

P U B L I C     H E A R I N G

before

ASSEMBLY TAXATION COMMITTEE

on

ASSEMBLY CONCURRENT RESOLUTIONS NO. 20,  
29, 49, 54, 55, 87, 100, 114, 150, 174,  
179, 3009, 3016, 3017, 3019

(Senior Citizen Tax Deduction)

HELD:

May 8, 1975

Assembly Chamber

State House

Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Paul J. Contillo (Acting Chairman)

Assemblyman John A. Sweeney

Assemblyman Joseph W. Chinnici

Assemblyman Walter E. Foran

Assemblyman Gordon A. MacInnes

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ASSEMBLYMAN PAUL J. CONTILLO (Acting Chairman):

Before we get started I'd like to introduce the members of the Committee who are here this morning. They are: Assemblymen Jack Sweeney, Joe Chinnici, Walter Foran and Gordon MacInnes. I am Paul Contillo.

Before opening the public hearing to testimony I'd like to clarify the purpose for having this public hearing, particularly the number of proposed Constitutional amendments which are now on the agenda.

The Taxation Committee has been wrestling with the problems of additional assistance to senior citizens and for the disabled for more than a year. Actually, it is probably closer to four years. The previous administration - the Cahill administration - and this administration were and are very much aware of the problem.

To a great extent, we have been frustrating coming up with a meaningful proposal because of the uncertainty surrounding the State's fiscal situation. This is not only because of the deficit that now faces us but because the number of proposals which have been made would have included benefits to senior citizens and it was necessary for us to give them consideration in devising any program.

The fifteen Concurrent Resolutions, which are on the agenda today, are by no means all of the ones which have been brought to the committee's attention. Under the rules of the General Assembly, a bill, or resolution, must be requested by the sponsor before we can act upon it. However, those which do not appear on the agenda do not offer any new solutions.

There has been some confusion over two resolutions which I have introduced - ACR-3009 and ACR-3019. Both of these resolutions are designed to give the Legislature the authority to grant municipalities the power to provide homestead exemptions to senior citizens. In addition,

ACR-3009 would provide property classification throughout the entire State.

As a former municipal councilman, I know that in my community of Paramus we would like to give homestead exemptions but we are not able to do so because of the provisions in the State Constitution. I have been contacted by municipal officials in my own community and from many other communities, to grant them the power to provide relief to senior citizens.

It is my feeling, therefore, that no matter what the State did, if we were able to grant this authority to our local governments, many of them would take advantage of it in order to provide relief from high property taxes and thus enable a municipality to keep their senior citizens, which, certainly, most of our municipalities wish to do.

Before we start, I'd like to point out that you do not have to hold to the subjects contained in the fifteen resolutions directly under consideration, so that we can solicit your views and suggestions in order to insure that what comes out of this meeting will be something that addresses itself to the best possible way to handle this very difficult situation.

Speaking for myself, and I believe I can speak for every member of this Taxation Committee, I'd like to say that we realize that the situation is serious and that something should be done. We will make every effort to see that something is done.

There certainly is no question that relief is due to the senior citizen. Every member of this committee is well aware of that. Everyone in this Assembly Chamber now is aware of it. I think what we have to direct ourselves to is, how to best do it and that is what we would like to hear about from you today - what direction it should take; how do you see the various proposals?



The question of funding is also very pertinent.

Finally, I believe, also, that I can say for the committee as a whole that we believe any program that is forthcoming for the senior citizens and for the disabled must address itself to those who rent their dwellings as well as those who own their dwellings.

With all that in mind, I would like now to begin the hearing.

ASSEMBLYMAN FORAN: Mr. Chairman?

ASSEMBLYMAN CONTILLO: Yes, Mr. Foran?

ASSEMBLYMAN FORAN: Prior to the first witness I'd like to submit a letter from the New Jersey State League of Municipalities. They are not going to be able to be present here today because of a prior commitment and I would like to submit this in writing for the record.

ASSEMBLYMAN CONTILLO: Do you wish to read it into the record?

ASSEMBLYMAN FORAN: No.

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ASSEMBLYMAN CONTILLO: Assemblywoman Berman.

A S S E M B L Y W O M A N G E R T R U D E B E R M A N:  
My name is Assemblywoman Gertrude Berman. I represent District 10, which includes the southern portion of Monmouth County and the northern part of Ocean County.

It has long been recognized that New Jersey's tax structure is in need of basic reform. This fact was dramatically brought home to us when the Botter decision mandated that we find a new formula of providing educational funding. Our reliance on the property tax is not only unsound but in this area has been ruled unconstitutional. Even before this decision, committee after committee had studied the problem and recommended drastic changes. Though these recommendations have gone unadopted, we know from the record that senior citizens are the group most hard hit by the present system.

Last year I felt a sound income tax package, that would offer property tax relief to senior citizens, had a possibility of being adopted. I know this committee worked long and hard on that problem and I commend you for your effort. I am personally in favor of a total program of tax relief and tax reform as the proper approach. And I know that many members of this committee also favor that method. This past year has shown us how difficult it is to come up with the complete package. Therefore, I have submitted this legislation, ACR-3016 and ACR-3017, for the purpose of providing much needed property tax relief to a large number of senior citizens. These constitutional amendments increase the income level of exemptions to \$10,000 and the deductions for senior citizens to \$500.

I believe that this state and this legislature has an obligation to our senior citizens. Few of us in this legislature have not made commitments to honor the needs of senior citizens. I believe that this is the time to follow through on those commitments. These resolutions give us an opportunity to back up our rhetoric with something which is meaningful.

A few weeks ago, the Assembly passed, without any dissenting votes, a bill to elevate the office on aging into a Division on Aging. Naturally, no additional appropriation was added and it is unrealistic to think that changing the name of that office without backing it up with an appropriation will make any difference as far as meeting the needs of senior citizens. But this was a way of-- In my written remarks I said, "dismissing our commitment." I don't know that I want to be that cynical about it but perhaps "paying lip service to that commitment to the senior citizens of our State" would be a better way of phrasing it.

What ACR-3016 and ACR-3017 offer is to direct relief to senior citizens who own their own homes and are



now forced to live on limited incomes. The original legislation which these resolutions seek to amend was passed in 1960.

The income level for an individual to be eligible to claim a deduction was set at \$5,000. The deduction was based on an exemption of \$8,000 on the assessed valuation of the property. In 1963 the exemption was changed to an \$80 deduction. The next change to this legislation occurred in 1970. The allowable deduction was doubled and it remains today at \$160. The income level has not been changed from the original \$5,000 figure.

Keeping these facts in mind, I would like to discuss the changes in the cost of living over that same period of time. These figures, which I quote, are based on the United States Labor Department's statistics and are specifically for the northeastern region which includes northeastern New Jersey. There are separate figures for the Philadelphia area which includes Camden but the differences are not significant, so I will use the northeastern region statistics.

Between 1960 and 1975 the cost of living has increased by 88.7%. In the 10 year period between 1960 and 1970, the rate of increase was 46.3%. In the five year period between 1970 and the present, the increase has been 42.4%. I point out these figures to show that the cost of living for the last five year period is equal to almost that of the previous 10 years and it continues to rise at a high rate.

I turn now to the Consumer Price Index, this includes the price of food, apparel, upkeep, medical care, goods and services. My figures are based on the 1967 dollar, which the Consumer Price Index uses. Again, my figures are from the northeastern region of the United States.

In 1960 it took only 87 cents to buy a dollar's worth of 1967 goods. In 1970, to buy that same dollar's worth of goods it took \$1.19. In 1974, to purchase that same dollar, the cost had jumped to \$1.61. The latest Consumer Price Index was published in March of this year and had already gone up to \$1.63 between December 1974, when the previous figures were published, and the March figures. I don't think I need to elaborate further on the tremendous increases of the cost of living for the last few years.

Let me give an example of a situation which is all too common in today's economy. In 1930, a young couple bought a new home. It was a modest home but they made improvements and it is now a comfortable and familiar place in which to live. By now, 45 years have passed and the couple are in their late 60's and they are struggling to live out their retirement years. However, by now, the taxes on that home cost more than the original mortgage payments had been. If their retirement income is more than \$5,000, they must pay the entire tax bill. It would not be uncommon in many areas of this state if the tax bill was well over \$1,000. Even if their income is under \$5,000, the largest deduction they may claim is \$160. In the oldest neighborhoods of this state, the cities, I do not need to remind this committee that the taxes are at their highest level.

This generation, this legislature, and this state has an obligation to see to it that senior citizens live in dignity. And those who are physically able to live in their own homes should be able to continue to do so. We should guarantee that they have the right and the means to do so.

I believe this legislation is a realistic step by which to insure that right.



ASSEMBLYMAN CONTILLO: Do any members of the committee wish to ask questions?

ASSEMBLYMAN SWEENEY: Mrs. Berman, in looking at your two resolutions - 3016 and 3017 - both of these refer to dwelling houses which are owned by the senior citizens.

ASSEMBLYWOMAN BERMAN: That is correct.

ASSEMBLYMAN SWEENEY: Now, there are other Assembly Concurrent Resolutions in the package that we have before us today which deal not only with property which is owned by, but also property rented by, senior citizens.

Since neither of the bills have been released - I don't think any of the bills have been released from committee - would you be amenable to a possible amendment which would include renters as well as owners and also an amendment that might deal with people who are concerned with cooperative type housing arrangements, as well as the ones they own directly?

ASSEMBLYWOMAN BERMAN: I fully agree. There should be relief in all of those areas. I was working with an existing piece of state statute and trying to bring it into line. There should be - either as part of this or some other legislation - some concern and relief in those areas.

ASSEMBLYMAN SWEENEY: My second question is one dealing with the financial aspect of this matter. I would like to ask you whether or not passage and implementation of either of the two resolutions would be dependent upon either the enactment of a new revenue source or an increase in the existing revenue sources in order to make either of them effective?

ASSEMBLYWOMAN BERMAN: Obviously, since the way in which this relief might come is equally shared by the

municipality, where 50% of the deduction responsibility would be - the other 50% would be with the state - there are additional funds that must be available to cover this kind of relief.

Certainly, in view of the very touchy situation with the budget, there would have to be some minimal kinds of funds available, probably.

ASSEMBLYMAN SWEENEY: That is all I want to ask, Mr. Chairman.

ASSEMBLYMAN CONTILLO: Thank you, Mr. Sweeney.

ASSEMBLYMAN MAC INNES: Mrs. Berman, do you have any idea - even a rough estimate - as to the additional funds that would be required? I assume that by moving the income ceiling from \$5,000 to \$10,000 you would thereby include a sizable, additional number of residents, who would be eligible for this.

Do you have any estimate as to how many more would be eligivle and what the total cost would be to the state and to the municipalities?

ASSEMBLYWOMAN BERMAN: I have not requested a fiscal note.

ASSEMBLYMAN MAC INNES: The estimate now is what? Twenty six million dollars?

ASSEMBLYMAN CONTILLO: Twenty eight.

ASSEMBLYMAN MAC INNES: Twenty eight million for the present program?

Assuming that this would, roughly, double - I don't know if that is true - the number of senior citizens eligible for the deduction, we might be talking about a state appropriation at the fourteen million dollar level - at least on 3016.

ASSEMBLYWOMAN BERMAN: It seems a relatively small amount in view of the kind of relief that this could provide.

One of the elements of this particular property



relief that I think is essential is the fact that this legislation is relief based on income and I think it is necessary in this time of the state's precarious financial position. That relief cannot be done across the board and is pegged to income, as this particular resolution would do.

ASSEMBLYMAN CONTILLO: Are there any other questions?

(no questions)

Thank you very much, Mrs. Berman.

Joseph Aragona from Ocean County.

I would just like to repeat that, again, we are all here for the same purpose, and that purpose, of course, is to keep to the discussion on which way we want to go. I think we are all aware of the problems of the senior citizen. I don't think it is going to be necessary for each witness to reinforce that.

I'd like you to spend your time and direct it, if you can, at how you see the different proposals and how you would like to see us act on them.

J O S E P H    A R A G O N A: Mr. Chairman, members of the Taxation Committee. My name is Joseph A. Aragona, President of the Ocean County Senior's Coordinating Council and a member of the State Commission on Aging.

My discussion today is not on any particular bill but on a homestead security act in New Jersey for senior citizens.

The objective of the homestead security act proposal is to ease the burden on senior citizens due to the ever-increasing property taxes and continuous inflationary pressures.

This measure shall retain seniors in their communities who are living on a fixed income and using their homes as their sole source of physical protection, comfort and enjoyment.

The adoption of this proposal will be mutually beneficial to all residents of the community. For senior citizens, it will help them to maintain a dignified stature and not become a burden on their families or on society.

For all other residents, it will result in a proportionately small tax, by retaining senior citizens whose tax revenues are, for all intent, pure income, and to the borough, as contrasted to the selling of their homesteads to families with children of school age who may require supplemental assistance.

Now I will comment. First, the objective is justifiable and logically follows that the more senior citizens who can remain in the community, through tax incentives, the greater the benefit for all residents of the community.

Accordingly, any plan of tax relief should be non-restrictive as to income assets or any other such matters. Restrictions for qualifications result in discriminations which add to the burden of some senior citizens to the benefit of the other senior citizens, thus defeating the state's purpose and objectives.

For example, under the present plan approved by the State of New Jersey, in order to qualify a senior citizen must not have an adjusted income of more than \$5,000. This is a very small amount to maintain a home and pay normal living expenses in these inflationary times.

A senior citizen finds his taxes increased to the extent of his share of the tax relief granted to other senior citizens. Therefore, there is no incentive for such senior citizens to remain the community. The same reasoning is true, regardless of any cut-off amount arbitrarily established on income in order to qualify.

It may be argued that some senior citizens who are able to afford tax increases might receive the benefits of a tax reduction. While this is true, the reason is not sound. Logically, such senior citizens own more valuable properties and, accordingly, pay much greater property taxes. They also pay greater federal income taxes and state sales taxes. Therefore, it is more beneficial to the community at large to retain such senior citizens, particularly because of the larger amount of revenue derived from them.

As previously stated, the more senior citizens who remain in a community, the greater the benefits to all residents. This can be accomplished by granting all senior citizens a homestead exemption, based on a percentage of their property.

Number three - From a long-range point of view, a non-restrictive program would have far-reaching effects. It would encourage senior citizens to stay in the community, which would provide stability for the community.

Four - A non-restrictive program would lessen the opportunities for creating embarrassing situations as contrasted to a restrictive program, which some day will cause financial embarrassment to certain senior citizens, as well as to the public officials responsible for the institution and the administration of such programs.

A restrictive program encourages conniving and cheating, which some day will result in a clamor for costly investigations and impugned reputations. The additional cost of policing a restrictive program is also a matter for serious consideration. There are many discussions regarding the tax exemption that some senior citizens are claiming under the present plan, and approved by the state. It is very doubtful that a senior citizen who initially qualifies as to adjusted income will come forward and inform the authorities if his income should become greater through increased dividends or from savings

and interest from his investments.

A restrictive program is accomplished with all kinds of ugly situations. It is extremely important that every senior citizen be protected against any temptation that will result in embarrassment in his later years. This can be assured by the adoption of a non-restrictive program.

Homestead exemptions for all senior citizens is the only fair method of taking care of this problem. A restrictive program requires a disclosure of personal finances and other matters. In a small community, such information, while presumed to be safeguarded by public officials, can and does become common knowledge. This is not conducive to good relationships among the members of the community. This can be avoided by the adoption of a homestead exemption program which requires only initial disclosure of age, the use of the property as a homestead, and the necessary proof that the resident is living on a fixed income.

Six - It is doubtful if any of the future senior citizens will be able to qualify for tax relief under the present plan, which places a restriction of \$5,000 on adjusted income. The economy is continually increasing with higher wages and salaries accruing to the workers. There is no reason to believe this will stop in the foreseeable future. It is logical to assume that future pensions will be far in excess of \$5,000.

A restrictive program provides no incentive for these senior citizens to remain in the community. A non-restrictive homestead exemption program will provide the necessary incentive for all senior citizens to hold on to their homestead and to benefit all of the residents.

An extremely important factor to be taken into consideration when designing legislation for tax incentives for senior citizens is, the administrative cost to properly



administer a restrictive program requires a large staff of people at the state, county, and local levels of government. Salaries and wages of employees, recordkeeping, printing costs, office space, etc., will run into costly expenditures spent unnecessarily. Additional monies will be needed for policing, auditing, and follow-up investigation and prosecution of cheats and connivers. These costs would be put to a better use by applying them to offset the tax relief granted to senior citizens.

A non-restrictive program of homestead exemptions for all senior citizens would require no administrative cost or expenses for investigations and prosecutions. The only follow-up of a non-restrictive homestead exemption program would be as a result of death or sale of property. All the required work of a homestead exemption program could be performed by the tax assessor's office, without any additional burden thereof.

One of the most important considerations is that all senior citizens must be treated equally and fairly, with dignity. Senior citizens must not be treated as welfare applicants. They do not want a hand-out. They only want that which is justly theirs. It is essential to keep them and their homesteads in order that they may remain close to their families and friends and their family surroundings. Forcing them to move to a strange place to start life anew results in heartaches, frustrations and a shorter lifespan for many.

Senior citizens should be treated as important people, needed by the community for the benefit of everyone. A homestead program, with no strings attached, will accomplish this.

Another factor of great importance is that senior citizens tend to shop locally. They have little desire, and do not have the means of transportation, to travel any distance to obtain items of food, clothing and

other necessities. Accordingly, local merchants are beneficiaries of senior citizen spending, as contrasted to the spending of the younger people who do not mind congested traffic conditions and other hardships. This factor should increase the value of local business property which will result in more revenue to the community.

Now, if I may, I'd like to sum up. A program of tax relief for senior citizens must provide relief for all senior citizens. I believe, Assemblyman Sweeney, you brought out the factor about the renters and cooperatives, etc. We mean them also. The purpose of a tax relief must be constructed to encourage all senior citizens to remain in their communities for their well-being and for the benefit of all residents of the communities.

Taxes paid by senior citizens, over and above the cost of services rendered to them, reduces taxes for all residents. There is a fallacy in reference to that \$160 deduction for those who qualify. Actually, they don't receive that \$160. A portion of that \$160 is to meet the demands of other senior citizens in getting their \$160. Actually, in Dover Township, the \$160 that is allocated to the senior citizen, in reality, amounts to only \$147. The rest goes to make up for other senior citizens, police, etc.

Now, the present program of giving tax relief to the so-called poor homeowners is discriminatory because it penalizes some senior citizens to the benefit of other seniors and is based on the welfare concept. Tax relief for senior citizens is not welfare. The present program is fraught with all types of possibilities for fraud and collusion. The present program will require the state, county, and local governments to maintain costly records and be prevalent in all welfare programs. The present program also adds to the burden of senior citizens on fixed incomes. Should their income be \$1.00 or more - and you have arbitrary figures set by the Legislature of

\$160, maybe \$320, and perhaps some day it will reach \$500 -- I noticed in one of your bills there is that clause from \$160 to \$500 in relief. This is a monstrous tax to pay on \$1.00 of earning, but it is a possibility. Taxes paid by senior citizens, over and above the cost of services rendered to them are used to subsidize those residents whose taxes are less than the cost of services they receive.

Now, in reference to that I'd like to say that in Ocean County, the mecca of senior citizen community living, if it wasn't for the senior citizens' tax dollars contributed to the county and the community, their taxes would be exorbitant, as far as the school tax is concerned. Senior citizens have no children and we have 80,000 of them in Ocean County who are 55 years of age and over. Can you imagine if we had children to put into the school system? The figure would be tremendously high. I will go into that in my final summation.

Homestead exemptions for all senior citizens retired on fixed income is a fair, just, and equitable means of granting tax relief to them. Such a program must be without contingencies. The only requirement should be the use of residences for the sole well-being of the senior resident and that he be retired, or unable to work because of disability.

In conclusion, a homestead program should be enacted by the legislature immediately, to replace the present discriminatory program in order to provide the incentive for all present and future senior citizens to retain their homesteads in their communities. The plight of many senior citizens is distressing and many will loose their homes unless prompt action is taken by the Legislature to give them immediate relief.

A homestead exemption program will have an additional, beneficial advantage to the communities in

stabilizing the tax structure by causing everyone to keep their homes in good repair for later years.

Gentlemen, thank you for being patient and listening to my presentation.

ASSEMBLYMAN CONTILLO: Thank you, Mr. Aragona for your very clear description of homestead exemption.

Are there any questions?

Mr. Foran was delighted to find out that you consider him a senior citizen.

ASSEMBLYMAN FORAN: I'd also like to say, Mr. Chairman, I'd like to have him down there arguing my bills on the floor.

MR. ARAGONA: Thank you, sir.

ASSEMBLYMAN CONTILLO: Are there any further questions?

ASSEMBLYMAN SWEENEY: Yes, I have a few.

ASSEMBLYMAN CONTILLO: Mr. Sweeney.

ASSEMBLYMAN SWEENEY: Mr. Aragona, you mentioned that tax relief should be across the board for all senior citizens, regardless of income or assets for several very valid reasons with which I concur. I think that you indicated that there should be some sort of flat percentage exemption, based upon the evaluation of the homestead?

MR. ARAGONA: That's right.

ASSEMBLYMAN SWEENEY: Do you have anything in mind?

MR. ARAGONA: Well, I could go on, gentlemen, but I don't want to be taking up all of your time.

First of all, let me recall. In the State of New York, a senior citizen reaching the age of retirement - 65 - regardless of what his tax bill is, gets, automatically, a 50% reduction. So, if it is \$600, he only pays \$300.

ASSEMBLYMAN SWEENEY: Well, it is not a reduction then in the evaluation?

MR. ARAGONA: No. As far as the percentage



reduction, it depends on the community and on the amount that they need to carry on their business.

As I say, on a percentage basis, I couldn't actually give you the percent on it because each community has its own revenue for tax purposes. For example, in Ocean County, the tax rate for school purposes is 2.94 in Dover Township. By the same token, in Lavallette it is only 68¢. So, if I gave you a percentage basis, it would be an injustice to the one that have a low rate.

The purpose of that is, in Lavallette they have no school system. They send them to a regional group. Then the regional group bills them after the State Department of Education calculates and says, "Well, it has cost you so much per pupil to educate." The pro rata base is then given to that community.

Now, most of Ocean County -- We have two regional areas down in southern Ocean County and also the Toms River regional area. Lakewood has its own. Point Pleasant has its own. So, it depends, then, on the community.

ASSEMBLYMAN SWEENEY: So, your suggestion is, then, that it be fixed on a per-community basis?

MR. ARAGONA: That's right.

ASSEMBLYMAN SWEENEY: Who would you leave this up to?

MR. ARAGONA: The tax assessor.

ASSEMBLYMAN SWEENEY: To fix the rate I'm talking about - to fix the percentage.

MR. ARAGONA: Well, it has to be worked out with the tax assessor because he is the one who has to prepare the budget for the Council members, or the governing body, to meet their obligations.

ASSEMBLYMAN SWEENEY: So then, for our purpose here in the Legislature it would be your suggestion that we have an amendment to the Constitution that would allow

local government to fix the percentage of deductions allowed to senior citizens, depending upon the community needs?

MR. ARAGONA: That's right.

ASSEMBLYMAN SWEENEY: So, we set no flat rate in the Constitution--

MR. ARAGONA: Well, I don't know, sir.

ASSEMBLYMAN CONTILLO: I don't want to butt in but I have a bill almost exactly directed to what he is speaking about now. In other words, 3019, instead of setting a percentage--

MR. ARAGONA: I didn't want to bring that out.

ASSEMBLYMAN CONTILLO: Well, it is the same--

MR. ARAGONA: I know that is what you are referring to.

ASSEMBLYMAN CONTILLO: Obviously, we are all going to direct ourselves at how we would like to see a state mandated program.

MR. ARAGONA: Yes, sir.

ASSEMBLYMAN CONTILLO: And the input that we get today is going to be brought back to the entire committee and they will thrash it out. So, we are really looking for input. But, we are going to have a couple of basic questions we have to discuss. Jack has brought up one of the basic questions.

We are going to direct ourselves at the state paying for the program - a state mandated program. Another option and, in my opinion, a less desirable but certainly a workable alternative will be to give the local municipalities the option to do this. We could, in broad outline, permit them, within the Constitution, to draw local ordinances that would fit each community.

Again, it is an alternative. It is less desirable than the first. But we have got to get going in some direction.

MR. ARAGONA: That's right. Mr. Contillo, in referring to your bill and reading in between the lines, I thought that's what you had in mind - referring it back to the municipalities. That's why I was hesitant about percentage basis.

ASSEMBLYMAN CONTILLO: Well, you know there is another question too: Do you direct yourself at a flat amount or a percentage. There are some advantages in the flat amount. For instance, in Florida where they give \$10,000 off the assessed valuation of each resident, if you are a wealthy senior citizen, the fact that you get \$10,000 off of a \$100 or \$200 thousand home, the tax rate in your community will go up when the seniors receive this reduction in their assessment. So, the tax rate will go up slightly.

If you own an expensive house - maybe a \$150 or \$250 thousand house - the raise in the tax rate will match your reduction in assessed valuation. So, the wealthier senior citizens will receive no advantage.

On the other hand, a fellow who owns a modest house - an inexpensive house-- The reduction in his assessed valuation will not be offset by the very small raise in rates.

So, what I am saying is, the flat amount goes directly to help the senior who needs it the most without getting involved in any bookkeeping or recordkeeping or anything else.

MR. ARAGONA: Wouldn't that be discriminatory?

ASSEMBLYMAN CONTILLO: Well, maybe that's what we want.

MR. ARAGONA: No. The whole thing is this: My concept is in equality, as far as being equal. We all are created equal. Now, the federal government sees fit that any one of you gentlemen who qualifies can pay social security benefits, regardless of what your income is, up

to a certain level. You are deducting, let's say \$14 thousand. Now at time of retirement, regardless of whether you are a wealthy man or whether you are a moderate man, or a poor man, if you contributed into social security you are going to receive, according to your contribution, an amount of money at age 65, if you so desire.

Now, the federal government doesn't take into consideration that you have \$1 million or \$2 million; they say, "You paid into the fund, therefore you are entitled to it." I believe it should be the same way with all senior citizens. They might have a windfall today and they may be down tomorrow. You never can tell.

So, I say, let's not discriminate.

ASSEMBLYMAN SWEENEY: Mr. Chairman, I just want to clarify the reason why I asked that question.

Mr. Aragona, I'm not so sure that I personally want to leave it up to the municipalities to set a percentage or a deduction from the valuation. It is not that I have any mistrust of local officials. I don't mean to imply that at all. But if we leave it solely up to them as to the percentage of the deduction, we may find ourselves causing the very discrimination that we are trying to eliminate because we may find some municipalities who will say, "I'm sorry, we need every dollar that we are presently getting and we can't afford to give our seniors a break." I think we have a responsibility on the state level to make sure that we see to it that they do get some break. We can do that by fixing a minimum amount that the municipality must give back to seniors.

That was the reason why I asked that question. I don't want to leave it all to the municipalities. Otherwise there is no sense in us doing anything.

ASSEMBLYMAN CONTILLO: If the state doesn't mandate the programs and, obviously, pay for them, if we run into that roadblock as a last alternative we would have then



at least given those municipalities that wish to, the right to move in that direction.

At the present time, a municipality cannot help its senior citizens. There are many municipalities that, right now, today, have-- I know, myself, when I was in Paramus we moved with an ordinance and the Borough Attorney said, "Wait a minute, the state says you can't go any further than you are now - the \$160 is tops." We wanted to double it but we were prevented from doing it by the State Constitution.

So, we are facing right here, now, today, the question of mandating a state program that the state will pay for or, at the very minimum, coming up and saying, "Okay, at least let those municipalities that want to move in that direction have that right."

ASSEMBLYMAN SWEENEY: If I may, just to pursue that for one second, we have to be very careful with what we do in this area by fixing a maximum or a minimum because if the respective municipalities in this state know that the state is going to pay for any reduction that they cause by way of local ordinance, then naturally they are going to give the biggest reduction that the law will allow.

ASSEMBLYMAN CONTILLO: There is nothing in this packet that we have today that will allow for that situation.

ASSEMBLYMAN SWEENEY: Well, I know that but there is nothing to say that one of these bills is going to be the bill that we have to pass either. The purpose of the hearing is to bring out the best of this package and then add to it and make a really good, effective bill for the seniors.

ASSEMBLYMAN CONTILLO: We are going to work within the context of what we have. Where we are going to allow the municipality to act to help the senior, the municipality, itself, will pay for it. Where the state is going to mandate programs, the state will pay for it.

That is my conception of what we have. That is everything we have in these fifteen resolutions.

So, the situation you draw, where a municipality could set the percentage that the state would have to pay for is not a possible alternative at this time.

ASSEMBLYMAN CHINNICI: Mr. Chairman?

ASSEMBLYMAN CONTILLO: Yes, Joe?

ASSEMBLYMAN CHINNICI: I'd like to ask Mr.

Aragona a question, in line with what Assemblyman Contillo and Assemblyman Sweeney are talking about. I understand that you are in favor of across the board. Now, the greatest majority of mail that every legislator has received-- And I am sure the whole 120 in both Houses have received a tremendous amount of mail from senior citizens, and rightfully so. But I don't think I recall, in the voluminous amount of mail that I have received, one letter from a senior citizen who wasn't really struggling to hold his home and retain ownership of it; that wasn't really struggling to make sure he had enough food on his table; and to make sure that the electric company doesn't turn off the lights and the gas; and that he could travel a little bit.

Now, I would think - and, of course, if we had plenty of money it would be the ideal situation to give it across the board and give it to everybody, whether they need it or not - that the case, really, that we have confronting us, in the State of New Jersey, is not the plight of the wealthier senior citizen, who really and truly can afford to pay his tax bill and can afford to go to Bermuda and to the Islands and to go to Europe for a vacation. I don't think they are griping. I think it is the little people that we have in every community in New Jersey that really, tomorrow, may not be able to pay their taxes and after a year their homes are advertised for sale.

I think we would be in better perspective, really, to direct our attention to the people who really and truly need it, in lieu, of course, of the fact that we are having such a tremendous problem in trying to finance any problem that we have, including schools. It would appear to me that we ought to direct our attention to the people who need it most.

MR. ARAGONA: I can't see it that way, sir. As I told you, after all, if they are paying their taxes and they reach that mandatory age... The curse of the thing is, there is only one profession - and that is my own profession, teaching - where we can stay on after age 65. They can stay on until age 71, and then there is a forced retirement.

But a number of these people have been forced into retirement and their nest egg is dwindling. It is going away.

Another instance: You say you haven't received any letters. Sir, we are proud. We'd rather put our head down than beg and say, "Give me a handout." I can show you in my own community - in the holiday city of Toms River - where women are crying because their spouse has passed away and now they only have one source of income - where they had one and one-half prior to that. It means going back to the city and losing their homes for non-payment of taxes.

Now, in holiday city - I will use my own city as an example, I never use anyone else's - I bought a piece of property when I retired. It cost \$15,500 in 1968. I was assured that the taxes would only be \$300. Since 1968 we have had two reevaluations. You can't stop them. They need funds and you are familiar with budgets. Your ratables are there. They raise the rate to get that money for their budget. And the schools were the most important thing. 2.94 out of 4.33 is for school purposes.

Now, these poor old souls are left now with only

one social security. I am talking about women.

ASSEMBLYMAN CHINNICI: Yes, but Mr. Aragona, these are the people that I think we ought to direct our attention to.

When I said an across the board deduction of \$10,000 in their assessment, I was referring to the people who are not afraid of losing their property tomorrow. Certainly, what I said was, all of my mail has been from people who are really struggling, like the people you are mentioning now. I was not excluding them from my thinking.

In other words, the people who have written to me are not the people who are in the higher income bracket or who are afraid of losing his/her home tomorrow; they are the people who are on a fixed income and are really struggling to pay for their electric lights and heat and maintain their homes and retain ownership - and I have received hundreds upon hundreds upon hundreds of pieces of mail. So, I am with you, definitely. That group, who are having the problem of keeping their properties, have to have the attention and not the people who are in the wealthier group - and we have many wealthy people in our state and in our nation. I don't think that they should concern us as much as the people who are down and really struggling to live.

MR. ARAGONA: We have different views. I still contend that we are created equal, we are given equal rights in these United States, and if we start discriminating - one group against the other - then we are going to have nothing but a welfare nation.

ASSEMBLYMAN CONTILLO: Joe, I'd like to clarify that a little bit. What we are talking about is giving every senior the same break, the same five or ten thousand dollars off his assessed valuation.

If a man's economic situation is tight, that ten thousand dollars assessed valuation reduction will be



very valuable to him. But everyone will receive the same break. So, we are not discriminating in that way.

MR. ARAGONA: The fate of those individuals is in our hands. We waited three long years and I have been doing my homework, gentlemen. Your legislative index is marked every month. Every bill that is coming up is checked-marked.

Just for the fun of it, you have on your agenda, as you said, 121 senior citizen bills. Of the 121 bills that were introduced for senior citizen benefits, only one became law, and that was the elevating of Director of Aging to a Division of Aging. That was Bill No. A-2116.

Now, the other bill that was passed was S-1351, which was about the inheritance tax for cooperatives. That has been laying on the Governor's desk since February 10th. He hasn't signed it yet and that deals with the inheritance tax.

So, I say, gentlemen, all in all in a year and three months you had 3,407 Senate bills that were passed and 3,727 Assembly bills that were passed; a total of 7,134 bills that have been in the Legislature for one year and five months. Of the 121 that were designated for senior citizens, only one became law in a year and one half - only one.

ASSEMBLYMAN CONTILLO: That's what we are here for today.

MR. ARAGONA: That is my gripe, gentlemen. It might be my last year, but it is my gripe.

ASSEMBLYMAN CONTILLO: I thought we just passed a bill to give senior citizens half-fare on public transportation. That's now law.

MR. ARAGONA: I have that also.

ASSEMBLYMAN CONTILLO: Oh, I didn't hear you say that.

MR. ARAGONA: That was under the Cahill administration.

I was part of that half-fare. That was renewed this year. I am talking about fiscal year '74/'75.

ASSEMBLYMAN SWEENEY: I'd like to comment on that.

ASSEMBLYMAN CONTILLO: All right, Jack, go ahead.

ASSEMBLYMAN SWEENEY: I will be very brief because this does not deal directly with the package that we have before us.

Mr. Aragona, I think that you and all the other senior citizens who complain about that have an absolutely legitimate gripe. I have said over and over again that a lot of the bills that are put in for senior citizens are a lot of eye-wash. They are put in for the purpose of appeasement, for political purposes, and they are not put in as a genuine bill. They are never put in with the expectation that they will ever be moved and a lot of the bills are a lot of nonsense to begin with.

It is about time, I think, that the whole Legislature faces up to that fact.

I talked with the Speaker within the last month and requested him to set up a select committee on senior citizens only, which would be a committee through which all senior citizens legislation would pass. In that way it could be given the type of deliberation that it needs and then if it has to go to one of the standing committees it can. Your gripes are absolutely legitimate.

MR. ARAGONA: Gentlemen, I want to conclude with one more thing - a suggestion. I know that you are ready for suggestions.

I think, personally, if the legislative branch, both the Senate and the Assembly, would create a screening committee of all legislative bills that are going into the hopper, you wouldn't have any duplication.

Remember, Mr. Contillo, you chaired a meeting - and I commend you because at that time you said we will come out with a taxation bill, a companion bill, without

any names on it, and you did that. Now, if we could have the same process by the Legislative Branch - both Houses - where a committee from each Branch will screen a bill when it comes in - not only for senior citizens, but all bills - you wouldn't have any duplication. Then, if you want to co-sponsor it and put all the names on it, you will all be part of it. You would then have something concrete instead of having 121 bills, 15 of which we are talking about today, coming out of the hopper with duplications or just a little deviation here or there.

So, may I make that as a constructive suggestion, not with malice? Thank you.

ASSEMBLYMAN CONTILLO: Amen.

From Mercer County we have Hugh MacGuire as our next witness.

H U G H M A C G U I R E: Mr. Chairman, members of the Taxation Committee, this gentleman is going to be tough to follow. I agree, in principle, with most of his statements.

I am in a unique position. I am a tax collector, working every day and I think I know, first hand, many of the problems faced not only by our seniors but by our many widows. I judge in our municipality of 90,000 the sad thing is that among 75% of our seniors the male spouse passes away first, leaving 75% of our senior population widows. They face constant problems from day to day. As a matter of fact, one just said the other day that she had to grow old to grow poor. How true that statement is.

I represent, today, the New Jersey State Council of Senior Citizens, of which I am First Vice President.

My name is Hugh MacGuire, First Vice President of the New Jersey Council of Senior Citizens. I am pleased to have the opportunity to appear before your committee to present the views of the New Jersey Council of Seniors concerning prospective tax legislation, as it affects the older

and disabled citizens of the State of New Jersey.

The major source of income for most of our senior and disabled citizens is the monthly cash benefit paid through the Social Security Act. The inflation tax is paid by our senior and disabled citizens along with the rest of us.

Unless positive action is taken to bring about an equitable tax structure in the State of New Jersey, the economic position of our senior and disabled citizens will force more and more of them out of their homes onto public assistance and into State institutions.

Home ownership is the most important asset of the elderly. Mounting taxes and other rising costs increase tremendously the problems of home maintenance and threatens the acceptable living standards of our senior and disabled citizens.

Present tax exemptions for persons over 65 are totally inadequate, taking into consideration the constant and uncontrollable inflation and the fact that New Jersey's property taxes are the highest in the nation.

The New Jersey Council of Senior Citizens proposes that new legislation should provide that a senior or disabled citizen be entitled to pay the tax levied on his property, less allowable deduction, for the first year his application is approved and the same amount of tax in each subsequent year that he meets the eligibility required.

In the event a reduction in the tax rate occurs, the tax of eligible senior and disabled citizens shall be reduced by a corresponding amount.

We also propose that the present limitations be raised from the current \$5,000 - excluding Social Security, etc. - to reflect the erosion of the dollar due to the inflation.

New legislation should also provide equal relief for seniors and disabled who are renters, inasmuch as a percentage of the rental is, in fact, a property tax.

The New Jersey Council is most vigorously opposed to the enactment of any so-called nuisance taxes, and it is opposed to any increase in the sales tax. Sales taxes are regressive and place the heaviest burden on those least able to pay.

Many of our older and disabled citizens who contributed so greatly to the progress and growth of New Jersey and the nation were not poor upon their retirement, but were made poor by such thoughtless and regressive measures as the Sales and Use Tax. To compound the problems of our elders and disabled still further are suggestions of nuisance taxes. This kind of thinking is in direct conflict with the nation's effort to raise the people out of poverty, and will only serve to create still further inequities for the poor of which the elderly and the disabled are a very large segment.

We further propose that senior and disabled citizens deemed eligible under property tax exemptions also be given tax exempt status in the payment of the Sales and Use Tax.

That is the end of my statement, gentlemen. I would like to point out some tax comparisons in adjacent states. For instance, in the State of Connecticut a homeowner 65 or over may be entitled to a tax credit provided that, number one, household income does not exceed \$7,500 and, number two, his tax liability exceeds five percent of his income. The maximum credit allowable is \$500 which decreases as his income increases.

A renter is entitled to a similar tax credit to the extent that 20% of his annual rent exceeds five percent of his income.

I am going to leave this with you. There are four or five states listed here and their programs all surpass those here in the State of New Jersey.

I was listening to the previous speaker. At this

time, of course, it is not a law but I would like to commend the Assembly on their 62 to 0 - I believe - vote, adopting Grandparents' Day and designating May 28th for the celebration of that day. I do appreciate that.

Actually, we are the first state in the nation to adopt such a measure, if the Senate adopts a similar measure. If there are any questions I would be happy to answer them at this time.

ASSEMBLYMAN CONTILLO: Thank you, Mr. MacGuire. This is quite a comprehensive program we have here.

Are there any questions from the committee?

(no questions)

Yes, sir? Would you like to ask a question?

MEMBER OF AUDIENCE: I would like to introduce here a news article that I clipped out of the Atlantic City Press of August 7, 1973.

ASSEMBLYMAN CONTILLO: Is this in relation to what Mr. MacGuire was just talking about?

MEMBER OF AUDIENCE: Definitely. This newspaper clipping that I took out of the Atlantic City Press on August 7, 1973 has a cartoon which shows senior citizens living on a fixed income - fixed income, fixed income, fixed income, and the first thing you know the senior citizen lost his pants due to the high cost of living.

(laughter)

I would like to let you gentlemen see it. That was in 1973 and this is 1975 - still nothing is being done for the senior citizen.

ASSEMBLYMAN CONTILLO: Are you suggesting that we pass a bill that would require two pair of pants for all senior citizens?

MEMBER OF AUDIENCE: If that will help.

MR. MAC GUIRE: In closing, gentlemen, I would like to reiterate, if I may at this time, that I live with this problem day in and day out. They say our community is



a rich community; this is a misnomer. This is not so.

We have approximately 2,500 seniors who are now receiving \$160. That \$160 is long gone. It is a problem that makes me feel very, very sad when you collect the taxes.

For instance, this gentleman pointed out the school taxes. Perhaps something can be worked out whereby the entire school tax be removed from the senior's bill. In Hamilton Township our school tax represents 65% of our budget - 65%. There is where the problem lies.

I know you gentlemen have a big job confronting you. I am hopeful that we can all get together - all of the various splinter groups representing the seniors - and come up with a package that will be suitable to all. Thank you very much.

ASSEMBLYMAN CONTILLO: Thank you, Mr. MacGuire.

Mrs. Evelyn Frank, senior citizens group from Union County.

EVELYN FRANK: Thank you for giving me this opportunity to address the Taxation Committee.

Statement - The Senior Citizens Council of Union County, New Jersey, Incorporated, representing forty eight member groups, went on record at their January 2, 1975 meeting to urge their New Jersey Legislators to enact immediate meaningful property tax relief for senior citizen homeowners and tenants. Our Council took the point of view of not promoting a specific bill in order to obtain effective property tax relief as soon as possible.

Need - With the rising cost of living, it becomes mandatory that property tax relief, particularly for people living on fixed low income, be passed to permit older people to remain in their homes and apartments. Money needed for food and medication should not have to be eaten up by escalating property taxes. Surtaxes added to increased

rentals work hardships on the elderly tenant.

Economic security for the elderly cannot be obtained when inflation continues to outstrip social security benefits. Senior Citizens are tightening their belts more than ever as they try to cope with high costs. It is sad enough when people on fixed income have to pay 79¢ for toilet tissue but I don't think our state government meant to collect sales tax on a 79¢ item that recently only cost 35¢.

Comments - Homestead exemptions are more equitable than deductions. For example, ACR-3017. A circuit breaker based on income could help protect senior citizens. A combination of a homestead exemption and a circuit breaker might be a solution. We suggest that a tax freeze for senior citizens might be necessary in order to keep property taxes from spiralling if homestead exemptions are used.

Renters should include one or more tenants.

We urge review and consideration for exclusion of necessary items from sales tax.

If the income tax route must be taken to bring in revenue, people would be more ready to accept this if other taxes are reduced or eliminated. Perhaps it is time for a real tax reform that would eliminate property tax and sales tax and use only a tax based on income.

Summation - The Senior Citizens Council of Union County, New Jersey, Incorporated, urge immediate meaningful property tax relief for senior citizen homeowners and tenants.

Mr. Sweeney, you talked about a committee. Our Council, on May 1st at our convention, passed a resolution urging the creation of a Senior Citizens Committee, one in the Assembly and one in the Senate, which would certainly deal more effectively with legislation pertaining to senior citizens.

On the tax comparison that was just quoted, I

think that if you will check into the tax comparison sheet it would be interesting to see that perhaps some of the states include social security in their limit.

For instance, Connecticut had the 7,500. I do believe that might include social security, whereas we in New Jersey exclude social security. So, I think this is important when you are trying to evaluate the different programs. Thank you.

ASSEMBLYMAN CONTILLO: Thank you very much, Mrs. Frank.

Are there any questions from the members of the committee?

(no questions)

Allen Kemp.

A L L E N K E M P: Mr. Chairman, my name is Allen Kemp. I am the State Coordinator for the New Jersey Committee for the Developmentally Disabled. I'd like, very briefly, to define what is meant by a developmentally disabled person. This is a person who has a very serious disabling condition that originates before age 18; the condition is substantial and is expected to continue indefinitely throughout the person's life; it will work extreme hardship on the person in terms of such aspects as education, employment, socialization; and that basically it is based upon a neurological problem.

Major examples of developmentally disabled people are: People with mental retardation, people with epilepsy, people with cerebral palsy, and the autistic.

I am here today because many of the bills that are being considered at this time include disabled people and we are hoping that we can make some recommendations regarding the bills and how they might affect the disabled.

In all, we have four recommendations we would like to make for whatever bill is eventually developed as a result of these hearings.

One of the recommendations would be to amend the present language that exists in just about all of the bills that deal with the disabled. We would like the language to read as follows: Unable to engage in any substantial gainful employment for health reasons or other handicapping conditions acceptable pursuant to the Federal Social Security Act for entitlement to disability benefits thereunder.

What we have done is, we have added four words: "...or other handicapping conditions" and the reason we have added those four words is, as we interpret the bills, if it is just limited to gainful employment for health reasons, then you are really talking about the physically handicapped and you are not including mentally retarded people, people with autism, people with, perhaps, epilepsy - things like this. We would like to include them in it and they can be included in it if those four words are added.

The second recommendation we would like to make is that in addition to providing a tax reduction for a disabled person, if a disabled person is living with his parents, or legal guardian, that the parents or legal guardian be given the tax deduction also. We would like that because the thrust of this bill -- You see, there is a problem in the sense that by and large the main thrust of this bill deals with your senior citizens. Here is a person that has worked for maybe 40 or 45 years and has accumulated enough funding to purchase a home to begin with. Many developmentally disabled people are not in that situation. Also, because they are developmentally disabled, their parents undergo considerable financial problems throughout the developmentally disabled person's life.

What it would amount to is, this deduction can be granted to the parents or legal guardian and you would be assisting them in a very important area - that area being financial need. It costs a lot of money just to buy a wheel chair and medication and everything is very, very

expensive. So, this could help alleviate a little bit of that problem.

Naturally, if a developmentally disabled person leaves his home and goes out and lives on his own, or has to go into one of the state institutions, the parents or legal guardian would no longer qualify for the exemption. But so long as the developmentally disabled person is living in the home we believe that the exemption is warranted and would be very important.

The third recommendation we would like to make would extend the tax deduction to include rental, as well as the ownership of real property. The reason for this is, if you start thinking about who you are trying to help with this bill, you are trying to help people who don't have a lot of money and a lot of people that don't have a lot of money live in apartments. They have to rent. That is one of the main reasons that we would like to see that included.

Finally, we would like to see both the amount of deduction and also the ceiling level on income raised. We don't pretend to know what it should be. We don't know what is financially possible. But we do know, just from inflation, that if you are talking about the standard figure which is given in almost all of the bills, and that is \$160 for \$5,000 worth of income, you are really not going to be helping a lot of people that I think you want to help and we would hope that you would consider raising both levels.

ASSEMBLYMAN CONTILLO: Are there any questions?

ASSEMBLYMAN FORAN: Not only do I agree with the concept of what you are trying to do but I just want to let you know that the Assembly, last Monday, passed A-3600 which would include the handicapped in the lower bus rates that now apply to senior citizens. We also passed, I believe, a bill to allow the municipalities to change the curbing, etc.

for easier access across streets and into buildings.

I'd like to let you know that we are thinking along those lines.

MR. KEMP: Right. It is a four bill package that is now with the Governor and, in terms of barrier-free design, if the Governor signs it, New Jersey will rate equal, if not superior to any state in the nation regarding facilities for physically handicapped people and we are greatly appreciative of what the Assembly has done with that.

ASSEMBLYMAN CONTILLO: Mr. Kemp, I am curious as to the distinction you draw relating to the definition of the disabled. I am sure the Social Security Administration thought long and hard on the definition of what they considered to be the disabled, that is why we were comfortable with their description.

Now, in your opinion why have they failed to take on your description?

MR. KEMP: Perhaps because we never told them.

Let's say I am mentally retarded and I cannot go out and participate in substantial, gainful employment because of my degree of retardation. What the present language says is that I can't qualify because it is not for health reason that I can't go out and engage in substantial gainful employment it is for a limited mental reason that I can't engage in it.

ASSEMBLYMAN CONTILLO: You are saying to me now with Social Security, if I were to have an accident and a mental disability resulted from it, I would not collect?

MR. KEMP: No, you would, sir. What we are saying is, by including the words "...or other handicapping conditions acceptable pursuant to the Federal Social Security Act, etc." you can include the mentally retarded, you can include people who have learning disabilities, you can include the autistic. Without it, we fear that you may



not be able to include it because, again, using mental retardation as an example, it is not for a health reason that I can't get gainful employment, it is because of limited intellect that I may not be able to get it.

ASSEMBLYMAN CONTILLO: Would a person, for psychiatric reasons, not be able to work and be included?

MR. KEMP: I don't know. What I do know is, I have checked with the Executive Directors of the New Jersey Association for Children with Learning Disabilities; the New Jersey Association for Mentally Retarded Children; the Council of Organizations and schools for autistic children and I have asked them, "Are your clients eligible for Federal Social Security disability benefits?" They said, "Yes." And then I said, "If we add the following word, will they then, do you think, become eligible for this tax rebate?"

ASSEMBLYMAN CONTILLO: You said that at the present time they are covered under Social Security?

MR. KEMP: Yes, they are.

ASSEMBLYMAN CONTILLO: We say anything covered under Social Security would be covered under our system.

MR. KEMP: You have, at this point, "unable to engage in any substantial gainful employment for health reasons acceptable pursuant to..." We want it to say, "for health reasons for other handicapping conditions" and the reason we want that is, we feel that health reasons may be interpreted to mean exclusively physical health reasons.

ASSEMBLYMAN CONTILLO: Mental health certainly is an understood phrase in our society today.

MR. KEMP: I am not as sure of that as you are.

ASSEMBLYMAN CONTILLO: All right. It is a very good point you brought out. It is new to me and I can say this to you, we will certainly give it good, thorough investigation and discussion.

Are there any further questions of Mr. Kemp?

(no questions)

Thank you sir.

The League of Women Voters has sent us Mrs. Laurine Moffett today. Is Mrs. Moffett here?

L A U R I N E M O F F E T T: Mr. Chairman and Assembly Taxation Committee members. I am Laurine Moffett, a member of the State Fiscal Policy Committee of the League of Women Voters of New Jersey. We thank you for this opportunity to appear before you.

The League supports the following criteria for senior citizen property tax exemptions:

1. Senior citizen tax benefits should be determined by income level as well as age. We see no merit to the argument that because someone has lived a certain number of years he or she is no longer responsible for the rest of society - his town, state and country. We do strongly believe that he deserves tax relief on the basis of need and that those senior citizens whose income has been reduced because of retirement deserve tax relief. All property tax exemption bills covered today set an income maximum. However, we believe:

2. Income eligibility limits should include all income, not exclude social security and other pensions. People need tax relief because they don't have enough income, not because said income comes from one source or another. Excluding such income means that citizens with large variations in total income receive the exact same benefits - a maximum of \$160 at present. Social security payments vary widely, from a minimum of a little under \$100 monthly for a single person up to a maximum of over \$600 for a family - per month, this is.

Under ACR-3016 with a \$10,000 maximum excluding social security, a senior citizen could get property tax relief with an income of over \$17,000 per year. With New

Jersey's median family income around \$11,000 to \$12,000, this couldn't be qualified as helping the poor senior citizen.

3. Benefits should be extended to renters as well as homeowners. We all recognize that the renter pays property taxes through rent. Senior citizen renters with reduced incomes need relief from the property tax as much as those who own their homes. The provision that such relief be extended to renters is not included in any of the bills under discussion, although it has been included in about a dozen other bills. We hope that such relief be provided, by regulation, if necessary.

4. Replacement of lost revenue to municipalities 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. With the uneven distribution of senior citizens throughout the state and concentrations in some areas, the remaining younger citizens would bear an unfair share of the burden. Property taxpayers in the urban areas having the highest tax rates would be hit the hardest - the areas where we can least afford more increases in the property tax without an acceleration in terms of the flight of people and business. The League strongly supports ACR-100.

5. Benefits must be statewide, not by local option. Because of the tight budget situation, we gather that consideration is being given to making some of these proposed changes permissive. Not only would the problem of inequitable tax burden be increased, but senior citizens meeting the same requirements could receive unequal treatment, depending on where they resided. Local option ignores the right of the senior citizen to be equally protected by the law so that he receives benefits similar to other citizens in the same situation. ACR-3019 applies there.

6. The League opposes a tax freeze, as in ACR-55. Tax rates vary from town to town and the frozen rate could vary widely. It is really no help to freeze taxes at an already too high rate. Property taxes also go up at different rates, so inequities could 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.

7. The League opposes homestead exemptions, as in ACR-114, ACR-179, ACR-3009 and ACR-3019. This type of bill reduces the property tax base and shifts the tax burden to other local property taxpayers. In addition, these bills provide no income limitation whatsoever, making an enormous number of people eligible at a huge cost to local taxpayers. In effect, this is classification of property under another name. The League is concerned that once there is an opening other special interest groups would press for homestead exemption also.

8. The League feels that 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 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 to pay a fair and equitable share of the costs of society.

9. The League prefers a "circuit breaker" type of tax relief, where the tax liability of low income senior citizens is limited to a percentage of total income, such as in SCR-59. You are not considering this today, I gather. Unfortunately, no bills of this type have been included in today's public hearing.

I know that today you are considering bills

to provide property tax relief for senior citizens and the low income disabled who need it just as much, but let's remember that there are many other families who cannot afford the present overwhelming property tax. Property tax relief for everyone is what is needed most of all. Thank you.

ASSEMBLYMAN CONTILLO: Are there any questions from the committee? Mr. MacInnes?

ASSEMBLYMAN MAC INNES: Mrs. Moffett, has your committee considered the mechanics of how tax relief for tenants - eligible tenants - might be administered?

MRS. MOFFETT: Well, the only problem is, you would have to take, probably, a certain percentage of what they pay as rent in property tax. I think the figure is 25%.

ASSEMBLYMAN MAC INNES: Assume that is allocated to property taxes, would you then have some mechanism whereby the landlord would be expected to pass on to the senior citizen the savings that he would realize in the form of reduced property taxes?

MRS. MOFFETT: It would have to be mandatory, or they would not pass it on, of course.

ASSEMBLYMAN MAC INNES: The pass-through would have to be mandatory?

MRS. MOFFETT: Yes, it would have to be mandatory, otherwise not all landlords would pass it on.

ASSEMBLYMAN MAC INNES: Right. But if you have a landlord with a one-hundred unit apartment building, you have the possibility that a senior citizen will move in on May 1st. Another will vacate the premise on October 1st. Then you might have three other senior citizens moving in on November 15th. If this happens you would get, pretty quickly, a pretty nasty mechanical problem of administering and monitoring and supervising this pass-through requirement, I would think.

I was just wondering is there was a simpler way of doing it, or if the League had thought of other ways where you would have a pass-through mechanism.

MRS. MOFFETT: No, we haven't worked on any procedure.

ASSEMBLYMAN MAC INNES: I think that is a -- I share the view of the League and of other people who testified here that tenants must be included in the tax relief program. I think that this points to the obvious benefits of the circuit breaker approach which, at the same time, is tied to an income tax so that there can be adjustments by way of either credits or deductions.

That is a problem which I don't think has received the attention it deserves. It is one which I think could raise very tough problems for compliance.

ASSEMBLYMAN CONTILLO: Are there any other questions from the members of the committee?

(no questions)

I would just like to make one comment. You started off by saying that just because a person has reached 65 years of age, the League doesn't feel they are entitled to special consideration. I think that is really a basic policy question we all have to direct ourselves to. Do we, indeed, respect and revere age in this contry any longer - or in this state? I think that is part of the deliberations we are going to have to make.

Thank you very much, Mrs. Moffett.

Mr. Herb Miller from Bergen County.

H E R B E R T M I L L E R: Mr. Chairman, members of the Taxation Committee, I want to thank you very much for this opportunity. My name is Herbert Miller. I live at 425 Crest Drive, Northvale, New Jersey with my dear wife, Vera.

I wish to thank you for this opportunity to present my views on Assembly Concurrent resolutions relating to property taxes.



I am a senior citizen, actively engaged in senior citizen affairs. Presently, I am President of the Northvale Golden Age Club; past President and current Vice President and Chairman of the Legislative Committee of the Bergen County Senior Citizens Coordinating Council; Vice President and Chairman of the Legislative Committee of the New Jersey Coordinating Council of Organized Older Citizens; a member of the New Jersey Joint Legislative Committee of American Association of Retired Persons-National Retired Teachers Association; and Legislative Representative to and member of the New Jersey Council of Senior Citizens. I don't think any of these groups are splinter groups, as was mentioned here today.

I can appreciate your confusion because there is confusion among senior citizens. In these capacities, the views I express here today are representative of the views of a great many senior citizens throughout our state who are members of the organizations I mentioned and have, during the past few years, devoted a great deal of attention to the subject of a Homestead Security Act for the people of New Jersey.

I can document that our concept of a Homestead Security Act has the support of over one-half million senior citizens in New Jersey; many state legislators; Freeholders and municipal authorities; taxpayer and homeowner associations; civic groups, religious leaders; and many other persons of all ages and from all walks of life.

The concept of a homestead security act that we envision must include the following:

1. It must require no federal, state, county, or municipal financing. Every person must pay their own way during their earning years for their own homestead security in old age, just as they now do for social security and medical security. Any government financing of a true

homestead security act would destroy the concept.

2. It must provide a residency requirement. The reason for this is to prevent an influx of elder persons from other states who did not pay anything into the plan. A residency requirement is only fair to protect the interests of the people of New Jersey. A three-year residency requirement seems to us to be a just number of years.

3. It should require no means test. When everyone pays their own way for homestead security they are entitled to receive the benefits just as they now do under social security and medical security. A demeaning means test turns a security act into a welfare plan to aid some persons at the expense of others. This is true of the present \$160 dole given to persons of low incomes to help them pay their property taxes. It is questionable whether or not this is constitutional from a federal point of view.

4. It should be a state mandated plan so that all the people throughout the entire state will receive equal treatment and equal benefits.

5. It should provide for an exemption from taxation of a reasonable portion of assessed valuation or an equivalent rent reduction in the case of tenants. Presently, it is necessary to amend the State Constitution in order to modify the method of taxing real properties. An amendment at this time should give enough leeway to the legislature so that they may make changes in the plan, from time to time, as the need arises.

6. It should provide that whatever the amount of exemption, it must be based on one-half of the first "x" number of dollars. Any flat amount will result in some persons paying no taxes. This would be an unfair advantage.

7. It should require that qualifications for benefits be tied to the qualifications applicable to the

Social Security, Railroad pension and government pension acts.

8. The amount of the exemption should provide sufficient incentive to encourage every person to remain in the community of his or her choice when they become senior citizens and "God willing", everyone will some day reach that status. In the past decade thousands of seniors have left New Jersey for more favorable tax climates. As a result, New Jersey communities have suffered tremendous decreases in profitable revenues by the loss of these senior citizens. In addition, their replacements resulted in insufficient tax revenues to pay for their cost of services, particularly their educational needs. Consequently, the communities have had to constantly increase property taxes to make up the differences in loss of net revenues. We are convinced that a true homestead security act with sufficient incentive will encourage senior citizens to remain in their communities and this will stabilize property taxes as well as improve matters of civic concern through a mixture of persons of all ages.

9. It should provide that any person who receives benefits under this act shall be prevented from receiving any tax or rent relief under any other law enacted pursuant to Article VIII, Section 1, of the Constitution. This will cancel out any prior tax or rent relief programs and restore over \$50 million to the public treasuries to be used for other purposes. It is our considered opinion that a good use for these funds is to increase the State's funding of education in those communities of greatest need. We believe that this will go far toward satisfying the court's mandate regarding the funding of education.

We honestly believe that a true homestead security act for the people of our State will be a giant step forward toward making life more secure for all persons in their old age. We also believe that the enactment of a

homestead act by our State will make New Jersey the leader for a homestead security act for all the people of America some day.

Having set forth our concept of a true homestead security act for the people of New Jersey, I now direct attention to the various Assembly Concurrent Resolutions under discussion here today.

The following Resolutions do not meet the foregoing requirements that I have just set forth and therefore are eliminated as not worthy of serious consideration:

ACR-20 - This includes a demeaning means test and requires state financing.

ACR-29 - This is limited to disabled persons and includes a demeaning means test and requires state financing. There is no need for special treatment of disabled persons. Everyone should be included in a true homestead security plan.

ACR-49 - This is limited to disabled persons and includes a demeaning means test and requires state financing.

ACR-54 - This includes a demeaning means test and requires state financing.

ACR-55 - This locks the door after the damage has been done and requires state financing.

ACR-87 - This is limited to disabled persons and includes a demeaning means test and requires state financing.

ACR-100 - This includes a demeaning means test, is discriminatory and requires state financing 100%.

ACR-3017 - This includes a demeaning means test and requires state financing.

Gentlemen, all these resolutions require the state to reimburse communities for at least one-half of the tax loss. Under a true homestead security act there is no tax loss. I repeat - there is no tax loss. Tax revenues remain the same - exactly the same. The reduction of rateables for the assessment exemptions merely causes a slight increase

in the tax rate. This spreads the tax load among 100% of the people, instead of unjustly on the backs of the 6% elderly to make up the deficits in the treasuries. This slight increase in the tax rate provides the means by which every person pays for their own old age security. This method of payment is preferred because it requires no administrative cost. On the date of qualification, a person presents documentary proof to the local tax office who adjust the records. That ends the bookkeeping.

Other methods of payment, such as private insurance plans or collecting monies from the people, sending them to a central control, placing them in trust and sending checks to persons when they qualify, as is done under Social Security, require a whole new bureau to administer and add thousands of employees to the payrolls. The method we suggest costs nothing to administer.

I now direct attention to Resolutions ACR 144, 179, 3009, and 3019. All these resolutions can be amended to meet the criteria of a true homestead security act for the people of New Jersey. We would prefer ACR-179, which has many co-sponsors in the Assembly. It includes all the requirements of a true homestead security act. However, from a practical and political point of view, it may be that the amount of 50% of the first \$40,000 of assessed valuation is too ambitious under present economic conditions.

I would point out, however, that because of constant revaluations of real property, one-half of \$40,000 is more in keeping with present conditions and that the cost to the people to insure themselves of this amount of homestead security benefits is only about 10¢ a day, conservatively speaking.

Senior citizens strongly recommend that the Taxation Committee give serious consideration to ACR-179, perhaps amending it to eliminate the amount set forth in lines 21 and 24. The elimination of the amount from this enabl-

ing legislation would give the Legislature broad powers to decide the amount of the exemption, from time to time, as the need arises.

So much for ACR-179. I now direct attention to ACR-114. This Resolution embraces the original proposal of senior citizens. It was first introduced in 1973 as ACR-135, during the Cahill administration. Unfortunately, just when the Legislature was about to act on it, the Cahill administration became embroiled in an income tax controversy and the attention of the Legislators was diverted from homestead security to the income tax. Accordingly, more and more senior citizens have had to suffer through the hardships of being forced to give up their homes because of burdensome taxes and rents, because time ran out without ACR-135 being enacted. The same conditions prevail during the past year with respect to ACR-114, or other similar legislation. Because of the income tax proposed by the Byrne administration, 1974 slipped by without the Legislature acting upon homestead security legislation to stop the sufferings and hardships of our elderly citizens. Perhaps now that serious consideration, at long last, is being given to these Resolutions, it might be appropriate to combine the features of ACR-114, ACR-179, ACR-3009, and ACR-3019 as a satisfactory compromise.

I now direct attention to ACR-3019. I believe senior citizens would be very happy with ACR-3019, if it was amended to include the following:

1. Provide a residency requirement as set forth in ACR-179, line 8. Consideration should be given to making this residency requirement three years instead of two.

2. Include a provision that will prohibit any person who receives benefits under this legislation from receiving any further tax or rent relief under any other program as set forth in ACR-179, lines 35 to 38. Consideration should be given to changing the wording "a tax deduction" to the word "benefit" in line 37. This provision



is also contained in ACR-114, lines 12 through 17.

3. Provide benefits for tenants. While we recognize that it is unnecessary to amend the Constitution to grant tenants equivalent benefits, the inclusion of this provision will insure that tenants receive such benefits. What we propose is to give the landlords of buildings housing senior citizens a tax break, based on a ratio of senior citizens to the entire tenancy residing in such buildings and making it mandatory that such tax break be passed on to the senior citizen tenants in the form of a rent reduction.

4. Adding to the qualification requirements, a provision for those not covered by social security, such as railroad retirement act and the federal pension act, as is set forth in ACR-179, lines 10 through 19.

5. Revising the amount of the exemption in this ACR-3019 from \$10,000 for those over 65 years of age or disabled, etc., to a more realistic figure of \$15,000 or 50%, whichever is less, as set forth in ACR-114, introduced in 1973. This change is a compromise of the amount of \$20,000 suggested by senior citizens in ACR-179 and the \$10,000 set forth in Resolution 3019.

The suggested change will preserve the amount of \$5,000 for persons under age 65 in line with the proposal of Governor Byrne.

After due consideration and extensive research and study, senior citizens agree that a homestead security act should include persons of all ages. This will automatically bring about "property classification" in our State, thus correcting some of the advantages now being enjoyed by commercial properties to the disadvantage of homeowners and tenants, as you have pointed out, Mr. Chairman. A \$5,000 exemption for those under 65 years of age and \$15,000, or 50%, whichever is less for those over 65, or disabled, will bring about a more equitable distribution of the tax load. It will insure every person of

future generations a "birth right" instead of a "hand out" to look forward to during their retirement years. It is our considered opinion that the \$15,000 exemption will also provide sufficient incentive for most senior citizens to remain in their communities. We also believe that it will stimulate home building in New Jersey and thus reduce unemployment of blue collar workers.

7. ACR-3019 is designed to permit municipalities to enact ordinances granting homestead exemptions. We strongly recommend that this be changed to a state mandated act. This will insure every person in our state equal benefits.

I want to close on this note. I am certain that the Taxation Committee will approve a fair and equitable homestead security bill that will be speedily adopted by both Houses of the Legislature. I am convinced that the enactment of a true homestead security act by New Jersey will be the forerunner of a homestead security act by our nation for all people of America. Future generations will then be free from the fear of having to lose their homes because of burdensome taxes and rents. Thank you again for this opportunity.

ASSEMBLYMAN CONTILLO: Thank you, Mr. Miller, for a very specific document with plenty of specific recommendations. Are there any questions from the committee?

ASSEMBLYMAN MAC INNES: Thank you, Mr. Miller. This is the kind of specific testimony which is very helpful to the members of the committee. It gives us chapter and verse, so to speak.

The idea of a homestead security act has a lot of appeal and judging from the response it seems to be received warmly by most people here today.

I'd like to ask several questions that grow out of the criteria which you spelled out in points one through nine. Beginning with point number one, in terms

of no requirement of financing by federal, state, county, and municipal governments, as I understand the way a homestead security works - and let's take ACR-179 as the Resolution that embodies that act in its purest form - a person reaching the age of 65, regardless of income, will receive 50% off on the assessed valuation of his house. I assume that that is equalized.

MR. MILLER: No.

ASSEMBLYMAN MAC INNES: Up to the first \$40,000.

MR. MILLER: Yes, up to the first \$40,000.

ASSEMBLYMAN MAC INNES: Up to the first \$40,000 - so, somebody who is 64 years old this year and has a house valued at \$40,000 is being assessed at \$40,000. On his or her birthday the next year the house would be assessed at \$20,000.

MR. MILLER: No. It would be assessed at \$40,000 with an exemption of \$20,000.

ASSEMBLYMAN MAC INNES: All right. With the result that the tax rate would be applied on an assessed valuation of \$20,000?

MR. MILLER: Yes, correct.

ASSEMBLYMAN MAC INNES: All right. Now, to make up that difference in taxes from what was paid the year before to this year, presumably somebody would have to pay for that. In other words, there would have to be financing of the plan. I assume that the financing would come from other taxpayers in the municipality in which the 65 year old homeowner lives.

MR. MILLER: It would come from 100% of the taxpayers of that community, including the senior citizen. You have increased the tax rate and that is spread amongst the entire 100%.

Right now it is loaded on the backs of the 6% of the seniors.

ASSEMBLYMAN MAC INNES: So, in effect the plan

is financed by the municipality.

MR. MILLER: No. It is financed by each individual for his own security when he reaches that age.

ASSEMBLYMAN MAC INNES: That is one way to state it. Another way to state it is, that the difference in taxation for an individual homeowner qualifying under this plan is paid for by other property taxpayers in the municipality that year.

MR. MILLER: May I answer that this way? If you believe, Mr. MacInnes that it belongs on the backs of the old people, then I have no argument. But if you want to relieve it from the backs of the old people and, at the same time, make it possible for everybody in the future - including you and everybody else here "God willing", as I said, some day as a senior citizen - to have paid for their own old age security--

ASSEMBLYMAN MAC INNES: All right. What I am trying to do, Mr. Miller, is to correct what I think is an inaccurate impression left by your testimony.

There is no such thing as a free program. There is no such thing as tax relief without having someone pay for that tax relief.

MR. MILLER: Would you consider Social Security that type of program?

ASSEMBLYMAN MAC INNES: I am not an expert on Social Security.

MR. MILLER: Well, everybody pays into the fund and then they get a check at the end. This is just a method of payment.

ASSEMBLYMAN MAC INNES: Right. The agenda today doesn't deal with that, it deals with homestead security and I am trying to understand homestead security. Social Security is another problem that I may understand sometime in the future.

It is fair to state that the tax relief which is

granted at age 65 is paid by other taxpayers in the municipality. In other words, there has to be someplace to make up the revenues.

MR. MILLER: Absolutely not. If you were 20 years of age and you paid from ages 20 to 65 into the fund, through this method of payment - and that is all we are suggesting, this as a method of payment - you paid for 45 years into the plan; you paid your own way so when you get there you are entitled to the benefits under it - just as you do for any other social program.

ASSEMBLYMAN MAC INNES: Except, Mr. Miller, that, as Americans, we move frequently, okay? In fact, 20% of the households in America move every year. We are a very mobile population. A house which is sufficient for one's needs when they have three children and a growing family may be more than one can tackle when that family has grown and moved out. As a result of that, we find people moving to Ocean County. We find people moving into apartments. We find people moving to Florida, not only for the more favorable tax climate but, presumably, for the real climate.

MR. MILLER: I think you will find, sir, that most of them move for the tax climate.

ASSEMBLYMAN MAC INNES: The fact is, with the kind of mobility that we have today with people getting transferred, while it is true that some people will be spending their adult lives in one place and in one house, many of us will not. So, the features of the insurance program that you make as an analogy to the homestead security act contain some important differences.

I have paid property taxes in five towns since I started earning a living and I would guess that I will probably pay property taxes in some other towns before I am done -- maybe I will settle down. So, in fact, in order to have the kind of tax relief that you are asking for, I think the point should be made that the payment to make up

for the reduced taxes will be borne by other property taxpayers.

MR. MILLER: I cannot concede that point, sir. We are not asking for tax relief, we are trying to sell an insurance program so that all future generations will be protected against what we had to go through in our generation - the hardship and the fright and the fear of losing your home because your stable income is constantly being reduced, regardless of whether you retired at \$10,000, \$15,000, \$20,000 or \$2,000.

ASSEMBLYMAN MAC INNES: Right.

MR. MILLER: Everybody is in the same boat, through inflation.

ASSEMBLYMAN MAC INNES: I think we are in agreement on the need for some form of action to take care of the problem you have identified. I think that the point I am trying to make - and maybe there is a difference in definition or vocabulary - is that for this program there will have to be payments made by someone to make up the differences in revenues that are lost by the municipalities. Because when one's assessment is reduced, under this act, their taxes will be reduced, otherwise you wouldn't want this program. And when taxes are reduced one place, unless there is a major cut-back in services or something like that, those reduced tax payments are going to have to be made up by somebody.

The point about this is - and I think this is quite clear - the reduced tax payments will be made up by the municipal taxpayer. In New Jersey about the only source of income that a municipality has is the property tax and that will mean that the property taxpayer not eligible for the program will be making the payment for the tax relief granted.

Now, as I said, there may be some word differences there that you will not accept. I think that is the effect of ACR-179.

MR. MILLER: May I clarify that point with you, sir?

ASSEMBLYMAN MAC INNES: It is clarified in my mind, Mr. Miller.

MR. MILLER: Let me see if I can't give it a little different touch here. If you reduce the ratables by giving me \$20,000, and our total ratables are three and one-half million dollars, do you see the impact on the tax rate for this \$20,000 against the three and one-half million? It is infinitesimal.

If you study this, you will come out with a figure, as we did, of 10¢ a day, and for 10¢ a day - I wish I had it when I was 30 years old. I could have been protected today, I wouldn't have had to sell my house and my dear wife and I wouldn't have had to move to Florida. So, I speak from actual experience and I know the hardships and suffering that go along with this. We are back in New Jersey now, thanks to the good graces of God.

But, from now on, after the initial impact of 10¢ a day, there would be no further increase because those coming into the plan would be taken care of by those disappearing from the plan - by death or otherwise. The tax rate would be stabilized.

ASSEMBLYMAN MAC INNES: My calculations on a house that is valued at \$40,000, if you accept the average property tax rate in New Jersey, is equalized as \$3.23 per \$100 evaluation last year, which means that somebody owning a house worth \$40,000 and who qualifies for this plan, if they are paying the average tax rate, in the year before they were eligible were paying \$1,292 in property taxes and in the first year that they were eligible for the plan they would pay \$646 in property taxes. That \$646 will have to be made up by somebody.

MR. MILLER: By 100% of the taxpayers.

ASSEMBLYMAN MAC INNES: That's right.

MR. MILLER: But they are insured by doing that. This is a method of payment, as I said, to insure themselves for their own homestead security. That's all we are doing. We could collect money from the people during their lifetime of earning and put it into a pot and then bring it out at the end, like they do with Social Security. This is just one method of payment.

ASSEMBLYMAN MAC INNES: Yes, but if I happen to move down to Ocean County when I retire, then, presumably, my insurance premiums will be benefiting other people and not myself.

MR. MILLER: No, because if you move to Ocean County, either as a tenant or as a homeowner, you would get the same tax break down there if it was a state mandated plan.

ASSEMBLYMAN MAC INNES: Except that under your criteria I wouldn't be eligible for the first three years because you want a three-year residency requirement.

MR. MILLER: Within the state.

ASSEMBLYMAN MAC INNES: Within the state only?

MR. MILLER: Yes. Now if you move to Maryland, well, let's get Maryland to do the same thing.

ASSEMBLYMAN MAC INNES: Okay. So, you are talking about a three-year residency plan within the state?

MR. MILLER: Yes, within the state.

ASSEMBLYMAN MAC INNES: Okay.

ASSEMBLYMAN SWEENEY: Can I ask a question on that subject before we go on with the questioning?

ASSEMBLYMAN CONTILLO: That is a question we all have, Jack. Why don't you verbalize it.

ASSEMBLYMAN SWEENEY: Mr. Miller, I understand what you are saying about this program of insurance; it is, in effect, an insurance policy that you are paying while you are young. There is no question about it. But what Mr. MacInnes said is likewise equally as valid a point.



Let's assume that you and I both live in some town in north Jersey where there is no senior citizen community but there are a number of senior citizens. I am 33 and you are 65. I am paying and you are getting this tax break, which, I concede, is due to you by virtue of the fact that you are 65. You then, after reaching the age of 65, move down to Manchester Township, where roughly 80% of the Township is a senior citizen cooperative -- let's do away with the concept of a cooperative now and just say it is a senior citizen community where they all own their homes.

MR. MILLER: Right.

ASSEMBLYMAN SWEENEY: Now, when you move down there and you get this tax benefit, as you refer to it, the load-- Let's assume you buy a \$40,000 house. Your tax rate would be as though the house were \$20,000, isn't that true?

MR. MILLER: I would be taxed on \$40,000, with an exemption of \$20,00, so my net would be \$20,000.

ASSEMBLYMAN SWEENEY: All right, whichever way you want to look at it. The young people, then, down in Manchester who do not live in a senior citizens community would be insuring themselves for the future by picking up that loss to the community. Isn't that true?

MR. MILLER: That's correct.

ASSEMBLYMAN SWEENEY: Well then isn't it a fact that those 20% of young people in Manchester Township would be absorbing the loss of revenue generated by your benefits when I, up in the little town in north Jersey, would really be paying a little less because you moved out and you moved down to Manchester Township?

MR. MILLER: You are a senior citizen?

ASSEMBLYMAN SWEENEY: No, I'm only a 30 year old.

MR. MILLER: You would be paying a little more because my replacement would be two or three kids that come in and take my place.

ASSEMBLYMAN SWEENEY: Maybe.

MR. MILLER: Oh, absolutely.

ASSEMBLYMAN SWEENEY: Maybe.

MR. MILLER: No other senior citizen is going to come in to my town and buy my house. I am going to sell it to a family - and this has been the trend - with two or three kids to educate, which results in losses in the treasury. Every dollar they get from me over and above \$200 in my town to pay for services I receive is gravy in the treasury. Every dollar they get from a person with three children to educate results in a deficit in the treasury that must be made up by all the other taxpayers.

ASSEMBLYMAN SWEENEY: But the younger people down in that senior citizens' community who do not live in the community, aren't they, in effect being forced to pay an unequal share of the tax burden for that community? Wouldn't it be better - because I don't quarrel with the concept of your plan at all, I think it is a good one - to spread this burden, or this insurance, throughout the whole state rather than by individual communities?

MR. MILLER: How could you do this?

ASSEMBLYMAN SWEENEY: I don't know. If you can do it on a community level it would seem to me you can do it on a statewide level as well. I don't have the answer right on the tip of my tongue.

MR. MILLER: You would have to start collecting monies and sending them to Trenton and then you would have to have administration of those funds and that would be something milked off the funds before it got back to the town.

ASSEMBLYMAN SWEENEY: There has to be some way it can be made more equal, having in mind what Gordon MacInnes said.

MR. MILLER: Let's take this community you speak of, down in south Jersey. They wouldn't be in the same

category. They wouldn't get as much of a break as we would because their tax rate would be a little higher than it would be in a community of the type you mentioned.

ASSEMBLYMAN SWEENEY: It would be significantly higher for the younger people.

MR. MILLER: And the older people too. Because this is paid by 100% of the community, not just by the young people.

ASSEMBLYMAN SWEENEY: Well, that gets right to the heart of the matter - it is then discriminating against those older people who live in senior citizen development communities because they are not getting the same tax break as other senior citizens throughout the state.

MR. MILLER: But they don't have the same problems as the other part of the state so, therefore, they are not now paying as much taxes as the other part of the state is paying.

ASSEMBLYMAN SWEENEY: We don't know that that is the case though.

MR. MILLER: Well, I am sure that the average town outside of these communities pays a much higher amount in taxes - property taxes - than the communities down in south Jersey pay. I am certainly sure of that. That's why they moved down there in the first place. So, we can't expect to get the same amount in dollars and cents.

If they get 50% off their tax bill and they are only paying \$600 they can't complain that somebody else is paying \$1,600 and getting \$800.

ASSEMBLYMAN SWEENEY: But, you see, your statement says it must require no federal, state, county, or municipal financing.

MR. MILLER: Right.

ASSEMBLYMAN SWEENEY: I assume that when you use the word "municipal" you mean the municipal government won't put anything out, is that right?

MR. MILLER: No. It doesn't come out of the general tax fund. Everybody is just paying their own way for their own homestead security.

ASSEMBLYMAN SWEENEY: But you have to pay a little more while you are young.

MR. MILLER: Yes, of course. You don't get something for nothing.

ASSEMBLYMAN SWEENEY: That's what I am saying. But it does increase the burden on the younger people.

MR. MILLER: Well, if you put an income tax on, sir, and bring the money into Trenton and then give it back to the old people, you certainly have to put more of a burden on the young people. This is just another method of financing - method of paying. That's all we are saying.

ASSEMBLYMAN SWEENEY: It is financing though. That's what you said.

MR. MILLER: No. I take that back. It is another method of paying your own way.

ASSEMBLYMAN CONTILLO: Okay. Can we get back to the rest of the discussion now? I thought you were going to direct yourself to the question of the constitutionality of a three year residency requirement. Being the only lawyer on the panel I was waiting breathlessly to hear your comments on this, Jack.

ASSEMBLYMAN SWEENEY: Well, I am not here sitting to rule on the constitutionality of a proposed bill. But it would seem to me, Mr. Miller, that that residency requirement could be subject to some problem insofar as the court would be concerned. Because of a residency requirement, they have been struck down insofar as welfare is concerned. Certainly, I don't mean to equate your proposal, which I consider to be a good one, to the welfare situation in this state. But that does give some thought to all of us, I think, on this committee.

MR. MILLER: Well, sir, on that subject you are much more learned than I am. I am not qualified to talk

about that.

It was just our thought to protect the people of New Jersey. It may be as you say. I wouldn't be able to judge that.

ASSEMBLYMAN CONTILLO: The only thing on that of course, Jack, is they are paying into it and there may be some different views on where it comes from. But there is a question on that. I think the idea of it is certainly acceptable to all. The question would be, how the court would view it.

Before I turn the microphone over to Gordon, who has had a chance to rest up now, I think it is a little unfair at this point to be coming up with specific amounts, based on one-half of \$40,000. I think from a realistic standpoint we are looking at, maybe, \$10,000, maybe \$15,000, and maybe a percentage of that. So, I think the idea of one-half of \$40,000 is really the highest amount we could go for.

I also think we are really talking conceptually at this point, we are trying to get the ideas straight - which direction we are going to go in - and I think Gordon was working with higher figures than anyone in the room seriously thinks we are going to end up with.

MR. MILLER: Mr. Chairman, may I comment on that?

ASSEMBLYMAN CONTILLO: Yes, please do.

MR. MILLER: I would think that one-half of \$40,000, as I said in my text here-- I don't think it is necessary to have any amount. This is only enabling legislation. Whatever you do here only puts a referendum on the ballot and it gives people the right to vote for it. To deny people the right to see whether or not they approve of this is to deny them their constitutional rights.

So, whatever this is on the ballot does not bind you to do this immediately. If you have enough leeway it would seem to me that from time to time you could then,

when you legislate the final act, change it up or down, whatever you please to do, to leave yourselves that leeway. This is only enabling legislation.

ASSEMBLYMAN CONTILLO: I think we have three Resolutions now - 174, 176, 177 - which are not on today because they have already been gone over. They do exactly what you are talking about now. They simply give us the right in the future, if the referendum is passed, to develop a bill with more specific amounts.

MR. MILLER: Yes.

ASSEMBLYMAN CONTILLO: We deliberately left that one-- I think of everything we have done and it has been the work of the entire committee to bring the question to the public without confusing it - I don't like to say without confusing it with facts - with a lot of numbers; to get the concept over to allow the Legislature to move in that direction if the constitutional amendment is approved.

There are really no amounts set forth in it. It is just, rather, permission to move in that direction, which we don't have at the present time.

MR. MILLER: I am heartily in agreement.

ASSEMBLYMAN MAC INNES: Mr. Miller, in talking with tax assessors I find that even with the very, very modest exemption which is available to only a relatively small number of senior citizens, there has been a record of people trying to take advantage of even that modest exemption by transferring title to their parents and claiming eligibility and this kind of thing.

When we talk about a program where the benefits would be considerably greater, I would guess that there would be even more imagination shown in trying to take advantage of the program.

I have a couple of questions about how a home-stead security plan might be administered. For example, if someone's parents move in with them after they retire,

would there be some allocation? These are parents who have been working all of their lives. They are now retired. The children's home is large enough to accommodate them comfortably and they move in. They paid property taxes in New Jersey for 45 years and now they are retired. Would they be eligible? Would the children, with whom the parents live, be eligible in any way?

MR. MILLER: No, they would not.

ASSEMBLYMAN CONTILLO: Okay. Are there any other questions of Mr. Miller?

MEMBER OF AUDIENCE: The only question I have is one dealing with constitutionality.

ASSEMBLYMAN CONTILLO: Yes. Would you like to come forward and be recognized? Do you have a question?

MEMBER OF AUDIENCE: Yes. Mr. Chairman, I come from the very Township of Manchester. I am not of senior age, you can see that. Our cause has been for seniors for six or seven years. That Township has a rate of \$2.38 per hundred. The houses run from \$17,000 to a new development that is in to the \$45,000 range. Now, at that \$40,000 rate, if the house is assessed under that, would that wipe that tax out, or 50% of that tax?

ASSEMBLYMAN CONTILLO: What they are talking about, for example, is one-half of the \$40,000, which would bring the assessed valuation down to \$20,000.

MEMBER OF AUDIENCE: Okay. By the same token you would have to pay that 10¢ a day; that would come out to \$36.00. Add that on top of the \$2.38 and where does that bring that tax rate now?

ASSEMBLYMAN CONTILLO: Well, that is just Mr. MacInnes's point.

ASSEMBLYMAN MAC INNES: That ten cents a day is an example, I think, that was given by Mr. Miller. What one would have to pay to - at the local level - finance this program would depend on several things. It would depend on, one, how many senior citizens there are in the town and how

many homes they own, assessed at how many dollars.  
Secondly, it would depend on the tax rate in the town.

So, in some places where you might have very high tax rates and large numbers of senior citizens owning their homes, you would be paying much more than 10¢ a day, in the form of additional taxes.

I think that you would have to work it out for every town and that would be very difficult to determine because our figures on the number of senior citizens living in houses of unknown value is just not quickly available. It would be a difficult thing to figure out the effect.

Right now we just collect information on the number of senior citizens eligible for the \$5,000 exemption - the \$160 a year - and that is a relatively small number, given the number of senior citizens in this state.

Under this program we would be talking about universal coverage for all senior citizens. But we don't have available, as far as I know, the information to calculate in any one town the effect of this program. You would have to have a survey - pretty much - in a town and find out how many homeowners are 65 and over and then you would have to find out what their houses are assessed at and then you would be able to figure out what the additional tax would be for those not eligible for the program.

MEMBER OF AUDIENCE: May I just respond here?

ASSEMBLYMAN MAC INNES: Yes.

MEMBER OF AUDIENCE: I was going to direct various questions to Mr. Miller and not to the panel. My point is, if you had a \$40,000 home in your community, you have a choice of two people owning the home - a senior citizen or, if you want to choose, myself. The senior citizen moves in and instead of paying the \$800 or \$900 in taxes that I would pay, he will pay \$400 some odd dollars to the treasury. However, if Mr. Miller was the senior



citizen who moved in, the town would probably make a profit on that \$400 or \$500. If I moved in with my six children, I would probably wreck the school system.

ASSEMBLYMAN MAC INNES: Not really.

MEMBER OF AUDIENCE: And you would get \$900 from me.

ASSEMBLYMAN MAC INNES: I think that is his basic--

MEMBER OF AUDIENCE: With the tax structure of Manchester right now - which has a majority of senior citizens - our younger population runs about 8%. They just approved a \$7 1/2 million high school under that same tax rate and our taxes came down 3¢.

ASSEMBLYMAN MAC INNES: Because you have so many senior citizens.

MEMBER OF AUDIENCE: Because we have the ratables. Now, my point is, with this kind of taxation it would wreck that in that part of the state. You are going to raise it.

MR. MILLER: How?

ASSEMBLYMAN CONTILLO: Herb, if you want to add something to that you can. The question was directed to you and you can answer it.

MR. MILLER: We made a survey, as was just recommended here, of, perhaps, 20 towns in New Jersey. Surprisingly, to us, the figure was much less than 10¢ a day because you had commercial properties and business properties and industrial properties that absorb most of this due to the fact that their assessments are a great deal more than a house.

We have in our files resolutions by many, many municipalities in New Jersey where the Mayors and Councils have gone on record supporting ACR-179. I don't think they would have done that with their eyes shut.

ASSEMBLYMAN CONTILLO: May I direct a question to you now? You raised the point that possibly we could

direct ourselves to what impact this could have on a community so that if it was enacted it could not affect the tax rate more than a certain amount.

In your town, now, you said 8% are non-seniors?

MEMBER OF AUDIENCE: Right.

ASSEMBLYMAN CONTILLO: Does that mean 92% are seniors?

MEMBER OF AUDIENCE: They are senior citizens.

ASSEMBLYMAN CONTILLO: Okay. That is your residential portion of your tax. What is your commercial portion?

MEMBER OF AUDIENCE: None.

ASSEMBLYMAN CONTILLO: You have no commercial portion? You have no gas stations? You have no banks? You have no stores to buy food in?

MEMBER OF AUDIENCE: We have four banks. No shopping centers.

ASSEMBLYMAN CONTILLO: You must have some percentage of--

MEMBER OF AUDIENCE: Oh, everything in Manchester goes into Dover, Brick, Jackson -- there are no shopping centers in Manchester at all.

There is one restaurant; three service stations; a liquor store--

MR. MILLER: Mr. Chairman, this gentlemen has raised a very interesting point here because he picks the one exception - or a few of the exceptions - within the state. It is the exception. It is not the rule.

All that would happen in his community is, if you gave 80% of the people a \$20,000 reduction in their assessed valuation, the rate would almost double. So, they wouldn't get too much of a tax break there. But they are in the exceptional position that they are not hurting from the tax structure. Every other community in New Jersey is. That's the point. All that happens in his

community is, the tax rate goes up and the assessments come down. They wouldn't benefit to the same extent. I concede that.

MEMBER OF AUDIENCE: But you see the very point here is fair taxation throughout the state. This is what we are talking about.

ASSEMBLYMAN CONTILLO: This is what this hearing is being held for.

MR. MILLER: I don't want you to--

ASSEMBLYMAN CONTILLO: Gentlemen, I don't want to lose control of this hearing. I think you have both make your point and I think we are just getting repetitious now. I appreciate your thoughts and we are going to direct ourselves to them in some way. I don't know how at the present time. But you have brought up a point. If we have one or two exceptions, we are going to look at them and see that the one or two exceptions do not destroy the concept throughout the state. Maybe we can put some outer-limits on it.

MEMBER OF AUDIENCE: The concept of home rule in your bill - 3019 - leaving it up to the municipality, has a lot of bearing on towns like Manchester and other communities.

Whichever is the lesser tax rate, that's the structure they can stay with. They then also have the alternative later on, if it does exceed that, to go to that alternative.

ASSEMBLYMAN CONTILLO: Of course, in towns that have a large senior citizen population and have a local option, it would seem to me there would be tremendous pressure on elected officials to move in that direction.

MEMBER OF AUDIENCE: Well, in our town, maybe we are very lucky but our seniors are very, very -- well, I don't know how to put it but they can feel for the other 8% and it doesn't have to be "everything their way."

For instance, with the new high school, our budgets go through on the first shot so -- you know...

ASSEMBLYMAN CONTILLO: Part of the thrust of giving the senior a reduction in his assessed valuation is, traditionally their salvation relied on their resisting school budgets, libraries, etc. If they do not feel they are going to be hit heavily in any additional way, they may be will to go along and be more receptive to these programs in the future.

All right, gentlemen, it is getting close to lunchtime. I will entertain any other questions directed to Mr. Miller and then we are going to break for lunch.

MR. ARAGONA: Mr. Chairman, I do not want to speak.

ASSEMBLYMAN CONTILLO: Okay.

MR. ARAGONA: I just want to remind you that if you do come up with a homestead bill, please do it before the deadline - 90 days before November -- election day. Let's see if we can have it before that time.

ASSEMBLYMAN CONTILLO: All right, Joe. That's why we are here today.

MR. ARAGONA: Thank you.

ASSEMBLYMAN CONTILLO: We are going to break for lunch now. We will return at 1:30 and we will then continue with the list of speakers.

(LUNCH RECESS)

Afternoon Session

ASSEMBLYMAN CONTILLO: I want to welcome back the hearty citizens who are still here.

Is Dr. John Rice here?

D R. J O H N T. R I C E: Mr. Chairman and members of the Taxation Committee, my name is Dr. John T. Rice. I am here today as Chairman of the New Jersey Joint State Legislative Committee of the American Association of Retired Persons and its affiliate, the National Retired Teachers Association, which, together, have over 350,000 members in New Jersey. I am also here as president of the New Jersey Coordinating Council of Organized Older Citizens, the members of which are the county councils of older persons clubs and the state and national organizations of older persons operating in New Jersey. And I am also here as the organizer, past president and now honorary president of the Morris County Council of Older Persons Organizations.

All of the foregoing organizations have passed resolutions approving, as their number-one legislative objective, homestead security for older persons as embodied in ACR 179. In addition to that, the Morris County Board of Chosen Freeholders has unanimously passed a resolution endorsing the same homestead security resolution and has, as I understand it, so notified the legislators representing any part of the six legislative districts in Morris County.

What I am going to say in my prepared statement is repetitious to some extent of the statements that have already been made by some of my predecessors here today. However, I am going to go ahead and present them because I think they bear repetition. We need to strongly emphasize, it seems to me, the fact that the older people of this State are determined that things are going to change, that their second-class status is going to be

changed no matter what it takes to accomplish this and that they are going to get rid of the demeaning welfare approach. This is going to have to change or we are going to have to change the people who represent us.

As you know, many states have laws giving homestead exemptions to senior citizens. But practically all of them are tokenism and based on a demeaning means test. We think that the time has come when we must get rid of the archaic, obsolete idea that older people must continue to pay full school taxes at the cost of being driven out of their homes and their communities - one of the worst things that could happen to most of them.

In many communities by far the largest percentage of the real property taxes - over 75 percent in some communities - are school taxes. Most older people, we think, are willing to pay taxes for the services they receive - such as police and fire protection and the like. But they get no benefit from continuing to pay school taxes as they have done all their lives.

Moreover, we contend that municipalities could save money if they could give older persons sufficient relief from real property taxes to induce them to remain in their homes. Usually these homes are large and can only be sold to younger families with several school children, and since in many communities it costs between \$1500 and \$2000 a year to educate a child, the taxes are in effect increased practically every time such a forced sale is made.

We are urging New Jersey to pioneer a new approach to property tax relief for older people. Instead of the usual welfare approach, we think:

1. That Homestead Security should be something that everybody can look forward to like Social Security;

2. That those older people who are living on incomes at or near the poverty level should continue to get welfare assistance as is already being done;
3. That, however, we should not continue to penalize those older people who have put something aside for their old age to supplement Social Security and reward those who have made no effort to do so, by using a demeaning means test as the basis for eligibility for Homestead Security - since no matter what such test is used an injustice is done to those immediately over the test figure as compared with those immediately below it;
4. That Homestead Security property tax relief must be substantial and no pittance or tokenism as in other states and should be 50% or one-half of whatever figure is used to measure the exemption - so that every older person pays some property tax - and the figure used, if any, in submitting the necessary constitutional amendment to the voters should be adequate for the future so that we don't have to have a change in the Constitution as inflation continues on its merry way.
5. That the Homestead Security concept we propose should require no state financing but would be financed by a slight increase in the local property tax rate and take from the backs of older people and place on the whole community where it belongs part of the school tax burden the older people can no longer afford to carry;
6. That this Homestead Security proposal should be made available to eligible renters as well as owners;
7. That there should be some residence requirement - such as two years - to prevent an influx of older people from other states. I am a lawyer and I am not so much concerned about the unconstitutionality of that suggestion because I think, as was pointed out, that this is radically different from people coming to get welfare, which is basically a national program. In addition to that, there is the matter of the contribution that has been made by these people as previous citizens of New Jersey.
8. That this Homestead Security proposal should be submitted to the voters as a proposed constitutional amendment at the next General Election. I want to reiterate that we urge that whatever you do be done in time to get on the ballot this year because we thought we were going to be able to persuade you to do it last year. Here we are with another year gone by and more people being driven out of their homes and out of the State. We suggest that it be put on the ballot as a separate proposal and not part of any package because we believe that the voters - young, middle-aged as well as older - will all favor such tax relief to which they can look forward in their old age and which will ease the burden young and middle-age voters are now carrying in trying to take care of their older relatives.

I have had considerable experience in talking to younger groups around the State and I find that it is generally accepted. So we very strongly urge that the voters be given a chance and let's not prejudge what the voters are going to do because this is a new concept and I think it will be welcomed by all the voters.

In summary, let me say that we think we are, in effect, urging you to make New Jersey a leader in meaningful real property tax relief for senior citizens which will help them live out their days in dignity in their own homes. As I previously pointed out, we support ACR 179 because it embodies the ideas set forth above, but we can support any legislation which can be amended to include these principles.

I thank you for your attention, for holding this public hearing and thus giving us the opportunity to appear before you today.

That concludes the written statement that I have submitted, but I would like to make a few more comments based on the remarks that were made this morning. I can associate myself, as is obvious, I think, with what Herb Miller said because Herb Miller is the Vice President of this New Jersey Coordinating Council of Organized Older Citizens, of which I have the honor of being President, and he is also Chairman of our committee in that organization on legislation. I think he did a very good job of pointing out with reference to the specific bills what our objections are.

I can also associate myself with most of the remarks that Joe Aragona made, with the exception of that tax percentage part of his remarks.

I think that we have to keep in mind that we must have a mandatory bill because, as you probably know, in New York State they have permissive legislation and



it is not working, as I understand it, because it leaves it to the individual communities and they are under the pressure of lots of misunderstanding. I think one of our biggest problems is that the homestead security principle that we are talking about is misunderstood. It is very hard to explain it. I am sorry Assemblyman Mac Innes from Morris County isn't here because I come from his county. And I would like to have it underlined in the record that the Morris County Council of Older Persons Organizations, which embraces about 50 organizations of older people in the county, has unanimously endorsed ACR 179. In addition to that, as I pointed out before, the Board of Chosen Freeholders has unanimously endorsed the principles embodied in ACR 179 and I think Assemblyman Mac Innes ought to begin listening to some of his constituents.

I have talked to him previously about this. I think that he is still plugging for the income tax and what goes with it. But I think he should keep in mind that it would be advisable for him to listen to what his constituents among the older people in his legislative district think.

As for the League of Women Voters and their comments, I hope you are not going to take them seriously because they have been for years way, way out in front, plugging for the income tax, and I submit that the remarks that their representative made today were entirely consistent with their previous position and in complete disregard at the State level, which I assume this was, of what they think at local chapter levels, because I have talked to groups of local Leagues and they are not 100 percent behind what was said here today by their representative.

With reference to that Select Committee on Senior Citizens that you referred to, I would like to add my voice to urge you to do something about having a Committee on Aging, preferably, if possible, a Joint Committee of the Legislature. One of the difficulties I think, as has been pointed out, you have some 121 bills affecting senior citizens which have been assigned to all kinds of different committees in both Houses. I have had pointed out to me, each committee needs to make a study of the needs and the problems of older people in order to adequately consider whatever bill is before them.

I submit that we have been studied to death. Everybody knows what the problems are. If this information were accumulated in one place, it would facilitate things and eliminate a lot of the delay that I think is now involved. As a matter of fact, I had the privilege, I believe it was last spring sometime, of hearing Speaker Woodson speak at a hearing that Senator Williams conducted down here in Trenton on housing for the elderly, as Chairman of a Subcommittee on that topic of the United States Senate Committee on Aging. Speaker Woodson stated at that meeting that he and Senator Dodd, the President of the Senate, had agreed to create such a joint committee of the Legislature on aging. I have written him a letter inquiring whatever happened to that idea because as far as I know it didn't get anyplace. I also sent a copy to Senator Dodd. That letter was written several months ago and I still have no answer.

I might also say that these organizations that I represent have also endorsed that idea and we urge that as one of our legislative priorities that you could do something about.

Reference was made in this morning's testimony to

splinter groups among the older people. I submit that there are very, very few splinter groups. And most of those groups that have splintered have lost their courage. They originally went along with this - and I am talking about just a very insignificant part of the older people of this State that are organized - their reasoning being that they thought they might not get what they want if they stick to it, which, of course, I think is a very great disservice to the great majority of the older people of this State, because, as I said before, we are trying to persuade you to help us change the image of older people in our society.

One of our problems, to be perfectly frank, is to get some of the older people to change their image of themselves. They are so used to being put on the shelf and made to feel that they are useless that they are very reluctant to get involved in the political process and to make themselves heard. One of the remarks that was made this morning about the mail that you fellows are getting was to the effect that you only hear from those who are hurting the worst. This is true. Those people naturally are more articulate. Maybe some older people are putting up a front because many older people don't even take the \$160 exemption that they are entitled to because they don't want a public record made of the fact that they have only an income of \$5,000 or less.

As for the wealthy people benefitting, I think one of the things that we are overlooking is that many of the wealthy people, to the extent that they are wealthy, and I submit that there are very, very few --- Most of them are the middle-class who are not actually at the poverty level because they have tried to see to it that something is put aside for their old age. But even if they can afford these taxes, they will not stay in the

community because it is ridiculous for them to pay the kind of taxes that they have to pay, for which they get no benefit, when they can move someplace else and enjoy a lower tax rate. The community is deprived of their service, if you will, at a time in their lives when they can make a major contribution to the community in which they live because they have the time which they previously did not have. When you add that to the additional costs at the time they sell their large homes and when they sell them as the only thing they can do to families with three, four or five children, the community loses every single time. I submit if the communities would make a study - and we have been trying to persuade some communities to do this - they would find they could almost allow the older person to stay there tax free and save having a higher tax rate for the rest of the community. Even if the older people have a \$100,000 home, to have a \$20,000 exemption is certainly a great big boon to them. It is just one of those concepts that I submit is --- well, I was going to say political demagoguery, but maybe that is characterizing it too strongly. But it is constantly coming up and I think we have to forget about that and we have to get the idea in our heads that we can't have this kind of approach that really discriminates against the successful people in our society and favors those who have failed or who have wilfully responded to the inducements that are offered to go deeply in debt and spend all the money they have without putting anything aside for their old age. Then they wind up in financial difficulties very often through their own lack of foresight.

There is one other point I would like to make. A great deal was said this morning about the burden that gets imposed on those communities where senior citizens

have special locations, such as Rossmoor, Leisuretown and places like that, or even, say, this Manchester community. I submit one of the things that was not, as I recall it, mentioned is that the 20 percent, if you go to the figure I believe that was used in Manchester, of younger residents are getting a free ride on the backs of the older people and they are enjoying the kind of luxury they are not entitled to. They are not carrying their own weight because those older people who have moved into the community are paying for whatever school arrangements they have there, including building a plush new high school apparently in Manchester, without having any benefit whatever from it. They have no children and no grandchildren in the local schools.

Of course, what we have to confront is the fact that we are primarily talking about relief that older people should have from school taxes from which they get no benefit. We have purposely refrained from asking for relief on that basis because we don't want to encourage the opposition of the NJEA and its affiliates who we all know have a very strong lobby here.

Thank you very much. (Applause.)

ASSEMBLYMAN CONTILLO: Doctor, I would like to thank you very much for your presentation.

I want to make just one comment. You talked about the joint committee, etc. I think as close to a joint committee we are going to see is what is happening right here right now. This is a joint committee of both political parties. I think we have finally come to the point after years of work where the efforts of both political parties are put into this. At this meeting today your message has come through loud and clear, the splinter groups and Leagues of Women Voters notwithstanding. We are going to review the facts and make

specific recommendations to the Tax Committee of which we are a large part, and I guarantee you something is going to move. There is going to be some action.

(Applause)

DR. RICE: Thank you very much.

ASSEMBLYMAN CONTILLO: Our next speaker will be John Fragale from Lodi, which is in Bergen County.

J O H N F R A G A L E: Mr. Chairman and members of the Assembly Tax Committee: My name is John Fragale. I am from Lodi, New Jersey, which is up in Bergen County. I am a constituent of Assemblyman Contillo.

I have been listening to all these speakers here this morning. I am a little confused. Of all the speeches made here today, the three outstanding were those made by Mr. Aragona, Mr. Miller and Dr. Rice. Something should result from them.

A young gentleman who sat over there told me he is 45 years old and he has 20 years of taxes to pay. Suppose he dies in the meantime. What happens to his property after he has paid in all these taxes? What happens to my property after I paid in all the taxes? I told him that his wife will inherit the property and she will inherit the tax exemption, just like in Social Security. You pay in all your life to Social Security. When you reach retirement age, you collect Social Security. If you die in the meantime, your family benefits by it. And that is what this is all about.

If the taxes were apportioned throughout the people in the town 100 percent, I would go for that. I represent the National Association of Retired Federal Employees. I am First Vice President of the State Federation. I am President of the local chapter of the National Association of Retired Federal Employees. I am President of the Lodi area chapter of the AARP. I am

also a member of the Bergen County Council of Senior Citizens Coordinating Council.

I have been mandated to come here and listen and push for ACR 179 and S 144, I believe it is, a similar companion bill.

That's all I have to say. I wish something could be done because in my town the tax assessment is at 67 percent of true value. The County Tax Assessing Board mandated all the towns in Bergen County to increase their assessments to 100 percent. In addition to that, my local town is increasing the taxes 72 to 80 percent. Where am I going to get all this money to pay this tax? I am on a fixed income. How can we do it in our little town? That is why we are here today to fight for this homestead security act or exemption so that people in our town and other towns throughout the State can have some relief. Thank you. (Applause)

ASSEMBLYMAN CONTILLO: Thank you very much, Mr. Fragale.

ASSEMBLYMAN FORAN: Mr. Chairman, I just want to congratulate him on his brevity.

I think the Chairman has put it rather succinctly. What we are doing today is an initial step forward after three or four years of being in the doldrums. I can guarantee from our side of the aisle that we are going to come up with something in plenty of time to get on the ballot this year if we can get it through both Houses. (Applause)

ASSEMBLYMAN CONTILLO: We have another Bergen County man, William Morgan.

W I L L I A M M O R G A N: Assemblyman Contillo, members of the Assembly, and ladies and gentlemen: I got up five o'clock in the morning to come in the hopes of speaking to you. It is mighty nice of you to be tolerant enough to hear us.

I am the President of the Bergen County Senior Citizens Coordinating Council. There are 130 clubs in Bergen County and I represent about 80 or more, the bigger clubs. We have a Legislative Committee of over 20 people. We have been very active in the Legislature. We follow every word you people say or print.

The Bergen County Senior Citizens Coordinating Council supports the homestead act fully and all the points that have been brought out. But we hope you will consider the \$40,000 home as the dividing line.

If I were to ask you to support Social Security today as it was in 1937 and you would have to pay \$1000 or \$1500 a year towards it, you would have the sergeant-at-arms carry me out. Mention was made of 10 cents a day. It doesn't even come to that because the homes are very small. The modest home today is \$40,000. So you get 50 percent off or \$20,000. People worry about the very rich. They would get \$20,000 off. But you must remember when a rich person retires at 65 and gets \$20,000 off his assessed value, he gives more than the \$20,000 to the town for the library, the ambulance corps, fire department and police department and to the poor of the town. Don't worry about the very rich man, that he is going to get fat or richer. He won't. He distributes that money.

Assume that I have a modest home and I get a \$20,000 exemption. Say I have no car and I do all my shopping in the Town of Dumont. It helps the merchants. They, in turn, pay taxes. But if I don't shop, they close and move away. So I am really needed, but I have to have relief too.

Our Mayor and Council met and had our Superintendent of Schools and his staff and some teachers. They pleaded with the Mayor and Council if it could be possibly done to



have no taxes paid by the senior citizens, that they be tax free. Of course, they told them it was unconstitutional, which is true.

Our town has less than 20,000 people. It has 4,500 kids or more. The schools are jammed to the doors. They have split sessions. The Superintendent of Schools has said, "Please don't move out of town. Don't sell. We will even let you have the teachers' cafeteria. We will feed you." They are bending backwards to keep us in town.

All we need now is a little tax relief from you gentlemen. Thank you. (Applause)

ASSEMBLYMAN CONTILLO: Thank you, Mr. Morgan.

Is Eric Smith here?

ERIC SMITH: Gentlemen, just a few observations and comments. My name is Eric Smith. I am from Bergen County also - from Ramsey. I am President of the Bergen County Retired Educators Association; I am also on the Executive Committee of the New Jersey Retired Educators Association. I am actively affiliated with the Bergen County Coordinating Council of Older Citizens.

I am here in support of the act we are talking about this morning, the homestead act - nonrestrictive. I have heard some discussion here this morning on a means test. We can be philosophical about it and talk about a means test being undemocratic. From a practical standpoint, it seems to me it would be a difficult thing to try to administer anyway and decide where you would cut this off. Is it a \$100,000 house or what is it? It is an impractical thing to do.

I have a couple of observations to make that may give a different light on these things. As Superintendent of Schools, I became very much aware in the last five years of the gradual eroding of the quality of education

in Ramsey and other communities because of defeats of budgets. The defeat of budgets, very often when they were close, was the result of senior citizens, understandably, getting out and voting them down because of their concern about property taxes. We can be philosophical about that one too and say to them, sometime years ago somebody paid for your education and you should help pay for theirs. But that doesn't get you a nickle these days. Until something is done about relieving property taxpayers or the time comes when by legislation the voting of school budgets is taken out of the hands of local people, we will have that kind of problem regarding education. But we have to give relief to the property tax person unless we want to continue to have a gradual eroding of the educational programs in these different communities.

One other point that has been skirted this morning is the concern of people in the school business with keeping people in town and not letting these senior citizens move out because of the high property tax. Take a personal example. If I should decide to leave Ramsey and sell my house - I am paying approximately \$1500 in taxes at the present time - the chances are I would sell it to a family with some children. If they had two - in Ramsey the rate for an elementary child is \$1500 and high school is \$2000 - there is a \$3500 cost for educating those two. So the difference between \$1500 and \$3500 is \$2,000. It doesn't really make much sense, does it?

We should try to keep these people in Ramsey or in our communities and, if one way of doing it is to get through this homestead act in whatever form it may be, we should do it.

I think it was discussed here pretty well this morning that to allow the municipalities to have an option of doing this could prove disastrous. Probably nothing would happen. So I am urging your Committee to at least get this on a referendum next fall and let the people decide.

There was considerable discussion this morning as to - if my tax goes down, who picks it up? I think we will have to give the non-seniors, the young people, a chance to decide that. And I think it is going to be our job as senior citizens, perhaps, to do some educating in our communities to get that point across. If they don't accept the concept of Herb Miller that it is an insurance plan, maybe we will get at it some other way by telling them, if their parents get some reduction, then indirectly it helps them. Thank you, gentlemen.  
(Applause)

ASSEMBLYMAN CONTILLO: Thank you, Mr. Smith.

Is Joseph Spada here? (No response) We will pass over his name. If he returns before we adjourn, he can speak.

Mildred Delitzscher from Hudson County.

M I L D R E D D E L I T Z S C H E R: My name is Mildred D-e-l-i-t-z-s-c-h-e-r, formerly O'Connor.

I have heard a lot of speeches here today. I am the President of the North Hudson Council of Senior Citizens. I have also been appointed to speak for Hudson County Council of Senior Citizens.

We have a very dense area up there. We have over 85,000 senior citizens, but we also have about a 250,000 population. My people cannot afford to sell their homes and move and pay \$20 or \$25 thousand in a retirement village. They are stuck. The rents are beyond belief. You pay anything from \$200 up a month for a decent place to live.

In North Bergen, they are trying to freeze the rents, but I don't think that will be the help that they need. I think we need something better than that.

I have heard several people here say, "Poor senior citizens." That goes against me. I say, we have proud senior citizens and I think they have been degraded with this \$160 with an under \$5000 income. I think the poor senior citizen is that man whose income is \$5001 who cannot obtain anything.

I think we should upgrade the senior citizens. I think they have paid their dues. I think they are very deserving to be upgraded and to be given some help. This covers the ones who rent as well as the homeowners. They both need help.

I am sorry the Assemblymen are not here that were discussing movability. I am living 34 years in the Town of Secaucus and I give many services to the town. I am not anxious to sell my house and move. My husband's mother lived for 85 years in Union City. It has been only recently that she had to move because of illness. But many of my people are born in these houses and they are not anxious to move.

So I say at this point, try and help us to keep these people where they deserve to be. Thank you.  
(Applause)

ASSEMBLYMAN CONTILLO: Thank you, Mildred.

Is Aldo Constantine here?

A L D O C O N S T A N T I N E: My name, as you said, is Aldo Constantine. I am a member of the New Jersey Joint State Legislative Committee, NRT and AARP. I happen also to be President of one of the local chapters of AARP. So we get all of the angles on the elderly.

So much has been said here and so well said that I don't know that I have to say too much more. If someone

were to be complimented on brevity, I think I would get a standing ovation.

Just let me make one or two points. One bill that was passed by the Assembly was Assemblyman Codey's bill, uplifting the Office of Aging to division status. We compliment you. But let's not take too much credit individually for that action. It only went through 74 to nothing. No one dared to vote against it. Some are now saying, "Well, I helped put that legislation through." Who would have opposed it?

But won't you please do something for the elderly that is tangible? The Office of Aging has been improved -- fine. What does it mean to me, an elderly citizen? How is it going to benefit me directly? In rhetoric, fine -- the Office of Aging is a big division -- big deal. But if you gentlemen will produce something here -- and I think the evidence is here because the reaction has been wonderful today -- then you will have the gratitude of all the elderly citizens of the State of New Jersey.

As I say, it has been so well said by Herb Miller and Dr. Rice, that no more has to be said. Please do what is necessary. Thank you very much. (Applause)

ASSEMBLYMAN CONTILLO: I like your style.

Do you want to add something to that? I thought he said it very well.

MR. MORGAN: You know when you reach 65, the way people talk you are going to live to be 100 and millions of dollars are going to change hands. Look, when you become 65, if you live two more years beyond that, you're lucky. If you live to be 70, you are darn lucky. Here we are quibbling over what? -- a \$20,000 exemption for the few remaining years of your life. Take it off.

ASSEMBLYMAN CONTILLO: I see more pep here today than I see when the General Assembly meets.

Is Colonel Lee J. Levert here? He is another Bergen County man.

L E E J. L E V E R T: I am Colonel Levert, Retired, Air Force. I am the Secretary of the Bergen County Senior Citizens Coordinating Council.

I came to talk here about fat cats. I, myself, am still well nourished. How long I am going to stay that way, I don't know. But I would like to point out this situation: A person whose house is assessed at \$20,000 - and I am using Tenafly figures - will have a net gain of \$300, using Mr. Miller's plan, which I fully support. If a person's house is assessed at \$40,000, his net gain will be \$460. If his house is \$80,000, his gain drops to \$380. If he is really a fat cat, having a \$200,000 house - and there are houses like that in the area in which I live, Tenafly - his gain is \$170. You say, how come his gain begins to drop? It is for a very simple reason.

First of all, we all admit it is going to cost roughly an additional \$20 a year for a \$20,000 house; on a \$40,000 house, an additional \$40 a year; and only ten cents a day for the rest of the population. The result is that a person who has a \$200,000 house - sure, he is going to gain \$700, but he is going to lose \$360 in an extra tax to take care of the homestead act. Additionally, he is going to lose his income tax. So the result is the fat cats are not going to benefit as much as people at the very bottom which have about a \$20,000 house.

I would also like to say that in this country everybody is entitled to an equal opportunity to utilize his resources and ability and to receive rewards commensurate

with his contributions. This is what has made this country great. Yet there are voices raised which demand guaranteed equal results. This means that seniors who worked all their lives, tried to save enough to be independent in their old age, and made great effort to avoid being tax-eaters, are being penalized for their commendable efforts.

In the past, one could set for himself a realistic goal of how much is needed to be independent. Because of inflation, this is no longer possible. Is it fair to ask those whose earning power is severely curtailed or even destroyed because of their age and/or disability to subsidize people who still work and are in a position to demand and get increased compensation because of the increase in the cost of living? Practically all union contracts have an escalating clause.

Since the size of the pie known as the gross national product has been shrinking, it is obvious that demands for increase in the slice of the pie to compensate for inflation, inevitably leads to reducing the size to everybody else. Senior citizens are the obvious victims. The fact that what one gets has little or no relationship to one's efforts and ability is debilitating. It encourages an individual to do only the minimum of work since extra efforts or superior ability are not reflected in greater rewards.

Several years ago I was a member of the United States delegation to the World Power Conference in Moscow, Russia. I had an opportunity to observe first hand how an ant society functions. A few examples should suffice. My wife and myself had three big bags. When we arrived, three burly porters came to us and each picked up one bag. It took us one hour to fill out the forms. The porters sat there patiently waiting for us. When I

informed the porters I could not pay them because in Russia it is a penal offense to use anything but Russian money and I didn't have any, the reply I got was, "you don't have to because the government pays us anyway." They get salaries. So these three men spent an hour taking care of three bags.

Another case - I wanted to change a table in a restaurant. That meant a conference of six waiters and they started arguing with each other and forgot about us altogether. No decisions are made individually.

We had two forty-seat buses come in to pick up eight of us and the hotels we were assigned to were within a block of one another. But nothing doing, you have to ride in a separate bus.

It is to the advantage of this country and this State and all of us individually to encourage initiative, enterprise, ability and effort. To treat those who manage to save as villains is not an incentive to excel. Unless individuals can keep at least a major part of their contributions, the whole nation will be drowned in a sea of mediocrity.

Senior citizens are proud of the fact that they paid their own way through all their lives and even saved something for a rainy day. However, inflation, the cruelest and most regressive tax of them all, melted their savings. The philosophy that providing for one's old age is an evil must go. It can only destroy America as we know it now and sooner or later it will become a nation of zombies, an ant society where individuals may be even discouraged - and that is happening in the unions right now - from producing more than their neighbors. What is happening in England right now is the warning which must be heeded.

Thank you for your attention, ladies and gentlemen.



That's all I have to say right now. (Applause)

ASSEMBLYMAN CONTILLO: Thank you.

Is Mr. William Hauser from Harrington Park in Bergen County here?

W I L L I A M     H A U S E R: My name is William Hauser. I am Past President of Club Sixty in Harrington Park. I am also a member of the Lions Club for the past 22 years. I have been quite active in town in many ways. I have been living there for over 30 years.

I listened to all those stories here - and they are not stories because they are all true. I listened to this all day long and my blood actually started to boil to think we have to fight so for the few pennies we should get. I think it is no more than fair that you really do something for the elderly because people from the four corners of the globe come to us and not only get dollars, but they get millions and billions of dollars, and that is more or less all our money. We had to fight for it; we had to work for it. I think the few cents it would cost to give us some relief should be coming to us.

I would appreciate it very much if you would look into this situation because it has been going on for quite some time now. I don't believe the younger people realize how important this is. I used to work in New York City and we were trying to start a pension plan and the young people couldn't see it; they wanted to have the cash in their hands. At that time, the pension plan more or less fell through. But they didn't realize that they get older. That is why we are here - to fight for them, not only for ourselves because we may not benefit much longer. It is actually for the generations to come and we are the ones that are pioneering in this for them.

Please, try to do whatever you can. Thank you very much. (Applause)

ASSEMBLYMAN CONTILLO: Thank you very much.

We have one more person who wishes to speak. Are there any other senior citizens here who wish to speak? (Person in the audience indicates desire to speak.) After the next speaker, we will call on you.

Mr. Solyom.

R I C H A R D S O L Y O M: Mr. Chairman and members of the Committee: My name is Richard Solyom. I speak to you today as a senior citizen, a member of no particular organization, and a resident of Fort Lee.

There is no need for me to belabor the point that the present economic conditions are placing the senior citizens at a distinct disadvantage within our society. We all agree that something should be done to alleviate the hardships now being suffered by many of our senior citizens. The question is: Which method will best do this without harming our American system which is based on individual responsibility?

I believe that a straight-forward homestead security plan, without any restrictive means tests, is the best answer. It is best because: First, it treats all seniors equally. Secondly, it provides an incentive for every person to buy, maintain and retain a home of his own. Thus it is a stabilizing force in any society. Third, it requires no funds from the State. Fourth, it would permit repeal of the present \$160 exemption, thus saving the State many millions. Fifth, it is not welfare in any sense of the word. Therefore, it is not degrading or demeaning to the recipients. Sixth, it solves the problem without discriminating and setting one element of our society against another. This is so because all of us will some day be seniors and will benefit from

the provisions of homestead security. Seventh, the administrative costs of homestead security are the least of any plan which has been proposed. Eight, it will allow senior citizens to remain in and continue to live in the communities where they have spent most of their lives; thus, it will have a further stabilizing influence on the community. Ninth, it provides for a reduction in everybody's tax load after their children have been educated and are no longer part of a community's school expenses. Tenth, the concept of homestead security is such that it requires a constitutional amendment. This is good because it means that it will have to be submitted to the people on referendum and it will be the people who will make the final decision, and this is the American way.

I suggest that the best points be taken from the three bills which were mentioned by Herb Miller, that these best points be consolidated into one bill and that this bill be placed on the ballot in November.

I thank you for your attention. (Applause)

ASSEMBLYMAN CONTILLO: Thank you very much.

There is a lady in the back who would like to speak. This will be our final speaker of the day.

I R E N E     G A R R I S O N: I am Irene Garrison from Ramsey, 40th District of Bergen County.

I have lived in Ramsey over 60 years and own my home. I am a member of the Bergen County Retired Educators Association, having taught 40 years in Ridgewood and Ramsey. I am on the Legislative Committee of the Bergen County Senior Citizens Coordinating Council. I am a member of the Mayor's Senior Citizens Advisory Committee; and, last but not least in my estimation, I am President of the Ramsey Leisure Club, who are our Ramsey senior citizens.

Last fall our Mayor and Council called a meeting in the high school to find out what our views were in regard to housing, and so forth, for senior citizens.

According to the latest borough census, 82 percent of Ramsey's senior citizens own their homes and wish to remain in them. Our only problem is the constant increase in our property taxes. For the last two years or more, we have been studying various plans which have been proposed for relieving this tax burden. After due consideration, the Leisure Club voted unanimously in favor of ACR 179 as the fairest proposition of all.

In working with our Mayor and Council, we were instrumental in having them pass a resolution on October 9, 1974, in favor of ACR 179. We are still one hundred percent behind this resolution.

It is our fervent hope that the New Jersey Assembly will not let us down. Thank you. (Applause)

ASSEMBLYMAN CONTILLO: Thank you, Irene.

ASSEMBLYMAN FORAN: Ladies and gentlemen, I would like to correct the Chairman because there is going to be one last speaker and that is going to be myself.

I would like very much to compliment the group that is down here today. We appreciate that so many of you have driven so far to come down to listen to the cause that you espouse.

I would like to commend you for having the leadership of Herb Miller. I only wish I could have him for a campaign manager. Thank you. (Applause)

ASSEMBLYMAN CONTILLO: I don't think we have to add any more. We are going to take the information that was given to us today, study it, and on a bi-partisan basis we are going to get at least one and maybe more constitutional amendments out for the General Assembly to act upon. Thank you.

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ROBERT H. FUST, *Executive Director*

JOHN E. TRAFFORD, *Asst. Executive Director*

May 6, 1975

Hon. Walter E. Foran  
Member, Assembly Committee on Taxation  
23 Maple Avenue  
Flemington, NJ 08822

Dear Walt:

Because of previous commitment, the New Jersey State League of Municipalities will not be able to attend the Taxation Committee Hearing on May 8. However, we ask that this letter be incorporated in the hearing record.

The New Jersey State League of Municipalities is very much concerned about providing tax relief for senior citizens and disabled persons. To date, the Legislature has had a group of piecemeal amendments dealing with this topic. Over the years, the League's Tax Study and Legislative Committees have considered numerous resolutions proposing changes in the senior citizen's tax deduction. We have generally pointed out that we sympathize sincerely with the plight of the senior citizen who is caught up in the spiral of inflation and endeavoring to live on a fixed income, which is often very low. We have also pointed out that the State of New Jersey and its local government units have done very little to aid the poorest of our senior citizens -- those who do not own property but rent either apartments or rooms in our urban areas. These citizens receive nothing from a property tax deduction.

Some proposed resolutions would increase the income figure, others would increase the deduction but very few consider the plight of the senior citizen renter. We, therefore, feel that some solution should be brought about which would achieve tax relief for all low income senior citizens. At times the provision of a "circuit breaker" has been discussed. This seems to be a fair solution to the problem and we are impressed by the fact that over half of the states have now incorporated circuit breaker provisions in their tax statutes.

We also believe that the State of New Jersey should pick up the financial impact of such tax relief since the local property taxpayers cannot afford to assume a greater local property tax bill in order to grant tax relief to certain classes of taxpayers.

We, therefore, urge that the circuit breaker theory be explored to the fullest since it holds the only method of providing permanent tax relief

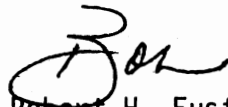
May 6, 1975

to low income taxpayers. Dollar amount ceilings are often eroded by inflationary spirals. The original \$80 deduction for senior citizens was thought to be more than generous when it was enacted some years ago. The current \$160 limit with the State picking up 50% is still inadequate when we are talking about \$2,000 tax bills on row houses.

We sympathize greatly with the low income taxpayer, especially those on a fixed income. Keep in mind that to increase the deduction through the local property tax base is only a subterfuge since the senior citizen property owner finds that his own tax bill increases when the deduction increases. We cannot continually increase the burden on the local property taxpayer in New Jersey which has more than doubled in the past decade. Increases in New Jersey's local property tax have amounted to over \$2 million each year for the past 7 years. Thus, you can readily see that the Legislature has not rendered the local property taxpayers' any service by continually refusing the enactment of tax reform.

The Sears Committee Report of 1972 is a thorough consideration of this problem. We submit that enough studies and research have been conducted in order for the Legislature to take immediate action.

Very truly yours,



Robert H. Fust  
Executive Director

RHF:meb

**AUG 15 1985**



