

BERGEN COUNTY - COUNCIL CHAMBERS

PUBLIC HEARINGS HELD BY
THE ASSEMBLY COMMITTEE ON
TAXATION and THE SENATE
REVENUE FINANCE and
APPROPRIATIONS ON VARIOUS
TAX PROPOSALS before the
Legislature.

Hackensack, New Jersey
June 20, 1974

B E F O R E :

Chairman FROUDE

Assemblyman MAC INNES

Assemblyman CONTILLO

Assemblyman FORAN

Assemblyman VREELAND

1 MR. CHAIRMAN: All I'm asking you to
2 do, is this, please keep an open mind long
3 enough to get all of the information given to
4 you. At that time apply all of the wisdom
5 that you have achieved down through the years
6 in the tax programs of the other states and
7 of the other areas and, indeed, on the tax
8 programs of this then determine if they have
9 failed what they were taught to do. But,
10 please at this point at least keep an open
11 mind. So let me just say, reduce the property
12 tax by increasing state support for public
13 education. Reduce the property tax by in-
14 creasing aid to the municipalities. One, the
15 property tax is reduced, a cap on the property
16 tax so that it cannot come right back up.
17 That cap I hope will be part of the discussion
18 this afternoon, and this evening. That cap
19 is a constitutional provision. There is an-
20 other aspect of the program that I think is
21 significant. Tenants, 20 percent of the rent
22 that tenants pay will be treated as property
23 tax, so that tenants then can share in the
24 benefits of the property owners. There's
25 another program and that's the business stabi-

1 that reduction so it doesn't come bouncing
2 right back up, a business tax to see that they
3 do not get a windfall. Provisions for tenants
4 so that they're treated as residential property
5 owners and then an income tax with a circuit
6 breaker or with a guaranteed maximum property
7 to the tax. I would submit to you again, the
8 necessity, the absolute necessity to keep an
9 open mind until you understand it. Once you
10 understand it thoroughly and you apply it to
11 yourselves and you know that it doesn't work
12 I'm with you 100 percent, but when you are
13 benefiting by a reduction of \$280 as some
14 people in my towns are and are screaming at
15 me that this program is going to kill us and
16 I know that that program, if in fact, would
17 save them \$280 does not make sense, and if
18 they're right and I'm wrong, at least we've
19 got to stop screaming at one another long
20 enough to prove it to one another.

21 I'm sorry for making it so long but
22 that in essence is where I'm at, if no other
23 member of the committee is at that point. We've
24 been listening to, and we intend to be listen-
25 ing, to the public comments on this. There

1 are a number of people who have joined us and
2 have requested an opportunity to speak.

3 I'd like to call to the stand first of
4 all Mr. Walter Grote, Mayor of the City of
5 Scotch Plains.

6 BY MAYOR GROTE:

7 Thank you, I'm speaking for the Town
8 Council and the governing body of Scotch Plains.
9 I have several questions and statements I'd
10 like to make, not necessary input, but my
11 first question and I don't expect answers I
12 would appreciate answers so that I can respond
13 to the constituents of Scotch Plains.

14 You spoke of several bills. I under-
15 stand there's a possibility of 28, and I'd
16 like to know when the entire package of bills
17 which encompasses this will be available to
18 us as Mayors to study and review that. You
19 mentioned the figure I'd like to know how
20 reliable and firm are the equalization ratios
21 used in determining the equalized tax rates?

22 I'd also like to know what happens to
23 the entire tax reform program if the income
24 tax fails? Is there an alternate being developed
25 because of the July 13th deadline for the

1 passage of Constitutional Referendum Legislation?

2 In view of the haste in which this re-
3 form program was presented and the absence of
4 understanding among local elected officials,
5 I'd like to recommend that the Legislature
6 and the Governor seek a court extension on
7 the Judge Botter decision.

8 I'd like to know if you can explain the
9 long range effect of the business stabilization
10 tax act on economic development in New Jersey?
11 We are told this measure raises \$200 million
12 dollars in the first year in new revenue. I
13 have seen an analysis that shows that the net
14 taxes on business properties will go up in
15 17 out of 21 Union County taxing districts.

16 Speaking for the Township of Scotch
17 Plains, for years we have been trying to develop
18 an industrial tract of, I believe, approximately
19 100 acres. It's privately owned. We went
20 ahead and secured it, and I'm wondering now
21 if we can attract the industry to fill it, be-
22 cause every campaign, everyone has promised
23 to develop the industrial tract. I'm just
24 wondering about the business stabilization
25 tax act. They have been trying to develop this.

1 I'd like to know how we can be expected
2 to operate with limits on real property taxes
3 when there is a possibility of the Perk Bill
4 being enacted which might affect our negotiations
5 with our municipal employees?

6 On one hand we're talking about home
7 rule, on the other hand we're talking about
8 the ability for us to deal with municipal
9 employees and taking it down to Trenton.

10 As local officials in today's economy
11 we have maintained austere budgets on items
12 within our control. The current administra-
13 tion in less than 6 months has added a Depart-
14 ment of Public Defender and a division of
15 Women's Affairs with no obvious restraints on
16 State spending. How soon can we see some
17 fiscal responsibility demonstrated in Trenton
18 and how can you solicit our support for a
19 tax reform program which hasn't been fully
20 documented which people feel is not exercising
21 fiscal restraints.

22 ASSEMBLYMAN FORAN: In response to the
23 Mayor's question in regard to the alternate
24 packages, please be advised that this committee
25 at the present time along with the Governor's

1 package is ready with at least three other
2 alternates. One, was from Senator Garrimone
3 of Bergen County which deals with the corporate
4 increase from 5.4 percent to 7 and a half and
5 various stocked out merchandise which will
6 give the State \$500 million dollars which
7 will be switched in order to conform with the
8 Botter decision.

9 Earlier in the remarks of our Chairman,
10 he explained about having a program of State
11 wide property tax set, half for residents and
12 225 for businesses which require a constitutional
13 amendment for classification of business prop-
14 erty. Senator Russo has a plan with a little
15 higher lien on the residential business so
16 we're looking at these programs as well as
17 the Governor's program for the matter of the
18 stabilization point the Governor's program at
19 this point, at this hearing is taking priority
20 but there are alternatives.

21 THE WITNESS: I think one thing that
22 we mentioned, \$500,000 or \$500 million dollars
23 I forget your figure and we equate that as
24 quality education. I don't think that's nec-
25 essary, money is what buys quality and I just

1 add that as a side thought. Even today we
2 feel that money is what buys education and
3 people have been closer, it's not just money
4 it has to be other means that buys a merchan-
5 dising quality in fair education.

6 ASSEMBLYMAN FORAN: I agree that you
7 can't equate good education with a dollar bill,
8 but again, in deference to our Chairman the
9 Legislature is under mandate from the courts
10 and I don't think a lot of people understand
11 that bill. We have got to do something, and
12 we do have these other three alternatives
13 that I just mentioned in answer to one of
14 your questions.

15 ASSEMBLYMAN MAC INNES: Mr. Mayor, if
16 I could, one comment on the Governor's program
17 as proposed, does not call for an increase
18 in spending for education on the local level.
19 His distribution program is based on the current
20 levels of expenditures in local school districts
21 with a plan for working on improvements in
22 those districts that are currently spending
23 relatively low amounts for education over a
24 two year period, but his plan does not in the
25 first year throw in large sums of additional

1 money for school purposes. I'd like to ask
2 you a question if I could.

3 I'm going to pass on to you the ques-
4 tion that's always asked of me. When the
5 constituents say they mean well you're going
6 to reduce for this first year, how do I know
7 that Mayor or that Freeholder or that school
8 board isn't going to use this opportunity and
9 engage in all sorts of wild spending?

10 My first response to that is, as a
11 citizen at the local level but the Governor's
12 program includes this 6 percent cap on annual
13 increases effective tax rates at the local
14 level in county and school district level.
15 We've heard testimony that's not a very sensible
16 way to provide an assurance that we're going
17 to put a cap on the property taxes. I was
18 wondering if you would have any suggestions
19 for the committee, recognizing the strong
20 feeling of the many citizens in this State on
21 that point as to what form of an assurance
22 might take other than this 6 percent admissible
23 increase in tax rates on a basis, would you
24 have any thoughts on that?

25 A I don't know if I completely understand your question,

1 but one of the things in particular that we're
2 dismayed is that the Senate passed the Perk
3 act which takes the responsibility from our
4 local government to deal with our public em-
5 ployees and that places that responsibility
6 at another level.

7 MR. CHAIRMAN: If I may, I would like
8 the Mayor to complete his statement and if
9 there is a response I would like to entertain
10 it at that time.

11 THE WITNESS: Now, I don't know how I
12 would handle that in Scotch Plains to guarantee
13 a constituent that we're not going to raise
14 taxes. For one thing, we do exactly what
15 you're doing here, we have a public hearing
16 on everyone of our ordinances which is re-
17 quired by law and we have public hearing on
18 it and in addition to that, our particular
19 municipality holds what we call a listening
20 post once a month for residents to come down
21 and express themselves and I might add, that
22 it has been very effective. If a sewer system
23 in one section of our town that was developed
24 many, many years collapsed and to repair that
25 storm sewer and to provide for the necessary

1 protection and services increased 6 percent I
2 understand, we'd have to go to a referendum
3 and many times referendums are turned down on
4 general principle. So off the top of my head
5 I do not know the answer if I did, I'd be
6 sitting up there where you people are, but on
7 the other hand I strongly feel that local
8 government is responsive, local government
9 should be the best people to decide what the
10 area rates are and so forth.

11 ASSEMBLYMAN CONTILLO: To answer Assembly-
12 man Mac Innes's question in essence, that's
13 exactly what we're here for today on that very
14 question that Mr. Mac Innes has raised and
15 he will have specific recommendations on how
16 to treat exceptions to the 6 percent rule.
17 However, the elimination of that 6 percent
18 rule goes right to the heart of the program
19 and that is the assurance that property taxes
20 will not be raised.

21 THE WITNESS: You know the comment was
22 made that we're going to hold school spending
23 at the current level. 14 years I have lived
24 in Scotch Plains, I believe, that it has gone
25 up on an average of 6 to 14 going back and

1 forth as different capital programs were needed,
2 but at what point is it going to be the last --

3 MR. CHAIRMAN: Mr. Mayor, if I may,
4 interrupt to answer that question. I think
5 it would be erroneous to over simplify it and
6 say that there will be no increase in the cost
7 of education. I don't think that was intended
8 by any member of the committee. We have put
9 some caps on the cost of education and it was
10 made perfectly clear that the \$550 million
11 dollars of increased State aid is not \$550
12 million dollars of additional monies for the
13 operation of schools. It's simply a replacement,
14 it's reducing the property tax by \$550 million
15 dollars and it's coming up with \$550 million
16 from another source. The caps as far as ed-
17 ucation are concerned, if you take the 30 per-
18 cent, the highest spending school districts
19 the 30 percent highest spending school districts,
20 we're saying to them your business increases
21 can't be but about 8 percent a year, and then
22 we're saying to the next group, the 56 per-
23 centile, 10, and to the next group 12, and to
24 the lowest group, that lowest group is the
25 group that benefits with increased State aid.

1 What we're attempting with this group, that's
2 spending the most on education, saying to them
3 keep up with inflation and nothing more than
4 by way of saying to you, Mayor, we're attempt-
5 ing to put caps, and the questions by the way
6 are not asked lightly and they're not asked
7 to put you on the spot.

8 THE WITNESS: I don't mind being put
9 on the spot. One last thing, the very state-
10 ments that I'm going to get, I'm sure there's
11 a lot of people who have things to say.

12 MR. CHAIRMAN: Thank you very much. We
13 appreciate your comments. We'll try to get
14 those answers to you.

15 Mr. Thomas Elliott.

16 BY MR. ELLIOTT:

17 Mr. Chairman, Senator, Assemblymen,
18 ladies and gentlemen, I appreciate the oppor-
19 tunity to appear in front of you. I had in-
20 tended to come this evening but I have a 12
21 year old who has a birthday today and she has
22 priority on my time this evening.

23 Gentlemen, when this income tax was
24 proposed, I speak personally for myself, I
25 sat down and figured out just briefly what I

1 pay in taxes. I think it was 20 percent in-
2 come. I pay 5.6 social security. 5 percent
3 sales tax and approximately 9 percent of my
4 income on the property taxes, which is based
5 on a 15 to 19 hundred dollars -- on a \$26,000
6 house and I live in Rockaway Township.

7 Now, with that arithmetic, I am paying
8 40 percent of what I earn into taxes, and I
9 do not include the taxes that are imposed on
10 corporations. The taxes that are imposed such
11 as under the employment tax, that is my em-
12 ployer has to pay on these taxes are hidden
13 tax, that I actually pay because I firmly be-
14 lieve that every citizen pays every tax paid
15 in this Country. So that when you come out
16 with this income tax that you propose it, it
17 really gets me up in the air. I'm saying,
18 well, what is my fair share? I s my fair
19 share more than 40 or 50 percent out of every
20 dollar? And this is what you use. I took
21 the trouble to look at your State budget in
22 a small diagram which you published and I
23 find that your State budget is 2.75 billion
24 dollars of which \$850 million comes from the
25 sales tax. \$750 million comes from a federal

1 grant, which incidently is taxes that all of
2 us pay.

3 In addition to that 54 million comes
4 from your lottery and there are miscellaneous
5 taxes but you're talking about a fair share.
6 Business pays \$275 million of State taxes.

7 Gentlemen, that is 10 percent of the
8 total tax paid in the State of New Jersey
9 required for your budget and I'm already pay-
10 ing 40 cents out of every dollar and now you're
11 asking me to swallow income tax? I think
12 there's something wrong here. I employ every
13 representative to examine these things, and
14 I'm prepared to support my position. I think,
15 that it's time that you put this in real plain
16 terms. We're talking about a fair share. I
17 have a formula for a fair share. I'm not one
18 who indiscretely makes statements. I say,
19 that the total wealth of this State divided
20 by the monies needed gives us a percentage of
21 that money that you require if it's applied
22 to each sector. You can then determine whether
23 or not that sector of each county and with
24 that wealth, this State is paying their fair
25 share. That's all any citizen is asked. I

1 believe, we're not trying to shy away from
2 paying our fair share but we want just a fair
3 share. You proposed an income tax based on
4 taxable income. This is a fine proposal with
5 one exception, for anybody under \$20,000 who
6 can't hire a tax lawyer or a tax accountant
7 he pays the straight tax. If you're over the
8 \$20,000, you then can employ a tax attorney
9 who will advise you how to invest your money
10 to avoid taxes. There's a difference, again,
11 you're leaving it right down into the ordinary
12 worker again, and I think, it's important
13 that this be brought out and I recommend every-
14 one of you that you give this careful consid-
15 eration. It's not the time to come across
16 with something to the people that we're not
17 able to swallow that you can't convince us of.
18 I think, that every politician will agree that
19 he's got to stand up himself now and be counted,
20 if he's going to answer to the people. I have
21 in my own community people who are already
22 now questioning the Governor who has only been
23 in office for a few months. I think it's very
24 important, I ask that each of you examine your
25 conscience and examine the total tax structure

1 of this State, and if our fair share has to
2 come out this way all well and good, but show
3 it to us, let us see it.

4 Many of the billions of dollars and
5 the documents that you speak of here I have
6 not seen and I would venture to say the average
7 person has not seen, but that doesn't mean
8 that we're not conscientious and we're not
9 trying to find out.

10 Gentlemen, again, I'd like to thank
11 you for the opportunity for being here and I
12 hope you have some questions.

13 MR. CHAIRMAN: Are there any members
14 of the committee that have any questions?

15 ASSEMBLYMAN FORAN: If I may just for
16 a minute, you are aware, are you not, that we
17 are under a court mandate to make this switch
18 that we've been trying to explain to the Mayor
19 of Scotch Plains earlier about the Botter
20 decision? The Legislature is court mandated
21 to do something about the heavy burden on the
22 property tax for the full limitation of T and
23 E term, efficient education across the State.
24 The program has got to be available by the
25 1st of January, 1975, and will be amended

1 July 1st, by 1975. This is the problem we're
2 faced with.

3 THE WITNESS: Let me say, I am aware,
4 I was in East Orange last night and I have
5 been traveling around with this quite frequently
6 because I have a community who has a number of
7 senior citizens who are concerned and unfor-
8 tunately not that able to get around themselves.
9 Now, we have a small little paper which we
10 publish to our local community, but the only
11 reason I'm saying regarding this proposal that
12 is being made, it's rather odd that you link
13 this decision at this time with an income tax
14 all in one quick package as much as to say
15 this is the answer we've got to have it. All
16 we're asking you, explain it to us and lay it
17 out on the line, by line, because we don't
18 believe you have to have it.

19 MR. CHAIRMAN: Mr. Elliott, if I may
20 at this point, there were just a couple of
21 things that you did forget, this is not some
22 of our views, at least a hurry up program in
23 that there was a tax policy commission that
24 for a number of years, in fact, I think, it
25 goes back to 1967, was first presented with

1 the problem and I am particularly saddened
2 that we've excited the whole State with the
3 terminology income tax, which, I think, we
4 should have excited the whole State with the
5 term tax reform which is really what we're
6 after, and we've already explained the program
7 and the significance, of course, will remain.

8 I'd also like to say too that the Botter
9 decision wasn't something that was handed last
10 week, but it goes back at least 12 months from
11 this point in time and, I think, beyond that,
12 about 18 months ago, and the Legislature did
13 not respond once prior to this and we are now
14 down to the wire so the Legislature has indeed
15 postponed this thing right up to the end, and
16 I think, we're attempting with your help to
17 take the problem.

18 ASSEMBLYMAN MAC INNES: First of all,
19 I want to commend you for your homer feeling.
20 You talked about the total tax burden that you
21 bear, I have asked this question as a member
22 of the joint committee on tax reform of the
23 staff that was provided to us, compared to
24 states nearby, what percentage in terms of
25 taxes does an average pay in New Jersey compared

1 to the one in Pennsylvania or in New York or
2 in North Carolina, and states that are competing
3 for our industries? How does the total tax
4 burden bear on that as opposed to other states
5 in the northeast, and you know, I can't get
6 an answer to that question, and you start getting
7 the corporate head income tax, such things as
8 unemployment compensation and workmen's com-
9 pensation wherein in that it was ranked as
10 number one in the County and where unemployment
11 is 75 percent higher than the average in the
12 Country and it becomes very difficult to draw
13 a fair and accurate picture of the total cor-
14 porate tax burden just because it's so difficult
15 for you to draw a fair and accurate tax picture
16 of your burden because of all of the hidden
17 taxes that you pay. That's a question that
18 we're aware of, we're trying to find an answer
19 to it as we should hesitate to impose taxes
20 on the corporate sector or the individual sec-
21 tor without knowing at least better than we do
22 today the answer to that question, because it
23 might be that we're going to be cutting off
24 our own noses and just driving up and around
25 the corner if we impose in ignorance a tax

1 which makes New Jersey less competitive in
2 attracting jobs in industry.

3 So I just make that point because it's
4 so close to your own personal situation and
5 one more drafting where there's a committee.

6 THE WITNESS: Mr. Chairman, if I may
7 comment on this, let me say regarding the
8 corporate tax structure, I agree and I can
9 certainly appreciate the assemblyman's point
10 that it's very difficult to determine this.

11 However, New Jersey has one of the finest
12 markets of people valuable to industry, and
13 this is one of the main reasons why we have
14 this fine industry here. Whether they move
15 out or not is really a question mark, and it's
16 important, I think, if we consider this area
17 here, but the main reason that I brought it
18 to the floor is the fact that ever since the
19 inception of this income tax from the Governor's
20 first word it has been income tax, nobody has
21 talked about any other tax. Only today and
22 last night did I hear of a couple of other
23 proposals that are finally coming forth, and
24 I want to emphasize the fact that the entire
25 tax picture should be examined not just one

1 proposal.

2 MR. CHAIRMAN: Thank you. Assemblyman
3 Vreeland.

4 BY ASSEMBLYMAN VREELAND:

5 I'd just like to say about this gentle-
6 man's presentation, I think it was an excellant
7 presentation. I would like to say this, that
8 there are other alternatives to the income tax
9 and I want to tell you this, that all members
10 of this committee are not solely for this pro-
11 gram and are not sold on income tax, and I
12 happen to be one of them. I think, that the
13 fact of the matter is that we are under a
14 court mandate to implement the Botter decision
15 is true, but, I think, the Mayor, the previous
16 speaker, made a good point, this is something
17 that we shouldn't rush into.

18 Here we are to reform the whole tax
19 structure of the State of New Jersey and I
20 just think that we can't possibly do it over
21 night and it seems to me that there is a possi-
22 bility that we would get an extension of time
23 if we did come up with something that every-
24 body likes before the 1st of January, 1975.

25

1 BY ASSEMBLYMAN CONTILLO:

2 I suppose this is as good a time as
3 any, Mr. Foran evidently prescribes to the
4 one proposal that he favors which is the
5 Governor's income tax. It seems to be there
6 are certainly as you indicated more than one
7 choice and the present public hearing is a
8 hearing for the input not only income tax,
9 but on the two State property proposals and
10 there is as Mr. Frovde alluded to a fourth
11 alternative.

12 The fourth alternative would be to
13 incorporate much of what you have suggested.
14 You can call them new taxes if you will but
15 they go for the part of very basic policy
16 question. Do we intend to run the State of
17 New Jersey by a major taxation? Are we talk-
18 ing about one or two million dollars of ad-
19 ditional monies which must be income tax or
20 State property tax, or are we indeed worried
21 about increasing the percentage of State aid
22 for each job in the State? If it's the last
23 we have a proposal that will raise the 300,
24 400 and 500 hundred million dollars that is
25 necessary and that is a very real alternative,

1 and it's going to be one of the four alternatives
2 that the Taxation Board is going to have to
3 review.

4 MR. CHAIRMAN: Mr. Elliott, we thank
5 you very much for your testimony, we appreciate
6 it.

7 THE WITNESS: Mr. Chairman, I thank you.

8 MR. CHAIRMAN: Okay, Mayor.

9 BY MAYOR REID:

10 Mr. Chairman, members of the assembly,
11 Senators, I wish to preface my remarks by say-
12 ing that I have yet to be in the assembly
13 which ended last year, and I do favor an in-
14 come tax. I voted that way in my majority.
15 I thought I wanted to talk about some of the
16 elements that are contained in a proposal of
17 which I read about and I haven't had the privi-
18 lege of getting all 28 bills.

19 We have all agreed that property tax
20 as we know it now is the regressive tax or,
21 most people do agree, it's the regressive tax.
22 As a basic formula for distribution of school
23 aid monies on assessed or equalized valuation
24 has a prime factor in that equation. It weakens
25 men equally aggressive.

1 For example, a person who buys a home
2 or pays for it with net dollars after taxes
3 and then repays taxes on it -- this is similar
4 to a double taxation. I think to continue on
5 this basis in spite of some of the elements
6 which I'll speak to will discourage home owner-
7 ship and home improvement on all income levels.

8 Generally a persons not taxed on any of
9 his other assets. He's not taxed on the mere
10 fact that he owns stock, with the exception of
11 real estate, which is very much inherently a
12 goal and dream of every American citizen.

13 I want to speak just about our local
14 situation here, because I am the Mayor of
15 Paramus and I know only what I read in the
16 newspaper about the tax program, but Paramus,
17 for example, is an interesting commerce which
18 we have worked hard for in a regional tax rate.
19 Many citizens of Paramus will tell you that.
20 We defend we support, in a town of 30,000 a
21 police force with an annual budget which has
22 an excess of one million five hundred thousand
23 dollars. We are beset by three major State
24 highways. The traffic control on two of those
25 are predominantly a municipal responsibility.

1 The traffic also will disturb and continue to
2 disturb the residential policy of our community.

3 Now, for years we have in suburbia been
4 stealing from our urban businesses and commerce,
5 and I feel that those towns who have achieved
6 a favorable tax rate because of the distribu-
7 tion of monies are going to be forced right
8 back in the race, they're going to be compounded
9 on the same fellow that it's been going on for
10 many many years. There's not question in my
11 mind that some reasonable alternative must be
12 developed before this tax program is certified.

13 For example, Bergen County communities
14 will receive anywhere from one percent to 80
15 percent of the State school aid. No one can
16 ever tell me such inequality can ever be sole
17 equality.

18 One of the problems of the tax bills
19 last year, is that they were, perhaps, too
20 complex. Once again we do the same thing in
21 the welfare programs, which I think, has to
22 be studied.

23 Certainly, I think, a definite burden
24 should be placed upon the State for the cost
25 of these items which don't necessarily relate

1 to the individual municipality, but I as well
2 as every other Mayor, is very much concerned
3 that the local community, the administration
4 of it's courts, and we feel very strongly that
5 unless we have this safeguard written in and
6 understood that we're going to do something
7 of our own ruin. Welfare is much the same.
8 It's not even a State thing, it's a regional
9 thing and as you well know, but I think, it
10 can best be administered on the local level
11 and again, in the possibility of trying to
12 settle the total tax program you may have
13 thought of all of these things and built those
14 safeguards in those programs where the people
15 cannot digest all these items in a period of
16 a short few months.

17 Now, I understand that you have a ceil-
18 ing on your property tax based on income. Let
19 me remind you that you already have a progres-
20 sive income tax. The more you make the more
21 you pay. Therefore, if your property tax
22 is also based upon your gross income rather
23 than your net income there's a possibility a
24 person would be in the 20 to 40 percent bracket
25 and it would be double tax again, if it's based

1 upon his gross income rather than his net tax-
2 able income. I think that's serious.

3 You've indicated this ceiling to be a
4 limit of 6 percent on increases in local tax-
5 ation, am I correct?

6 MR. CHAIRMAN: You'll have to repeat that,
7 Mayor.

8 THE WITNESS: I think you indicated that
9 there will be a ceiling increased to some 6
10 percent.

11 MR. CHAIRMAN: The cap on the bill now
12 is 6 percent.

13 THE WITNESS: Well, for example, I have
14 been Mayor of Paramus for 8 years. Generally
15 our school teachers have reached between 5
16 and 7 increase plus a 5 percent increase.

17 MR. CHAIRMAN: This is on the municipal
18 level.

19 THE WITNESS: It's all relevant because
20 public employees are treated pretty much the
21 same. So your increase in wages alone would
22 be somewhere in the 7 to 8 percent average.
23 Just in wages alone without any new employees,
24 without any other programs in town, and I really
25 wonder what right the State has to consider

1 putting a 6 or 8 percent limit on local tax-
2 ation or municipal costs unless they put that
3 same limitation on themselves on today's spend-
4 ing. It seems to me that if you believe that
5 this is the proper way to function then you're
6 also talking about a State property tax that
7 the same safeguard will be placed upon the
8 State and, perhaps, on the county. I think
9 this last year our State budget went from
10 2 billion to 207 billion plus.

11 Now, obviously if the states are going
12 to continue to spend at that rate and limit
13 a municipality to another rate it only means
14 one thing, it means that the proper restraints
15 not placed upon the state or the state has to
16 take over those elements which the town cannot
17 pay for because of the 6 to 8 percent limita-
18 tion, which means something more than taking
19 over by the state of every local program, and
20 I think these are the things I don't want to
21 bring into the program but, I think, we do
22 have to bring that out. It's indicated that
23 20 percent of your rent will be city taxation
24 and taxes are revenues are very significant.

25 I think that type of thing is completely

1 arbitrary any more to say that arbitrary --
2 you can say for an apartment dweller, why don't
3 you say for everything? 20 percent evaluation
4 or 2 1/2 percent evaluation, you use the same
5 type of formula, you go through very great
6 pains to be very equitable in one sentence
7 and very arbitrary in another, and these are
8 the tax concerns that I have.

9 I believe that I do have a responsibility
10 as a person who enjoys an above average income
11 and a community who enjoys above an average
12 prosperity to share some process with some of
13 our neighbors who are less fortunate. I don't
14 believe that the formula that I have read so
15 far is recognizing these facts even though
16 there are those who are willing to give of them-
17 selves and give up their assets. I agree with
18 the gentleman who just preceded me, who in-
19 dicated that he felt the best tax would be a
20 net work tax. It's very complex as you know.
21 It's been talked about for many many years,
22 but, I think, that that type of goal is the
23 one we should be approaching more, and in the
24 distribution of money we have to make sure that
25 the change that we have don't agree with the

1 same an equally in a different avenue or dif-
2 ferent fashion. I think that's the avenue we're
3 going down right now. We're trading the apples
4 for the bananas and it doesn't mean the bananas
5 are going to be any sweeter or any better, so
6 I ask that you give this great consideration.

7 I understand the pressure of the Botter
8 decision as Mr. Foran has pointed out, and I
9 myself have worked under those pressures, but
10 we all know that it does not ^{have} to be done this
11 month and that haste does make waste, and haste
12 does make inequalities.

13 I heard the gentleman state that he does
14 not know what the relative taxation between
15 our neighboring states is and yet he may be
16 part of those who are making that evaluation.

17 It also seems to me that we cannot pos-
18 sibly make this type of evaluation until you
19 have that type of information and I agree with
20 you very much, sir, and I think that these public
21 hearings are great and, I think, they're im-
22 portant and the pressure of the Governor's
23 office is important, and the pressure of the
24 Botter decision is important, but the most
25 important thing is the ability to come up with

1 a fair tax program which I'm sure you'll do.

2 MR. CHAIRMAN: Are there any members
3 of the committee that have any questions?

4 (Whereupon there were no questions.)

5 MR. CHAIRMAN: Thank you very much.

6 Now, we call Mr. Andrew.

7 BY MR. ANDREWS:

8 Mr. Chairman, members of the group,
9 I'm Michael Andrew. I'm President of the
10 South Essex Association, consisting of roughly
11 700 to 850 property owners. I'd like to put
12 myself on record and inform my membership that
13 we are opposed to any income tax.

14 I first have to apologize for my ap-
15 pearance today, for my attire. I stand best
16 with a tie and a coat. I thought I was just
17 going to listen and then Assemblyman Foran
18 with his nice coat has just put me in shame.

19 Well, getting serious, I would like to
20 commend the Honorable Senator Vreeland and
21 Senator Foran on their remarks before about
22 this momentous decision and it shouldn't be
23 entered into hastily. I would like to spe-
24 cifically invite the attention and the mem-
25 bership here as Assemblyman Foran put forth

1 before, that we are pressured by this Botter
2 decision.

3 Now, I would like to invite your atten-
4 tion, sir, and the court has said that all
5 property will be assessed on true replacement
6 value of the premises. I want us to go on
7 record right now and tell you, I don't believe
8 there's 100 homes in Bergen County which are
9 assessed properly and I would even go as far
10 as to say that a 1,000 homes in the State of
11 New Jersey are not assessed properly. Now,
12 before you talk about taxation, it would seem
13 to me that we must first have property assessed
14 properly.

15 Now, if you want me to be specific I
16 can take my own street in Hackensack. My
17 home is worth a \$100,000, I'm assessed for
18 \$65,000. The man next door just built himself
19 a house. It cost him close to \$90,000. He's
20 assessed at \$39,000. There's^a bungalow on the
21 side of me, which sells in the neighborhood
22 between 41 and 49 thousand dollars. They're
23 assessed for \$29,000. The secretary to the
24 Board of Taxation in the County of Bergen,
25 Mr. Leonardi, admits that the assessment in

1 the City of Hackensack should be thrown in the
2 river.

3 Now, will you tell me how you can base
4 any income tax predicated on the market value
5 or the assessment value of homes as they stand
6 today, which they're all wrong? Where is the
7 basis? Where is the foundation for this?
8 Truthfully, what actually has to happen?

9 The State of New Jersey should send
10 out teams of men, assessors to go around through-
11 out the whole State and put that property up
12 to the true 100 percent value, then you can
13 take the replacement value and cut it in half
14 and issue their share equally.

15 We have people with a political knowl-
16 edge or knowing the right people can reduce.
17 I'm not being specific now, but in the City of
18 Hackensack we have people where the total eval-
19 uation has been dropped one million dollars.
20 A million dollars reduction and the City's
21 appealing that decision.

22 We have a property ----- Each prop-
23 erty reduced one million dollars, what do you
24 think my people are doing? They got to pick
25 the tab up for 4 million dollars so what we

1 have to do, ladies and gentlemen, is get out
2 assessed evaluation to the proper level accord-
3 ing to the mandate of the court, and if I had
4 a million dollars I'd have E. Bennett Willis
5 putting a show cause order in that court de-
6 manding that before we can fulfill the order
7 of the court that we have the true replacement
8 value put on our property. Thank you.

9 ASSEMBLYMAN MAC INNES: I appreciate
10 your comments on this. This is an area that
11 I have been working on in the tax committee,
12 but I want to correct something if I could,
13 not by way of rebuttal just for clarification
14 of the record, and that is that the income
15 tax which the Governor has proposed is not
16 related, assessed for true value of one's
17 property. It is true that the school aid formu-
18 la, that the county proportionments that the
19 circuit breaker, that the property tax cap,
20 will be based on the formula which is used by
21 the State or by the county to bring all assess-
22 ments which are depressed as you pointed out
23 up to true per capita value, but the income
24 tax in terms of that will be based on them
25 not reflecting the lack of uniformity in

1 property tax assessment.

2 THE WITNESS: I thank you for your com-
3 ment, sir, but I'm not impressed with the gov-
4 ernor's plans at all. If the Governor thinks
5 that he can reduce my property tax by \$300 and
6 turn around and give me an income tax where
7 I pay \$700 I wouldn't like that, no.

8 ASSEMBLYMAN MAC INNES: I agree with
9 you, because he's wanted to drop me 165 and
10 he's going to place my income tax at \$1,200.
11 I know fully what you're talking about.

12 THE WITNESS: I happen to be a Republican
13 by choice and I voted for the Governor, and
14 I'm sorry. I made a mistake. That's how I
15 feel.

16 ASSEMBLYMAN FORAN: I just wanted to
17 pick Mr. Nickles up, in the hearings I person-
18 ally asked the Mayor of every large city to
19 this State the very question you posed to this
20 committee and it was pretty shocking that the
21 of Mayor/Newark couldn't tell me the last time
22 Newark was even reevaluated prior to World
23 War II, and when you see property values they're
24 high in the sky figures, and I think this is
25 one of the real things that Assemblyman Mac

1 Innes is trying to work out, and I also under-
2 stand that most of these large cities are in-
3 clined to add this and hide themselves away
4 from proper assessment. They're now under
5 court order to do so.

6 THE WITNESS: I don't want to abuse
7 my time, but you don't have to go to any cities,
8 stay right here in Hackensack and you get the
9 equalization chart put out by the Bergen County
10 Tax Board and you see how many municipalities
11 are assessed on true value. Thank you.

12 MR. CHAIRMAN: Mr. Nickles, I trust
13 that you will take the opportunity to have Mr.
14 Peter Joseph from the Treasury Department
15 compute your tax under the proposed program,
16 and it seems to me that I have had the pleasure
17 of meeting you down in the chambers.

18 THE WITNESS: I will forego that measure.
19 I'm not speaking for myself, I'm speaking for
20 700 homeowners and I would be reluctant to
21 discuss my personal affairs. Whatever the
22 tax is I'll pay it, but I wanted to bring out
23 one or two things, that you must have a founda-
24 tion before you do anything else with the tax
25 structure.

1 MR. CHAIRMAN: Mayor Armeinal from
2 Hackensack, we'd like to give you the oppor-
3 tunity at this time to speak.

4 BY MAYOR ARMEINAL:

5 Mr. Chairman, members of the Senate,
6 and Assemblymen, how nice of you to let me
7 follow Mr. Nickles who certainly attends every
8 council meeting and does a fine job with the
9 South Essex group, and he certainly keeps me
10 on the ball.

11 Gentlemen, the first week of June when
12 the income tax plan was presented and it was
13 printed in the Record, the City Council of
14 Hackensack drew up a resolution against the
15 income tax plan of the Governor's. The reasons
16 is that we feel and we are concerned with our
17 City of Hackensack, not other communities in
18 New Jersey. We feel that why should these
19 communities be punished because they are doing
20 their job the correct way. We have a fine
21 school system. We have sewers, we have paid
22 police and fire department. Speaking about
23 reevaluation, and Assemblymen, I can tell you
24 that Hackensack had our reevaluation, it was
25 in my first year in office in '73, and the

1 tax bill came out in June, so I was quite busy
2 during that year. We went to a 100 percent,
3 our taxpayers of our City increased from 4 to
4 5 to \$600.

5 Now, what I'm concerned about income
6 tax is that our school aid will be cut tre-
7 mendously some \$300,000 over \$300,000 and
8 correct me if I'm wrong?

9 MR. CHAIRMAN: You're not wrong, Mayor.

10 THE WITNESS: And our school tax rate
11 will increase 11 cents from a \$1.81 to a \$1.91.
12 We feel that the taxpayers of our City will
13 receive an increase in the personal property
14 tax. Hackensack is the capital city of Bergen
15 County and we're certainly proud and honored
16 to have the County facilities, the State facil-
17 ities, we have roughly 23 to 20 year percent
18 of tax free land that our taxpayers have to
19 pay the bill on. So that we are concerned
20 about the income tax. We feel that it's def-
21 initely not going to help the City of Hacken-
22 sack, so we're against it and we will certainly
23 keep you and be informed of you on this tax
24 issue, and we will go on record here this after-
25 noon as against it, thank you.

1 MR. CHAIRMAN: Are there any questions
2 from the committee?

3 (Whereupon, there are no questions.)

4 MR. CHAIRMAN: At this time, I'd like
5 to call Dominick Presti, if I may.

6 BY MAYOR PRESTI:

7 I'm following another South Bergen Mayor.
8 I come from a more unique area of South Bergen
9 and the Mayor of Carlstadt. Our particular
10 area of South Bergen may be classified as the
11 bread basket of the industrial area of Bergen
12 County. We happen to enjoy a very very favor-
13 able tax rate, but at the same time we have to
14 live with ecological problems that come along
15 with dense industry. I feel that when you
16 establish a format and you are very careful
17 to state that you are looking for tax reform
18 you must consider in reformation the adverse
19 affects which it's going to have on all com-
20 munities. I don't think this is being done in
21 the case of Carlstadt or many of the South
22 Bergen communities. To the contrary every tax
23 bill, every proposal would have to have an
24 adverse effect on a municipality such as Carl-
25 stadt, that is the extent that I know these

1 tax bills and I don't profess to know them
2 all and I do have to digress that this is any
3 part of any continuing plan because I think
4 that is the major problem we have received
5 the information concerning the various tax
6 bills. We were never given the opportunity
7 to sit down with a complete package as we now
8 understand the Imcango Plan. You have alter-
9 natives, the alternative, again, was really
10 coming about with a clear and concise and
11 meaningful ultimately I have read the Legis-
12 latures that have come out and said I still
13 don't understand it, and since then I don't
14 know what it means because you have been say-
15 ing that there are many areas where they don't
16 spend enough money. I'd like to know where
17 those areas are and I wonder whether there's
18 a direct relationship between the amount of
19 money being spent and the quality of the ed-
20 ucation received. As an example, I know that
21 Carlstadt spends much much more than the City
22 of Newark or many other municipalities who
23 are cities. However, I also feel that we do
24 have an excellent standard of education. I
25 don't think there is anything that the State

1 by any tax proposal or by any definition can
2 attack the standard or quality or the effec-
3 tiveness of our educational system. I'd like
4 to point out in this ecological credit/^{we are}disadvantaged
5 to our area where we ^{have}7,000 ^{people.} We draw an ad-
6 ditional 15,000 during the daytime who we
7 provide with their jobs. We have been called
8 the richest piece of property in the world,
9 so rich that the State of New Jersey decided
10 to establish the HMDC which includes a por-
11 tion of Carlstadt and 13 other municipalities.
12 I think our area has born the brunt of all
13 tax proposals, all State takeover and I don't
14 think we should be expected to continue to
15 bear this burden. I think we have to deal
16 with mathematics. I think that, perhaps, the
17 only way you're going to have to be able to
18 deal with education effectiveness, if it comes
19 up why don't we file a million dollars. If
20 a community isn't putting enough dollars in it
21 why not have them raise it? Carlstadt would
22 not, I'm sure, object to contributing some
23 additional monies, however, we would expect
24 it to be a fair basis with every other munic-
25 ipality. We would expect to have the same

1 benefits. We would not expect as what's hap-
2 pening now. I think it's something like a
3 \$180,000 that we would have taken away and we
4 would have an increase of 6 points in our taxes.
5 You have it there, you can tell me better than
6 I can tell you. I think it is unfair, it is
7 not reform. Reform should contemplate equality
8 for all. You should not always be picking on
9 the same areas.

10 We do have vacant lands which have an
11 assessed value of almost 19 hundred million
12 dollars. I don't think this is a fair concept.
13 I don't think it should be that way. There
14 are alternatives.

15 MR. CHAIRMAN: I'm sure there are some
16 questions from the committee. I have one or
17 two myself. Based upon your statement you'd
18 be willing to share the responsibility. You
19 also made a comment that you would have the
20 towns raising the money, you previously said
21 you would be willing to share, but you would
22 have these towns raising it.

23 THE WITNESS: Yes.

24 MR. CHAIRMAN: Are you suggesting that
25 the \$106,000 that's guaranteed tax ratable

1 behind every student across the State is not
2 an equable to share the cost?

3 THE WITNESS: It's not equable because
4 you want a dollar and 50 price tax on it.

5 MR. CHAIRMAN: What do you mean by that?

6 THE WITNESS: If I compute right, it
7 would have to be a \$1.50 per 100 in order to
8 get the money that you need and our tax ratables
9 for all purposes is a \$1.61.

10 MR. CHAIRMAN: Mayor, our program is to
11 equalize the cost of education across the State
12 so that members in communities not as fortunate
13 as yours in terms of ratables have the tax
14 effort as citizens in other parts of the State.
15 So what we have done it says, that each student
16 across the State will have \$106,000 of ratables
17 behind him.

18 THE WITNESS: At what tax rate?

19 MR. CHAIRMAN: What do you mean by at
20 what tax rate?

21 THE WITNESS: You just can't take a
22 \$106,000 worth of property --

23 MR. CHAIRMAN: Wait a minute. We're
24 talking about the monies for state aid purposes.
25 If a community has a \$106,000 behind each student

1 it does not get any state aid for support of
2 education. If a community has a budget of
3 \$53,000 of rateables behind each student, 50
4 percent of the cost of education will be born
5 by the State and 50 percent at the local level
6 if the municipality had it, but \$26,500 of
7 rateables behind each student 75 percent of
8 the cost of education would be paid for by the
9 State and 25 percent by the municipality. It's
10 that concept that we've used to provide equity
11 across the State and I can't understand where
12 the citizens of a community that has a great
13 deal of rateables and is above the 106 needs
14 a Mayor like Mayor Presti to state that they
15 need them and will fight for them, but I am
16 asking the Mayor to comment on the equitables
17 of that proposal.

18 THE WITNESS: It's equitable because
19 you are asking us then to come up with more
20 tax dollars. We're being changed from our
21 present condition. Our condition is being
22 worsened.

23 MR. CHAIRMAN: Most municipalities will
24 benefit by this, perhaps, but we would not and
25 this is the concept that I am opposed to.

1 ASSEMBLYMAN CONTILLO: I have noticed
2 that Mayor Presti is here, the Mayor of Paramus
3 is here, the Mayor of Hackensack, the Mayor
4 of Rochelle Park, the four of them are here
5 because they have the same problem and there
6 is an inequality, there is an unfairness,
7 there's effectiveness in the allocation that
8 uses a \$106,000 of ratables without taking
9 into consideration the cost of operating at
10 an industrial ratable. Each one of these four
11 communities have played the game that we have
12 been taught for 20 years. You are willing to
13 take the traffic and fumes of industrial ratables
14 in order to keep your tax rate down but with
15 your tolls also come additional parking, health
16 department costs, and so forth and the formula
17 does not recognize that in such that formula
18 is effective, consequently the formula could
19 take some factor in there so that these munic-
20 ipalities are not hurt.

21 THE WITNESS: That's what we're saying.

22 MR. CHAIRMAN: Are there any other com-
23 ments or questions?

24 (Whereupon, there were no further ques-
25 tions.)

1 MR. CHAIRMAN: Herert Miller, represent-
2 ing the senior citizens.

3 THE WITNESS: Mr. Chairman, Senators,
4 I want to confine my remarks strictly to senior
5 citizens problems. My name is Herbert Miller
6 and my address is 425 Crest Drive, Northvale,
7 and I have a prepared statement which I have
8 given to the gentleman here. I'm first Vice
9 President coordinator of the Legistator Committee
10 coordinating council. I'm the founder of that
11 organization and we have 30,000 senior citizens
12 in Bergen County. I'm also a member of the
13 New Jersey State Legislative of retired per-
14 sons. I am authorized through these organiza-
15 tions to speak for the senior citizens of New
16 Jersey with respect to the tax matter now be-
17 fore the Legislature, and submit to the Legis-
18 lature by the senior citizens on Monday, June
19 17, over 3,000 senior citizens from all of the
20 State assembled at The War Memorial Building
21 in Trenton to demonstrate to Governor Byrne
22 and the Legislators that Senior Citizens in
23 New Jersey are now united and will continue to
24 be united in their efforts to bring about a
25 more meaningful life for all Senior Citizens.

1 Unfortunately, Governor Byrne and the
2 Legislators did not see fit to accept the in-
3 vitation of Senior Citizens to attend the rally
4 in Trenton. Had they done so they would have
5 seen first hand the unity. Therefore, it was
6 necessary that these elderly people march to
7 the Capital Building to present to Governor
8 Byrne in his office a resolution passed unani-
9 mously by the assembly calling for immediate
10 action by the Governor and the Legislature on
11 our Homestead Security proposal for the people
12 of New Jersey. I was one of those Senior Citi-
13 zen Leaders chosen to present this resolution.
14 I now present this same resolution to you. Full
15 particulars of our Homestead Security proposal
16 have been submitted to Governor Byrne and to
17 every Legislator from time to time throughout
18 the year. Accordingly, I will not go into the
19 details at this time.

20 I would add that we Senior Citizen
21 Leaders met with your Tax Committee representa-
22 tive, Assemblyman Contillo and Mr. Deardoff of
23 the Fiscal Department of the Legislature on
24 May 2, 1974. A copy of our proposal was given
25 to them and is now in the files of the Tax

1 Committee of the General Assembly.

2 As a spokesman for Senior Citizens from
3 all over the State, I now ask you to go back
4 to the Legislature and immediately enact Legis-
5 lation that will place a referendum on the
6 ballot so that the people of New Jersey may
7 decide whether or not they want Homestead
8 Security for themselves.

9 Senior Citizens ask you to make Homestead
10 Security the No. 1 priority in your tax con-
11 siderations. I do not mean this as a threat
12 but I would be remiss if I did not inform those
13 Legislators who fail us in satisfying this
14 reasonable request, that their actions can
15 only be construed as being unsympathetic to
16 the plight of our elderly Citizens.

17 Present unjust tax laws now compel
18 elderly Citizens on fixed incomes to bear an
19 unfair share of the tax burden to make up
20 deficits in the Public Treasuries for educational
21 costs.

22 These unjust tax laws have forced far
23 too many of our elderly Citizens to tear up
24 their roots and move away to strange places to
25 begin life all over again at an age when they

1 most need the comfort and love of their family
2 and friends. THAT'S WRONG!

3 These unjust tax laws have forced far
4 too many of our generation out of their homes
5 and towns which they built throughout the
6 years with sweat and tears on lands that were
7 once potato patches and woods. THAT'S CRUEL!
8 These unjust tax laws have caused far too many
9 heartaches and heartbreaks to too many elderly
10 people causing them unnecessary sickness and
11 distress THAT'S CRUEL! This injustice and
12 cruelty must stop. The Legislature has it
13 within their power to stop it. If one more
14 Senior Citizen suffers these hardships it is
15 one too many.

16 Governor Byrne's tax plan, as explained
17 to us in his office last Monday by Mr. Leons
18 of the Treasury Dept. and as reported in the
19 press is unacceptable to Senior Citizens.
20 Enactment of that Legislation will only com-
21 pound the problems of Senior Citizens. It
22 will not correct the injustices of the present
23 tax laws. Senior Citizens are unalterably
24 opposed to an approach to solve Senior Citizens
25 problems. We are also opposed to an income

1 tax that will tax away our pensions and drive
2 us closer to the poverty level.

3 These unjust and cruel laws cannot be
4 corrected by reducing Senior Citizens property
5 taxes and then taxing their pensions to make
6 up the difference. We worked a lifetime for
7 our pensions and we paid taxes on the incomes
8 we earned to pay for them whether or not they
9 were paid for directly or indirectly through
10 lower salaries and wages. In a few years time,
11 as the State needs more and more money, the
12 income tax rates will rise and rise and rise
13 and we Senior Citizens will be far worse off
14 than we are today.

15 Nor can these unjust tax laws be corrected
16 by taxing Senior Citizen pensions to provide
17 a windfall for out of State workers by reducing
18 their property taxes and getting nothing in
19 return, notwithstanding, that they may have
20 several children going to school in New Jersey
21 and earning several times greater than most
22 Senior Citizens.

23 Nor can these unjust laws be corrected
24 by taxing those Senior Citizens who were more
25 successful in their working years in order to

1 provide give away programs to those who were
2 less successful. The problem is inflation.
3 Taking from one Senior Citizen to give to another
4 Senior Citizen will not correct that. All
5 Senior Citizens are victims of inflation. There
6 are those among us who need financial help and
7 we must all vow to help them. This help, how-
8 ever, must come about through properly designed
9 public assistance programs and not by changing
10 the method of taxing real properties.

11 Nor can these unjust laws be corrected
12 by applying a Means Test to determine the
13 amount of property taxes to be paid by each
14 of us. Property taxes must always be determined
15 on the sound basis of assessed valuation and
16 not on the ability to pay. Otherwise, we are
17 creating a society where the John Does with
18 ten children can live in a mansion at the ex-
19 pense of the Joe Doakes with no children who
20 will be forced to live in modest houses and
21 pay high taxes to make up the deficits in the
22 public treasuries for the John Does. Such
23 schemes should have no place in our Democratic
24 Society.

25 Nor can these unjust laws be corrected

1 by penalizing the residents who built a more
2 successful town in order to give special finan-
3 cial considerations to other towns or cities
4 which grew in a less successful manner whether
5 it be by poor leadership or otherwise.

6 Nor can these unjust laws be corrected
7 by devising tricky accounting formulas to
8 tie property taxes, federal income taxes and
9 State income taxes together so that the average
10 Senior Citizen will have no idea of their
11 total tax obligation from year to year. How
12 many public employees will be needed to keep
13 the records of such a system? How much will
14 it cost for administration? How can such a
15 system be policed? Where will the money come
16 from? NO! These unjust tax laws cannot be
17 corrected by this ridiculous scheme. If any
18 of these ideas are adopted there is not one
19 good reason why any successful Senior Citizen
20 should remain in New Jersey. The affluent will
21 migrate and those of us who are forced to re-
22 main will find our taxes increasing and in-
23 creasing to make up the losses in revenues and
24 the ever increasing deficits in the public
25 treasuries to take care of those families

1 who replace the Senior Citizens. When all is
2 said and done, Senior Citizens will still wind
3 up paying an unfair share of the tax load for
4 educational costs.

5 Senior Citizens are cognizant that the
6 Legislature must resolve the mandate of the
7 Court to provide a more equitable system of
8 taxation for education. We are certain that
9 the Legislators will meet that challenge. But --
10 that is something over and beyond first correct-
11 ing the injustice of present tax laws that
12 compel Senior Citizens to bear an unfair share
13 of the tax burden for education. This in-
14 justice must be corrected before any other
15 consideration. This must be the No. 1 priority.
16 The rest will follow.

17 Let us all recognize that those persons
18 who have children in Public Schools cannot
19 afford to pay enough of the cost to educate
20 their children nor can they be expected to.
21 This results in the deficits in the treasury.
22 The question then is who should make up these
23 deficits? Should the elderly Citizens on
24 fixed incomes continue to suffer or should all
25 members of the community pay a little fairer

1 share of the tax burden in return for which
2 they are guaranteed Homestead Security?

3 The only way this injustice can be
4 corrected is through the Homestead Security
5 plan we have submitted to you. This is a
6 statement of fact based on studies by many
7 persons who have reached this conclusion.
8 Over 1/2 million Senior Citizens in New Jersey
9 are on record through resolutions in support
10 of Homestead Security. Others who have reached
11 the same conclusions include Municipal Govern-
12 ment Officials, Taxpayer Groups, Homeowner
13 Associations, Civic Associations, Religious
14 Leaders and many of your fellow Legislators.

15 Homestead Security is not only for
16 present Senior Citizens. Homestead Security
17 is for all people. Under this plan everyone
18 pays their own way for their own old age
19 Homestead Security. By the simple process of
20 granting every qualified person an exemption
21 from taxation of a reasonable percentage on
22 assessed valuation or an equivalent rent re-
23 duction on the date of their retirement,
24 everyone from now on will have Homestead
25 Security. Everyone can look forward to a

1 birthright instead of a handout.

2 This plan needs no State financing.

3 There are no Administrative costs. The little
4 bit of bookkeeping is all done at the local
5 level. No money ever changes hands. The cost
6 to the individual is less than 10 cents a day.
7 That is no burden on anyone.

8 When this plan is adopted it will elimin-
9 ate the need for the present dole of \$160 and
10 certain rent subsidies. In their place every
11 qualified Senior Citizen will receive a tax
12 or rent reduction of up to \$600 a year. Elim-
13 ination of their present welfare programs will
14 return more than \$50 million dollars to the
15 public treasuries.

16 As soon as the Homestead Security plan
17 is adopted, no Senior Citizen will ever have to
18 fear the loss of their house or apartment be-
19 cause of burdensome taxes or rents. Those
20 persons who are now young or middle aged will
21 never have to fear that they will become wards
22 of the State or a burden on their children in
23 their retirement years, as so many of our gen-
24 erations have had to do. That's a tremendous
25 legacy to leave our children and our grand-

1 children and the generations who follow. Senior
2 Citizens are not asking for anything. We are
3 giving something beautiful to the people of
4 America.

5 All we want the Legislators to do is
6 to give the people of New Jersey a chance to
7 decide whether they want Homestead Security.
8 Put the referendum on the ballot and let the
9 people vote on it. Don't include it in a
10 package deal. Make it separate and distinct
11 Legislation by putting it on the ballot for
12 the people to vote on it. Let it stand or
13 fall on its own merits.

14 We don't think that's an unreasonable
15 request. The destiny of Senior Citizens in
16 New Jersey is now in your hands. We hope for
17 everyone's sake that you will respect the
18 wishes of the elderly people of our State.

19 ASSEMBLYMAN MAC INNES: Mr. Miller,
20 first of all I'd like to commend you for the
21 time I want to make sure that I understand it.
22 Do I understand your statement that you believe
23 that the present reliance on the property taxes
24 as we have it is that some part of that money
25 that's now raised --

1 THE WITNESS: If your residue property
2 taxes and then taxes on our pensions we can't
3 stomach that, no.

4 ASSEMBLYMAN MAC INNES: Do I understand,
5 could you explain to me why it is that you feel
6 that the Governor's proposal for a maximum
7 property tax limitation are a circuit breaker
8 which ties the maximum amount that one might
9 pay local property taxes to ones income is not
10 acceptable?

11 THE WITNESS: Well, are you going to
12 do the same thing for gasoline?

13 ASSEMBLYMAN MAC INNES: I haven't heard
14 anyone suggest that we do that for gasoline
15 tax. It's just that the property raises about
16 2.6 billion dollars of about 5 billion dollars
17 that we raise in this State and that it's a
18 very important part of our tax system and the
19 property tax as it's presently administered
20 takes not account of ones ability to pay. So
21 that on the day of retirement a person who is
22 in the income might drop by 50 percent will
23 still have the property tax that he paid the
24 day before he retired and, I think, the Governor's
25 proposal is designed to get around that by placing

1 a ceiling on it. I was just wondering why
2 this is not acceptable?

3 THE WITNESS: In our proposal on the
4 day of retirement one-half of the first \$1,000
5 of assessed evaluation be taken from taxation
6 and, I think, that's a much fairer way than
7 taking someone who has been more successful
8 living in the same identical house and have
9 him pay some of my tax bill because he was a
10 little more successful than I am.

11 ASSEMBLYMAN MAC INNES: Could I ask
12 about the exemption of the exception of one-
13 half of the 40,000 evaluation? Would that
14 have the effect of first of all, assume for
15 the moment, the total tax bill isn't changed,
16 would that have the affect of transferring
17 to all property owners in that municipality
18 eligible for the Homestead Security plan the
19 difference between what that house was originally
20 generating in taxes the day before retirement
21 and the taxes that were generated under your
22 plan, is that what it does?

23 THE WITNESS: All we've done is reduce
24 the tax ratables and spread it among the 100
25 percent of the people instead of placing it on

1 the back of 6 percent. The 6 percent of elderly
2 citizens do now bear the brunt, the unfair of
3 picking up the deficits and the public treasury
4 across by education.

5 ASSEMBLYMAN MAC INNES: I have no grief
6 for the present system. I think, however, that
7 it's not fair for the State, that the present
8 system works so that 6 percent of the property
9 taxpayers bear the brunt of the cost.

10 THE WITNESS: Not the cost, sir, may I
11 correct that?

12 ASSEMBLYMAN MAC INNES: Yes, you may.

13 THE WITNESS: They pay an unfair share
14 of the burden to make up the deficits let me
15 explain that. In my town it costs \$200 in
16 services to keep me as a senior citizen in my
17 town. Any dollar to go above that is going
18 to make up deficits because of other expenses
19 in that town. How much do you want to bleed
20 us? Are you satisfied to make a \$500 profit
21 on us or do you want to make a \$1,000 profit?

22 ASSEMBLYMAN MAC INNES: I don't think
23 that's my intention. I was wondering if my
24 assumption about your program is correct, that
25 the difference between what a retired citizen

1 would pay on their home in the form of property
2 taxes would be transferred to all nonretired
3 taxpayers in town?

4 THE WITNESS: As I said before these
5 deficits -- we must recognize that they exist
6 in the public treasuries caused by children
7 going to school and their parents cannot pay
8 enough to make up the total fund of education,
9 who do you want to pay? Do you want the senior
10 citizens on fixed income to continue to pay
11 the same amount as the person who is now in
12 the working force and getting constant in-
13 creases in salary? Who do you want to pay?

14 ASSEMBLYMAN MAC INNES: I don't want
15 that system. I don't want our present system
16 because I think the inequities you've described
17 have been described very accurately, and I
18 want to understand clearly the effect of your
19 program, should we adopt it and from what I
20 understand the effect of your program would
21 be to transfer to those persons not eligible
22 for Homestead Security the taxes of those who
23 are eligible for Homestead Security.

24 THE WITNESS: I appreciate your word-
25 ing, Mr. MacInnes, I'd like to put it a little

1 different. Right now the senior citizens are
2 paying for it. Do you want that to continue,
3 put it on the back of the 6 percent of the
4 senior citizen or can't we spread it around
5 or in return for as much as 10 cents a day
6 a person in that community will have guarantee
7 Homestead Security. On the day that he retires
8 they have a birth right. They can look forward
9 to the day they retire. They're going to get
10 the same thing.

11 ASSEMBLYMAN MAC INNES: The 10 cents a
12 day figure you've want that to vary from com-
13 munity to community depending on how many
14 people were eligible for the Homestead excep-
15 tion and also, wouldn't it be advisable the
16 number of remaining taxpayers?

17 THE WITNESS: Let me try to give it to
18 you in simple language. If we relate a 100
19 percent of people to a 100 percent of people
20 and the 6 percent to 6 percent people, if I
21 want to give \$600 to 6 percent I need \$3,600.
22 If I want to spread that among a 100 people I
23 only need \$36 a piece. There's 365 days in a
24 year and that's less than 10 cents a day.

25 ASSEMBLYMAN MAC INNES: You're absolutely

1 right, Mr. Miller. Thank you.

2 MR. CHAIRMAN: Mayor Thomas Signato
3 from Englewood Cliffs.

4 (Whereupon, there is no response.)

5 MR. CHAIRMAN: The Mayor of West New
6 York.

7 (Whereupon, there is no response.)

8 MR. CHAIRMAN: Mayor of
9 Rochelle Park.

10 BY MAYOR

11 Mr. Chairman, members of the assembly,
12 Senators also the press, I come here as Mayor
13 of Rochelle Park for a small community of 700
14 people. I'm primarily concerned and responsible
15 we have 400 senior citizens living in our town.
16 We have people with large families trying to
17 make the best of it, and we have senior citizens
18 that are rooted in our town and will not move
19 and try to make the best of it with the ex-
20 pansion that incurred in the rise of costs.
21 It's a funny thing about another 14 months
22 we're going to be celebrating a bicentennial.
23 It will be about 200 years that our forefathers
24 left on account of taxes we're starting all
25 over again. I don't know we'll have to start

1 another country but it looks like we're going
2 to be taxed out of this one. I'd like to say
3 this, mention was made about a deadline here,
4 about a deadline about Judge Botter, is it so
5 that his decision will be challenged by the
6 members of the committee?

7 ASSEMBLYMAN FORAN: The Botter decision
8 has been appealed by the leadership of the
9 assembly to the Supreme Court of New Jersey,
10 and the Botter decision has been upheld. So,
11 I see no further action that way.

12 THE WITNESS: I see.

13 MR. CHAIRMAN: We will have a program
14 designed by December 31st and we will have
15 that program in effect one year this coming
16 July 1st.

17 THE WITNESS: I see. Also as a member
18 of my Township we have sent a letter to the
19 Governor, Assemblyman Contillo, Assemblyman
20 Ed Hines, also our Senator in our district,
21 John Avin, that we oppose the income tax. It's
22 easy for us to sit up here and criticize the
23 income tax but I felt this either we have in-
24 come tax or a sales tax. If we need to add a
25 revenue problem, raise the sales tax up to meet

1 the needs that's needed. The income tax to a
2 point we're going into certain areas, certain
3 people, and probably hurled more sales tax.
4 If you feel like you have to have an income
5 tax have sales tax. Work it so that the average
6 person will not be hurt any more than he's be-
7 ing hurt now.

8 I understand through some of the dis-
9 cussions here that they're talking about State
10 takeover or just taking the State taxes in-
11 dustry property, is that what I understand?

12 ASSEMBLYMAN FORAN: You're talking
13 about some other business stabilization plan?

14 THE WITNESS: Yes.

15 ASSEMBLYMAN FORAN: That's part of the
16 program.

17 THE WITNESS: I see and do you feel
18 all industries or are you going to try to
19 eliminate --

20 ASSEMBLYMAN FORAN: I'm not going to
21 try to do anything. I'm trying to get some
22 input. It's part of the package and the other
23 two alternatives, if I may, interrupt you,
24 the State wide property tax idea that's pro-
25 posed by Senator Nydell from Mommouth County,

1 and Senator Russo from Ocean County increase
2 the classification of industrial property and
3 that has to be done by constitutional amend-
4 ment. In the Governor's package, I think, Mr.
5 Mac Innes could probably give more input on
6 this, but on the business stabilization part
7 of the Governor's package they want to with a
8 \$33 per \$100 evaluation and take the local
9 tax evaluation to see where that comes. 75
10 percent they could end up with no business
11 stabilization tax in this program again, de-
12 pending upon the community in which they live.
13 This is a serious question that some of my
14 colleagues have.

15 THE WITNESS: I think it's a real serious
16 question. Also on this tax package I see the
17 scale stop at \$25,000. Why did you stop at
18 \$25,000?

19 MR. CHAIRMAN: That's above that. You
20 don't stop paying income above 25.

21 THE WITNESS: Why does it stay the same
22 at 25,000, I can't understand it.

23 MR. CHAIRMAN: I'm going to defer. I
24 don't have an answer.

25 ASSEMBLYMAN FORAN: I'd like to read

1 for example, in the Governor's package on
2 page 10, it's under gross directed income
3 \$25,000 taking an average deduction on your
4 federal of 3750 family of four \$750 and you'd
5 end up with a tax of 18,250. You would pay
6 thirty-eight nine and you'd give \$690 to the
7 State. This table goes all the way up to a
8 \$100,000 plus. It stops at \$25,000 not accord-
9 ing to the figures I have, because if you were
10 that fortunate making a \$100,000 and took your
11 average 15 percent deduction and your exception
12 although I can't think of anybody with a family
13 with four children that are still taking ex-
14 emptions and they're making a 100,000 your
15 federal tax would be \$34,500 and your State
16 income tax would be \$5,715.

17 MR. CHAIRMAN: Excuse me, if I may.
18 The income tax proposed for the State has rates
19 ranging from 1.5 to 8 percent.

20 THE WITNESS: And it stops there.

21 MR. CHAIRMAN: And it stops there.

22 THE WITNESS: Right.

23 MR. CHAIRMAN: So, when you get above
24 that figure I will grant you that the law
25 simply provides for an 8 percent maximum.

1 There's also a figure here of 34 percent to
2 do away with any possibility of loophole ad-
3 vantage. If you're making \$50,000 or more
4 you will pay 33 percent of that income to the
5 State. All I can say to you is that is the
6 taxable for State income tax.

7 THE WITNESS: \$25,000.

8 MR. CHAIRMAN: \$25,000 and the 8 per-
9 cent I will not answer right now, and I don't
10 think anyone on the committee is answering
11 right now.

12 THE WITNESS: Don't you think there's
13 a little discriminator here. If you got people
14 paying from 10,000 to 20,000 and then the
15 12 that's going up, is making more money and
16 he has the less chance of paying then that he
17 should.

18 MR. CHAIRMAN: It's a question I'd like
19 to mull over in my mind. I'm not ready to
20 accept that on face value.

21 THE WITNESS: Well, that's the way I
22 read it and that's the reason I'm looking for
23 you people to give me an answer.

24 MR. CHAIRMAN: We appreciate your input.

25 THE WITNESS: Then probably you can reduce

1 the percentage on the lower level.

2 ASSEMBLYMAN MAC INNES: I appreciate
3 your comments, sir, because that's why we're
4 here and I think, that what the Governor has
5 proposed is subject to a fine screening that
6 this committee will impose on it plus the
7 assemblymen and the senate and there are other
8 places in the proposed income tax code which
9 we have already indicated that we're going to
10 make changes and you can be certain that we'll
11 look at the schedule and to see if that isn't
12 also an area where it should be changed.

13 THE WITNESS: I felt that if there's
14 to be a change --

15 MR. CHAIRMAN: As a matter of fact, the
16 Chairman of this committee did request that
17 the Treasury Department come up with some new
18 figure in terms of breaking down income catego-
19 ries we appreciate your input on that point.

20 THE WITNESS: Also, we have a gas tax,
21 we have a cigarette tax, other than luxury
22 taxes. Let's say for instance, now, we have
23 a problem insofar as getting gas for the cars.
24 That will have a tendency of reducing our in-
25 come as far as taxes for the State. I mean

1 you have a certain amount of tax dollars you
2 got to get on different areas and you're using
3 it to subsidize the State, and these taxes
4 down, does that mean you still have to go
5 higher to another percentage?

6 MR. CHAIRMAN: What you're saying --

7 THE WITNESS: I'm looking at the future
8 If you start something and you know yourself
9 once you start looking our sales tax started
10 at 3 percent, then 5.

11 MR. CHAIRMAN: If you start imposing
12 the income tax and there's not enough maybe
13 we might lose certain incomes on other areas
14 we might have to make it up on our income tax.
15 This is what I wanted to know.

16 THE WITNESS: One of the reasons for
17 proposing the income tax is the elasticity of
18 the income tax. The federal income tax program
19 is a perfect example of that. The income tax
20 as with revenues expanded more rapidly and
21 has inflation as a matter of fact. So, it
22 hasn't been the need over the years we're
23 looking for the same advantage at the State
24 level using that kind of elastic tax. The
25 least elastic tax is the property tax. Next

1 is the sales tax and thirdly, would be the
2 most elastic, the income tax.

3 MR. CHAIRMAN: The income tax is being
4 used -- we're trying to bring \$750 million,
5 \$550 million dollars of that is for the support
6 of State aid for education and \$200 million of
7 that is for municipal aid.

8 THE WITNESS: Is it going to be ear
9 marked as such or are you talking just figures
10 and then when you get the money you go into
11 different areas like transportation, roads,
12 and what not?

13 MR. CHAIRMAN: The income tax as pro-
14 posed is a replacement for revenues lost by
15 the property tax reductions imposed under the
16 program. That's all I can tell you at this
17 point. In terms of is it dedicated, no, these
18 taxes are not dedicated taxes.

19 THE WITNESS: Then there's no sense in
20 talking --

21 MR. CHAIRMAN: Are you proposing that
22 all of these taxes be dedicated? If you're
23 talking about that you want to give a certain
24 amount of taxes dedicated for. Otherwise,
25 forget it you should make an align item of it.

1 ASSEMBLYMAN FORAN: May I ask the Mayor
2 a question? He's touched on something that
3 I'd like to ask him. What would you think of
4 a proposition taking into consideration we
5 are under a court mandate to do something a-
6 bout the switch from property taxes for the
7 and
8 school situation/we'll say that the school
9 situation are up to \$500 million dollars
10 needed in the switch. Suppose we cut property
11 taxes across the State 40 percent and we'd
12 end up with a known dollar figure. The State
13 at the present time is given roughly \$750
14 million to State aid now. You take that off
15 that figure. This would give you a figure
16 estimated as low as \$300 million, as high as
17 \$550. Would you then mind a tax strictly for
18 the switch of this purpose and locking it to
19 the purpose of the school aid?

20 THE WITNESS: I'd have to see first,
21 the locking in first.

22 ASSEMBLYMAN FORAN: That's what I'm
23 talking about, the locking in so it would be
24 a true switch.

25 THE WITNESS: That's right.

ASSEMBLYMAN FORAN: Would that make it

1 a lot easier for you to buy?

2 THE WITNESS: It would possibly make
3 it easier for other people, because it's
4 spelled out. We know it's going to go there.
5 Right now, every time we talk about taxes --

6 ASSEMBLYMAN FORAN: I think you're
7 bringing up something that's very valid. I
8 have been a Vice Chairman of Appropriations,
9 and I have been on it for 5 years, and I know
10 what happens when it goes into the general pot.
11 If we could dedicate or Senator Garamone,
12 Fredell or Russo or somebody else, to meet
13 with the court and lock it in for education
14 only, I think, it would be a lot easier to
15 sell to the people, don't you agree?

16 THE WITNESS: Spell it out, and then
17 people will know that it's going to be ear
18 marked for certain purposes.

19 MR. CHAIRMAN: Don't forget it's a
20 constitutional amendment for that. We appre-
21 ciate very much the opportunity to hear from
22 you this afternoon. You've made a number of
23 comments that we're taking back with us for
24 consideration.

25 Mrs. Labowe.

1 BY MRS. LABOWE:

2 I'm Mrs. Labowe from Hackensack. I'm
3 a 50 year resident in my town and I told my
4 Mayor I would defer to him and since Hacken-
5 sack last year was a 100 percent assessed we
6 were really walloped and you're getting ready to
7 wallop us again from a \$1.81 to \$1.91 and then
8 you're going to take away from the 13 hundred
9 thousand dollars that we're getting a grant,
10 what are you trying to do besides you've got
11 33 percent of the State and local personal
12 properties here. You're sitting right now in
13 something that we've given to you in lieu of
14 taxes and we like Hackensack, we're one of the
15 biggest cities in the Country. In this State,
16 I should say and while I'm up here and before
17 I'm not a womens liberationist. I am a tax-
18 payer, a senior citizen, I am a representative
19 to our local housing authority. I'm a trustee
20 of the Hackensack Womans Club and I have served
21 in many capacities and I would like to also
22 respond to Mr. Mac Innes, when he asked about
23 the industry moving to North Carolina being a
24 former Tarheel I can readily tell him why be-
25 cause the South after the Civil War also say

1 we will rise again and man we are doing it and
2 we're not doing it on the taxpayers back. The
3 little farmer or the little town's person and
4 when I tell you that my interest is Winston,
5 Salem, where the biggest industry in the state
6 is, and they're not walloping them and that's
7 why the people are going down there, where
8 they don't have a lot of shipping to do, the
9 cotton and corn and peanuts are already there
10 that they're going to work on. They're not
11 paying the workers less. They're getting
12 very qualified people to do their work and
13 when I make a statement that my son-in-law,
14 who is the chief engineer for the biggest in-
15 dustry for the state, they got him from New
16 Jersey, and we're very happy to be Jersey
17 mosquitos, because when you talk about North
18 Carolina, people from North Carolina, are
19 accepting, accepting the New Jersey taxpayer
20 that's moving out of here, they're going to
21 the South. They're going to all these other
22 places and we as taxpayers cannot afford to
23 let them. What are you going to do for us?

24 MR. CHAIRMAN: Mrs. Labowe, the committee,
25 I think, made a very wise decision when they

1 came up into Hackensack to hear the citizens
2 because, I think, one thing that is coming
3 through very clear is the fact that the senior
4 citizens in this area with the decrease in
5 State support for their schools are going to
6 be of main concern of those who are interested
7 in concerning the tax record in this State
8 and it's not just going to be possible for
9 some of us in good conscience to say there are
10 6 percent of the municipality that are just
11 so well off that we don't have to worry about
12 them. There are other aspects of this program.
13 As a former P.T.A. President I'm very much
14 in favor of equalization of education. How
15 are you going to do this? You can't put in
16 Mr. Byrne's theory of equalization, because
17 who's going to do the equalizing with the
18 Board of Education going out not? The Board
19 of Education through the State, the New Jersey
20 State they are going out for raises and what's
21 going to take that off of the back of me, a
22 senior citizen. I'm not up here preaching Mr.
23 Miller's Homestead. I'm ready for a Homestead
24 Act. When my husband retired 12 years ago
25 and he thought he was going to move to Florida

1 I told him he could but I was staying here.
2 Last year we more than doubled our taxes on
3 the house that we have lived in for 27 years.

4 MR. CHAIRMAN: That's the exact problem
5 that Assemblyman Mac Innes has tried to make
6 some points on and I assume every member of
7 this tax committee is and all we're trying to
8 do is keep an open mind all along.

9 THE WITNESS: I'm appalled at this
10 here. Somebody has got to stop it. In between
11 I would like to ask you, the Governor has
12 been given a mandate to bring this before and
13 get something done as of June -- what happens
14 if he doesn't get it?

15 MR. CHAIRMAN: The court will dictate
16 to us how we will provide this equitable
17 system of education. Quite frankly, as a
18 Legislature our question whether or not the
19 court's have the authority to tell us how to
20 and I certainly question the wisdom of letting
21 them do it for us.

22 THE WITNESS: I question this, and I'm
23 only a lay person and I'm glad to see that I'm
24 the only woman that's been up so far. Thank
25 you, gentlemen.

1 MR. CHAIRMAN: Mayor Currin of River
2 Edge.

3 BY MAYOR CURRIN:

4 I'd like to first of all thank you for
5 affording me the opportunity to come here be-
6 fore the committee to express my views and
7 the views of the Borough of River Edge in re-
8 gard to income tax proposal.

9 First of all, I'm appalled at the short
10 notice and total lack of information to the
11 public with regard to the tax proposal. On
12 Thursday, June 13th, the major plank in the
13 Governor's tax proposal was presented to the
14 public and the newspapers and I was called
15 upon that evening to give my views as a Borough
16 official with regard to the various points
17 expressed and it seems to me that the Mayors
18 and Legislatures should have been given the
19 courtesy to at least have been informed with
20 some material to better acquaint them with and
21 evaluate the facts of the tax proposal.

22 I believe on the concept of a personal
23 income tax the fair and progressive way of
24 providing the revenues to the State and carry
25 out their responsibility, but the manner and

1 approach to the problem of doing this should
2 be to get input to the public. In particular,
3 I believe, the public officials in the various
4 communities. It seems to me that this pro-
5 posal is being railroaded through Legislature
6 without an in depth analysis and in depth
7 input. The excuse that is given is that the
8 courts have mandated a refunding of the public
9 education by December 31st. Governor Byrnes
10 during his entire campaign lead the people of
11 this State to believe that there would not be
12 any State income tax. Byrnes does not want to
13 hear of any State taxes until the people are
14 satisfied that they're getting their monies
15 worth now. I don't believe the people are
16 getting their monies worth now. When the State
17 sales tax was first adopted it was 3 percent
18 that was going to be the answer to our problem.
19 That was not true. Then it went to 5 percent,
20 and that did not answer our problems. And
21 that was not true, and there are no guarantees
22 that that will not go up again. When the
23 lottery was proposed and brought on, the pro-
24 ceeds were supposed to go to education and that
25 did not answer the problem, so there's a question

1 whether that was true. In fact, people are
2 still asking where did the money go? Do we
3 have a separate accounting procedure for it?
4 Do we have a separate report for the public
5 to look at? Governor Cahill proposed an in-
6 come tax and I will say that at least it was
7 reported as a matter of fact to present that
8 proposal to the public in the community. There's
9 a discussion at the present time about gambling
10 in the State of New Jersey, to produce revenues.
11 Indeed, it may produce problems that we can
12 well do without. Taking into consideration
13 these unfulfilled promises that were made
14 they're making it very difficult for the public
15 to trust their public officials. The essence
16 of this proposed tax is bringing us about and
17 equality proposed on that in the providing
18 funds for support of a thorough and efficient
19 system of education in order to fill the con-
20 stitutional requirement. In doing so it has
21 placed a limit of 6 percent on us that can be
22 relieved by a county or municipal, and I would
23 agree to that top 6 percent limitation or
24 maximum provided the State also does not spend
25 more than 6 percent of its previous years

1 budget, without such guarantees that it would
2 be false and misleading to the public.

3 Now, in short, making it necessary to
4 go beyond the 6 percent requirement and this
5 proposal limits our ability to raise money
6 except by referral referendum. Since this
7 relates educational needs then, perhaps, the
8 6 percent maximum should relate to the school
9 board zoning. Most municipalities are elected
10 by the people and school budgets are paid by
11 annual referendum for passage by the people,
12 unlike the municipality which raises money
13 based on the demand for service because that
14 government which we represent, which is closest
15 to the people, that serves their needs. Those
16 of us on the first line of government are
17 also the first ones to be consulted by the
18 public with regard to tax of all levels. We
19 get the brunt of that feeling. So, for those
20 of us who have brought about the policies in
21 our municipality by introducing good policies.

22 If the State feels that the local of-
23 ficials are increasing the budget they should
24 enforce the municipality to operate under
25 standard budgetary procedures for allocations

1 of dollars and make it mandatory. That's not
2 been done today. Those municipalities who
3 do not adhere should have a maximum, but those
4 who are following good tight budgetary pro-
5 cedures should not have a maximum 2 percent
6 than a 6 percent to provide the service that
7 we may need. That would have to go to the
8 referendum. The people would automatically
9 vote it down under these inflationary times,
10 since we are the first level of government and
11 all their frustrations are taken out on us.
12 That's a no vote on the ballot. So, I ask the
13 question will the State make up the deficiencies
14 for that 2 percent or will we be forced to cut
15 back services who without State help in this
16 instance is suburban, because income tax pro-
17 posal was a shock to the general public and
18 the speed with which the proposal was intro-
19 duced in an income tax is to meet with the public
20 approval and if officials are to be given the
21 public confidence I make the following rec-
22 ommendation, that an extension of time be re-
23 quested from the courts, that this proposal
24 be withdrawn from the Legislature and that a
25 reasonable committee be established according

1 to the Senatorial and our assembly districts
2 throughout the State consisting of local of-
3 ficials to explain what the tax program is all
4 about, the benefits derived from the program,
5 the effects of inequities within the program.
6 The effect of the program on each community.

7 Now, I read also in the paper or rather
8 saw a chart, which is still in my mind I still
9 don't understand it, but it stated I don't
10 know if you saw this, even my community would
11 gain or lose in property \$572,000 and the tax
12 rate would go down and I'm not sure what that
13 means. So, here I am Chief Executor over a
14 community that hasn't got the foggiest idea
15 of what that means. I have no idea.

16 MR. CHAIRMAN: You have no idea, Mayor?

17 THE WITNESS: No.

18 THE CHAIRMAN: I have an idea that we're
19 losing \$572,000.

20 THE WITNESS: I'm really asking the
21 question what that represents, a loss in prop-
22 erty taxes? Or is it a reduction?

23 MR. CHAIRMAN: What I see increase in
24 State aid for the purposes of education of
25 \$235,000 practically \$236,000 an increase from

1 present law of 15 percent State aid to 31
2 percent State aid an a drop from a \$1.59 in
3 the present law effective tax rate to a \$1.30.

4 THE WITNESS: Right.

5 MR. CHAIRMAN: So, I see a property
6 tax reduction in many areas for your --

7 THE WITNESS: I did see that in another
8 paper. I'm referring to this record which
9 shows minus, in fact, that's what made me
10 confused because I did read those figures,
11 but then I see here a minus \$272,701.

12 MR. CHAIRMAN: The whole program to be
13 considered and that the municipal overburden
14 and that's another book, Mayor, and that figure
15 shows for River Edge Borough.

16 THE WITNESS: Right.

17 MR. CHAIRMAN: That shows a total de-
18 duction of \$101,768 or a reduction of probably
19 2 percent in the property tax for municipal
20 purposes.

21 THE WITNESS: I haven't seen that at
22 all.

23 MR. CHAIRMAN: But those are two aspects
24 of the program and I understand that failure
25 of you to see that because it's a wide spread

1 failure and indicates the people do not under-
2 stand the municipal overburden.

3 THE WITNESS: The next question I have
4 is regarding the referendum. In the event the
5 municipality should, let's say next year ex-
6 ceed the 6 percent maximum in the operating
7 budget and we need, let's say, 2 percent more,
8 the way I have it here is that we would be on
9 the ballot because I would have to go to the
10 referendum to get public approval. We would
11 have to be on the ballot I believe in the
12 February elections which seems to me the school
13 board elections in our municipality like most,
14 I think, there has always been the jurisdic-
15 tional difference between the municipality and
16 the school board. I wonder if that is the
17 question or at least part of the question of
18 the ballot for that increase of 2 percent and
19 then on the left of the ballot would be the
20 election of the school board official because
21 that's what confused, you know, the customary
22 system of electing people to the boards and
23 that was confusing to me. In fact, it is under
24 what is termed as the act limiting control in
25 municipalities, and school transactions.

1 MR. CHAIRMAN: And your recommendation
2 would be what in connection with that, Mayor?

3 THE WITNESS: You would not want your
4 referendum at the same time as the school
5 board. I wonder about the prudence of that
6 kind of thing.

7 MR. CHAIRMAN: You mean combining
8 municipality with school district and they
9 are very different.

10 THE WITNESS: Right, and you have as
11 you know, on the right side of the questions
12 with regard to that today, you have now the
13 proposal of operating budget for school if we
14 go under that, I think, it will constitute
15 the homer thing. I don't know what the answer
16 would be. That would be interjecting in the
17 municipal election of the board members. That's
18 really all I have. Thank you very much for
19 listening.

20 ASSEMBLYMAN FORAN: May, you made ref-
21 erence to the lottery money and you made ref-
22 erence to the gambling casino.

23 THE WITNESS: Yes.

24 ASSEMBLYMAN FORAN: I do not know in
25 this county that the lottery was sold particu-

1 larly as a fancy for property tax relief,
2 but let me tell you this, \$50 billion dollars
3 a year does help and in our current budgets
4 where does the lottery go. If you'll recall
5 on the question that was on the ballot that
6 all the proceeds collected would go to the
7 education and also our institutions and agencies
8 that are all hospitals and so forth around the
9 State. This is mandated by law. The law
10 asked the question where does every dollar go.
11 Now, in the budget last year and in response
12 and where the lottery does go I took a full
13 page add in our local paper and showed a back
14 run including a \$12.36 for a repair of an
15 x-ray machine at the New Jersey State Prison
16 and it showed exactly where all the dollars
17 go. In the budget this year because most of
18 it goes in the higher education and particularly
19 the two New Jersey State Colleges, down in
20 South Jersey, so most of the money this year
21 goes to higher education and it's up to the
22 Governor's budget and both the House and
23 Senate to approve of these expenditures.

24 Now, \$50 million dollars is an awful
25 lot of money, but when you talk about a State

1 budget the size that we are and you equate to
2 the responsibility of a lottery with nothing
3 more than 15 miles of highway it doesn't hold.
4 The question on gambling this year on the
5 ballot is not in any way going to relate to
6 tax reform one way or the other. It could
7 generate.

8 ASSEMBLYMAN MAC INNES: Mayor, I was
9 very pleased to hear your testimony. I think
10 you're right on target when you relate to the
11 haziness of our actions on this question. I'd
12 just like to explain to you and the others
13 and for the record that I am in full agreement
14 that this is too important in the short time
15 allotted to us, but I can assure you that it's
16 not unusual for Legislature to act under
17 severe time constraints on the basis on im-
18 perfect information that's the way we do most
19 of our business unfortunately. May I just say
20 if it weren't enough that we have to consider
21 an income tax or a State wide property tax
22 that there are some who are pushing for the
23 assembly, when it reconvenes next week, to
24 consider questions relating to abortion and
25 reconstruction of the public negotiating law.

1 ASSEMBLYMAN CONTILLO: I have been
2 through the different communities in our dis-
3 trict and I have spoken in Hackensack, Garfield,
4 River Edge, Little Ferry, and so forth. I'd
5 be happy to speak in any public forum or to
6 speak either to your community or to your
7 constituents or whatever you want to explain
8 the program. This is what we have had to do.
9 This is what I have been doing consequently
10 I press hard this public hearing up in Bergen.

11 MR. CHAIRMAN: Thank you very much,
12 Mayor Currin. We appreciated your comments
13 very much.

14 Mayor Walwelsor.

15 BY MAYOR WALWELSOR:

16 Thank you Mr. Chairman, because I
17 cannot attend tonights meeting.

18 Mr. Chairman, members of the Legisla-
19 ture, as the acting Mayor of Fort Lee being
20 one of the communities with the seventy-four
21 fifty adverse impact, there would be, have to
22 be a degree of protest. However, I'm going
23 to modify that protest, but first I would like
24 to establish the basis of the protest. I
25 think part of the fallacy in establishing

1 ratables for the support of education is the
2 fact that each person is equal in the community,
3 and, I think, you will find this is not to be
4 the case. There's a wide disparity of income
5 and there's a wide disparity of method that
6 constitutes those ratables and the question of
7 Fort Lee, 45 percent of its income is derived
8 from an apartment house structure probably the
9 largest percentage in the State of New Jersey.
10 Therefore, the loss as generated under the
11 plan on these particular areas would not have
12 the same adverse impact on your senior citizen
13 group, and we as a community, in one out of
14 every six or 65 overall they are not all home-
15 owners and, of course, the person who is going
16 to be affected the most by both chains of
17 this short proposal and that's the person in
18 the middle income. He is going to be bearing
19 the brunt of the income tax and changing the
20 property tax because he makes up the bulk of
21 every system no matter how you define it. So,
22 therefore, if we cannot get total relief cer-
23 tainly we would support that plan that no
24 community suffer any less school aid than we
25 see in prior groups, and certainly this one

1 has substantial impact for us, and in the
2 same area as we heard from Paramus and the
3 other communities, we also have relief features
4 that work as adverse impact and that's the
5 Palisades Park.

6 Now, when I said we would modify our
7 request we certainly realize the situation in
8 this State as far as the property tax. It's
9 adverse impact on economic in the large com-
10 munities. It's inhibiting the growth of
11 communities that have poor ratables basis and
12 this is nothing new. It was pointed out in
13 the 20th tax policy report given to Governor
14 Hughes, it was in the first tax policy report
15 given to Governor Cahill. I have to disagree
16 a little about the rush. I would have more of
17 a tendency in feeling that theres been a delay.
18 The dependency upon the property tax does not
19 only affect the school system, it adversely
20 affects the employment. We have the highest
21 unemployment rate in the nation, not in the
22 State but in the nation. So, this means that
23 with our ability the State's ability to attract
24 industry it still is not medicine to the growth
25 of the State and population, because you've

1 got more people unemployed than should be,
2 and this is basically because industry takes
3 a dim view of States that primarily depend
4 upon a property tax as their basis. It is
5 unstable. It is erratic. They cannot plan
6 dependently as a business because of the erratic
7 nature of the property tax. Its status is
8 stable for a year then it jumps 10 percent.
9 It may stabilize the necessary year and go
10 up 10 percent. Nor is there the ability for
11 the municipal government to plan with it either
12 because of its erratic nature and as a result
13 that municipalities have been inhibited from
14 their programs and in their ability to deal
15 with school problems because if they do have
16 industry, they don't want to lose it by large
17 tax increases. They do have a plan in New
18 Bergen for a similar reason. Therefore, the
19 communities in the State need a broad base in
20 the form of State aid, and this is through the
21 State tax which was instituted and some people
22 have asked where the money is going and they
23 have to point out from the opposite end with-
24 out a sales tax they would have to be some-
25 where over a billion dollars in property taxes

1 raised, and certainly at the time that the
2 sales tax was proposed the alternative and
3 income tax, but many at that time had said
4 that the institution of both would provide
5 for a more stabilized economic tax picture in
6 this State because actually when you have a
7 broader base, a sales tax, an income tax,
8 a promimity tax it's an advantage and either
9 has the disadvantage for a while you are not
10 dependent upon anyone, and you suffer less
11 from their inequities. You can get highly
12 emotional statements about the sales tax but
13 as it is imposed in this State today with the
14 exclusion of clothing, of fuel and oil, with
15 the exclusion of medicines, it's fairly re-
16 gressive then the so-called power sales tax.
17 Then you just have to look at the federal in-
18 come tax charts and see the dollars on there
19 and I would wager you're going to come pretty
20 close to the dollars than the proposed income
21 tax that you have before you.

22 Therefore, I would say and I am talking
23 partially here as an individual that the taxes
24 we have now I'm talking about the tax basis
25 we have in the State is in a better position

1 because certainly we're going to catch up the
2 program in higher education. We're in desperate
3 need of transportation, subsidies, our system
4 is far beyond what is needed, and similarly
5 the local facilities that are necessary need
6 a better economic basis than as is present
7 today.

8 Therefore, I would ask that if we can
9 relieve some of these inequities and my under-
10 standing is that some other 36 communities
11 total a 36 or a little short of 40 communities
12 that would be adversely affected sum total of
13 12 million dollars, which, I think, is a total
14 of 12 million dollars. I think, the relief
15 could be given to tide these over and still
16 obtain your goal while you base this one other
17 aspect, and this is in question of the State
18 taking over the property tax. This is being a
19 little facetious. If you're going to take
20 the property tax I wish you would take over the
21 management, the form of apartment houses,
22 since the Legislation wrote we have spent 6 to
23 8 years in litigation because of the way, the
24 manner of this particular building. We have,
25 the community has previously faced cash deficits

1 because of the litigation and taxes that have
2 been allowed in it. I would say that certainly
3 if we're talking about tax reform this is an
4 area that badly needs reform. I think there
5 may even be an alternate and this would be
6 even a direct tax by the municipality in lien
7 or similarly of the property owner's tax on
8 the revenue return going through the formula-
9 tion as promulgated for the correction of
10 property tax for the income produced.

11 MR. CHAIRMAN: Thank you.

12 Councilman Peter Murphy.

13 BY COUNCILMAN MURPHY:

14 I'll take about 5 minutes of your time.
15 We will lose approximately \$38,000 in school
16 aid so with this in mind I now would like to
17 present you with a petition with about 450
18 names which was only gotten within a day or
19 two to show our protest over this State income
20 tax. By coming in here with a State income
21 tax this is another thing that's taking place
22 in our Borough. We are a municipality of
23 about 9,000 people. Now, we have to put another
24 tax burden on the public and I don't think it's
25 fair to the taxpayers. I would like to present

1 you with this now, Mr. Chairman.

2 MR. CHAIRMAN: Thank you, Mayor.

3 THE WITNESS: The only thing that we
4 had to go by to judge this calculation would
5 be by what was printed in the Record because
6 the newspapers in Trenton are up on it and
7 you officials back home we just have to answer
8 the telephone.

9 MR. CHAIRMAN: According to my chart
10 you stand to lose for the purposes \$74,000
11 actually 74.5 thousand. Your effected rate
12 per dollar is 15 for schools, 1973 average,
13 I think these are, and under the proposal it
14 would go up to a \$1.25. I didn't know of this
15 municipal overburden.

16 THE WITNESS: Are my figures correct?
17 The way you're saying our taxes go up 80 per-
18 cent but I called the telephone number that
19 was in the newspapers and this man tells me
20 my taxes are going up 1.3 percent and I'd like
21 to know which way it's going to go.

22 MR. CHAIRMAN: Let me work from these
23 figures if I may Councilman. I have already
24 indicated a loss of 74.5 now in State aid
25 through the support of schools then your effec-

1 tive tax rate goes up from 1.15 to 1.25 as a
2 result of the county welfare tax, the municipal
3 welfare tax over the county courts. So, I
4 think, if you compute those two you'll get
5 closer to what the correct one is.

6 THE WITNESS: Okay. Thank you very
7 much.

8 MR. CHAIRMAN: Mr. Shaulter.

9 BY MR. SHAULTER:

10 I'm opposed not to the income tax, I
11 feel that you have other alternatives a sales
12 less tax is not regressive. The poorer are
13 not taxed for food, or clothing. The well to
14 do are taxed for new cars, new appliances and
15 the like. I think annual tax as present is
16 unfair. It was during the last campaign, but
17 never came up as a plank in a platform which,
18 I think, is completely, shall I use the term,
19 immoral. I think that is a good word for it.
20 An income tax as I see it is unfair because
21 it penalizes the successful. It penalizes the
22 person who has made the great sacrifice. I
23 have in mind my son, who gets out of college
24 at the age of 22. He goes into the Navy for
25 4 years, gets out at the age of 26, goes to

1 Cornell Law School for 3 years, gets out at
2 the age of 29, of course, his earning potential
3 then becomes a little bit better than the aver-
4 age and then some of you suggest that he be
5 taxed because he's made it, not being necessarily
6 because he's made these sacrifices, but he has
7 made the sacrifices whereas the person who
8 has become a dropout of your school system,
9 who never made any effort to better himself,
10 he benefits through such a procedure. All an
11 income tax as I see it has so many loopholes
12 and so many of these loopholes are built in
13 so that they can't be removed. This, of course,
14 is very unfortunate, plus the fact an income
15 tax at present simply opens the door for more
16 and more, as you know this is an easy way when
17 you need money to get it.

18 Now, the only income tax that I might
19 accept, which I'm sure most of you would oppose,
20 I'm quite sure of this, would be a straight
21 tax, not a progressive tax, but a straight tax
22 perhaps on gross income. The person who earns
23 \$25,000 pays a tax, he assumes responsibility.
24 The person who earns \$50,000 pays the same rate
25 but he would pay more in the tax on the basis

1 of the same rate. No exceptions. No excep-
2 tions whatsoever. Elimination of all loop-
3 holes.

4 Now, the rate for something like this
5 could be extremely low. It might be half or
6 a quarter of one percent, so actually the
7 person with an income of say \$25,000 might
8 only have to pay \$12.00 but he would have to
9 pay something. He should be made aware of his
10 responsibility as a citizen. He shouldn't
11 get away scot free. This is the point that I
12 make, and I think this is important, and I
13 think when you people are presented the plan
14 as I walked in the door if I heard this cor-
15 rectly you said, it's not whether it's fair
16 or just, unfortunately you find out what this
17 would cost you and what you would save in
18 property taxes. This shouldn't be the basis
19 of a tax.

20 In other words, you're telling somebody
21 what they can get not what they can do for the
22 State. This is the trouble with our Country
23 today as I see it, everybody is out to get
24 somebody. The politicians are out to get votes.
25 They wouldn't put this in as a plank in their

1 platform because they might lose some votes.
2 Even though it might be the best and honest
3 procedure, and then they go out before the
4 public and get their support, and then does
5 just the opposite when they get into the position
6 of importance.

7 I'm not opposed to paying. I'm not
8 opposed to the proper expenditures, but I am
9 in favor of doing what is right. Now, I think,
10 and this reminds me of a story, and I'm not
11 going to take a half an hour --

12 MR. CHAIRMAN: Well, could you take
13 what's left of 5 minutes?

14 THE WITNESS: It wouldn't even take me
15 5 minutes. I think an income tax is bad news.
16 I think, that a reduction in the property
17 taxes is good news and some good news to me
18 is questionable. So we have bad news and good
19 news, and I wish you to get this point which
20 leads me to tell a good news and a bad news
21 story, so you can see the relative importance
22 in good news and bad news. Remember an income
23 tax to me is bad news.

24 This fellow was just returning from the
25 operating room and when he came out of ether

1 or whatever they use as an anesthetic agent
2 the surgeon said, now I have some bad news for
3 you and I have some good news. First I'll
4 give you the bad news. You know, that your
5 legs were badly infected. They were so in-
6 fected that we had to cut them off at the ankles. ,
7 Now, the good news, the fellow in the next
8 room wants to buy your slippers.

9 MR. CHAIRMAN: Are there any questions?

10 (Whereupon, there were no questions.)

11 We're going to have to break at this
12 point and we will not be back in time for this
13 afternoon.

14 (Whereupon, the meeting was adjourned
15 for the afternoon session.)
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

I, Michele Henley, a Shorthand Reporter of the State
of New Jersey, do hereby state that the foregoing is a true
and accurate transcript of my stenographic notes.

Michele Henley

[illegible]

Cat. No. 23-221

