Local Board of Education shall  
2           be granted the right in accordance with  
3           the rules promulgated by the State Board,"  
4           get this,"to establish such additional  
5           Board's objectives and standards as they  
6           desire."

7                   I'm only giving you my interpreta-  
8           tion, sir. If you take this bill, gentlemen,  
9           read it carefully. I can only construe that  
10          word objectives in article two section six  
11          says, that the State does intend, the State  
12          Board of Education, does intend to use all  
13          the power--

14                   MR. MAC INNES: Doesn't that answer  
15          your original question, that perhaps the  
16          children aren't getting the proper education  
17          and they can't read at the standard at which  
18          they should? The same objection that you  
19          talked about earlier tonight. Are you going  
20          to let the same people make the same mistakes  
21          all over again?

22                   MR. RUANE: Is the answer money?

23                   MR. MAC INNES: You're talking money.  
24          When you were reading from the proposed  
25          education bill there was not one mention of





1 money in there. You're talking about  
2 standards, objectives.

3 MR. RUANE: Yes, sir. Objectives  
4 right by the State Board of Education, which  
5 in effect will not employ every single and  
6 Local Board of Education.

7 MR. MAC INNES: That's absolutely  
8 ridiculous and I'm glad it's just your  
9 opinion.

10 MR. RUANE: I think there are a lot  
11 of other people who agree with me.

12 MR. MARTIN: Mr. Chairman, do--

13 MR. MAC INNES: Excuse me if I  
14 might. Our purpose here this evening is  
15 not to discuss and be analyzed as defined  
16 by the Burnstein Commission or by the Governor.  
17 Our purpose this evening is to explore and  
18 to see the views of the public on the various  
19 alternatives available to the legislature  
20 to respond to the Court's decision which is  
21 certainly colored by the question of their  
22 money figure and by the defining and recommen-  
23 dation of the Wileburnstein Commission. That  
24 Commission has heard separate hearings on  
25 that question.



1 MR. RUANE: Yes, sir.

2 MR. MAC INNES: We're interested  
3 in the knowledge here and I would just ask  
4 that we try and keep the question on the  
5 discussion of the dollars whether they're  
6 needed and if they are how we're going to  
7 raise them.

8 MR. RUANE: I--excuse me, Mr.  
9 Chairman, I didn't want to get--I wanted to  
10 answer the direct question. I would agree  
11 that that's what it was, but I merely  
12 intended to ask you gentlemen to consider  
13 the fact that the Botter decision covered  
14 five hundred and fifty million dollars and  
15 if we come up with a proposal to supplement  
16 local property taxes I can study and hope-  
17 fully I can agree with it, but I can't agree  
18 with all of a sudden the one point seven  
19 billion dollars. There's nothing in the  
20 Botter decision that says that we need a  
21 total State funding.

22 MR. MAC INNES: Neither do we. I  
23 think that that point should be clarified  
24 and if I'm not mistaken we're talking  
25 about two different proposals. One proposal



1 is the proposal of the Governor, which  
2 encompasses a total of something like seven  
3 hundred and fifty million dollars in terms of  
4 property which five hundred and fifty million  
5 is for Local Boards of Education and I  
6 believe the proposal you're talking about is  
7 a Statewide property tax paid at the rate  
8 of 1.7 or 1.8 billion as an alternative  
9 measure.

10 MR. RUANE: Yes, sir.

11 MR. MAC INNES: And this committee  
12 intends to explore all suggestions, but  
13 I think they should be kept separate by  
14 you. I don't think it's fair to characterize  
15 either. The Governor's proposal is suddenly  
16 grown from a funding level of five hundred  
17 and fifty million over and beyond what the  
18 State is presently doing to a level of 1.7  
19 or 1.8 million dollars.

20 MR. RUANE: What I'm trying to  
21 suggest, as I understand it, gentlemen,  
22 I think we would best spend our time if we  
23 tried to implement the alternatives to the  
24 Botter decision. First, that is all the  
25 Court mandated us to do, we're not under a



1 Court mandate to impose an income tax or  
2 Statewide tax or anything. I have material  
3 that I just can't find, but it doesn't  
4 explicitly say in the Botter decision or  
5 the Weintraub decision that **we have to**  
6 impose any additional taxes. Nothing herein  
7 shall be construed as requiring the legis-  
8 lature to adopt a specific system of a  
9 funding and a **taxation**. What I'm talking  
10 about is not how we can also tax the people  
11 or why don't we address ourselves to where  
12 the problem is and the sources of the people.  
13 The sources of the problem is the Court  
14 decision and the Court decision is attacking  
15 five hundred and fifty million dollars and  
16 I would like to see us address ourselves  
17 to remedying that situation. I think that  
18 should be done in the Halls of Trenton, not  
19 on the press of the Star-Ledger and Harold's.

20 **MR. MAC INNES:** Assemblyman Brown.

21 **MR. BROWN:** Mr. Chairman, I'd like  
22 to ask the Assemblyman questions in reference  
23 to one of the statements that have been made.  
24 I think you made the statement that people  
25 in your area are against any income tax,





1 they're totally against tax. Now, I would  
2 like to know what system or what suggestions  
3 do they have for financing the Educational  
4 System or what have you if they're totally  
5 against tax?

6 MR. RUANE: I said that really?  
7 It's inevitable, taxation is inevitable.  
8 What I mentioned before is for the taxation  
9 committee on the legislature as such to  
10 go through on the Botter decision and the  
11 Botter decision entailed five hundred and  
12 fifty million dollars and certainly within  
13 a month, we're talking about two point five  
14 million dollars. We're talking about State-  
15 wide funding. We're talking about Statewide  
16 property tax, income tax, don't you think  
17 we could address ourselves to the problem  
18 first, and then we could always tax the  
19 people?

20 MR. BROWN: My point that I'm trying  
21 to make is the fact they could even go far  
22 enough to state that they're totally against  
23 tax. That's a question in my mind, are they  
24 really straight or are they willing to share  
25 the responsibility or do they want somebody



1 else to do that? When we talk about the  
2 income tax package or what have you, we're  
3 talking about equal distribution or it  
4 appears to me that a lot of people are not  
5 willing to deal with their share of re-  
6 sponsibility.

7 Now, we're deciding do deal with  
8 it on an equal basis.

9 MR. RUANE: That's your interpreta-  
10 tion. My interpretation is that the Judge  
11 made an irresponsible decision.

12 MR. BROWN: I would make a sound  
13 decision.

14 MR. RUANE: But I won't belabor  
15 the point. I wouldn't want to argue with  
16 one of my colleagues.

17 MR. MAC INNES: Assemblyman Martin.

18 MR. MARTIN: Mr. Chairman, we have  
19 the press present, I would hate to leave here  
20 tonight thinking that the press has picked  
21 up some misinformation and published it  
22 because there's enough information banded  
23 around about such an important topic as the  
24 question of how to fund education and how  
25 to meet the Botter decision, and from this



1 information here tonight based upon personal  
2 opinion and not upon the facts I'm sorry to  
3 say that it's come from one of the colleagues.  
4 I don't know whether Mr. Ruane was cognizant  
5 of the fact yesterday when we all heard  
6 from Mr. Doyle Neuman talk about one point  
7 eight million dollars, they were not talking  
8 about partial funding of education. They  
9 were talking about partial funding of educa-  
10 tion. They were talking about full funding  
11 of education. They were talking about full  
12 funding of education and finance with a  
13 quote Botter decision, and so was Vanwagner-  
14 man.

15 MR. RUANE: I agree, Assemblyman,  
16 what is the point?

17 MR. BROWN: With respect to the  
18 five hundred and fifty million dollars,  
19 which you say is implicit in the Botter  
20 decision. It is not implicit in the Botter  
21 decision.

22 MR. RUANE: This is a figure I  
23 can tell you--is that your personal opinion?

24 MR. BROWN: This is what you  
25 said. I'm quoting you.



1 MR. RUANE: Oh, you're quoting  
2 me?

3 MR. BROWN: I presume I'm quoting  
4 you correctly? Is this your position?  
5 Is your position that five hundred and fifty  
6 million dollars<sup>is</sup>/implicit in the Botter de-  
7 cision?

8 MR. RUANE: It can be construed  
9 that it's implicit.

10 MR. BROWN: That's a little bit  
11 different than what you said.

12 MR. MAC INNES: I'm going to ask  
13 that as someone who is not an attorney  
14 I hesitate to see a public hearing on taxation  
15 turned into something which attorneys on  
16 the interpretation of various important  
17 judicial points directly affects our consider-  
18 ation here this evening. I think it's  
19 worth remembering the purpose of the public  
20 hearing, which is to receive information  
21 and analysis and suggestions on the alternatives  
22 available to this committee on funding a  
23 system of school finance which will respond  
24 to the decision you're talking about. So  
25 if you could, we're going to have plenty of





1 time on the floor of the assembly for a  
2 debate. I wish we would hold the discussion,  
3 questions of fact and analysis of suggestions  
4 as to what the taxation of the program should  
5 be on this very serious question, and I'll  
6 permit Assemblyman Martin to comment and  
7 then I would move to Assemblyman Contillo  
8 for further questions on the question of the  
9 hearing.

10 MR. MARTIN: Mr. Chairman, your  
11 point is very well taken, and frankly I  
12 thought you were rather redundant too.  
13 I would like to ask my colleague what alter-  
14 native or alternatives do you have to the  
15 legislature that has already been intro-  
16 duced?

17 MR. RUANE: The alternatives,  
18 sir, that has attracted my attention the  
19 most, sir, was the Doyle Neuman approach.  
20 The property, the Statewide property tax,  
21 approach because they were able to prove  
22 that changing a dollar and fifty per one  
23 hundred dollars assessed evaluation for  
24 the local property owner and two fifty for  
25 commercial, that they were able to derive all



1 this money Statewide, but not my position--  
2 is not for the Statewide funding for the  
3 school. I like the idea of Statewide property  
4 tax to supplement that portion of the local  
5 property tax that goes for education of our  
6 children and if it was distributed more  
7 evenly and more equally among the industry  
8 and commercial property in this State and  
9 down in a few other areas that doesn't  
10 take such high property taxes, I feel that  
11 the great tax relief should be offered  
12 in the community such as East Orange, if  
13 we're going to use a place or in Newark or  
14 in Bloomfield or anywhere else, but I want  
15 to deal strictly with implementing the  
16 Botter decision which entails approximately  
17 five hundred and fifty billion dollars,  
18 not one point seven million dollars, sir,  
19 or two point five billion dollars that has  
20 been floating around.

21 MR. MARTIN: Mr. Chairman, that  
22 takes us back to the question we were dis-  
23 cussing before, which is no longer an academic  
24 question. Is no longer beside the point as a  
25 matter of fact, it is the point. Mr. Ruane



1 says that the Botter decision talks about  
2 five hundred and fifty million dollars.  
3 It's implicit and I would like to know now  
4 how Mr. Ruane arrives at that conclusion  
5 and if he arrives at that conclusion how  
6 then would he treat the difference between  
7 five hundred and fifty million dollars and  
8 the one point, approximately one point eight  
9 million dollars implicitly, explicitly I  
10 should say with the Doyle Neuman proposal?

11 MR. RUANE: I just used the name  
12 Doyle Neuman because it encompassed a State-  
13 wide property tax. May I delete their  
14 names from my discussion, gentlemen. I feel  
15 that a Statewide Property Tax will be the  
16 most practical manner to raise the additional  
17 funding, not the additional funding, but to  
18 supplement the funding that the Botter decision  
19 has struck down with regards to local proper-  
20 ties and each community should receive that  
21 from the State, that portion of local property  
22 tax that they pay or that they are paying  
23 currently.

24 MR. MAC INNES: I'd like to move  
25 on. Incidentally, if you ever came down



1 to Trenton to see how the legislature  
2 is ran, you'd want them to spend 20 million  
3 dollars, if you thought it would be more  
4 time spent on representing you. If there's  
5 anyplace that they need to have more attention  
6 paid to it versus the money that's being  
7 spent. I offer that purely as an editorial  
8 comment and I violated the prerogatives  
9 of the Chair to make that comment.

10 To have the facts on the line I  
11 will introduce this article into the record.  
12 Mr. Smith, I thank you for the time you've  
13 took.

14 MR. RUANE: I truly appreciate  
15 the committee holding the hearings in a  
16 public area so that we could appear before  
17 you and you can hear us.

18 MR. MAC INNES: That's why we're  
19 here.

20 MR. HOWARD BERKELEY: I also would  
21 like to praise Mr. Ruane for some of the  
22 statements he did make. We have been talking  
23 about the politicians on many many occasions.  
24 The last time was when we had a democrat, Mr.  
25 Hughes. He swept over a democratic legisla-





tion. He looks through a three per cent sale tax which is again alleged to produce property tax and it was for a hundred and forty million or forty-two million, but the property tax went up 13 per cent that year. I think the average person I talked to--I talked to a lot of people, all economic groups, political groups, I don't think the people believe that this tax will reduce property tax, since they have been taken. They see what the politicians are. Hardly a day goes by without a politician being indicted, convicted or sentenced to jail. The politicians are growing rich at the people's expense. Mr. Byrne ran as an integrity candidate. He said, we have no income tax in the future. A hundred and twenty-one days after inauguration he is imposing an income tax. Is this integrity on behalf of Mr. Byrne? I believe in a resolution that would eliminate the Botter decision. I believe this is the same concurrent resolution, number 13. I think, this is what we should have done. I think, we don't need an income tax. Taxes are already



1 too high. We have nothing to show for the  
2 money but politicians buying votes, destroying  
3 the middle class and growing richer in the  
4 process, thank you.

5 MR. MAC INNES: I'd like to call  
6 Jane Faulkner, appearing as a private citizen.

7 MS. FAULKNER: Thank you, I am here  
8 tonight to voice my support of the Governor's  
9 proposal for State income tax. I came to  
10 New Jersey from North Carolina, which is  
11 a State that has a State income tax and has  
12 had one for many years. I have been hearing  
13 all sorts of dire dictions about what will  
14 happen if we do adopt a State income tax.

15 I hear that there will be a State  
16 tax over the schools, that the money will  
17 lie in your pockets, the additional funds.  
18 I'd like to say I didn't observe that happen  
19 in North Carolina. I really see no reason  
20 why that would have to happen in New Jersey.

21 As I understand it, the Governor's  
22 proposal, there are four features of his  
23 bill that I especially support and would like  
24 to call some of them to your attention.

25 The first is the tax of three per cent



1 income with people of incomes to over  
2 \$50,000. I feel that a provision like  
3 this is essential, but the public must  
4 have the reassurance that they are indeed  
5 paying their share. I also support the  
6 delayed mode of approval of increase of  
7 tax greater than six per cent. It is the  
8 feeling of many of the people that the  
9 local property rates will climb up again  
10 in a year or two, so we would be in the  
11 situation of paying both the State income  
12 tax and the present high level property  
13 tax.

14 I think, that must be included.  
15 I am very pleased with the proposal on the  
16 amount of the local property tax. I think  
17 it's essential and should be incorporated  
18 in this bill, and, finally, I support the  
19 conclusions.

20 MR. MAC INNES: David Naven, appearing  
21 as a private citizen.

22 MR. DAVID NAVEN: I want to thank  
23 you, gentlemen, for the opportunity to allow  
24 a private citizen to speak at the risk of  
25 being redundant I have lived in Plainfield



1 for about 15 years. I am in the middle  
2 income bracket and I work in New Jersey.

3 I would like to give some of my  
4 personal views on the income tax. I have  
5 always supported the concept of an income  
6 tax and I support Governor Byrne's proposal.  
7 Small selfishness and greed character raises  
8 much of the opposition to the income tax  
9 proposal. The opposition comes from people  
10 who have been getting subsidized by those  
11 paying high property taxes. The tax from  
12 the city dwellers in the form of not paying  
13 their fair share. They want to continue to  
14 pay less than their fair share at the expense  
15 of a poor education for those who cannot  
16 afford to pay this proportionately high  
17 property tax.

18 Those who are now attacking the  
19 concept of the income tax attempt to be  
20 shrieking their responsibility. All of a  
21 sudden ~~they~~ ~~to~~ defenders of the welfare even  
22 though they were not elected on this basis  
23 of last November. They seem to be choosing  
24 to ignore the concept of the quality of  
25 education which is the basis of the Board's





1 decision that has led us to the income tax  
2 proposal. I understand also a city oppo-  
3 sition to the tax, but of the Assemblymen  
4 and Senators, some of you desire the leader-  
5 ship that our great Governor Byrne has shown.

6 I am ashamed that some of you attack  
7 proposals. Even the proposal I saw in  
8 tonight's paper was of this category. Some-  
9 thing for nothing, and no property tax in-  
10 creased, only remain the same or went down.  
11 This is all playing games with children's  
12 education which Byrne's proposal does not.

13 Not only does it provide enough  
14 funds for good education for all of New  
15 Jersey children, but it also is relieving  
16 the burden imposed selectively by welfare.  
17 The income tax is an equal tax which puts  
18 a fair tax burden on everyone equally, which  
19 dispenses all benefits to all children equally.

20 I know I live in a real world, which  
21 is to say an unequal one. As President Andrew  
22 Jackson charged the jury when he was a Judge,  
23 I expect you to do what is right, I think I  
24 can expect no less from our legislatures  
25 than from a senator. You must examine your



1 consciences and not the ballot box or mail-  
2 box, and do what is right. I personally  
3 say yes to Governor Byrne's income tax  
4 as one of those right things, and I thank  
5 you again for the opportunity to speak.

6 MR. MAC INNES: Gary Liss, appearing  
7 as a private citizen.

8 MR. LISS: Mr. Chairman, Assemblymen,  
9 and Senators, I'd like to make a few brief  
10 comments in favor of the income tax of Governor  
11 Byrne.

12 I have been a citizen of New Jersey  
13 for 22 years, which is basically my whole  
14 life, but in that time I have grown to  
15 appreciate some of the problems that the  
16 State does have. One of the more important  
17 awakenings for me was my interest in the  
18 environmental affairs and through my efforts  
19 and those endeavors I found an original  
20 stimulation and equitable distribution of  
21 the problems of society is important for all  
22 of us to come to grips with. Through looking  
23 at the problems of realization we see that  
24 the problems of the inner-city are also the  
25 problems of the outer-suburbs and rural areas,



1 that places that now provide proper services  
2 would drive our people to the outer areas,  
3 "Causing internal pressures in those areas  
4 and creating poor environment for everyone  
5 concerned."

6 Therefore we must try to maintain the  
7 level of service in the city to try to dimin-  
8 ish the governmental pressures elsewhere.  
9 To that extent I feel the income tax would  
10 adjust an equitable solution to some of our  
11 financial problems, in bringing the proper  
12 services to the urban areas and to maintain  
13 the general environmental character of the  
14 State of New Jersey. I think, the income  
15 tax is necessary to reduce the financial  
16 problems of the State and it's the equitable  
17 way of going about this. Thank you for the  
18 opportunity to speak.

19 MR. MAC INNES: Where do you live?

20 MR. LISS: I live in the City of  
21 Newark right now. I'm presently from Fair  
22 Lawn, New Jersey.

23 MR. MAC INNES: I now will call  
24 William Lindsey (phonetic), appearing as  
25 a private citizen.



1 MR. LINDSAY: My child attends  
2 public school in a church basement. He  
3 has been assigned to Annex #2 of P.S. 28  
4 in Jersey City for the past two years. P.S.  
5 #28 maintains two other annexes--one in a  
6 parochial school and another in another church  
7 basement. This and many other visible signs  
8 have made me aware of the bankruptcy of edu-  
9 cation in Jersey City and in the other  
10 cities of New Jersey.

11 We live in the city by choice not  
12 economic necessity. However, we are being  
13 pressured to move by the inferior education  
14 offered to our children. This is truly an  
15 infringement on my personal freedom of move-  
16 ment. For these reasons we are most grate-  
17 ful for the relief promised by the Botter  
18 decision.

19 The task before us now is how to  
20 finance this thorough and efficient education.  
21 It is my belief that the fairest method is a  
22 graduated personal income tax. I worked for  
23 10 years in New York and am quite accustomed  
24 to having a state tax withheld from my salary.  
25 This is the simplest form of collection for





1 both the tax collector and the taxpayer.

2 A property tax discourages  
3 home ownership by the poor and indeed even  
4 the middle class. Home ownership particularly  
5 since World War II has been one of the more  
6 successful methods of saving and investment  
7 for the middle class income level of the  
8 population. By taxing this property at  
9 increasingly higher rates we are discouraging  
10 this investment and thereby affecting our  
11 economic mobility. Particularly that  
12 mobility which allows a man to provide  
13 for the future of his family.

14 A sales tax is an insidious and regres-  
15 sive tax in that it hits those hardest who  
16 can least afford to pay. The ability to  
17 pay is not a consideration in the least.  
18 One of the saddest commentaries on our  
19 present tax is watching the faces of our senior  
20 citizens on fixed incomes as they stand at  
21 check out counters and "taxable item" after  
22 item is rung up. A millionaire buys the  
23 same amount of shaving cream as any senior  
24 citizen and pays the same tax on it. The  
25 higher disposable income of the rich is not



1 reflected in a proportionally higher sales  
2 tax collection from the rich.

3 Only the income tax spreads the  
4 burden equally. It exempts those with low  
5 incomes. Taxes at a higher rate those with  
6 the ability to pay more and does not affect  
7 the freedom of the taxpayer to do what he  
8 wishes with his disposable income and to  
9 live where he pleases.

10 For these reasons I believe that the  
11 income tax is the most equitable arrangement  
12 for the State of New Jersey and I earnestly  
13 hope that you will enact a graduated personal  
14 income tax.

15 MR. MAC INNES: I call Martha Lewin,  
16 appearing as a private citizen.

17 MS. LEWIN: My name is Martha Lewin,  
18 and I am a resident of Jersey City, New  
19 Jersey. I am pleased to have this oppor-  
20 tunity to express to you my opinion and  
21 feelings regarding changes in New Jersey's tax  
22 structure.

23 I believe that current placement  
24 of responsibility for providing many vital  
25 services, and the concomitant responsibility



1 for funding these services is defective.  
2 This misplacement is the direct cause  
3 of a regressive and inequitable tax system,  
4 as well as an inevitable disparity in ser-  
5 vices throughout the communities of New  
6 Jersey.

7 The need for vital services that  
8 would ensure quality living conditions, in-  
9 cluding a thorough and efficient education  
10 for all children, is not at all related to a  
11 community's ability to raise funds through  
12 property taxes.

13 I do, therefore, support the adoption  
14 of a state income tax. Although an income  
15 tax would not be a problem-free, it would  
16 include the following advantages.

17 (1) be based on ability to pay.

18 (2) citizens with high incomes living  
19 in low property tax areas would have to pay  
20 their fair share of the tax burden.

21 (3) if income drops for any reason,  
22 the tax part also goes down.

23 (4) it could relieve the undue burden  
24 now carried by all those on low, fixed incomes.

25 (5) it would help to overcome the



1 high regressivity of New Jersey's present  
2 state and local tax system.

3 Further, institution of a state-  
4 wide income tax, coupled with the State's  
5 accepting responsibility for provision  
6 of some services, should allow for signi-  
7 ficant property tax relief, especially in  
8 the larger cities where municipal overburden  
9 has become an increasingly threatening prob-  
10 lem.

11 In summary, I am in favor of the  
12 statewide income tax, especially because  
13 it would reduce dependence on property taxes,  
14 and thereby reduce disparities in tax rates  
15 and services among communities.

16 MR. MAC INNES: I now call Assembly-  
17 man William Hicks.

18 MR. HICKS: I would just like to  
19 make perhaps four or five observations. Most  
20 of us don't realize what the State of New  
21 Jersey has not at this time got an income  
22 tax. Other Governors over the years wanted  
23 an income tax. They asked the House for it  
24 and they refused it, so you got nothing.  
25 Later on Governor Meyer wanted the same thing.





1 We asked for an income tax and we received  
2 the same problem. Governor Hughes assisted,  
3 he asked for an income tax and he was re-  
4 fused, but he got a little sales tax.

5 Now, the sales tax, the Governor  
6 got would not solve the problem but it should  
7 serve as a pacifier. It would be maybe a  
8 little bit higher for a moment. It would  
9 keep the legislature happy for the moment  
10 and peace would seem to prevail over the  
11 State of New Jersey. Four years later the  
12 problem persisted. They asked again for an  
13 income tax, we didn't get it. Then Governor  
14 Cahill came into office and problem still  
15 persisted, the Governor again asked for an  
16 income tax. The people said no, the mailbox  
17 was flooded with no income tax. So consequently  
18 you got another interest in sales tax, this  
19 again would not solve the problem, as you  
20 see the State still has no income tax. Every  
21 Governor for the last four or five years asked  
22 the people for the income tax and the people  
23 never backed it, but I think somewhere along  
24 the lines some consideration for having some  
25 intelligence to note that everytime they asked



1 for the income tax they never got it.

2 Again Governor Cahill asked for  
3 the income tax, the last time and he was  
4 voted out of office because he himself had  
5 the courage to ask for it and like a man  
6 he was defeated, but the problem persisted  
7 and it's still here.

8 Governor Byrne faces the same  
9 problem that the past five governors faced.  
10 The state needs an income tax. They asked  
11 for it again the same bells are ringing.  
12 The people as soon as they turn representing  
13 them are saying no income tax. This kind of  
14 thing reminds me of a man who has a small  
15 child that is sick and he calls the doctor  
16 and the doctor says to the child you have a  
17 choice, I'll give you a needle or I'll give  
18 you a lollipop, so the child says doctor,  
19 give me the lollipop and child remains ill  
20 but is happy. So I say now, it's important  
21 that the people of New Jersey at least put  
22 some faith in whom they sent to represent  
23 them at least recognize the fact that those  
24 legislatures have in their disposal all the  
25 alternatives. They have at their disposal all



1 the expertise of the matter of taxation.  
2 They're interested in remaining the local  
3 control in the local school districts. They're  
4 interested in doing those things that are  
5 best for the people of the State of New  
6 Jersey. It is very easy to say, I don't  
7 want something. It's very easy to say  
8 I didn't get something.

9 Gentlemen, I thank you for your  
10 time.

11 MR. MAC INNES: I now call Wallace  
12 Resnick, appearing as a private citizen.

13 MR. RESNICK: I'd like to thank  
14 you, gentlemen, for holding these hearings  
15 away from the hollering halls of Trenton  
16 so that we, most citizens can get to testify  
17 before you. I'd like to testify in favor  
18 of a State Income Tax as proposed by Governor  
19 Byrne. Since we're under a Court mandate,  
20 the only way to be fair about it is to pay  
21 a greater state income tax. It would tax  
22 most heavily to those who are best able to  
23 pay for it.

24 The sales tax is regressive because  
25 people with low incomes spend a much larger



1 income of--than those with a smaller income.  
2 This is also true for the property tax.  
3 Do you believe the income tax means only  
4 a small increase in the assessed evaluation  
5 on the property that the individual owns?

6 In addition and probably more impor-  
7 tant a property tax discourages a poor home  
8 owner to improve his property out of fear  
9 for further increases in his property tax.

10 This situation is what eventually  
11 leads to slum conditions. And of course,  
12 the only equitable way of paying for the  
13 school system is the greater weight, the  
14 state income tax with the proper state quite  
15 as that happens with state income and the  
16 poor are forced to shoulder the burden.

17 MR. MAC INNES: Are there any  
18 further citizens who wish to speak?

19 (Whereupon there were no further comments.)  
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C E R T I F I C A T E

I, MICHELE HENLEY, a Shorthand Reporter of the  
State of New Jersey do hereby certify that the foregoing  
is a true and accurate transcript of my stenographic notes.

*Michele Henley*  
\_\_\_\_\_  
MICHELE HENLEY



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