19

VOLUME IV

A P P E N D I X

to

PUBLIC HEARING

on

NEW JERSEY'S TAX PROBLEMS

Held:
April 25, 1962
April 26, 1962
April 27, 1962
Assembly Chamber
State House
Trenton, New Jersey

B E F O R E

THE COMMISSION ON STATE TAX POLICY

AND

THE TAX ADVISORY COMMITTEE

* * * *

I N D E X

* * * *

As has been suggested by others:

> An assumption frequently voiced is that the local real estate tax has reached its maximum of productiveness, that non-property taxes must be found to support the still-growing cost of schools and other services. But, unless we are speaking of legal or constitutional limits -- which can be changed -- is this a provable assumption? Everyone, owner and tenant, pays real estate taxes and, if the assessor has lived up to his oath, pays fairly. So if new, non-property taxes are imposed, whether by State, by school district, by federated school district, by town or by county, the same people who are paying a real estate tax (everybody, that is) will be paying the new non-property taxes.

So when the proponents of "broadening the tax base" say that this is needed to support their particular interests, what they are really saying is that the State should pluck the same goose, but in a different place, and in the hope that it will be less painful or less noticed.

What is needed in New Jersey at this time, in my judgment, is not a committee for a broad based tax, but a watchdog committee of representative citizens to determine whether we are getting our money's worth from present tax dollars -- a Committee for Fiscal Responsibility.

As a small businessman, I am particularly concerned with the application of Chapter 51 of the Laws of 1960 (the County Ratio Assessment Act). Chapter 51, as it relates to personal property assessments, would inflict untold hardship on New Jersey small businessmen. While I do not propose at this time to discuss the matter in detail, I hope that prior to such time as your Commission concludes the public hearing phase of your work, I shall be able to present to you the representative views of businessmen such as myself.

Respectfully,

Gerald Ebner

Gerald Ebner

2 May 1962

Mr. Gerald Ebner
44 Sunderland Road
Tenafly, New Jersey

Dear Mr. Ebner:

I received only yesterday your letter dated 23 April 1962, addressed to me at the State House, Trenton. The Commission does not have an office and the correspondence of its members is usually sent either directly to them or to the staff quarters, the address of which was announced in the press (32 Nassau Street, Princeton).

I must say that I was surprised to read about your letter first in the press, for instance in the Newark Evening News of 24 April.

I am sorry you were not able to appear at the public hearings on any of the three days when they were held. Because I did not receive your letter before the end of the day Friday, it was impossible for me to read it into the record at the hearings, but I shall see that it is made a part of the record now, with this reply.

The part of your letter that relates to the persons appointed to the Advisory Committee by the Governor has, I believe, been answered by him.

I should be interested in the source of the quotation which you attribute to a member of the Commission itself, at the top of page 2 of your letter.

You are in error in assuming that the Commission has set for itself "not to study the need for a broad base tax, but merely to determine the form it will take." The Commission intends to hear and read the evidence, and reach its conclusions after proper deliberation. It has not assumed that a broad base tax, or any other tax, is necessary.

I note that you recognize in your letter that it is possible that additional expenditures may be required "in such vital areas as education -- particularly higher education -- welfare, highways and other matters which are the legitimate concern of government." The determination of the need will remain where it is under our form of government, with the executive and legislative branches. The Commission will only do what it has been requested by the Legislature to do in the 1961 and 1962 Joint Resolutions. In the process, I can assure you that it will be opposed, as you are, to unnecessary spending.

Finally, I note that you are particularly concerned with the application of Chapter 51 of the Laws of 1960. I hope that you will submit to us "the representative views of businessmen" on this matter, as well as your suggested answers to the other questions raised in your letter.

Sincerely,

/s/

Archibald S. Alexander

ASA/ojf
cc: Mr. Miller

Statement of Mr. Gibson LeRoy, dated April 27, 1962, as filed with the Commission.

April 27, 1962

To Members of the State Tax Policy Commission:

Gentlemen:

Today I sat in the Assembly Chamber from 10 AM to 4:50 PM in an effort to be heard. Arrangements had been made by Mrs. R. Duane Taylor, President of Mercer County PTA, with Mr. William Miller. He scheduled an appearance for approximately 12:15 PM. My request for no more than five minutes. Shortly before the lunch recess, Mr. Miller advised me that I would be re-scheduled for the later session. At 4:40 PM, not having been called, I again consulted with Mr. Miller to find that my name had been crossed off.

Had I been permitted to speak, this is what I would have said, and I trust these remarks may be placed in the record:

Mr. Chairman and Members of the Commission: My name is Gibson Le Roy and I have four good reasons for being here. 1) I am a small businessman, 2) I am a home owner (albeit in partnership with the mortgage co.), 3) I am the father of two small children now attending public school, and 4) I am Legislation Chairman for the Mercer County PTA.

Officially I am here in the latter capacity. I am neither a professional lobbyist nor a statistician ... and what may be lacking in eloquence will be compensated for by brevity. Extremely capable speakers have submitted an abundance of facts and figures to justify the urgent need for a broad-base tax. My mission is to convey the unanimous endorsement of this position by the Board of Governors of the Mercer County PTA, with emphasis on the educational needs in our state. No official position has been taken regarding the merits of a state income tax vs. a sales tax, althogh the leaning appears to be in favor of the income tax.

This statement you have already heard from other PTA representatives. Senator Dumont has raised the question of such endorsements as sometimes representing only the thinking of the leaders of a given organization. It is to this matter that I wish to adress myself with emphasis. From my experience the grass roots evryday parent and taxpayer almost unanimously agrees with this position AND with a full understanding that the increased revenues may not result in any reduction of his present property tax ... merely in preventing an otherwise inevitable increase in that already overworked source. How do I know this? We have taken no "Gallup Poll" and a certain Mr. Tom Dewey might not be impressed if we had. Rather, I use the same guide as the politician who keeps his ear to the ground and senses the feelings of his people. What has amazed me is that I have yet to find a member of the PTA who disagrees!

I see by the papers that a representative of the Taxpayers Association was here yesterday and gave the views of that organization ... views slightly at variance with ours. I daresay that the PTA throughout New Jersey represents more taxpayers than that organization. The difference appears to be that the taxpayers whom we represent realize the urgent need to educate our kids and are fully willing to assume the responsibility of paying their fair share of the bill.

Thank you very much for squeezing in this five-minute expression from our organization, as presented by a layman.

Statement of Augustus Nasmith, Vice-Chairman and General Counsel, Associated Railroads of New Jersey.

THE IMBALANCE OF RAILROAD TAXATION

A Study of the Post World War II Economic Condition of New Jersey Railroads in Relation to their Tax Burden.

Topics:

I. Financial Condition of the Railroads.

II. Causes of this Crisis.

III. Relationship of Taxes Paid to Earnings.

IV. Self-Help Efforts to Reduce Taxes.

V. The Rising Cost of Taxes Paid to Municipalities.

VI. The Importance of Railroads to the Economy of New Jersey.

VII. A Program for Relief.

Submitted by
ASSOCIATED RAILROADS OF NEW JERSEY

INTRODUCTION

This memorandum sets forth facts as to the critical economic condition of the railroads operating within New Jersey in relation to tax payments made in New Jersey. It is not intended to be a comprehensive review of other causes and other solutions to the post World War II decline in railroad earnings. Our aim is to demonstrate the imbalance between our earning capacity and the present tax burden, and to offer a practical program for relief in this one most important area.

The railroads for whom we speak are the 10 members of this Association. They are:

Jersey Central
Erie-Lackawanna
Lehigh & Hudson River
Lehigh Valley
New Jersey & New York
New York Central
Susquehanna
Pennsylvania
Penn-Reading
Reading

The detailed information has been compiled in appendices annexed to this statement. These statistics are more revealing than any written presentation. We believe you will want to study them carefully.

Consider These Facts

1. New Jersey railroads are in much worse financial condition now than they were in the great depression of 1932 and the severe recession of 1937.

2. Aggregate taxes paid New Jersey during the 15 years from 1946 through 1960 exceeded net income allocated to New Jersey by almost $300,000,000 dollars.

3. These railroads in 1960 and 1961 paid an $18 million dollar tax bill in New Jersey although their system operations resulted in a composite net deficit of $40 million dollars in 1960 and $64 million dollars in 1961.

4. The five railroads under contract to provide essential passenger service to the State paid taxes in 1960 of $14.3 million notwithstanding verified deficits of $16.8 million from the operation of such service.

5. Since World War II New Jersey railroads, primarily to reduce taxes, have decreased their track mileage by 14% and have reduced their other real estate in railroad use by 15%.

6. Taxes assessed for the benefit of municipalities have doubled ---from $7.3 million in 1946 to $15.5 million in 1961.

I. FINANCIAL CONDITION

The railroads operating in New Jersey are in critical financial condition.

State Highway Commissioner Dwight R. G. Palmer briefly reviewed our plight in testimony before the special Senate Committee investigating the financial structure and operations of the Port of New York Authority on January 26, 1961, saying:

> "At an increasing rate our railroads have had to face up to not alone a decline in passenger travel but substantial inroads on their freight carriage.
>
> Passenger trains in New Jersey have declined by 24% and passengers by over 40% in the last ten years. The railroad's share of nationwide intercity freight traffic has dropped from 65% of the total in 1947 to 45% in 1959. Keeping pace with this decline, working capital has all but disappeared; on an average the New Jersey carriers have less cash than is required to meet payrolls for one month.
>
> The number of railroad employees in New Jersey has declined in the past 3 years from 30,300 to the current low figure of 21,000."

(a) Net Income (See Appendix "A")

For the year ending on December 31, 1960, these railroads had a combined system net deficit of almost $40 million. Only three companies were in the black---New York Central, Lehigh and Hudson and Reading. For the year ending December 31, 1961, their composite system deficit was almost $64 million. Again, only three companies had net income---Lehigh and Hudson, New Jersey & New York and Pennsylvania---while New York Central and Reading had dropped deep into the red.

A comparison with the depression years of 1932 and the recession year of 1937 is startling. In 1937 there was a composite net income of $33 million (because Pennsylvania, New York Central and Reading were in the black). In 1932 the composite net deficit was $12 million. In other words, the current income picture is five times worse than it was in the depth of the depression. Our financial condition is not only critical, it is alarming.

Of particular interest to New Jersey is the condition of the major suburban passenger lines. Their system results the past two years were:

	1960	1961
Jersey Central	$ 4.3 million deficit	$ 7.1 million deficit
Erie-Lackawanna	$20.0 million deficit	$26.5 million deficit
Pennsylvania	$ 7.8 million deficit	$ 3.5 million net income
Penn-Reading	$ 6.5 million deficit	$ 6.4 million deficit

(b) Working Capital (See Appendix "B")

Another method of testing the financial condition of an industry is to measure its "cash" position.

At the end of World War II New Jersey railroads had composite working capital of $362 million. By December 31, 1959, it had dropped to $42 million. At the end of 1960 it was reduced to $25 million and on June 30, 1961, the "cash" position had plummeted to a working capital deficit of $66 million.

In 15 years there has been a $428 million shrinkage in working capital.

We wish to point out that during the most recent years every effort has been made to liquidate real property and other investments in order to raise cash. For example, Lackawanna in 1959 was forced to sell an investment that paid annual dividends of $1,200,000. Lehigh Valley in 1960 sold "Black Tom" explosion claim rights for $1,000,000. Nevertheless, on June 30, 1961, both Erie-Lackawanna and Lehigh Valley (as well as all but two smaller roads) had working capital deficits.

The realities of the situation are set forth in Appendix "C", which compares the amount of working capital available on June 30, 1961 with Railroad Taxes due on December 1st, 1961.

Lehigh Valley was unable to pay the full amount of taxes assessed. It paid only $1,098,459. on total taxes due of $1,523,052., even though subject to possible penalty interest at 12% (R.S. 54:29A-53) on the unpaid balance of $424,593.

(c) Employees and Payrolls (See Appendix "I")

Another indication of the financial plight of the railroads, and one that directly influences the general economy of New Jersey, comes from employment and payroll statistics.

In 1946, these 10 railroads employed 40,000 persons within New Jersey and paid them total compensation of $110 million. By 1960 this number had been cut to 21,000, although payrolls had gone up to $123 million.

(d) Federal Loans

As a result of these deficits in earnings and in working capital several of our railroads have been forced to apply under the Transportation Act of 1958 for loan guarantees by the United States. Guarantees have been granted totalling $33,723,000. as follows:

Railroad	Date Approved	Amount
Lehigh Valley	Nov. 27, 1959	$5,923,000.
	Dec. 7, 1960	5,000,000.
	Apr. 28, 1961	2,500,000.
	Nov. 29, 1961	5,000,000.
Susquehanna	Apr. 20, 1960	300,000.
Erie-Lackawanna	June 8, 1961	15,000,000.

In addition, Jersey Central obtained a $15,000,000. loan in late 1961, of which more than $5½ million was allocated to replenish working capital.

II. CAUSES OF THIS CRISIS

It is clear from the fact that recent deficits far exceed those in 1932 and 1937 that the financial condition of New Jersey railroads is not merely a phase of the general business slump in the 1960-1961 period. The trends indicate something far more fundamental and serious.

Two basic causes are (1) government policies which have afforded promotion and direct and indirect subsidization of other modes of transportation and (2) excessive regulation of the railroad industry as compared to other segments of transportation. However, one of the major causes for the critical condition of the New Jersey railroads, which is not found in non-metropolitan areas, is the heavy deficits sustained in rendering passenger service, particularly the public service of providing suburban passenger service.

Appendix "A" shows the result of system-wide passenger service. In the last year of World War II there was a composite net railway operating income of $85 million, but in 1959 and 1960 the results are approximate losses of $100 million.

Passenger service can no longer be subsidized by freight shippers or railroad stockholders. Freight earnings are not that large.

The second annual report of the Division of Railroad Transportation, New Jersey State Highway Department, entitled "Will We Emerge?" discusses this problem at some length at pages 18-21. Comparison of combined freight net railway operating income and passenger service deficits for the four major railroads under contract to New Jersey to provide essential passenger service are graphically illustrated in chart form. In 1960 the combined passenger deficit exceeded freight net income.

The report specially notes that from 1946 to 1960, 70% of freight net income on the Jersey Central was absorbed by passenger deficits. This is of significance because Jersey Central is almost a one-state railroad---the bulk of its passenger service is in New Jersey and the bulk of that service is suburban or commuter service.

The accounting system prescribed by the Interstate Commerce Commission does not segregate passenger losses by State borders. However, the Division of Railroad Transportation employed certified public accountants to adopt a basis for determining the New Jersey passenger deficit of railroads under contract (Report, supra, page 42).

We set forth below those deficits for the calendar year 1960 compared with taxes paid in the same year:

Railroad	N. J. Passenger Deficit	N. J. Taxes Paid
Jersey Central	$ 5,029,345.	$ 3,405,769.
Erie-Lackawanna	4,051,360.	4,857,682.
N. J. & N. Y.	96,248.	10,423.
Pennsylvania	7,483,000.	5,502,621.
Reading	173,818.	561,149.
Total	$16,833,771.	$14,337,644.

We have not prepared a detailed study to compare the above New Jersey passenger deficits with the total amounts of taxes paid on property used in the rendition of passenger service (Class II real property and Class III tangible personal property). We believe the inconsistency of taxing passenger facilities in the light of State efforts to preserve the service is apparent.

III. RELATIONSHIP OF TAXES PAID TO EARNINGS

For the year 1960, every railroad (save Lehigh & Hudson and Reading) paid more in New Jersey taxes than system net income. This situation resulted in a combined total 1960 tax payment of $18.1 million compared with a combined total system deficit of $39.9 million. See Appendix "D". In 1961, the only exceptions were Lehigh and Hudson and New Jersey and New York.

The railroad industry has paid to the State of New Jersey on property in railroad use (both Class II tax for local benefit and Class I and III taxes retained by the State) $257 million during the period from 1946 through 1960. Yet during this same period their aggregate net income allocated to New Jersey is a deficit of $32 million. In other words, New Jersey tax payments have exceeded New Jersey earnings by almost $300,000,000.

This startling fact illustrates beyond any doubt the imbalance between the earning power of the industry and the taxes it has borne.

The detailed figures are set forth in Appendix "E" which demonstrates that for each of these railroads, with the sole exception of Lehigh & Hudson, aggregate tax payments exceed allocated net income. Lehigh & Hudson is likewise the only railroad which did not operate passenger service during the period.

As the note on Appendix "E" indicates, net income has been allocated to New Jersey by the same track-mile formula used for assessment of franchise tax under the Railroad Tax Law of 1948. (The basis for that tax is an allocation of net railway operating income. There is no provision there for an allowance of any of the fixed charges applicable to railroad property used in New Jersey or for the inclusion of non-operating income. We have provided for both in this study by using net income from Schedule 300 of the Form A Annual Report required by the Interstate Commerce Commission).

There has been some misconception that allocation of income to New Jersey (or comparison of taxes) on a track-mile basis does not reflect the density of trackage on the Hudson River waterfront. This is not true. As distinguished from road-miles, track miles include six classes of track as set forth in Schedule 411 of the Form A report. These classes are: (e) main track, (f) second main track, (g) all other main track, (h) passing tracks, (i) switching tracks and (j) yard tracks. In other words, every foot of track in Hudson County terminal yards is included in the total track-miles, so that if track density in Hudson County is 20 times that of a right-of-way in the midwest, the net income allocated to New Jersey is likewise 20 times greater.

We wish to emphasize that for four of our railroads---Jersey Central, N.J. & N.Y., Susquehanna and Penn-Reading---aggregate taxes paid New Jersey exceeded aggregate system net income. If Lackawanna had not merged with Erie on October 17,1960, there would be a fifth in this category. Finally, Lehigh Valley is in the same condition for all practical purposes, comparing aggregate system net income of $27 million with aggregate tax payments of $24 million.

Conclusion

The foregoing comparison of taxes paid in New Jersey to net income of these railroads shows:

(1) aggregate tax payments for the period 1946 - 1960 exceeded aggregate allocated net income by almost $300,000,000.00,

(2) aggregate tax payments for the period exceeded system net income of four railroads (and almost so for two others),

(3) 1960 and 1961 tax payments exceeded system net income of all the major railroads, ---

which necessarily demonstrates the ultimate fact that the burden of New Jersey railroad taxes is one which exceeds their economic capacity to pay.

IV. SELF-HELP EFFORTS TO REDUCE TAXES

After World War II railroad management took various steps to solve the major problems facing them. One measure was to reduce trackage. This had the dual objective of cutting both operating costs and taxes. Another dual purpose step was the disposal of property. This liquidation helped the acute working capital situation, and in New Jersey has been the only practical method for combating our tax problem.

We believe in New Jersey it has been primarily for the purpose of reducing taxes that our railroads have taken 1200 miles of track out of service since 1946 and disposed of over 1,500 acres of Class II land (property assessed by the State as in railroad use).

We think it important to set forth the extent of this contraction because the point has been made that the total railroad tax burden (taxes retained by the State and taxes for the benefit of municipalities) has remained relatively constant since 1938. This is substantially true as may be seen from the table on page 50 of the Annual Report of the Division of Taxation for the year 1960. There are two basic reasons why railroad taxes have remained at this level. First, because the Railroad Tax Law of 1948 was designed to produce about the same amount of revenue as was collected under former law, although the Commission on State Tax Policy recognized that a tax at that level might be excessive (Flink, the Economy of New Jersey, 1958, P. 471). The second reason is the disposition of railroad property.

(a) Appendix "F" shows that at the end of 1945 our railroads operated 5,382 miles of track in New Jersey---at the end of 1960 only 5,039. This is a 14% reduction in track miles.

(b) Appendix "G" shows 10,247 acres of Class II land owned by the railroads in 1946; 8,716 acres in 1961---a decrease of 15%.

In addition, our railroads since World War II have abandoned about 750 acres of locally assessed waterfront lands in Hudson County, simply because they could not afford to hold them in the face of the tax burden. These properties did not bring in any cash. They were either abandoned outright or sold for nominal consideration of $1.00.

V. THE RISING COST OF TAXES PAID TO MUNICIPALITIES.

As previously discussed, although our railroads have disposed of non-essential properties and have materially reduced trackage in an effort to employ self-help, the total tax bill has not been reduced.

Certain Hudson County municipalities have completely ignored this contraction of property while stressing that our total tax burden has not risen in the postwar period.

What these municipalities have not mentioned is the fact that railroad tax payments for the benefit of municipalities have more than doubled. Municipalities received $7.3 million in 1946, $14.8 million in 1959, $15.4 million in 1960 and will get $15.6 million in 1961. The taxes imposed for local municipal budgets continue to increase, despite our abandonments.

The details are set forth in Appendix "H".

VI. RAILROADS ARE IMPORTANT TO THE ECONOMY OF NEW JERSEY.

The importance of railroads for the mass transportation of people is generally accepted. The April, 1960 report of the Division of Railroad Transportation entitled "New Jersey's Rail Transportation Problem", stated (at page 10):

> "The railroads are providing a service that sustains a way of life to which more than 100,000 of our citizens and their immediate dependents are committed and on whom many thousands more are indirectly dependent. The consequences to our economy would be serious and should be of concern to all — commuters and non-commuters alike -- should these citizens find it necessary to move out of our State, or even should the State find it necessary to attempt to accommodate them on the highways during peak periods -- which it obviously could not do. Economic studies recount that our rail commuters generate a buying power of over $3 billion a year, much of which would be lost if any substantial number of commuters and their families were obliged to move to another State."

We wish to stress here the importance of railroads to the industrial development and general economic growth of New Jersey. As the New Jersey State Chamber of Commerce expressed it in a November 7, 1960 bulletin to members:

> "The State Chamber of Commerce looks upon the railroad's present situation with great concern because New Jersey's industry and business are heavily dependent upon good rail services and because the availability of this service in the past has been one of our state's

prime attractions for new industry. We are also concerned because further discontinuance of rail service will serve to place added burdens upon our already crowded highway system. It would force heavy public expenditures for additional road facilities which, at best would only partially relieve the urban congestion that will result. Every citizen is thus affected."

Here are some specific items. We employ 21,000 people in New Jersey and put into circulation a payroll of $123 million. Our purchases within the State have averaged about $24 million annually. We transport about 11,000,000 tons of freight originating here and 31,000,000 tons of freight which terminates in New Jersey (See Appendix "I").

We think it evident that railroads are important to the economy of New Jersey and that a tax policy and program which allows them to survive is essential.

VII. A PROGRAM FOR RELIEF

We believe the foregoing discussion has established these general conclusions:

(1) The economic condition of the railroad industry is such that there is major imbalance between its earning capacity and tax payments in New Jersey;

(2) Measured by production of income and ability to pay, the valuation of railroad properties is now excessive;

(3) The goal must be to establish a tax policy that recognizes the low earning capacity of railroad properties and the railroads ability to pay; and such tax policy must also give consideration to the contribution of privately built and self-supporting railroads to the transportation system and economic welfare of New Jersey.

We now present a practical four point program for relief.

1. Effectuate objective administrative policies.

(a) Value railroad properties with consideration to their actual use and earning capacity---not based on their prospective value in some other use. Obsolete railroad structures should not be valued on a reproduction cost basis, for they would not be reproduced in present size or design.

(b) Revalue and reduce waterfront land assessments.

(c) Require the Director, Division of Taxation to apply the principle of the Kents case in establishing the initial valuations of railroad property. He has taken the position that reduction to the "common level" or "average ratio" prevailing in a taxing district may only occur on review hearings after proof of true value has been submitted. (See Annual Report of the Division of Taxation, 1961, page 25). He should be required to make a proper assessment in the first instance---not to await adversary proceedings between a railroad and a taxing district.

2. Eliminate Class I and ClassIII taxes on railroad rights-of-way and rolling stock.

The elimination of these taxes will not affect municipal revenues since Class I and III taxes are retained by the State. In 1961, these taxes for all railroads (not merely members of this Association) were $2,393,774.96, which is less than 1/2 of 1% of the total 1962-1963 budget of almost $500. million.

Connecticut, in essence, provided, but too late, such relief for the New Haven.

3. Exempt passenger facilities from taxation, for they do not produce a profit but are maintained only to provide a public service.

(a) Certain passenger track, and rolling stock will be exempt under the elimination of Class I and III taxes, but other track will not be---for example, passenger storage yards.

(b) Passenger stations are included in Class II assessments for the benefit of local municipalities. They are specifically excluded from the definition of "main stem".

4. Reduce the remaining burden of Class II taxes by providing for State assessment (as now) but at a fixed rate rather than at local rates, with companion legislation providing for payments out of the general treasury to municipalities in lieu of Class II property taxes presently received, or some proportion of them.

(a) Design the general rate to produce total revenues of $7.5 million (in 1946 the railroads paid $7.3 million for local municipalities), which would save all railroads a total of about $8. million.

(b) In New York State, for example, legislation was enacted in 1959 designed to provide railroads with a $15 million tax reduction over a three year period, with grants-in-aid to local municipalities of half the amount by which their revenues were decreased.

(c) Attorney General's Opinion of July 1, 1959 to Assemblyman Beadleston concludes that such legislation will be constitutional.

CONCLUSION

Prompt action to provide tax relief will be a major step forward and will encourage cooperation by the railroads in working with the State and other public authorities to solve our overall transportation problem in New Jersey.

Respectfully submitted,

Augustus Nasmith
Vice Chairman and General Counsel
Associated Railroads of New Jersey

Appendix "A"

SYSTEM NET INCOME OF (DEFICIT)

	1932	1946	1959	1960	1961
Jersey Central	($ 1,840,187)	($ 740,186)	($ 2,855,987)	($ 4,292,037)	($ 7,093,028)
Erie	(3,142,997)	4,393,014	(5,684,887)		
Lackawanna	(2,542,447)	36,216	(4,334,883)		
Erie-Lackawanna	(5,685,444)	4,429,230	(10,019,770)	(19,995,614)	(26,488,759)
Lehigh & Hudson	181,593	260,404	102,974	95,147	127,068
Lehigh Valley	(3,933,043)	108,103	(2,402,114)	(3,240,185)	(8,320,287)
N. J. & N. Y.	(309,128)	(258,476)	(82,806)	(9,203)	35,718
New York Central	(18,256,400)	(10,449,268)	8,402,968	1,038,253	(12,549,048)
Susquehanna	N. A.	(642,559)	(588,354)	(402,514)	(394,280)
Pennsylvania	13,573,536	(8,530,317)	7,267,135	(7,819,112)	3,515,586
Penn-Reading	25,587	(2,605,485)	(6,275,327)	(6,454,146)	(6,357,770)
Reading Co.	4,228,789	4,594,491	1,847,575	1,154,904	(6,257,113)
Combined Total	($12,014,697)	($13,834,063)	($ 4,603,706)	($39,924,507)	($63,781,913)

N.A. Not available; operated by Erie.

RESULTS OF SYSTEM PASSENGER OPERATIONS*

	12/31/45	12/31/59	12/31/60
Jersey Central	($ 6,171,187)	($ 6,363,152)	($ 5,688,967)
Erie	(4,075,169)	(9,435,971)	
Lackawanna	(606,382)	(4,564,936)	
Erie-Lackawanna	(4,681,551)	(14,000,907)	(11,782,416)
Lehigh & Hudson	N.	N.	N.
Lehigh Valley	(681,837)	(2,885,686)	(1,710,487)
N. J. & N. Y.	N.A.	(255,206)	(80,675)
New York Central	40,711,764	(24,837,794)	(17,756,172)
Susquehanna	(380,809)	(629,981)	(404,448)
Pennsylvania	56,834,328	(37,673,049)	(30,877,601)
Penn-Reading	(135,414)	(3,079,814)	(2,889,264)
Reading	(839,055)	(7,073,294)	(5,968,734)
	$84,656,239	($96,798,883)	($77,158,764)

N. - No passenger service

N. A. - Not available

* Computed in accordance with I.C.C. Uniform System of Accounts.

( ) Denotes deficit.

Appendix "B"

WORKING CAPITAL *

	12/31/45	12/31/59	12/31/60	6/30/61
Jersey Central	8,375,119	6,251,515	4,682,654	206,542
Erie	22,033,286	3,645,695		
Lackawanna	9,958,818	10,908,659 (1)		
Erie-Lackawanna	31,992,104	14,554,354	3,772,799	(4,219,741)
Lehigh & Hudson	846,820	406,609	511,949	629,889
Lehigh Valley	11,520,453	3,586,292	1,348,141(2)	(1,832,720)
N.J. & N. Y.	(1,898,098)	(215,565)	(161,798)	(159,498)
New York Central	141,450,639	14,748,840	12,198,535	(33,576,704)
Susquehanna	1,845,047	(689,575)	(278,168)	(465,175)
Pennsylvania	156,239,920	5,431,503	2,428,615	(22,997,138)
Penn-Reading	(2,633,406)	(5,983,211)	(3,030,683)	(3,627,196)
Reading	14,634,957	3,451,402	4,068,851	(435,666)
Combined Total	362,383,565	41,542,164	25,540,895	(66,477,407)

NOTE:

Figures in parenthesis ( ) are deficits.
* Includes materials and supplies and debt due within one year.

(1) Includes sale of Nickel Plate stock in 1959 for $20,000,000.

(2) Includes sale of Black Tom explosion claims for $1,000,000.

WORKING CAPITAL COMPARED WITH
TAXES DUE ON DECEMBER 1, 1961

	Working Capital 6/30/61	Total Taxes Due 12/1/61 (State and Class II)
Jersey Central	$ 206,542	$3,322,544.36
Erie-Lackawanna	(4,219,741)	4,837,804.71
Lehigh & Hudson	629,889	38,162.50
Lehigh Valley	(1,832,720)	1,523,052.98
N. J. & N. Y.	(159,498)	10,243.02
New York Central	(33,576,704)	1,816,521.40
Susquehanna	(465,175)	156,105.55
Pennsylvania	(22,997,138)	5,580,525.65
Penn-Reading	(3,627,196)	320,186.19
Reading	(435,666)	278,149.79
Total:	($66,477,407)	17,883,296.15

COMPARISON OF 1960 TAXES
TO NET INCOME

	1960 Taxes	1960 System Net Income
Jersey Central	$ 3,405,769.43	($ 4,127,037)
Erie-Lackawanna	4,857,682.09	(19,995,614)
Lehigh and Hudson	40,983.68	95,147
Lehigh Valley	1,515,513.18	(3,240,185)
N. J. & N. Y.	10,422.74	(9,203)
New York Central	1,729,741.66	1,038,253
Susquehanna	176,307.67	(402,514)
Pennsylvania	5,502,620.65	(7,819,112)
Penn-Reading	333,949.27	(6,454,146)
Reading	561,148.79	1,154,904
Combined Total	18,134,139.16	($39,759,507)

( ) Denotes deficit.

COMPARISON OF N. J. STATE TAXES PAID AND NET INCOME
1946 Through 1960

	Aggregate Taxes	Aggregate System Net Income	Allocated Net Income*
Jersey Central	$ 49,219,110	$(6,981,089)	$(4,856,878)
Erie-Lackawanna	68,150,104	115,837,061	15,523,984
Lehigh & Hudson	828,268	4,270,241	2,419,606
Lehigh Valley	23,774,428	26,981,256	4,197,412
N. J. & N. Y.	170,298	(2,690,809)	(1,893,079)
New York Central	18,427,348	230,554,869	1,698,957
Susquehanna	3,320,862	(3,915,691)	(2,606,604)
Pennsylvania	80,060,043	308,125,526	18,285,960
Penn-Reading	5,180,472	(72,556,450)	(72,556,450)
Reading	7,838,030	120,566,889	7,313,855
Combined Total	$256,968,963	$720,183,803	($32,473,237)

NOTE:

* Allocated in the proportion that track miles (all types of track) within New Jersey bears to total system track miles.

( ) Denotes deficit.

Appendix "F"

ALL TRACK MILES IN NEW JERSEY

	12/31/45	12/31/59	12/31/60
Jersey Central	1223.56	1077.12	1073.78
Erie	502.04	492.68	
Lackawanna	691.32	540.92	
Erie-Lackawanna	1193.36	1033.60	1014.06
Lehigh & Hudson	96.49	87.36	88.59
Lehigh Valley	509.77	408.81	408.68
N. J. & N. Y.	42.30	51.07	44.79
New York Central	180.28	144.36	132.36
Susquehanna	234.78	194.74	186.64
Pennsylvania	1471.28	1475.55	1387.27
Penn-Reading	677.94	552.12	522.16
Reading	202.04	182.02	180.98
Totals:	5831.80	5206.75	5039.31

Appendix "I"

NUMBER AND COMPENSATION
OF
EMPLOYEES IN NEW JERSEY
(Excluding REA)

	Employees	Compensation
1946	40,481	$ 109,507,230.88
1959	22,762	126,262,290.48
1960	21,272	122,917,012.40

TONS OF REVENUE FREIGHT (1)

	Originated in N. J.	Terminated in N. J.
1946	17,183,434	54,674,942
1950	15,844,923	37,686,436
1959	10,837,700	30,605,200

PURCHASES WITHIN NEW JERSEY (2)

1947 - 1956 average $24,043,000.

Sources: (1) Interstate Commerce Commission,
Bureau of Transport Economics and Statistics
(Not available after 1950; 1959 figures are based on an authorized sampling; 1960 not yet available).

(2) Flink, The Economy of New Jersey, p. 469; no studies available for later years.

Statement of Mr. Harry W. Wolkstein, on behalf of the New Jersey State Council of Industrial and Labor Organizations, dated April 27, 1962, as filed with the Commission.

New Jersey State Council of Industrial and Labor Organizations

1180 RAYMOND BOULEVARD • NEWARK 2, NEW JERSEY

PHONE MARKET 3-1441

ROOM 4500

STATEMENT BEFORE THE
STATE TAX POLICY COMMISSION OF NEW JERSEY
by Harry W. Wolkstein
Tax Specialist and Certified Public Accountant
on April 27, 1962

The exodus of private industry from the State of New Jersey, as evidenced over the past ten years, will continue in larger numbers in the future, unless our State Government determines promptly to develop a realistic industrial development program that will serve successfully to combat the increasingly aggressive and illicit competition for such industry by our neighboring States and Southern States.

I submit respectfully that your Commission must give careful consideration to the following basic and urgent economic problems, and solve them properly by way of our eight-point program, if we are to attract new industries to our State and to retain existing industries, thus improving the economy of our State as well as our taxing structure:

1. The personal property tax on inventories with its threat of tax lightning has served to frighten many potentially new industries away from our State. Chapter 51 Laws of 1960, if it is resurrected, will drive many marginal Jersey companies out of business.

2. There is an urgent need for a tax convention to be held at an early date, a tax convention that will be "non-

Statement of Mr. Harry W. Wolkstein, on behalf of the New Jersey State Council of Industrial and Labor Organizations, dated April 27, 1962, as filed with the Commission.

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1. The personal property tax on inventories with its threat of tax lightning has served to frighten many potentially new industries away from our State. Chapter 51 Laws of 1960, if it is resurrected, will drive many marginal Jersey companies out of business.

2. There is an urgent need for a tax convention to be held at an early date, a tax convention that will be "non-

political" and one that will be composed of delegates duly elected by our state-wide trade associations, business organizations, civic organizations and labor organizations, so that they will equitably represent a true cross-section of our State's citizens, with the mandate that they submit recommendations as to modernizing the outmoded topsy-turvy tax structure of New Jersey. I can visualize no other practical solution of our State's present tax structure confusion, particularly in view of our State Legislatures' refusal to face squarely up to this problem, despite the nine comprehensive research reports that have been presented by the State Tax Policy Commission, over the past 15 years.

3. It is incumbent upon our Governor and State Legislature to close existing loopholes in the administration of our tax exemption laws. At present, roughly 23% of the ratables in New Jersey are being exempted from property taxation; and a good portion of this tax exemption privilege is being abused as witness the many phony public warehouses that exist, as a result of which our municipal governments have been losing about $20 million personalty tax revenues annually.

4. Out State Department of Conservation and Economic Development must give prompt and serious study to the following program, if we in New Jersey are to compete successfully with other States for new industry:

a. The multiplicity of regulations and inspections facing industries in our Jersey communities are very annoying to business executives, and costly to their companies. They should be standardized throughout our State.

b. This department must develop a practical program of educating each community's residents as to both the benefits and requirements of private industry, thereby creating an atmosphere that is friendly toward private industry.

c. As a result of a number of letters that I personally have sent to various State governmental officials over the past 12 months, I have learned that it is a fact that not one department in Trenton has maintained statistics as to the number of industries that have migrated from New Jersey in each of the past ten years. I call upon the Commissioner of Conservation and Economic Development to develop and maintain these statistics from this date on, as well as the reasons for each plant's migration from our State.

d. The really acute problem is: How to combat the inroads of the increasingly aggressive and illicit competition from other States for industry, many of these States resorting to "give-aways of plants"? The outgoing State Administration has failed to tackle this economic problem. I call upon Governor Hughes to seek an early conference of The Council of State Governments with the objective of developing a proper code of ethics among all of our State governments in their competition for new industry, and calling a halt to the existing interstate warfare.

e. Our State must develop a program for attaining a political climate, tax climate and labor climate that will be friendly to industry.

4. Available statistics inform us that New Jersey has lost 78,000 jobs over the past six-year period, despite the fact that nationwide payrolls have increased 23% over that same period of time.

Governor Hughes must enlist the cooperation of our Legislators in Washington toward obtaining a more equitable share of the military and non-military contracts for our Jersey contractors than they have received in recent years.

6. It is recommended that Governor Hughes pressure for new federal legislation that will place minimum standards as a floor under the Southern States' unemployment compensation program. Certain States in the South have purposely kept their unemployment compensation benefit levels very low in order to attract new industries to their shores.

7. If we are to improve the economy of our State, then Governor Hughes must now determine to supervise and control in a continuing manner the basic policies of the Port Authority as well as the basic policies of the 140-odd intra-state public authorities in New Jersey. In view of the expansion of these Authorities within New Jersey in recent years, I respectfully suggest that he appoint a new departmental head whose responsibility it will be to assist him in such continuing supervision and control.

8. Our State Government's annual budget has increased from \$168 million in 1950 to \$431 million in 1961, thus indicating that our State costs have more than doubled. It behooves Governor Hughes to abandon our past State Administration's policy of adopting new spending commitments without regard to existing commitments or available tax revenues.

I respectfully call upon Governor Hughes to appoint a little Hoover Commission whose responsibility it will be to analyze the operations and organization of the executive branch of our State Government with the objective of cutting down on those unessential employees who are included in our State government's 26,000 employee staff. It is likewise essential that our State Government eliminate all other unnecessary wastes and expenditures before it seeks to impose heavier tax burdens upon our citizens.

Respectfully submitted,

Harry W. Wolkstein, President

Statement submitted to Commission by Mr. John E. Dwyer, Superintendent of Elizabeth Schools.

URBAN SCHOOL PROBLEMS

1. Increase of School Costs in Large City School Districts

In recent years there has been a marked increase in pupil enrollment, pupil costs, and variety of services offered. State aid has not kept pace with the increased costs of the additional program, resulting in additional financial burdens being placed on the local property owners.

2. Replacement of Obsolescent School Buildings

The average age of school buildings in our communities is approximately fifty years. Since replacement of these buildings will place a very heavy burden on the local taxpayers, it is obvious that additional state aid is necessary to implement this program if it is to be accomplished within a reasonable period of time in the future.

The upgrading and expansion of physical facilities in existing buildings of a lesser age, in order to meet present-day curriculum demands, also imposes heavy renovation costs.

To provide financial construction benefits for the so-called rapidly growing districts and to fail to do as much for older city districts would seem unfair, since the problem faced by both is basically of the same nature.

3. Repair and Maintenance of Buildings

City districts spend a proportionately larger portion of their budgets for repair and maintenance of buildings. The age of buildings, the wage rate paid union scale maintenance personnel, and a higher incidence of vandalism are reasons for this fact.

4. Providing an Instructional Program to meet the Needs of a Population

a. Special Education

In 1961, on a state level, there were 992 educable and trainable classes and 176 classes for the physically handicapped. The six school districts presenting this report conduct approximately 50 per cent of all classes of this type in the state.

In the area of the mentally retarded, the number to be cared for is relatively larger than all other types of exceptional children. We are told that statistically approximately 2.5 per cent of the school population would fall in this category. Actually in large cities this figure will be higher because the so-called educable retarded, who make up 85 per cent of the retarded population, seem to be this way because of cultural deficiencies associated with the limited social and economic resources of their home environments. This low socio-economic type family is found in significant numbers in city districts.

Special classes which therefore must be provided in such large numbers are very costly because:

(1) They are limited in size.

(2) It is generally not possible to have classes for each year of chronological age, as with normal pupils, these children are grouped into classes which vary from two to three years in age. This very often necessitates assigning pupils to classes at some distance from their neighborhood school with the consequent need for costly transportation.

Larger school districts have proportionately larger numbers of all other types of handicapped children for whom proper provisions must be made.

b. Basic Program of Studies

In all basic instructional areas city school districts must provide curricula which relate to the extremely wide range of abilities and interests possessed by the school population to be served.

5. 18:14-1, Section b.--Admission of Pupils

Of greatest significance is the number of children admitted into city public schools under this section. Since 1950, several thousand known cases in our respective districts have been processed. The numbers continue to grow each year. Most of these children have one or both parents living either elsewhere in New Jersey or in other states.

Indeed, city districts always feel first and in greatest quantity any migration of peoples who leave their former homes because of social, economic, and/or political reasons. The significant numbers of non-English speaking pupils among the new arrivals pose a definite instructional problem.

Dr. Conant's latest book, "Slums and Suburbs," is certainly testimonial to the financial needs of city school districts.

6. Urban Redevelopment

The vast scope of urban redevelopment has added to the complexity of city school planning. Among the problems to be faced in this area are:

a. Providing educational accommodations for high density low-cost housing projects. This often necessitates new school construction or the building of additions to existing structures.

b. Taxes derived from low-cost housing projects do not compensate for the educational and municipal services they require.

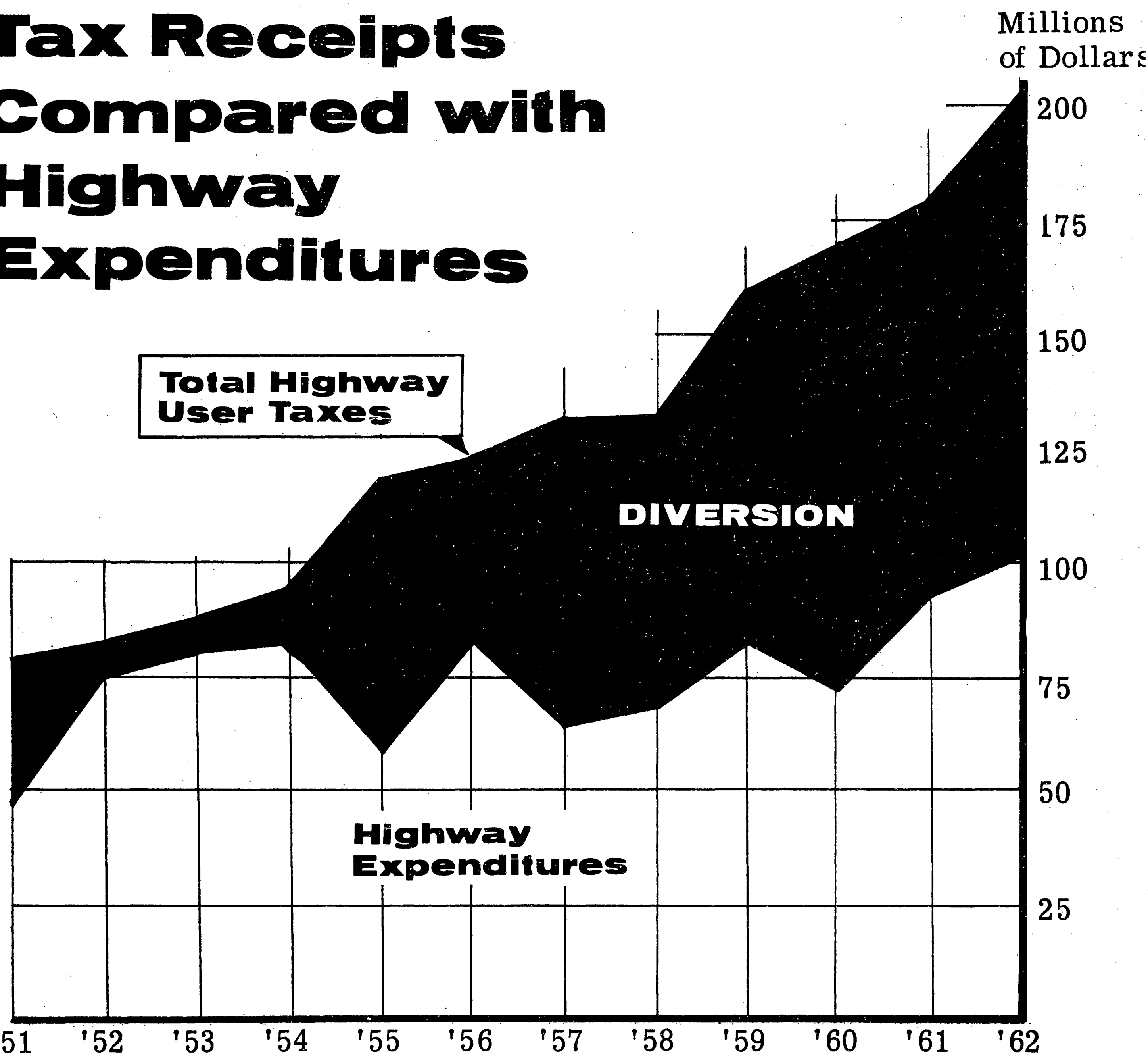
c. Servicing of student populations dislocated by urban renewal projects is often difficult.

GENERAL CONSIDERATIONS LARGE CITIES ARE FACED WITH

1. Heterogeneity of population.
2. Mobility of population.
   a. Movement of student population within the district
   b. Migration of pupils into the school district
3. Increase in the number of culturally and educationally deprived students who have come into the city.
4. Because of the complexity and the number of problems teachers face in a large city school system, it is necessary for city boards of education to be able to offer greater financial benefits to attract good people to their systems. This financial problem cannot and should not be borne basically by the citizens and property owners of the community alone.

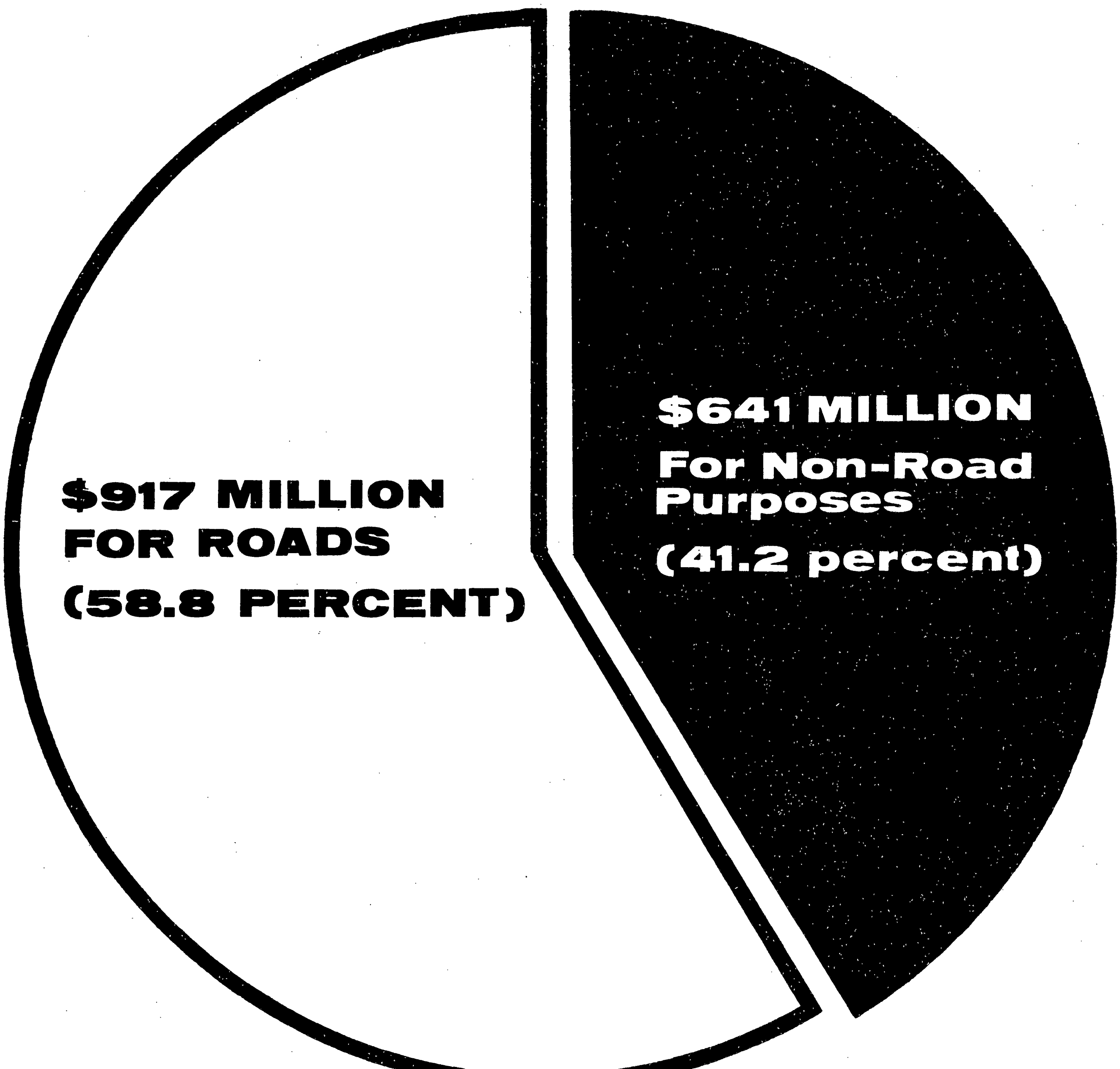
Statistical data appended to the Statement of William J. Gaffney, for the New Jersey Highway Users Conference.

New Jersey Highway User Tax Receipts Compared with Highway Expenditures



Source: Budget Messages of Governor of New Jersey, 1953-1962

Disposition of New Jersey Highway User Taxes 1951-1962



TOTAL $1,558,000,000

Source: Budget Messages of Governor of New Jersey, 1953-1962

New Jersey Highway Users Conference
143 East State St., Trenton 8, N. J.

NEW JERSEY HIGHWAY USER TAX RECEIPTS
COMPARED WITH EXPENDITURES FOR HIGHWAY PURPOSES
1951 - 1962

Year Ended June 30	Highway User Taxes	Highway Expenditures	Diversion
1951	$ 78,532,557	$ 48,290,064	$ 30,242,493
1952	83,186,182	75,260,347	7,925,835
1953	87,352,409	81,186,761	6,165,648
1954	94,442,221	84,407,450	10,034,771
1955	118,509,568	59,527,125	58,982,443
1956	123,324,234	83,049,451	40,274,783
1957	132,494,343	64,928,581	67,565,762
1958	132,500,885	68,118,797	64,382,088
1959	159,805,326	83,629,192	76,176,134
1960	169,126,204	73,633,165	95,493,039
1961 (1)	178,636,223	93,576,732	85,059,491
1962 (2)	200,500,000	101,501,198	98,998,802
Total	$1,558,410,152	$917,108,863	$641,301,289

Source: Individual Budget Messages of Governor of New Jersey, for the years 1953-1962.

(1) Actual receipts and adjusted appropriations.

(2) Estimated receipts include increased gasoline tax and expenditures reflect amount budgeted.

March 1962

New Jersey Highway Users Conference
143 East State St., Trenton 8, N. J.

NEW JERSEY HIGHWAY USER TAX RECEIPTS
COMPARED WITH EXPENDITURES FOR HIGHWAY
PURPOSES, FISCAL YEARS 1951-1962

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961 (10)	1962 (12)	12 Year Total
Highway Receipts:													
Motor Fuel Tax (1)	$36,695,946	$39,655,182	$41,098,246	$44,426,251	$63,257,034	$69,432,317	$70,697,558	$70,156,838	$92,467,526	$98,488,013	$100,199,760	$123,000,000	$ 849,579,671
Motor Vehicle Fees (2)	41,836,611	43,531,000	46,254,163	50,015,970	55,252,534	53,886,917	61,796,785	62,344,047	67,337,800	70,638,191	78,436,463	77,500,000	708,830,481
Total	$78,532,557	$83,186,182	$87,352,409	$94,442,221	$118,509,568	$123,324,234	$132,494,343	$132,500,885	$159,805,326	$169,126,204	$178,636,223	$200,500,000	$1,558,410,152
Highway Expenditures													
Administration & Maintenance (3)	$10,497,888	$11,058,649	$13,267,972	$13,882,658	$13,983,497	$14,303,409	$15,936,733	$17,156,526	$18,023,351	$20,135,829	$ 20,275,492	$ 29,389,298	$ 188,911,302
Construction (4)	13,311,423	38,585,576	40,556,191	40,683,301	15,252,274	36,473,719 (9)	15,209,623	16,637,534	29,774,356	17,048,544	38,148,042 (11)	45,491,888	347,172,474
Debt Service (5)	2,592,838	2,604,788	2,604,338	2,601,983	2,597,900	2,736,875	2,888,800	2,870,090	2,864,458	2,871,638	2,885,933	2,872,180	32,991,826
Division of Motor Vehicles (6)	3,139,595	3,930,107	4,488,422	4,921,151	5,119,536	6,362,185	7,251,023	7,402,009	8,523,602	8,896,023	8,236,213	8,429,950	76,699,816
Local Aid (7)	15,919,498	15,752,443	15,938,939	17,084,972	16,919,440	16,926,098	16,944,796	17,008,438	17,030,654	17,042,504	17,088,981	17,094,895	200,751,658
State Police (8)	2,828,322	3,328,784	4,330,399	5,233,380	5,654,478	6,247,165	6,697,603	7,044,200	7,412,771	7,638,627	6,942,071	7,222,987	70,581,787
Total	$48,290,064	$75,260,347	$81,186,761	$84,407,450	$59,527,125	$83,049,451	$64,928,581	$68,118,797	$83,629,192	$73,633,165	$ 93,576,732	$101,501,198	$ 917,108,863
Indicated Diversion	$30,242,493	$ 7,925,835	$ 6,165,648	$10,034,771	$58,982,443	$40,274,783	$67,565,762	$64,382,088	$76,176,134	$95,493,039	$ 85,059,491	$ 98,998,802	$ 641,301,289

Source: Budget Messages of Governor of New Jersey, 1953-1962

(1) Represents net proceeds from motor fuel tax as reported in Exhibit "B," Schedule I.

(2) Represents proceeds from motor vehicle registration fees as reported in Exhibit "B," Schedule I; does not include income from either inspection fees or fees from security responsibility as both are presumed to be self-supporting.

(3) Represents general expenditures of State Highway Department as noted in "General State Purposes" section of budget.

(4) Represents total amount expended by State Highway Department as noted in "State Capital Expenditures Budget", section of budget.

(5) Represents interest and principal on highway improvement bonds authorized under 1930 bond act. Reported as Inter and non-departmental items in budgets 1953-1954, and as State Highway Department expenditure in budgets for 1955-1962.

(6) Represents general expenditures of Division of Motor vehicles, Department of Law and Safety, as noted in "General Purposes", section of budget.

(7) Represents expenditures of State Highway Department as noted in "State Aids to Counties, Municipalities and School Districts", section of budget.

(8) Represents general expenditures of Division of State Police, Department of Law and Public Safety as noted "General State Purposes", section of budget.

(9) Includes $1,266,755 for repair due to flood damage.

(10) Motor fuel tax revenue, actual as reported by Motor Fuels Tax Bureau, Division of Taxation; motor vehicle fees as reported by Motor Vehicle Bureau; expenditures reflect adjusted appropriations.

(11) Budget listed $7 million transfer to commuter railroads as non-Federal Aid construction; data has been adjusted to reflect this diversion.

(12) Receipts adjusted to reflect 1¢ increase in motor fuel tax rate; expenditures represent requested appropriations.

New Jersey Highway Users Conference
143 E. State Street, Trenton 8, N. J.

NEW JERSEY

Estimated Diversion of Highway User Taxes to
Non-Highway Purposes for Fiscal Year Ending June 30, 1963
As Indicated by Governor's Budget Message Dated February 19, 1962

	1963
Highway Receipts	
Motor Fuel Tax (1)	$124,500,000
Motor Vehicle Fees (1)	81,474,762
TOTAL	$205,974,762
Highway Expenditures	
Administration & Maintenance (2)	$ 21,631,070
Construction (3)	40,600,330
Debt Service (4)	2,880,678
Division of Motor Vehicles (5)	8,920,716
Motor Fuel Tax Bureau (6)	622,500
Local Aid (7)	16,615,701
State Police (8)	7,858,884
TOTAL	$ 99,129,879
Indicated Gross Diversion	$106,844,883
Indicated Net Diversion (9)	$ 89,470,373

Source: Budget Message of Governor of New Jersey, for year ending June 30, 1963.

(1) Page 8B.
(2) Page 351.
(3) Page 599.
(4) Sum of interest charges on page 352 and bond redemption on page 605.
(5) Page 55.
(6) Estimated at ½% of net collections.
(7) Page 539.
(8) Page 39.
(9) After allowance for transfer of 1¢ gasoline tax to schools.

NEW JERSEY

TAX REVENUES BY SOURCE

(In Thousands)

	Fiscal Years		
	Actual 1961	Estimated 1962	Estimated 1963
Railroad Taxes - Main Stem and Franchise	$ 2,635	$ 2,700	$ 2,500
Transfer Inheritance Tax	24,676	21,000	26,000
Miscellaneous Corporation Tax - Net Worth	33,390	34,000	37,000
Miscellaneous Corporation Tax - Net Income	26,338	26,400	32,500
Domestic Life Insurance Corporation Tax	723	600	600
Foreign Insurance Corporation Tax	16,623	17,000	19,000
Alcoholic Beverage Tax	22,193	24,000	24,000
Cigarette Tax	47,669	61,000	63,000
Pari-Mutuel Racing Tax	25,338	25,200	25,200
Motor Fuels Tax	100,211	123,000	124,500
Motor Vehicle Fees	74,268	77,500	81,475
Emergency Transportation Tax	---	12,000	6,000
Miscellaneous Taxes	827	659	866
TOTAL	$374,891	$425,059	$442,641
Highway User Taxes as Per Cent of Total	46.5%	47.2%	46.5%

Source: Budget Message of Governor Richard J. Hughes for the Fiscal Year Ending June 30, 1963.

COMMENTS FROM NEW JERSEY STATE HIGHWAY DEPARTMENT, "HIGHWAYS 1954-1962"

"Fundamentally, any Highway Department's construction program in the main depends on the 'magic ingredient' -- money. In New Jersey, unlike most other States, the Highway Department has been dependent solely upon inadequate allotments as expressed in the annual legislative Appropriation Bills. Such 'hand-to-mouth' financing has not only prevented the Department from constructing badly-needed highway facilities, but has also severely hampered its long-range planning program...." (Page 5)

"We understand that twenty-seven states of the Union dedicate all Motor Vehicle revenues to highway operation and construction. Some eight or more other states have bond issues supported by Motor Vehicle revenues, so we have thirty-five or more states adequately financed with sufficient funds not only to match Federal funds as they become available, but to contract for highway construction well in advance of the availability of such funds. New Jersey cannot start its program when Federal funds become available under prevailing practices but must wait until the Legislative Budget Committee determines the amount of the allotment for highways. It might also be of interest to note that when the Highway Department assumed Mass Transit responsibilities and it was necessary to expend approximately $6,000,000 to prevent a shut-down of commuter passenger service and still another $1,000,000 for grade crossings in the Camden area, the Legislature met these needs by taking these amounts from the already inadequate State Highway Department budget." (Page 6)

Report appended to the Statement of the New Jersey Junior Chamber of Commerce, dated January 12, 1962.

NEW JERSEY TAXES

and

FISCAL POLICY

by

State Taxes Committee
New Jersey Junior Chamber of Commerce

January 12, 1962

FORWARD:

Increasing expenditures, need for economy, bond issues, rising property taxes, taxation of business, more schools and highways, vanished surplus, higher gas taxes, broad based taxes, state aid! Anyone familiar with state fiscal problems recognizes these words as clarion cries from various interested groups in New Jersey.

What are the problems? Are we facing a "crisis"? What solutions are possible? practical? probable? Jaycees should be interested since the questions and their answers involve the welfare of each individual, each family, and each community.

The following report indicates the results of a thorough study of the state fiscal situation and proposes specific action. It should receive careful consideration by every member.

INTRODUCTION:

At its summer planning session in July 1961, the New Jersey Junior Chamber of Commerce approved as a state project the active investigation of the fiscal problems facing the State of New Jersey with the ultimate aim of taking effective action to help solve some of the most pressing problems.

As a result of this action a 19 man committee, which subsequently met monthly, was organized to study the problems and prepare a report. The members of this committee are listed in Appendix I. The committee embarked on an intensive interview & study program to determine the position of various government officials, legislative leaders, business organizations, and civic and special interest groups on the problems facing New Jersey and to evaluate their opinions.

The initial emphasis was placed on determining the needs for present expenditures and on investigating the need for additional expenditures. Then the existing state tax structure was analyzed to determine its adequacy to meet the expenditure needs. Finally the necessity for new taxes was explored. A list of those formally interviewed is given in Appendix II.

This report completes the first phase of the committee's activity, the detail investigation. The second phase has already started with preparations for the presentation of a resolution at the February Assembly meeting (DSA) recommending a stand on State fiscal policy for the New Jersey Jaycees.

If the resolution passes the committee will undertake an intensive drive to secure passage of the appropriate legislation in the State Legislature.

MAJOR CHARACTERISTICS OF THE NEW JERSEY FISCAL SITUATION:

1. A discussion of state fiscal situation must consider both expenditures and taxes on both state and local levels of government. The New Jersey State Budget for 1962, (totaling 467 million dollars) requires 425 million dollars in taxes. In addition local governments (including counties) which receive part of the local property tax now raise close to 1 billion dollars. Consequently, approximately 70% of our total state and local taxes currently are being raised on the local level.

2. Ninety percent of local tax money is derived from taxes on real estate and personal property (88% and 12% respectively). Fifty-six percent is from taxes levied on residences and land, 42% on commercial and industrial property, and 2% on farms. As a result, the property tax provides approximately two thirds of all state and local taxes levied in New Jersey.

While New Jersey ranks third highest in the nation on the basis of property taxes per capita, it ranks 14th from the top on the overall basis of state and local taxes. On the basis of combined state and local taxes per 1000 dollars of personal income, New Jersey ranks 40th from the top (1959). Considering state taxes per capita, New Jersey ranks 50th (1960).

3. New Jersey expenditures have exceeded its income for the last six years. A surplus of 52 million dollars in 1956 has dwindled to essentially nothing. New Jersey's Constitution requires a balanced budget.

4. Informed opinion, such as that of the New Jersey Taxpayers Association, seems to agree that New Jersey runs a reasonably efficient state government and that major economies yielding multi-million dollar savings can not be made without reducing important services.

5. Much critical state financing has been achieved through a series of bond issues for water, colleges, green acres, institutions and agencies, etc. One hundred million dollars was approved on the November 1961 ballot alone.

6. New Jersey and Nebraska are the only two states that do not levy a state general sales tax or an income tax. Twenty-two states levy both.

7. State budget monies are raised through a series of selective sales taxes on cigarettes, gasoline and alcoholic beverages; and through corporate taxes and license fees; etc. Appendix III gives a typical breakdown of the state budget.

For example: In the 1962 budget 22% of the revenues were raised from taxes on motor fuel, 17% from motor vehicle registrations, 17% from corporation taxes, and 21% from taxes on cigarettes, alcoholic beverages and racing.

8. State and local expenditures have increased rapidly in the ten years between 1950 and 1960. State expenditures are up 152%. State and local expenditures combined have risen 136%.

These increases have been the result of a 25% increase in population; a 19% decrease in the purchasing power of the dollar; increasing economic activity with its accompanying demands for highways, water, etc.; and demands for greater services, particularly schools.

9. State budgets will increase between 20 and 30 million dollars each year as a result of legislation already on the books covering pensions, salaries, and state aid to local municipalities. This is without any additional services.

The surplus which has balanced the budget in recent years is gone. The commuter tax levied under the 1962 budget may or may not provide revenue depending upon court tests of its legality and the cooperation of New York State in turning over the appropriate monies. Important demands for education, highways, institutions and agencies, etc. are still to be faced.

10. Both major political parties have dropped the "no new taxes" planks in their platforms. Both candidates for Governor in the 1961 election avoided a pledge against a new broad based tax.

While assessment of property will not be a major concern of this report, the following points seem important to round out this outline of the present situation.

1. The assessment of property, long a source of major inequities, has reached a turning point in recent years; largely as a result of the tax clause wording in the 1948 constitution followed by court cases culminating in the Middletown Township decision in 1956. Essentially the courts have said that the constitution requires that all "property shall be assessed for taxation under general laws and by uniform rules" and that it must be assessed "according to the same standard of value" and that as long as statutes on the books cite 100% of valuation as the legal standard for assessment, the courts will enforce this standard.

The state legislature has been wrestling with the problem of assessments ever since the 1956 decision. Assessing by the same standard of value upsets many long standing divisions of tax burden between groups of taxpayers such as owners of residential property and owners of businesses, and also between individuals or businesses within groups.

Recent legislation is approaching a solution but the real effects can only be measured after the laws are implemented. Many changes which are creating the greatest outcry are merely removing substantial historic inequities.

2. Assessment of property has long been a haphazard affair in New Jersey, often performed by inadequately trained and unqualified personnel. Periodic overall reviews of assessments have been the exception rather than the rule.

MAJOR PROBLEMS FACING NEW JERSEY:

Education in Local School Districts--

The financing of education by local school districts has been a major reason for the rapid rise in local taxes since the late forties. The problem is by no means solved. A school enrollment of 1,054,000 in 1961 will rise 14% to 1,203,000 by 1965. This growth by itself will require in the order of 6000 more classrooms and 6000 new teachers in addition to the 48,700 already employed.

New Jersey seems to face substantial problems in providing a fine educational system. In 1950 the state had 2000 of its 35,100 teachers (6%) operating with sub-standard certificates. Now we have close to 6500 in a total of 48,800 teachers (13%). In 1960, 55,000 of our 1,015,000 students (5%) were on part time sessions and 49,000 were housed in classrooms considered sub-standard.

In 1960, 500 million dollars was spent on schools in New Jersey, (400 million was collected by local governments and 100 million was collected at a state level and distributed to local governments by formulas written into "state aid" legislation). The cost of providing schools is rising approximately 40 million dollars or 8% per year and it is estimated to reach 700 million dollars by 1966.

Proposed bills before the legislature will increase the state contribution or "state aid" to local education by 100 million dollars. Even with such expanded "state aid", property taxes for schools will have to rise 25% by 1965. Without it they will rise 50%.

Since school taxes account for about one half of local property taxes, it can be seen that neglecting any other reasons for increased local taxes, we can foresee property taxes rising in the order of 12% with expanded state school aid and 25% without it. The problem for the next ten years is even larger.

Of course, increased "state aid" requires higher state taxes. However, this does not necessarily mean that the individual property owner will pay the same total dollars in any case. It is possible to distribute the tax burden in a different manner depending upon the type of taxation used by the state, so that the same total dollars do not come from the same people.

Why are school costs going up? Largely because of an increased birth rate in the fifties, the influx of new residents in the state, inflation, higher salaries for teachers, and greater emphasis on subjects which require more expensive facilities such as courses in science.

Higher Education--

The 1957 report of the State Department of Education indicated that Rutgers University should double its enrollment by 1965. The College Bond Issue allotted 29 million dollars to the University to achieve this goal which was 12 million dollars short of the amount the University felt was necessary to do the job. This money is needed now if we wish to provide reasonable opportunities for higher education within the state. Many of the students in the top third of their high school classes whose counterparts gain admission today, will not find facilities to accommodate them in the near future.

The State University now has an enrollment of 9400 undergraduates and 18,000 part time students. Operating requirements for 1962-63 have initiated a request for 22 million dollars in state funds, up 6 million from 1961-62.

Substantial discussions of a Junior College program, organized on a county or regional basis, are now taking place. Such a program would require substantial funds.

Highways--

Anyone driving in the crowded metropolitan areas of our state should be familiar with the pressing need for new highways. Dwight Palmer, Commissioner of Highways, has stated the need for 60 million dollars in additional annual budget allotments to meet needs to 1975. Others have estimated the needs as closer to 100 million dollars per year.

The 1960 state budget allots approximately 40 million dollars for capital purposes on a state level, 17 million for "state aid" to country and local road departments, and approximately 20 million for the operation of the State Highway Department. Total state expenditures for road purposes, including police protection, approach 90 million dollars.

Highway users pay over 180 million dollars in license and gasoline taxes. The excess is actually a fairly broad based tax levied for general state purposes.

County expenditures for roads have increased tremendously in recent years. Increases in the order of 300 to 400% are not uncommon. For example, Bergen County spent 50,000 dollars in 1947 and 200,000 in 1961. However, "state aid" to counties has remained essentially constant for many years.

New Jersey now experiences a traffic volume 5½ times the national average. Projections by the State Highway Department indicate that vehicle miles of travel will double by 1975. Present registrations of 2.24 million will approach 3.68 million by 1975. The problems will intensify.

Rail Transportation--

The demise of commuter rail transportation in New Jersey would add millions of dollars to the State Highway budget. Rail transportation has been forced to the wall, and railroads need help. In the long run it will be cheaper to provide it than to build highways to replace them.

The present state budget includes 6 million dollars to subsidize railroads. The income from the commuter income tax is to be used for commuter transportation purposes.

Institutions and Agencies--

The 40 million dollar bond issue passed on the 1961 ballot is approximately one half of an 81 million dollar long range program estimated as necessary by the Department of Institutions and Agencies. New Jersey, which ranks 3rd to 6th in per capita personal income in the country, spends only about the national average in per capita operating costs for mental hospitals and is below the national average in institutions for the mentally deficient.

In 1958 New Jersey was second lowest in the number of vocational rehabilitations per 100,000 population, even though it is generally accepted that these people return more in tax dollars than it costs to provide the rehabilitation.

Capital Costs--

In recent years a series of bond issues have been used to finance many state programs. However, this has been at the cost of substantial interest payments in the future. For example, the 60 million dollar Green Acres bond issue will result in an additional 40 million dollars in interest charges. Debt service now amounts to approximately 13.5 million dollars in a 467 million dollar budget.

Essentially New Jersey has been asking the public to plan, by a series of "Yes and No" votes, long range capital programs that are often vitally needed. Rather than such a haphazard approach, there is a critical need for more and better long range planning on a state level and the allocation of specific sums in each yearly budget to meet the most pressing needs.

Studies have indicated that annual appropriations in the order of 20-25 million dollars will eliminate the need for most bond issues and will provide a much more economical method of meeting important needs.

EXISTING TAXES IN NEW JERSEY:

1. As noted previously, the property tax provides two thirds of all state and local tax revenues collected in New Jersey. This tax has been rising rapidly and bears more heavily on some citizens than others.

There are many arguments against allowing such dominance for the property tax. For instance, housing is not necessarily indicative of income level and the ability to pay and it is also not a true measure of the demands placed on the community, particularly in terms of schools. Also, the multiple family home resident pays smaller taxes, the apartment dweller even less. The property tax is hard on retired citizens and an increase can often make the difference in their affording their own home.

Property taxes often work against slum rehabilitation, since improvements can result in a greater increase in taxes than in rents received. The tax is unequal in various communities and the man with a low income pays a higher proportion of his income in property taxes than his more fortunate neighbor. The property tax is often not based on what a man owns but on what he owes in his mortgage.

Without changes in current tax structures we can expect that the total property tax bill will increase in the order of 65 million dollars per year or about 7% per year. There is no tax on invested worth other than real estate.

2. The motor vehicle and fuel taxes now amount to 47% of the state budget. Increases do not seem equitable. Rates on cigarettes, beverages, etc. are already as high or higher than other comparable states and increases will probably provide diminishing returns.

3. Corporation taxes are already high when local property taxes are added to the 1-3/4% corporation net income tax and corporate franchise tax. Higher rates will risk losing industry to other states in a highly competitive market.

4. The commuter income tax may or may not yield income to the state. Courts will have to rule on its constitutionality and New York State will have to agree to retain its reciprocity agreements for this selective income tax. The latter will require a reversal of recent legislation in New York state.

An analysis of the total tax picture indicates that it may be possible to raise sufficient monies for another year or two without new sources of revenue, but the handwriting is on the wall.

NEW SOURCES OF REVENUE:

1. Additional sources of local revenue could be developed such as sales taxes, head taxes, and occupation taxes. They would have the advantage of keeping the raising of revenues on a local basis but would certainly complicate the overall picture.

2. A state conducted lottery could add substantial revenue but it would probably be difficult to pass, would probably take money from those least able to pay, and in all likelihood, would increase law enforcement problems. Legalized gambling could also provide additional revenue but would be subject to attack on other than fiscal grounds.

3. Turnpike surpluses could be used for general state purposes. These surpluses from tolls are now being used to pay off the turnpike bonds earlier and move forward the date that the road will be turned over to the state as a free facility.

A referendum to dedicate these monies to transportation purposes was defeated in 1959. Two thirds of the bondholders would have to agree to the change and their approval is by no means a sure thing.

4. Extending the racing season can increase revenues by a few million dollars, but in a budget close to 500 million dollars this would not provide a major impact. The extension of the season might not be considered desirable by many groups.

5. A new broad based tax, either a retail sales tax or a personal income tax, would provide sufficient revenues to make a major impact on the state fiscal situation. Either tax could produce in the order of 200 million dollars which would make a major impact on a state budget approximating 500 million dollars.

The 200 million dollar yield assumes a sales tax of 3% or an income tax with rates ranging from 1% on the first 1000 dollars of taxable income to 6% on taxable income over 9000 dollars. The latter tax would allow deductions and exemptions similar to those allowed for the federal income tax.

Either tax would spread the tax load and reduce the percentage dominance of the property tax in the overall state and local tax picture. Part or all of the money raised could be fed back to local communities in the form of "state aid". (The return of funds collected by the state to the local community with the community controlling the details of the expenditures.)

Either type of tax could help reduce property taxes and/or the growth in property taxes but neither could be counted on to stop all increases in local property taxes. The total effect of a broad based levy on local property taxes will depend upon the funds allotted to "state aids" and to a considerable degree upon the success with which municipalities maintain current expenditure levels. The tendency to gold plate the City Hall would have to be fought vigorously.

The Income Tax--

The personal income tax with progressive rates, similar to those used in New York, would have certain advantages and disadvantages. One advantage would be a possible recapture of the income taxes now paid to New York by New Jersey residents under reciprocity privileges. (Current legal and political action on this subject will determine whether this is actually possible). Allowing for the revenues remitted to New York for the New Jersey earnings of New York residents, this would mean that 30 to 40 million dollars of the total 200 million would merely be a shifting of taxes between units of government.

The commuter tax, which is currently the center of much discussion, attempts to provide this shift of revenue from New York. Until a final settlement is reached, it will not be known whether either the commuter tax or a general personal income tax in New Jersey would actually produce any shift of revenue.

In any event, the problems of the commuter to New York will have to be considered in the enactment of a New Jersey income tax. If New York retains its reciprocity privileges the New Jersey commuter would not have to pay any substantial increase in taxes since he will essentially be paying his income tax to his home state rather than the state within which he works.

Since a state income tax can be deducted from Federal income taxes, an additional 30 to 35 million dollars would essentially shift from the Federal government to New Jersey.

A flat rate income tax is also possible on a statewide basis but would run into substantial opposition from groups favoring the "ability to pay" principle.

The income tax is efficient, inexpensive to administer and allows individual latitude with deductions for medical expenses and other personal disasters. However, the heavy impact of the Federal government in this field has made it unpopular.

The Sales Tax--

The retail sales tax, exempting food, prescription medicines, etc. is a possible method of financing on a state level. Arguments against a sales tax on the basis that it hits hardest at those with the lowest incomes are countered by exemptions of those items which constitute the major portion of low income group expenditures. Consequently, the impact of the sales tax can be made close to that of the income tax up to 10,000 dollars per year income. Actually any broad based tax must raise its major revenue in the 5 to 10,000 dollar per year bracket since the great bulk or number of the taxpayers fall in this category.

The New Jersey sales tax would not be deductible from New York State income taxes but could be deducted on Federal income tax returns. While the sales tax is somewhat more expensive to administer than an income tax and is a substantial nuisance to retailers, it will capture substantial revenues from out of state travelers and vacationers. No tax return is required from the individual and the sales tax has the advantage that everyone pays some tax, no matter how small.

The sales tax will increase the cost of doing business for some concerns by increasing the cost of their raw materials or supplies. This impact will depend upon the items used in the business and upon those items included in the tax. The sales tax rate will determine the effect on retail sales for businesses in communities adjacent to other states.

However, the major point to be made is that either of these two taxes, income or sales, will raise enough funds to make a significant impact on the state fiscal situation.

6. A business net income tax has been proposed by many as an additional source of revenue. This tax would apply to both corporations and unincorporated businesses. It has usually been proposed as a substitute for the taxation of business inventories and household personal property.

The impact of such a tax should be carefully adjusted to make sure that New Jersey business would not be placed in a poor competitive position with respect to business in other states. The tax proposed by the Commission on State Tax Policy in 1958, plus certain adjustments in the corporate franchise tax, would raise in the order of 50 to 60 million dollars. This could offset a loss of the same order of dollars in taxes on business inventories and household personal property, which could then be eliminated.

The imposition of a business net income tax without the offsetting elimination of the tax on business inventories would impose a severe hardship on business.

HOW CAN THE STATE FISCAL PROBLEMS BE SOLVED?

Where Do We Spend?

The control of expenditures is the key to reasonable taxes. Available revenue is always spent and the cut off valve is on the expenditure side.

It may be possible to foresee large problems and needs for services on a state level, but who makes the decisions as to which need should be met first? Which need should receive the greatest or least allocation of funds? How is the necessary unbiased information to be obtained?

Deciding what we want may best be accomplished by a long look taken by representatives of broad segments of the public, not just interested agencies and groups. In one area, higher education, an independent commission of leading citizens has been proposed. Similar commissions could be appointed in other areas. These might be somewhat divorced from partisan politics and pressure groups, if properly selected. Not being attached to agencies involved, their recommendations might bear more weight, and receive more attention than pleadings by interested parties.

The commission system suggested does not usurp any prerogatives of the Legislature which must make the final decisions. Commissions have been used in the past in New Jersey for investigations which have brought broad segments of the population into the decision making process from local charter commissions to the recent state report on institutions and agencies.

Appointments to commissions on highways, water, education and welfare, to name a few of the major areas, could be made by the Governor and could include legislators of both parties as well as representatives of the "general" public.

Two major problems remain. What should take priority and how much should be spent. The priority decisions might be made by a commission of the several commissions as currently members of the Governor's cabinet form a group for consideration of the state's capital construction priorities.

How much aid should be recommended by the commission? Each might have certain ground rules when it is named. For example, the commission might be directed to detail a minimum program, a desired level and an optimum program. If the commission is properly selected, it will include representatives of all segments of the population and thus will surely have economy advocates.

Finally, the decision will be made by the Legislature as it is now. But the big difference will be the presentation of factual data secured by the public representatives which should be divorced from partisan interest.

Summing up, the key to efficient use of government funds as well as decisions on how to spend tax money, lies with the people. The people must make an effort to investigate, consider problems, and try to be heard. This is true democracy and it is best for New Jersey.

Who Decides on Taxes?

1. A series of tax referenda could be presented to the public. However, the public as a whole cannot plan a proper tax structure and should not be asked to do so.

2. A Tax Convention, similar to the 1947 Constitutional Convention, could be called. All recommendations would have to be ultimately approved by the legislature and even though the convention might "take the individual legislator off the hook", it should be pointed out that the cost might approach a quarter of a million dollars. Furthermore, most members of the legislature would probably run for office as a delegate to the convention and the basis for representation would parallel the representation existing in the Legislature.

3. Action through the legislature is a third alternative. It will require substantial work and effort plus the building of public support, but it can be done.

It should be realized that the Legislature would be heavily involved in both of the preceding alternatives. However, this still seems to be the logical alternative.

How Should We Decide on Taxes?

The evaluation of new sources of tax revenues should consider many points. The following principles should be carefully weighed:

1. Taxation should allow the maximum individual freedom of choice in spending income.

2. Taxes should not destroy local responsibility for services which can be practically and efficiently met on the local level.

3. Equitable sharing of the cost of government between groups of people and between individuals should be carefully weighed.

4. The collection of tax revenues should be efficient and should entail minimum practical administrative costs.

5. Taxes and the services they provide should be carefully considered in terms of the freedom individuals are allowed in deciding which services they wish to purchase for themselves. Once taxes are levied they are compulsory and the individual's freedom of choice is narrowed.

New proposed services and their accompanying taxes should be evaluated in terms that indicate whether they can be provided only by government, more efficiently by government, less expensively by government, or more practically by government.

What are the characteristics of a good tax? The method and rate of taxation should take into account factors such as the following:

1. Fairness
   a. Ability to pay--consideration of income and assets of taxpayers and of their special responsibilities, such as big families, retired status, chronic illness, etc.
   b. What people pay in relation to benefits received.

2. Raising Money
   a. Raising enough money
   b. Flexibility so the amount raised can be increased or decreased easily when requirements change.

3. Cost and Ease of Collection--possible coordination with federal or other taxes.

4. Credits to Avoid Double Taxation--certain types of taxes are deductible from amounts required by other government taxing authorities.

5. Tax Visibility--citizens should be kept aware of taxes that they are paying so they can evaluate whether the services rendered merit the amount of tax being paid.

CONCLUSIONS:

It is the belief of this committee that New Jersey does face a substantial fiscal crisis and that effective action, leading to new legislation, is required now. The committee endorses the following conclusions:

New Jersey is running a sound financial ship. Emphasis on economy must never cease, but it must be recognized that substantial monies, that will make a significant impact on the state and local fiscal picture, can not be realized through more efficient operation.

Sound legislation must always recognize the financial cost or impact of a specific bill. Full cost information should be available and should be part of public knowledge before a bill is enacted. Endorsement of Assembly Bill 642 (1961 session) by the New Jersey Jaycees was important and should be restated. Fiscal notes should be attached to all proposed legislation.

The principle of meeting needs at the lowest level of government where they can be efficiently served is vital to sound government, but it must be recognized that many problems transcend municipal and county boundaries and can be better served at a higher level of government.

New Jersey is basically a wealthy state, advantageously located, with many industries and with citizens who earn good salaries and wages. To expand and improve its economy it is necessary to provide more highways, better education, improved rail transportation, a good tax climate for business; and to improve health and welfare programs. Business must be able to meet competition from other states to help provide better jobs and greater prosperity for its employees.

Many major needs must be met on a state level. Substantial funds are required and they can not be adequately raised by existing taxes. For instance, additional "state aid" (state collected funds returned to municipalities) is needed to help local school districts maintain necessary standards while maintaining a fair and equitable local tax load.

Independent commissions of leading citizens and legislators, representing various points of view, should be appointed to investigate the requirements and needs in major areas such as highways, education and welfare. Their reports should be coordinated and presented to the Governor, to the Legislature, and to the public providing a sound basis for the discussion and eventual passage of appropriate legislation.

Taxes will rise in New Jersey as a response to expenditure needs. A policy of "no new state taxes" merely means that additional revenues will, of necessity, be raised largely from the property tax. This tax is already too high in relation to services provided property owners and is already imposing severe penalties on various groups of citizens. It is vitally important that its impact be stabilized. State taxes on gasoline, cigarettes and alcoholic beverages are about at their maximum equitable levels.

Recurrent bond issues are an expensive method of financing capital needs. Long range capital planning, coupled with annual capital appropriations, can reduce or even possibly eliminate the need for statewide bond issues.

A careful examination of the New Jersey tax structure indicates the need for reform in terms of the equity and the impact of existing taxes and also indicates the need for more revenues to provide necessary services and to move our state forward in terms of an expanding economy, the education of our citizens and the provisions for those less fortunately situated.

A properly constructed broad based tax can help solve both of these problems. It should be enacted.

An effective statewide program by the Jaycees, undertaken immediately and in concert with other interested groups, can insure that the Legislature of the State of New Jersey will pass the necessary and appropriate legislation.

Edwin Abramson
Jack P. Cady
William F. Faherty, Jr.
Joseph Farrell
Michael Feldman
John Fitzpatrick
William Flemming
Marvin Greenberg
Lowell Harwood
Brock Lewis
Jack Lieberman
Robert Lockwood
Neal Monda
Leonard F. Newton
Harold N. Scherer, Jr., Chairman
Robert E. Watson
Robert Wells

Plainfield, New Jersey
January 12, 1962

APPENDIX I

NEW JERSEY JUNIOR CHAMBER OF COMMERCE

MEMBERS OF THE STATE TAXES COMMITTEE

Harold N. Scherer, Jr., Chairman - Plainfield

Edwin Abramson	Livingston
Jack P. Cady	Bound Brook
William F. Faherty, Jr.	Trenton
Joseph Farrell	Red Bank
Michael Feldman	Metuchen
John Fitzpatrick	Clark
William Flemming	Palmyra
Gerald Goldman	Passaic
Marvin Greenberg	Newark
Lowell Harwood	Jersey City
Maxwell Lazarus	Jersey City
Brock Lewis	Basking Ridge
Jack Lieberman	Metuchen
Robert Lockwood	Clark
Neal Monda	Paterson
Leonard F. Newton	Princeton
Robert E. Watson	Cranford
Robert Wells	Toms River

APPENDIX II

NEW JERSEY JUNIOR CHAMBER OF COMMERCE

STATE TAXES COMMITTEE
INDIVIDUALS AND GROUPS INTERVIEWED

State Senators-
- Henry Haines, Burlington County
- W. Steelman Mathis, Ocean County
- William Ozzard, Somerset County
- Wayne Dumont, Warren County

State Assemblymen-
- William T. Heiring, Ocean County
- William Musto, Hudson County

Government Officials-
- Mason Gross, President, Rutgers University
- James A. Arnold, Jr., Chief, Tax Research and Statistics, Division of Taxation, State Treasurer's Department
- John Kilpatrick, Assistant Commissioner of Education
- Joseph Barber, Deputy Commissioner of Conservation and Economic Development
- Charles Whilden, Ocean County Superintendent of Schools

Organizations-
- New Jersey Taxpayers Association
- New Jersey State Chamber of Commerce
- New Jersey Education Association
- Highway Information Association of New Jersey
- New Jersey Citizens Highway Committee

Individuals-
- Morris Beck, Rutgers University
- Edward McGee, Teacher

APPENDIX III

NEW JERSEY JUNIOR CHAMBER OF COMMERCE

STATE TAXES COMMITTEE

1962 STATE BUDGET

EXPENDITURES			REVENUES		
ITEM	$ MILLIONS	%	SOURCE	$ MILLIONS	%
Education	183.7	39	Motor Fuels	103	22
Highways	89.2	19	Corporations	78	17
Institutions	82.1	18	Motor Vehicles	71.8	17
Welfare	35.1	7	Cigarettes	53	11
Public Safety	21.8	5	Racing	25.2	5
Administration	19.7	4	Beverages	24.0	5
Regulatory	12.6	3	Inheritance	21.0	4
Conservation	7.8	1.5	Railroads	2.7	1
Health	3.9	1	New Taxes	39.0	8
Veteran's Services	3.1	0.5	Other Income	49.7	10
Recreation	1.3	0.5		473.9	100%
Executive & Legislative	3.0	0.5			
Judicial	4.1	1			
	467.4	100%			

FROM EACH DOLLAR

State Operations	44.4¢
State Aid to Local Government	42.7¢
Capital Expenditures	12.9¢

APPENDIX IV

NEW JERSEY JUNIOR CHAMBER OF COMMERCE
STATE TAXES COMMITTEE

MAJOR REFERENCES FOR FINAL REPORT

Reports of the Commission on State Tax Policy, Nine reports in the period from 1946 to 1958

New Jersey Taxpayers Association
"Spending and Taxes", October 1961
"Controlling New Jersey's Capital Costs", March 1960
"Financial Statistics of New Jersey Local Government" September 1960
"New Taxation for New Jersey", June 1959

Committee for School Support
"Pupils, Schools and Taxes"

Newark Association of Commerce and Industry
"Newark Commerce", January 1961, March 1961

League of Women Voters of New Jersey
"New Jersey Taxes, Facts and Conclusions", November 1959

"Newark News"
"That Broad Tax Base" Reprints of a series of articles by the heads of New Jersey organizations on the need for tax changes

"New Jersey Municipalities", November 1961
New Jersey Property Tax in 1961 by James A. Arnold, Jr.

New Jersey Education Association
"Basic Statistical Data of New Jersey School Districts" July 1961

NEW JERSEY JUNIOR CHAMBER OF COMMERCE
GENERAL ASSEMBLY MEETING, SOMERVILLE, NEW JERSEY

WHEREAS: The future welfare and progress of the State of New Jersey depends in large measure on the active interest of its citizens.

WHEREAS: The opinions of lay groups, without special interests or special concerns, are vitally important to the discussion of local and statewide issues.

WHEREAS: The New Jersey Junior Chamber of Commerce, through its State Taxes Committee, has undertaken a careful investigation of the fiscal problems of the state.

BE IT RESOLVED: That the New Jersey Junior Chamber of Commerce, an organization of 7000 young men, endorses the following statement:

Two thirds of New Jersey state and local taxes are now paid by owners of property.

The property tax is not the only measure of ability to pay nor is it the best method of allocating the individual's share of the cost of government.

If no changes in tax legislation are enacted; taxes will continue to rise, as they have in the past, to provide the existing level of services citizens require from government: services in the fields of education, highways, and provisions for the mentally ill and the handicapped.

On a local level the property tax will continue to rise, particularly to finance schools, making an unfair situation even worse.

On a state level, critical needs will continue to force financing through bond issues at the cost of substantial interest charges, rather than "pay as you go" expenditures.

True tax reform through a broad based tax; collected by the state, primarily spent locally, and primarily tied to reducing the burden of the property tax; is vital to solving New Jersey's financial problems.

BE IT FURTHER RESOLVED: That the New Jersey Junior Chamber of Commerce will undertake a statewide program, through its local chapters, to build public interest in fair and sound state and local taxation.

That the New Jersey Jaycee State Taxes Committee will continue to investigate the New Jersey financial situation, including alternative broad based taxes, and will bring the results of its study to a future Jaycee state meeting for assembly action.

February 24, 1962

Exhibits submitted by Mr. John E. Duetsch on behalf of the League of Suburban Municipalities of Essex County.

RESOLUTION

BE IT RESOLVED by the duly authorized representatives of the municipalities in the County of Essex whose names appear below, that said municipalities strongly favor and recommend the adoption by the Legislature of the State of New Jersey, at its next session, of legislation requiring county boards of taxation to include and take into account, in their respective county equalization tables, all income producing public housing within a taxing district on account of which such taxing district receives a payment or payments in lieu of taxes, or as a service change for municipal services supplied to such public housing, under and pursuant to any of the provisions of Title 15, sub-title 2, of the Revised Statutes, as well as such other properties which by statute are or may be exempt from taxation, but for which a taxing district receives payment of any sum or sums in lieu of taxes.

BE IT FURTHER RESOLVED that a copy of this resolution be promptly forwarded to the Honorable Donal C. Fox, Senator from Essex County, and to each Assemblyman-elect from Essex County.

Adopted at a meeting duly assembled and convened in the Township of Livingston, County of Essex and State of New Jersey, this ______ day of December, 1959.

BOROUGH OF CALDWELL	BOROUGH OF ESSEX FELLS
By______________________	By______________________
TOWNSHIP OF CALDWELL	TOWNSHIP OF LIVINGSTON
By______________________	By______________________
BOROUGH OF NORTH CALDWELL	TOWNSHIP OF MILLBURN
By______________________	By______________________
BOROUGH OF WEST CALDWELL	BOROUGH OF ROSELAND
By______________________	______________________
BOROUGH OF CEDAR GROVE	BOROUGH OF VERONA
By______________________	______________________

AN ACT concerning taxation and amending section 54:3-17 of the Revised Statutes.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. Section 54:3-17 of the Revised Statutes is amended to read as follows:

54:3-17. Each county board of taxation shall annually ascertain and determine, according to its best knowledge and information, the general ratio or percentage of full value at which the real property of each taxing district is assessed. It shall prepare an equalization table showing the assessed valuation of the real property in each district, the ratio or percentage, if any, by which the assessed valuation should be increased or decreased in order to correspond to true value, and the true value of the real property within the district as determined by it. For the purpose only of preparing such equalization table, the board shall include and take into account

(a) all income producing public housing properties within a taxing district with respect to which such taxing district receives a payment or payments in lieu of taxes, or as a service charge for municipal services supplied to such public housing projects, under and pursuant to any of the provisions of Title 15, Sub-title 2, of the Revised Statutes, and

(b) all property owned by the Port of New York Authority with respect to which said Port of New York Authority has entered into an agreement with a municipality for the payment to the latter of an annual sum or sums in lieu of taxes, pursuant to the provisions of section 32:1-144 et seq., of the Revised Statutes.

A copy of the table shall be mailed to the assessor of each district, and be posted at the courthouse, at least one week before the hearings provided for in section 54:3-18 of this title.

2. This act shall take effect immediately.

INTRODUCTORY STATEMENT

Public housing projects authorized by the various chapters of Title 15, Subtitle 2, of the Revised Statutes are specifically exempt from taxation, except that payments are permitted to be made to the municipalities in which they are located in lieu of taxes or as a service charge for municipal services supplied to such projects. Similarly, R.S. 32:1-144, et seq., specifically provides that to the end that municipalities may not suffer undue loss of taxes by reason of the acquisition and ownership of property by the Port of New York Authority, the Authority and such municipalities are authorized to enter into agreements for the payment of a fair and reasonable sum or sums annually in connection with any marine or inland terminal property owned by the Authority, not in excess of the sum last paid as taxes upon such property prior to the time of its acquisition by the Authority, such sums to be devoted by the municipality to purposes to which taxes may be applied. Such exempt properties are not included in the table of aggregates used by county boards in preparing their equalization tables, with the result that, to the extent of such omission, municipalities which do not have such projects within their borders are required to pay a proportionate share of the county tax burden which might otherwise be allocated to such exempt properties. The purpose of this bill is to require county boards of taxation, only for the purpose of preparing their equalization tables, to include such exempt properties as part of a taxing district's table of aggregates.

TOWNSHIP OF LIVINGSTON
Livingston, Essex County,
New Jersey

January 27, 1958

Essex County Board of Taxation
Hall of Records,
Room 201,
Newark, New Jersey

Gentlemen:

I am appearing here today to present the Township of Livingston's views in regard to the recently released Preliminary Equalization Table for the current fiscal year. A letter from your offices, dated January 17, 1958, outlined the proposed equalization table. Subsequent to the receipt of your notice, our Township has carefully reviewed the total implications of the Projected Aggregate True Values. This review, included conferences with your secretary and the senior field representative for the Local Property Tax Bureau. In addition, we have prepared an analysis of the facts of Essex County taxes, that should prove interesting to the members of your board and the other municipalities in Essex County.

Our conferences with a member of your staff and the State field representative disclosed that the ratio of assessed to true value is based on a two year average of sales ratios. The facts of these statistics seem to be accurate and clear, but the results do not represent a system of equity in County taxation. The ratios prepared by the Local Property Tax Bureau were initially designed for school-aid purposes. It must be noted that two factors are considered in the formula for state-aid to schools, namely, the number of students and the relative wealth of the community. It is my considered opinion that state-aid for schools and county taxes are not similar. Separate formulas for the equalization of county costs should be developed and used. We are not qualified to discuss school - aid formulas, but we do wish to discuss the distribution of Essex County taxes.

In preparation for this meeting, we have prepared a table, which includes the name of each city or town in Essex County, the population of each community, the assessed values of each municipality for 1957 and 1958 with the increase or decrease noted, the ratios of Assessed to True Value for 1957 and 1958 and the increase or decrease, the Aggregate True Values for 1957 and 1958 with the increase or decrease noted, the amount of County taxes for 1957 and 1958 (estimated) with the increase or decrease noted, and the percentage of increase in estimated County taxes for each community. This table discloses the following interesting facts:

1. Livingston had the largest single increase in ratables for 1958, totalling $4,220,180.00.

2. The average decrease in the ratio of assessed to true value for all, but one community was two and a half points. The decrease in Livingston's ratio was 6.08 points. It is extremely difficult to understand how the ratio of our community could suffer a ten percent loss in one year. Our ratio is bound to decrease, but the extent of the decrease should be more closely related to the average for other cities and towns in this county.

3. The Aggregate True Value for Livingston in 1958 reflects an increase of $18,535,887. It must be remembered that our ratables increased by more than four million, so the true value should reflect a maximum eight and a half million dollar increase. The above increase in Aggregate True Value is the largest single increase in our county. The same table discloses that the City of Newark is to be granted a $109,264,196 decrease in Aggregate True Values. In addition, the Aggregate True Values are reduced by $3,091,930 for the City of East Orange and $637,034 for the City of Orange. These facts result in a substantial shift of the County tax burden.

4. Estimated county taxes for 1958, based on a rate of 71.5 cents per one hundred dollars of valuation, discloses varying tax increases for all cities and towns, except the City of Newark. In the case of the largest city in our county, we find that Newark will pay an estimated $159,541.00 less in county taxes in this fiscal year. The percentage increases range from a 6.1 percent in the case of the City of East Orange to an increase of 28.72 percent for North Caldwell and 27.8 percent for Livingston. This wide range in the county tax increases and the one decrease, indicates a decided failure in the present formula for equalization of county taxes. In our case, the increase in county taxes will absorb practically all of the anticipated new revenues from our new ratables. In addition, our total county tax will exceed $825,000.00. Our municipal budget for 1958 is $1,214,317.00 - a mere $400,000 more than the above tax bill. This county tax bill will be for a community of 21,000 persons. This is a staggering tax load for the support of county government. Other smaller Essex County communities are faced with similar major increases.

5. The per capita county tax for 1958 ranges from $18.65 in the City of Orange and $18.73 in the City of Newark to a high of $87.73 in Essex Fells. Livingston's per capita figure is $39.52.

One of the recent reports of the State Tax Policy Commission stated that the purpose of a tax equalization table is to equalize the heavy burden of county taxes required to operate the county government. The final equalization table for the County of Essex should fairly distribute the burden of county taxes. Our Township could never agree to a projection of County taxes, whereby we pay one-tenth the amount of taxes paid by the City of Newark with a population of 440,000 persons - twenty times larger than Livingston. In addition, we could not accept the projection that our aggregate true values are one-tenth the aggregate true values of Newark. Our Township has no major commercial properties or no major industrial areas, similar to those located in Newark and the larger cities of Essex County. Your records will indicate that our assessed values consist of seventy-seven percent of residential properties (single family homes) and ten percent vacant land. The remaining thirteen percent is commercial and light industrial ratables.

A careful review of the prepared table of facts indicates that the majority of the municipalities that completed a revaluation program are burdened with the larger percentage increases in county taxes in 1958. It does not seem fair or equitable that those of us, who cooperated in the completion of a revaluation program should be saddled with the lion's share of the county tax increase. The cities and towns that have moved slow on a reappraisal of property are now the beneficiaries in this equalization table.

Gentlemen, the Township of Livingston is most dissatisfied with the Preliminary Equalization Table for the current year. We believe that Livingston and other smaller communities in our county are being asked to assume an unfair burden in county taxes. We ask that you carefully review the full implications of your proposed equalization table, before a finaltable is adopted. An analysis of the facts presented will be submitted to assist you in your review.

It seems clear that the whole method of assessing county taxes needs to be carefully reviewed. May I suggest that your Board study the problem with the Local Property Tax Bureau! I recommend some consideration be given to equalizing county taxes on the basis of two factors, namely, population and the relative wealth of a community. This procedure would be fair to all concerned, and I believe a workable formula can be devised for this approach. If State legislation is needed, this Board should exercise leadership in this direction. May I point out that the state-aid formula for schools considers two factors, namely, the number of school children and the relative wealth of a community? The levying of county taxes must be approached on a realistic and equitable basis. This is not the case, at the present time.

In conclusion, I would like to point out that Livingston is the fastest growing community in Essex County. This growth has presented many severe financial problems. This year, our school system experienced a greater increase of students, than any other system in the county. Our other needs have grown in a direct proportion. We cannot begin to keep pace with these needs, if county taxes continually claim all our new revenues, Real Estate taxes in our community and comparable municipalities in Essex County have reached the confiscatory level.

We look to each of you for equity, fairness, and leadership, as you prepare to legislate the equalization table for 1958.

Respectfully submitted

Andrew C. Axtell
Mayor

TOWNSHIP OF LIVINGSTON
Livingston, New Jersey

January 21, 1959

Essex County Board of Taxation,
Hall of Records,
Room 201,
Newark, New Jersey

Gentlemen:

The communities of West Essex appear here today to continue and repeat its protest against the present method of equalizing local assessed values for the purpose of distributing County taxes. You will recall that our communities have been greatly concerned about the continuing shift of an unfair and unjust County tax burden for a period of years.

This past year, our group of communities have been alert to this problem. We have conferred with Dr. John F. Sly, Chairman of the State Tax Policy Commission; we have reviewed the problem with the Local Property Tax Bureau; we have discussed the problem at joint meetings; and we have observed, with more than passing interest, the decisions and judgments of your honorable board. To say the lease, we are concerned because we see no visual proof of progress in the direction of correcting an existing inequity.

In preparation for this morning's conference with your board, we have prepared a table, that projects the impact of the new equalization table, which your board will no doubt promulgate. An examination of this table will disclose the following information - the name and population of each community in Essex County, the assessed values of each municipality for 1958 and 1959 with the increase or decrease noted, the ratio of assessed to True Value for 1958 and 1959 and the increase or decrease, the Aggregate True Value for 1958 and 1959 with the increase or decrease noted, the amount of County taxes for 1958 and 1959 (estimated on predicted .715 tax rate) with the increase or decrease noted, the percentage tax increase for each community, and the per capita County tax for each city or town. The prepared table will indicate the following interesting facts:

1. The ratables for all communities of Essex County increased, except the City of Newark, where a decrease of $316,700 was recorded.
2. The Aggregate True Values for 1959 indicate increases for all communities. It is interesting to note, however, that the projected true values indicate that the values of all the taxable property in the City

of Newark is only nine times greater than the taxable property in the Township of Livingston or five times greater than the Township of Millburn. Or we might say that Livingston's property is worth one-ninth the property in the entire City of Newark, and Millburn's property is one-fifth the value of Newark. This is hard to believe, and it is not reasonable to assume the correctness of these values.

3. The estimated County taxes for 1959, based on a tax rate of 71.5 cents per hundred dollars of valuation, discloses varying tax increases for the communities of Essex County. It is interesting to note that the communities that completed a revaluation program continue to be faced with the largest percentage increases. The City of Newark faces an eight percent increase, while Belleville, Millburn, and Livingston will face increases of twenty-twenty-one, and twenty-two percent, respectively. County government in 1959 will cost Livingston an estimated $941,000.00, Millburn $1,442,879.95, and Caldwell Borough $273,000.00. This tax burden is slowly, but surely, strangling the financial strength of our communities.

4. The per capita County costs for 1959 ranges from a low of $20.88 for the City of Orange, to $21.29 for the City of Newark, to a high of $94.28 for Essex Fells. This wide range in per capita tax costs represents a glaring inequity in the method applied to the distribution of County taxes. We expect to share in the economic and social problems of the City of Newark, but certainly our share should not be two, three, and four times that of the larger communities.

Developments in the past few years have created many concerns in our thinking on this important problem. It was our understanding that the revaluation programs for all municipalities would be completed in time for the 1959 tax year. An examination of the record, however, indicates that the City of Newark completed a revaluation program, but refused to apply the results of the study; Bloomfield has ignored repeated requests of your Board to revalue; and Irvington and Maplewood have taken no action; and the assessors refuse to consider a program. It does not seem equitable or fair that a portion of our Essex County family should cooperate in this important program, while others ignore your requests. The result appears to be a higher slice of County tax payments.

Efforts to obtain information on the revaluation program of Newark have not proved fruitful. Every conceivable answer is speculated. It seems to me that your honorable board should make every effort to determine the findings of the Jacobs survey, and advise us, accordingly. We should know whether the total appraisals were higher or lower than the present appraisals. It should also be known what the sincere intention of the City of Newark may be regarding the application of the revaluation program. It is our contention that you should immediately proceed to obtain the answers to these questions.

In the past year, each and every one of us followed the Mutual Benefit case with great interest. It is to be regretted that a private citizen and candidate for public office had to bring this case to the attention of the Newark officials and the county board. Several glaring problems became apparent in this case. First of all, it appears that your board sanctions the occupancy of a building, prior to October 1, 1959, without an added assessment. All of us follow the law pertaining to added assessments on buildings occupied, prior to the first of October in any tax year. No added assessment was made on the Mutual Benefit building in 1957. Secondly, your board did apply an extra assessment of $1,588,000 on the Mutual Benefit building, but you later reduced this assessment by $500,000. We did note a wise minority vote of one in this case. If the news releases are correct, it does not appear that the true value of this structure has been applied to our equalization table.

The recent drop in the assessed values of the City of Newark disclosed that reductions totalling more than nine million dollars have been granted by your Board. It does not appear reasonable that this total of reductions can be justified in an inflated economy. All too often, we have found that your Board has been over anxious to grant reductions in assessments, despite the strong protests of our local assessors. Many so-called real estate experts in our county are now operating on the theory that an appeal to the County will result in some reduction, regardless of the merits in the case. This is a theory that can only be exploded by a firmer position by your honorable Board. The judgment of the local assessors should certainly deserve more consideration than the record indicates.

Within the near future, we hope to submit legislation to the State, which will provide for the inclusion of an appraised value for public housing in the Equalization Table of our counties. We feel that public housing units should share a fair portion of the County tax costs. We sincerely hope that we may anticipate your complete cooperation and support in this effort. We count on you for leadership in this matter.

It should be pointed out that the people we represent are greatly annoyed and disturbed with the present distribution of County taxes. It appears to each of us that your Board should exercise responsibility and leadership in finding a new formula for distributing these taxes. The law would certainly permit the use of an equitable formula. We cannot begin to argue and disprove a highly statistical formula of sales ratio. It is our contention that a careful analysis of the results will clearly indicate that the present formula does not provide a good base for the distribution of County taxes. Taxation must be fair, if it is to be just, and we should not, for one minute, accept a statistical formula, as the final answer in County taxation.

In conclusion, I wish to clearly state that our position is firm and we will not rest, until positive steps are taken to rectify an injustice. We may be branded with names, such as Jefferson Davis, but names will not deter us from our course. We will continue to talk and shout about County taxes and their distribution, until we obtain justice and satisfaction. You cannot take this problem, lightly.

Respectfully submitted,

David W. Dowd Mayor	Arthur N. Skeels Councilman

January 22nd, 1960

Essex County Board of Taxation,
Hall of Records,
Room 201,
Newark, New Jersey

Gentlemen:

The Township of Livingston appears here today to continue and repeat its protest against the present method of equalizing local assessed values for the purpose of distributing County taxes. You will recall that our community and our neighboring communities in West Essex have expressed great concern over the continuing and unfair shift in the County Tax burden in the last six years.

In preparation for this morning's conference with your Board, we have prepared a table that projects the impact of the new equalization table, which your honorable board will probably promulgate. An examination of this table, attached hereto as Exhibit A, will disclose the following information - the name and population of each community in Essex County, the assessed values of each municipality for 1959 and 1960 with the increase or decrease noted, the ratio of assessed to true value for 1959 and 1960 and the increase or decrease, the aggregate true value for 1950 and 1960 with the increase or decrease noted, the amount of County Taxes for 1959 (actual) and 1960 (estimated on predicted .72 tax rate) with the increase or decrease noted, the percentage tax increase for each community, and the percapita County Tax for each city or town. The prepared table will indicate the following interesting facts:

1. The ratables for all communities in Essex County increased. Some of the increases are minor, other increases are major, and others result from revaluation programs.

2. The aggregate true values for 1960 indicate increases for all communities, except a $368,801.00 decrease for Bloomfield. It must be noted that Bloomfield is one of the communities that has not completed a revaluation program. It is interesting to note, however, that the projected true values indicate that the total values of the City of Newark are merely eight times greater than the taxable property in the Township of Livingston, or five times greater than the taxable property in the Township of Millburn. This is a fact that is most difficult to accept. We have no major commercial or industrial properties comparable to the many valuable Newark properties.

3. The estimated County taxes for 1960, based on a tax rate of 72 cents per hundred dollars of valuation, discloses varying tax increases for the communities of Essex County. The communities that completed revaluation programs continue to be faced with the largest percentage increase in County taxes. Please note the percentage increases for Caldwell Township (15.77 percent), East Orange (16.09 percent), Livingston (14.45 percent), Nutley (11.69 percent), and West Caldwell (14.33 percent). County government in 1960 will continue to impose an increasing financial burden on our good people. The County tax bill for Livingston in 1960 will be an estimated $1,056,893.00. Does this tax burden appear to be reasonable for a community of 22,000 persons living in a residential area?

4. Per capita County tax costs for 1960 range from a low of $20.60 for the City of Orange, to $22.01 for the City of Newark, as compared to $48.04 for Livingston. Please note that the per capita County tax for smaller residential areas are two, three, and four times more than that of the larger cities and towns. This differential does not appear reasonable, even though we expect to share a portion of the economic and social problems of our largest city.

The tax lists for 1960 filed with your honorable body indicates that two municipalities continue to drag their feet in completing a revaluation program. I refer specifically to the Town of Bloomfield and the City of Newark. For more than three years, we have been assured that the revaluation programs would be completed in time for the succeeding tax year. Each year, new excuses and reasons are cited by the above communities for the failure to complete and file revaluation programs. It does not seem fair nor equitable that the great majority of our Essex County communities should cooperate in this program, while others will consistently ignore your requests. The result for the cooperative communities appears to be a higher slice of County Tax payments.

To date, the status of the Newark revaluation program appears to be a real mystery. Each of us have heard a great deal of speculation concerning this project. It seems to me that your honorable body should take whatever steps may be necessary to obtain the results of the Newark program, and advise us, accordingly. We should definitely know the sincere intentions of the City of Newark relative to the application of the revaluation program. The answer should be an irrevocable commitment. A report from your Board to each municipality in Essex County on this matter would certainly be a fair and forward step on our cooperative efforts. May I suggest that the report be released within thirty days?

In addition to the above comments, I would suggest intensified efforts by your Board to obtain legislation to permit the inclusion of a value for income producing public housing or Port of New York Authority properties in the Annual Tax Equalization Table. It seems fair and reasonable that tax exempt property, which produces income for a municipality, should be included in the County's equalization table for the purpose of distributing County taxes. With the increasing growth of the scope and use of public authorities to accomplish private and public objectives, it seems reasonable that a portion of this municipal revenue (payments in lieu of taxes) be used to underwrite the costs of County government. While many of our Essex County municipalities are working hard on this problem, we need the unqualified support of this honorable body.

In conclusion, I wish to reiterate our repeated statement that we are most willing to shoulder our fair share of the County tax burden for the development and operation of Essex County. The present County tax distribution, however, is at confiscatory levels for our residential communities. We will continue to be alert and vigilant in this obvious inequity in distributing the taxes for the operation of Essex County.

William H. Clark
Mayor

TOWNSHIP OF LIVINGSTON

LIVINGSTON, ESSEX COUNTY
NEW JERSEY

January 25, 1961

Essex County Board of Taxation
Hall of Records
Room 201
Newark, New Jersey

Gentlemen:

The Township of Livingston appears here today to continue and repeat its protest against your present method of equalizing local assessed values for the purpose of distributing County taxes. This will be the fourth consecutive year that we have appeared before this Board to express our objections to your methods and procedures. It is with great regret that we note no progress in our efforts to impress you with our confiscatory County tax levels. From the outset, we wish to make it perfectly clear that our community stands responsible for a fair share of the social and economic problems of other Essex County municipalities. It must be understood, however, that we cannot continue to bear the present tax burden without impairing the development and growth of our community. Our people cannot continue to take the tax levels you impose.

After five years or more of waiting, it is interesting to note that the Town of Bloomfield and the City of Newark have finally complied with the revaluation order of your Board. The preliminary equalization table released by your Board indicates that the assessed valuations for Bloomfield have increased by $42,439,600.00, while the assessed valuations for Newark have increased by $19,795,800.00. Normally, these increases would be a source of encouragement. An analysis of the preliminary equalization table, however, discloses further shifts in the burden of County taxes. The example of our Township's County Tax burden for this tax year will serve to illustrate the plight of most, if not all, of the suburban communities. Our County Tax increase for 1961 will be an estimated $206,794.18 - this increase does not include a required addition of $22,477.00 for the required Reserve For Uncollected Taxes to cover this increase. In other words, we must raise a total of $229,271.18 in new tax monies for County purposes. Our percentage increase in County taxes will be twenty percent - it is our understanding that the County budget has increased by ten to twelve percent. Our percentage increase serves to point up the shift of taxes that your equalization methods are consistently responsible for.

To describe this problem in another way, let us briefly look at Livingston's 1961 tax problem. Our increase in assessed values total $4,286,550.00. On the basis of a projected 1961 tax rate of $6.45, we will realize $276,482.48 in new tax monies. Your distribution of the County Tax burden will immediately take $229,271.18 for County purposes. This leaves the meager balance of $47,211.30 to meet the balance of our total community needs. These needs include our schools, our roads, our public safety services, our sewers, and all other local services that are necessary for a rapidly growing community. Can this board not recognize the seriousness of this tax problem for Livingston and many other Essex County communities?

Today, we must again refer to the assessed values for the City of Newark. Last Fall, the Director of Finance for the largest city in Essex County indicated the increase in ratables for 1961 would be thirty-nine million dollars. A recent newspaper release and the preliminary equalization table indicates a nineteen million dollar increase. It would be interesting to know how twenty-million dollars of the projected increase has vanished. We are concerned about this factor because of the simple fact that twenty-six cents of our tax dollar is for County taxes, while twelve and one half cents of Newark's tax dollar is necessary for the same purpose. This disparity is of the greatest concern. If each of you objectively analyze the equalization table, you willlogically conclude that the total true value of all taxable property in the City of Newark is only eight times greater than the similar values in Livingston. This conclusion would be yours, despite the fact that we have no major commercial or industrial developments. We do, however, have nearly 6,000 single family homes. We cite these relative facts, so that we might somehow, and in some way, impress your Board with the severity of this problem.

This protest of the preliminary equalization table has been unanimously authorized by the members of our governing body. We feel certain that our plight is typical of many other communities in Essex County, and particularly West Essex. This protest certainly speaks for these other municipalities. Our heavily mortgaged home-owners cannot continue to carry the confiscatory level of County taxes, which in 1961 will amount to nearly $220.00 per home. You need to lend us your hand and your help to relieve us from this tax burden. Our alertness and vigilance will continue unabated, until an outrageous inequity in taxation is corrected.

Respectfully submitted,

John E. Duetsch
Mayor

JED:jm

May 17, 1961.

Essex County Board of Taxation
Hall of Records
Room 201,
Newark 2, New Jersey

Attention: Mr. Maclyn Goldman, President.

Gentlemen:

Within recent weeks, we have noticed with great interest the sale of the Raymond Commerce Building, located at 1172-82 Raymond Boulevard, to a New York real estate investment firm. Of particular interest was the news release which indicated that the city of Newark owns the land occupied by this building. The news article indicated that the city receives an annual rental of $95,000.00 per year for the land. Would you please advise me concerning the authorizing legislation to permit this arrangement? We would be particularly interested in knowing whether or not the authorizing legislation permits the exclusion of a true value of this land from the equalization table for our county. Any information you can forward to us in regard to this matter will greatly assist us in our continuing study of the distribution of County taxes.

Your cooperation in this matter will be greatly appreciated.

Sincerely yours,

Robert H. Harp
Township Manager.

RHH:jm

Newark N ... 3-21

Group Sells Skyscraper

Raymond - Commerce in Package Realty Transaction

The 35-story Raymond-Commerce Building at 1172-82 Raymond Blvd. has been sold to the Furman-Wolfson Co., New York real estate investment firm, as part of a package deal involving $15.8 million.

The deal also included two office buildings in Chicago and an edible oil refinery in Denison, Texas.

Sellers were the Consolidated Dearborn Corp. of Chicago and its subsidiary, the Raymond-Commerce Corp.

In acquiring the Newark skyscraper, Furman-Wolfson gets a building due to revert to city ownership in the year 2003. The city owns the land involved.

Lease Terms

Under a lease arrangement with Newark, full city property taxes are levied on the building. The city does not tax the land, getting instead $95,000 a year rental. It will become $115,000 a year in 1973.

Starting in 1978, the charge for the land will become 5 per cent of the appraised value of the land, plus taxes as if the land were privately owned.

The lease for the land was supposed to expire in 1978 but a 25-year extension was authorized by City Council in 1955.

The Raymond-Commerce Building, second largest office building in Newark, has 295,000 square feet of rentable space.

Other Properties

The buyer, Furman-Wolfson, owns several buildings in Chicago. Its acquisitions there in the current deal are the 22-story Jackson-Franklin Building and the former Socony-Mobile Building. The refinery plant in Texas is under lease to Safeway Stores, Inc.

L. J. Sheridan Mand Co. of Chicago was broker in the deal, with Morris Furman of New York representing the buyers and Earl Ross of Chicago the sellers.

Entered as second class matter November 19, ... at the Post Office at Newark, N.J., under act of March 3, 1909.

Rise in City's Costs Is Lowest in County

Costs of Government

Municipality	1958	1962	Increase
Newark	$88,220,368	$105,070,502	19.10%
Belleville	5,092,449	6,501,038	27.66
Bloomfield	8,437,611	10,575,431	25.34
Caldwell Borough	1,374,260	1,941,310	41.26
Caldwell Township	749,101	1,320,578	76.29
Cedar Grove	1,625,764	2,772,899	70.56
East Orange	11,846,47[illegible]	15,605,755	31.74
Essex Fells	746,397	1,052,009	40.94
Glen Ridge	1,700,342	2,222,897	30.73
Irvington	9,761,572	11,862,299	21.52
Livingston	4,171,214	6,487,340	55.53
Maplewood	4,737,101	6,238,447	31.69
Millburn	5,235,872	7,545,736	44.12
Montclair	9,133,350	11,386,795	24.67
North Caldwell	643,927	1,215,316	88.73
Nutley	4,556,705	5,853,732	28.46
Orange	5,205,360	6,470,631	24.31
Roseland	555,924	912,024	64.06
South Orange	3,780,237	4,853,843	28.40
Verona	2,282,625	3,207,592	40.52
West Caldwell	1,126,323	2,429,220	70.31
West Orange	7,522,341	10,360,620	37.73

Less Than 20% in 5 Years

Newark has had a lower percentage of increase in total costs of government over the last five years than any of the 21 other municipalities in Essex County, according to an analysis issued yesterday by City Clerk Harry S. Reichenstein.

The report, prepared annually by Reichenstein, showed that Newark spent $88,220,368 for all governmental costs in 1958 and $105,070,502 this year—an overall increase of 19.1 per cent during the five-year period.

The figures for the 21 other municipalities range from the next lowest, 21.52 per cent for Irvington, to a high of 88.73 per cent for North Caldwell.

The report was compiled by Raymond D. Howell, chief accountant in the city clerk's office. Howell is a certified public accountant and a registered municipal accountant.

"Splendid Balance Sheet"

"On a comparative basis," Reichenstein said, "the city of Newark has a splendid balance sheet that is a credit to its goverment and a proof of steady and continuing progress in form and function."

Even the 19.1 per cent figure for Newark, Reichenstein declared, does not reflect properly the fact that the city has to pay for many governmental functions and services, such as a municipal hospital, which most of the other communities do not have.

Dollars and Cents

The comparison was based on the actual dollars-and-cents cost of government, Reichenstein explained, because that is the only accurate barometer.

Tax rates cannot be used, he added, because of differences in tax ratables and assessment ratios. He pointed out, for example, that some municipalities had revaluation programs, which produced drops in the tax rates, while the amount of money raised by taxation increased.

The analysis also gives a comparative breakdown on expenditures for municipal government itself, school purposes and county tax contributions.

Newark's increase in general municipal appropriations over the five-year period was 15.52 per cent, fourth-lowest in the county. The other communities ranged from a low of 10.8 per cent for Nutley to a high of 54.98 per cent for West Caldwell.

Reichenstein said that "much of Newark's increase in the general appropriations category is attributable to the modernization of working hours for our police, fire and health departments and general personnel working conditions."

School Costs

On school tax costs, the report shows that Newark's five-year increase of 21.87 per cent is the third-lowest in Essex County. The range is from 17.19 per cent for Orange and 20.39 per cent for Irvington to highs of 94.94 per cent for Cedar Grove and 93.5 per cent for Roseland.

The county tax cost figures show that Newark and Bloomfield, each with 35.30 per cent increases since 1958, have had the lowest increases, Reichenstein added.

"The county tax schedule proves that Newark pays by far the single greatest share of the county cost of government ($11,670,912 this year out of a total of $35,843,013), it has been charged the lowest percentage of increase of any of the other Essex municipalities."

MO 365

ESSEX COUNTY BOARD OF TAXATION

HALL OF RECORDS, ROOM 201

NEWARK 2, N. J.

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MAX DRILL
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JOSEPH SOLIMINE
SECRETARY

June 5 1961

Mr. Robert H. Harp
Township Manager
Municipal Building
Livingston, New Jersey

Dear Mr. Harp:

Your letter of May 17th has been received and was discussed by the Board.

Again, the matter which you set forth in your letter is one governed by Statutory Enactments (54:4-2.3 and 54:4-2.12).

However, the Board has requested an opinion from the Attorney General on these sections, and as soon as they are received, we will advise you.

Very truly yours,

Joseph Solimine

Joseph Solimine, Secretary
Essex County Board of Taxation

ESSEX COUNTY BOARD OF TAXATION

HALL OF RECORDS, ROOM 201

NEWARK 2, N. J.

COMMISSIONERS
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JOSEPH SOLIMINE
SECRETARY

September 6, 1961

Mr. Robert H. Harp
Township Manager
Municipal Building
Livingston, New Jersey

Dear Mr. Harp:

Enclosed is a copy of the Opinion we received from the Attorney General, together with a copy of the letter that the Board has transmitted to the Director of Revenue of the City of Newark.

Very truly yours,

Joseph Solimine, Secretary
Essex County Board of Taxation

Encl.

FORMAL OPINION 1961 - No. 25.

The Essex County Board of Taxation has asked our opinion as to the taxability of land owned by a municipality and leased by the municipality to a non-exempt person, corporation or other entity. In the example given, land of considerable value has been leased on a long-term basis to a business corporation. A building, constructed on the land, is used for business purposes under the control and management of the lessee.

Jamouneau v. Division of Tax Appeals, 2 N.J. 325 (1949) dealt with land owned by the City of Newark and leased to the C-O-Two Fire Equipment Company. On this site was erected a building by and at the cost of the tenant, C-O.Two Fire Equipment Company. The building was actively used by the tenant for its own commercial purposes. The Newark Tax Assessor's list showed an assessment of the personal property on the premises against the tenant and showed an assessment value of the land at $42,900 and of the building at $250,000. Although the land and building were assessed, they were carried in the name of the City of Newark as owner and were not taxed. The lease between the City of Newark and the tenant was made in 1941 at an annual rental of $5,000 for a term of 50 years and gave the tenant an option to purchase the city's fee at any time during the term for a fixed consideration.

The Supreme Court held that the use of the property was exclusively private and commercial and that there was no present public use nor any prospect of a future public use within the terms of the lease, although the lease provided that the building erected on the premises would become a part of the freehold estate of the landlord. The court held that such a provision was not a conclusive barrier against taxation. The lease also provided that the City would pay taxes upon the improvements to be erected by the tenant. The court held that the undertaking by the City to pay taxes did not give the building a tax exempt status, nor did it relieve the Assessor from the duty to make an assessment for the purpose of taxation.

The court clearly held in 2 N.J. at 332 that both the land and the buildings were taxable since they were not used for public purposes" within the meaning of the tax exemption provided in R.S. 54:4-3.3. The court held that public use as well as public ownership were required as conditions of exemption from taxation and that "the receipt of rentals from a private lessee does not transform a private use into a public use." 2 N.J. at 333.

Jamouneau v. Local Government Board, 6 N.J. 281 (1951), dealt with real property leased by the City of Newark to a non-exempt owner for a term of 50 years commencing January 1, 1929. The lessee was required to construct a fireproof building on the premises and to keep the building in good repair. The lease further provided that the building should be deemed to be attached to the freehold and the land and building would both be surrendered to the lessor at the expiration or other termination of the lease. The lessee agreed to pay a fixed rent for the land plus, as additional rent, all taxes "upon the buildings and improvements upon said property", but not "Taxes on the ground." 6 N.J. at 285. The building in question is located at Commerce Street and Raymond Boulevard in the City of Newark. The Raymond-Commerce Corporation was the successor in interest to the original lessee and was the lessee at the time of the Jamouneau case.

The Jamouneau case arose out of an effort by the Raymond-Commerce Corporation to purchase the land and cancel the lease. The actual transfer was prevented by the court on the ground that the City would not receive a fair consideration in the transaction for the property sold and the rights surrendered. However, in the decision the court passed upon the question of liability for the payment of taxes "on the land as distinguished from buildings and improvements," 6 N.J. at 291. The court noted that: "The land is not in public use and therefore is taxable **** In 6 N.J. at 291 the court said as follows:

> "A question is raised about liability for the payment of taxes on the land as distinguished from buildings and improvements. We construe the lease to mean that during the term thereof the lessee shall not be called upon to pay the land tax. The land is not in public use and therefore is taxable, Jamouneau v. Division of Tax Appeals. 2 N.J. 325 (1949), but the obligation upon the municipal owner to pay the land tax out of its land rental is not unreasonable, is not an excessive part of the receipts from the use of the land and, in our opinion, is not an unlawful incident. It is not, as appellant appears to contend, a grant of tax exemption. It is a retention of the tax obligation as a burden on the owner to be met from the annual rent charges and is not within the application of Whipple v. Teaneck Township, 135 N.J.L. 345 (S. & A.1946). There is nothing novel about the obligation of a municipality to pay taxes on property owned by it and not devoted to a public use. Newark v. Township of Clinton, 49 N.J.L. 370 (Sup.Ct. 1887); City of Perth Amboy v. Barker, 74 N.J.L. 127 Sup. Ct. 1906); Essex Co. Park Commission v. State Board, 129 N.J.L. 336 (Sup. Ct. 1943) - To the extent that a yearly tax on the land would result in a reduced net income from rental, it lessens the worth of the lease as an asset to the city * * *

Where such a lease provides that the municipality will pay taxes levied upon land and buildings, the levying of municipal taxes which are then paid out of rentals from the property does not alter the net return to the city on the lease. However, by taxing the land and buildings, the assessments become part of the aggregate of assessments of the municipality for the purpose of allocating county taxes. See Passaic v. Passaic County Board of Taxation, 31 N. J. 413 (1960). Thus, it would be unfair to other municipalities sharing the county tax burden not to assess municipally owned land which becomes taxable when leased and used for private purposes.

You also have asked whether the provisions of L. 1949, c. 177, N.J.S.A. 54:4-2.3 *et seq*. are applicable to the leases under discussion. The act in question provides for the taxing of leasehold estates and appurtenances as the property of the lessee of real estate when the real estate is exempt from taxation and is leased to a non-exempt entity, "the leasing of which does not make the real estate taxable * * *N.J.S.A. 54:4-2.3. An example of a lease within the purview of this section is a lease of land owned by the Federal Government which is tax exempt, the leasing of which to a non-exempt entity for non-public purposes nevertheless does not make the land, as such, taxable. In such a case, the leasehold estate of the non-exempt entity would be taxable and would be "assessed as real estate". N.J.S.A. 54:4-2.3.

L. 1949, c. 177 is not applicable to land owned by a municipality and leased to a non-exempt entity. The leasing in that case, as stated above, does make the land taxable. The act is otherwise made inapplicable by the express provision in N.J.S.A. 54:4-2.12(2). This section specifically excludes from the application of the act leasehold estates of persons leasing real property owned by any municipality.

Under the circumstances we advise you that land owned by a municipality which is leased to a non-tax-exempt entity and not used for public purposes should be assessed and taxed regardless of the provisions in the lease which determine whether the taxes are to be paid by the municipal lessor or by the tenant.

ESSEX COUNTY BOARD OF TAXATION
HALL OF RECORDS, ROOM 201
NEWARK 2, N. J.

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JOSEPH SOLIMINE
SECRETARY

September 6, 1961

Mr. John R. Burnett
Director of Revenue
Division of Assessments
City Hall
Newark 2, New Jersey

My dear Director:

I am enclosing herewith a copy of Formal Opinion 1961 - No. 25 by the Attorney General involving the taxability of land owned by a municipality and leased by the municipality to a non-exempt person, corporation or other entity.

In view of the opinion, the Board suggests that arrangements be taken to include the various parcels of land affected by this opinion on the Tax Rolls in such a way that they will be reflected at least in the Table of Equalized Valuations for the County of Essex for the Year 1962.

Very truly yours,

Joseph Solimine, Secretary
Essex County Board of Taxation

Statistical data annexed to Statement of the New Jersey Citizens Highway Committee.

California

In 1946 California's motor-fuel tax was three cents per gallon and passenger car registration fee was $3.00. A 1946 highway needs and finance study showed needs of an 8,000 mile State highway system of $1.5 billion. In 1947 the motor fuel tax rate was boosted to 4.5 cents per gallon and registration fees increased substantially. A second needs study in 1950 revealed needs of a 11,300 miles State system to be $3.0 billion. In 1950, the motor-fuel tax was still 4.5 cents per gallon but passenger car registration fees were $6 per vehicle.

By 1952, another needs study of a 12,100 mile State freeway system showed total needs of $3.4 billion. In 1953 the motor-fuel tax rate was raised to six cents per gallon but registration fees remained unchanged.

In 1959 another evaluation of the State highway needs resulted in a needs estimate of a 12,250-mile freeway system totaling $10.5 billion and other State highway needs of $0.9 billion.

In 1959 the motor-fuel tax remained at six cents per gallon (one cent more for diesel fuel) but registration fees for passenger cars were $8 per year.

By successive increases in the highway user-tax rates, the State has been able to keep abreast of the increased demand for highway facilities. Also, by use of toll bridge revenue bond issues, several major crossings of the Bay in the San Francisco-Oakland complex have been constructed.

Iowa's present road and street systems by level of government administering them are as follows:

System	Responsible jurisdiction	Miles
Rural:		
Primary road	State Highway Commission	8,706
Secondary road	County Boards of Supervisors	
Farm to market		33,973
Local secondary		56,714
Total secondary		90,687
Total rural		99,393
Incorporated cities and towns:		
Primary road extensions	(State highway Commission City or town councils)	1,081
Streets	City or town councils	10,767
Total incorporated		11,848
Special areas:		
(State park road Institutional road)	Board or Commission in charge	274
Grand total		111,515

The needs reported are based on the following system recommendations:

1. State primary road system should be limited by legislation to 8,400 miles, rural and urban.

2. Establishment of a 2,000-mile freeway system within the State primary road system, including interstate, although 500 miles are not proposed for completion by 1980.

3. Grant the Commission full responsibility for primary roads in municipalities.

4. Disposition of 1,900 miles of existing State primary roads that provide mainly local service.

5. Reduce the farm-to-market system to 32,000 miles and create a county trunk system within this mileage of about 12,000 miles.

6. Provide legislation requiring municipal streets to be classified into State primary, city arterial and access streets.

Alternate programs were presented for 10, 15, and 20-year catch-up periods. The total costs from 1960 through 1980 would be about the same (about $5.6 billion) regardless of which program is adopted. In terms of the different catch-up periods, costs, and revenues under present law rates compare as follows:

Millions of dollars 1961-1980

Catch-up period	Cost 1/	Revenue	Deficit
10-year	5,594	5,162	432
15-year	5,578	5,162	416
20-year	5,560	5,162	398

1/ Does not include municipal debt service of $42 million or about $2 million per year.

Expressed as annual amounts on a 20-year catch-up period, by systems, the following annual expenditure schedule is indicated:

In thousands of dollars

Proposed system	20-year catch-up period
State:	
Primary	111,066
Local service	5,038
Municipal	54,055
County	107,847
Total	278,006

Road and street expenditures in 1959 were as follows:

State	$110 million
Municipal	39 million
County	88 million
Total	$240 million

Related to revenues, needs for the 20-year period amount to about $250 million (including municipal debt service) while 1960 revenues amounted to $220 million and estimated 1961-1980 average revenues of $258 million if the present tax structure is not changed. The average annual deficit will be about $22 million.

Several alternatives are available in balancing requirements against funds: User and property tax rates can be raised; long term borrowing can be utilized; proposed programs can be curtailed; or some combination of these can be developed.

The engineering study recommended that State highways be divided into two classifications: Primary roads and Local service roads. The twenty year needs of these combined systems were reported to total more than $2.3 billion. Revenues from Federal aid, two cents of gasoline tax, and 42 percent of all other user revenues, are expected to produce only about $2.2 billion in the 1961-1980 period, leaving a net deficit of $114 million, or $5.7 million per year. If the State highway system in Iowa is to be supported from highway user taxes and Federal aid, it becomes obvious that some adjustment is required in the present use tax allocation formula.

The engineering study recommends that the county roads be divided into three classifications: County trunk, County feeder, and County local. The total twenty year needs of these systems were reported to be $644 million, $694 million, and $819 million, respectively, for a combined total of $2,157 million. Revenues from county property taxes for road purposes at current rates, and a continuation of the 50 percent allocation of the Road Use Tax Fund to the counties, can be expected to produce only $2,100 million in the next twenty years, leaving a total deficit of $57 million. The counties, then, will need about half as much in additional revenue as the State if the present user allocation formula is retained.

All streets in urban areas, except the extensions of State highways, have been referred to as city and town streets, but heretofore there has been no statutory classification of them. The engineering study recommends that these streets be divided into two classifications: City arterial and City access. The twenty year needs of these streets was reported to be about $1.1 billion, exclusive of an estimated $42 million required to pay the interest on street debt already incurred. Revenues from urban property taxes, special assessments, parking meter receipts, and miscellaneous items, together with the eight percent of the Road Use Tax Fund and the temporary two percent before distribution, can be expected to produce only $855 million in the same period, leaving a net deficit of more than $268 million.

This is about $100 million more than the combined State and county deficits on the basis of the present distribution of highway user tax revenues.

While a continuation of the current level of highway user taxation will provide sufficient revenue to support the State system, such an amount will not become available to the State without an adjustment of the formula for the sharing of user revenues among the governmental jurisdictions. If the State requires an additional $114 million over the twenty year program period it will have to retain 55 percent of all of the user imposts it levies, leaving only 45 percent to be shared with the county and municipal jurisdictions. How much of this share should be allocated to each of the two levels of government, to each of the five road and street systems, and to each of the more than a thousand units of government in Iowa requires comparisons of needs, benefits, and travel.

There is no popular method of raising revenues to finance the operations of government and no convenient way of making up the deficit to meet highway needs. There is no untapped reservoir of public monies available for spending; there is no pat formula for providing each level of government with all of the funds it needs. Local and special interests cannot be substituted for the general public interest in the implementation of a road and street program which affects every individual, every business, and every industry in Iowa.

Perhaps the most pressing problem facing Iowa's legislators is the equitable distribution of user funds among the several governmental jurisdictions which share the responsibility for Iowa's extensive network of highways, roads, and streets. This study has introduced needs, travel, and benefit factors to guide the General Assembly in making determinations which historically were dependent upon custom, pressure groups, and convenience.

An equally difficult problem to solve is that of providing funds to overcome the deficit between highway needs and projected revenues. If it is the judgment of the Legislature that the general public responsibility for the extensive system of local rural roads is not being met, the support of county roads from State general funds requires increases in general fund revenues. If the deficit is determined to be an abutting property responsibility, the elimination of the agricultural refunds on gasoline taxes would provide a reasonable new source of road revenues. These refunds, which accrue primarily to the direct beneficiaries of local rural roads, would average about $18 million annually during the 1961-1980 program period and represent about 20 percent of gross total motor-fuel tax receipts. Only two other States in the Nation have higher refund or exemption ratios.

It must also be recognized that while highway users are meeting their cost responsibility under the existing user tax structure, it is they who will benefit most from an adequate network of highways, and they therefore may be required to make an even greater tax effort until the backlog of road deficiencies is overcome.

Other legislative action should include the continuation of the two temporary one cent gasoline taxes, the elimination of temporary allocations from the Road Use Tax Fund, the repeal of legislation contradictory to a new Road Use Tax Fund allocation formula, and the adoption of administrative controls necessary to assure effective use of road and street revenues by the State, the counties, and the municipalities.

Michigan Study
of Highway Needs 1960-1980
Completed in 1961

Michigan's population, vehicles, and travel

	1960	1980	Percent increase
Population	7.8 million	12.2 million	57
Motor vehicle registrations	3.3 million	5.6 million	70
Annual motor vehicle travel	33 billion	53 billion	91

Highway needs 1960-1980:	
State trunklines	$5,258 million
County roads	$3,656 million
City streets	$2,127 million
Total	$11,041 million

Estimated revenues and receipts from existing sources 1960-1980:	
State highway user taxes & fees	$5,949 million
Federal-aid allotments	$1,884 million
Local general funds & taxes	$1,200 million
Total	$9,033 million
Less amount earmarked for debt servies	933 million
Net receipts available for highways	$8,100 million

Average annual expenditures and receipts:
(Million dollars)

	Catch-up period 1961-1970	Completion period 1971-1980
Program expenditures	704	401
Estimated receipts	465	345
Additional revenue needed	239	56

Fiscal study and recommendations not yet completed. To meet the anticipated highway needs in a 20-year period will require an average annual expenditure of $552 million, or approximately $147 million in excess of the estimated average annual income from existing sources.

Under act 87, Public Acts of 1955, Michigan has increased the gasoline tax from 4.5 cents to 6.0 cents per gallon, and has increased the weight tax on commercial vehicles by 10 percent to meet accelerated highway needs.

In 1957 the State Highway Commissioner's bonding authority was expanded to permit larger borrowings for construction on the State trunk-line system. Legislation also conferred similar expanded bonding authority on counties, cities and villages. While this method of financing has not been used extensively by local units, the State highway department, with local unit participation, has since 1941, issued $471 million in bonds, of which $45 million have been repaid.

To meet the indicated program of improvements additional borrowing or increases in user taxes, or both, may be required to meet at least the first 10-year needs.

Specifically, recommendations that would place the State highway department on a sounder financial basis were made to the legislature as follows:

1. Repeal legislation requiring sharing of gas tax revenues with the coast counties. State to assume the obligations for which these funds were pledged.

2. Repeal legal provision allocating portion of counties' share of the State gasoline tax to municipalities.

3. If system assumption A is adopted the counties' share of the State motor fuel tax should be reduced from 2.5 to 1.5 cents, and truck and bus privilege taxes dedicated for State highways.

If system assumption B is adopted, revenue from the truck and bus privilege tax should be withdrawn from the program of State assistance to county roads.

If system assumption C is adopted, the counties' share of the motor-fuel tax should be increased from 2.5 to 2.75 cents.

If the county and municipal financial recommendations corresponding to the State highway system decided are adopted, program costs and revenues are in much closer agreement, as given in table 2.

Table 2. -- Annual averages -- 20 years
(Million dollars)

	Assumption A	Assumption B	Assumption C
Program cost 1/	78.2	66.4	59.3
Debt service	4.7	4.7	4.7
Total cost	82.9	71.1	64.0
Revenue from reassigned current sources	73.7	63.0	55.4
Deficit	-9.2	-8.1	-8.6
Revenue including additional taxes 2/	82.3	71.6	64.0
Surplus or deficit	-.6	+.5	0

1/ Program cost adjusted by the highway finance study staff, averages $2.5 million less than shown in the engineering study.

2/ Increase of 1-cent in the gas tax rate, dedicated for State highways.

Mississippi State Highway Needs
1963-1982

Alternative programs are presented based (a) upon certain stipulations of mileage extent on the State highway systems, and (b) three different catch-up periods -- 10, 15 and 20 years.

Questions posed for legislative consideration were several. Is the present designated State highway system overextended? How fast should the backlog of construction needs be overcome? Is State responsibility for designated existing non-State maintained highways justified? And, should old highways parallel to the Interstate System be retained on the State highway system? These and other considerations are discussed, together with alternate programs in the eventuality of the adoption of any of these modifications.

The State highway system was given a limitation of 8,600 miles by 1949 legislation. Subsequent legislative actions have resulted in the addition of about 2,000 miles to the system. Adding to this responsibility are State routes parallel to the Interstate routes on new locations. The significance of the needs of the State highway system, constituted under three different proposals, is illustrated in the following tabulation. Comparisons are of a 20-year catch-up program, giving program costs and estimated revenues under present law for State highways.

Table 1. -- Annual averages -- 20 years
(Million dollars)

	Assumption A	Assumption B	Assumption C
Program costs	80.7	68.9	61.8
Debt service	4.7	4.7	4.7
Total costs	85.4	73.6	66.5
Project revenue from present sources	61.3	61.3	61.3
Indicated annual deficit	-24.1	-12.3	-5.2

A -- State highway system as presently assigned. System length 12,111 miles.

B -- Now State-maintained, partially State maintained, stub end, and parallel State highways returned to counties and cities. System length 8,466 miles.

C -- State highway system reduced, State-aid and arterial street systems expanded. System length 6,500 miles.

Recommendations to the legislature include a mileage limitation of 6,500 miles on the State highway system, redesignation of the State-aid system and a mileage limitation for it, and coordination of any system classification with an equitable fiscal plan, among others.

The Highway Finance report to the Legislative Highway Planning Committee cites a number of background findings contributing to the financial hardships of the State highway department. Among them were observations concerning the inequity of earmarking a portion of the States motor-fuel tax to certain coast counties, the proceeds of which are considerably in excess of the obligations for which these funds are earmarked; the low per capita receipts and disbursements for Mississippi State highways; and failure to increase the gasoline tax in the past 12 years (the present rate in effect since 1950 is 7 cents per gallon).

Report and Tables appended to Statement of Alfred Brady, Mayor, City of Bayonne, Hudson County, as presented to the Commission by Nathan Zinader, Legal Analyst.

* *

Report of study made to determine the inequities in the apportionment of county expenses among the municipalities caused by the exclusion of Gross Receipts Tax Valuations (from Column 11 of the "Table of Aggregates for the County".)

* *

STUDY BEGAN NOVEMBER 1959

ALFRED BRADY
Mayor, City of Bayonne.

WILLIAM CONNORS
Comptroller.

NATHAN ZINADER
Legal Analyst.

The City of Bayonne, with other cities, has been paying an unusually high share of the Hudson County expenses for many years. For 1959 our people, business, and industry, in Bayonne, paid $123,000.00 more than our fair share of County expenses. This amount, nearly $1.00 in our tax rate, is in addition to the already excessive money which Hudson County extracts annually from communities on account of its high expenditure.

Ten cities, adversely affected by the inadequate law controlling the apportionment of county expenses, are shown in Table 1 with the approximate amounts of overpayments based on the Hudson County's 1959 budget.

Table 1.

Bayonne	$123,000.
East Newark	3,000.
Guttenberg	7,000.
Hoboken	34,000.
Jersey City	69,000.
North Bergen	60,000.
Secaucus	27,000.
Union City	48,000.
Weehawken	30,000.
West New York	39,000.

All above cities have been paying similar amounts toward past county budgets and will continue to pay an excessive share in future county budgets until corrective legislation relieves the situation.

Other communities throughout New Jersey are similarly affected by the unfair apportionment of their county taxes.

The facts that reveal the inequities are as follows:

In the years previous to and including 1937, Column #13 in the "Table of Aggregates for the County" covered the reporting of the "Value of personalty of traction, street railway, gas and electric companies assessed under Chap. 32 of this title (54:32-1 et seq).

The valuations so reported were included in the county tax base on which the county taxes were apportioned. Under this plan any taxing district having within its jurisdiction any utility property was required to assume its proportionate share of the County expense based on the valuation of that property.

In 1940 (R. S. 54:31-45) an Act for the Taxation of the Gross Receipts of Street Railway, Traction, Gas and Electric, Light, Heat, and Power Corporations, etc. was adopted by the Legislature providing a complete scheme and method for the taxation of the above corporations and superceded Sections 54:31-1 to 54:32-7 of the Revised Statutes inclusive and Chap. 8 of the Laws of 1938.

The valuations of the property owned by companies in the above categories were no longer included in the county tax base and the municipalities no longer compelled to pay as a share of the county expense any of the money received from the Gross Receipts Tax.

The inequities created by the omission of the Gross Receipts valuations from the county tax base have grown from 1938 to the present and now involve valuations amounting to $419. million dollars.

The amounts received by Hudson County municipalities from the Gross Receipts Tax in 1959 and the corresponding valuations on which the tax was apportioned are given in Table 2.

Table 2.

Taxing District	Amt. of Gross Receipts Tax received "in lieu of tax".	Valuation of Personal Property on which the tax is apportioned.
Bayonne	$ 138,607.	$ 2,133,823.
East Newark	5,188.	80,941.
Guttenberg	9,967.	155,127.
Harrison	1,020,969.	15,861,545.
Hoboken	154,907.	2,394,296.
Jersey City	1,931,830.	29,912,927.
Kearny	2,149,105.	33,388,485.
North Bergen	175,654.	2,616,887.
Secaucus	45,109.	606,000.
Union City	98,284.	1,557,668.
Weehawken	25,716.	411,204.
West New York	76,915.	1,203,825.
	$5,832,251.	$90,322,728.

The computation of the share of county tax which a city pays starts with the determination of Column 11 in the County Abstract of Ratables. This is the city's equalized valuations of privately owned real property plus the personal property assessment plus the second class railroad property, less the veterans exemptions. A ratio of this sum to the total for the county establishes the percentage of the County tax total for which a city is liable. Statutory adjustments are then made to determine the actual amount of money which the city pays to the county.

Table 3 shows how these amounts are determined for the taxing districts in Hudson County. Bayonne, by way of explanation, has an equalized value of $245, 698, 866. on which its county tax for 1959 is presently apportioned. The ratio formed by this amount divided by $1, 866, 729, 708. for the whole county amounts to 13. 1620%. When this percentage is applied to the total amount of money to be raised by taxation for county purposes it gives Bayonne's share before it is modified by statutory adjustments.

If we include the $2, 133, 823. valuation of the personal property owned by Public Service Companies in Bayonne with the $245, 698, 866. defined above, we get a new equalized value in Column 11 County Abstract of Ratables of $247, 832, 689. for Bayonne. Repeating this procedure for each municipality gives revised equalized values and a revised total for the County. A new ratio would be determined for Bayonne by dividing the revised equalization amount by the revised total for the county of $1, 957, 052, 436. The new ratio would be 12. 6636%. There is a difference of 0. 4984% between the present and the revised ratios. This is only a fraction of one percent, but when it is applied to the extremely high county tax budget, the money it represents is $123,687. based on 1959 county requirements. If the inequity is corrected Bayonne will pay about $123,687. less to the County than it does now.

The change in each City's contribution to Hudson County caused by the inclusion of Gross Receipts Valuations in Column 11 of the County Abstract of Ratables is shown in Table 3.

As the amendment proposed to correct the inequity in Hudson County will be effective on all counties in our state, studies are in progress to determine the effect of including Gross Receipts Tax Valuations in the county tax base for the entire state.

The Counties of Hudson, Essex, Union, Mercer, Hunterdon, Camden, and Middlesex

have been completed to date and are submitted herewith.

A study has also been completed showing the change in county tax apportionment caused by considering both the money received from the Franchise Tax and Gross Receipts Tax to make them eligible for inclusion in Column 11. The actual receipts received were converted into putative or assumed assessments by the application of the local tax rate. The assumed assessments were added to the equalized value on which county taxes are apportioned.

It is recommended that R. S. 54:4-52 should be amended to include in the "Table of Aggregates" this item: "Value of personalty of street railway, traction, sewerage, gas and electric light, heat and power corporations", so that the said value shall be included in the base on which county taxes are apportioned. (Column 11, Abstract of Ratables).

No reasonable explanation has been advanced that will excuse the continuance of this unfair practice. The personal property owned by the Public Service Utility (for example) is similar to that owned by Telephone Utilities and other private industries which is included in the county tax apportionment base. With additions it is the same personal property that was formerly included in the County Tax Base.

No accepted philosophy of taxation provides for a situation within a county wherein certain communities receive such a large sum of money each year because of the Utilities" personal property being located within their districts and not be required to bear their fair share of county expense on the basis of this source of revenue.

Table 3

HUDSON TAXING DISTRICT	Equalized Value on which County Tax is now Apportioned	% County Tax Paid 1959	Gross Receipts 1959 Valuation	New Equalized Value incl. Gross Receipts Valuation	New % County Tax	% More	%Less	Amt. More	Amt. Less
BAYONNE	245,698,866	13.1620	2,133,823	247,832,689	12.6636	-	.4986	-	$123,687
EAST NEWARK	6,414,598	.3436	80,941	6,495,539	.3319	-	.0117	-	2,904
GUTTENBERG	14,640,163	.7843	155,127	14,795,290	.7560	-	.0283	-	7,023
HARRISON	71,745,880	3.8434	15,861,545	87,607,425	4.4765	.6331	-	$157,116	-
HOBOKEN	105,009,103	5.6253	2,394,296	107,403,405	5.4880	-	.1373	-	34,074
JERSEY CITY	730,650,279	39.1407	29,912,927	760,563,208	38.8627	-	.2780	-	68,991
KEARNY	226,361,326	12.1261	33,388,485	259,749,811	13.2725	1.1464	-	284,501	-
NORTH BERGEN	152,325,258	8.1600	2,616,887	154,942,145	7.9171	-	.2429	-	60,280
SECAUCUS	57,014,978	3.0543	606,000	57,626,978	2.9443	-	.1100	-	27,299
UNION CITY	110,623,211	5.9260	1,557,668	112,180,879	5.7321	-	.1939	-	48,123
WEEHAWKEN	58,314,336	3.1239	411,204	58,725,540	3.0007	-	.1232	-	30,574
WEST NEW YORK	87,931,704	4.7105	1,203,825	89,135,529	4.5546	-	.1559	-	38,690
	1,866,729,708		90,322,728	1,957,052,436		1.7795	1.7796	$441,617	$441,642

ESSEX COUNTY

	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
BELLEVILLE	158,469,443	4.0792	1,716,668	160,186,111	4.0562	....	.0230	.....	6,236.
BLOOMFIELD	247,573,348	6.3729	2,389,028	249,962,376	6.3295	....	.0434	.....	11,768.
CALDWELL BORO.	38,356,671	.9874	603,475	38,960,146	.9865	.....	.0009	.....	244.
CALDWELL TWNSP.	31,623,050	.8140	199,475	31,822,525	.8058	....	.0082	.....	2,223.
CEDAR GROVE	59,600,692	1.5342	599,165	60,199,857	1.5244	.....	.0098	.....	2,657.
EAST ORANGE	275,852,538	7.1009	2,842,684	278,695,222	7.0570	.....	.0439	.....	11,903.
ESSEX FELLS	23,119,344	.5951	195,675	23,315,069	.5904	.....	.0047	.....	1,274.
GLEN RIDGE	50,191,905	1.2920	377,205	50,569,110	1.2805	.....	.0115	.....	3,118.
IRVINGTON	211,446,634	5.4430	2,330,359	213,776,993	5.4132	.....	.0298	.....	8,080.
LIVINGSTON	132,666,188	3.4150	2,110,819	134,777,007	3.4128	.....	.0022	.....	597.
MAPLEWOOD	151,322,471	3.8953	1,147,778	152,470,244	3.8608	.....	.0345	.....	9,354.
MILBURN	201,994,996	5.1997	1,873,207	203,868,203	5.1623	.....	.0374	.....	10,141.
MONTCLAIR	229,450,679	5.9064	2,571,997	232,022,676	5.8752	.....	.0312	.....	8,460.
NEWARK	1,308,227,337	33.6761	34,076,943	1,342,304,280	33.9893	.3132	.....	84,922.	.....
NORTH CALDWELL BORO	29,011,169	.7468	241,796	29,252,965	.7407	.....	.0061	.....	1,654.
NUTLEY	137,875,570	3.5491	1,419,274	139,294,844	3.5272	.....	.0219	.....	5,938.

ESSEX COUNTY

(continued)	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX 6	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
ORANGE	115,897,351	2.9834	2,146,043	118,043,394	2.9890	.0056	.....	1,518.	.....
ROSELAND BORO.	19,975,849	.5142	1,356,808	21,332,657	.5402	.0260	.....	7,050.	.....
SOUTH ORANGE VILLAGE	115,374,179	2.9699	1,590,906	116,965,085	2.9617	.....	.0082	.....	2,223.
VERONA	73,726,308	1.8978	694,713	74,421,021	1.8845	.....	.0133	.....	3,606.
WEST CALDWELL BORO.	46,089,863	1.1864	519,768	46,609,631	1.1802	.....	.0062	.....	1,681.
WEST ORANGE	226,893,678	5.8406	3,452,455	230,346,133	5.8327	.....	.0079	.....	2.142.
TOTALS	$ 3,884,739,313	99.9994%	$64,456,241	$3,949,195,554	100.0001%	.3448%	.3441%	$93,490.	$93,299.

COUNTY TAX APPORTIONED .... $ 27,114,239.

REVISED - APRIL 19, 1960

UNION COUNTY 1960 GROSS RECEIPTS VALUATIONS PLUS - 1959 - DATA

COUNTY TAX APPORTIONED - $8,481,740.
FACTOR: 355164114

	EQUALIZED VALUE ON WHICH COUNTY TAXES ARE APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
BERKELEY HEIGHTS TWNSP.	$ 68,712,042.	2.4912	$ 756,464.	$ 69,468,506.	2.4673	-	.0239	-	$ 2,027.
CLARK TOWNSHIP	82,579,273.	2.9940	677,486.	83,256,759.	2.9570	-	.0370	-	3,138.
CRANFORD TOWNSHIP	129,621,294.	4.6995	1,234,983.	130,856,277.	4.6475	-	.0520	-	4,411.
ELIZABETH	368,403,658.	13.3567	10,273,980.	378,677,638.	13.4493	.0926	-	7,854.	-
FANWOOD BOROUGH	39,857,360.	1.4451	286,888.	40,144,248.	1.4258	-	.0193	-	1,637.
GARWOOD BOROUGH	24,369,073.	.8835	169,584.	24,538,657.	.8715	-	.0120	-	1,018.
HILLSIDE TOWNSHIP	143,925,803.	5.2181	967,976.	144,893,779.	5.1461	-	.0720	-	6,107.
KENILWORTH BOROUGH	48,435,727.	1.7561	492,460.	48,928,187.	1.7378	-	.0183	-	1,552.
LINDEN CITY	374,290,664.	13.5701	26,901,960.	401,192,624.	14.2489	.6788	-	57,574.	-
MOUNTAINSIDE BOROUGH	52,380,055.	1.8991	455,590.	52,835,645.	1.8765	-	.0226	-	1,917.
NEW PROVIDENCE BOROUGH	58,774,264.	2.1309	787,431.	59,561,695.	2.1154	-	.0155	-	1,315.
PLAINFIELD	213,340,211.	7.7348	2,167,419.	215,507,630.	7.6541	-	.0807	-	6,845.
RAHWAY	119,779,620.	4.3427	1,171,185.	120,950,805.	4.2957	-	.0470	-	3,986.
ROSELLE BOROUGH	83,894,770.	3.0416	747,173.	84,641,943.	3.0062	-	.0354	-	3,003.
ROSELLE PARK BOROUGH	52,816,617.	1.9149	363,218.	53,179,835.	1.8888	-	.0261	-	2,214.
SCOTCH PLAINS TOWNSHIP	96,107,300.	3.4844	1,004,882.	97,112,182.	3.4491	-	.0353	-	2,994.
SPRINGFIELD TOWNSHIP	91,330,119.	3.3112	1,346,031.	92,676,150.	3.2915	-	.0197	-	1,671.
SUMMIT	180,103,700.	6.5298	3,961,307.	184,065,007.	6.5373	.0075	-	636.	-
UNION TOWNSHIP	330,327,546.	11.9762	2,402,601.	332,730,147.	11.8174	-	.1588	-	13,469.
WESTFIELD	197,767,359.	7.1702	1,210,984.	198,978,343.	7.0670	-	.1032	-	8,753.
WINFIELD TOWNSHIP	1,379,485.	.0500	24,227.	1,403,712.	.0499	-	.0001	-	8.
TOTAL -	$ 2,758,195,940.	100.0001%	$57,403,829.	$ 2,815,599,769.	100.0001%	.7789%	.7789%	$ 66,064.	$ 66,065.

MERCER COUNTY

	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
EAST WINDSOR TWNSP.	11,816,103	1.0592	165,031	11,981,134	1.0562	.....	.0030	.....	184.
EWING TWNSP.	119,016,690	10.6692	1,686,186	120,702,876	10.6410	.....	.0282	.....	1,733.
HAMILTON TWNSP.	226,863,808	20.3371	4,797,828	231,661,636	20.4229	.0858	.....	5,272.	.....
HIGHTSTOWN BORO.	16,640,488	1.4917	344,061.	16,984,549	1.4973	.0056	.....	344.	.....
HOPEWELL BORO.	7,647,055	.6855	64,611	7,711,666	.6798	.....	.0057	.....	350.
HOPEWELL TWNSP.	39,352,590	3.5277	461,756	39,814,346	3.5100	.....	.0177	.....	1,088.
LAWRENCE TWNSP.	73,710,519	6.6077	1,043,309	74,753,828	6.5902	.....	.0175	.....	1,075.
PENNINGTON BORO.	11,796,750	1.0575	71,449	11,868,199	1.0463	.....	.0112	.....	688.
PRINCETON BORO.	67,359,085	6.0384	828,908	68,187,993	6.0113	.....	.0271	.....	1,665.
PRINCETON TWNSP.	81,111,563	7.2712	540,702	81,652,265	7.1983	.....	.0729	.....	4,479.
WASHINGTON TWNSP.	8,857,344	.7940	164,322	9,021,666	.7953	.0013	.....	80.	.....
WEST WINDSOR TWNSP.	36,237,106	3.2484	689.623	36,926,724	3.2554	.0070	.....	430.	.....
TRENTON	415,107,489	37.2121	7,946,422	423,053,911	37.2958	.0837	.....	5,143.	.....
TOTALS	$ 1,115,516,590	99.9997%	$18,804,208	$1,134,320,798	99.9998%	.1834%	.1833%	$11,269.	$11,262.

COUNTY TAX APPORTIONED .... $ 6,144,655.

HUNTERDON COUNTY

	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
ALEXANDRIA TWNSP	6,759,668	2.2984	197,906	6,957,574	2.2676	.....	.0308	.....	283.
BETHLEHEM TWNSP	6,220,009	2.1149	311,379	6,531,388	2.1287	.0138	.....	127.	.....
BLOOMSBURG BORO	3,105,571	1.0559	18,922	3,124,493	1.0183	......	.0376	.....	345.
COLIFON BORO	3,329,800	1.1322	22,850	3,352,650	1.0927	......	.0395	.....	363.
CLINTON TOWN	6,250,518	2.1253	39,210	6,289,728	2.0499	......	.0754	.....	693.
CLINTON TWNSP	18,594,372	6.3225	255,308	18,849,680	6.1434	......	.1791	.....	1,645.
DELAWARE TWNSP	15,404,882	5.2380	218,517	15,623,399	5.0919	......	.1461	.....	1,342.
EAST AMWELL TWNSP	14,980,341	5.0936	164,150	15,144,491	4.9358	......	.1578	.....	1,450.
FLEMINGTON BORO	17,649,833	6.0013	258,111	17,907,944	5.8365	......	.1648	.....	1,514.
FRANKLIN TWNSP	10,426,501	3.5452	114,028	10,540,529	3.4353	......	.1099	.....	1,010.
FRENCHTOWN BORO	5,497,061	1.8691	36,522	5,533,583	1.8041	......	.0650	.....	597.
GLEN GARDNER BORO	1,623,123	.5519	30,186	1,653,309	.5388	......	.0131	.....	120.
HAMPTON BORO	2,713,438	.9226	34,216	2,747,654	.8955	......	.0311	.....	286.
HIGH BRIDGE BORO	9,165,429	3.1164	67,420	9,232,849	3.0091	......	.1073	.....	986.
HOLLAND TWNSP	20,188,096	6.8644	8,155,279	28,343,375	9.2375	2.3731	.....	21,799.	.....
KINGWOOD TWNSP	10,577,042	3.5964	142,955	10,719,997	3.4938	......	.1026	.....	942.
LAMBERTVILLE CITY	9,820,160	3.3391	170,568	9,990,728	3,2561	......	.0830	.....	762.

HUNTERDON COUNTY

(continued)	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
LEBANEN BORO	4,320,800	1.4692	29,409	4350,209	1.4178	.....	.0514	.....	472.
LENANEN TWNSP	13,044,156	4.4353	988,696	14,032,852	4.5735	.1382	.....	1,276.	.....
MILFORD BORO	11,041,790	3.7544	29,431	11,071,221	3.6083	.....	.1461	.....	1,342.
RARITAN TWNSP	32,193,336	10.9462	496,248	32,689,584	10.6540	.....	.2922	.....	2,684.
READINGTON TWNSP	35,428,127	12.0463	392,718	35,820,845	11.6745	.....	.3718	.....	3,415.
STOCKTON TWNSP	1,394,275	.4741	19,335	1,413,610	.4607	~~x4607x~~	.0134	.....	123.
TEWKSBURY TWNSP	15,352,418	5.2202	249,916	15,602,334	5.0850	.....	.1352	.....	1,242.
UNION TWNSP	7,363,167	2.5036	103,187	7,466,354	2.4334	.....	.0702	.....	645.
WEST AMWELL TWNSP	11,655,056	3.9630	183,139	11,838,195	3.8582	.....	.1048	.....	963.
TOTALS	$294,098,969	99.9995%	$12,729,606	$306,828,575	100.0004%	2.5251%	2.5282%	$23,196.	$23,224.

COUNTY TAX APPORTIONED.............................. $ 918,598.

CAMDEN COUNTY

	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	& MORE	% LESS	AMOUNT MORE	AMOUNT LESS
AUDOBON BORO	36,974,336	2.7854	632,474	37,606,810	2.7848	.....	.0006	.....	51.
AUDOBON PARK BORO	1,450,757	.1092	18,166	1,468,923	.1088	.....	.0004	.....	34.
BARRINGTON BORO	26,003,519	1.9590	323,387	26,326,906	1.9495	.....	.0095	.....	805.
BELLMAWR BORO	31,119,141	2.3444	414,177	31,533,318	2.3350	.....	.0094	.....	797.
BERLIN BORO	12,027,212	.9061	261,504	12,288,716	.9100	.0039	.....	331.	.....
BERLIN TWNSP	7,472,401	.5629	110,820	7,583,221	.5615	.....	.0014	.....	119.
BROOKLAWN BORO	7,372,562	.5554	104,281	7,476,843	.5537	.....	.0017	.....	144.
CAMDEN CITY	330,917,643	24.9296	8,176,345	339,093,988	25.1100	.1804	.....	15,290.	.....
CHESILHURST BORO	914,220	.0689	30,987	945,207	.0700	.0011	.....	93.	.....
CLEMENTON BORO	11,914,525	.8976	263,960	12,178,485	.9018	.0042	.....	356.	.....
COLLINGSWOOD	67,111,250	5.0558	737,967	67,849,217	5.0242	.....	.0316	.....	2,678.
DELAWARE TWNSP	168,758,066	12.7133	1,919,056	170,677,122	12.6387	.....	.0746	.....	6,323.
GIBBSBORO BORO	7,249,360	.5461	91,409	7,340,769	.5436	.....	.0025	.....	212.
GLOUCESTER CITY	47,136,373	3.5510	811,811	47,948,184	3.5506	.....	.0004	.....	34.
GLOUCESTER TWNSP	42,503,124	3.2020	855,387	43,358,511	3.2107	.0087	.....	737.	.....
HADDON TWNSP	71,999,368	5.4240	859,610	72,858,978	5.3952	.....	.0288	.....	2,441.
HADDONFIELD BORO	80,028,453	6.0289	647,685	80,676,138	5.9741	.....	.0548	.....	4,645.

(2)

CAMDEN COUNTY

(continued)	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
HADDON HEIGHTS	37,984,821	2.8616	711,504	38,696,325	2.8655	.0039	.....	331.	.....
HI NELLA BORO	1,352,666	.1019	20,629	1,373,295	.1017	.....	.0002	.....	17.
LAUREL SPRINGS	6,379,775	.4806	80,663	6,460,438	.4784	.....	.0022	.....	186.
LAWNSIDE BORO	5,234,061	.3943	184,653	5,418,714	.4013	.0070	.....	593.	.....
LINDENWALD BORO	16,603,638	1.2508	267,689	16,871,327	1.2493	.....	.0015	.....	127.
MAGNOLIA BORO	11,479,635	.8648	179,953	11,659,588	.8634	.....	.0014	.....	119.
MERCHANTVILLE	15,231,129	1.1474	271,585	15,502,714	1.1480	.0006	......	51.	.....
MT. EPHRAIM	16,977,430	1.2790	230,717	17,208,147	1.2743	.....	.0047	.....	398.
OAKLYN BORO	17,042,059	1.2839	191,931	17,233,990	1.2762	.....	.0077	.....	653.
PENNSAUKEN TWNSP	133,147,772	10.0306	2,810,697	135,958,469	10.0677	.0371	.....	3,144.	.....
PINE HILL BORO	7,676,114	.5783	144,347	7,820,461	.5791	.0008	.....	68.	.....
PINE VALLEY BORO	1,209,628	.0911	3,487	1,213,115	.0898	.....	.0013	.....	110.
RUNNEMEADE BORO	24,726,551	1.8628	270,157	24,996,708	1.8510	.....	.0118	.....	1,000.
SUMERDALE BORO	14,596,252	1.0997	199,015	14,795,267	1.0956	.....	.0041	.....	347.
STRATFORD BORO	13,225,933	.9964	197,973	13,423,906	.9940	.....	.0024	.....	203.
TAVISTOCH BORO	481,213	.0363	1,129	482,342	.0357	.....	.0006	.....	51.

(3)
CAMDEN COUNTY

(continued)

	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUSING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	& LESS	AMOUNT MORE	AMOUNT LESS
VOORHEES TWNSP	12,603,578	.9495	159,112	12,762,690	.9451	.....	.0044	.....	373.
WATERFORD TWNSP	11,513,038	.8673	183,473	11,696,511	.8661	.....	.0012	.....	102.
WINSLOW TWNSP	21,263,956	1.6019	560,896	21,824,852	1.6161	.0142	.....	1,204.	.....
WOODLYNNE BORO	7,728,337	.5822	97,001	7,825,338	.5795	.....	.0027	.....	229.
TOTALS	$1,327,409,896	100.0000%	$23,025,637.	$1,350,435,533.	100.0000%	.2619%	.2619%	$22,198.	$22,198.

COUNTY TAX APPORTIONED .... $ 8,475,650.

MIDDLESEX COUNTY

	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
CARTERET BORO	96,390,923	4.8499	750,518	97,141,441	4.6820	.....	.1679	.....	14,183.
CRANBURY TWNSP	14,140,970	.7115	135,906	14,276,876	.6881	.....	.0234	.....	1,977.
DUNELLEN BORO	30,687,281	1.5440	282,359	30,969,640	1.4927	.....	.0513	.....	4,334.
EAST BRUNSWICK TWNSP	91,627,392	4.6102	1,475,293	93,102,685	4.4874	.....	.1228	.....	10,374.
EDISON TWNSP	215,583,074	10.8470	9,021,277	224,604,351	10.8255	.....	.0215	.....	1,816.
HELMETTA BORO	4,797,757	.2414	70,185	4,867,942	.2346	.....	.0068	.....	574.
HIGHLAND PARK BORO	51,950,357	2.6139	504,661	52,455,018	2.5282	.....	.0857	.....	7,240.
JAMESBURG BORO	7,711,327	.3880	165,389	7,876,716	.3796	.....	.0084	.....	710.
MADISON TWNSP	71,630,494	3.6041	1,376,821	73,007,315	3.5188	.....	.0853	.....	7,206.
METUCHEN BORO	70,296,272	3.5369	506,660	70,802,932	3.4126	.....	.1243	.....	10,501.
MIDDLESEX BORO	50,926,045	2.5623	809,437	51,735,482	2.4935	.....	.0688	.....	5,812.
MILLTOWN BORO	24,711,560	1.2433	321,618	25,033,178	1.2065	.....	.0368	.....	3,109.
MONROE TWNSP	23,978,833	1.2065	383,526	24,362,359	1.1742	.....	.0323	.....	2,729.
NEW BRUNSWICK CITY	156,856,061	7.8922	2,797,028	159,653,089	7.6950	.....	.1972	.....	16,659.
NORTH BRUNSWICK TWNSP	83,470,377	4.1998	1,522,417	84,992,794	4.0964	.....	.1034	.....	8,735.
PERTH AMBOY CITY	168,382,483	8.4721	1,497,974	169,880,457	8.1879	.....	.2842	.....	24,009.
PISCATAWAY TWNSP	84,396,177	4.2464	1,402,736	85,798,913	4.1353	.....	.1111	.....	9,386.

MIDDLESEX COUNTY

(continued-2)

	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
PLAINSBORO TWNSP	14,216,204	.7152	256,853	14,473,057	.6976	.....	.0176	.....	1,487.
SAYREVILLE BORO	151,785,643	7.6371	24,153,604	175,939,247	8.4799	.8428	.....	71,199.	.....
SOUTH AMBOY CITY	28,427,771	1.4303	8,130,507	36,558,278	1.7620	.3317	.....	28,022.	.....
SOUTH BRUNSWICK TWNSP	44,018,882	2.2148	1,441,930	45,460,812	2.1911	.....	.0237	.....	2,002.
SOUTH PLAINFIELD BORO	77,914,436	3.9202	1,092,701	79,007,137	3.8080	.....	.1122	.....	9,478.
SOUTH RIVER BORO	48,027,983	2.4165	315,470	48,343,453	2.3301	.....	.0864	.....	7,299.
SPOTSWOOD BORO	23,439,493	1.1793	488,672	23,928,165	1.1533	.....	.0260	.....	2,196.
WOODBRIDGE TWNSP	352,155,962	17.7187	28,348,810	380,504,772	18.3396	.6209	.....	52,453.	.....
TOTALS	$1,987,523,757	100.0016%	$87,252,352	$2,074,776,109	99.9999%	1.7954%	1.7971%	$151,674.	$151,816.

COUNTY TAX APPORTIONED................................ $ 8,447,858.

BERGEN COUNTY

	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
ALLENDALE BORO.	22,378,850	.5259	314,112	22,692,962	.5260	.0001	-	13.	-
ALPINE BORO.	15,228,351	.3579	67,637	15,295,988	.3546	-	.0033	-	413.
BERGENFIELD BORO.	129,873,860	3.0524	896,559	130,770,419	3.0312	-	.0212	-	2,652.
BOGOTA BORO.	37,181,236	.8738	323,753	37,504,989	.8693	-	.0045	-	563.
CARLSTADT BORO.	33,968,492	.7983	468,464	34,436,956	.7982	-	.0001	-	13.
CLIFFSIDE PARK BORO.	73,721,987	1.7326	577,677	74,299,664	1.7222	-	.0104	-	1,301.
CLOSTER BORO.	39,743,311	.9340	427,063	40,170,374	.9311	-	.0029	-	363.
CRESSKILL BORO.	38,132,603	.8962	516,963	38,649,566	.8959	-	.0003	-	38.
DEMAREST BORO.	24,689,289	.5802	235,805	24,925,094	.5778	-	.0024	-	300.
DUMONT BORO.	82,069,437	1.9288	639,397	82,708,834	1.9171	-	.0117	-	1,464.
EAST PATERSON BORO.	88,272,582	2.0746	898,879	89,171,461	2.0669	-	.0077	-	963.
EAST RUTHERFORD BORO.	42,851,986	1.0071	745,406	43,597,392	1.0106	.0035	-	438.	-
EMERSON BORO.	36,484,360	.8574	308,098	36,792,458	.8528	-	.0046	-	575.
EDGEWATER BORO.	34,711,666	.8158	180,380	34,892,046	.8088	-	.0070	-	876.
ENGLEWOOD CITY	156,005,339	3.6666	1,846,946	157,852,285	3.6589	-	.0077	-	963.
ENGLEWOOD CLIFFS BORO.	28,897,152	.6791	300,030	29,197,182	.6768	-	.0023	-	288.

BERGEN COUNTY

	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
FAIRLAWN BORO.	190,175,652	4.4697	3,041,241	193,216,893	4.4787	.0090	-	1,126.	-
FAIRVIEW BORO.	40,790,758	.9587	469,982	41,260,740	.9564	-	.0023	-	288.
FORT LEE BORO.	131,042,458	3.0798	1,011,090	132,053,548	3.0609	-	.0189	-	2,364.
FRANKLIN LAKES BORO.	24,068,363	.5656	323,903	24,392,266	.5654	-	.0002	-	25.
GARFIELD CITY	101,848,476	2.3937	1,015,655	102,864,131	2.3843	-	.0094	-	1,176.
GLEN ROCK BORO.	72,800,489	1.7110	765,766	73,566,255	1.7052	-	.0058	-	726.
HACKENSACK CITY	183,341,221	4.3090	2,286,161	185,627,382	4.3027	-	.0063	-	788.
HARRINGTON PARK BORO.	21,819,206	.5128	253,432	22,072,638	.5116	-	.0012	-	150.
HASBROUCK HEIGHTS BORO.	68,084,635	1.6001	781,761	68,866,396	1.5963	-	.0038	-	475.
HAWORTH BORO.	22,713,085	.5338	234,120	22,947,205	.5319	-	.0019	-	238.
HILLSDALE BORO.	49,526,449	1.1640	404,570	49,931,019	1.1574	-	.0066	-	826.
HO-HO-KUS BORO.	34,235,058	.8046	288,002	34,523,060	.8002	-	.0044	-	550.
LEONIA BORO.	49,179,401	1.1558	383,179	49,562,580	1.1488	-	.0070	-	876.
LITTLE FERRY BORO.	25,547,914	.6004	426,594	25,974,508	.6021	.0017	-	213.	-
LODI BORO.	92,254,411	2.1682	799,283	93,053,694	2.1569	-	.0113	-	1,414.
LYNDHURST TOWNSHIP	89,698,106	2.1081	879,685	90,577,791	2.0995	-	.0086	-	1,076.
MAHWAH TOWNSHIP	61,961,855	1.4562	1,020,207	62,982,062	1.4599	.0037	-	463.	-
MAYWOOD BORO.	60,886,419	1.4310	392,999	61,279,418	1.4204	-	.0106	-	1,326.

BERGEN COUNTY

	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
MIDLAND PARK BORO.	35,447,123	.8331	302,592	35,749,715	.8287	-	.0044	-	550.
MONTVALE BORO.	20,245,349	.4758	261,484	20,506,833	.4753	-	.0005	-	63.
MOONACHIE BORO.	9,061,524	.2129	179,642	9,241,166	.2142	.0013	-	163.	-
NEW MILFORD BORO.	76,573,234	1.7997	878,288	77,451,522	1.7953	-	.0044	-	550.
NORTH ARLINGTON BORO.	72,227,973	1.6975	1,110,832	73,338,805	1.7000	.0025	-	313.	-
NORTHVALE BORO.	11,887,980	.2794	119,586	12,007,566	.2783	-	.0011	-	138.
NORWOOD BORO.	14,895,444	.3500	322,812	15,218,256	.3527	.0027	-	338.	-
OAKLAND BORO.	40,709,914	.9568	298,161	41,008,075	.9505	-	.0063	-	788.
OLD TAPPAN BORO.	15,615,940	.3670	704,348	16,320,288	.3783	.0113	-	1,414.	-
ORADELL BORO.	62,976,628	1.4801	415,128	63,391,756	1.4694	-	.0107	-	1,339.
PALISADES PARK BORO.	52,964,598	1.2448	497,399	53,461,997	1.2392	-	.0056	-	701.
PARAMUS BORO.	162,624,995	3.8221	1,908,782	164,533,777	3.8138	-	.0083	-	1,038.
PARK RIDGE BORO.	28,879,829	.6787	304,120	29,183,949	.6765	-	.0022	-	275.
RAMSEY BORO.	60,172,608	1.4142	908,577	61,081,185	1.4158	.0016	-	200.	-
RIDGEFIELD BORO.	67,036,771	1.5755	15,385,496	83,422,267	1.9337	.3582	-	44,811.	-
RIDGEFIELD PARK TOWNSHIP	65,352,843	1.5359	530,091	65,882,934	1.5271	-	.0088	-	1,101.
RIDGEWOOD TOWNSHIP	186,123,246	4.3744	1,880,772	188,004,018	4.3578	-	.0166	-	2,077.
RIVER EDGE BORO.	73,664,556	1.7313	504,577	74,169,133	1.7192	-	.0121	-	1,514.

BERGEN COUNTY	EQUALIZED VALUE ON WHICH COUNTY TAX IS NOW APPORTIONED	% COUNTY TAX PAID IN 1959	GROSS RECEIPTS VALUATIONS 1960	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATIONS	NEW % COUNTY TAX	% MORE	% LESS	AMOUNT MORE	AMOUNT LESS
RIVER VALE TOWNSHIP	30,550,215	.7180	306,516	30,856,731	.7152	-	.0028	-	350.
ROCHELLE PARK TOWNSHIP	32,234,057	.7575	237,826	32,471,883	.7527	-	.0048	-	600.
ROCKLEIGH BORO.	1,547,298	.0363	18,174	1,565,472	.0363	-	-		-
RUTHERFORD BORO.	98,582,250	2.3169	806,291	99,388,541	2.3038	-	.0131	-	1,639.
SADDLE BROOK TOWNSHIP	61,978,284	1.4566	633,447	62,611,731	1.4513	-	.0053	-	663.
SADDLE RIVER BORO.	23,145,050	.5439	97,871	23,242,921	.5388	-	.0051	-	638.
SOUTH HACKENSACK TOWNSHIP	13,682,396	.3215	420,532	14,102,928	.3269	.0054	-	676.	-
TEANECK TOWNSHIP	248,399,002	5.8381	1,947,803	250,346,805	5.8029	-	.0352	-	4,404.
TENAFLY BORO.	106,732,114	2.5085	823,299	107,555,413	2.4931	-	.0154	-	1,927.
TETERBORO BORO.	30,042,992	.7061	99,205	30,142,197	.6987	-	.0074	-	926.
UPPER SADDLE RIVER BORO.	28,473,114	.6692	235,887	28,709,001	.6655	-	.0037	-	463.
WALDWICK BORO.	43,868,781	1.0310	385,471	44,254,252	1.0258	-	.0052	-	651.
WALLINGTON BORO.	33,779,614	.7939	296,923	34,076,537	.7899	-	.0040	-	500.
WASHINGTON TOWNSHIP	34,734,664	.8163	250,508	34,985,172	.8109	-	.0054	-	676.
WESTWOOD BORO.	52,633,160	1.2370	717,936	53,351,096	1.2366	-	.0004	-	50.
WOODCLIFF LAKE BORO.	21,012,368	.4938	171,876	21,184,244	.4910	-	.0028	-	350.
WOODBRIDGE BORO.	61,877,925	1.4543	332,534	62,210,459	1.4420	-	.0123	-	1,539.
WYCKOFF TOWNSHIP	70,848,167	1.6651	573,528	71,421,695	1.6555	-	.0096	-	1,201.
TOTAL	$ 4,254,766,463.	100.0004%	59,393,113.	4,314,159,576.	99.9995%	.4010%	.3979%	50,168.	$ 49,781.

COUNTY TAX APPORTIONED - - - - $ 12,510,035.

THIS SHOWS THE EFFECT OF THE GROSS RECEIPTS

TAX DISTRIBUTION ON THE COUNTY

	EQUALIZED VALUE ON WHICH COUNTY TAXES ARE APPORTIONED	1959 % OF TAXES PAID	NEW % OF COUNTY TAX	GROSS RECEIPTS 1960 VALUATION	NEW EQUALIZED VALUE INCLUDING GROSS RECEIPTS VALUATION	PERCENTAGE		AMOUNT	
						MORE	LESS	MORE	LESS
BERGEN COUNTY									
RIDGEFIELD	$ 67,036,771	1.5755	1.9356	$ 16,385,495	$ 83,422,266	.3601%	-	$45,048.	-
Balance BERGEN COUNTY	4,187,729,692	98.4245	98.0644	38,714,832	4,226,444,524	-	.3601%	-	$45,048.
COUNTY TOTAL	$ 4,254,766,463			$ 55,100,327	$ 4,309,866,790				
TAX BUDGET - 1959		$ 12,510,035.							
UNION COUNTY									
LINDEN	$ 374,290.664	13.5701	14.3038	$ 26,269,468	$ 400,560,132	.7337%	-	$62,230.	-
Balance UNION COUNTY	2,383,905,276	86.4299	85.6962	15,918,214	2,399,823,490	-	.7337%	-	$62,230.
	$ 2,758,195,940			$ 42,187,682	$ 2,800,383,622				
TAX BUDGET - 1959		$ 8,481,740.							

Exhibit submitted by Jeffrey M. Albert on behalf of Americans for Democratic Action.

Poverty

Amidst

Plenty

POVERTY AMIDST PLENTY

An Analysis of New Jersey's Fiscal Problem

by

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The State of New Jersey faces a crisis. On the one hand, state and municipal services in areas such as health, welfare, and correction are well below nationally accepted standards. On the other hand, the combined state-municipal tax load is comparable to that of states offering a far higher grade and greater quantity of state and municipal services.

SOME FACTS

We are wealthy. In 1958, New Jersey ranked 6th among the states in per capita personal income.

Despite our wealth, we have made relatively low per capita contributions in important areas of governmental services. We ranked 45th in the nation in state expenditures on welfare, 45th in state expenditures in the area of higher education, 45th in state aid for public education, and 48th in state expenditures on highways.

Our state tax payments per capita are low. We rank 47th in the nation. Our local tax burden is high. We rank 3rd in the nation. The combined state-local expenditure burden per capita for New Jersey ranks 25th in the nation.

SOME PROBLEMS

State prisons. As of Spring 1959, our prisons over-all were at 105% of capacity. Bordentown was at 118% of capacity, Trenton at 120%, and Clinton at 163%. Many jobs cannot be filled because of inadequate salaries. As a result, rehabilitation is almost impossible and simple custody is a major problem.

State mental hospitals. Overcrowding is also typical of our state mental hospitals. Trenton State, Graystone, Marlboro, and Skillman all lost accreditation in the Fall of 1958. In addition, every county hospital inspected also lost national accreditation.

State institutions for the retarded. The average occupancy exceeds 120% of capacity. The average wait per case in institutions such as Woodbine Colony, Vineland, and New Lisbon is more than three years. At Vineland, the food allowance in 1958 was \$.50 per day for each child. Salaries are ridiculously low. Attendants' salaries start at \$2,400-\$2,500. Other positions have comparably low salaries.

Public schools. In 1958, there were 5,939 unfilled teaching positions. The estimate for 1959 was 6,150. In 1957, 53,170 students were on half-sessions. In 1958, the number had increased to 55,384. In 1948, the number had been only 4,200.

Vocational rehabilitation. The New Jersey Rehabilitation Commission handles approximately 17% of the cases needing rehabilitation services. There is a backlog of 62,000 disabled persons who are not being served at all. Because of low salaries, the turnover in rehabilitation counselors has been between 85%-90% over the last three years.

Recreation and conservation. Since 1955, we have begun to acquire new parks, but we spend little in developing them. In addition, beach erosion has become so serious that it has been estimated that an immediate expenditure of $30,000,000 is needed.

State aid to public education. Per pupil costs in local education have risen from $240 per pupil in 1950 to $400 in 1959. State aid per pupil has declined slightly over the same period, from $95.47 to $93.59. As of now, 75% of public school expenses fall on the property owner. The $15,000,000 state aid for school buildings does not help much in meeting the $100,000,000 annual building needs.

Over-all state aid. The average for all states in state aid to local governments was $43.92 per capita in 1957. In New Jersey, it was $22.65. The difference is made up of two factors—poorer services and higher property taxes.

State salaries. In every area of state service, it is difficult to find qualified personnel to fill positions. Approximately 90% of our state employees in 1957 were receiving less than $4,000 per annum. A special Cabinet Committee on State Personnel reported that, to bring state wages to a level comparable to those in private industry, $10,000,000 in additional appropriations would have been required in 1957-58. And this ignores the large number of unfilled positions and needed new positions existing in most state agencies.

WHAT MUST BE DONE?

These are just some of the facts. There are many others—equally depressing. Summed up, they indicate that much more money has to be spent on governmental services if we are to achieve minimally accepted levels of public services. Considering the amazing wealth of New Jersey, there is no excuse for continued failure to improve the quality of governmental services.

The magnitude of the needed increase in spending is large but variable. Were we to attempt to meet unfulfilled state needs in a single year, additional funds of perhaps $200 million would be needed. However, about $150 million of this would represent capital needs, and could be stretched out over a two- or three-year period. Thus, to constitute a substantial improvement in the quality and quantity of vital state services, approximately $100 million in additional annual appropriations would seem to be the necessary minimum.

Services from local governments must also be improved. County hospitals and welfare services must be improved. Local educational systems require improvement. Traditionally, New Jersey has financed the bulk of its needs at the local level. While the U. S. average in 1959 showed that only 52% of combined state and local taxes were raised at the local level, the New Jersey proportion of state and local taxes raised locally was 70%. This has resulted in New Jersey ranking third in the nation in per capita property taxes.

There are compelling reasons for us to reduce our heavy reliance upon property taxation. In an agricultural society, the value of property is linked with the ability-to-pay of the owner. In our state, farming is relatively unimportant and, therefore, the link between the value of property and the income of the owner is very weak.

Extreme reliance upon any commodity as a basis for taxation is destructive. The cost of the taxed commodity rises relative to the costs of other commodities. This results either in decreased consumption of the taxed commodity or a deterioration in the quality of the taxed commodity. In the case of property, heavy property taxation increases the costs of housing, commercial buildings, and land. For example, a property tax of $42 per month is approximately equal to the amortization and interest charges on a 20-year mortgage of $7,000 at current interest rates. The effect of the higher costs of housing affects not only the property owner, but also those who rent property since the rental charges include property taxes. The result: either less adequate housing than would be the case if property taxes were lower, or the sacrifice of other commodities in order to have decent housing.

PROPERTY TAXES AND URBAN DECAY

The effects of this are most clearly seen in large cities such as Newark. Typically, these cities have higher operating costs per capita than do smaller municipalities. This is a result of the necessity of large cities to have a more complex police force, fire department, education system, etc., than do smaller towns. In addition, large cities attract large numbers of 'new' citizens and low-income groups, which create special problems.

When, as is the case in New Jersey, the bulk of local needs must be financed almost completely from property taxes, the foundation for urban decay has been laid. To finance needed services, the city must raise property taxes. However, as this occurs, business firms and reasonably well-to-do families leave the city for the suburbs and rural areas. Usually, taxes are lower in such areas. If the taxes are the same, municipal services are superior. Being aware of this, the city is reluctant to raise property taxes. As a result, the deterioration of the quality and quantity of urban municipal services is speeded. Schools become overcrowded and go on split-sessions. Police protection becomes less satisfactory. Recreational and cultural services become poorer. Those who were not forced out of the city because of high property taxes leave in disgust as the quality of services becomes shoddy relative to what is offered in suburban areas.

The large number of families earning low incomes face enormous difficulties in finding adequate housing at a reasonable price. The only new housing which can be built for the lower income groups in most cities must be subsidized. In Newark, for example, new unsubsidized apartment buildings are taxed at approximately 25% of gross rental income. Such high taxes added to high construction costs make it virtually impossible to build unsubsidized housing at a rental of less than $50 per room. In the absence of a substantial federal housing program, new housing is no solution to the plight of the low income family.

With the exodus of middle- and upper-income families from the city, and the typical post-war influx of lower-income families from abroad, or from minority groups, the demand for better housing declines and the demand for inexpensive housing increases. With little new housing, the pressure falls on the existing housing stock. Landlords find costs of operation of apartments going up, in large part due to increased real estate taxes. They also find that they can rent small apartments at $35 and more per room. They further find that it is not necessary to maintain the apartment buildings in decent fashion to attract tenants.

Expensive private homes find few buyers. However, low-income families can afford to buy these homes if more than one family is involved in the purchase, or if the former one-family house can be converted to a rooming house. Here, then, are most of the ingredients needed for urban decay. The better residential areas decay as the former owners flee to the suburbs, and the new low-income owners are forced to convert the one-family homes into two- or more-family homes. There are few takers for luxury apartments, and costs are so high that the only new private apartment housing possible must be of the luxury type. Existing apartment houses become run-down due to poor maintenance, and the low-income tenants pay very high rents per room. The only people who stay in the city are those who cannot afford to leave.

Of course, it would be foolish to blame the entire urban decay problem on taxes. There are many other factors. However, in the case of Newark, over-reliance on property as a basis for taxation has been an extremely important factor. In smaller municipalities, the effects of heavy real estate taxation are low grade municipal services, reduced volume of improvements and maintenance on existing housing, and either a smaller volume of new construction or lower value of new construction.

PERSONAL PROPERTY TAX

The taxation of personal property is perhaps the most luminous anachronism in the entire galaxy of New Jersey's fiscal anachronisms. In most respects, it is far worse than real estate taxation. It may, at least, be assumed that those responsible for the evaluation of real estate can become fairly expert in assessment since real estate is relatively homogeneous. However, to be an expert in personal property valuation, the assessor must be an expert in valuing inventory at various stages of completion in various industries, in valuing machinery of different types, in valuing furniture, furnishings, clothing, and all of the many other individual items comprising personal property. Such expertise would require a corps of experts which would probably cost more than the revenues raised from personal property taxation. Lacking such experts, we suffer under a system of capricous personal property valuation.

Since about 80% of the personal property collections ($79,600,000 of $99,287,000) in 1959 came from business personal property, business firms really feel the effects of eccentricities of the personal property tax system. A firm could be wiped-out should the assessor overevaluate inventory (a cost item) and equipment by an inexpert notion of fair value. This is often referred to as 'tax-lightning.' Although no definitive evidence exists, it has been argued that firms have kept out of New Jersey because they fear an arbitrary, perhaps ruinous, taxation of business personal property.

Taxation of residential personal property is less apt to be ruinous but more likely to be inequitable. Rather than go to the considerable expense of evaluating personal property in thousands of homes, some communities simply assess flat-amount tax bills on residential property, identical for every household. Other municipalitites, recognizing the impossible problems posed by personal property taxation, do not even attempt to collect taxes on residential personalty.

NEED FOR INCREASED STATE AID

Since property taxation is the only feasible method of raising substantial sums locally, and further reliance on property taxes is obviously undesirable, an expansion of local governmental services must be financed by means of expanded state-aid to localities. A rough estimate of the amount of increased state-aid needed is $150,000,000. This includes the $95,000,000 additional state-aid for education proposed by the New Jersey Education Association, so that the foundation program of aid can be raised from $200 to $300 per student and the minimum can be raised from $50 to $75 per pupil. The remainder would consist of increased aid for highways, welfare, and health. Over-all, the effects of this increase would still leave New Jersey slightly below the national average in per capita state-aid payments to local governments, but it would be a substantial improvement over present conditions.

Thus we see that the state needs an additional $100,000,000 to finance improved state services. The state needs an additional $150,000,000 for increased state-aid payments to municipalities. The total amount needed is therefore $250,000,000. Where can this money come from?

EXISTING STATE TAXES

Excise taxes. Ignoring the corporate income tax for the moment, the most important state taxes are motor fuel (5 cents per gallon, raising $92,500,000 in 1959), motor vehicle fees (raising $67,400,000 in 1959), pari-mutuel taxes (raising $23,600,000 in 1959), cigarettes (5 cents per pack, raising $35,000,000 in 1959), and alcoholic beverages (raising $20,000,000 in 1959). There are two objections to further increases in these taxes.

First, these taxes are grossly inequitable. According to a 1957 estimate, gasoline taxes, motor vehicle fees, and cigarettes were relatively twice as burdensome on a person with an income of $5,000 as on a person whose income was $20,000. These taxes are all regressive, hitting the poor with a greater relative severity than the rich. This objection becomes stronger when we consider that *all* taxes on individuals in New Jersey are regressive, *i.e.*, fall relatively more heavily on the poor than on the rich.

Second, even if we increased these taxes, no practical increase will raise the needed money. Assuming that lobbyists for the gasoline dealers, tobacco distributors, trucking interests, liquor dealers, and race track owners became totally ineffective, we might be able to make the following increases:

Motor Fuel: 1 cent per gallon, raising about $18.5 million;
Truck tax: ½ mill per gross ton mile for trucks over 8,000 pounds, raising $9.0 million;
Pari-mutuel: 1% added or extend season 15 days, raising $2.0-$3.0 million;
Alcoholic beverages: 10% increase, raising about $2.0 million;
Cigarettes: 1 cent per pack, raising about $7.0 million;
Total increases assuming no decrease in consumption: $38.5-$39.5 million.

Corporate income tax. The other major state tax is the corporate income tax. It is 1¾% of allocated net income and was instituted in 1958. Although it had been estimated that the tax would raise $31.5 millions in the first year, the recession brought the yield down to only $18.3 millions. In good years, it is estimated that each 1% levied will yield approximately $18.0 millions in revenues.

There are two reasons for objecting to solving New Jersey's needs via an increased corporate income tax. First, New Jersey business already pays 43% of all state and local taxes in New Jersey, as compared to 32% in New York and 35% in Pennsylvania. We could justify an increase in corporate taxes only if we reduced other business taxes, particularly the vicious personal property tax, or if we decreased the business tax proportion by increasing the amount of taxes individuals pay. It is unfair to ask business to pay a higher proportion of the total tax load than the present 43%.

Second, even if we doubled the corporate income tax, the additional revenues would amount to only somewhere between $18.5 millions and $31.5 millions depending on business conditions. This is a long way from the minimal needs of $250 millions.

Thus, increasing existing state taxes offers no solution. Were we to make all the increases suggested as possibilities herein, the most we could raise in additional funds would be between $57 millions and $71 millions. And we probably could not achieve all of these tax increases or realize the full estimated yield, even if such increases were otherwise justifiable.

NEW TAXES

It seems clear that our needs can only be met through the imposition of new taxes. Though there are many new tax possibilities, there are only two that will raise substantial sums of money—the retail sales tax and the personal income tax.

Sales tax. A retail sales tax will either not raise the needed amount of money or will be grossly unfair—falling very heavily on those with low incomes, and relatively lightly on those with high incomes. Total retail sales in New Jersey for 1958 were $7.3 billion. If we are willing to tax all commodities from milk and bread to minks and yachts, a 3.4% sales tax would be required to raise $250 million. If food were exempted, remaining retail sales would total $5.3 billion and a 4.7% sales tax would be required to raise $250 million. For practical purposes, then, we can consider a 4% sales tax if all retail sales are taxed, and a 5% tax if food is exempted. Of the 34 states which have general retail sales taxes, only Pennsylvania and Washington have a rate as high as 4%. No state has a 5% rate. There are other reasons, including costs of administration and the problems faced by the storekeepers who would have to be the tax-collectors, for opposing the sales tax. However, the fact that an adequate sales tax would be grossly regressive is sufficient reason to reject this tax.

Income tax. A mildly progressive personal income tax would be much more acceptable. In the first place, if a state income tax is patterned after the federal income tax, it would have the virtue of familiarity and simplicity. Withholding and reporting could be achieved simply by making carbon copies of the federal forms. Even with slight modifications in the pattern of deductions and exemptions, simplicity could be retained.

To raise approximately $250,000,000, we would not need a very high tax. The New York rates on personal income would raise the needed amounts. The New York rates are:

Taxable Income (after exemptions deductions, etc.)	*Rate*
0-$ 1,000	2%
$ 1,000- 3,000	3% on income over $ 1,000 plus $ 20
3,000- 5,000	4% on income over 3,000 plus 80
5,000- 7,000	5% on income over 5,000 plus 160
7,000- 9,000	6% on income over 7,000 plus 260
9,000- 11,000	7% on income over 9,000 plus 380
11,000- 13,000	8% on income over 11,000 plus 520
13,000- 15,000	9% on income over 13,000 plus 680
15,000 plus	10% on income over 15,000 plus 860

If we enacted an income tax with this rate schedule, and the federal pattern of exemptions and deductions, the tax load would be distributed as follows:

I Adjusted Gross Income Class	*II % of Total State Income Tax Revenues Paid*	*III Income Tax as % of Average Adjusted Gross Income*
Less than $3,000	3.5%	0.8%
3,000-5,000	11.0%	1.1%
5,000-7,000	16.1%	1.4%
7,000-10,000	19.6%	2.0%
10,000-15,000	14.0%	2.8%
15,000-20,000	7.6%	3.9%
20,000-25,000	5.1%	4.9%
25,000-50,000	13.2%	6.2%
50,000-100,000	6.2%	7.3%
100,000-150,000	1.5%	7.8%
150,000-200,000	0.6%	7.7%
200,000-500,000	1.0%	7.7%
500,000-1,000,000	0.4%	7.9%
1,000,000 and over	0.3%	7.8%

Column II demonstrates that such a tax is not a 'soak the rich' device. Most taxpayers fall in the $5,000-$15,000 class and pay about half of the total tax. Column III is a measure of the impact of the tax on the average taxpayer in each income class. This column shows the progressive nature of the tax, with the wealthy paying a relatively higher income tax burden. The average burden of the tax is about half as heavy for those in the \$5,000-\$15,000 class as for those earning more than \$25,000. The tax would be in no way confiscatory.

Thus, this tax is fair to all, adequate for our needs, and simple and familiar, which should make it relatively easy to secure compliance. In addition, this tax solves the New York non-resident taxation problem. New York state allows non-residents to credit non-New York income taxes from the New York tax bill. Since the proposed tax is virtually identical to that of New York, New Jersey residents would pay no taxes to New York. This amounts to a recapture of \$25,000,000 to \$40,000,000 in taxes presently paid to New York. Since the federal tax laws allow the taxpayer to deduct state taxes in calculating federal income taxes, we would also recapture approximately \$38,000,000 from taxes presently paid to the U. S. government. In other words, at least \$63,000,000 of the \$250,000,000 in new taxes would be achieved without costing New Jersey residents a cent.

CONCLUSION

New Jersey is a state in crisis. To achieve a decent level of public services, we must spend approximately \$250,000,000 more per year than we do presently. About \$150,000,000 of this should be in the form of state-aid to local governments, and the remainder for improving and increasing state services. The only realistic way to adequately and equitably raise these funds is through the adoption of a moderately progressive personal income tax. The tragedy is that none of these statements is new. These facts are known to almost everyone in political life in New Jersey. Many organizations in the state have already gone on record favoring a broad-based tax, in most cases an income tax similar to the one outlined here. These groups include:

Americans for Democratic Action

Consumers' League of New Jersey

League of Women Voters

New Jersey Congress of Parents and Teachers

New Jersey Education Association

New Jersey Farm Bureau

New Jersey Federation of Women's Clubs

New Jersey Gasoline Retailers Association and Allied Trades

New Jersey Grange

New Jersey School Superintendents Association

New Jersey State Federation of District Boards of Education

State League of Municipalities

New Jersey's crisis will be resolved when our leaders in Trenton at last find the one ingredient that has been lacking for so long: *courage*.

Exhibits submitted by Sampson G. Smith, Superintendent, Franklin Township Schools, Somerset County.

Standard capacity of present High School Building.

Standard capacity of present Elementary School facilities.

This graph compares the projected enrollment in Franklin Township schools with the Standard facilities which are presently available. Standard facilities include 100 elementary classrooms in 9 elementary school buildings and 54 teaching areas in the high school building.

By 1963-64 there will be 1197 students who will not have the standard school facilities available. As shown on the graph, this number increases until in 1968-69 the community will need facilities for 2705 students over and beyond present buildings.