

PUBLIC HEARING

before

ASSEMBLY APPROPRIATIONS COMMITTEE

ASSEMBLY CONCURRENT RESOLUTION 141 OCR

(Increases the property tax deduction for certain veterans and their surviving spouses from \$50.00 to \$100.00)

ASSEMBLY CONCURRENT RESOLUTION 147

(Increases the real property tax deduction to \$300.00 for senior or permanently and totally disabled citizens, with incomes of \$15,000.00 per year or less)

June 18, 1987

Room 403

State House Annex.

Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Anthony M. Villane, Chairman
Assemblyman Walter J. Kavanaugh
Assemblyman Charles J. Catrillo
Assemblyman John K. Rafferty
Assemblywoman Joann H. Smith
Assemblyman Gary W. Stuhltrager
Assemblyman Richard C. Kamin
Assemblyman Rodney P. Frelinghuysen
Assemblyman Paul DiGaetano
Assemblyman Byron M. Baer
Assemblyman Willie B. Brown
Assemblyman John S. Watson
Assemblyman Jimmy Zangari
Assemblyman Robert G. Smith

ALSO PRESENT:

Assemblyman Jack Collins
District 3

Michael J. Basarab
Office of Legislative Services
Aide, Assembly Appropriations Committee

Louis Young
Office of Legislative Services
Aide, Subcommittee on Taxation

* * * * *

Hearing Recorded and Transcribed by
Office of Legislative Services
Public Information Office
Hearing Unit
State House Annex
CN 068
Trenton, New Jersey 08625

New Jersey State Library

NJ
10
7235
1987

CHARLES J. CATRILLO
PAUL DIGAETANO
ROBERT D. FRANKS
C. RICHARD KAMIN
JOANN H. SMITH
GARY W. STUHLTRAGER
BYRON M. BAER
WILLIE B. BROWN
FRANCIS J. GORMAN
ROBERT G. SMITH
JOHN WATSON
JIMMY ZANGARI

Wayne R. Bryant



New Jersey State Legislature
ASSEMBLY APPROPRIATIONS COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
TELEPHONE: (609) 984-6799

ANTHONY M. VILLANE, JR.
Chairman
JOSEPH W. CHINNICI
Vice-Chairman
RODNEY P. FRELINGHUYSEN
Sub Committee Chairman
Government Operations
WALTER J. KAVANAUGH
Sub Committee Chairman
Taxation
JOHN K. RAFFERTY
Sub Committee Chairman
State Aid

June 5, 1987

NOTICE OF A PUBLIC HEARING

The ASSEMBLY APPROPRIATIONS COMMITTEE, pursuant to Rule 143 of the General Assembly, is ordered to hold a public hearing to receive testimony concerning *Assembly Concurrent Resolution No. 141 OCR* and *Assembly Concurrent Resolution No. 147*.

THE PUBLIC HEARING TO RECEIVE TESTIMONY
CONCERNING THE TWO CONSTITUTIONAL AMENDMENTS
WILL BE HELD ON:

THURSDAY, JUNE 18, 1987 AT 10:00 A.M. IN
ROOM 408 OF THE STATE HOUSE ANNEX, TRENTON,
NEW JERSEY

ACR No. 141 OCR increases the property tax deduction for certain veterans and their surviving spouses from \$50.00 to \$100.00.

ACR No. 147 increases the real property tax deduction to \$300.00 for senior or permanently and totally disabled citizens, with incomes of \$15,000.00 per year or less. The current deduction is \$250.00 for those eligible persons with incomes of \$10,000.00 or less.

Persons wishing to testify are asked to submit 18 copies of their testimony on the day of the hearing and notify the Aide to the Committee, Mr. Michael J. Basarab, Room 326, State House Annex, Trenton, New Jersey 08625 or call (609) 984-6799.

ASSEMBLY CONCURRENT RESOLUTION No. 141

STATE OF NEW JERSEY

INTRODUCED MAY 21, 1987

By Assemblymen VILLANE, GENOVA

A CONCURRENT RESOLUTION proposing to amend Article VIII, Section I, paragraph 3 of the Constitution of the State of New Jersey.

BE IT RESOLVED *by the General Assembly of the State of New Jersey (the Senate concurring):*

1. The following proposed amendment to the Constitution of the State of New Jersey "is" hereby agreed to:

PROPOSED AMENDMENT

Amend Article VIII, Section I, Paragraph 3 to read as follows:

3. Any citizen and resident of this State now or hereafter honorably discharged or released under honorable circumstances from active service, in time of war or other emergency as, from time to time, defined by the Legislature, in any branch of the Armed Forces of the United States shall be entitled, annually to a deduction from the amount of any tax bill for taxes on real and personal property, or both, in the sum of **[\$50.00]** *\$100.00* or if the amount of any such tax bill shall be less than **[\$50.00]** *\$100.00*, to a cancellation thereof, which deduction or cancellation shall not be altered or repealed. Any person hereinabove described who has been or shall be declared by the United States Veterans Administration, or its successor, to have a service-

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

*—Assembly committee amendments adopted June 4, 1987.

connected disability, shall be entitled to such further deduction from taxation as from time to time may be provided by law. The surviving spouse of any citizen and resident of this State who has met or shall meet his or her death on active duty in time of war or of other emergency as so defined in any such service shall be entitled, during her widowhood or his widowerhood, as the case may be, and while a resident of this State, to the deduction or cancellation in this paragraph provided for honorably discharged veterans and to such further deduction as from time to time may be provided by law. The surviving spouse of any citizen and resident of this State who has had or shall hereafter have active service in time of war or of other emergency as so defined in any branch of the Armed Forces of the United States and who died or shall die while on active duty in any branch of the Armed Forces of the United States, or who has been or may hereafter be honorably discharged or released under honorable circumstances from active service in time of war or of other emergency as so defined in any branch of the Armed Forces of the United States shall be entitled, during her widowhood or his widowerhood, as the case may be, and while a resident of this State, to the deduction or cancellation in this paragraph provided for honorably discharged veterans and to such further deductions as from time to time may be provided by law.

2. When this proposed amendment to the Constitution is finally agreed to pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than three months after that final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate, the Speaker of the General Assembly and the Secretary of State, not less than three months prior to that general election.

3. This proposed amendment to the Constitution shall be submitted to the people at the general election in the following manner and form:

There shall be printed on each official ballot to be used at the general election the following:

a. In every municipality in which voting machines are not used, a legend which shall immediately precede the question as follows:

if you favor the proposition printed below make a cross (x), plus (+) or check (✓) in the square opposite the word "Yes." If you are opposed thereto make a cross (x), plus (+) or check (✓) in the square opposite the word "No."

b. In every municipality the following question:

	Yes	<p>[INCREASES AMOUNT OF VETERAN'S PROPERTY TAX DEDUCTION TO \$100.00.</p> <p>Do you approve the amendment to the Constitution of the State of New Jersey, agreed to by the Legislature, increasing the amount of the veteran's property tax deduction from \$50.00 to \$100.00?</p> <p>INTERPRETIVE STATEMENT</p> <p>This amendment increases the amount of the annual deduction a veteran, or the surviving spouse of a veteran, will receive on his or her real and personal property tax bill from \$50.00 to \$100.00.]</p>
	No	<p>*CONSTITUTIONAL AMENDMENT TO INCREASE VETERANS PROPERTY TAX DEDUCTIONS</p> <p>Shall the amendment to Article VIII, Section 1, paragraph 3 of the New Jersey Constitution, agreed to by the Legislature, authorizing the Legislature to enact laws granting an annual deduction, not to exceed \$100.00, from the tax bill on real and personal property as therein provided, of certain veterans and their surviving spouses, instead of the \$50.00 deduction presently provided, be approved?</p> <p>INTERPRETIVE STATEMENT</p> <p>This proposed constitutional amendment authorizes the Legislature to enact laws increasing the veterans' and their surviving spouses' annual property tax deduction from the current deduction of \$50.00 to \$100.00.*</p>

TAXATION-PROPERTY

Amends Constitution to increase a veteran's or a surviving spouse's real or personal property tax deduction to \$100.00.

ASSEMBLY APPROPRIATIONS COMMITTEE

Statement to

ASSEMBLY CONCURRENT RESOLUTION NO. 141

With Assembly Committee Amendments

Dated: June 4, 1987

The Assembly Appropriations Committee favorably reports Assembly Concurrent Resolution No. 141 with committee amendments.

As amended, Assembly Concurrent Resolution No. 141 would amend Article VIII, Section 1, paragraph 3 of the New Jersey Constitution by authorizing the Legislature to enact laws granting an annual deduction, not to exceed \$100.00, from the tax bill on real and personal property of certain veterans and their surviving spouses. The current provision in the Constitution authorizes a deduction of \$50.00.

COMMITTEE AMENDMENTS:

The Committee amended the language of the public question and interpretive statement to comply with the proper and technical aspects of full disclosure. No substantive changes were made.

ASSEMBLY COMMITTEE Amendments

to

Assembly Concurrent Resolution No. 141
(Typed copy)

Amend:

Page	Sec.	Line	
1	1	2	After "Jersey" insert "is"
2	3	Box	Omit lines 1 through 12 in entirety and insert "CONSTITUTIONAL AMENDMENT TO INCREASE VETERANS PROPERTY TAX DEDUCTIONS

Shall the amendment to Article VIII, Section 1, paragraph 3 of the New Jersey Constitution, agreed to by the Legislature, authorizing the Legislature to enact laws granting an annual deduction, not to exceed \$100.00, from the tax bill on real and personal property as therein provided, of certain veterans and their surviving spouses, instead of the \$50.00 deduction presently provided, be approved?

INTERPRETIVE STATEMENT

This proposed constitutional amendment authorizes the Legislature to enact laws increasing the veterans' and their surviving spouses' annual property tax deduction from the current deduction of \$50.00 to \$100.00."

NOTE TO PRINTER

Replace synopsis in Roman as follows:

Amends Constitution to increase a veteran's or a surviving spouse's real or personal property tax deduction to \$100.00.

1971-1972

A CONCURRENT RESOLUTION proposing to amend Article VIII, Section 1,
paragraph 4 of the Constitution of the State of New Jersey.

BE IT RESOLVED by the General Assembly of the State of New Jersey
(the Senate concurring):

1. The following proposed amendment to the Constitution of the State of
New Jersey is agreed to:

PROPOSED AMENDMENT

Amend Article VIII, Section 1, paragraph 4 to read as follows:

4. The Legislature may, from time to time, enact laws granting an annual
deduction from the amount of any tax bill for taxes on the real property of any
citizen and resident of this State of the age of 65 or more years, or any citizen
and resident of this State less than 65 years of age who is permanently and
totally disabled according to the provisions of the Federal Social Security Act,
residing in a dwelling house owned by him which is a constituent part of such
real property or residing in a dwelling house owned by him which is assessed as
real property but which is situated on land owned by another or others, but no
such deduction shall be in excess of [\$160.00 with respect to any year prior to
1981, \$200.00 per year in 1981, \$225.00 per year in 1982, and \$250.00] \$300.00
per year in [1983] 1988 and any year thereafter and such deduction shall be
restricted to owners having an income not in excess of [\$5,000.00 per year with
respect to any year prior to 1981, \$8,000.00 per year in 1981, \$9,000.00 per year
in 1982, and \$10,000.00] \$15,000.00 per year in [1983] 1988 and any year
thereafter, exclusive of benefits under any one of the following:

a. The Federal Social Security Act and all amendments and supplements
thereto;

b. Any other program of the federal government or pursuant to any other
federal law which provides benefits in whole or in part in lieu of benefits
referred to in, or for persons excluded from coverage under, a. hereof including
but not limited to the Federal Railroad Retirement Act and federal pension,
disability and retirement programs; or

c. Pension, disability or retirement programs of any state or its political subdivisions, or agencies thereof, for persons not covered under a. hereof; provided, however, that the total amount of benefits to be allowed exclusion by any owner under b. or c. hereof shall not be in excess of the maximum amount of benefits payable to, and allowable for exclusion by, an owner in similar circumstances under a. hereof.

The surviving spouse of a deceased citizen and resident of this State who during his or her life received a real property tax deduction pursuant to this paragraph shall be entitled, so long as he or she shall remain unmarried and a resident in the same dwelling house situated on the same land with respect to which said deduction was granted, to the same deduction, upon the same conditions, with respect to the same real property or with respect to the same dwelling house which is situated on land owned by another or others, notwithstanding that said surviving spouse is under the age of 65 and is not permanently and totally disabled, provided that said surviving spouse is 55 years of age or older.

Any such deduction when so granted by law shall be granted so that it will not be in addition to any other deduction or exemption, except a deduction granted under authority of paragraph 3 of this section, to which the said citizen and resident may be entitled, but said citizen and resident may receive in addition any homestead rebate or credit provided by law. The State shall annually reimburse each taxing district in an amount equal to one-half of the tax loss to the district resulting from the allowance of tax deductions pursuant to this paragraph.

2. When this proposed amendment to the Constitution is finally agreed to, pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than three months after such final agreement and be published at least once in at least one newspaper of each county designated by the President of the Senate and the Speaker of the General Assembly and the Secretary of State, not less than three months prior to said general election.

3. This proposed amendment to the Constitution shall be submitted to the people at said election in the following manner and form:

There shall be printed on each official ballot to be used at such general election, the following:

a. In every municipality in which voting machines are not used, the following legend shall immediately precede the question:

If you favor the proposition printed below make a cross (X), plus (+) or check (✓) in the square opposite the word "Yes." If you are opposed thereto make a cross (X), plus (+) or check (✓) in the square opposite the word "No."

b. In every municipality the following question:

	Yes.	<p>CONSTITUTIONAL AMENDMENT TO INCREASE AMOUNT OF REAL ESTATE TAX DEDUCTION FOR ELDERLY AND DISABLED AND TO INCREASE INCOME LIMIT.</p> <p>Shall the amendment to Article VIII, Section I, paragraph 4 of the New Jersey Constitution, agreed to by the Legislature, authorizing the Legislature to enact laws granting an annual deduction, in 1988 and thereafter, not to exceed \$300.00 per year, from the taxes assessed against the dwelling house owned by any citizen or resident of the State, of age 65 or older or permanently and totally disabled according to the provisions of the Federal Social Security Act, and having an income not in excess of \$15,000.00 per year, be approved?</p>
	No.	<p>INTERPRETIVE STATEMENT</p> <p>This proposed constitutional amendment authorizes the Legislature to enact laws granting an annual real estate tax deduction of up to \$300.00 against the dwelling house owned by any citizen or resident, not earning more than \$15,000.00 per year, and 65 years or older or who is permanently and totally disabled under the Federal Social Security Act. Surviving spouses, 55 years of age or older and unmarried, would continue to be entitled to the tax deduction. The current constitutional provision authorizes a real estate tax deduction of up to \$250.00 per year with an income limit of \$10,000.00.</p>

STATEMENT

This proposed constitutional amendment authorizes the Legislature to enact laws granting an annual real estate tax deduction of up to \$300.00 against the dwelling house owned by any citizen or resident of New Jersey who earns \$15,000.00 per year or less and who is 65 years or older or permanently and totally disabled under the Federal Social Security Act. The current constitutional provision authorizes a real estate tax deduction of up to \$250.00 per year with an income limit of \$10,000.00. The constitutional provision concerning the eligibility of surviving spouses for the real estate tax deduction is not affected by this amendment.

TAXATION - PROPERTY

Increases allowable real estate tax deduction and income limit for elderly and totally disabled.

**Public Information
Copy**

TAXATION - PROPERTY

**A CONCURRENT RESOLUTION
proposing to amend
Article VII, Section
1, paragraph 4 of
the Constitution of
the State of New
Jersey.**

Prime 1

Prime 2

Kathleen A. Bonar
Leg. Sec.
Handwritten signature

**APPROVED AS TO FORM
OFFICE OF LEGISLATIVE SERVICES**

ASSOCIATE BILL
ACR 177
APR 17
Intro. to
M.
U.
J.
Comm.

ASSEMBLY APPROPRIATIONS COMMITTEE

Statement to

ASSEMBLY CONCURRENT RESOLUTION NO. 147

Dated: June 4, 1987

The Assembly Appropriations Committee favorably reports Assembly Concurrent Resolution No. 147.

Assembly Concurrent Resolution No. 147 would amend Article VIII, Section I, paragraph 4 of the New Jersey Constitution by authorizing the Legislature to enact laws granting an annual real property tax deduction of up to \$300.00 for any citizen or resident of the State who earns \$15,000.00 or less per year and who is 65 years or older or permanently and totally disabled under the Federal Social Security Act. The current provision in the Constitution authorizes a deduction of up to \$250.00 per year with an income limit of \$10,000.00.

TABLE OF CONTENTS

	<u>Page</u>
Assemblyman John T. Hendrickson, Jr. District 9	1
Charlotte Pagnotta National Council of Senior Citizens	2

* * * * *

mjz: 1-12

[Faint handwritten notes at the bottom of the page]

ASSEMBLYMAN ANTHONY M. VILLANE, JR. (Chairman): This public hearing is being held in accordance with the provisions of paragraphs 1 and 2 of Article IX of the State Constitution and with the Rules of the General Assembly.

We are to take testimony on:

Assembly Concurrent Resolution 141 OCR, which increases the property tax deduction for certain veterans and their surviving spouses from \$50 to \$100; and

Assembly Concurrent Resolution 147, which increases the real property tax deduction to \$300 for senior or permanently and totally disabled citizens, with incomes of \$15,000 per year or less. The current deduction is \$250 for those eligible persons with incomes of \$10,000 or less.

I would like to call on Assemblyman Hendrickson to make a statement.

A S S E M B L Y M A N J O H N T. H E N D R I C K S O N:
Thank you very much, Mr. Chairman and members of the Committee, for allowing me to speak on these two very important bills.

The Manchester Communities Coordinating Council, chaired by Mr. Andrew Churchson, and the Ocean County Senior Coordinating Council, chaired by Mr. Michael Carrig -- Secretary Mr. William Fiore -- strongly endorse ACR-141 by Assemblyman Villane and ACR-147 by Assemblyman Singer.

ACR-141 increases the property tax deduction for our veterans, which will total an additional \$20 million in relief annually statewide. Forty-one thousand individuals or their widows who have served our country in its time of need will benefit under this law.

ACR-147 increases both the amount and the eligibility threshold for senior citizen property tax deductions. It totals an additional \$25 million in relief annually statewide. One-hundred and seventy-seven thousand senior households will receive additional benefit, and 53,000 more households will become eligible for this relief.

Our State has among the highest property taxes in the nation. This tax burden is very difficult for seniors, many of whom have equity built up in their homes, but a fixed, limited income from retirement systems or savings. This legislation will allow seniors to keep their homes and their security, and not be forced out by an ever-increasing property tax burden.

We hope this legislation will continue to move quickly through the legislative process, and be approved by the voters as a permanent part of our State Constitution.

Thank you very much.

ASSEMBLYMAN VILLANE: Thank you very much, Assemblyman. I would like -- just for the benefit of the audience -- to have you know that these resolutions have been the activity of this Assembly Appropriations Committee for the last three months. In addition to working on a \$10.4 billion budget, this Assembly Committee has created certain initiatives in this year's budget, in an attempt to return some benefits to both seniors and veterans, along with some other property tax deductions.

It is required by the Constitution that we have this hearing today. I would like to say, we are going to have a few people testify on these resolutions, but we ought to understand, number one, that it is the Assembly's intention that these rebate increases for senior citizens and for veterans are to be utilized out of an unanticipated increase in revenue to the State of New Jersey. That unanticipated increase in revenue is as a result of some Federal tax law changes. So, it is not the intention of the Assembly Committee to fund either one of these increases for benefits for seniors or veterans out of the casino funds.

That established, I would like to call someone who would like to speak about the resolution, Charlotte Pagnotta.

~~CHARLOTTE PAGNOTTA:~~ Thank you very much. You have already sort of answered the question I have, but shall I read the testimony anyhow?

ASSEMBLYMAN VILLANE: We understand your concerns. I have also promised Mr. Turgis (phonetic spelling), who I saw earlier in the building, who has the same kind of concerns. But, maybe you could paraphrase your concerns, so the Committee will understand why you are here today.

MS. PAGNOTTA: Oh, all right. Those of you who read the report "Action is Sought on Long-Term Care" in the June 10, 1987 edition of The Star-Ledger, saw what we have been saying for some time, that thousands of senior citizens in New Jersey are confronted with catastrophic illnesses that wipe out their savings and turn their golden years into a muddy and sometimes bitter experience.

That is why the senior Task Force on Legislative Concerns, composed of delegates from the largest State senior citizen organizations in New Jersey, strongly backs a home health care policy for seniors and disabled residents funded by casino revenues, and supported with contributions based on income.

The programs already contained in the new State budget draw down the surplus in the Casino Revenue Fund by \$48 million. If the change you have in mind goes through, it will deplete the surplus to such an extent that the State will not be able to fund a home care policy. As a result, we will be denying home health care to all seniors, including those whom you hope to benefit by this change.

It should be made clear that what the ACR has in mind is an income limit of \$15,000, exclusive of Social Security. With Social Security, that can mean a total annual income of \$25,000 to \$35,000. To have a uniform benefit such as you have in mind going to people in this income bracket, without regard to who is paying low taxes or high taxes in relation to income, makes the problem of tax reform of our regressive real property tax harder to solve. Certainly we cannot close out the possibility of equitable taxation to our senior population.

We would like to note that according to the proposed constitutional amendment, one-half the cost of this benefit would fall on the municipalities, at a time when they are hard-pressed financially. In areas where there is a high concentration of seniors, the seniors themselves would be paying higher taxes to help pay for their own tax reduction. We are very much concerned about a backlash from the younger people, who are already paying high real estate taxes. If this occurs, it would make it more difficult to provide for the priority needs of the aged and disabled, such as rental assistance for those who are paying an undue proportion of their income in rent, and a home health care policy for those facing financial ruin through trying desperately to take care of an ill spouse.

We respectfully request the Assembly Appropriations Committee to consider the full implications of the proposed change before proceeding.

Thank you.

ASSEMBLYMAN VILLANE: Thank you very much, Ms. Pagnotta. We appreciate your coming here today.

MS. PAGNOTTA: I was asked if somehow I could get a statement, in writing, saying that this would not, at the last minute, be switched over to casino funds.

ASSEMBLYMAN VILLANE: In the Assembly budget that passed this Committee, it specifically states that it would be funded from the increase in the revenue generated from the income tax.

Conversely to what you said in your statement, it does not accrue any particular liability to local municipalities. It is a total cost picked up by the State.

ASSEMBLYMAN WATSON: Mr. Chairman, if I may?

ASSEMBLYMAN VILLANE: Yes, Assemblyman Watson?

~~ASSEMBLYMAN WATSON: I would just like to ask if~~
~~someone in the room can tell me-- I know it is the~~

unanticipated funds that we are going to fund this out of. Between the two -- the seniors and the vets -- it is about \$45 million we are talking about. Of course, I know this is our spike fund. This is for now, but how about '88, '89, and so on? I would like to know where those funds are going to come from in the years we are going to look forward to continuing with this.

I understand what we are doing now, but we don't know whether we are going to continue along the lines of that unanticipated money. We do have some concerns about whether it is going to continue or not. So, I would like to-- Could someone answer that, please?

ASSEMBLYMAN VILLANE: For the benefit of the Budget Officer from the Assembly Minority, the unanticipated revenue increase for this year is presently in the neighborhood of \$175 million, when just three weeks ago it was about \$100 million to \$140 million.

In addition to that, we anticipate a growth in the economy will be able to fund this in future years. That is unless an Assembly committee decides to reduce that by putting in another Assembly concurrent resolution. That is always a possibility. If you don't think it can be afforded from the income tax, it is up to the Assembly to modify it or change it. But, that is always available for us. At the present time, it is our intention, by this legislation -- which I know you have been supportive of -- to fund it in the fashion that we passed it.

Ms. Pagnotta, thank you again. We appreciate your being here.

MS. PAGNOTTA: Thank you very much.

ASSEMBLYMAN VILLANE: Is there anyone else?

ASSEMBLYMAN BAER: Mr. Chairman, I have a question of the witness. Ma'am, I noticed in your statement you made reference to rental assistance. I would like to ask you a

little bit about that, because sometimes in the past when property tax relief was provided, it has been provided in a form whereby renters could also benefit from it. For instance, a little over 10 years ago, when the income tax was adopted and there was a drop in rates, there was a provision that landlords had to pass through. There was also a provision, when there was a homestead deduction for homeowners, that there was a somewhat analogous but scaled deduction that tenants would enjoy via their income tax.

I would like to know if you feel — in terms of your reference here — that there should be consideration of some provision so that people who would be eligible except for the fact that they rent, should also have some means of getting relief here?

MS. PAGNOTTA: That is exactly what we would like to do. I also belong to the Task Force on Legislative Concerns.

ASSEMBLYMAN BAER: Could you speak a little closer to the microphone?

MS. PAGNOTTA: Which one is working?

ASSEMBLYMAN BAER: The black one. There is so much noise, it is a little hard to hear.

MS. PAGNOTTA: That is one of our priorities.

ASSEMBLYMAN VILLANE: One minute -- I can't hear you. I want to give the full attention of the Committee to your testimony. Will you please close that door back there? (someone complies with Assemblyman Villane's request) Okay, why don't you proceed?

MS. PAGNOTTA: I belong to the Task Force on Legislative Concerns. That is a group of 10 leading senior citizen organizations. We have made up a list of priorities. Our first priority is home health care. This would be from the casino funds. Our second priority is rental assistance to low-income families. So that is why this was mentioned in my statement. If this money should come from the casino funds,

there wouldn't be money left for health, where we feel it is much needed.

ASSEMBLYMAN VILLANE: Thank you.

ASSEMBLYMAN BAER: Thank you.

ASSEMBLYMAN VILLANE: Thank you again, Ms. Pagnotta, for being here. We appreciate it.

We have a very large agenda. There are a number of people here who are here for a specific bill. So, if we could move along, I would appreciate the cooperation of the Committee.

Anyone else on that particular subject? (no response) If not, I would like to close the public hearing on--

ASSEMBLYMAN SMITH: Mr. Chairman, this is on the subject of the senior citizens and veterans bill.

ASSEMBLYMAN VILLANE: Okay, that's ACR-141, Mr. Smith.

ASSEMBLYMAN SMITH: Okay, Mr. Chairman. I do have a few comments. I thought there were other people to testify. I want to add to the public record on this some, I think, very interesting information that should be considered by all legislators when considering a vote on this.

We had an analysis done of the last six years' budgets by the State government. In that analysis, we found that more than \$1.3 billion of State aid to both municipal governments and gross receipts skim, and urban aid and aid to primary and secondary education, has not been returned to local governments and local school districts because of the policies that we, as legislators, have adopted through the budget process, on which we passed laws and said we were going to fund back in earlier years.

We have done calculations on a number of residential properties in the State of New Jersey, which ended up being 1,868,817 residential properties. We have taken that \$1.3 billion and multiplied it by the percentage that these residential properties represent in property tax base, and it turns out that the average dollars lost and increase in taxes

on each residential property in this State for the last five years, due to our State policy of underfunding the State aid programs for local governments, which we had pledged to fund in earlier legislation, was \$451.

In other words, \$110 per year of property tax increase, per home, over the last five years, due to our desire not to fund, inability to fund, or whatever. One question I think everyone should consider is whether we in State government would be better off funding the programs that we promised to fund in earlier legislation, which would actually give senior citizens and veterans more tax relief. It would be \$110 per home, as opposed to this \$50 exemption we are talking about in these two ACRs. I bring that to everyone's attention because it seems that on one hand we are robbing from Peter -- we are taking money that should have gone back to the local governments and helped to reduce property taxes -- and then we are saying to these fine people that we are going to be big sports and give them \$50 back in tax exemptions. If we were doing what we originally promised to do, we would be saving them \$110 a year on each home.

I mention that for the Committee's consideration.

ASSEMBLYMAN VILLANE: Thank you very much, Mr. Smith. There are a number of--

ASSEMBLYMAN BAER: Mr. Chairman, I have another question about this.

ASSEMBLYMAN VILLANE: I just want to point out to our Committee members, and to the audience, that we have already voted on these Assembly resolutions. This is just the public hearing portion. All we need to do is finish this discussion, and then we will get to the other legislation.

ASSEMBLYMAN BAER: Mr. Chairman, these hearings are not just a mere formality. They are required by our State Constitution for a very good reason. There are a number of reasons, not the least of which is to provide clarification in

terms of legislative intent, were these measures to be adopted. Frequently there are legal controversies in suits as to what particular legislation was intended. We are talking about amending the State Constitution, so the hearing is not just something to be brushed aside because we have other things on the agenda.

ASSEMBLYMAN VILLANE: I understand the law. Would you kindly make your comments on the resolutions?

ASSEMBLYMAN BAER: Well, I just wanted that to be understood because of the concern that perhaps we were spending too much time on this. As you know, many of these hearings take a great deal of time; this one will not.

Now, one of the critical questions here, Mr. Chairman, has to do with where the money is going to come from for this. There has been concern expressed that it may not come from the casino funds for this purpose. Whether it would work that way or not depends very much on what funds are available, and also the matter of legislative intent.

You indicated, Mr. Chairman, that it was the finding of the Republican Budget Officer of this Committee that there would be sufficient funds from the surplus and growth in the future to accommodate this. I would like to ask you if there has also been a finding of that sort from the Democratic Budget Officer to this Committee? I would like to ask you if there has also been a finding of that sort from the nonpartisan Office of Legislative Services professional staff to this Committee; also, whether there has been a determination of that sort from the State Department of the Treasury, each of which, as you know, has the capability of making such estimations, and very frequently do make estimations of that sort, when considering the feasibility of funding legislation from a particular source?

Now, I am asking that of each one of those several different entities, so far as the feasibility of funding this

without going into the casino money is concerned. Could you tell us that as the sponsor of that, Mr. Chairman?

ASSEMBLYMAN VILLANE: You asked the question of Mr. Watson.

ASSEMBLYMAN WATSON: Yes. Mr. Chairman, I would like to answer my part of the question that was asked by a member of my side of the aisle here.

We did not have a finding, as such, Assemblyman Baer. The moneys we anticipate using for the \$45 million are coming from what we call a spike fund -- \$145 million. I think our Chairman has stated it is \$170 million. It is coming from a spike fund. This fund is because of a tax change that was paid up-front. We don't know whether those dollars are because of that or not.

So, our concern is, will these dollars continue to flow into the surplus each year? We don't know that. We anticipate what we have this year, but we are concerned about whether it will continue in ensuing years.

ASSEMBLYMAN BAER: Thank you. Could you tell me, Mr. Chairman, whether you have had a determination from the nonpartisan Office of Legislative Services, and also whether you have had a determination from the State Department of the Treasury?

ASSEMBLYMAN VILLANE: I will be happy to tell you, Mr. Baer. I am surprised you didn't ask the questions before you voted on the two resolutions in the budget last time. But, if you would like me to answer the question now, I will be happy to tell you.

It has been our determination from Treasury, which I shared with the Minority Budget Officer, Mr. Watson, that the unanticipated revenue is, indeed, beyond \$100 million this year. It is over \$140 million. In addition to that, it is the opinion of Treasury and legislative staff has indicated in our budget, that the terminology and the actual part of the budget

that speaks to the guarantee that the money would be available through spike, is, indeed, legal and accurate.

ASSEMBLYMAN BAER: Well, Mr. Chairman, I am glad you put that on the record.

My final question— The reason I am raising these questions now is because there was a concern expressed about the Casino Fund remaining intact in its priorities.

Perhaps I should pause while you create some order in here, Mr. Chairman, and then I would like to continue with my questions. (in response to controversy in audience)

ASSEMBLYMAN VILLANE: Can we— The Pinelands is down the other way. This is the unemployment office. (a great deal of audience response and applause at this point) I 'm sorry. We were criticized by one of the newspapers for allowing people to demonstrate. I don't know whether the reporter is here today or not.

But, why don't you all try to squeeze in? (addressed to members of audience standing in open doorway) This is your building. (applause) While we do have you in here, would you please respect the people on the panel who are asking questions, so we can have them voice their opinion on this legislation? When we get as many people in as possible, will you please close the door, so that Mr. Baer may continue? That's good. Okay, please keep quiet, so we can hear Mr. Baer. Mr. Baer, your last question.

ASSEMBLYMAN BAER: Yes, Mr. Chairman. This is very crucial, since these hearings are relied on in terms of legislative intent. Is it your intention, as the sponsor of this legislation, that no funds from the Casino Commission whatsoever in the future, under any circumstances, will be used to fund this measure, and that you want it known as a matter of record in this hearing, that it rely upon, in any future litigation over this question -- that it is the legislative intent that none of those casino funds, under any

circumstances, will be used to fund this, and that the funding be from other sources?

ASSEMBLYMAN VILLANE: Mr. Baer, it is my intention, as it is the intention of this Committee who voted for this legislation in the form of the budget bill, that the funding for this be out of the unanticipated revenue increase as a result of the Federal changes in the income tax laws. That is so stated in the budget bill that you voted for. It is so stated in the budget bill that I voted for and, in fact, that every single member voted for. So, it is very clear, in precise legislation approved by this Committee, what our intentions are.

ASSEMBLYMAN BAER: Is that a yes to my question?

ASSEMBLYMAN VILLANE: I don't answer yes or no to a complicated, convoluted, multi-purpose question.

Now, I would like to-- I really don't want to carry on a debate with Mr. Baer.

ASSEMBLYMAN BAER: Mr. Chairman, this was not a debate at all. I am merely seeking information and clarity. I think you have made the matter quite clear.

ASSEMBLYMAN VILLANE: Thank you, Mr. Baer. Anyone else? (no response) If not, I would like to close the public hearing portion of the meeting concerning Assembly concurrent resolutions.

(HEARING CONCLUDED)