

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

before

ASSEMBLY JUDICIARY COMMITTEE

on

Assembly Concurrent Resolution No. 96
(Senior Citizen Property Tax)

Held:
April 24, 1973
Assembly Chamber
State House
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman William K. Dickey (Chairman)
Assemblyman Herbert C. Klein
Assemblyman David A. Wallace

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PUBLIC HEARINGS

before

ASSEMBLY SUBCOMMITTEE

on

Assembly Concurrent Resolution No. 50
(Senior Citizen Property Tax)

Held:
April 24, 1973
Assembly Chamber
State House
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman William R. Bliley (Chairman)
Assemblyman Robert C. Blair
Assemblyman David A. Wallace

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ASSEMBLYMAN WILLIAM K. DICKEY (Chairman): Ladies and gentlemen, this is a public hearing of the Assembly Judiciary Committee concerning Assembly Concurrent Resolution No. 96. This concurrent resolution proposes an amendment to the State Constitution to permit senior citizens to continue to pay taxes on their homestead which they have owned and occupied for at least five years at the 1974 level or, in the alternative, at the level prevailing at the time the taxpayer becomes age 65.

The resolution further provides that any local property taxes in excess of the ceiling will be annually reimbursed by the State of New Jersey by payments to the local taxing district. The fiscal note concerning this measure as prepared for us by the Office of Fiscal Affairs and concurred in by the Division of Taxation estimates that the enactment of this legislation would require a State expenditure of about \$15.8 million in fiscal year 1975-76, and a State appropriation of \$35.9 million for the fiscal year 1976-1977.

The first witness scheduled is a representative of the League of Women Voters.

M A R Y N A S H: I am Mary Nash, a Director of the League of Women Voters of New Jersey. Thank you for giving us this opportunity to present the League's position on senior citizens' tax relief and ACR 96.

Since the Speaker assigns bills to committees, we are undoubtedly speaking to the wrong people, however, we would like to note that we believe ACR 96 should have been referred to the Taxation Committee along with the rest of the tax bills. The Taxation Committee has a long list of bills relating to this same topic - property tax relief for senior citizens. We have already spoken to them suggesting the criteria we believe should be used in judging such relief and giving our reasons for support

or opposition to the bills introduced up to that time - including ACR 96. They are considering all bills on this topic together and hope to report out the best one, or a composite bill incorporating the best features of several. Since the Judiciary Committee does not have other possibilities before it, a comprehensive consideration of the subject is most difficult. Therefore, the League would prefer to see this bill transferred to the Taxation Committee.

However, unless or until that is done, we would urge you to look beyond this one bill and try to devise the best possible form of senior citizens' relief. This being a popular issue and an election year, it is probable that any such bill reaching the floor will be passed, regardless of its merits compared with other senior citizens' tax relief measures. Therefore, it is your responsibility to see that the best possible bill is released - and no others.

The League agrees that there is a real need for property tax relief for the low-income elderly of New Jersey. We urge you to use the following criteria in judging senior citizens' relief measures:

1. Senior citizen tax benefits should be determined by income as well as age. We see no merit to the argument that simply because someone has lived a certain number of years, he or she is no longer responsible for the rest of society. We do strongly believe that he deserves tax relief on the basis of need.

2. Income eligibility limitations should include all income, not excluding Social Security and other pensions. People need tax relief because they don't have enough income, not because they don't have enough from one source or another. Excluding this income means that citizens who have large variations in income receive the exact same benefits (\$160 at present). Under the present law income eligibility limitations can vary

from as little as a few thousand dollars to as much as \$10,000 (for a couple receiving Social Security).

3. Benefits must be equitable both among communities and among individuals. Benefits must be statewide, not by local option. Senior citizens meeting the same requirements should receive equal treatment no matter where they live.

4. Benefits should be extended to renters as well as homeowners. We all recognize that the renter pays property taxes through his rent. Senior citizens with reduced incomes who rent need relief from the property tax as much as those who own their homes and should be treated the same as other citizens in similar income and age categories.

5. The amount of relief granted senior citizens should bear some relationship to the tax burden of other citizens. The income limitations and amount of exemption granted should be set so they do not relieve senior citizens at the expense of other taxpayers who have smaller incomes and are still responsible for raising families. Senior citizens should still be responsible for paying a fair and equitable share of the costs of society.

6. Replacement of lost revenue should be the responsibility of the State. The tax burden of paying for any increased senior citizen tax relief must not be shifted to other property taxpayers and must not be allowed to erode the property tax base. Otherwise greater inequities in the amount of tax burden falling on other property taxpayers would occur since senior citizens are unevenly distributed and the tax bases vary greatly from community to community.

The League believes that the following should be your priorities for relief:

1. increase tax relief to those at the lower end of the income scale who are most in need.

2. make renters eligible for relief if they meet the same age and income requirements.

3. revise income requirements so all income is included and citizens with similar incomes are treated the same.

4. limit tax liability of low income senior citizens to a set maximum percentage of total income.

Regarding ACR 96 specifically -- it meets one of our criteria in that the costs would be borne by the State. But it does not meet our other criteria and would provide extremely inequitable relief. Tax rates vary from town to town and the "frozen" rate could range from below one to over 20 (the present range within the State). It is really of little help to freeze taxes at an already too high rate. Property taxes also go up at different rates so inequities would increase. Depending on the year of retirement, the amount of relief would vary from citizen to citizen even within the same municipality without any relationship to income. What if taxes should go down? The League considers this an inflexible and inequitable method of relief. Therefore we oppose ACR 96.

The type of senior citizen tax relief that is recommended by the League as best meeting all the criteria is "Circuit breaker" legislation which sets a maximum percentage of income as the tax liability, and provides a sliding scale of relief depending on income. It should include renters and the cost of increased relief should be borne by the state. The proposal that comes closest to this is the one made by the Tax Policy Committee. We suggest you carefully review that proposal. It is similar to legislation that is in effect in a number of states and has been very successful in providing equitable relief.

Thank you for your time.

ASSEMBLYMAN DICKEY: Do you mind if we ask you a

couple of questions, Mrs. Nash?

MRS. NASH: I sort of expected that - sure.

ASSEMBLYMAN DICKEY: I was trying to digest your recommendations. You point up that there is a need for providing tax relief for those who are in the low-income category. Have you noticed that this provides in addition to the freeze also the continuation of the \$160 tax relief for those over age 65?

MRS. NASH: This would be in addition to that, right?

ASSEMBLYMAN DICKEY: Yes. Have you read that in the measure?

MRS. NASH: I guess I wasn't really thinking about that.

ASSEMBLYMAN DICKEY: All right. Now your last suggestion was that we follow the recommendations of the Tax Policy Commission.

MRS. NASH: Right.

ASSEMBLYMAN DICKEY: Are we talking about the Governor's Tax Policy Commission or the Commission that has been in existence for several years? I assume you mean the Governor's Tax Policy Commission.

MRS. NASH: Right.

ASSEMBLYMAN DICKEY: That contemplates a State income tax among other things. Is that right?

MRS. NASH: Their proposals included that. I don't know that that would be essential to the kind of relief that they also recommended for senior citizens. It makes it easier to administer, but ---

ASSEMBLYMAN DICKEY: What specifically did you have in mind? to extend it to renters as well as property owners?

MRS. NASH: That is one aspect certainly. And also the kind of relief that they suggest is on a sliding scale depending on income and tax rates in the communities.

ASSEMBLYMAN DICKEY: Don't you generally recognize that a person 65 and over is in the retirement category and, with the exception of those who may have investments, the great rank and file of people go on a pension or Social Security or some fixed-limit type of income? So it would have general benefit across the board.

MRS. NASH: What would have general benefits?

ASSEMBLYMAN DICKEY: If this measure were enacted.

MRS. NASH: Yes, I realize this applies to everybody. I realize that. We feel it should be tied to income.

ASSEMBLYMAN DICKEY: Well, if you believe all people should be treated generally alike, this would be ---

MRS. NASH: People in the same category should be treated alike.

ASSEMBLYMAN DICKEY: In other words, you would put them in different categories?

MRS. NASH: Yes.

ASSEMBLYMAN DICKEY: O.K. In other words, you don't want it to apply universally to all senior citizens over 65?

MRS. NASH: No. I think it should depend on income.

ASSEMBLYMAN DICKEY: I see. I think your recommendation is kind of begging the question because the Legislature, at least the General Assembly, turned down the State income tax rather emphatically. So your recommendation is somewhat of a postmortem, isn't it?

MRS. NASH: I don't believe that the income tax part of their recommendation is absolutely essential to providing the kind of relief they also recommended for senior citizens.

ASSEMBLYMAN DICKEY: What specifically do you mean?

MRS. NASH: I think that the State could provide the kind of relief that they suggested for senior citizens, even though the State does not have an income tax.

ASSEMBLYMAN DICKEY: I am trying to recall now the recommendation. As I understood it, it would reduce

the amount of real estate taxes by approximately 40 percent. However, that contemplated a statewide real estate tax and it contemplated a graduated State income tax.

MRS. NASH: Right. But what they proposed for senior citizens - this is not for everybody - this is only for senior citizens - is this. Can I read you this?

ASSEMBLYMAN DICKEY: Yes. Go ahead.

MRS. NASH: It says, "delete the present \$5000 eligibility cutoff and replace it with a formula which would allow some benefits for those with incomes of up to \$7100 a year; (2) allow each senior citizen a property tax credit or rebate equal to the amount of property tax paid or \$500, whichever is less, minus 7 per cent of the senior citizen's gross income, including the income of the property owner's spouse living in the same dwelling; (3) restore income from whatever source derived to the definition of included income; (4) adjust the \$500 ceiling upward or downward as the equalized tax rate in the claimant's municipality varies from the median tax rate in the State within a range of \$300 to \$700; (5) include renters in the property tax relief program by considering 25 per cent rent paid as property tax and the State should administer the program and bear its full cost."

ASSEMBLYMAN DICKEY: That is a rather comprehensive program which obviously would be far more expensive than the one we are considering today.

MRS. NASH: Well, it takes a lot of figuring, but I don't know why it would be so expensive. You mean in relief measure?

ASSEMBLYMAN DICKEY: In the replacement of lost local revenue.

MRS. NASH: They estimated the total cost at

\$50.5 million a year. That is the total.

ASSEMBLYMAN DICKEY: Of course, that also contemplated reducing real estate taxes down to a 40 per cent level statewide, which is really not a fair estimate, because if you are only talking about 60 per cent of the present level the \$50 million is very inadequate to do the replacement.

MRS. NASH: I think you could adjust the figures correspondingly if you so desired.

ASSEMBLYMAN DICKEY: All right.

Mr. Wallace, do you have any questions you would like to ask?

ASSEMBLYMAN WALLACE: Yes. First of all, I want to apologize for being late. There was an accident that occurred on Route 1 about half way between New Brunswick and Trenton - in fact, a very serious accident. A tank truck apparently tried to stop at one of those main intersections and jack-knifed and the traffic was tied up.

The question I would like to ask is this: Is there anything that you can suggest that can be done to ACR 96 which we have before us that would help to make it conform - that is, to amend the bill in such a way as to be more in conformity with your thinking? I sympathize with your thinking because I believe that you are attempting to keep this from being too restrictive. I agree with you. I feel that the senior citizens' category should not be restricted to one particular group because it would benefit some and not benefit others. I think we should try to benefit everyone. Is there anything that you could suggest that might guide us here in an amendment that might produce the effect that you want?

MRS. NASH: There are a number of things that I think might help. I think for instance renters

should be included. I would like to see it tied to income. I guess I don't like to see it just frozen at whatever level it is now or when a person reaches 65. I would prefer to have the benefits based on the income level of the applicants.

As I said, I do like the provision that the State pays the cost. I think that is necessary.

ASSEMBLYMAN DICKEY: Mrs. Nash, don't you think that if senior citizens knew that their taxes were not going to continue to escalate, it might be an inducement to home ownership or at least to retain their home rather than sell it and go into an apartment?

MRS. NASH: If they can afford the taxes they are paying now, I guess so.

ASSEMBLYMAN DICKEY: Bear in mind it is not just the taxes they are paying now; it is the taxes they are paying now less the senior citizen exemption.

MRS. NASH: Isn't that what they are paying now - I mean, when they become 65?

ASSEMBLYMAN DICKEY: When they become 65, yes.

MRS. NASH: I think in many cases it is still pretty steep.

Can I ask you a question?

ASSEMBLYMAN DICKEY: Sure - go ahead.

MRS. NASH: Have you seen the bill that I believe Mr. DeKorte has in on deferring property taxes?

ASSEMBLYMAN DICKEY: Yes, until retirement age. Is that right?

MRS. NASH: No. Deferring property taxes after retirement age. You do it yearly.

ASSEMBLYMAN DICKEY: It would become a lien on the property. Is that it?

MRS. NASH: Yes. You do it yearly. You do it as long as you want. When you eventually pay, you pay plus 6 per cent per year.

ASSEMBLYMAN DICKEY: Yes, I have seen the bill.

MRS. NASH: What do you think of that?

ASSEMBLYMAN DICKEY: I think you are really putting a lien on the property for after death. That is what you are doing.

MRS. NASH: Right. But that means that no one is going to lose their home because they can't pay the taxes. They can live on the capital they have invested in their home.

ASSEMBLYMAN DICKEY: Of course, if they sold it, they would have to pay the accrued taxes.

MRS. NASH: Certainly. But they could live there as long as they wanted to.

ASSEMBLYMAN DICKEY: It is a good idea, I suppose, but that is not what we are considering today.

MRS. NASH: I'm sorry.

ASSEMBLYMAN DICKEY: Anything further you wish to say?

MRS. NASH: No.

ASSEMBLYMAN DICKEY: Thank you.

The next witness is Mr. Frank MacKannan.

F R A N K R. M A C K A N N A N: Thank you, Mr. Chairman.

My name is Frank MacKannan from Gloucester County. I represent over 200,000 Senior Citizens. I am the legislative spokesman for the United Seniors of New Jersey, Gloucester County Senior Citizens Organization, DuPont Pensioners Association, and others.

The general public believes that "senior citizens" gain many benefits. This is not true. Many benefits are proposed, but few are enacted.

During 1972, our New Jersey State Legislature and Governor Cahill did practically nothing to benefit "Senior Citizens." This is also true for 1973.

It is true that any benefits gained must be paid for by someone. We believe the younger generation

should make some sacrifices for the oldsters. We oldsters lived through wars and the depression and managed to raise families. Now because of the economy we are in need of assistance. We should be allowed to live and die the balance of our lives in dignity.

ACR 96 is not good enough. The 1974 tax levels are too high and should be rolled back to 1970 levels. Our own Mantua Township tax rate increased 35 cents a hundred in 1973.

ACR 96 should have the support of all local municipalities. It costs them nothing - the State pays the bill. However, ACR 96 will benefit future Senior Citizens. Half a loaf is better than nothing. We endorse ACR 96.

ASSEMBLYMAN DICKEY: Thank you very much, Mr. MacKannan. Are there any questions? (No response.)

Thank you, sir. I appreciate your coming.

The next witness scheduled was Mayor Holland of the City of Trenton. He has submitted instead a letter, which we will make part of the record.

(Letter from Mayor Arthur J. Holland, City of Trenton, can be found on page 30)

The next witness will be David Grossman, President of the Essex County Council of Senior Citizens Clubs.

D A V I D G R O S S M A N: Mr. Chairman, my name is David Grossman, President of the Essex County Council of Senior Citizen Clubs, representing 42,000 members.

I wish to thank you, Mr. Chairman, for giving me the opportunity to express the views of our organization regarding the bill ACR 96.

Our organization has observed that the Legislature has been in session almost four months and thus far, out of 40 senior citizen bills pending, not one bill has been enacted into law to benefit the senior citizens.

The 900,000 senior citizens of our State hope and pray that the legislators don't emulate the performance of the 1972 Legislature where only one senior citizen bill has been placed on the statute books. That bill provided that senior citizens clubs should be allowed to play bingo. That sure is a very small and a very disappointing record for the 1972 State Legislature.

It is our opinion that the least the present legislators can do before adjourning until after the November election is to enact into law ACR 96, that is so sorely needed by the senior citizens of our State.

The \$160 deduction that senior citizens have been granted from their property tax has already been wiped out due to yearly tax increases. Unless this is stopped by enacting ACR 96 into law, many senior citizens of our State will be forced to give up their homes.

Now, Mr. Chairman, a question was asked the lady from the League of Women Voters, what kind of an amendment would she like to see added to ACR 96. It is my opinion that this bill does not go far enough. As I understand, this only freezes the taxes of those senior citizens that reach age 65. What about the other senior citizens that are 65 and over right now? I understand it does not include them. Am I rightly informed, sir, to that effect, that it does not include the senior citizens that are presently 65?

ASSEMBLYMAN DICKEY: No. That would include everybody who is 65 or who arrives at that age.

MR. GROSSMAN: It does include everybody. I am glad that I have been informed to that effect, that it does include everybody that are at present 65 and those who will attain the age of 65.

ASSEMBLYMAN DICKEY: That's right.

MR. GROSSMAN: However, sir, our organization does endorse this bill, ACR 96.

ASSEMBLYMAN DICKEY: Thank you very much, sir.
Mr. Wallace, do you have any questions?

ASSEMBLYMAN WALLACE: I was trying to get a copy of the fiscal note which indicates that there are 228,000 senior citizens. You mentioned 900,000. Is there a difference of opinion about that?

MR. GROSSMAN: I understand there are 900,000 senior citizens living in the State of New Jersey. I don't know where you got the figure you gave. What did you say it was?

ASSEMBLYMAN WALLACE: 228,000.

MR. GROSSMAN: I have been informed differently. My information was that there are 900,000 senior citizens in the State of New Jersey. Probably our State Secretary could throw a little light on that particular subject. I think he is more acquainted with that area than I am, but that is what I have been informed, that there are 900,000 senior citizens.

ASSEMBLYMAN WALLACE: I can see now that you are probably correct.

MR. GROSSMAN: Sixty and over.

ASSEMBLYMAN WALLACE: What the fiscal note I read probably dealt with was the people who are becoming 65.

MR. GROSSMAN: That's different. There are many more, of course, than 200,000. I understand there are approximately 900,000 senior citizens. Of course, I am not here to make any threats or anything of that nature, but 900,000 senior citizens could certainly use their political power, if they were organized properly to do so, and probably they may have to do that.

ASSEMBLYMAN DICKEY: Thank you very much.

Does anyone else wish to testify at this public hearing? Will you step up and give us your name, please.

J A C K V O L O S I N: Mr. Chairman and members of the Committee, my name is Jack Volosin. I am Executive Secretary of the New Jersey Council of Senior Citizens. I want to thank you, Mr. Chairman, and the members of this Committee for being given the opportunity to present the views of the New Jersey Council of Senior Citizens concerning ACR 96.

The New Jersey Council of Senior Citizens concurs fully with the intent of this legislation which would bring long needed relief to our over-sixty-five citizens who are now living on fixed and limited incomes, thus assuring that many more of them would remain in the homes that they have struggled to maintain. However, we are also vitally concerned with those of our citizens who are disabled and those under sixty-five who have been forced to leave the normal work force because of disability or economic conditions, such as plant closings, etc.

It is also the view of the New Jersey Council of Senior Citizens that this legislation take into consideration this segment of our society, senior citizens and disabled, who are being strangled by unconscionable costs in unsubsidized rental units.

We further respectfully suggest that, in view of the fact that the subject matter of this legislation has been pending for more than a decade, due consideration be given to establishing a retroactive date rather than projecting into the future.

We trust that the Legislature will take immediate action to effectuate real estate tax relief to disabled and senior citizens of the State of New Jersey.

Mr. Chairman, I would like to ask you a question.

ASSEMBLYMAN DICKEY: Well, let's see if we have some questions of you first.

MR. VOLOSIN: That's quite all right.

ASSEMBLYMAN DICKEY: It usually works that way.

MR. VOLOSIN: Good. I'll play by your rules.

ASSEMBLYMAN DICKEY: Mr. Wallace, do you have any questions?

ASSEMBLYMAN WALLACE: The question I have, Mr. Volosin, is, do you know how many senior citizens or the people you talked about on disability that this would be concerned with?

MR. VOLOSIN: I am not prepared to give that but I am sure the resource people that are available to the Legislature do have those figures.

ASSEMBLYMAN WALLACE: Thank you.

ASSEMBLYMAN DICKEY: All right, I'm ready for your question.

MR. VOLOSIN: My question is, we are having a hearing today and, as I commented in my statement, we've been talking about this for over a decade - it's not new legislation because there is such legislation in the State of Connecticut. We know too that it's more than 40 bills in the hopper of the Legislature, that Mr. Grossman referred to. I believe the actual count on legislation affecting senior citizens comes to around 130, and no results from the Legislature. I think this Legislature of the State of New Jersey really has not done its job and I am apprehensive of the fact that you are going to adjourn shortly, because of the political season, and I don't know what you're going to do when you come back, if you are going to come back at all. So, therefore, what can we expect in 1973? That is my question.

ASSEMBLYMAN DICKEY: Well, I wish I could give you a good answer to that, Mr. Volosin. I am only one-eightieth of the vote in this House and I don't know much about the other House down the hall. I've done my share in sponsoring this bill and bringing it to this level of consideration. I can only really speak for myself. I think that most of the Legislators would like to provide some tax relief for senior citizens. During the time I've

been here we've given them not only \$80 but \$160. I voted for all of those myself. So if I have to answer for my legislative record I am prepared to do so. I can't give you a very good prediction as to what the rest of the Legislature will do this year.

MR. VOLOSIN: Can you or do you have any knowledge as to whether the Legislature is going to return and, if they are, for what purpose and for how long?

ASSEMBLYMAN DICKEY: The Speaker of our House has not indicated what the schedule will be after next Monday so again I have to say it will be up to the Speaker of our House, Mr. Thomas Kean, from your County, Essex County.

MR. VOLOSIN: Well, inasmuch as I don't have an answer, and I know this is not on the subject matter before us, I do want to make this request to you, personally to you and to the Committee, inasmuch as you're conducting this hearing, that you do whatever you can within your powers to get the Legislature to return and act on some senior citizen legislation. That surely you can do.

ASSEMBLYMAN DICKEY: Well, as I say, I am only one member of the eighty.

MR. VOLOSIN: I am not trying to separate you from the eighty. I think each and every one of the people that represent us here in Trenton owe that much to the senior citizens of the State.

Thank you very much.

ASSEMBLYMAN DICKEY: I think your comments are very appropriate. Thank you very much.

Does anyone else wish to testify?

Would you please state your name and address.

H O W A R D C. F. H O L T: I am Howard C. F. Holt, President of the Willingboro Friendship Guild. I would like to ask one question here, if you don't mind. This

five year period you are talking about for real estate, would that take care of people who had moved, in other words, in the last two years, they had lived somewhere else for 20 years.

ASSEMBLYMAN DICKEY: The answer is no, not in the way it is presently drafted.

MR. HOLT: That's what I mean. It doesn't help the person who has probably been forced to move because they couldn't keep up the place where they were and now they move into a place on which the taxes are going higher all the time. In other words, that wouldn't take care of them at all, this bill.

ASSEMBLYMAN DICKEY: No. They would have to reside in the house for five years.

MR. HOLT: Well, that's no good for them either. In other words, they are still paying a high tax no matter where they go.

ASSEMBLYMAN DICKEY: That's true. Each particular facet, as you change it, of course adds to the cost. And the degree of cost which I outlined to you at the opening of the hearing, you can see that in two years it jumps up to about \$35 million a year just to provide for the replacement of taxes that are offset by this proposal. So that the State has to look to its ability to reimburse the municipalities. And without a broad based tax, such as an income tax, it would be very difficult for the State to do more at this time, I would think.

MR. HOLT: Well, I was wondering if this could be added to it because there are a lot of people, and I mean a lot of people, who have had to move in the last few years. Even around me, where I live, which is supposed to be a very small income - a lot of us people have moved in there and some have been there three years, some four years, maybe four and one-half years. It seems a shame that they had lived somewhere for 25 years, paying taxes all this time,

and maybe they are 72 or 75 years old today and they moved probably after they were 65 to a certain place and they've been retired because that's the age limit where they were working, and I think there should be something in here that would take care of them, help them, because that's what we're asking, that somebody in some way could write a bill that would cover the people who are 65. Why should they be penalized? That's what I think. In other words, it's my way of looking at it but I feel as if they are being penalized. For instance, I know of two people right now who are moving to an apartment because they can't keep up with this taxation any longer. So whatever you can do would be appreciated by, I know, a good many people who have been in this category, who have had to move.

ASSEMBLYMAN DICKEY: Well, I would say the rationale might run along these lines that people who are 65 of course have reached the point where their income usually has leveled off and is fixed by pension. Secondly, it was not especially an inducement for people to move into New Jersey from Pennsylvania where their real estate taxes are lower. In other words, it was intended to be an incentive for New Jersey people who had lived here and had contributed in years past to the tax burden of our State. You know the taxes over on the other side of the Delaware River are considerably lower than they are here in New Jersey because they do have a state income tax. And many of the costs that we pay for here locally in New Jersey are paid for at another level in Pennsylvania. So you can see it would be a very nice thing for people from Pennsylvania to move over when they got to be 65, having enjoyed the low taxes there and then come into New Jersey not having shared the burden with us at least for five years. And that was the rationale, if you will, for the five year period.

MR. HOLT: Yes, but the intent, to me, isn't that way, as far as I'm concerned, because the people I am talking

about are people who have lived here all their lives. For instance, myself, with fifty some years in New Jersey.

ASSEMBLYMAN DICKEY: Where did you live before you went to Willingboro?

MR. HOLT: Cherry Hill and my taxes became \$1350. Where I am now I am paying \$780 and it's going up all the time. I have been retired now since 1965. And I am talking about primarily - naturally I can only talk about the people whom I represent, which is very few people when you're talking about thousands of people.

ASSEMBLYMAN DICKEY: Well, if you've lived there since 1965, of course you're qualified.

MR. HOLT: Yes, but I haven't lived here since 1965, where I've moved to. I've only been here four years.

ASSEMBLYMAN DICKEY: Well you will just have to be there another year and then you qualify.

MR. HOLT: Yes, I realize that but how about the people who have only been there two years and yet they have been paying taxes in New Jersey for 40 years. Unfortunately, we're in a bad situation but I don't think this bill covers the people who live in New Jersey. You are talking about Pennsylvania. I'm not interested in Pennsylvania. I lived there for 21 years. But I am interested in New Jersey and the people who live here.

ASSEMBLYMAN DICKEY: All right. Well, your recommendation is that that figure be deleted. Right?

MR. HOLT: Yes.

ASSEMBLYMAN DICKEY: Well we will take that under consideration.

MR. HOLT: I appreciate that very much.

ASSEMBLYMAN DICKEY: Thank you.

MR. HOLT: Thank you.

ASSEMBLYMAN DICKEY: Do you want to testify, sir? Please come up to the mike.

F R A N C I S A. Z E N T G R A F: My name is Francis A. Zentgraf.

ASSEMBLYMAN DICKEY: Where do you live, Mr. Zentgraf?

MR. ZENTGRAF: I live in Edgewater Park in the Phoenix Apartments. I rent.

I wonder what provision could be made for people who pay rent. They pay taxes in their rent bill just as well as the senior citizens who own their own homes. And if some provision could be made to that effect, take them into consideration too. They're senior citizens like everyone else. As a matter of fact, they are probably harder hit because of the rents going sky high every year. And I think that would be a good inclusion or amendment to the bill.

Another question is, what happens if taxes should go down, which is unlikely, but what would happen? Would the senior citizen still have his rent frozen at what it was at age 65 or in 1974?

ASSEMBLYMAN DICKEY: Well, I think that's a good point and I think that's a provision that we should put into the resolution that if they do go down that they would get the benefit of the reduction.

MR. ZENTGRAF: Of course the bill does say "shall be no greater". It doesn't say anything about being less.

ASSEMBLYMAN DICKEY: Okay. Any other questions?

MR. ZENTGRAF: No, that's all. I just had that suggestion about the rentpayers who are also paying taxes which is in the rent bill. And I think that possibly a cry of discrimination may go up against certain senior citizens.

ASSEMBLYMAN DICKEY: Do you have a condominium?

MR. ZENTGRAF: No. Oh, no, I don't have the condominium in the Phoenix. They have two sections, the new sections are condominiumized and my section is just plain rental.

ASSEMBLYMAN DICKEY: Well, of course, those who do have condominiums do pay direct taxes and they would get the benefit of it.

MR. ZENTGRAF: Oh, yes, sure. But I don't have a condominium and I don't want one.

ASSEMBLYMAN DICKEY: All right. Thank you very much, sir. I appreciate it.

MR. ZENTGRAF: Okay.

ASSEMBLYMAN DICKEY: Is there anyone else?

F R E D E R I C K R O T T E R: Mr. Chairman, my name is Frederick Rotter.

ASSEMBLYMAN DICKEY: Where do you live, sir?

MR. ROTTER: In East Orange, New Jersey. I am a representative for the Council of Senior Citizens in West Orange.

I only want to clarify the idea about the amount of senior citizens in New Jersey. Some three years back we were called up here to Trenton as representatives of senior citizens by Mr. Donohue who was at that time the Commissioner of the Aged and he gave us an amount of 17% of the population of the State of New Jersey that were senior citizens. If I am rightly informed, the total population for the State of New Jersey is 7,300,000. Is that right? Approximately?

ASSEMBLYMAN DICKEY: I don't carry that figure around in my head but I think that's close.

MR. ROTTER: 17% would be nearly 1,200,000. That is all that I want to say.

ASSEMBLYMAN DICKEY: Thank you very much.

Does anyone else wish to testify?

Would you come up front, sir?

D O N A T H C A R T I S O N: My name is Donath Cartison from Pemberton representing in Burlington County 34,000 Golden Age.

Now I would like to say this tax business is like a cancer, it has been like a cancer, it has been working and working and working and we cannot pay any more. The

question is: 90% of our clubs. 21 clubs in Burlington County, - they own their own homes and most of them make from \$2,000 to \$3,000 a year income. They cannot afford to pay the taxes so they are going to lose their home. Before they lose their homes I want to tell you gentlemen and your colleagues in the Assembly that the handwriting is on the wall. We're going to fight. We have been pleading with you people time and time again and we're not going to plead any more.

We will pay tax now, understand it. We are willing to pay a tax which is right.

Now the worst tax that we have on our back and has been on our back is the school tax. Now I pay school tax. I have been paying it since I was 21 years old. My son pays school tax and his son pays school tax. Now how long am I going to pay this school tax, and no children for 35 years? That's one tax which is wicked.

Gentlemen, the time has come unless you do something. Remember that you are going to be in our shoes some day, like the gentleman over here, he's almost in our shoes now. Now remember that. Although you might have money saved, taxation, as I said before, is like cancer. Do something before we do something. Remember, 700,000 or 900,000, whatever we are, if we get together we're going to make you politicians tremble in your shoes. That's my problem.

ASSEMBLYMAN DICKEY: You are from Pemberton, are you?

MR. CARTISON: Pemberton. I live in Pemberton. We represent 21 clubs in Burlington County.

ASSEMBLYMAN DICKEY: How many children do you have?

MR. CARTISON: I have one boy and he has six children. And, as I said, I've been paying school taxes and that boy pays school taxes and his children pay school taxes. That's the school tax. But the question is taxation. We're willing to pay taxes, it's not that we're

trying to avoid this taxation business. You know they said before that death and taxes are sure things - I don't know if that's true. Death is sure. One fellow told me about two or three weeks ago, "Oh, you're going to die pretty soon." And I asked him, "Who is going to die first, you or me?" They don't know who is going to die first.

So, gentlemen, when you go back to your Assembly please, you better do something. As I said before, the handwriting on the wall.

ASSEMBLYMAN DICKEY: Thank you.

MR. CARTISON: Thank you.

ASSEMBLYMAN DICKEY: Does anyone else wish to testify?

Would you step up, please.

R A Y M O N D S U T P H I N: Mr. Chairman, my name is Raymond Sutphin from Florence Township. I have been asked to attend on behalf of our local citizen group and also asked to attend by Catherine Shimmel, the Executive Director of the Aging Department in Mount Holly, New Jersey.

I do not have a prepared statement but I feel strongly on this issue that something must be done to give relief for the senior citizens. I feel sure that the Legislators are aware and seriously considering this. The trouble is, of course, that there are so many bills in that it's difficult to try to determine which one can be passed.

I, of course, favor ACR 96. I feel that it is certainly a move in the right direction. I personally would like to see some relief for the present taxpayers who are in the stage of losing their homes at the present time due to high taxes. And I realize your position that it's a problem of which one can be passed so that it can be financed and who is going to pay the bill. That's the big problem - who is going to pay the bill and how much.

I would like to ask, if possible, in reference to

ACR 2002, in reference to relief on the school taxes, is that the one where this would be charged against the estate on the exemption of the \$160 on the school taxes?

ASSEMBLYMAN DICKEY: What was that number?

MR. SUTPHIN: That was 2002, the one where they were to be allowed \$160 on school taxes. I am not sure whether that was going to be charged to the estate or not.

ASSEMBLYMAN DICKEY: I just have a digest of that measure which would seem to raise the income threshold from --

MR. SUTPHIN: Yes it would raise the income threshold from \$5,000 to \$8,000.

ASSEMBLYMAN DICKEY: Yes.

MR. SUTPHIN: That has never been adopted, I understand, has it?

ASSEMBLYMAN DICKEY: No. That is still in the Taxation Committee.

MR. SUTPHIN: Yes. Also on that question, that \$160 would certainly be above the \$160 that they are entitled to now. Right? This additional \$160 reduction on school taxes would be above the \$160 that they are allowed under their regular exemption. If not, I see no point to it. There would be no point to it whatever if it were just to take the place of the \$160. The amount in there is \$160 toward the school taxes, that is in case they had no school children in their home.

ASSEMBLYMAN DICKEY: Unfortunately, I am not prepared to discuss ACR 2002. That is not the subject of our hearing today.

MR. SUTPHIN: No. I realize that. I am not pressing the point. I am aware that ACR 135, which proposed 50% of value assessment up to \$15,000 had been considered but that didn't get anywhere either. The one that was referred to here formerly, I believe, was where they tied it to 7% of income which was a tax package and, of course, that couldn't be adopted without

the full package.

But, briefly, I would like to say that I do urge very sincerely that you Legislators get together and adopt something to give relief for the aged and the senior citizens. I am one myself now with a limited income and we are faced with a very high tax picture and it is serious. I think sometimes - I hate to say it but I think sometimes some of these Legislators have gotten on the bandwagon and proposed some of these things for publicity. I don't want to see that. I am sure you are sincere in your efforts and I would like to urge the Legislators to get together, whatever they do, and pass something that will give relief because it's needed so drastically.

Thank you very much.

ASSEMBLYMAN DICKEY: Thank you very much.

Does anyone else wish to testify?

M I C H A E L C O R B I T: My name is Mike Corbit, Research Associate for the New Jersey Taxpayers Association. We are a nonprofit, nonpartisan, governmental research organization with offices at 104 North Broad Street in Trenton. I am speaking in behalf of our Executive Director, Mr. Frank Haines.

This Concurrent Resolution would amend Article VIII, Section 1 by adding a paragraph 5 which would freeze maximum property tax levies on real property owned by residents 65 or more years after 1974 or in the year said resident became 65, whichever year is later.

The State would reimburse taxing districts for the amount of revenue districts would have received based on total non-frozen taxes.

In January of 1973, NJTA presented this statement on a previous amendment to this section, Senate Concurrent Resolution No. 5, involving expansion of the annual \$160 property tax deduction to certain disabled citizens on or under age 65. Opposition was based on the principle that complex and amendatory material should not be included in

a State Constitution.

Since this section is certain to be subjected to numerous proposals for change until a new senior citizen property tax relief program linked to a personal income tax can be enacted, such as proposed last year by the Governor's Tax Policy Committee, NJTA again urges that in place of frequent, often detailed, constitutional changes the Legislature consider an amendment which is a broad grant of power to the Legislature to enact deductions. A broad constitutional approach is much simpler than the present approach of frequently adding complicated details and having a referendum each time qualification provisions are changed.

Under NJTA's proposal, details would be left to statutory enactment which is speedier and less costly than resorting to statewide public referenda.

In addition to the plea for limiting referenda on this section, attention is called to the fact that the present proposal does nothing to change discrimination against the non-property owning senior or disabled citizens whose need may be as great as those who own property.

Further, the proposed amendment will, one, increase state cost, since the State would pick up the difference; and, two, further shift the tax burden from one group of taxpayers to another.

This proposed amendment to the Constitution reflects one of several alternatives of providing property tax relief, that is exemption from the tax to selected limited classes of taxpayers so as to ease their tax burden or contribute to the solution of a social problem caused by overreliance on the property tax.

Utilization of the exemption approach can open a Pandora's box, as demonstrated by the several various amendments introduced in the present two year session.

In conclusion, the New Jersey Taxpayers

Association thus urges that the Legislature consider a broad grant of power to the Legislature to enact deductions of this type.

ASSEMBLYMAN DICKEY: Mr. Corbit, which proposal is it that you referred to that does this?

MR. CORBIT: There is no such proposal that we know of, sir.

ASSEMBLYMAN DICKEY: Have you made a draft of such a proposal?

MR. CORBIT: This has been an on-going policy of the New Jersey Taxpayers for quite some time, as I believe, and I am sure that we would be willing to take part in drawing up such legislation.

ASSEMBLYMAN DICKEY: In other words, you would give a broad grant of power to the Legislature in this general area of providing for exemptions?

MR. CORBIT: Yes, deductions.

ASSEMBLYMAN DICKEY: Deductions. Do you think the Legislature should preempt the voters' rights over those subjects?

MR. CORBIT: Well, the voters would have to give the Legislature the broad grant of power first.

ASSEMBLYMAN DICKEY: But once the Legislature had it --

MR. CORBIT: Well this would have to be brought out at the time.

ASSEMBLYMAN DICKEY: Do you have any questions, Mr. Wallace?

ASSEMBLYMAN WALLACE: No.

ASSEMBLYMAN DICKEY: Thank you very much, Mr. Corbit.

Does any other person wish to testify?

F R A N K R. M a c K A N N A N: Frank MacKannan back again.

ASSEMBLYMAN DICKEY: You testified previously, right?

MR. MacKANNAN: Right. If ACR 96 receives favorable backing in our Legislature, would it have to go to referendum?

ASSEMBLYMAN DICKEY: Yes.

MR. MacKANNAN: And then there would actually be nothing done in 1973.

ASSEMBLYMAN DICKEY: No. It would be applicable in 1974.

MR. MacKANNAN: In 1974. But it wouldn't go on the ballot until '74. It would be too late for this year. It has to be enacted by August.

ASSEMBLYMAN DICKEY: This is April.

MR. MacKANNAN: Yes, but you are going to cut out on the 30th and you won't come back until November.

ASSEMBLYMAN DICKEY: Well I don't know that, Mr. MacKannan.

MR. MacKANNAN: Well the possibilities exist that you won't.

ASSEMBLYMAN DICKEY: We're doing the best we can.

MR. MacKANNAN: Well, it's like I stated in my testimony that they did nothing in 1972 and it looks like they'll do nothing in 1973.

ASSEMBLYMAN DICKEY: Well, that's not really a fair statement. The Legislature appropriated \$40 million this year for tax relief. Now it wasn't all directed to senior citizens but I have to say that is not a fair statement to say that we haven't done anything to try to provide tax relief because, in addition to what we are already doing, an additional \$40 million was appropriated this year and \$40 million was appropriated last year, additionally, to local school districts to offset the cost of local education. Now if that \$80 million didn't come along, you would have had a much bigger tax bill than you already have.

MR. MacKANNAN: That's true.

ASSEMBLYMAN DICKEY: So don't tell me the

Legislature has done nothing. That's not a fair statement.

MR. MacKANNAN: Well, no, that was rather rash. We do appreciate what you are doing.

ASSEMBLYMAN DICKEY: We're doing the best we can within the financial limits that we have. We have only one broad base tax in this State.

MR. MacKANNAN: Like the gentleman said before - sorry, I lost my train of thought.

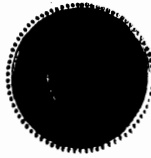
ASSEMBLYMAN DICKEY: Okay.

Does anyone else wish to testify? Not seeing anyone, I want to thank you all for coming. The Committee will give further consideration to this measure and we will make our report to the Legislature.

Thank you all for being here.

The public hearing is closed.

(Hearing concluded)



OFFICE OF THE MAYOR

CITY OF TRENTON NEW JERSEY 08608

ARTHUR J. HOLLAND
MAYOR

April 24, 1973

Mr. William K. Dickey, Chairman
Judiciary Committee
State House
Trenton, New Jersey

Dear Chairman Dickey:

Due to an out-of-the-City commitment I am unable to attend the Public Hearing you are holding today on ACR 96. I should, however, like to offer my observations on this bill.

The basic concept of ACR 96 is certainly laudable. In cities such as Trenton, the rising tax rate causes great concern among the large elderly population living on fixed income. Freezing the property tax rate of an individual when he reaches age 65 would help alleviate this fear among our senior citizens. The provision for state reimbursement of tax revenue lost because of this measure is very necessary, considering the decline it would cause in the municipal tax base. Such reimbursement has been lacking in previous legislation of this type.

Along with these positive aspects, however, several questions have arisen about ACR 96 which cause me concern. No distinction is made concerning the income which a person may earn to qualify for this exemption. It seems unnecessary and unfair to grant such a favor to those who do not need it.

ACR 96 does not address the question of a multiply owned dwelling. Should the entire dwelling be granted this exemption if only one part-owner is age 65? Nor does the bill address the problems

created by the senior citizen resident landlord who rents the remainder of the dwelling units in his building. Would the entire building be exempt?

Another complication could arise from senior citizens who reside with their children. Would it not be possible for a homeowner to "sell" his house to his father five years prior to age 65, in order to have the building qualify for the special tax status?

The same five year clause might also be considered overly restrictive. Does the fact that an individual has not owned his home for five years make him more able to pay the rising cost of taxes?

While I realize that constitutional amendments are usually broad to allow legislative discretion in the actual legislation, I would hope that additional thought might be given to some of these questions before submitting ACR 96 to referendum.

Sincerely yours,



AJH:jmt

