

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

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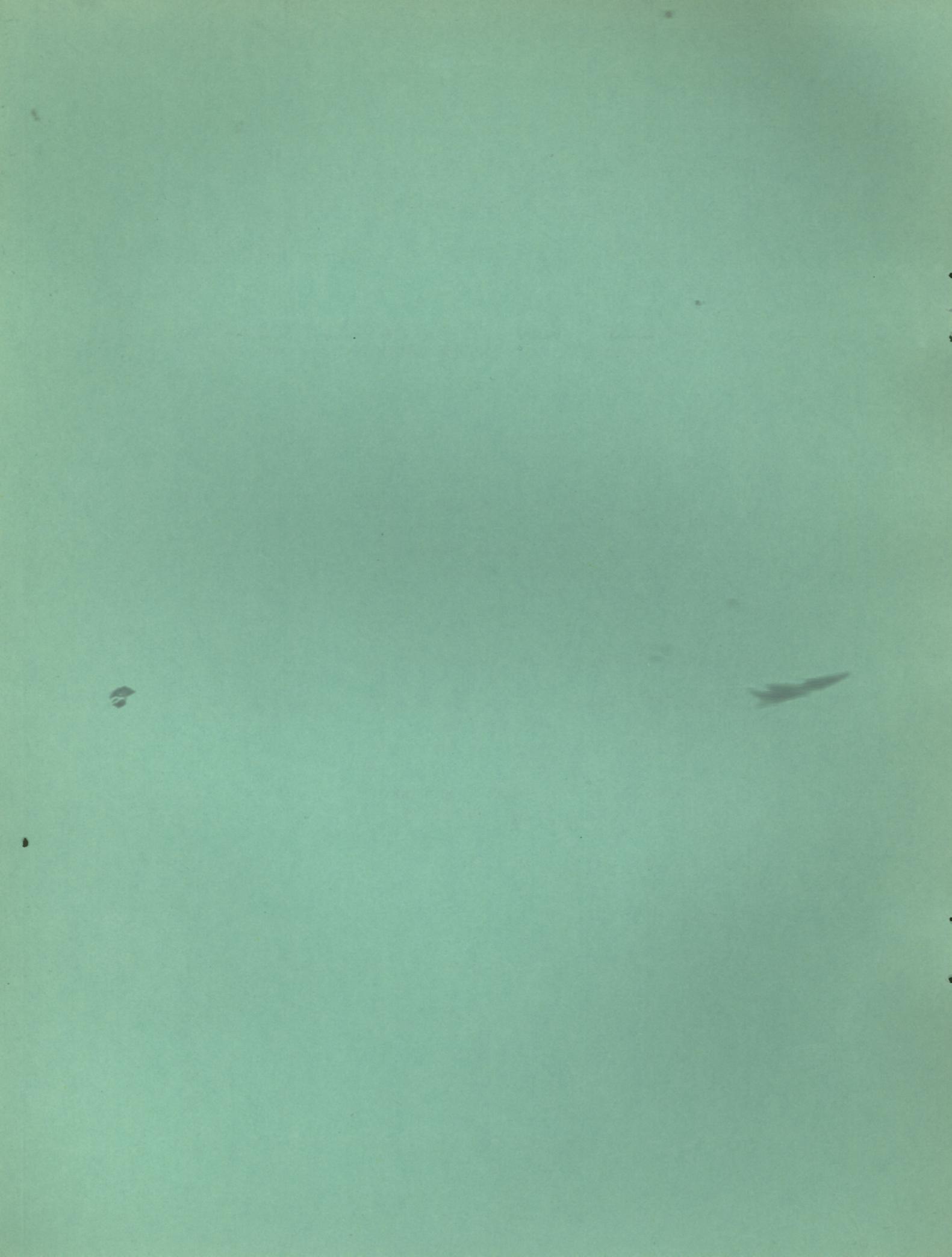
SENATE REVENUE, FINANCE AND APPROPRIATIONS
and ASSEMBLY TAXATION COMMITTEE, on Tax
Proposals

H E L D:

Howard Johnson's Motor Lodge
Pacific Room
Atlantic City, New Jersey
Friday, June 21, 1974
2:00 until 5:00 P.M.

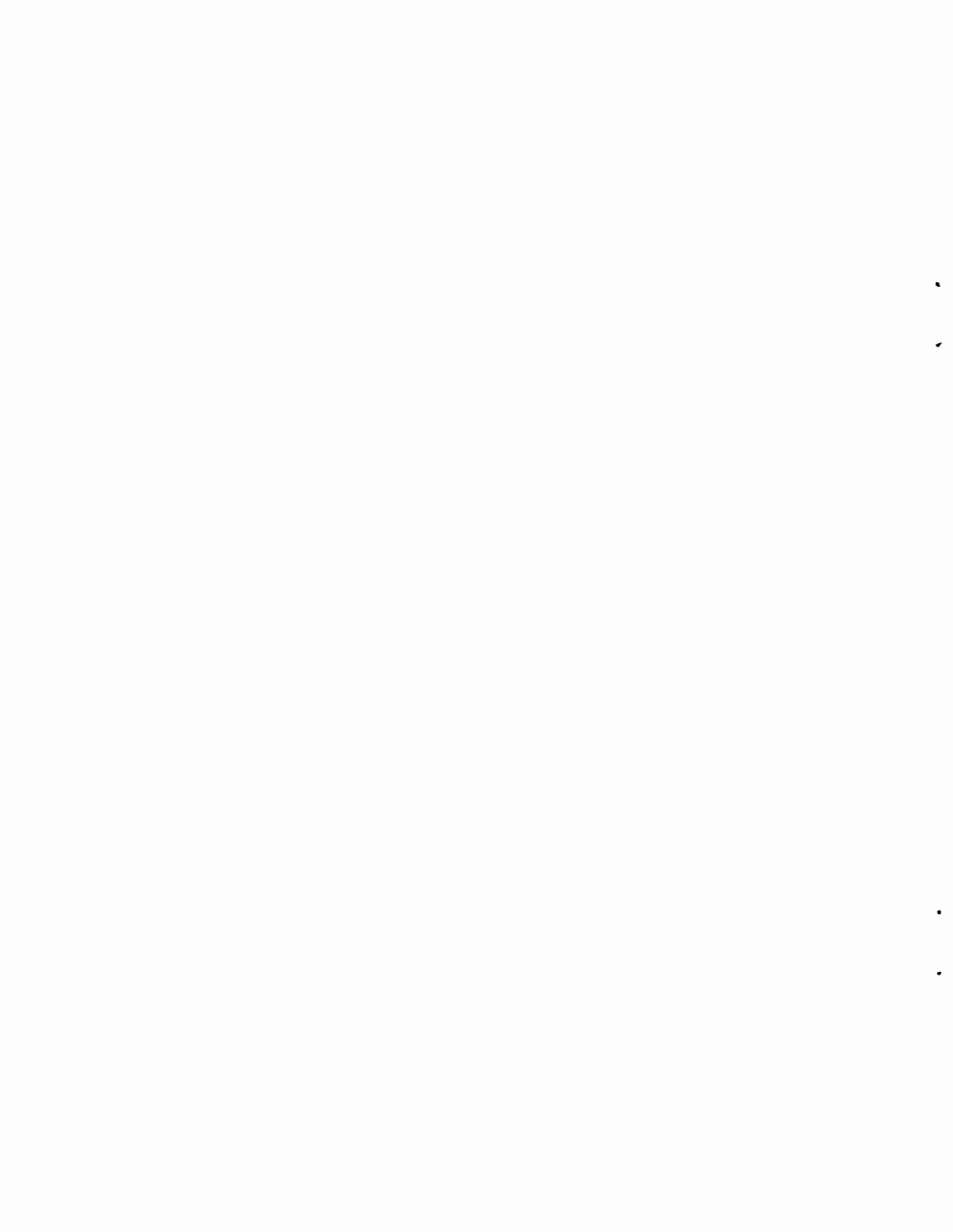
MEMBERS OF COMMITTEE PRESENT:

ASSEMBLYMAN STEVEN PERSKIE, CHAIRMAN
SENATOR JOSEPH MERLINO
ASSEMBLYMAN JOHN H. FROUDE
ASSEMBLYMAN JOSEPH CHINNICI
ASSEMBLYMAN FRANCIS GORMAN
ASSEMBLYMAN JOHN SWEENEY



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1 CHAIRMAN PERSKIE: Ladies and
2 gentlemen, we can get started with some of the pre-
3 liminary procedural questions.

4 This is the third, I think, general
5 plenary public hearing by the Assembly Taxation
6 Committee and Senate Revenue Finance and Appropria-
7 tions Committee into the area and subject of tax
8 reform. We will start the proceedings without the
9 presence of Senator Merlin who is here but is out
10 of the room for a few minutes.

11 If anyone wishes to speak before the
12 Joint Committee who has not as yet requested of us
13 or notified us that you do desire to speak, I would
14 request that you speak with Miss Bayer who is seated
15 at the end of the table to my left, and she will
16 take down your name and any organizational affilia-
17 tions that you may have, and we will certainly
18 schedule everybody for time.

19 The session today will go from 2 until
20 5 in the afternoon and 7 to 9 in the evening -- 7 to
21 10 assuming that we have people who would choose to
22 testify. I think that we will be able to get every-
23 body that is presently here in this afternoon.
24 However, if you want or if you feel the press of
25 time you may return when we reconvene at 7 o'clock.

1 The members of the committee who are
2 present here this afternoon -- two seats to my left
3 is Assemblyman Sweeney, a member of the Taxation
4 Committee. Senator Merlino, who I indicated will
5 be here presently. On my right is Assemblyman
6 Chinnici from Cumberland County, and Assemblyman
7 Gorman from Camden, Atlantic District and the
8 remaining individuals who are here this afternoon
9 are staff personnel.

10 By way of general outline, the juris-
11 diction of the committee includes not only those
12 proposals embodied in the Governor's recommendations,
13 but also those proposals that have been suggested by
14 individual legislators and/or individual groups of
15 legislators as well as certain proposals that have
16 generated from the committee itself.

17 We are pleased to acknowledge the
18 presence of Senator McGahn, Second District, as
19 well.

20 The state administration has established
21 what it calls a hot line for the benefit of all
22 citizens of the state who may call the number located
23 in Trenton, and with confidentiality as to identity,
24 they don't require you to give your name, but if
25 you give them the relevant facts or circumstances,

1 they will tell you what the proposed tax package
2 would mean to you in terms of dollars and cents.
3 The number is Area (609) 292-1700.

4 As I understand it, that number may be
5 called at anytime. However, the State doesn't
6 guarantee the accuracy of the figures after midnight.

7 The major outline of the administration
8 program in terms of taxation measures is found in
9 two bills, Assembly Bill 1875 dealing with the
10 imposition of a state personal income tax and
11 Assembly 1876 which is the State Business Stabili-
12 zation Tax Act. The remaining portion of the
13 administration program deals with constitutional
14 amendments, proposed constitutional amendments,
15 limiting individual property taxes, and limiting
16 municipal property taxes as well as a three or four
17 bill package providing for the state take-over of a
18 number of costs now funded by local government
19 including, specifically, the cost of welfare, the
20 court systems, and a good portion of the educational
21 system for local education. We as well have several
22 other packages before us.

23 In the outline dealing with the
24 imposition of a statewide property tax with property
25 to be classified by its use and with the statewide

1 tax to be levied at different rates for residential
2 property and for commercial and industrial property.
3 In the main, that's the outline of the subjects that
4 are before us at this time.

5 Now, first on the list for this after-
6 noon will be Assemblyman Charles Worthington of the
7 Second Legislative District.

8 ASSEMBLYMAN WORTHINGTON: Thank you,
9 Mr. Chairman.

10 Mr. Chairman, your co-chairman, Senator
11 Merlino, is in the kitchen. I told him that we at
12 Howard Johnsons had a much better kitchen arrangement
13 than does Lorenzo's in Trenton and couldn't tear him-
14 self away. So, I wish to report his absence as he is
15 in the kitchen.

16 I am Assemblyman Charles Worthington
17 representing the Second Legislative District.

18 Chairman Perskie, Chairman Merlino in
19 absentia, and members of the Legislature, thank you
20 for permitting me to testify at this important
21 hearing.

22 In order to keep my remarks brief and to
23 the point I will list my recommendations, of course,
24 and will be available at your convenience should you
25 want me to expand on my testimony.

1 The following are the points that I
2 would like to make:

3 I would like, first of all, to compli-
4 ment the members of both committees on its deter-
5 mined effort and long hours you've all put in to
6 try to come to tax reform that is needed as mandated
7 by the Judiciary Branch of government. It is vital
8 that the people of this state understand that a state
9 tax reform, even if it includes income tax, does not
10 necessarily mean that everyone will automatically
11 pay more tax, but if the taxes are progressive while
12 some in the high brackets would pay more taxes than
13 presently, it is important that others would be
14 paying less than they are now. Those proposed bills
15 in resolution guarantee the people tax relief and
16 other tax benefits including a reduction on property
17 tax would certainly be welcomed by the middle class
18 who is already overburdened. They are treated like
19 a bottomless money pit under our federal tax
20 structure. I support those proposed that maintain
21 and guarantee home rule especially where state funds
22 are involved. I also recommend that those measures
23 be included in your final program which closed
24 the door on loopholes that the extremely wealthy
25 can use exclusively under our federal tax system to

1 escape their fair share of taxes.

2 Until now I've talked in general terms
3 and I realize you have many proposals under con-
4 sideration and that the exact language of these
5 proposals is not, as of now, settled. There is one
6 particular portion of a proposal, however, to which
7 I would like to direct myself specifically.

8 I call your attention to Assembly
9 Concurrent No. 176 and Senate Concurrent Resolution
10 No. 121. The proposed, as you know, are not in
11 total agreement. Also, there have been various
12 suggestions made as to the 6% figure cited in both
13 documents.

14 With your indulgence I would like now
15 to propose that you amend ACR 176 which is the
16 guaranteed property tax limitation to include the
17 following concept. On line 15 which now reads,
18 "Purposes Except by Referendum," I would recommend
19 that you add, or if said referendum is defeated,
20 then my order of the State Board of Education if
21 when and only after a local school district has been
22 found to be less than thorough and efficient and a
23 plenary hearing held within that school's district
24 and then notified in writing of its deficiencies
25 by the Commissioner of Education. The local school

1 district has failed to cure the deficiencies itself
2 after remedies like reallocation of school resources
3 in service programs and the like have failed. Six
4 months have past since the written notification from
5 the Commissioner has been received by the local
6 school board and the second plenary hearing held
7 within that same district finds that the local school
8 district is still deficient. This addition to the
9 existing proposals which I call the guaranteed
10 property tax limitation would not only put a tight
11 lid on property tax, but at the same time would assure
12 that the state can, if necessary -- if absolutely
13 necessary, protect its mandate that students receive
14 a thorough and efficient education. Accordingly,
15 under the guaranteed property tax limitation,
16 citizens can be assured that they will not be
17 subjected to a return of the heavy property tax.
18 They can be assured home rule concept is left intact.
19 They can be assured that the state, only when
20 absolutely necessary and in order to protect its
21 lawful obligations, can become involved, but only
22 after all local attempts have failed.

23 A great deal more can be said on this,
24 and I could get more specific citing other proposed
25 legislation from the Education Committee which has a

1 direct bearing on my comment. However, I know there
2 are others who want to make their views known, and
3 I will stop here unless you have any questions.

4 CHAIRMAN PERSKIE: The equipment was
5 so impressed, you knocked it right out.

6 Before we take any questions, if there
7 was anyone who came in after I made the initial
8 announcement that anyone who chooses to be heard
9 will please advise Miss Bayer who is at the far end
10 of the table to my left, and she will arrange to
11 have you scheduled. I will basically follow --
12 unless I'm advised of some emergency in terms of
13 time -- I will basically follow the order of
14 appearance in the order in which I'm given the
15 notices.

16 Is there any member of the committee
17 that has any questions for Assemblyman Worthington?

18 We have been spending not a little bit
19 of time on that particular question and we are
20 grateful for your testimony on it to help us in the
21 drafting.

22 ASSEMBLYMAN WORTHINGTON: I think
23 it is especially important to keep the concept in
24 the bill. I know it was initially proposed in one
25 of the bills and I think it is out of one of the

1 others, but I would like to strengthen the language
2 so that we make sure the provisions outlined in the
3 Wiley-Perskie T & E Bill are followed before we
4 get to this point and that we just don't let the
5 Commissioner arbitrarily determine to raise tax
6 rates.

7 CHAIRMAN PERSKIE: Good.

8 ASSEMBLYMAN WASHINGTON: Thank you,
9 gentlemen.

10 CHAIRMAN PERSKIE: Okay. The next
11 witness that we have is Assemblyman William Hamilton
12 from Middlesex County and that's up somewhere in the
13 northern part of the state, I think.

14 ASSEMBLYMAN HAMILTON: We might let you
15 in if you come there early.

16 Thank you very much all for this
17 opportunity to be with you this afternoon, and let
18 me express my appreciation for the long hours that
19 you are putting in on what may prove to be a thank-
20 less task but certainly one that has to be done for
21 the future benefit of the citizens of this state.

22 I am here as an individual legislator
23 to speak in favor of the substance of the
24 administration's tax package. I would underline
25 substance because I do not buy every line and every

1 period in the bill as presently written.

2 It is my considered judgment that in-
3 come tax as a part of other taxes is the only way to
4 meet the challenge of financing public education
5 while at the same time achieving long-term property
6 tax relief.

7 The bills have provisions that are aimed
8 at achieving, in my judgment, four main goals in
9 the area of tax reform. Long-term property tax
10 relief for the homeowner, the avoidance of business-
11 ship or business windfalls or preferential tax
12 treatment to business at the expense of homeowners,
13 equitable treatment for renters and protection for
14 senior citizens. We may discuss to some extent the
15 effectiveness of those provisions aimed at achieving
16 those four purposes.

17 Although I haven't attended your prior
18 hearings and have not heard every word of testimony
19 that you've received, I'm going to make an assumption
20 that no one who has spoken before you in favor of a
21 statewide property tax, to the exclusion of income
22 tax, has done that on the grounds that it's fairer
23 because I think that a --

24 CHAIRMAN PERSKIE: Your assumption is
25 correct.

1 ASSEMBLYMAN HAMILTON: No one could
2 argue that a statewide property tax to the exclusion
3 of an income tax is a fairer system.

4 The opposition to the income tax and
5 to the administration's bills to the extent that
6 there is such opposition is not on the grounds of
7 fairness. Instead and beyond the traditional
8 reluctance of people to see a new tax even when it
9 is a replacement tax is the broken promises of the
10 past with respect to property tax relief.

11 I've heard from too many people for the
12 three years I've been in public life that we sold a
13 bill of goods on the sales tax and promised tax
14 relief. We were promised property tax relief on the
15 lottery. They didn't get it, and they don't believe
16 us now when we say we want to give it to them.
17 An off the track record, if I can use that expression,
18 here in Atlantic County, from past legislation I
19 can't say I can blame them for not believing us since
20 in my judgment it is unthinkable that the Legislature
21 would do nothing to meet the mandate of Robinson
22 versus Cahill in achieving property tax relief. I
23 think you ought to consider those elements of the
24 present administration bills and possible modifica-
25 tions to them that would make it possible for us to

1 overcome the bill presently of well founded
2 skepticism of the public. Although I am a co-sponsor
3 with Chairman Perskie of the income tax as written
4 in, I think it is obvious that the progressive
5 and graduated rates of that tax stop too low.

6 The maximum rate of 8% reached \$25,000.
7 Thus, many say and have already said middle income
8 tax if the rates would stop there, I would have to
9 say to some extent I would agree with them. I think
10 it would be easy to correct by continuing the
11 graduated rates and progressivity of the tax
12 throughout the entire spectrum of income that might
13 have to be reported.

14 Next, in my judgment, there is a
15 minimal of equitable treatment for renters. I'm
16 aware of the circuit breaker approach that primarily
17 senior citizens and other homeowners, in my
18 considered judgment again, they are few, if any,
19 renters who are getting benefit from the circuit
20 breaker. True, there is a reduction in the income
21 tax as written. I do not believe it goes far enough.
22 I would suggest that you consider before you are
23 finished a graduated gross income tax with limited
24 deductions similar and along the lines of A. 1666
25 and I think it would be possible to provide renters

1 with credit akin to those provided homeowners on
2 the order of \$400 a person, of rent, to \$1200 a
3 family which would be on par with the property tax
4 reduction that would be allowed to homeowners.
5 The rates in that bill would be on the range or
6 most people would pay between 1½ and 3%. The
7 graduated gross income tax would have one other
8 important effect, I believe. That is, it would
9 be more effective in reaching income now shielded
10 under federal tax laws which some people want to
11 call loopholes. Nevertheless, if you were to tax
12 all kinds of income including those that are not
13 subject to federal tax, I believe you would find
14 great public acceptability. I believe that your
15 revenue schedule that you come out with finally
16 would like to anticipate funding of a level in
17 excess of the average 50% that the administration's
18 bill now calls for.

19 It seems to me that all the 50% does
20 is to say that local tax rate will only rise half
21 as fast as they have in the past subject to the
22 circuit breakers that's been talked about. 100%
23 is awfully difficult to achieve because we don't
24 know 100% of what. I would suggest power
25 equalization along about 75% would achieve far more

1 dramatic local property tax decrease. I think it
2 would be given greater public acceptability and
3 realistic promise that local property taxes would
4 not creep right back up again which has certainly
5 been the pattern in the past.

6 proposition I believe that the lack of belief on
7 the part of the public to property taxes can be
8 stabilized and reduced whereas in the past they've
9 continued to grow. They can be alleviated if income
10 tax proposal, which is the most difficult political
11 proposal contained in the administration package,
12 were to be submitted to the people on a binding
13 referendum after it had been into effect. ACR 141
14 has been introduced before your committee for
15 consideration and would provide such a tax after the
16 first full year of operation would be submitted to
17 the people on a binding referendum in the first non-
18 legislative general election year after the first
19 full year of operation, incidentally, four years
20 thereafter. If they are going to the people with
21 the promise of long-term property tax relief, I don't
22 think we should be afraid to allow them to judge
23 our performance on that promise by letting them have
24 a vote after the facts.

25 I suggest that the higher funding which

1 I'm suggesting with respect to 75% funding level be
2 financed by a classified statewide property tax, but
3 not a classified statewide property tax like that
4 proposed by Messrs. Boyle, Newman and Russo or
5 Pydell and VanWagner which, I believe, there
6 was far too much rigidity in future revenue growth.
7 There is far too much uniformity in spending that
8 is forced on the local school district under those
9 proposals.

10 I would suggest too that under those
11 proposals if the local school district wanted to
12 spend beyond the uniform rate allowed under the
13 law, that it would be at the expense of the local
14 school tax and once again, the local property taxes
15 would begin to soar.

16 I have suggest, I believe, the bill
17 ACR 142 is \$.75 for the homeowner to 25 for the
18 business.

19 For those to be adopted it is clear that
20 in some business communities there would have to be
21 in the corporate business tax laws some relief for
22 some businesses in the depressed area. One of the
23 problems with the present business stabilization tax
24 is that there is a shift between municipalities.
25 A relatively affluent business in a higher tax rate

1 district is going to get a tax break at the same
2 time that a marginal business gets the same kind
3 of tax break. Moreover, since there is a 75%
4 credit, in my judgment, if local property taxes
5 for non-school purposes rise, it is going to be
6 at the expense of the state revenue under the pre-
7 sent administration package because as the credit
8 goes up the business doesn't pay any more. It just
9 goes locally and there is actually a reduction in
10 the state revenue.

11 I have read with interest your proposal
12 with respect to the sales tax. I believe it would
13 find a great deal of public acceptance to reduce
14 the sales tax. On the other hand, I don't believe
15 that the sales tax is the most onerous of the taxes
16 paid by the people in the State of New Jersey. On
17 the other hand, I believe it is the property tax.
18 My own position would be that the sales tax be
19 stabilized and limited by a constitutional amendment
20 but that it ought not to be reduced. If we were
21 able to reduce it, the reduction ought to be, in
22 my judgment, in the area of property taxes because
23 that is a tax that is most onerous on people living
24 in fixed incomes, most onerous for those who have
25 no children in school, most onerous to our senior

1 citizens.

2 I think the overburdened portion of
3 the Governor's package can be financed along the
4 lines I've talked about. I think local fiscal
5 integrity ought to be insured and I think it should
6 be insured by guaranteeing back to municipalities
7 in lieu taxes for state owned land, it ought to be
8 insured by providing back to the municipality all
9 of the revenue lost because of senior citizen and
10 veteran tax exemptions. I think that that bill is
11 also before you for consideration.

12 I don't find the 6% funding limit to
13 be terribly affective, particularly along the lines
14 of a provision mentioned by Mr. Worthington. I
15 recognize the need to provide some leeway. Never-
16 theless, the way that leaves a hole big enough to
17 drive a truck through. I'm afraid we would be
18 breaking our promise of providing long-term property
19 tax relief to allow the Commissioner of Education,
20 who is not answerable to the voters, or State Board
21 of Education to mandate increased costs. It seems
22 to me if we must go in that area, if we must have
23 remedial steps to be taken in order to obtain
24 thorough and efficient, it ought to be done at the
25 expense of greater state involvement with more state

1 money being spent. I do think that's feasible.

2 The proposal I've talked about has a
3 long term implication that a property tax classified
4 with limits I suggested of 75 and 225, you would be
5 saying quite clearly one thing that ought to be
6 understood. That is that future revenue growth are
7 going to come.

8 First of all, with the elasticity of
9 the income tax, and secondly, if that is not
10 sufficient either with increased rates of income
11 tax or with other so-called nuisance taxes. I
12 think it would limit the role of sales taxes and I
13 think it is proper as a matter of policy to limit
14 the role of property taxes for education.

15 I have other comments, but I've gone on
16 too long already.

17 I thank you for your attention.

18 I would like to urge my thoughts upon
19 you, and I'm sure that you are going to devote the
20 utmost of dedication to your work as you already
21 have. I appreciate the opportunity you have given
22 me this afternoon.

23 CHAIRMAN PERSKIE: Thank you, Mr.
24 Hamilton, particularly for the thoughts that you got.

25 Before we take any questions I would

1 like to acknowledge the presence of the Chairman of
2 the Senate Revenue Committee, the Honorable Senator
3 Merlino and Assemblyman Froude from Middlesex
4 County, another member of the Assembly Taxation
5 Committee.

6 I would likewise, again, before asking
7 questions, would like to remind anyone who wishes
8 to testify to see Miss Bayer at the end of the table
9 here, and she will take your name.

10 Does *anybody on the Committee* have any
11 questions for Assemblyman Hamilton?

12 ASSEMBLYMAN HAMILTON: Thank you.

13 CHAIRMAN PERSKIE: The next witness we
14 have is David Taylor, the President of the South
15 Jersey Chamber of Commerce.

16 As I understand it, you have a prepared
17 statement?

18 MR. TAYLOR: Yes, I do.

19 CHAIRMAN PERSKIE: It is all right for
20 you to summarize the statement and we will see to it
21 that the entire text of the prepared statement is
22 included in the transcript of the proceedings, to save
23 us a little bit of time.

24 MR. TAYLOR: We are very happy to be
25 here to speak before you and I would like to point

1 out that the South Jersey Chamber of Commerce
2 represents 550 businesses in Burlington, Gloucester,
3 and Camden Counties. We respectfully submit our
4 statement concerning the state's education tax
5 reform program.

6 Accompanying me here today are three
7 members of the Chamber's Tax Committee, Dr. Henry
8 F. Dorm, John Bronkhornst, and Dennis F. Bradley.

9 As a result of the Supreme Court
10 decision that mandated the State of New Jersey provide
11 a "thorough and efficient" education for every en-
12 rollee in its public school system the Chamber
13 formed an "Ad Hoc Tax Committee" to study methods
14 of implementing this decree. Such a method must man-
15 date local property tax relief, must protect local
16 control over school expenditures consistent with
17 a reasonable definition of "thorough and efficient"
18 and yet must provide the flexibility that will enable
19 the state to continually meet its obligations to
20 education in the face of rising costs which affect
21 every element of our economy. The make-up of the
22 committee was truly representative of the organiza-
23 tion's membership, both in business classification and
24 area. The committee met with Assemblymen Charles B.
25 Yates, Chairman of the Appropriations Committee and

1 Steven P. Perskie, Chairman of the Taxation Committee.
2 It also met with and contacted people in the
3 education field. Hundreds of manhours were spent
4 by the committee in its deliberations. It's subse-
5 quent recommendations, to fairly implement the
6 "Botter Decision", were approved, in order, by the
7 State Affairs Committee and the Board of Directors
8 of the South Jersey Chamber of Commerce.

9 The Chamber has concluded that the en-
10 actment of a new broad base tax with local property
11 tax relief is the only realistic method of imple-
12 menting the "Botter Decision". A State Income Tax
13 would appear to be the most acceptable of such broad
14 base taxes, and we urge favorable consideration by
15 the Legislature of a sound income tax proposal that
16 will enable the State to meet its constitutional
17 obligations with regard to education. We support
18 a Personal State Income Tax of $9\frac{1}{4}\%$ on the taxpayers
19 Federal Tax Liability. It is estimated this tax
20 would generate approximately \$550,000,000 in State
21 revenues. This method (Piggy-back) could eventually
22 be administered by the Federal Government and, if so,
23 could result in substantial savings to New Jersey.

24 The Chamber supports uniform state proper-
25 ty tax relief. Local school property taxes

1 throughout the State should be reduced in an amount,
2 not less than the revenues derived from the Personal
3 Income Tax. Reduction in local school property
4 taxes may vary among localities. Safeguards must
5 be installed to insure the durability of the property
6 tax relief. To guarantee this, we recommend that
7 local school property taxes could not be increased
8 more than 10% annually unless approved by a vote of
9 the electorate. We also recommend that the State
10 Education Department be given the responsibility
11 for developing and implementing, through appropriate
12 regulations of that Department, a plan to continually
13 assure the quality of local educational offerings
14 and their adherence to minimum standards of a
15 thorough and efficient education for every pupil.
16 We favor local controls of the State's school
17 districts. Also, it is our feeling that the
18 State should provide a realistic general cost system
19 in order to retain local school board freedom in the
20 allocation of funds and budget category.

21 The Chamber favors the adoption of
22 uniform assessment practices, and that the uniformity
23 be checked periodically, comparing assessment values
24 against actual selling prices for various classes of
25 property. Setting a permissible range between

1 the assessed value and the actual selling price
2 should be required.

3 We are opposed to any system of classifi-
4 cation of real property for tax purposes including
5 a Homestead Tax exemption. New Jersey has wisely
6 incorporated constitutional provisions requiring
7 uniform taxation of all real estate. The experience
8 of the few states who have systems of real property
9 classification testifies to that position.

10 Classifications once started tend to proliferate.
11 As an example, Minnesota started with four property
12 classes and now has twenty.

13 The Chamber recommends a "shared cost"
14 education funding plan under which the State would
15 assume funding \$550,000,000 now being raised by the
16 local communities. It agrees with a reasonable
17 guaranteed property valuation per pupil plan that
18 would put every school child in New Jersey, with few
19 exceptions, on an equal fiscal footing and would sat-
20 isfy the State's constitutional obligations.

21 A reduction of approximately 26% in
22 local real property taxes would produce a so-called
23 windfall of approximately \$215,000,000 to business.
24 This amount represents 26% of the latest available
25 (1973) real property taxes paid by business

1 (\$828,000,000). We recommend that each business
2 be assessed a surtax to the equivalent of a dollar
3 for dollar basis of any windfall resulting from a
4 change in taxation of real property used for business
5 purposes. This tax should be along the lines of
6 proposal made in Assembly Bill No. 1301 introduced
7 May 18, 1972 and be restricted to real property taxes
8 only.

9 Finally, we call upon the State
10 Legislators to dedicate the funds provided by the
11 State Personal Income Tax and Business Excess Gains
12 Taxes for Public School Education.

13 Thank you.

14 CHAIRMAN PERSKIE: Thank you, Mr.
15 Taylor.

16 I have two questions, if you will.

17 I recognize that the Chamber may not
18 have opportunity to undertake thorough analysis on
19 this.

20 MR. TAYLOR: Excuse me, Mr. Perskie,
21 we are at the present time taking up these bills
22 and you will be hearing from us.

23 CHAIRMAN PERSKIE: I notice in your
24 report it indicates that you recommend a 10% annual
25 limitation on the school budget. We have a bill

1 proposed which would impose a flat 6% limitation
2 on not only the school budget, but also in a dif-
3 ferent section on the local and county purpose
4 taxes.

5 I wonder if you would comment on that.

6 MR. TAYLOR: I think, in my opinion,
7 the Chamber would be in favor of limitation. I
8 was not privy on the discussion on this. I would
9 defer that to Dr. Dorm who could probably comment
10 on this as far as the amount of it.

11 DR. DORM: With respect to the
12 limitation of 10% or 6% on the growth of the local
13 school budget, we would have no quarrel with 6% in
14 particular, as long as there is limitation.

15 CHAIRMAN PERSKIE: How about applying
16 the same limitation to local and county purpose
17 rates?

18 DR. DORM: We didn't consider the local
19 and county purpose rates at this time. I think
20 that in any case, whatever limitation you put on
21 would be bound to work a hardship in some cases
22 whereas in others it wouldn't, depending on the
23 local situation.

24 Communities in a rapid state of
25 development may, on occasion, need to expand its

1 budget to meet the requirements of this rapid
2 development for a year or two, and then not have to
3 do it for a while.

4 This is a problem that we face.

5 MR. TAYLOR: I should point out that the
6 Chamber's position supported the school tax relief
7 and did not speak to the local purpose. I assume
8 that's the reason there was no consideration of the
9 limitation on the local purpose tax, but it would
10 not be inconsistent with our position relative to
11 the school tax.

12 CHAIRMAN PERSKIE: Now, if I may get
13 your reaction either individually or representing
14 the organization on the proposal that's been made
15 in some quarters to reduce the state sales tax and
16 pick that revenue up presumably through income
17 tax.

18 MR. TAYLOR: Again, I would defer to
19 Mr. Bronkhornst -- Mr. Bradley.

20 MR. BRADLEY: We didn't consider that,
21 Mr. Chairman, and speaking as an individual, I cer-
22 tainly would be opposed to decreasing the sales tax
23 at the expense of the addition of another tax..

24 SENATOR MERLINO: Even the real property
25 tax?

1 MR. BRADLEY: No, not the real property
2 tax.

3 CHAIRMAN PERSKIE: Just sales?

4 MR. TAYLOR: I think the feeling of the
5 committee was that the proposal should pretty much
6 be confined to the education problem and that it
7 would be kept as simple as possible because we
8 think it is extremely important that the added
9 support be obtained and that it be done through in-
10 come tax. I guess the feeling was that we should try
11 to not clutter it up with too many other proposals.

12 CHAIRMAN PERSKIE: It's cluttered.

13 SENATOR MERLINO: It is cluttered, but
14 it certainly has been uncluttered. Two years ago
15 we had a package of 63 bills to try to accomplish
16 what's now hopefully going to be accomplished in
17 about 19. That's still too many.

18 CHAIRMAN PERSKIE: Any other member
19 of the committee wish to propose a question?

20 ASSEMBLYMAN FROUDE: Just a general
21 one.

22 Does that last comment of yours indicate
23 satisfaction with the tax structure in the State of
24 New Jersey?

25 MR. TAYLOR: That's a big question.

1 ASSEMBLYMAN FROUDE: You made a rather
2 big statement.

10 ASSEMBLYMAN FROUDE: Why do you feel
11 that way? Is it a question of timing? You are
12 recognizing we do have a tax policy study studying
13 this question in detail and I see reluctance to
14 go into a tax reform program at this time. Everybody
15 pleads that it is too big a bite to take and you
16 seem to be approaching it in the same manner.

17 MR. TAYLOR: I think that we felt by
18 adding too much to it, it would put the program in
19 jeopardy. We think the critical and immediate need
20 is to take care of the education problem and getting
21 an income tax passed.

22 SENATOR MERLINO: What do you think
23 happened two years or so back?

24 MR. TAYLOR: I think we feel in maybe
25 one year we should come back for some other things.

1 SENATOR MERLINO: You come back.

2 MR. TAYLOR: In other words, we think it
3 would be simpler for the voters and the people of
4 the state.

5 CHAIRMAN PERSKIE: Anybody else have any
6 questions?

7 Thank you, Mr. Taylor, we appreciate
8 your time.

9 The next witness we have is Mr. Joseph
10 Wilkins.

11 MR. WILKINS: Thank you, Mr. Chairman,
12 Senator Merlino, and members of the committee.

13 My name is Joseph T. Wilkins and I'm
14 an attorney and I practice in Atlantic City. I live
15 in Brigantine and very briefly I spent some years
16 running poverty programs and legal services programs
17 for the poor, and I came to know about the need
18 for equalizing the educational facilities in the
19 poorer portions of our state.

20 I live in Brigantine and my second child
21 graduated last night from the elementary school system.
22 I think he has the best education offered in the
23 state so, I'm concerned, I think, about both sides
24 of tax problems.

25 I would suggest very briefly that although

1 the court decision has compelled you to consider the
2 equalization of education, I don't think that issue
3 is really in controversy.

4 You haven't really much choice and there
5 isn't much controversy about giving every child in
6 the state an equal education. But while you were at
7 your task you are, of course, looking at what amounts
8 to fundamental tax reform. You are looking at the
9 whole issue of how we shall be taxed, and I would
10 ask that you look at some philosophies, some of the
11 philosophical considerations that are concerned
12 there. One of them, I think, that you have to keep
13 in mind is the real human and crushing burden of the
14 property tax. I speak as an attorney, and my income
15 is, fortunately, very well, and seems to be improving.
16 I hope that it keeps up, but it has been my
17 experience with five children in the public school
18 system in Brigantine to be living next door to a
19 widow with no children in that same school system and
20 because of the heavy taxes, she ended up losing her
21 house and having to sell it because she could no
22 longer afford to live there. I was enjoying the
23 benefits of that tax system and she was paying its
24 penalties. It was unfair then and it remains unfair
25 today.

I think that your number one consideration as you review your tax structure has got to be relief from the property tax burden. I'm not talking about relief by limiting its excess of 6% in the forthcoming years, but dramatic and substantial relief now before as our senior citizens continue to lose their homes before our working people continue to lose the ability to be secure in knowing that they will be in their community and in their home in the future.

Gentlemen, the property tax burden is being borne now. Do not pass another tax and limit that property tax to increases. Pass an income tax because progressive income tax, in fact, is a fair way to tax, but pass it with a substantial cut in the property tax and pass it with substantial assurance that that cut is going to be continued.

I will only take a moment more.

I have looked at the school boards around New Jersey in my role running poverty programs in which many of the elected members of the school board ran on the theory that they would limit taxes. They ran against education to become members of the school board and then they became

members of the school board and I have seen schools in New Jersey who have paid the price for that kind of membership. They ran not toward education, but from high taxes and that is a problem. We are now seeing in some municipal governments a similar reaction as municipal politicians who are confronted with the day-to-day problems are faced with a loss of resources to confront those problems.

In Atlantic City we see the City Commission trying to revitalize a dead city and it does not have the resources to deal with those and its property tax rate is going up. While its demands are increasing, it cannot increase those services.

One of the problems we have there is the inequality of where money is earned and where it comes home to roost. I would suggest that you confront your problem and consider the need for money, but not in a sense of how many millions of dollars we can raise for this or that purpose because that is essentially earmarked for taxation, but consider the need for money somewhat apart from the impact your deliberations would have on government.

I would propose to you that it may make more sense to repeal the tax on sales to repeal the tax on residential property on the

1 homestead property and to institute a graduated
2 income tax and let the proceeds of income tax be
3 divided on a scale, for instance, of 50% of the
4 proceeds from that tax to the state for its pur-
5 pose, 10% to the county, and 40% to the cities.

6 It may well be possible to divide
7 20% of that to the city in which the money is
8 earned and 20% to the city in which the taxpayer
9 resides so that the fact that I work in Atlantic
10 City and live in Brigantine, my burden that I incur
11 will, in fact, be fairly met in each of those
12 communities.

13 I think that you could do whatever in
14 your wisdom, show to be the right proportions which
15 would have the effect of giving the local governing
16 body the resources to meet the problems that they
17 see on a day-to-day basis. I think that if you were
18 to take away education, if you take away the courts,
19 and if you take away all the responsibilities of
20 local government with the abilities ~~of~~ to meet
21 those things, then you really work against the home
22 rule. I would suggest that by trying to come up
23 with a system of revenue back to the source or to
24 the local official who has to meet it, you will
25 protect their limit of home rule. I think a portion

1 would then go to the state and you are then able
2 to equalize it for education and such other areas
3 as becomes constitutionally imperative in the
4 future.

5 I would like to say that I have had
6 the opportunity to review most of these bills and
7 have sat through committee meetings this morning
8 and I admire your work very much and I am sympa-
9 thetic with the problem you are confronted with.
10 The only specific matter that I address myself to
11 on any given bill is the proposal that is embodied
12 in Assembly No. 1854 and I'm a little concerned
13 to see a revelation coming out of Washington on
14 use of income tax information for political pur-
15 poses against people who are opponents of the
16 administration that we may suffer those. I feel
17 it should be made a criminal penalty to do so.
18 I suggest safeguards be made even stronger to pro-
19 tect the right of the private party taxpayer who
20 is aggrieved by the use of his confidential records
21 so that, in fact, he could bring a suit for some
22 kind of relief and hold the person responsible by
23 allowing it to remain up to the prosecutor. I
24 think that you may have a day where there is abuse
25 of tax and the correction of that abuse is in the hands

1 of the same political officers or entities, in
2 fact, who may prosper by it.

3 I would ask you in closing to back off
4 a little and consider the human need for property
5 tax relief now and consider what you will be doing
6 in the next local government.

7 I thank you very much for your
8 attention and courtesy.

9 CHAIRMAN PERSKIE: Thank you.

10 Any member of the committee have any
11 questions?

12 ASSEMBLYMAN FROUDE: He seems to put
13 a lot of time and consideration on the income tax,
14 but I wonder if he has any comments on the rate as
15 well, that are part of that tax?

16 MR. WILKINS: As I look at the rates
17 proposed in the income tax, I think that they will
18 be insufficient to meet repeal of substantially
19 part of the property tax and the sales tax. I
20 personally would favor the Chamber's approach which
21 is to utilize the federal tax structure. I'm aware
22 there is great inequity and loopholes on the federal
23 tax structure, but it has the advantage of having
24 substantial codifications and a substantial federal
25 regulation. The bar and the accountants pretty

1 much are familiar with it so that we don't have
2 to create a whole new area of New Jersey income
3 tax law.

4 I think that in terms of computing
5 the adjusted income and deductions, that they should
6 use that basically as the model.

7 CHAIRMAN PERSKIE: We have.

8 MR. WILKINS: Right through not only
9 the income, but through the deductions.

10 CHAIRMAN PERSKIE: We have.

11 MR. WILKINS: To the degree that it
12 would apply then the rates would be a matter of
13 discretion. Whatever it is that you have to raise,
14 obviously, is not going to be fixed in concrete.
15 Your rates are going to fluctuate as the state's
16 demand for money fluctuates.

17 So, I really cannot say quite honestly
18 what would be a fair rate. I can only urge upon
19 you with the computers that seem to be working over-
20 time these days, that the actual rate could be --
21 would be needed for that kind of proposal and should
22 be available to you.

23 ASSEMBLYMAN FROUDE: I was making the
24 question more to the conceptual level of stopping at
25 25,000 and above that going to 8%. We heard

much last night about the failure to continue on with income categories and increasing the percentages should go higher.

1 We don't have an awful imaginative -- or the ability
2 to use imagination to find answers. I don't have
3 a specific answer as to what is fair, except to
4 say that whatever you establish would probably be
5 more responsive to what the traffic would bear
6 than other forms of taxation.

7 ASSEMBLYMAN FROUDE: Thank you.

8 MR. WILKINS: Thank you.

9 CHAIRMAN PERSKIE: Thank you, Mr. Wilkins.

10 The Mayor of the City of Brigantine,
11 the Honorable John Ragge and Mr. Daniels in the
12 audience who may participate and you gentlemen can
13 count that as one.

14 MR. RAGGE: Thank you very much.

15 Gentlemen, this is not so much in the
16 form of a statement as it is some questions that we
17 have had.

18 At the moment, as a city official, I
19 feel as though I were a child looking at a jigsaw
20 puzzle that we got for Christmas and then opening it
21 up and a thousand pieces are on the table and as
22 far as a municipal official, that is the way all
23 these things have come to us so far.

24 I also regret to say that I have not
25 reviewed the individual package yet, so please

1 accept any of my testimony accordingly.

2 The only official action we have taken
3 in Brigantine, and I will leave a copy of that
4 resolution, was one the other night which basically
5 says that we do not believe that any community
6 should receive less state aid for schools than it
7 has in the past. There should be somehow a
8 grandfather clause that nobody receives less.

9 I will read a copy of the amendment.

10 CHAIRMAN PERSKIE: I want to point out
11 that I have, of course, observed in the paper --
12 we have observed in the paper that was your
13 position and on an individual basis I have to agree.
14 I wanted to point out to you that as I understand
15 it the decision of the court, the provision to
16 which you refer is known in the Legislature as the
17 safe harmless provision and has been thrown into
18 some grave constitutional doubt as to its validity
19 other than in a program where in we start from
20 the highest state aid formula and work from there
21 which cost features obviously are somewhat static.

22 So, in your review I would ask that
23 you just consider that with that in mind.

24 SENATOR MERLINO: I read that as
25 definitely unconstitutional in my opinion.

1 CHAIRMAN PERSKIE: I was trying to
2 be tactful.

3 SENATOR MERLINO: No question about it,
4 it is unconstitutional.

5 MR. RAGGE: It can be done?

6 CHAIRMAN PERSKIE: Cannot be done.

7 Safe, harmless, is clearly banned by the Robinson
8 versus Cahill decision.

9 MR. RAGGE: I would think the Governor
10 would propose to amend the constitution on a number
11 of effects.

12 Maybe this is one of them we can also
13 throw in.

14 In this jigsaw puzzle, one of the other
15 things, at least at shore communities, are concerned
16 with out of state taxpayers on the property tax
17 basis. Brigantine, for example, I would estimate
18 one million two comes from some fifty -- comes down
19 as against our three million total. Anyway, it is
20 a major item, of course, if the property taxes are
21 reduced it strikes me that the out of state people,
22 property owners, will derive the benefit from
23 it and the local taxpayers will have to reach into
24 the other pocket and pay income tax and in
25 Brigantine, as I say, that will amount, the saving,

1 over \$100,000. That's a small town. I wondered if
2 this had been taken into effect as to what this
3 means statewide. That was in the form of a question
4 I was to have later.

5 CHAIRMAN PERSKIE: The effect has been
6 acknowledged. We don't have any figures or what
7 it means in terms of dollars and cents, but the
8 effect is quite obvious.

9 MR. RAGGE: Right. As far as the 6%
10 limitation, speaking to another detail in the
11 municipal purpose portion of the budget, it has
12 aggravated me as a municipal official to have the
13 state set certain standards that they, of course,
14 over the years have done is play around with
15 school teachers, play around with firemen, and
16 policemen, etc..

17 We, the local taxpayers, have to pick
18 up that burden, so, it would strike me that if the
19 state sets limits and says that a municipality
20 can raise its portion of the budget no more than
21 6%, they should leave us alone and not, for example,
22 say that firemen have to go from 46 to 42 hours a
23 week which would cost us well over 6%.

24 The different parts of the body are going
25 to have to act together on this.

1 CHAIRMAN PERSKIE: I'm very glad you
2 got to that because I was going to ask you about
3 it. Can you give us an indication about your
4 history, not necessary during your tenure as
5 Mayor, but in the realm of your familiarity with
6 what would have happened in Brigantine, for
7 example, if that 6% limitation had been effective,
8 would you have been within it each year comfort-
9 ably or under it or do you have any idea?

10 MR. RAGGE: I think in total we probably
11 would have been a little over it.

12 You know, I suspect we have been in the
13 neighborhood of 10%.

14 CHAIRMAN PERSKIE: Then let me ask you
15 this. Again, leaving the question and just
16 separate for the moment the question of mandated
17 cost which is, obviously, a difficulty, but sep-
18 arately that question for the minute, could you
19 as the City of Brigantine, live within the 6%
20 limitation?

21 MR. RAGGE: I don't think we could
22 particularly in light of the inflation of the last
23 few years where many of our things are going --
24 putting out bids, for example, in many of our
25 things going up for 10 to 100% on these items.

1 CHAIRMAN PERSKIE: I assume, therefore,
2 you would find it that much more difficult to live
3 with in a 3% proposed limitation?

4 SENATOR MERLINO: When was the last
5 time you had a re-evaluation, reassessment?

6 MR. RAGGE: We had a total re-evaluation
7 five years ago, but at the moment we have a very,
8 very good tax assessor and he re-evaluates pretty
9 well every year working totally on land one year and
10 on buildings another year. So, we stay pretty much
11 on top of it locally.

12 CHAIRMAN PERSKIE: Anything else?

13 MR. RAGGE: Another minor question that
14 I had, and again because I haven't seen the bill,
15 but I know somewhere in there, I read in the papers,
16 there is an item where tenants paying rent, that
17 20% of their rent will be considered taxes. Now,
18 what I was wondering, has consideration been given
19 in their net leases and all that that involves?
20 You know, where a lease, the tenant pays the taxes
21 and how that fits into this whole picture?

22 CHAIRMAN PERSKIE: That is a good point.

23 MR. RAGGE: It is especially important,
24 of course, with businesses.

25 CHAIRMAN PERSKIE: That is a very good

1 point in the areas that you point out, and I
2 appreciate that. I would request the staff over
3 there to draft the relevant amendment and it would
4 have to be both into the guaranteed property tax
5 limitation portion of the income tax and the
6 portion of the tenants deductions and the portion
7 of the constitutional amendment would reflect that
8 kind of consideration -- three places.

9 MR. RAGGE: Those were the major ques-
10 tions that I had.

11 CHAIRMAN PERSKIE: Anybody from the
12 committee have any questions?

13 Thank you for your time, Mayor Ragge.

14 MR. DANIELS: My name is John Daniels,
15 Commissioner in Brigantine, Department of Works and
16 Public Buildings and Recreation.

17 I would like to make two comments.

18 One is that the criticism that I'm
19 picking up and the biggest comment I hear from our
20 people is that they don't have any information
21 except through newspapers or Joe Wilkins sitting
22 down and making an all out study. It is very
23 difficult to do and the people don't know what in
24 the world is happening.

25 They see it coming each way and if we

1 are going to have tax reform, that's not the way
2 to get the support of the voters.

3 The second statement I would have is
4 if we are going to have tax reform, let's have it.
5 I agree completely with Joe Wilkins and I would go
6 one more step and say you have got to reduce that
7 property tax until it's -- get rid of property
8 tax. I'll say this, in Brigantine we have twelve
9 hundred and some people on social security and they
10 are all senior citizens, and you've got to protect
11 those people. They have struggled all of their
12 lives to come to Brigantine and buy a retirement
13 home and all they see is escalated property tax.
14 I say if you have reform and I'm not all that in
15 favor of an income tax, but if you are going to
16 have it, give the people reform.

17 CHAIRMAN PERSKIE: What would you use as
18 a major substitute, keeping in mind the property
19 tax occupies, depending on what figures you want
20 to use, upwards of 60% of the total tax dollars.
21 What would you suggest as an alternative?

22 MR. DANIELS: I would go along with some
23 of the ideas that if you are going to have an
24 income tax, don't stop it at the \$25,000 level.
25 Take it up. If you are going to have a tax, let's

1 place it on them that use it; on the liquor users,
2 put it on cigarettes; let's put it on gasoline;
3 put it on tolls. Let's put it on the people who
4 don't mind spending it.

5 Now, another point I would make is
6 this, I am very concerned with the effect on
7 Brigantine economy with the summer residents. John,
8 and I don't know whether he amplified that enough
9 or not, but I don't see them going for a ride on
10 Brigantine or in New Jersey. I don't know how you
11 are going to handle that. The Governors of the two
12 states are going to say that Pennsylvania won't
13 tax New Jersey and New Jersey won't tax Pennsylvania.
14 We do have summer residents and that's a problem
15 that has to be looked into. Why should they get a
16 free ride of all the services we are providing
17 either out of the property tax or income tax. And
18 I don't think that's fair.

19 The other point that I would like to
20 make is that the number of people and the amount
21 of legislation that's being developed to impose a
22 state income tax. For Pete's sakes, you've got to
23 take advantage of the federal structure because
24 all those bodies down there and all those computers
25 and all those people. Can you imagine duplicating

1 that on a state level.

2 Now, with all the cost that's involved
3 the cost of public employees today with fringe
4 benefits and with what's involved with that, you
5 know, that frightens me.

6 CHAIRMAN PERSKIE: By and large, we
7 have the proposal that has been made and it goes
8 almost as far as you can in that regard in that we
9 have tied federal taxable income and simply imposed
10 the New Jersey rate structure on that with only
11 two or three relatively simple exemptions.

12 MR. DANIELS: That's how you are doing
13 it, but what about the mechanics of getting the
14 money back and the follow-up and the audits and
15 the whole bit?

16 SENATOR MERLINO: On the dollar return.

17 CHAIRMAN PERSKIE: All right. Any
18 members of the committee?

19 SENATOR MERLINO: Mr. Daniels, I'm a
20 little confused on your question about summer
21 residents. I'm not a summer resident anywhere
22 because I live in Trenton all year round, but these
23 summer residents pay the same real estate tax as
24 the permanent residents, do they not?

25 MR. DANIELS: Now they do.

1 SENATOR MERLINO: And any reduction in
2 real estate would affect them too?

3 MR. DANIELS: Yes.

4 SENATOR MERLINO: What they are paying
5 also includes school taxes and they don't use the
6 schools, do they?

7 MR. DANIELS: No.

8 SENATOR MERLINO: Actually, they are,
9 in effect, if you want -- I don't consider it to
10 be such, but it can be considered that they are
11 paying more than their fair share when they are
12 paying tax for the entire year and utilizing the
13 services for three or four months and not using
14 the schools. How much further would you go with
15 them?

16 MR. DANIELS: I've advocated complete
17 abatement of property tax and looking at the
18 future, those people will be paying -- that's why
19 I agree with Mr. Wilkins and I believe you have to
20 have reform.

21 SENATOR MERLINO: Maybe it is a good
22 reason not to do away with it completely.

23 MR. DANIELS: You are going to go half-
24 way and you are going to have taxes everywhere.

25 SENATOR MERLINO: It's not easy answer,

1 is it?

2 MR. DANIELS: I know. We didn't elect
3 you people to easy jobs.

4 CHAIRMAN PERSKIE: Anybody else on the
5 committee have anything?

6 Again I would suggest since we are
7 getting a reasonably good list of people that want
8 to be heard that we will be here for anybody who
9 wants to be heard. However, we will be breaking
10 between 5 and 7, and anybody who hasn't been heard
11 is certainly welcome to return this evening and
12 anybody that hasn't yet notified us of your desire
13 to testify should notify Miss Bayer seated to my
14 left.

15 The next witness is Mr. Herbert Mazzoni.

16 MR. MAZZONI: Gentlemen, I want to
17 remind you fellows that Mr. Cahill years back put
18 over an income tax. Now, 200 men worked three
19 months or more on this and they come in with an
20 income tax as the best way to tax us people for
21 schools and everything else. Now, could all these
22 men have been wrong? Furthermore, I do not think
23 this will hurt the worker man any if it is done the
24 right way. They will only be a stand-off for him
25 and not be clobbered as some of us say. I want you

1 hear this I received from Batinberg of Rutgers
2 University and it says, "Thank you for your interest
3 in the New Jersey polls. I think there is some
4 merit in your argument concerning the tax structure
5 of New Jersey. Unfortunately, many New Jersey
6 residents believe ours is a low tax state when in
7 fact the opposite is true. For low and middle
8 income homeowners I feel that apparently we agree
9 on this point and that a progressive income tax is
10 in order for New Jersey; a tax which shifts some of
11 the burden from the poor to the rich. Let's hope
12 it comes soon."

13 Now, I hear a lot of you senators and
14 assemblymen say that this is going to clobber this
15 and this and that and I want to know this: If you
16 are protecting the rich man, as it seems to me
17 that is what's happening and that's why probably I
18 didn't go by last time and that's my arguement with
19 Mr. Batinberg of Rutgers University.

20 I could go on here about spending money
21 on the workers we have in the state. I'll elaborate
22 a little bit.

23 In the City of Vineland every fourth man
24 is a sergeant or better on the police force. I want
25 to say this about our school district. A little

1 script I got from a paper, the Philadelphia
2 Inquirer, "Too many workers and overpaid workers
3 for what they do." All overpaid for what they do.
4 How many do you think we have in Vineland? I can
5 name hundreds. The school, they hire men and the
6 teachers tell me are just standing around just
7 putting in time. Now, I saw one fellow I met in
8 a restaurant and he got a job and what happened?
9 I told him, well, I said you got a good job, you
10 won't have to do too much. A week later I saw him
11 again and he said you were right, he says they
12 don't only stand up and put in time, they sit down
13 and watch television.

14 CHAIRMAN PERSKIE: Mr. Mazzoni, we very
15 much appreciate your thoughts. I think maybe we
16 ought to give Assemblyman Chinnici equal time.

17 MR. MAZZONI: Go ahead and laugh.

18 CHAIRMAN PERSKIE: No, that's all right.
19 Do you have anything, sir?

20 MR. MAZZONI: I could keep on.

21 CHAIRMAN PERSKIE: Yes, I'm aware of
22 that. I wanted to know whether or not you had
23 anything you wanted to address specifically to the
24 proposal other than what you have already said?

25 MR. MAZZONI: Well, I say this. I'm

1 for income tax. I think there is one other item
2 like senior citizens and I say that our tax
3 allowance deductible should be raised from 5 to 10.
4 Now, let's face it, because everything goes up for
5 us too, and everytime that a state worker gets a
6 raise and us senior citizens are on cat and dog
7 food now.

8 CHAIRMAN PERSKIE: I'm glad you brought
9 that in and I did want to indicate we discussed,
10 the committee, the other day, and I think it would
11 be appropriate to make a public announcement that
12 the committee, at least at this time, has deter-
13 mined -- you know there have been a number of
14 proposals to reduce that or eliminate it as well.

15 MR. MAZZONI: It has still been the same
16 for the last six or seven years.

17 CHAIRMAN PERSKIE: It just doubled a
18 couple of years ago and the committee determined
19 to retain the deduction in its present form and
20 present size, particularly in consideration of the
21 passage of the remaining portions of the proposals
22 that have been suggested with regard to the
23 individual property tax limitation and the like,
24 but I want it stated clearly for the public that
25 although the decision was informal without the

1 benefit of a vote because there was no specific
2 proposal before us, it is the consensus of this
3 committee that the present senior citizens property
4 tax deduction in the amount of \$160 with the income
5 of limitation it obtains in present size and form.

6 MR. MAZZONI: There is another thing
7 I would like to see. I think some branches of
8 government, I say I would like to see some of the
9 branches trimmed off. We can save tax dollars
10 there too.

11 CHAIRMAN PERSKIE: Maybe through the
12 Legislature too.

13 MR. MAZZONI: If it's possible, yes.

14 CHAIRMAN PERSKIE: Thank you very
15 much, sir.

16 The next witness we have is Mr. Louis
17 Musero.

18 MR. MUSERO: The reason I'm up here
19 today is for my wife and my daughter.

20 Now, my wife and daughter own this
21 property on Broughton Avenue which I got the tax
22 receipt today. I own the property on Florida
23 Avenue with my wife. I didn't get the tax bill
24 there yet, but the tax bill for Broughton Avenue
25 I think is an outrage what they sent. Now, the

1 last six months of last year I paid \$229 and now
2 they send me a tax receipt for this year, the next
3 six months which is August the 1st to November
4 the 1st, for \$329. I think that's an outrage to
5 pay \$100 more every three months of those last
6 six. After all, I'm the one and I'm on social
7 security and with my wife's social security,
8 because it ain't even enough to make a living when
9 it comes to paying this kind of tax.

10 The only thing I can say is that when
11 I get the bill for Florida, it's going to be more
12 than this.

13 When I think of what I get from social
14 security for me and my wife -- we make a few
15 dollars in the summertime if the summer is good
16 on Florida Avenue. We get along paying most of
17 our tax with it, but when it come to pay this kind
18 of tax, the only thing I can say is the city might
19 as well take the property and give it to the
20 dogs because we can't afford to pay this kind of
21 tax.

22 I'm 75 years old and I tell you the
23 government of Trenton should do something about
24 senior citizens. Give them a break because what we
25 get from social security, the people cannot get

1 along. When it comes to this kind of tax over
2 here, that's awful. That's all I can tell you. See
3 what you can do about it.

4 CHAIRMAN PERSKIE: Mr. Musero, I don't
5 know really what I can say to you except that that's
6 why we are here.

7 Does any member of the committee have
8 any questions for Mr. Musero?

9 SENATOR MERLINO: Mr. Chairman, there
10 are probably more people here the same as Mr.
11 Musero, senior citizens, and I think it would be
12 appropriate at this time to perhaps make a state-
13 ment concerning the tax package that we are here
14 with today and also include the new proposed state-
15 wide tax and how they will affect our senior
16 citizens and homeowners. I think this is the time
17 and I think this is one of the reasons why our
18 job is so difficult because this information has
19 not been disseminated to the public. In fact,
20 most people only know how much they are going to
21 pay in income and that's the purpose of this tax
22 reform. The purpose is to take some burden off
23 the real property taxpayer, such as this gentleman
24 speaking here now. I think they should know it and
25 I think it would make our job a little easier if

1 the senior citizens knew what the effects of this
2 total reform could be if it is enacted.

3 CHAIRMAN PERSKIE: Mr. Musero, I just
4 looked at your tax bill so that I know what the
5 assessed valuation of the property is. I know,
6 of course, it is located in Atlantic City and
7 judging by the statement that you made a few
8 minutes ago and only because of that, because I
9 don't know you personally with respect to what
10 your family income is, but by reason of the state-
11 ment that you get by on social security and whatnot.
12 Under the provisions that have been suggested by
13 the administration under the Governor's program,
14 according to the figures that I have and based upon
15 that evaluation of the property and based upon the
16 income that you are talking about of paying,
17 approximately, because here we are talking about
18 standard deductions, four in a family, and whatnot.
19 It is all in approximate areas. But in any event,
20 we would have a net tax saving for you under this
21 proposal of somewhere in the neighborhood of
22 \$750 by reason of the evaluation of your property,
23 the place where it is located, and the small
24 incidents, if any, and probably there would be a
25 credit I'm sure, against any income tax that you

1 might owe. That would be under the proposals that
2 have been suggested by the administration. Those
3 proposals aren't law yet, so don't look for a
4 reduction, but if they are passed in anything like
5 the form that they have been suggested, your taxes
6 net and overall would go down \$750 under the
7 proposal that's been suggested.

8 Under another proposal that's been
9 suggested -- well, under either of the other two
10 major proposals, either of which suggest a state-
11 wide property tax, your tax would not go down.
12 Living in Atlantic City as you do and having
13 Atlantic City spend as little as it does for local
14 school purposes, your taxes would go up if either
15 of the two major alternative proposals was adopted.

16 Now, you're not a typical citizen of the
17 state, perhaps, inasmuch as I tell you that under
18 this proposal you would save \$750, but you are a
19 typical citizen of Atlantic City or, I think, you
20 are a very typical citizen of the State of New
21 Jersey and in your case you happen to be both.

22 MR. MUSERO: I am both.

23 CHAIRMAN PERSKIE: That's correct.

24 I think it is critical whether or not
25 you are for or against or neutral as to any of the

1 proposals that have been made here. Chairman
2 Merlino is absolutely right in suggesting that we
3 begin to personalize some of these. You know, I
4 am sitting here in front of a mountain of papers
5 and statistics and it is sometimes easy to lose
6 sight of the personal element that's involved
7 here. You told us we should do something about it,
8 and that's what these papers are all about. That's
9 why we are here.

10 I don't know what's going to be with
11 these proposals. I don't know whether some of them
12 or all of them will pass in anything like their
13 present form or not, but I think that in all fair-
14 ness you have a right to rely upon, and a right to
15 insist upon us doing something and in that regard
16 I can only tell you as an individual that I hope we
17 will.

18 MR. MUSERO: Well, I hope so.

19 In other words, when I get my taxes
20 over here on August the 1st, I got to pay this full
21 amount?

22 CHAIRMAN PERSKIE: I'm afraid you do,
23 but I hope that your next bill will be substantially
24 and dramatically reduced.

25 MR. MUSERO: I didn't get my tax bill

1 for Florida Avenue yet.

2 CHAIRMAN PERSKIE: I meant for next
3 year.

4 MR. MUSERO: I didn't get the bill on
5 Florida Avenue, and I think it is going to be more
6 than this. How can I afford to pay it?

7 CHAIRMAN PERSKIE: That's why we are
8 here, sir.

9 MR. MUSERO: I go to the hospital
10 practically five times a year, too, which costs
11 money.

12 CHAIRMAN PERSKIE: Any member of the
13 committee have any questions or statement with
14 respect to Mr. Musero?

15 We are very grateful for your time.

16 MR. MUSERO: Here is another thing I
17 want to say. Last year the inspector from Trenton
18 came at the house and inspected my home on Florida
19 Avenue and he found everything perfect but the
20 only thing was wrong is I had to have a fire escape
21 put up. I couldn't have it put up because the guy
22 in Trenton that we had the contract with never
23 showed up.

24 It's a good thing I never gave a deposit.
25 Then we got somebody from Philadelphia to put it up.

1 So, the people in Philadelphia put the fire escape
2 up and it cost us \$1900 because if we didn't put
3 the fire escape up, we couldn't rent our rooms.
4 Then after the inspection, they inspected my home,
5 I get a bill from Trenton for \$140 for inspection.
6 Then two weeks later I get another bill for \$10
7 tax. Now, you think that's right? That's not
8 right.

9 The only thing I want to say is, and
10 I don't care if I go to jail, but the only thing I
11 want to say is that everytime somebody comes up
12 for election, they promise the people the world and
13 say I'll do this for you and I'll do that for you
14 and what happens when they get in office - everything
15 goes up, tax and every damn thing. That's the only
16 thing I can say, but I always vote for the best
17 man in the office.

18 CHAIRMAN PERSKIE: Mr. Musero, you're
19 not going to go to jail. I can guarantee to you
20 through the services of this young lady here that
21 your words are going to be read, at least, are going
22 to be given for purposes of being read by everyone
23 of the New Jersey Legislature and not just those
24 sitting here.

25 I can add my personal endorsement and

1 hope that they read this and listen and that they
2 observe what they read because your kind of situ-
3 ation speaks as loud as your voice.

4 I thank you for your time.

5 MR. MUSERO: I hope that you do the
6 best you can for the senior citizens.

7 CHAIRMAN PERSKIE: Thank you.

8 The next witness will be Jonathan
9 Ashton, Commissioner of Bass River Township.

10 For those who may be interested, Bass
11 River Township is located in the Second Legislative
12 District.

13 Welcome.

14 MR. ASHTON: I would like to make some
15 short general remarks having to do with Mr. Wilkins
16 and some of the others, but before I do, I would
17 like to point out that in the last depression 50%
18 of the homes in Bass River Township were lost, and
19 if this happens again and if the real estate tax
20 continues to rise, this will happen again because
21 like Mr. Musero, many of the people who live in the
22 township are retired and living on social security
23 and their resources are extremely limited.

24 We are also a township where 20% of the
25 land is owned by the state. We get ten cents an acre

1 in lieu of taxes each year.

2 CHAIRMAN PERSKIE: How much of the land?

3 MR. ASHTON: Twenty percent of the
4 land, 10,000 acres, 10,037 acres of the land in
5 Bass River Township is owned by the state and last
6 month my check was \$1,037.13 in lieu of taxes.

7 I'm the Commissioner of Revenue and Finance.

8 CHAIRMAN PERSKIE: I assume you mean
9 that the Commission got the check?

10 MR. ASHTON: Yes, I'm --

11 CHAIRMAN PERSKIE: I just wanted to
12 straighten out the record.

13 MR. ASHTON: That's right.

14 In addition, another 20% of the land in
15 our township is under what I consider the notorious
16 foreign assessment tax which we pick up a 10% of
17 the tax that we would have if they were getting it
18 in from land being legitimately used. So, I'm
19 pointing this out simply as a preamble.

20 I would like then to go on and say that
21 I live in a house that is 150 years old and each day
22 I have to do something to it and your bills remind
23 me of this house in that it is a cobbling job of
24 the very worst sort. You don't go far enough in
25 any direction.

1 In progressive income tax, which is
2 attached to the U.S. so-called progressive income
3 tax, which has more loopholes than Allan Stone
4 Lakes.

5 CHAIRMAN PERSKIE: If I could just
6 break in here for a moment to advise you that al-
7 though we are, in fact, keyed to the U.S. Federal
8 Income Tax specifically on taxable income, the
9 proposal includes what we have called a minimum
10 tax which is unrelated to the federal concept of
11 the tax.

12 MR. ASHTON: Yes, that's right. One
13 of the problems, of course, is we haven't seen the
14 bills.

15 CHAIRMAN PERSKIE: We have a couple of
16 extra copies of the income tax bill, if you would
17 like to take them home with you.

18 MR. ASHTON: At heart I'm a Henry
19 George tax man, a single tax. Now, on the other
20 hand, the most regressive tax known to man is the
21 sales tax. It was one of the major causes of the
22 downfall of the Spanish Empire and it is historically
23 proved to be a failure. So, if you are going to
24 address yourselves to doing away with regressive
25 taxation, do away with the sales tax and make it up

1 in a progressive income tax.

2 CHAIRMAN PERSKIE: How about part of it?

3 MR. ASHTON: Well, like my house, each
4 year I put on another piece and replace a 150 year
5 old thing. So, there you are.

6 One other point then, and then I will
7 sit down.

8 I object very much to your lip service
9 to home rule as home rule is one of those quaint
10 19th Century notions whose time has past. I know
11 you have to bow down to the peculiarities of the
12 voters of the State of New Jersey. I may say that
13 Bass River Township has suffered tremendously under
14 home rule in the school board, and especially in
15 the schools. I think any member of NJEA who has
16 not received tenure and no explanation from the
17 local school board would agree with you that there
18 are a great many who use home rule. I would like
19 to see a little more direction out of Trenton.
20 If they are going to pay the bill, then they can
21 direct a little bit more. Go ahead now and put
22 in a good progressive income tax.

23 CHAIRMAN PERSKIE: One question I
24 would like to ask of you, if I may, beyond when
25 you are going to move to Margate, is, as a local

1 official I'm trying to solicit some opinions here
2 on the particular questions since one of the bills
3 in this package which is aimed as a great deal of
4 it is, at the assurance of permanent and sub-
5 stantial property tax relief in the event of the
6 imposition of an income tax and a proposed
7 constitutional amendment to limit the increase in
8 the effective tax rate, that is after taking into
9 account equalization, in the effective tax rate
10 of the county and municipal purpose on the one
11 hand and the school budget on the other hand,
12 6%.

13 I wonder if you would comment on that
14 in reference to the historical experience of Bass
15 River Township?

16 MR. ASHTON: Yes, I would.

17 We have absolutely no public services
18 in Bass River Township whatsoever. The entire
19 property tax is devoted to the school.

20 CHAIRMAN PERSKIE: Six percent local
21 purposes --

22 MR. ASHTON: Would be marvelous. We,
23 at least, could have garbage collection.

24 CHAIRMAN PERSKIE: You could live with
25 3, I assume?

1 MR. ASHTON: We could live with 1.

2 CHAIRMAN PERSKIE: What about the school
3 purpose rate? Historically, what has been your
4 experience? Have you managed to stay near 6?

5 MR. ASHTON: Yes, we have, with con-
6 siderable in-fighting among the various continu-
7 ances in the town. In fact, I'm one of the older
8 people in town and my children are all graduates
9 of [redacted] School and the University of Wisconsin
10 and things of the like. I have no children anymore
11 to raise.

12 On the other hand, I'm paying rather
13 heavy taxes to support what I consider to be a
14 rather poorly run school and many of the people
15 feel this way, and many of us would welcome, not
16 all of us, but many of us, would welcome more
17 direction from Trenton on the school. If they are
18 going to give us the money, then regulate it.

19 CHAIRMAN PERSKIE: One more question
20 that I want you to know that I wouldn't personally
21 ask, but I have been requested to ask. How many
22 people reside in Bass River Township?

23 MR. ASHTON: Well, that is actually an
24 unfair question.

25 CHAIRMAN PERSKIE: So do I, but if I

1 don't ask it, they will.

2 MR. ASHTON: 815. It is one of the
3 smallest municipalities in the state.

4 CHAIRMAN PERSKIE: Does anybody have any
5 questions for Mr. Ashton?

6 SENATOR MERLINO: I think it is a rare
7 opportunity to meet a municipal official who agrees
8 with the concept that home rule has long outlived
9 its usefulness. You're a rare bird.

10 MR. ASHTON: So I have discovered.

11 CHAIRMAN PERSKIE: Again, we have an
12 hour and a half left of the afternoon session and
13 I anticipate a good number of witnesses will be
14 available to testify. If anybody has come in since
15 my last announcement and wishes to be heard, would
16 you please sign in with Miss Bayer at the end of the
17 table here. She is the one in the pink.

18 Mario Natale, Sr., Pleasantville
19 Taxpayers Association.

20 MR. NATALE: Gentlemen, I've wrote to
21 every assemblyman in the State of New Jersey and
22 nobody have done nothing for us.

23 I try to propose for the benefit of
24 the American Flag and you politician people to do
25 something for the poor people, the taxpayer. We

1 went in ten courts and every judge admits in his
2 part that we are right, but he can do nothing for
3 us.

4 I came to you, Mr. Perskie, for help,
5 and you say I'm sorry, I'm an assemblyman, I can do
6 nothing.

7 Now, why they want to drag for five
8 years. I suggest you people if a man complains
9 about the taxes you go to court and nothing they
10 can do for that, stop them and don't let them go
11 five years through one thing thinking we have
12 succeeded and to put five councilmen in his heart
13 say we gonna help you. We put five councilmen and
14 they were supposed to do something for Pleasantville
15 taxes, and they do nothing. We have put in
16 Eugene Bonner is right there. He becomes
17 president of the council meetings, and you know
18 what he told me? My hands are tied, I can do
19 nothing. How is that? We fought for him, we
20 knocked on doors, we gave him money, we did every-
21 thing and what did they do for us? You listen to
22 me, Mr. Perskie.

23 CHAIRMAN PERSKIE: I'm listening very
24 carefully.

25 MR. NATALE: Why the tax assessor, tell

1 the tax assessor go get some more money. How you
2 think the people are so stupid? Are you people
3 stupid? You say that we could appeal to the same
4 guy that they told to the assessor go get more
5 money. How can the people -- how can I go to the
6 same people. Why don't you people do something
7 for this lovely country that you sit and live and
8 work? When we have a problem to appeal and not
9 go to the same people, not go to the same outfit,
10 have an independent outfit to give me justice.
11 You want to tell me -- Look at me, Mr. Perskie --
12 ten judges say I'm sorry for you, but I can do
13 nothing. What happened to this country and you too,
14 you should help me a little bit. You should guide
15 me some, but you say no, my hands are tied.

16 Five years and I'm not asking for
17 money, but justice. I've two assessors and what
18 they do, one says, Mr. Natale, I no do this and I
19 go to another one and he say I didn't do that.

20 I'm 71 years old. I live for nothing.
21 I'm entitled to \$160 per year and I don't ask that.
22 I never took social security as when I was out job
23 two or three months in Atlantic City. I'm proud
24 and I want you to be proud to do something for us.

25 CHAIRMAN PERSKIE: That's why we are

1 here, Mr. Natale.

2 MR. NATALE: I was up to every assembly-
3 man and I put money in the box and nobody took care
4 about that, no one. I wrote to you too, Mr.
5 Merlino -- I remember the name. What is this to
6 let a man go five years of his life, my best life
7 that I have to enjoy and I beg to the assessor, I
8 says please help me, help me.

9 Is that right? Look me in the eye and
10 tell me.

11 SENATOR MERLINO: I never took my eyes
12 off you.

13 MR. NATALE: Tell me, is that right?
14 Why do ten judges in five years and they never --
15 I'm just upset.

16 SENATOR MERLINO: I don't know why,
17 but if I understand you correctly, it is about your
18 appeal of an assessment on your property?

19 MR. NATALE: Right. I could bring to
20 you, sir, I've been to every judge and no judge could
21 say to me I'm wrong. No judge in the world, no judge.
22 I'm right, but one guy passes the buck to the other
23 guy and this Mr. Perskie says I can do nothing.
24 What the hell is this -- forgive me for what I say.

25 I need you people and why don't you do

1 something for the poor people?

2 CHAIRMAN PERSKIE: Mr. Natale, that's
3 why we are here.

4 SENATOR MERLINO: Quanto tempo fa. When
5 did you mail that letter to me?

6 MR. NATALE: About three years ago.
7 I was five years fighting, five years fighting.
8 We put money for Eugene Bonner as President of the
9 Council and we work for him and we put in five
10 councilmen and they promise they are going to help
11 us to settle this about the taxes and everything.
12 Everybody laughed and they said we are in, boys,
13 we are in now, we are in.

14 There he is, right there, look at him.

15 CHAIRMAN PERSKIE: All right. Mr. Natale,
16 I don't want to get involved.

17 Thank you very much for your time. We
18 appreciate it. We are going to try to do something.

19 MR. NATALE: I hope you will. You better
20 do something about it.

21 CHAIRMAN PERSKIE: We have another
22 thirteen witnesses, but the humanity on the committee
23 has taken hold and we want to give the stenographer
24 five minutes. We will reconvene promptly by my
25 watch at 4 o'clock.

1 (At which time there is a short recess.)

2 CHAIRMAN PERSKIE: We will now
3 reconvene.

4 The first witness will be Miss Lea
5 Finkler, President of the Atlantic County Senior
6 Citizens Association or Committee.

7 Good afternoon.

8 MS. FINKLER: I represent what I
9 believe to be the grass root senior citizens in
10 Atlantic City and things are pretty rough for them
11 as you probably know. We find the sales tax very
12 burdensome and can't understand why luxury tax
13 shouldn't be increased at the expense of the sales
14 tax. Particularly in resort areas. We are also
15 for a graduated income tax whereby not only the
16 small property owners, but the renters get some
17 break because our rents keep going up all the time.

18 I think you will find that if the
19 people who have don't part with some of it for the
20 have nots, nobody will have anything. We are,
21 of course, for closing the loopholes, federally,
22 certainly. If the loopholes aren't closed and if
23 the Legislature doesn't do something about that,
24 as I said before, everyone in this country will
25 find themselves without anything. The people who

1 have now the benefit of the \$160 deduction are
2 very much worried about any tax package that comes
3 along because they have that little bit to lose
4 and they are not as knowledgeable as you may think
5 they are. They may not be very literate, but they
6 do know where their interests lie, the same as you
7 assemblymen do.

8 CHAIRMAN PERSKIE: On that point, as I
9 indicated earlier, we have made a decision and I
10 would hope that you would use your good offices as
11 well as some of your association to emphasize that
12 that will remain intact.

13 MS. FINKLER: I think the senior
14 citizens who spoke before me will see to that, too,
15 as I can't express too much on the sales tax that
16 it is inequitable and burdensome. It deprives the
17 poor of what little we can possibly have from what
18 they have left either of their wages or their
19 social security benefits or even food stamps.
20 It deprives them of a great deal, and that's about
21 all I can say.

22 Mr. Hamilton made a proposal and it
23 seems to me as though he wants a pilot tax program.
24 I don't know whether you can accomplish that or
25 not in a short time, but it is a good idea to keep

1 you people on your toes with us.

2 Thank you.

3 CHAIRMAN PERSKIE: Thank you.

4 Does any member of the committee have
5 any questions?

6 The next witness will be Mrs. Susan
7 Milstein, the President of the Atlantic County
8 League of -- What do you call yourselves now?

9 MS. MILSTEIN: League of Women Voters.
10 You can join too.

11 CHAIRMAN PERSKIE: I couldn't resist.
12 MS. MILSTEIN: You are all invited to
13 join the League of Women Voters.

14 CHAIRMAN PERSKIE: Will you change the
15 name?

16 MS. MILSTEIN: Not until the next
17 convention. We have parliamentary technicalities
18 too.

19 I intend to keep my remarks brief.
20 The League of Women Voters of New Jersey has already
21 supplied you with a written statement concerning
22 the tax reform and school funding proposal put
23 forth by the Governor and they will be testifying
24 Monday night in Trenton to give you more details
25 on it, but I would like to address myself to the

1 ways the proposal as we've seen it so far will
2 affect Atlantic County and, quite frankly, Atlantic
3 County will benefit greatly from the tax reform
4 package. Under the Governor's plan the property
5 tax will be reduced in every municipality of the
6 county from 25.7% in Pleasantville on down.
7 Atlantic City's tax will go down about 18.8%.
8 That's if I have my figures correct.

9 CHAIRMAN PERSKIE: I think you are
10 cheating us a little bit. Atlantic City, according
11 to my figures, will be 29%, and Pleasantville 47%.

12 MS. MILSTEIN: That's even more pleasant.
13 I must cite as my source the NJEA. They may be a
14 little behind the times.

15 CHAIRMAN PERSKIE: I would much rather
16 go with our figures.

17 MS. MILSTEIN: The NJEA got their
18 figures from the Department of Community Affairs.

19 CHAIRMAN PERSKIE: I would still rather
20 go with our figures. In fact, now I'm certain of it.

21 MS. MILSTEIN: Okay. But I do want to
22 point out that median income in Atlantic County is
23 rather low and half of our population will have
24 rather minimum income tax bills. Of course, the
25 figures that were originally published would be

1 reduced further with this further circuit breaker,
2 which you don't care to call a circuit breaker.

3 The income of 13% of Atlantic County falls below
4 the poverty level, and they, of course, wouldn't
5 be paying any of these taxes.

6 Our population is not evenly distri-
7 buted and tends toward the young and toward the
8 old. So, those senior citizens and others on fixed
9 and low incomes, whether renters or property owners,
10 will see their tax bills diminished. That will
11 affect a significant portion of our population.

12 Another benefit for us will be the
13 removal of a major obstacle and that is land use
14 planning, and that is something, as all of New
15 Jersey, we have been the victims of fiscal zoning.
16 It is not always intentional or voluntary. Some-
17 times it is involuntary as you can see in part of
18 Atlantic City here, but hopefully that would
19 become a thing of the past with reduced reliance
20 on property tax. Our remaining off shore spaces
21 are currently threatened by a mad scramble for
22 ratables and you, I'm sure, have seen city land in
23 this county go begging for development. Education
24 in Atlantic County stands to gain nearly 11 million
25 dollars in state school aid from Governor Byrne's

1 proposal and the state would be supporting approxi-
2 mately 63% of the educational cost in the county
3 where currently the state covers only 39% of our
4 cost.

5 I just wanted to present a couple of
6 notes to you so that you can see what we stand to
7 gain in Atlantic County.

8 You can easily infer that we in
9 Atlantic County desperately need relief from our
10 tax burden and that some kind of tax reform with a
11 progressive income tax would provide us with --
12 would enable us to provide the kinds of public
13 educational services in this county as the people
14 in this county deserve.

15 CHAIRMAN PERSKIE: Thank you.

16 Mrs. Milstein, do you have any figures
17 on the income breakdown in Atlantic County with
18 respect to those who may be earning in excess of
19 \$25,000 a year?

20 MS. MILSTEIN: Well, no, I don't have
21 those figures, but the median income overall in the
22 county is in the \$8,000 level, and that's rather
23 low.

24 CHAIRMAN PERSKIE: Does any member of
25 the committee have any questions?

1 Thank you very much for your time.

2 The next witness we have is Mr. John
3 Polillo.

4 MR. JOHN POLILLO: What I am trying to
5 do is just to give you some street raps that come
6 off this thing. As soon as it appeared in the
7 papers that there was going to be an income tax,
8 you know, a lot of people maybe don't understand
9 all of the different amendments and all of the
10 stuff you are trying to run through like who makes
11 what and how many people live and the gross income
12 and all that. They aren't too much concerned
13 about that because it hasn't gotten to them yet.
14 They don't know nothing about it. The big concern
15 is that the state says they need money. The people
16 are well aware that 200 million dollars was left
17 to this administration and where is that? I know
18 it has probably been pushed somewhere else. The
19 people know there was 200 million dollars left to
20 this administration. They also know that the
21 population of New Jersey is around 9 million.
22 That comes out to a lot of money per person, and
23 it could have helped to lower property taxes and
24 take care of the schools. There has been money
25 proposed to support complexes and things that could

1 have went into the schools to help out something
2 in the schools.

3 There is also the sales tax which
4 is supposed to lower property taxes years ago, and
5 there was also the lottery that was supposed to
6 help institutions and agencies and schools.

7 There are a whole lot of things. The
8 people are complaining in Margate because their tax
9 rate is \$3.21 and Atlantic City is \$6.35. It is
10 very high, very high, and you are going to have
11 trouble passing this on to the people because they
12 really don't want to hear it, period. I don't
13 blame them because I don't want to hear it either.
14 The other thing that comes down that he was saying
15 is that they are going to tax the rich. They have
16 reaped the benefits of America, so be it, but you
17 also have to understand there's people in here like
18 this man that got up there and he is in terrible
19 shape. He is going to lose everything he has if
20 something doesn't happen. These are people who
21 would years ago get up in my face and say, you know,
22 we fought the war for you. Now, how do they feel
23 now after fighting those wars when they are going to
24 be taxed half to death when everything that they
25 gain over a period of growth they are going to lose.

1 The other thing is that the people don't
2 have too much to do with what's going on and they
3 are going to have to pay for what is going on.
4 For instance, just in the balance of things, the
5 people of Atlantic City are going to have to pay an
6 extra 2 or \$300 for sewage and water bills and all
7 kinds of far out stuff because they are going to
8 build high rises all along here and we don't have
9 the sewage capabilities. If those high rises
10 need the sewage capabilities, let them come up with
11 the money to enhance the sewage capabilities because
12 they are the ones that are going to be using it.
13 Why should we pay something for what they need?
14 We already have our sewers and our sewers are
15 fine. If we need bigger sewage for bigger buildings,
16 let the people putting the bigger buildings up pay
17 the money to take care of them.

18 Now, what it comes down to is the
19 people on the street don't know what's going on,
20 you know. And I guess everybody knows that. It
21 sounds like an insult, but they don't.

22 CHAIRMAN PERSKIE: It is not an insult
23 and we accept it as a fact.

24 MR. POLILLO: It is a fact. They really
25 don't know about all the idiosyncrasies that you

1 are all talking about of this and that.

2 CHAIRMAN PERSKIE: Let me ask you this.
3 judging by your insights. If they did know not so
4 much about the intricacies and ramifications of the
5 bill, because I can assure you all of the members
6 of the Legislature and, perhaps, even all of the
7 members of the committee don't understand all that,
8 but where do you think they would be on the question
9 if you posed it to them that we have got to do
10 something and we have got basically three ways to
11 go - sales tax, property tax, or income tax.
12 Where do you think they would be?

13 MR. POLILLO: They are waiting for
14 justice from you people. Cut the sales tax for
15 maybe two years, give them a break and let them
16 see that you are giving them a break. Don't say
17 you are going to implement a program and maybe,
18 you know, give them all maybes like maybe if you
19 give us an income tax, we'll lower the sales tax
20 or we'll lower the property tax. They want to see
21 it first or they are not going to give you anything.

22 Now, what it comes down to is they've
23 been lied to and stepped on and kicked and they've
24 been the whole trek, and it is on everybody, you
25 know, the gas rates are up, everything is up and

1 then you are talking about income tax. People
2 don't know what you are talking about when you
3 talk about income tax. All they hear is income
4 tax and they don't want to hear it. If a man
5 has got a wife and two kids and everybody is home
6 and bringing in an income, as far as your bills
7 are concerned on the gross income thing, wow.
8 They are going to say wait a minute, you know, and
9 don't look at it with the study and the whole
10 program you are talking about. They hear the word
11 income tax and then the whole thing comes up as to
12 where is the sales tax.

13 CHAIRMAN PERSKIE: One last question.
14 How should we look at it?

15 MR. POLILLO: Well, let's see. You
16 have to look at it as you have to raise the money to
17 get out of the problems, but then again I say you
18 had the money to straighten out the problems and
19 where is it?

20 This is a corporate state, isn't it?
21 There is people here in this state in refineries
22 manufacturing gas and making 900 million dollars a
23 week. Tax them, tax them. These people down here,
24 you are lucky in this town where people have a
25 little home and the guy comes around and says

1 that looks nice, you have a \$20,000 house. He
2 isn't assessing nothing. All he is doing is going
3 on what he thinks it is assessed at. If you go and
4 if you put a roof on your house because the old one
5 was bad, it is still a roof because you just took
6 the old one off and put a new one on, but then he
7 says, ha, you put \$2,000 and now it is worth
8 \$22,000. It gets out of hand. You ought to cut
9 them a tax break, you ought to just tell the
10 people that if they fix up their houses to give
11 them a little incentive, you shouldn't tax them for
12 fixing up their properties.

13 CHAIRMAN PERSKIE: That's in here too.

14 MR. POLILLO: I know that. What I'm
15 saying is you should cut them a break because they
16 don't know it is.

17 CHAIRMAN PERSKIE: But it is.

18 MR. POLILLO: You have to find a way to
19 get your program out on the street. You have to
20 get more spokesmen out there. Actually, as I said,
21 with an income tax you are going to lose. You got
22 the PUC, Public Utilities Commission raises, gas is
23 sky high, oil rates are sky high. People don't want
24 to hear you. You are going to have a very big
25 problem on your hands.

1 CHAIRMAN PERSKIE: We got one.

2 MR. POLILLO: You sure do.

3 CHAIRMAN PERSKIE: Anybody have any
4 questions for Mr. Polillo?

5 Thank you very much, sir.

6 The next witness is going to be Mr.
7 Joseph Polillo.

8 MR. JOSEPH POLILLO: I just wanted to
9 add a few things to what my brother said.

10 This is one of the biggest states in
11 the union, from what I understand, as far as I
12 picked up on the outside, because schools don't
13 seem to teach too well. I would like to make that
14 statement that schools don't teach. It sounds a
15 little general, but I don't think they do.

16 This is what, the third biggest state,
17 or the most dense state?

18 CHAIRMAN PERSKIE: The third most dense
19 state, not the biggest.

20 MR. POLILLO: Cape May County is the
21 poorest? Standard Oil of New Jersey is in this
22 state, right?

23 What's all the tremors I hear about
24 are we going after the oil or what's going on?
25 If it is really national security, why aren't we

1 told. Inflation bites, right? It bites everybody.
2 Interest is going down the drain and fixed incomes,
3 you know, about the senior citizens and they ain't
4 making it. I'm not making it.

5 You brought up lottery, sales tax,
6 property tax. It is a little unbelievable, you know,
7 coming up with another tax. The proposals are too
8 much. I haven't checked them out and I don't know
9 what they are, but I'm against tax.

10 CHAIRMAN PERSKIE: Thank you, Joe.

11 Dr. Joseph Zawid.

12 DR. ZAWID: Chairman Perskie, Committee,
13 I would like to reflect on the mood of the tax-
14 payers. For the past ten days or so I've been going
15 around Margate and Ventnor and Somers Point with a
16 petition. I sent you three petitions already, Mr.
17 Perskie. I hope you've gotten them.

18 CHAIRMAN PERSKIE: I have.

19 DR. ZAWID: I bought 100 postcards to
20 give out to people or anybody who wanted to write
21 you a letter about the income tax.

22 CHAIRMAN PERSKIE: I think I might point
23 out that some of them wrote in favor of it on your
24 postcards.

25 DR. ZAWID: I gave them out to anybody

1 who had any comment on it.

2 The mood of the taxpayers basically
3 is this. They're angry and they are in a state
4 of despair and there is very strong opposition to
5 an income tax proposal for the following five or
6 six reasons:

7 One is honesty. This week the State
8 Treasurer of New Jersey was convicted --

9 CHAIRMAN PERSKIE: The former State
10 Treasurer.

11 DR. ZAWID: The County Auditor was on
12 trial. He was found innocent but nevertheless was
13 on trial for misappropriation of funds.

14 The former Mayor of Atlantic City is in
15 jail.

16 The former Mayor of Newark is in jail.

17 The former Mayor of Jersey City is in
18 jail and I don't know how many other state officials
19 are in jail.

20 This is where our tax dollars have gone.
21 That is why the people don't believe this tax is
22 necessary or is going to be used properly.

23 First, before you can propose a tax,
24 the people demand honesty in their government in all
25 levels of the government. They don't want to hear

1 there is trucks missing in Atlantic County or this
2 is misappropriated. They are tired of this and, I
3 think you have some nerve to ask us for a new tax
4 until there is complete confidence in the govern-
5 ment. I believe the economy in government like
6 this meeting today, and the asked the manager of
7 the hotel how much it is costing to rent this room.
8 Why does it have to be in the fanciest hotel in
9 Atlantic City? Why couldn't it have been in a
10 public building like a high school or church or
11 synagogue or anyplace conventional? Why does it
12 have to be in a fancy place like this?

13 If we are so strapped for money, even
14 paying one dollar extra is a sin and a crime. What
15 has the Governor done to cut taxes or to cut the
16 budget anyplace? The first thing I heard he did
17 was to stop that highway between Toms River and New
18 Brunswick. He said no highway. And what do we
19 read about? They are still buying land and still
20 surveying land. What kind of economy is this and
21 why are they trying to fool us? People want some
22 economy in the government first, okay? Everybody
23 complains that there is Medicaid and Welfare
24 abuse. I'm a physician and I work at six different
25 hospitals in the State of New Jersey. I'm not

1 against Welfare because I think we should help
2 everybody who is disabled or who is aged or who
3 is chronically ill and cannot take care of them-
4 selves, but when people come in there, I mean,
5 there is no limit to what people come into that
6 emergency room for. They come in there for mos-
7 quito bites. All they do is sign that chart and
8 there is another five dollars of the taxpayers
9 money for mosquito bites. A dog bite, a scratch
10 that doesn't even cut the skin - five dollars.

11 A lady came into the emergency room on another
12 Medicaid chart and said cut my ear while combing
13 my hair. This is where our money is going and I
14 haven't seen anybody try to stop any of this.

15 I would like to say I'm not against
16 Medicaid and I'm not against Welfare, but there is
17 really so much abuse. You told me last week that
18 most of the money that goes to aid for dependent
19 children, well, I see people coming in with a sick
20 child in the middle of the night. A supposedly
21 divorced woman comes in with her husband and they
22 are obviously living together, but they just go to
23 the office and say they are divorced and get the
24 money, and this is it. We want economy first.
25 We don't want anymore taxes. Okay?

1 Like let me reiterate. First, honesty,
2 and then economy and then I think you're ready to
3 ask for some tax reform.

4 Now, another example of the misuse of
5 the state's money is, I mean, the medical school.
6 I started out at the Jersey City Medical Center.
7 It was a building built during the 1930's and I
8 don't know if any of you have seen it.

9 CHAIRMAN PERSKIE: Can we keep it on the
10 subject of the proposals that are before the
11 Legislature?

12 DR. ZAWID: I just want to show how the
13 state has just wasted 100 million dollars. All
14 right? That would go for tax relief.

15 It is a 2500 bed medical facility and it
16 has marble walls and brass doors and brass trimming.
17 There is a chest hospital, a maternity hospital,
18 a general hospital, a nursing school, a medical
19 school and other facilities there, but the State of
20 New Jersey completely abandoned that facility for
21 corrupt city politics and moved to Newark and took
22 over a 500 bed hospital, the Martland Hospital, and
23 is duplicating a facility in Newark that was
24 completely abandoned. You are only going to have
25 one-fifth of the beds at Martland and it is costing

1 100 million dollars. I think that's an outrage.

2 Everything the state does, they mean
3 well, but they do it so poorly and it is just that
4 the incentive for economy is spend, spend, spend.

5 Now, you have nerve to ask us for a
6 new tax.

7 Now, as far as tax reform goes, every-
8 body says well, I know what you're against, but what
9 are you for? I see approximately five or six
10 thousand people a year coming through the various
11 emergency rooms in New Jersey, and I think that any
12 tax reform should be limited exclusively for the
13 elderly citizens of the State of New Jersey and not
14 for the young productive worker who may benefit
15 incidentally. It is the old people who come into
16 the emergency room and they are really, many of
17 them, malnourished and may be eating dog food as
18 we read in the papers. They are poorly dressed,
19 they are not taken care of, they live in homes
20 without heat, and everyone of those elderly citizens
21 who came up and complained about the cost of living
22 and their taxes I am in sympathy with because I know
23 it is really true. The people, young people who
24 complain that the property taxes are too high and
25 those young productive workers and I really can't

1 sympathize with them so much as I can with the
2 elderly. And, I think most people want to give help
3 to the elderly. People don't want to see subsidy
4 for young productive workers in the state who might
5 be under a certain salary scale and would reap a
6 windfall.

7 Another thing that bothers a lot of tax-
8 payers is that income taxes and all taxes are so
9 high that the incentive to work which is the ethic
10 that built this country up is rapidly diminishing.
11 We know here in Atlantic County that people work for
12 17 weeks and then they go on unemployment because
13 what they would get in unemployment is equal what is
14 taken off in their taxes already.

15 As a personal example, my wife was a
16 registered nurse and can't even -- her salary and
17 my tax rate is less than what we pay our cleaning
18 woman or her take-home pay would be. Income taxes
19 are so high and deductions so great that it doesn't
20 pay the rich to work and it doesn't pay the poor to
21 work. It is a big mess and I think your proposals
22 are not well thought out. You told me a week ago
23 that you spent two years working on this tax
24 proposal and everyday we hear a new proposal in the
25 papers. First of 17% and then it was 8% and now we

1 are going down to cut the sales tax.

2 For somebody who has done years and years
3 of work and has mountains of facts and figures, I
4 don't think your plan is very well thought out.
5 I guess I've said enough.

6 CHAIRMAN PERSKIE: Does any member of
7 the committee have any questions for Dr. Zawid?

8 ASSEMBLYMAN FROUDE: Just at the risk
9 of being counterproductive and I don't intend it
10 in that manner, but what does the doctor do for
11 that patient who came in after scratching her ear
12 combing her hair? Did he indeed treat her? If he
13 treated her, what indeed did he charge Medicare or
14 Medicaid?

15 DR. ZAWID: Of course the hospital
16 charged them.

17 ASSEMBLYMAN FROUDE: Certainly. All
18 right. I wanted to bring that out that it is a
19 problem not only in the area of government, but a
20 problem clear across the board.

21 DR. ZAWID: I agree with you. It would
22 be unprofessional for me to question every patient
23 that came into the emergency room about their salary
24 and why they are on Medicaid and why or why not.
25 I am morally obligated to treat every patient that

1 comes into that emergency room no matter what they
2 complain of.

3 If they wake me up at 4 o'clock in the
4 morning to complain about a sore throat or somebody
5 woke me up at 4 o'clock complaining about an
6 earache that they had for three months. I am
7 morally obligated to wake up and stand there with
8 a smile and say may I help you. If I didn't, the
9 hospital administrator would have me fired in about
10 five minutes. If I would give people abuse or
11 question them about their finance or their social
12 economic state in the emergency room while I'm
13 taking care of them. I have a job to do and I'm
14 upset that I see so much abuse. People just bring
15 whole families in at one time for no reason and
16 people who are supposed to be separated, come in
17 with their husbands. I mean, we all want to see
18 tax reform and we all want to see help for the
19 elderly. We want to see tax relief and we want
20 honesty and economy first. That's all I'm saying.
21 I would not mind spending my tax dollars if I
22 thought they would be used productively. I don't
23 think any well-meaning honest citizen would, but
24 we don't see it now. Confidence in Nixon and the
25 President is low. The Governor has inherited a mess

1 from the former administration and we really haven't
2 seen a scandal from his office yet.

3 CHAIRMAN PERSKIE: It's early.

4 DR. ZAWID: We see, you know, people in
5 Ventnor and they don't really complain that much
6 because they have a good mayor, a very good mayor
7 in Ventnor, Phil Robinson. We don't mind paying
8 taxes because we see tangible results. We have a
9 new ice skating rink, we got a firehouse down the
10 street, a new water tower is going up, an aluminum
11 boardwalk. These are the things, and when people
12 see that their money is being used properly and they
13 are getting some results out of it, the school sys-
14 tem is decent, and this is what we are paying money
15 for. And when we see that the Mayor of Atlantic
16 City is in jail --

17 CHAIRMAN PERSKIE: Former Mayor.

18 DR. ZAWID: The former Mayor and the
19 Commissioners and everybody spending our money is
20 in jail, I mean, what kind of confidence do we have
21 that our money is not going to be abused by some
22 unknown legislator or senator in Trenton and from
23 other cities. I mean, that is what is on peoples'
24 minds.

25 This lady, a friend of yours, brought

1 up the cost of bureaucracy and for more state jobs.
2 I have a neighbor who is a state employee and he
3 is home all of the time and he has the nerve to
4 tell me he works on the Road Department. He had
5 the nerve to tell me that he was one of the best
6 employees they had in pulling down the signs on
7 Route 9. There were four other state employees
8 that couldn't do the job and he was the best one
9 they had. Everybody in the courtyard notices how
10 much he is home all the time, and this bothers
11 us. You told me that the average state employee
12 earns \$7200. I agree that is kind of low, but why
13 does it take four men to fix a pothole with asphalt?
14 One is directing, one is holding the shovel, and
15 two are watching.

16 We demand honesty, and economy second,
17 and then we will listen to any reform package that
18 any of you good gentlemen pose.

19 CHAIRMAN PERSKIE: Thank you very much.

20 The next witness we have is John P.
21 Davidson, the Mayor of Chatham Borough, Morris
22 County.

23 MR. DAVIDSON: I'm a taxpayer in this
24 area also.

25 CHAIRMAN PERSKIE: Glad to hear it.

1 MR. DAVIDSON: I spend my weekends
2 here in Ocean City and two reasons that I came
3 here today was to hear the comments of the audience
4 and the other one was to answer questions that you
5 asked Bill Hart the other day.

6 CHAIRMAN PERSKIE: I'm going to ask
7 them of you too.

8 MR. DAVIDSON: I have the answers, but
9 Chatham Borough, and you've probably never heard
10 of Chatham Borough, but it is a community of about
11 9,567 people as of the last census.

12 We are a very solvent community. In
13 most cases we pay as we go and most of our residents
14 travel to Newark and New York. If I remember
15 correctly, you said that those paying taxes in New
16 York, New Jersey will not benefit. Is that
17 correct?

18 CHAIRMAN PERSKIE: No, I said there
19 would be credit against the New Jersey tax for any
20 tax paid in another state.

21 MR. DAVIDSON: Yes. Well, that would
22 reduce it considerably.

23 CHAIRMAN PERSKIE: Yes. The total
24 impact of the credit from the Camden area and from
25 the North Jersey area will be well in excess of

1 | 100 million dollars.

To answer the question you asked of
Bill Hart, I talked to Bob Hughes the day after
that -- that was Wednesday, and I talked to him
on Thursday. He called me back last night and
they have formulated a letter which is going out
to the committee. You will receive that letter
tomorrow or Monday morning.

12 CHAIRMAN PERSKIE: Hopefully early
13 Monday morning.

1 to the Legislature a bill to increase or to reduce
2 the retirement age of the pension. It was rail-
3 roaded through both Houses and was signed a week
4 later. Now, that cost the State of New Jersey
5 3 million bucks. The state probably picked up
6 2 million and the municipalities 1 million.

7 Now, I believe it was on Monday you
8 very generously changed the rules and regulations
9 which is bound to filter down to the municipalities.

10 CHAIRMAN PERSKIE: The Senate did that.
11 That's not law. Can you focus in, if you will, on
12 the letter from the League?

13 MR. DAVIDSON: Yes, it is quite
14 lengthy stating the position of the League. As of
15 yesterday morning, and you answered the question
16 a little while ago, the bills were not ready for
17 our committees to review. When we get the bills,
18 and we hope to get them today, and they will go out
19 to our Taxation Committee and bring back an answer
20 to your gentlemen.

21 CHAIRMAN PERSKIE: But the letter you
22 mentioned we would be receiving, does that have
23 any --

24 MR. DAVIDSON: No. Not one way or
25 another. We met with the county municipal committees

1 early in the year. We said please get the
2 Legislature moving on this problem. Do not leave it
3 up to the courts, because we feel that you fellows
4 can do a much better job in ironing this situation
5 out.

6 CHAIRMAN PERSKIE: Then let me ask you,
7 as the Mayor of Chatham Borough, if there were,
8 in effect, a proposal embodied in the constitu-
9 tional amendment to limit increases in local
10 property taxes on the county municipal rate to
11 6% and the school rate to 6%. Number one, do you
12 think it would be effective and, number two, do you
13 think it would be possible to continue to operate
14 the municipal government as you know?

15 MR. DAVIDSON: Our increases have been
16 in the neighborhood of 8 and 11% in municipal and
17 schools. Whether we could operate within a 6% --

18 CHAIRMAN PERSKIE: I'm talking about
19 spending. I'm talking about effective tax levy.

20 MR. DAVIDSON: Well, possibly.

21 CHAIRMAN PERSKIE: Possibly within 6?

22 MR. DAVIDSON: Yes.

23 CHAIRMAN PERSKIE: How about 3?

24 MR. DAVIDSON: I don't think so.

25 CHAIRMAN PERSKIE: Let me ask you this.

1 What we are concerned about here, among other
2 things, of course, is a package of bills which in
3 their total effect will have the result of not
4 only presenting a substantial property tax
5 reduction now, but an inhibitor for property tax
6 increases in the future. Can you give us the
7 benefit of your thinking on that?

8 MR. DAVIDSON: Yes. That is one of the
9 fears of most all the citizens of this state.

10 I'm just using the Brough of Chatham
11 as a nucleus. They are afraid of what's going to
12 happen. Primarily, take our neighboring state or
13 our neighboring city of New York City. You fellows
14 down here don't get all the news over the radio
15 of how everything is escalating. They have given
16 the subways away.

17 CHAIRMAN PERSKIE: What I'm asking for
18 is whether you have any suggestion as to the kind
19 of legislation we should be considering in those
20 areas in the area of property tax limitations.

21 MR. DAVIDSON: Well, if you come up
22 with a ceiling, that's number one. Now, whether
23 you can constitutionally do that or not, I don't
24 know.

25 The second one is let's stop these

1 give-aways mentioned here today. It is really
2 serious. We gave the Art Center some thousand
3 dollars. I saw a letter the other day of \$693,000
4 to libraries.

5 Now, after all, they may need it, but
6 so damn much money is being wasted. All you have
7 to do is go down the list, and I don't know whether
8 any of you are on the Appropriations Committee but--

9 CHAIRMAN PERSKIE: Here is the Chairman
10 of the Appropriations Committee.

11 SENATOR MERLINO: I'm listening.

12 MR. DAVIDSON: After what you've heard
13 today, do something about it. Maybe you treat your
14 children this way, but I say no, no, no. It's about
15 time you treated some of these minority groups like
16 the police and the firemen and the NJEA and
17 minority groups. How many voters do you have in
18 your --

19 CHAIRMAN PERSKIE: How many registered
20 voters? About 100,000.

21 MR. DAVIDSON: How many teachers and
22 police and firemen?

23 CHAIRMAN PERSKIE: About 406,000, some-
24 times.

25 MR. DAVIDSON: I don't want to take up

1 any further time and I think I have answered your
2 questions on how the League stands.

3 Get something going and don't let it
4 go back to the courts.

5 CHAIRMAN PERSKIE: We appreciate it, sir.
6 We will do our best.

7 MR. DAVIDSON: One question I do want
8 to ask. These outlaying bills that have been
9 thrown in the hopper, some of them may be logical
10 and some of them may not.

11 CHAIRMAN PERSKIE: Depends who sponsored
12 them.

13 MR. DAVIDSON: I heard what you said.
14 There is something to that but are you going to give
15 them due consideration.

16 CHAIRMAN PERSKIE: You mean the alter-
17 native packages?

18 MR. DAVIDSON: Yes.

19 CHAIRMAN PERSKIE: Yes, very much so.
20 We have been considering all of the packages. These
21 are not hearings on only the Governor's proposal.
22 We had this morning meetings and discussions of the
23 two major alternative proposals that deal with the
24 statewide property tax, and we have been trying as
25 equitably as we can to give consideration to

1 everything. We consider it in our jurisdiction to
2 consider everything and not merely the Governor's.

3 MR. DAVIDSON: Yes, good. I don't
4 envy your job.

5 Gentlemen, thank you.

6 CHAIRMAN PERSKIE: Mayor Guy Muziani
7 from the City of Wildwood.

8 MR. MUZIANI: Mr. Chairman, members of
9 the committee, I am here representing the City of
10 Wildwood and I want to be very emphatic in saying
11 to you that we are definitely against the Governor
12 Byrne's tax proposal package plan.

13 As mentioned here a number of times,
14 it appears that the plan itself is geared to have
15 the affluent of the state assume the burden of
16 taxes and, in so doing, help the senior citizens
17 and the poor. That analogy, of course, referred
18 back to our own city based on the information as I
19 hear it, would classify Wildwood as an affluent
20 community and that is not so. That is an invalid
21 assumption.

22 We do have a very healthy economy which
23 I'm proud of, but I wish to make a few statements
24 concerning some considerations that have been, as I
25 understand it, in this package plan.

1 The plan itself calls for \$106,000
2 put behind each pupil and any community whose
3 assessed value exceed \$106,000 will lose the state
4 aid that it is presently receiving and certainly
5 not qualified for additional state aid.

6 Now, in Wildwood we have presently
7 approximately 190,000 assessed valuation behind
8 each pupil. Now, there is a reason for that and I
9 would like to expound on that in a minute.

10 To begin with, Wildwood has approximately
11 4,010 people. That is residents who reside there
12 all year round. During the summer months our
13 population increases to approximately a quarter of
14 a million.

15 I've got a working budget of \$5,300,000
16 and I don't think this committee -- would have to
17 agree that \$5,300,000, if we were operating a
18 4,000 populated community on an all year round basis
19 would not be exorbitant. It is. But we are
20 comparable to any community in this state that has
21 a total population of approximately 30 or 35,000 in
22 population. We have got to have \$5,300,000.

23 Now, most of that money goes to municipi-
24 pal service. During the summer months we have got
25 to hire more police, we have to increase our

1 maintenance department and all of our departments
2 and consequently we are faced with added operational
3 costs that we must include in our budget.

4 Now, in a situation where we lose out
5 on the present state aid and we do not qualify for
6 additional state aid, and you have to also under-
7 stand that included in this proposal is going to be
8 a ceiling placed on the increase of any property
9 tax for the future. Now, I'm just interested in
10 knowing how a city like Wildwood or any other city
11 for that matter, can continue to operate effectively
12 if it does not receive any state aid that it has
13 been receiving and loses out in the future in aid.
14 And, of course, is limited as far as the increase of
15 local purpose tax is concerned.

16 Now, of course, in spending this money
17 that we have been spending for years to bring
18 tourists into our areas we find, of course, the sales
19 tax you've been talking about is of concern because
20 Wildwood along with ten other communities are on the
21 short end of this program of yours. Out of the
22 16 municipalities that the Governor has proposed,
23 11 is in the Cape May County area and are going to
24 be hurt by it.

25 CHAIRMAN PERSKIE: Mayor, I can't help

1 interrupting you at this point. By the figures
2 that I have which is the analysis that's been pre-
3 pared, Wildwood receives a property tax reduction
4 under this proposal and by the analysis prepared
5 again by the staff, there is a net tax reduction
6 including impact of the property tax reform and the
7 income tax, there is a net tax reduction for those
8 with gross incomes up to \$13,000.

12 CHAIRMAN PERSKIE: This is based on the
13 bills introduced if they were enacted as proposed.

14 MR. DAVIDSON: Does that take into con-
15 sideration the loss of state aid?

16 | CHAIRMAN PERSKIE: Yes.

20 CHAIRMAN PERSKIE: The only bill it does
21 not take into consideration is the property tax
22 limit which is the 6%. That bill is not in it, but
23 this program, what I have here, the figure that I
24 have here does take into consideration the change in
25 the school aid formula, the pick up of the

1 municipal overburden as it were, the prosecutors
2 and the courts and the welfare and the like, and
3 the imposition of the income tax with the so-called
4 circuit breaker approach.

5 MR. DAVIDSON: Now, as I note tax
6 programs from past experience, these rates can some-
7 time in the future be changed. Is that correct?

8 CHAIRMAN PERSKIE: That's correct.

9 MR. DAVIDSON: Consequently, the
10 effect on these communities could change as well?

11 CHAIRMAN PERSKIE: Obviously.

12 MR. DAVIDSON: Okay. So this is a way
13 of getting a foot into the door and one day when
14 you decide to raise these taxes, and, of course,
15 having the effect that I contemplate here, and
16 anticipate, will happen in the future. I feel when
17 you look upon this program you have to look ahead.
18 You can't be concerned just about today and
19 tomorrow because you have to look ahead to five
20 or ten years. I say that once they've got the
21 opportunity to tax, I say they are going to con-
22 tinue to tax because the cost of operating my city
23 keeps increasing and the cost of operating the
24 state government continues to increase and conse-
25 quently I feel that's going to be a problem.

1 I would like to ask one question, if I
2 may, concerning the tax that the Governor is
3 seeking. I recall most vividly when he was asked
4 a question about his thoughts concerning an
5 income tax, he said he would decide in the fore-
6 seeable future.

7 CHAIRMAN PERSKIE: Do you recall him
8 saying that?

9 MR. DAVIDSON: He said something about
10 the fact that he would decide this sometime in the
11 foreseeable future.

12 As I recall, he said something about
13 making that decision in the foreseeable future.

14 CHAIRMAN PERSKIE: I recall that he said
15 for the foreseeable future the income tax would
16 not finance the state government.

17 MR. DAVIDSON: That foreseeable was a
18 long time.

19 CHAIRMAN PERSKIE: This is not the
20 operation of the state government, but the mandate
21 of a court decision on the educational finance
22 problem.

23 MR. DAVIDSON: One question - have there
24 been any studies made to determine the educational
25 system and methods of financing the educational

1 operation of our state or other states?

2 CHAIRMAN PERSKIE: Yes, extensive
3 studies have been done and the prime purview of
4 this committee has undertaken most of the two
5 educational committees of either House and a
6 third committee, the Joint Education Committee.
7 Extensive studies have been made.

8 MR. DAVIDSON: Was it determined that
9 income tax is the way most states finance their
10 educational system?

11 CHAIRMAN PERSKIE: There are 40 or 41
12 other states and no one of the remaining other
13 states do not have income tax. Eight or nine do
14 not, of course.

15 MR. DAVIDSON: Concerning how the popu-
16 lous felt concerning income tax, sales tax,
17 increased property tax, and including the senior
18 citizens. I'm here to tell you that I've got 22%
19 of my populous that includes senior citizens.
20 I found that there are five states in this country
21 that use sales tax as a way of financing their
22 educational system. I would hope that the committee
23 would reconsider this proposal and give considera-
24 tion contrary to your suggestion of reducing the
25 sales tax. I'm here to say it should be increased.

1 CHAIRMAN PERSKIE: What figure do you
2 propose?

3 MR. DAVIDSON: I feel this way. I feel
4 in the matter of increasing sales tax alone, if
5 you increase your sales tax 2% that probably begin
6 about 300 as I understand it.

7 CHAIRMAN PERSKIE: A little bit less
8 considering. The regressive effect of the tax which
9 again something a little bit less than 1 to 5 and
10 not produces a figure that is generally accurate.

11 MR. DAVIDSON: Yes. Well, you've
12 got business tax for those who can afford to pay
13 the tax, and thereby, of course, getting a deduc-
14 tion on their federal tax returns.

15 The businessman and especially in
16 operating and making a profit and I'm saying this
17 is a way of thinking about it. The tax, and the
18 different amounts, find a way to come up with
19 550 million dollars. You spoke about the 550 mil-
20 lion dollars and are you going to be collecting
21 550 million that's going to become part of what I
22 consider bureaucracy in the city because for the
23 550 million you have got to put a lot of people
24 to work. 550 million dollars you are talking
25 about and how much more is it going to cost?

1 I don't think 550 million dollars will meet the
2 requirements to offset the property tax.

3 CHAIRMAN PERSKIE: The estimated
4 cost on a yearly basis 5 or 6 million dollars.

5 MR. DAVIDSON: 5 or 6 million dollars.

6 CHAIRMAN PERSKIE: Let me ask you
7 this. You mentioned 22% of your population was
8 senior citizens?

9 MR. DAVIDSON: Yes.

10 CHAIRMAN PERSKIE: Would you be able to
11 estimate the average income for those 22%?

12 MR. DAVIDSON: Less than 5 now.

13 CHAIRMAN PERSKIE: Would it interest you
14 to know that for your 22% there would be a sub-
15 stantial tax reduction under this proposal?

16 MR. DAVIDSON: Substantial tax reduc-
17 tion?

18 CHAIRMAN PERSKIE: Yes. In other
19 words, let me show you. 5,000 gross income just
20 doesn't take into account because it may be less
21 and this also does not take into account the
22 social security benefits, but on a 5,000 income
23 there would be a tax reduction, considering the
24 whole package of the entire program, ranging from
25 \$163 to \$10,000 to \$157 for someone who lives in

1 a \$50,000 house and in between that, apparently
2 cover at least almost one more entire community.

3 MR. DAVIDSON: Let me explain this to
4 you.

5 I'm here for the entire community and
6 as 22% of senior citizens. I feel there should be
7 special legislation for senior citizens and
8 possibly consider increasing the exceptions for
9 senior citizens. I think this program relies
10 heavily on the middle income group.

11 CHAIRMAN PERSKIE: Do you know what the
12 average family income is in Wildwood?

13 MR. DAVIDSON: I can't say. I don't
14 know, but it seems to me you put a lot of emphasis
15 on middle income.

16 CHAIRMAN PERSKIE: I just wanted you to
17 be familiar with the adequate facts.

18 MR. DAVIDSON: I've got 22% senior
19 citizens in the community and I represent as well
20 that there should be special legislation for senior
21 citizens. They deserve to be considered. Why not
22 increase the exemptions for the senior citizens
23 and eliminate this --

24 CHAIRMAN PERSKIE: That would raise the
25 property tax or another tax.

1 MR. DAVIDSON: That's possible.

2 CHAIRMAN PERSKIE: It has got to come
3 from somewhere. The reason I asked you the question
4 before and I would like to know, is how are you
5 going to measure the ability to pay if you are not
6 going to measure the income? How are you going to
7 measure it?

8 MR. DAVIDSON: Well, you may have a
9 point as far as that is concerned, but I'm saying
10 that I feel there must be a more equitable way of
11 raising these monies and can be done by another
12 source rather than an income tax, because income
13 tax, I say, is subject to change. I think that the
14 State of New Jersey, of course, is very much con-
15 cerned about the fact that it has the population
16 to contend with and that the people, of course,
17 are very much interested in staying in this State
18 of New Jersey.

19 I have people coming to me and telling
20 me they are going to leave our area if they con-
21 tinue to pay more taxes.

22 So, you have one side and you under-
23 stand their problem, and you have to look at the
24 other side. It is not an easy problem to overcome.

25 CHAIRMAN PERSKIE: I'm afraid it is not.

1 MR. DAVIDSON: I don't feel your job is
2 an easy one at all, and I know the problems you
3 are encountering, but by saying this I represent
4 the City of Wildwood. Cape May County, for a num-
5 ber of years, it seems that the Legislature of the
6 state don't consider Cape May County as a part of
7 this state basically because we don't have the
8 population and nobody considers funding or involving
9 us in any programs whatsoever because we lack the
10 population in our area. Of course, Wildwood with
11 4,000 residents we don't qualify for too much of
12 anything and we have got to do much of our investing
13 and improvements on our own. I think it is about
14 time we started getting more consideration when it
15 comes to considering programs for the state.

16 CHAIRMAN PERSKIE: Mayor, I appreciate
17 that, but there are at least two members of this
18 committee who are very concerned with Cape May
19 County and who have some family down there, very
20 close. But in any event, I think you can be assured
21 our committee is going to consider the impact of
22 these on every county and every municipality the
23 best that we can.

24 MR. DAVIDSON: Would you explain to
25 me one thing so I will understand. How does the

1 limitation on the increase of property tax, how is
2 it actually going to work?

3 CHAIRMAN PERSKIE: The proposal before
4 us is in the form of a constitutional amendment to
5 authorize municipalities to increase the effective
6 tax rate and after equalization that governs county
7 and municipal rates and the school rate to a maxi-
8 mum of 6% increase a year. That would be the
9 limitation, and one question I would like to ask
10 you is whether or not you feel Wildwood could
11 adequately provide under that kind of limitation
12 if it were effected as 6%?

13 MR. DAVIDSON: I can't say.

14 CHAIRMAN PERSKIE: How have your
15 increases generally run? Have they run up to 6%
16 or higher or lower?

17 MR. DAVIDSON: 5%, 6%.

18 CHAIRMAN PERSKIE: You could probably
19 survive in the neighborhood of 6%?

20 MR. DAVIDSON: Probably.

21 CHAIRMAN PERSKIE: How about 3%?

22 MR. DAVIDSON: With the problem I fore-
23 see, I think we are talking like 8 to 10 probably.

24 CHAIRMAN PERSKIE: Any member of the
25 Commission have any questions?

1 ASSEMBLYMAN CHINNICI: On the 13,000
2 income, Steve, on the 10 and \$20,000 assessment
3 there is an increase?

4 CHAIRMAN PERSKIE: What income?

5 ASSEMBLYMAN CHINNICI: \$13,000 income
6 and then \$20,000 assessment. The \$10,000 will
7 increase 189 and the 20 or 30 on down, it decreases.

8 CHAIRMAN PERSKIE: The first two items
9 do increase, \$13,000. I was pointing at the \$5,000.

10 Anybody else on the committee have any
11 questions for the Mayor?

12 Mayor, thank you very much for your
13 time.

14 We have one additional witness before
15 we reconvene at 7 o'clock, Mr. Herbert Gaskill,
16 who is the Tax Assessor for the City of Margate.
17 I am very well acquainted with him in his work and
18 I can assure you without hearing what he says yet,
19 that he knows what he is talking about.

20 MR. GASKILL: Thank you, gentlemen,
21 for permitting me to speak.

22 I have been a Tax Assessor for 20
23 years. This year I am raising 4½ million dollars
24 out of the wallets of my taxpayers and I am
25 concerned with where those dollars go. You are now

1 proposing to reduce some of that money and then you
2 are going to take some of it to the state. In my
3 20 years I have probably raised 50 or 60 million
4 dollars and that is only peanuts compared to what
5 goes through the colander at Trenton.

6 I brought here the latest record of
7 the addition of taxation and we look in there and
8 we find that when we are talking about bills for
9 schools in the State of New Jersey, we are talking
10 about 1½ billion dollars, as you all know. That
11 money has to come from somewhere. If you relieve
12 the local taxpayer of that load, he is going to
13 have to send dollars to Trenton plus the 6 million
14 dollar administration fee to come up with this.
15 I would plea to you that if this goes through, and
16 I think it is probably the only way we can face
17 this school job that we have to do, please dedicate
18 it. So many of the other taxes have gone into
19 the general fund and there are so many holes in
20 that colander and the money goes. Education is
21 our biggest nut that we have to crack and if we
22 are going to take this money out of the peoples'
23 wallets, let's put it in the bag and keep it there
24 and keep controls on it.

25 The quality of education, the

1 qualifications of the teachers, and everything is
2 specified by Trenton. How many school budgets have
3 been turned down because of local level people
4 having controls. I have worked very, very closely
5 with a team of commissioners who keep controls on
6 the local situation, and I think we have a very
7 good tax picture in the City of Margate. Now,
8 to see and I really feel that maybe you and the
9 Mayor didn't have the right figures going, but, I
10 feel that knowing the affluence of the town of
11 Margate, there is going to be more money going out
12 of my taxpayers' wallets.

13 CHAIRMAN PERSKIE: The only point I
14 would like to clarify is that Mr. Gaskill refers
15 to a dialogue that the Mayor of Margate and I
16 engaged in. Under the formula, Margate will lose
17 a portion of the school aid money that it gets,
18 but on the net tax dollar effect on the local
19 purpose rate, Margate will pick up in the so-called
20 municipal overburdened portion more than they would
21 lose on the school aid. In other words, Margate
22 would lose approximately a total of about \$198,000
23 in school aid but it would pick up approximately
24 \$410,000 a year in additional property tax relief.
25 Thus, resulting in a property tax relief in Margate

1 of about \$210,000, roughly.

2 MR. GASKILL: Our local budget,
3 incidentally, has gone up about 10% a year.

4 CHAIRMAN PERSKIE: I was going to ask
5 you about the effective tax rate. Do you have any
6 idea?

7 MR. GASKILL: We've been able to control
8 that due to the fact that we've kept it at a
9 reasonable level. In fact, our tax rate went down
10 one penny this year.

11 CHAIRMAN PERSKIE: So, you could manage
12 within the 6% limitation?

13 MR. GASKILL: I don't think we could at
14 6, but I think you should have, if I may borrow
15 your term, circuit breaker, because every once in a
16 while like the '62 storm comes along and there
17 should be some way that the local municipal govern-
18 ments could apply to some regency of finance in
19 the state that they could use as an escape hatch.

20 CHAIRMAN PERSKIE: Let me just focus
21 on that one point. I'm talking now not about the
22 budget but about the effective tax rate, could you
23 manage other than the emergency situation that
24 you've just mentioned, within the 6% limitation?

25 MR. GASKILL: We tried that on a

1 national economy and we had to take it off because
2 it strangled us.

3 CHAIRMAN PERSKIE: How about the 3%
4 rate?

5 MR. GASKILL: That tightens up the
6 game. We don't know where our national economy is
7 going. The stock market is crazy. We can't build,
8 so now that we are going to have a restricted amount
9 of building, we are going to have to enforce the
10 budget down a set amount. In other words, hereto-
11 fore with an increasing number of ratables each
12 year we were able to stabilize the tax rate, but
13 now with the fact that we do have a moratorium on
14 building, we are running into a problem. I would
15 simply plea that you gentlemen at this state, when
16 you get the money that is coming out of my pocket
17 and the rest of my taxpayers, that you do as good
18 a job as the rest of my commissioners. There is
19 no reason why it can't be done.

20 Thank you very much.

21 CHAIRMAN PERSKIE: Any member have any
22 questions for Mr. Gaskill?

23 SENATOR MERLINO: Mr. Gaskill, would
24 you see a problem in terms of fairness to the
25 taxpayers in all the communities in a statewide

1 property tax? You've heard there is a couple of
2 alternate plans for a statewide property tax.

3 MR. GASKILL: Yes. In other words, it
4 started out at a dollar and if you are going to
5 take a dollar, that would put us back at exactly
6 where we are now. In other words, around about
7 a dollar and pennies out of \$3.18 comes for the
8 school load and the municipalities, but I know
9 there are other municipalities in Atlantic County
10 at \$.75 out of every dollar.

11 SENATOR MERLINO: Do you see any
12 problem with assessments, if there is a statewide
13 property tax imposed?

14 MR. GASKILL: Well, we have been trying
15 hard to fight this inflationary market to get it
16 up to 100% which would be equal with the rest of
17 the state, but it is impossible on an inflationary
18 market today to get this assessment, of course,
19 I know you do have a state move to bring that,
20 but no matter where it comes from, there's where
21 all your money comes from. Whether you take it for
22 sales tax or lottery or local property or income
23 tax.

24 So, please dedicate it and control
25 it and I think we may live with it.

1 SENATOR MERLINO: Do you think that
2 there would be a necessity for a statewide assessing
3 out of a state assessor's office rather than out
4 of the local assessor's office if there was a state-
5 wide property tax imposed?

6 MR. GASKILL: You are only going to
7 alleviate the burden. If we are going to pay for
8 schools by income tax, let's take the money at the
9 source.

10 SENATOR MERLINO: I'm talking about
11 statewide -- there is a statewide property tax
12 that's proposed, several plans.

13 MR. GASKILL: I think what you should
14 do, gentlemen, as I say, it is the considered
15 opinion to take all of the schools and finance it
16 out of the income. Don't try to tack it back on
17 after you've taken it off. Let's let the local
18 municipality take care of the county cost and the
19 local municipality where they can go in and give
20 some control on it. If you are going to take those
21 dollars out of my taxpayers' pockets, please take
22 care of them.

23 CHAIRMAN PERSKIE: Thank you, Mr.
24 Gaskill.

25 (Comments submitted by Herod E. McLeod.)

1 MR. MC LEOD: Fundamentally, New Jersey
2 does not have a tax policy. The 1844 constitution
3 did not provide for tax policy. The 1947 new
4 constitution did not provide tax policy.

5 The only policy New Jersey has provided
6 for: Is tax, destroy. The power to tax is the
7 power to destroy. The proposed constitutional
8 amendment to provide a tax policy must and shall
9 start with state government.

10 To limit the power to tax, 1%, 2%, 3%,
11 should and must be initiated in the Executive
12 Department of government. Otherwise, legislation
13 to "Limit tax increase in local government would
14 be self-defeating."

15 Statewide, we propose equalization
16 of taxes, based not upon the ratables of a county
17 or municipality; but upon land value use. This
18 yardstick would encompass all land, profit and
19 non-profit.

20 As to municipalities using taxing power,
21 the constitution must and should provide for access
22 to public records without having to seek court
23 orders for discovery. My contention for such is
24 borne out by the following correspondence from
25 Superior Court Judge Horn. This indicates that

1 favored treatment is the policy for the "insiders,"
2 and unfavorable policy for outsiders.

3 Finally, municipalities having lost
4 ratables from urban renewal should be given relief
5 by way of recapture, either by increased state aid,
6 or by issuance of bonds, in the amount of ratables
7 lost.

8 The population of Atlantic City is 46,500,
9 25% of whom are 65 and older, the school population
10 is about 8,500 leaving about 26,000 to bear the
11 awful burden, mostly upon one, and two family homes,
12 of which I am one paying \$490, 74-75. I am 79.
13 Many are in the same boat. And yet the city comes
14 up with a \$28,000,000 budget which could include
15 thousand, if not millions of kickbacks and no
16 shows. This is a birds eye view.

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2 I, LAURA GURTNER, a Shorthand Reporter and Notary
3 Public in and for the State of New Jersey, do hereby
4 certify that the foregoing is a true and accurate account
5 of my stenographic notes taken in the above entitled
6 transcript of proceedings transcribed to the best of
7 my knowledge and ability.

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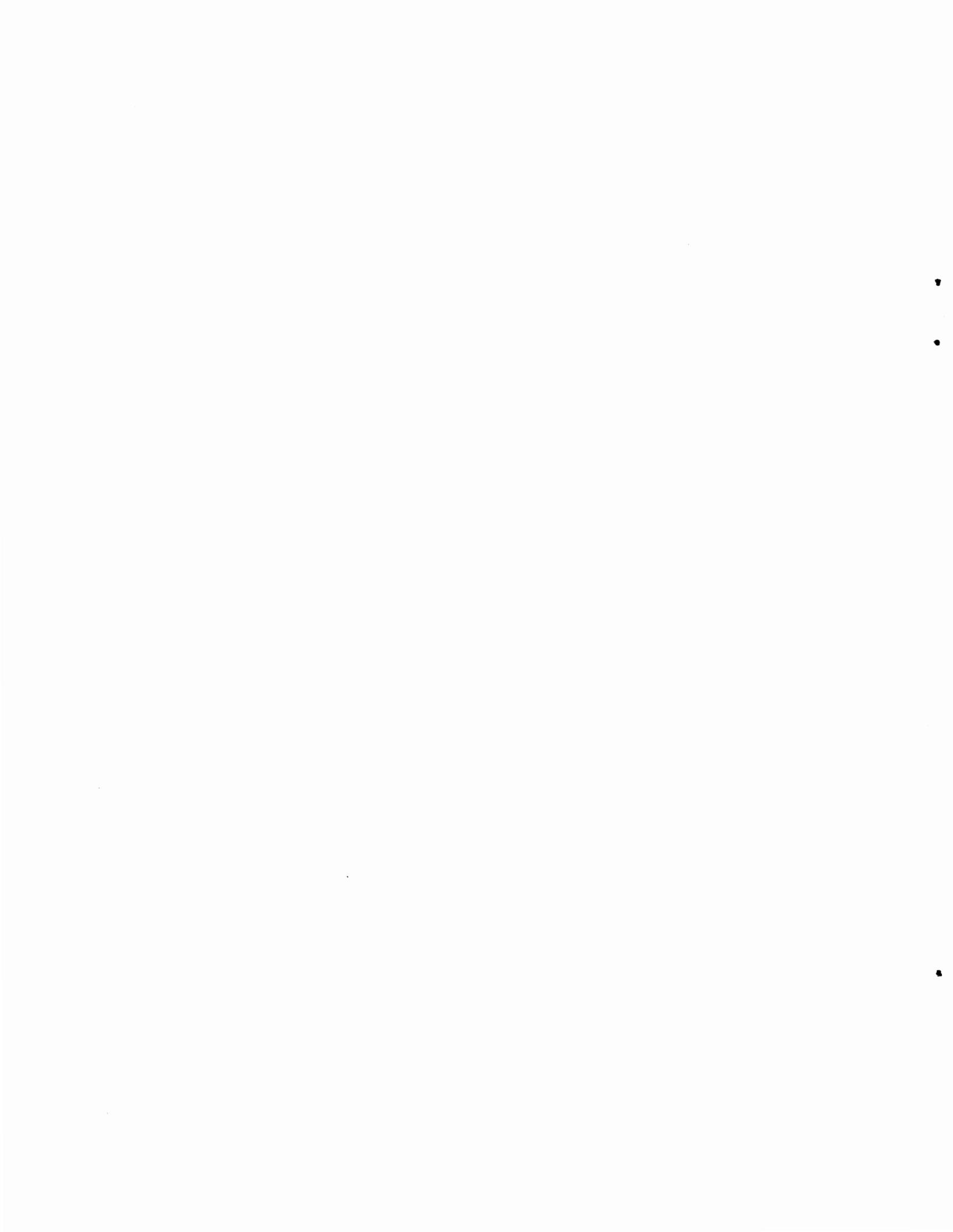
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