

PUBLIC HEARING

before

COMMISSION TO STUDY THE LAWS OF NEW JERSEY
EXEMPTING REAL PROPERTY HELD BY RELIGIOUS,
EDUCATIONAL, CHARITABLE, AND PHILANTHROPIC
ORGANIZATIONS AND CEMETERIES FROM TAXATION
[created under Assembly Concurrent Resolution
No. 42].

Held:
February 19, 1969
Essex County Tax Board
East Orange, New Jersey

MEMBERS OF COMMISSION PRESENT:

Assemblyman Chester Apy [Chairman]
Senator Wayne Dumont, Jr.
Senator Norman Tanzman
Assemblyman Addison M. McLeon
Roy Cotton
Paxson Keats
William H. McLean
Russell T. Wilson

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ASSEMBLYMAN CHESTER APY [Chairman]: I would like to call the hearing to order for this morning and introduce first the members of the Commission who are present here this morning. Beginning on my far right and your left is Mr. Keats from Ventnor, next is Mr. McLean and Mr. Wilson. On my left is Mr. Roy Cotton and our Secretary, Mr. Tom Bryan, is seated up here to my left.

If you have written statements which you have prepared and you wish us to have as you testify, would you please deliver the copies to Mrs. Blazer who is on my far left and they will be distributed to us.

The first thing that I would like to do for the information of those who are here is to read to you a portion of the resolution which was passed which set up this Tax Exempt Property Study Commission and it reads in part as follows:

[Reading]

"WHEREAS, It is essential that the costs of government and governmental services be equitably distributed and shared to the greatest degree possible;

"WHEREAS, Any real property tax exemptions granted to religious, educational, charitable and philanthropic organizations and cemeteries place an additional burden on all other real property owners;

"WHEREAS, In recent years an ever increasing amount of real property has been granted tax exemption; and

"WHEREAS, There is a possibility that our present statutes and practices regarding these exemptions have permitted an imbalance to be created, which imbalance should be re-evaluated;

now, therefore,

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

Then the resolution goes on to provide that our 12-member bipartisan commission be created. The Commission has on it six members of the Legislature, three Senators and three Assemblymen, and it also has on it six members of the public at large.

Then the specific duties that are given us are as follows in Paragraph 3:

[Reading]

"It shall be the duty of said commission to review and study the New Jersey laws exempting certain religious, educational, charitable and philanthropic organizations and cemeteries from the payment of real property taxes, the nature and extent of such exemptions and the impact of such tax exemptions on the fiscal capabilities of local governmental units and on other owners of real property."

This then is the basic outline as to what we are doing. I think, incidentally, having introduced the other members of the Commission, I neglected to introduce myself. I am Assemblyman Chester Apy and am Chairman of the Commission.

Now this is the second of what we know will be at least four hearings. We have already had one in Trenton. We are going to have a second hearing in this room a week from today because of the fact that the response from North Jersey was such that we could not schedule everybody for today. A month from today, we are going to meet in Camden and then there will probably be another hearing in Trenton sometime perhaps in April.

But prior to the taking of testimony, I thought it might also be helpful to delineate in more detail the scope of this Commission's jurisdiction and to indicate our approach to our task.

First, we are concerned only with exemptions from New Jersey real property taxes. We are not convened to consider sales, income or other tax exemptions, State or Federal. A further limitation is imposed by the fact that we are to consider only religious, educational, charitable, philanthropic and cemetery organizations.

Another Commission is presently studying the ramifications of the tax exempt status enjoyed by lands owned by the State, counties, municipalities, various authorities and other governmental agencies. It will in due course make its report and, incidentally, this report will probably be within the next month or so. And although the consequences of other exemptions may be no different as far as the taxpayer is concerned, their extent and the reasons for them probably are.

In any event, our hearings will not consider this other area.

Finally, I would like to say a few words about our approach. Not since 1938 when the State Tax Commissioner reported to Governor Moore has the question of tax exemptions in this State been subjected to close scrutiny. In the intervening three decades the cost of government and consequently the tax burden has increased many fold. Our first endeavor, therefore, will be to determine the exact type of exemptions granted religious, educational, charitable, philanthropic and cemetery organizations and to try

to put a dollar value on them.

To this end the Division of Taxation under Acting Director William Kingsley has already undertaken at our request a detailed analysis of these organizations' holdings and we hope to have their report by April 1st. In the meantime, we will review the philosophy behind these exemptions so that ultimately that philosophy or philosophies can be weighed against the demands of today and the needs of tomorrow.

It cannot be stated too clearly or too often that we undertake our task and assume our responsibilities without any preconceived notions about where we will end. We can all perceive the problems, but the search for their solutions will take us into uncharted territory. In undertaking that search, we intend to be guided by the facts and unswayed by emotions, recognizing full well that the subject matter of our inquiry arouses strong feelings.

As we delve into this, one of the most sensitive areas of our society's life, we ask not only those of you who testify but all of the people of New Jersey to proceed on the same basis. If we do, the end result will be more meaningful and fair and New Jersey will be a better place for all of us to live.

I think then this encompasses what we are trying to do here in our basic approach. We will proceed with the testimony, asking whoever is the principal witnesses for any group or individual witnesses to take the seat here in front of these two microphones and anyone else that is along. We have two additional spaces up here. For those of you who have not yet signed up, we have a pad up here on the far right so we know who is here.

Our schedule is this: We anticipate completing all of the testimony today for those of you who are here and wish to testify. If our experience is any guide, it will probably take us all day to do it and we will try to move along as best we can. However, you have all come and many of you have put in a great deal of time in preparation. The Commission does not want to foreclose anyone from developing fully what they have to say nor on the other hand do we want to limit our own inquiries that we may want to make of you. I expect we will take a lunch break somewhere in the neighborhood of 12:30 or 1:00 o'clock, whenever there is an appropriate break in the testimony, and we will come back and keep going. Hopefully we will be done between five and six. I really don't want to go beyond that time.

I would like to extend the courtesy of asking Mr. Solimine, Secretary of the Essex County Tax Board, who is our host here today, to come up and testify first.

I will ask Mr. Solimine and all the other witnesses if you would for our record, please, - this is being taken both by court reporter and on tape - for purposes of the transcript, identify yourself, your particular organization and in the event that you are a person of any expertise in this area, an assessor or real estate person or a representative of a particular governmental unit, we would like to know that too so we may take it into account in assessing the testimony.

Sir, I welcome you and invite you to proceed.

J O S E P H S O L I M I N E: Thank you, Mr. Chairman and members of the Committee.

My name is Joseph Solimine and I reside at 141 Heller Parkway,

Newark, New Jersey. I have been a member of the Bar since 1931. I was one of the Senate Secretaries for three years. I was a member of the Legislature for '44-'45, a member of the Board of Freeholders from '46 to '51, Secretary of the Essex County Board of Taxation from '51 to date and I was Area Rent Director for three years during my position as Secretary to the Board, pursuant to legislation.

Mr. Chairman, I know that you have the total figures of exempt properties in Essex County furnished you by the State Director. I have taken the liberty of breaking these down into municipalities and by various categories and I am glad to make this available to the Committee for your perusal.

[Hands paper to Assemblyman Apy.]

I also have broken down the fraternal organizations in the various towns together with the lands that they own and the exemptions which they are given.

I also have broken down the amounts paid out in tax dollars for senior citizens and veterans if it might be of some use to the Committee.

Mr. Chairman, I want to make it crystal clear that I testify as an individual and not necessarily as the Secretary of the Board and that my views and my testimony may not be that of any one of the Commissioners or the Board as a whole. I testify from the experience that I have gleaned as Secretary of the Essex County Board.

I would like, Mr. Chairman, to testify in reverse if I may, in other words, starting with my recommendations and giving the reasons and then hitting the highlights that I think the Commission

is seeking.

In the first instance, I would recommend that a Tax Convention be held as soon as possible and this is because of the hodge-podge of the tax laws and the tax structure at the present time, and the sooner the better. If the Commission wants to ask me any questions on this, I would be glad to pause and give my reasons for it.

It is my opinion that the Division of Tax Appeals be integrated into the judicial system of New Jersey with full-time judges and that is important so far as the tax exemption structure of today is concerned.

As an attorney, Mr. Chairman, you will realize, for example, in some of the southern counties Superior Court Judges sit on \$50 cases and here we have exemptions of millions of dollars and they are given to certain county boards who don't even have an attorney on them. I am not casting any reflection on some of the county boards; I'm saying it as it is and what ought to be done in order to correct the situation.

I recommend also - and this is nothing new - it is pursuant to the Sixth Report of the Commission on State Tax Policy - that a tax assessor be established in counties at least for a trial basis in first- and second-class counties. I think that the other smaller counties need it even worse than first- and second-class counties, but you have to start somewhere.

I also recommend that all matters pertaining to tax exemptions of any kind be processed by the local assessor and automatically denied and the appeal will lie directly to the State Division of Tax Appeals or the Tax Court if it is formed. This again is not

casting any reflection on the County Tax Boards or the Assessors. The real fact is that some of the local assessors are pushed by the local public officials in granting or not granting - in most cases, granting - these exemptions which ought not to be granted. Again some of the Tax Boards do not have lawyers on them. Essex has been fortunate to have several lawyers on. We now have one lawyer, Commissioner Glavin, and I happen to have been Secretary for the past 19 years. But the exemption statutes, as you know, are to be strictly construed and certain legal points must be proven. And I dare say that most of the Commissioners in these outlying counties who do not have attorneys on their staffs have difficulty interpreting them correctly. If I were to go to the Attorney General's Office on every case involving a legal question, we would never get through with our work and that's the reason for this recommendation. I think it is a good one.

I would, sir, repeal Section 54:4-3.26. That pertains to fraternal organizations. That statute has been held unconstitutional in any event by the Rutgers Case. But you would be surprised, Mr. Chairman, how many of our fellow members of the Bar don't do their homework and they come in on an exemption and cite 54:4-3.26 as the right to exemption for the fraternal organizations.

I would amend, and very strictly, 54:4-3.6. I would check that out very minutely. But in any event, I would delete from that section that portion which refers to all buildings actually and exclusively used in the work of associations and corporations organized exclusively for the moral and mental improvement of men, women and children, and it goes on to give some more.

The reason for that is very apparent. I may belong to a fraternity who in my opinion does something for me as an individual, but whether it does something for everybody in a taxing district, I doubt very much, and since the section 54:4-3.26 was held unconstitutional, everyone is now coming in under that section. It is most difficult and again if a member of the Bar is sitting with the Board, he will see that every point is proven in order to comply, but most people will feel that just because they are organized under the statute "not for pecuniary profit," they are automatically entitled to an exemption. This we know is not so. A lot of counties, for example, are granting exemptions on church-owned land which is maybe five or six miles away from the church itself, regardless of use, and this is not so under the law.

So these sections here must be clarified and a very close scrutiny of this section should be made, deleting those portions which do not apply to certain areas so this catch-all phrase doesn't give us the headache that it does. I could cite many, many examples. We have now what I call the "blackjack" cases. A hospital needs technicians. A technician says, "Well, I won't work unless you give me room and board." Well, they don't have any room in the hospital so they buy the two-family houses within a block or two of the institution and they come in and they want to be exempt. There is a question of law involved here as to whether they are entitled to exemption. Some county boards look favorably on them, others do not. Some of those cases are now before the Judges of the Division of Tax Appeals. Matters of that kind ought to be clarified.

We have hospitals now with parking lots. St. Barnabas -- if I mention any group, it is not because I want to pick any group, but it is because of a specific example.

ASSEMBLYMAN APY: Let me say that to the extent you can give us specific examples, I think the Commission would appreciate it.

MR. SOLIMINE: I will do it without any animosity.

ASSEMBLYMAN APY: Right.

MR. SOLIMINE: St. Barnabas, for example, leased a section of their area up there to the Kinney Parking. Well, we felt this was out of the category of exempt property and we taxed them. Now the same thing is happening to another hospital.

ASSEMBLYMAN APY: As a matter of curiosity, did they appeal?

MR. SOLIMINE: They didn't come near us. They settled with the town. They arrived at a reasonable assessment which we felt was all right after we raised the question.

ASSEMBLYMAN APY: And they are therefore paying taxes on that piece of property.

MR. SOLIMINE: They are paying taxes on that.

Now another hospital - one of my Commissioners went up there recently to pay a visit and he was charged 75 cents for parking. I have asked the question - the Board has asked the question - we haven't got an answer yet. But these are the cases that are creeping in here and should be checked into very, very carefully. We are losing an awful lot of tax ratables.

While I am on that point, Essex County this year picked up \$200 million in additional ratables. Yet through the equalization process, we lost \$10 million. The County Treasurer couldn't understand why we would lose \$10 million in the over-all picture

when we picked up \$200 million in additional ratables. But the fact is that we have reached the bottom of the barrel. There are too many exempt properties around and something has to be done. We have religious groups selling books in book stores and receiving rents and we denied them. The State Division says they are entitled to it.

We have the YMCA. They have apartments. They are buying up apartments, not on the YMCA grounds, and renting them out for rent. Well, we denied them. The State Division puts them back and this is the way it goes. You have to hit and hit hard at these exemptions if you want to put a stop to this thing.

I could go on and on with this type of case and show you. Another case that is very, very noticeable - we have an old women's Jewish Community in West Orange. I think the assessment up there is close to \$2 million. They are exempt in Essex County because the local assessor put it on, but up in Clifton the same type of home is taxable and there is no sense to it because there is no uniformity throughout the State.

ASSEMBLYMAN APY: Could I interrupt you at this point, being we are talking about examples and inconsistencies. You have given us the basic breakdown here - you submitted to us earlier - of the various categories and the values of the properties. Do you think that you could supplement your testimony at a later date by giving us some of these examples of particular cases where the Essex County Board has, for example, ruled against exemption and where you have then subsequently been overruled on appeal? The YMCA one you mentioned, I took to be one of those.

MR. SOLIMINE: And the hospital situation is another and I'll go down to number 8. I will skip 6 and 7 for the time being.

Now exemption of Salvation Army. Now nobody quarrels with the work the Salvation Army does and the amount of work and the wonderful work that it does. In my opinion, there is no reason why they should not be exempt, that is, their main working building. But what they are doing now - they are buying up two-family and one-family homes in various towns in Bloomfield and in Newark, values running anywhere from \$22 to \$30 thousand and asking for exemptions for dwellings for the staff. Now we have turned them down. We don't think that this is the right category, that they are entitled to exemptions on this kind of thing. But they are again relying on the statute which exempts Salvation Army and under that statute for the benefit and moral welfare of men and women and so forth.

Going back to number 6, I would cut the acreage down to three acres for the entire complex.

ASSEMBLYMAN APY: From five.

MR. SOLIMINE: From five. And I would make it crystal clear that it does not apply to five acres for each building. Now a typical example in Essex County where the Board was overruled is the Marcus L. Ward Home for Respectable Bachelors. I don't know how many respectable bachelors there were in Newark when this trust was set up. But they own 35 acres of land up there and they have five acres for each building because there is that ambiguity in the statute and it has been interpreted that it means five acres for each building. I think that the Commission ought to take a good hard look at that sort of thing. In my opinion it

shouldn't be exempt in the first place because these trusts were set up before Social Security and Medicare. And if we unfortunate married men have to go to the nursing homes, well, I am afraid the respectable bachelors will have to follow suit. It gets to a point where it gets silly.

The Senator may know what I am talking about. Up in West Orange they used to have the Big Troop, the Essex Troop. That has been disbanded. But now they have the miniature or the Junior Essex Troop, little fellows around five or six years of age who want to learn how to ride. And their property is exempt. Everybody can't get into that Essex Troop. You know what I mean. If you get a boy from the Central Ward of Newark, he couldn't get in there if he stood on his head, let alone own a horse. That type of an exemption should not be allowed. If they want to pay for this luxury, let them pay for it. The taxation should not fall on the general public or the landowner in that community. I will talk more about this three acres when I get down to the churches, Mr. Chairman.

ASSEMBLYMAN APY: Let me interrupt you for a minute. You alluded to the Senator. I would like to acknowledge Senator Dumont's presence on my left. He just came in a few moments ago.

MR. SOLIMINE: Only because he is active in the Guard. That's the reason I mentioned him.

SENATOR DUMONT: That's the senior part of it. [Laughter.]

MR. SOLIMINE: Number 7. I think I am right. I didn't have the Annotated Statutes. But I think Title 15 refers to religious organizations and churches. I would strengthen that tremendously. At the present time, as I recall the law, Mr. Chairman, a fellow

could come up from the South or anywhere else in the United States with a fez or a toga and say he is the Messiah from so and so and so and so. And immediately he gets together 15 people and he posts a notice under the statute on the door and holds a meeting and incorporates under the incorporation "not for pecuniary profit," and he is a church. It seems to me that that number of people ought to, number one, be increased. Number two, that there ought to be some evidence from the higher-ups that he is an ordained minister. I don't care where it comes from, but if he is of the Moslem faith or whatever faith it may be, that he give some proof that he is a minister of the cloth and entitled to hold services and so forth, that exemption be denied if he and his family live behind the so-called store, you know, and therefore the whole house is exempt.

I had this situation as a Rent Director. We had plenty of problems and there are plenty of problems in the urban areas and I think you can help the urban areas. This is not depriving anybody of the privilege of forming a religious group. It is a question of strengthening the situation to see that a truly honest minister of the cloth or an ordained minister is there to conduct the services for which he is ordained. And I think it would make the job of the assessor in the community that much easier. Now they keep denying them in Newark and they keep coming up here and we keep denying them. I don't think they have gotten too far. But the members of the Bar keep coming up on these petitions and say they are entitled to exemption because of this statute. I think you ought to strengthen this statute.

I have already talked about the Salvation Army.

My first and second recommendations were the Tax Appeals Division becoming full-time judges and being incorporated in the judicial system.

Number 9 is that all exemptions to private schools and colleges be denied. There are many reasons for this. There are cases all over the lot, from Princeton all the way up to Blair Academy where they were given exemption on the golf course and everything else. I don't quarrel with the reasoning of the courts. Peddie has another situation. It is again the case where personnel says, "We have to reside on the premises in order to work for you." It is a "blackjack" case. I give it the name. Another reason for it, Mr. Chairman, is that if a community - and I'll pick two, Montclair Academy - Senator, don't wince because my son went there too --

SENATOR DUMONT: You are certainly picking them today.

MR. SOLIMINE: I'm picking them today.

SENATOR DUMONT: Every place I have been to.

MR. SOLIMINE: My son went there too. But Newark Academy and Montclair Academy - Montclair is saddled with this Academy and Livingston is saddled with Newark Academy and the boys come from all over the area outside the county. Now why should Montclair as a taxing district be saddled with this exemption? If you don't want to not give them the exemption, then some formula ought to be devised whereby it is charged to the county on the same basis as the Fox-Lance Bill or a payment in lieu of taxes under a formula which would at least pay the two for the services that are being rendered to these institutions. A percentage of that would go to the county for county costs, pursuant

to the leasing terms that the government enters into in most of their leases with the municipalities. They insist on a certain percentage of the amount in lieu of taxes.

But this payment in lieu of taxes, if the Commission sees fit that this ought to be done rather than deny the total exemption, it ought to be approved by the County Board for this reason: When I was in the Legislature - and we are now talking about the great Port of New York Authority - Tobin was a lot younger in '45 and '46. He had a lot more pep than he has today. The Truck Terminal Bill was assigned to my committee and I refused to let it out because of the fact that I didn't think they should go into the truck terminal business and, secondly, I thought it ought to go at least on the airport property -- the Port Newark property. Well, the pressure from Mr. Tobin got so bad and the last month between the papers and the financial institutions of Newark, the pressure got so bad that I had to release the bill. Well, to make it short, the terminal was built almost 15 years ago and it has never opened. Here is a six million dollar facility paying Newark only \$4800 in payments in lieu of taxes. That is why I say I think that whatever is done in payments in lieu of taxes ought to be approved by the County Tax Boards to go into it to see if it is fair, based on the rental income. Now everything at that truck terminal is leased to private business and all they pay to the City of Newark is \$4800.

So if any payments in lieu of taxes are considered for approval, the lease ought to be submitted. I could give you other examples. We have another one under investigation now in the City of Newark, municipally-owned property, where all the

tenants are State agencies, except Western Electric and a couple of union offices and it was built by the City of Newark and rented to a concern. Now it has changed hands several times. They added two more stories and I don't think the City of Newark gets one extra dime for the two stories. This was under the Armstrong Act, Mr. Senator. You remember it.

SENATOR DUMONT: Wes Armstrong, yes.

MR. SOLIMINE: I think that these city-owned properties that are exempt and rented out - the leases ought to be submitted to the County Tax Boards for examination because you will get no help at the local level. This is helping the urban centers. It seems they don't want to help themselves and somebody has to help them.

ASSEMBLYMAN APY: May I interrupt at this point and ask you if this is correct. Would it be fair to say your main thrust in this particular area is to take the ruling on exemptions away from the municipality really, the local level, and have it passed on either by the County Tax Board or by a separate Division of Tax Appeals within the court so that there would be uniformity of rulings throughout and consistency as it applies to exemptions?

MR. SOLIMINE: Well, that is substantially what I am saying. However, you don't have the situation on the Division of Tax Appeals that you had six or seven years ago because now they are judges. Before they were tax commissioners and some of them were not members of the Bar. So now if these fellows do anything wrong, it is a reflection on the judicial system because they are now called judges and being paid \$17,500 for part-time pay and we

are 5,000 cases behind in the City of Newark, going back to 1965. So if justice has to be done on tax matters, there ought to be something where they are controlled by the judicial system. If you pay them the same amount as the judges, you will get this work done and brought up to date. There is no point in paying \$17,500 for a hearing once a month and being so far behind.

ASSEMBLYMAN APY: Let me interject at this point. I would hope that you could give us your reaction to a bill that was put in last year which would in effect abolish the system that we now have and set it up within the court structure.

MR. SOLIMINE: I am all for it.

ASSEMBLYMAN APY: Assemblyman Evers introduced that last year and I was rather interested in it. I don't know whether it is back in. But if you could look at that and give us your reaction ---

MR. SOLIMINE: I know all about it. It has been at the State Bar level and everything. We have been pushing that for five or six years. But the Chief Justice, I understand - this is from hearsay - I haven't talked to the Chief Justice - was formerly against it. Now with the title of Judges - they were paid, I think, \$10,000 before - now they are being paid \$17,500 and they are called judges and they are all lawyers on the bench. Again I go back to the District Court - it is silly to try a \$50 case in the District Court and give these fellows -- Take the Prudential case, for example, involving \$14 million. Not to give it the attention it deserves is too bad. I mention one corporation and say that it is too bad. This is so right down the line. It isn't only that. We have apartment houses which run into

millions in Essex County and it is not fair not to give it the time that it deserves. And what is happening more than this, Mr. Chairman, is that the trial before the Commission at this time is on a trial de nova basis so the County Boards don't mean a thing when they would put a token case before the County Boards just to get before the Division and then they will bring in whatever experts they have. We have been trying to get some amendment that at least cases over \$25,000 will go up on the record. So we will know at least the County Board will do their work and the State Division or the judges will at least know what type of evidence was presented at the local level.

We have another situation and maybe we might as well put it in the record. They will say one thing before the County Boards and go before the State Division and say absolutely another thing and it is entirely different. It is a bad situation and it ought to be corrected and I think under the Tax Convention the procedure as well as the tax base will be considered.

ASSEMBLYMAN APY: Let me introduce on the far right Senator Tanzman who has just joined us. Good morning, Senator.

MR. SOLIMINE: Getting back to these private schools, that's a pet subject of mine. Most of these schools, they set up with trustees. About twenty years ago when I came on the Board, they were being taxed. But they set up some sort of a trusteeship and got around the law and therefore are exempt. We have, I think, three or more in Essex County. We have Cartaret, Montclair Academy and Newark Academy. We have Kimberly School for Girls. We have quite a few if you look at the digest that I gave you. You will find it runs into thousands

of dollars.

They are really privately owned. There is a lineage there in the family. Bordentown, for example, is owned by the Landons from Llewellyn Park and everybody knows this. But they set up a trusteeship. It is like these foundations that the Federal government now is trying to hit, these charitable foundations. I think they ought to pay their just share of the taxes. These boys that go there can afford it. It is not a public school. As I said about the lodges, if I am called upon to pay \$5 extra a year, fine. But it hits the communities and I think it ought to be looked into very, very carefully.

ASSEMBLYMAN APY: Let me ask you what your definition of a private school would be?

MR. SOLIMINE: Well, a private school is where children go who pay a tuition primarily and is controlled by a board of trustees that have nothing to do with the public school system.

ASSEMBLYMAN APY: All right. Sliding over then, how would you fit into your definition a school that was sponsored by some religious denomination of which the majority would be Catholic, such as their secondary schools, some of which are in the category of private. I am familiar with one in our county, Christian Brothers' Academy. Part of the cost of that is borne by tuition, but let's say half of it is borne by the denomination, itself, or in this case by the Brothers or the particular organization that runs it. Would this be a private school within your definition?

MR. SOLIMINE: It would. But I have a different category for that, for religious institutions.

ASSEMBLYMAN APY: All right. Including religious schools.

MR. SOLIMINE: Yes. I have a different category for that.

ASSEMBLYMAN APY: Oh, you are going to get to that.

MR. SOLIMINE: I will cover that in a few minutes.

ASSEMBLYMAN APY: When you talk about a definition of a private, you are talking private, non-religious?

MR. SOLIMINE: That's correct.

Now in Essex they have a country day school, they have pre-kindergarten classes that come under this 3.6 that I am talking about under corporations not for pecuniary profit, and they are charging them to baby-sit these kiddies, you know. It seems to me that they ought to bear a share of the taxes even if in the final analysis this Commission goes to a payment in lieu of taxes for the services supplied these institutions in the form of fire, police, water, sewer, etc. Again I emphasize if it is done, it ought to be controlled at the county level somewhere so that the amounts decided upon are not ridiculous amounts because of political pressure at the local level. Let me put it that way.

ASSEMBLYMAN APY: This gets back to what we talked about before. You want to take it out of the local pressures.

MR. SOLIMINE: My theory is this - deny everything and let the judges decide whether they fit into the categories - ownership - when did they own it - are they really non-profit organizations - where does the money go - what is the financial status. These are all points raised in the law. I can't enumerate them all to you. But only a person that is knowledgeable in the law unless you give someone a list is familiar with this. Then there are exceptions

in the cases like some of the cases that I have mentioned, the Princeton case where the supervisor lives on the grounds in his cottage and the Blair case, where they got around it - they said, "Well, we won't charge them for the golf course even though they let outsiders play, but they supply us water," or something to that effect as I recall. They get around it a little bit. I think all of these decisions ought to be looked into and checked to see how they get around it very, very nicely. But in the final analysis, I don't think it is right and it creates a hodge-podge.

Down in South Jersey, I understand from Commissioner Borden that they exempt hunting lodges. They have these lodges in the woods and they exempt them. Under what theory? I suppose "not for pecuniary profit." But they are clubs. So you see it is different all over the State. You have to pull all these loose ends together.

As I say, if you categorically say "denied" at the local level - "denied" - let them appeal, a simple process, to the Tax Court and let the judge sit and hear the evidence to see whether they come within the purview of the section after you have cut it and tailored it.

Again going back to private schools, we have, for example, churches of various denominations that now because of the urban situation are moving into suburban areas and buying up 35 acres or something like that and most of the congregation doesn't live in that municipality at all. This again is an unfair burden on the particular municipality. In those cases where it is a must, I suggest again that you cut down the acreage. It is getting to

be silly even under the Farm Land Act. Under the Farm Land Act we have been protected a little bit by the decision of Judge Handler in the last three or four months in the East Orange Water Reserve. My good friend Mayor Kelly tried to get the water reserve exempted on the ground that they cut wood up there because the Farm Land Act mentions timber and so forth. Well, Judge Handler said that the primary occupation of the person is controlling so far as farm land exemption is concerned. But up in Roseland we have a national company who has bought 35 acres of surplus land and they have now applied for an exemption on the ground that they raise five acres of corn and sell it for \$500. This could be carried out tenfold on the silliness of some of the provisions. If this keeps going on, my recommendation - and I don't want to hurt the farmers - is that the whole Farm Land Act be repealed if we are going to be hurt this way.

SENATOR DUMONT: We are working on a revision of it now, but not to the extent of repealing it or destroying the effect of it.

MR. SOLIMINE: Well, you can see what the problem is, Senator. For example, in Essex County, I don't think we have any farms left.

SENATOR DUMONT: You don't have many - that's right.

MR. SOLIMINE: You can say, "Look, it only applies to certain counties." I don't know whether the law would be constitutional.

SENATOR DUMONT: It was a constitutional amendment, if you will recall, that was adopted by the people of the State in 1963 by an overwhelming majority.

MR. SOLIMINE: Now you have the pipeline case. The pipeline

bought up some land up in Middlesex, I think, and they want to now plant something and be exempted. I don't think this was the intention. The intention of the act was to preserve the farmers' status in New Jersey as far as it could possibly be. But with these cases coming up, I think you have to spell it clearly in the law that it is out. It is out. You can't do it unless your primary occupation is that of a farmer 365 years a year. The act ought to be revised. They have timber in there, they have horse raising in there - I was going to say horse racing.

SENATOR DUMONT: Not in the western counties. I can tell you that right now.

MR. SOLIMINE: You have too many rocks.

SENATOR DUMONT: No, but it is being enforced the way it is supposed to be. What we are working on by way of revision is the possibility of increasing the amount of money, the gross receipts above \$500, not to a point where it is out of sight by way of minimum income, but at the same time the more acres that are devoted actively to agriculture and horticulture, the more gross receipts you have to have in order to qualify.

MR. SOLIMINE: That would be a good formula, it seems to me.

Now we get down to the headache, the churches. I think that this can only be resolved at a Tax Convention frankly. But for the time being, I would say that the same provisions that I outlined under the five acres for the time being be put into effect for the churches. In other words, I don't think that the amount of praying and the quality of praying depends on the size of the parish or the particular building. If you give an acre for the church and two acres for parking, that ought to suffice for

the purpose. But again what is happening from our experience? There seems to be a contest as to which parish - let me quit using the word "parish" - maybe I shouldn't - I can't find a better word - should be bigger or be in the forefront and they keep adding and adding and adding and again that five acres per building is applied.

MR. WILSON: Bishop Pike referred to it as the edifice complex.

MR. SOLIMINE: I'll stand corrected.

There are many, many examples that you can go into. We have one in Verona - I think that's where it is. Oh, about 15 years ago -- the church is about 1000 feet off Bloomfield Avenue and they bought all the vacant land right to Bloomfield Avenue, taking half a block of the most important business area. There is no need for it. What is happening is that some of the churches are building bigger and better halls. I am not criticizing them; I am just bringing out the facts. I just don't want anybody to hit me on the head.

I think they ought to put their house in order. They are building bigger and better halls. Instead of Bingo on a Monday night, now it is Monday and Wednesday nights or Monday and Friday nights. Then on Saturdays they will hold big gala affairs, get a one-night permit from the ABC Department, charge \$20 a couple, and I don't think that this is right. Again if you will check it out, you will find especially in some of the rural counties, this acreage is getting to be silly that they are buying as part of the church complex.

I think that if the bottom of the barrel is being scraped and

we don't have any other place to go - I don't know what else is going to be done. But in any event I come back to my former remark, there has to be if nothing else is done some sort of formula where they pay at least for the services rendered by the community in the form of actual services of sewer, water, fire and so forth, on a reasonable formula that has been adopted.

There was an article in last night's Newark News. I want to show how important this thing is getting. The real estate men up there are complaining. "Plainfield hears pleas to halt spiralling tax. The President of the Board of Realtors estimated that a \$44,500 home in Basking Ridge pays approximately \$1,150 in yearly taxes, while the owner of a \$29,000 home in Plainfield pays \$1,250 in taxes." If either one of these homes were in Newark, the \$44,000 home would pay \$3738 and the \$29,000 one would pay \$2436. That is how absurd the tax picture is. They have to pick up the tax dollar somewhere and I don't know where else they are going to pick it up.

We have our sales tax going. This doesn't refer to the Senator again. I keep picking on the Senator.

SENATOR DUMONT: That's all right. Don't worry about it.

ASSEMBLYMAN APY: He has been picked on before.

MR. SOLIMINE: I was against it; he was for it. But I don't know what else? What else have you got? The income tax maybe coming up? That's a bad word.

SENATOR DUMONT: That I would agree with you on.

MR. SOLIMINE: So they have to do something for these taxpayers, the one-family and two-family homeowners. Mr. Chairman, something has to be done and nobody should feel hurt. A lot of

counties exempt women's clubs. We say "no" in Essex County. I don't know the amount of work. One women's club comes under the category of historical home. Well, the home is about 300 years old, but it is not owned by the State and under the statute it has to be owned by the State to be entitled to exemption. But this is the way it goes all over the State and I think something ought to be done to at least make it uniform. I say the only way you are going to do it is by the so-called Tax Court who will apply it uniformly, whether they come from Camden, whether they come from Warren, whether they come from Essex or whether they come from Sussex. Every county will be on the same basis.

My final point, Mr. Chairman - we have had problems in Essex County. We tried to put a bill in and we haven't gotten to first base. An act should be passed by the Legislature that where an exempt entity - and I don't care what it is - sells part of their land, whether it is the State Highway Department, whether it is the Garden State, whether it is Urban Development, whether it is a Housing Authority, that they must give the assessor notice and the County Board of Taxation notice within 30 days.

You say, why do you make that suggestion? Well, we had two typical cases in Essex and they just came to light because of some accident. The Garden State Parkway sold a piece of surplus land to a person and he takes the deed and puts it in his pocket. Well, there is no way the assessor can know that that land was sold from an exempt to a non-exempt entity. So when we finally caught up with him, there was a violation. Rus knows what I am talking about. That's why he is laughing. In this

particular instance, there was a violation on the property and it was necessary to get the name of the person who owned it. They said, "The Garden State owns it." The Garden State said, "No, we sold this five years ago." But under the Omitted Assessment Act, we can only pick up the one year and the one year prior. So you lose the three years.

In another case, it happened to be a church edifice. They sold it. The gentleman put the deed in his pocket, didn't even record it, and there was almost an indictment in that case. But no taxes were paid and in that case we were fortunate to get the two years taxes. But there ought to be something tied down here. If the State sells a piece of property that is exempt to non-exempt, they ought to notify the assessor or the County Board within 30 days. Now if 30 days is too short, make it 60 days. At least, if it is before October 1st of the year, you might make it any way. But it should be, I think, before October 1st because under the Omitted Assessment Act, you have to pick it up from the day it was sold in order to get it on the books by October 1st to pick up the assessment.

ASSEMBLYMAN APY: Send us a copy of the bill.

MR. SOLIMINE: All right.

ASSEMBLYMAN APY: At this time I would like to introduce Assemblyman McLeon on the far left who has just joined us. I would like to go back and touch on a couple of things that you have alluded to.

I think we have covered your basic idea in so far procedurally as to the changes you would recommend. You have given us here a group of figures from Essex County of various institutions that

are exempt. Now the figures that you have given us here are the figures from the local assessors, is that right?

MR. SOLIMINE: They are right from the tax duplicates.

ASSEMBLYMAN APY: Right off the tax duplicates. Do you feel that these are realistic figures as they pertain to the ones you have given us?

MR. SOLIMINE: We don't know. We can't tell. Some counties don't even put it in the tax duplicate.

ASSEMBLYMAN APY: I am concerned with what you have given us here particularly from Essex. Do you feel that your figures here are a realistic reflection of the values of these properties?

MR. SOLIMINE: I think that they are low.

ASSEMBLYMAN APY: Would you hazard an indication as to how low?

MR. SOLIMINE: Well, let me pick out the building in Newark, for example, the one I was referring to where the State Offices are. I think they were carried on the exempt rolls for about \$2,700,000. I think I am pretty close, Mr. Chairman. But that building you couldn't buy for six or seven million. And the only reason it is kept at a low figure is because under the Armstrong Act, it is picked up as municipally-owned property and the ratable put in the equalization table. So by keeping it low, they pay less county taxes and they couldn't care less.

Now we are having a discussion presently at the State level. I happen to be Vice President of the New Jersey Commissioners and Secretaries and we meet monthly. Some counties don't even carry those figures. And we are urging that these figures be brought to a realistic value because under the Omitted Assessment

Act, as soon as that property is sold, the figure that is put in the back of the duplicate on the exempt is the figure you pick up. You cannot increase it.

ASSEMBLYMAN APY: You cannot increase it?

MR. SOLIMINE: No.

MR. WILSON: For the current year.

MR. SOLIMINE: For the current year. October 1st you can. Now the Marcus Ward Home sold 8 acres to the Township of Maplewood. You see in all the cases they needed this every inch of land. But all of a sudden they could get rid of eight acres to Maplewood for building a municipal pool. We are watching it to see at what figure it went. But we may have trouble because it went from one exempt to another exempt. It is going to be interesting to see what Maplewood paid for it and we are watching it to see how these figures shape up.

ASSEMBLYMAN APY: So in effect then, these figures that you have given us we can't have complete confidence in. This is one of the things incidentally this Commission is trying to do.

MR. SOLIMINE: I think they are on the low side. It is my personal opinion because the assessors say, "Well, it's not taxable anyhow, so what difference does it make."

ASSEMBLYMAN APY: Another area that you have alluded to, but you haven't given us any specifics - you have indicated that a formula could perhaps be worked out. Let's take, for example, the private schools. How would you suggest we go about that formula?

MR. SOLIMINE: Just off-the-cuff thinking, I would think that the local assessor would try and find out from the municipality

what, for example, the sewer service would be worth to that institution. They know what it would be worth to a private residence. In some municipalities in the southern part of the State and some in the northern part, they assess them so much a year for sewer service. You would have to make a study. You would have to find out, for example, if they don't have private garbage collection, what is the garbage collection worth? What is the fire protection worth in the form of insurance and so forth to the school? What is the police protection? Some figure has to evolve of so much per room or so much per building and I am not prepared to say at this time off the cuff what it should be.

ASSEMBLYMAN APY: Well, let me say this: I think we would be anxious and happy to have after further consideration by you some more specific thinking on the formula. I think this carries over to the religious as well. You haven't alluded to hospitals, but perhaps for hospitals, the same sort of thing. In other words, there are various formulas that have been suggested as possibilities, perhaps just the land alone. Put the land in and let them pay taxes on the land. This is a very simple formula perhaps. Perhaps somebody would suggest a formula that encompasses trying to put it on income, the same as a business property figure, what the income is and apply that. Someone else might suggest a formula that would consist of paying the equivalent of the municipal rate and recognizing the fact there is no burden on the schools, take that into account.

MR. SOLIMINE: Something could be done. They worked it on the Fox-Lance Bill. We capitalized the net and then put it in

the equalization table. We worked it back from the tax dollar into the ratables. Something along that line could be done. You can't do it willy-nilly. I don't think a member of the Legislature would be willing to vote on a matter like that unless he were given a picture of particular examples.

Mr. Chairman, I think the time has come when each one ought to bear a little bit of the burden. I will give you another example of what is happening now and it is going to keep happening. Hospitals are now buying up nursing homes as a sort of a necessary adjunct of their operation and they are immediately applying for exemptions. Now you know, with Medicare, it is my understanding - I may be wrong - but it is my understanding from experience that these nursing homes are making money through Federal grants and Federal programs.

ASSEMBLYMAN APY: Are they making money or breaking even?

MR. SOLIMINE: I don't know.

SENATOR TANZMAN: Are you talking now about private nursing homes?

MR. SOLIMINE: That's right, being taken over by hospitals.

SENATOR TANZMAN: I assume private nursing homes remaining in business are making money; otherwise, they wouldn't remain in business.

MR. SOLIMINE: I understand they are getting money from the Federal government. Everybody is looking to build nursing homes. There must be a reason.

SENATOR TANZMAN: There is a reason hospitals are going into it because the cost per patient day in general hospitals has reached a point where it is almost prohibitive and only the very rich or

very poor can afford to go to the hospital. The hospitals have found by having a nursing home for those people who are not as ill, but still need some care, they can release a bed in the hospital and take care of them in a nursing home annex, so to speak, at a lower cost, a lower cost to the people and a lower cost to the community which in effect is supporting the hospital. There is a good sound reason for it. As to the taxation angle, that is something else.

MR. SOLIMINE: I understand, Senator. This is the reason they have advanced to us. What do you say to a nursing home on Park Avenue that is away from --

SENATOR TANZMAN: There may be some other points. The point is very valid though that it is cheaper for the hospital to have an annex, whether it is immediately next door or a block away - preferably, it ought to be next door - to have that annex for a nursing home than to build more rooms at a tremendously higher cost.

MR. SOLIMINE: It wouldn't have any connection in the sense I am talking about. It is 15 miles away.

SENATOR TANZMAN: That may be another problem.

MR. SOLIMINE: It bears looking into whether they in that municipality pay at least something to take the burden off the particular municipality.

ASSEMBLYMAN APY: The reason I am asking you to even go a little further than what you have is because of the fact that it is persons such as yourself -- and incidentally I might say to you people we may very well ask you to help us by doing some homework and giving us your suggestions for formulas and your ideas. It is easy to say "work it out," but we have to have

something to work with.

On this formula question, we didn't get back, I don't think, to using as perhaps the best example the parochial schools that are essentially private yet on the other hand are supported, as an example, 50 per cent by the particular order or denomination. Now in this case, how do we arrive at a formula for those particular ones?

MR. SOLIMINE: Mr. Chairman, I am not prepared to answer because I think it is one of the things you are going to have a problem on. I am now speaking as a former member of the House, knowing what the pressure is. I don't think you are going to get any legislator to vote on this subject unless it comes on a recommendation from a Tax Convention. They will all run for the hills. But I think you must approach it realistically. I think if you hit it on the three-acre plan in the first instance, you will be at least cutting down this unnecessary expansion. I don't say this for every one, but generally the way it is working out. Then I think it is going to take a lot of hard work at a convention where the subcommittees will study this, go into every phase of it and come up with the answer. I don't think I as one individual have the answer for it.

ASSEMBLYMAN APY: I have one more question myself. The other members of the Commission may have some additional ones. In Essex County can you give us an approximation of the extent of land that is exempt by the particular organizations that we are concerned with? What percentage of the total valuation of the county is it, say 5, 10, 15, 20?

MR. SOLIMINE: Well, the total amount of exempt property is

\$1,069,128,790.

ASSEMBLYMAN APY: Does that include your municipal, State and county or is that just your charitable, philanthropic and educational?

MR. SOLIMINE: It includes everything. It includes public school property, other school property, public property, church and charitable property, cemeteries and graveyards, other exemptions not included in the foregoing class.

ASSEMBLYMAN APY: It is your final column in the table.

MR. SOLIMINE: As long as you mention that, this reminded me of another thing - cemeteries. When I was in the Legislature we had a legislator down there, old Tom Muir, who has since gone, but was a wonderful person. Well, every time the cemetery situation came up, the roof would go off the State House. You couldn't do anything about it. In those days, they would take three or four hundred acres, they would put a body in it and it's a cemetery and it is exempt. I think if you look at the situation today and the money that is being charged and the amount of moneys collected, you will be surprised. Now they keep yelling about the maintenance and so forth. But if you look at the purchase price of the land, what they pay per acre and what a grave is sold for, it seems to me again that they ought to bear their just share of the burden. I don't care where it is and what it is. It is tough to pay taxes when you are dead.

MR. WILSON: I was going to say, who can we assess?

MR. SOLIMINE: You have to take another look at this and at least again in the first instance until the whole thing is

resolved, they ought to pay at least the cost. They must have county roads in this area. You know at \$18 an hour to clear snow - and I know what I am talking about. I was Chairman of the Road Committee in Essex County for six years and the prices have gone from \$9 to \$18 an hour to plow snow. They must have county roads around that place. At least these county services ought to be paid for by some sort of a formula. They just can't get away without paying their just share of the taxes.

ASSEMBLYMAN APY: Would you recognize a valid distinction between the more active cemeteries, if I can so describe a cemetery, and those that are the older ones that have existed for years where burials are once a year or once every two years?

MR. SOLIMINE: They have trust funds. They have funds where they were paid for it. I have one paid since 1941. I hope I don't have to use it too soon, but they have my \$1200 all these years and if they have invested it correctly, they must have gotten some money on that \$1200. The formula, if it is worked out, ought to be equitable. I think if it is an equitable formula, no one should complain and it is generally these people that are complaining about the taxes on their homes that have got some sort of a vested right in these other things that they are getting away with.

ASSEMBLYMAN APY: Senator, do you have any questions?

SENATOR DUMONT: Joe, I think you said that the Port of New York Authority only pays the City of Newark \$4800. Is that right?

MR. SOLIMINE: On that truck terminal.

SENATOR DUMONT: On the truck terminal.

MR. SOLIMINE: We got another \$33 million from them, Senator,

as a result of our county work. This is one of my private gripes that these urban centers are not helping themselves. County boards have to go out and get it for them and I don't think it is right.

SENATOR DUMONT: Do you have any valuation of that truck terminal as to what it is worth?

MR. SOLIMINE: About six million dollars.

SENATOR DUMONT: You also indicated, as we all know, how far the appeals are behind with the State Division. What are you running? Two years behind or more than that?

MR. SOLIMINE: 1965.

SENATOR DUMONT: They haven't been heard yet?

MR. SOLIMINE: It was only through a special meeting with the President of the Board - and I want to say, he was very, very fair - Judge Lario - he came to one of our State Board meetings. Our meeting is what, next Thursday? And frankly, I was the one that pushed it and I acknowledged that I was the culprit. We were still running 1961 cases last year. Now they cleared up '61, '62, '63 and some '64 as a result of the push that we made. But, Senator Dumont, I think that denying a taxpayer the right to be heard for three, four and five years is not justice. What happens, Senator, at this level is that we keep referring -- now this year I haven't counted, but I dare say another 700 cases from Essex County will be referred because there is no purpose for the County Board in Essex deciding the case when we will be bound by a decision at the State level because there is a freeze. That's another thing, I think the freeze statute ought to be repealed.

SENATOR DUMONT: By the time you get your decision, the three years have already run out.

MR. SOLIMINE: And we don't know where to start. We don't know where to start. That's the real problem. That's a law which is not construed correctly by many, many members, even members of the Bar. Where does the freeze statute start? I know because I am in it every day.

MR. WILSON: Don't you think we should repeal the freeze statute?

MR. SOLIMINE: Oh, I tried to get Senator Clapp to do it ten years ago. This section was passed, Senator, in the 1930's and early '40's when the County Boards had 35 to 40 thousand cases because of the depression era. So they froze it for three years so they wouldn't keep coming back. But I don't see any reason for it. An assessor under his job has got to make an inspection of that property on the first of October of every year to assess in accordance with the value as of that date. In Essex County the County Board has worked it out so that if we give a decision, whether they like it or not, we will do it for one year only and they have to sign a stipulation that it is for one year only because we don't know whether an apartment house will be fully rented on October 1st or half rented. If we give them a so-called break because of not full occupancy, we want the assessor to take another look on October 1st to see whether it is fully occupied to pick up the slack and we protect ourselves. But some of the other counties, Senator, don't pay any attention at all to it and I think it ought to be repealed.

SENATOR DUMONT: Many lodges argue that the work they do - let's take the Elks, for example - that the work they do for the crippled kiddies, for example, out of the dues of their membership really saves a municipality a considerable amount of money - that if they had to raise their dues substantially, they might lose members and therefore would not be able to continue their work with crippled kiddies. What do you think of this argument?

MR. SOLIMINE: I think it is a lot of bunk. I think the Belleville lodge, for example, has a liquor consumption license, not a club license, a consumption license open to the public and should be taxed. We got another one in Orange that advertises its dining room to the public. Why? Why should this be?

ASSEMBLYMAN APY: They are in business, in other words, competing with the private sector?

MR. SOLIMINE: No question about it. Take any of the other lodges. I don't care which one you take. I said this, I think, before you came in. All right, it's for the moral uplift of men and so forth, but it is for the particular lodge and the individual enjoyment of the particular lodge.

SENATOR DUMONT: Suppose they don't rent any of their property and don't have public dining rooms.

MR. SOLIMINE: They ought to carry the load. If my lodge, for example, has to pay -- and incidentally it is taxed. I am in Ocean County at the present time because of the situation in Newark. But the lodge in Point Pleasant Beach, Senator, is taxed whereas in Essex they are all non-taxed. It doesn't make sense.

ASSEMBLYMAN APY: Is that because of a different ruling at

the county tax board level?

MR. SOLIMINE: No. The local assessor has guts enough and is not politically bound that he will say, "Look, it's taxable and forget it." There are decisions on this matter both with the Masons, with the Elks, with the Knights of Columbus, with the Women's Clubs, dating back all the way to the '30's and '40's with the State Division, that they are not exempt. But nobody at the local level has the guts to say, "Look, it's taxable." So this is why I say let the assessor automatically deny the application for exemption. Let it go to the State Division or the Tax Court, preferably the Tax Court of Judges and let them decide from the facts that are before them as to whether it ought to be tax-exempt.

ASSEMBLYMAN APY: First we have to give them better guidelines to decide on.

MR. SOLIMINE: You have to change this 3.6 and repeal the other. Of course, I say the other is held unconstitutional, but take it off the books so there is no question about it.

SENATOR DUMONT: What was that figure you gave again about the total amount of exempt property in Essex County?

MR. SOLIMINE: \$1,069,128,790. Now this, Senator, is for '68. This abstract of ratables for '69 will not be finished until the final equalization table of March 10th and after that, new figures will come up. And if the Committee is still going, I will be glad to supply that.

SENATOR TANZMAN: You don't have a breakdown as to what portion is State or county?

MR. SOLIMINE: Yes, Senator, I handed it up this morning.

SENATOR TANZMAN: I'm sorry. I came in late.

MR. SOLIMINE: I handed it up. I thought it might be of some help. It is by municipality and by categories.

MR. WILSON: But you would say that is a very conservative figure.

MR. SOLIMINE: I would, yes, very conservative.

SENATOR DUMONT: Thank you.

MR. MC LEAN: When you were referring to St. Barnabas Hospital and the parking lot, you mentioned that their parking lot was Kinney operated. Was that because you were suggesting that when such a function is operated by a private, profit-making concern, it should be taxed and if it had been operated by the hospital, then it wouldn't be? I wasn't clear on it. You mentioned the Kinney operation.

MR. SOLIMINE: If they are not making a charge for it or if they are not getting any money from a lease hold, I think it is part of the exempt status. Again, I would cut it down from five acres per building to three acres, period.

MR. MC LEAN: But you wouldn't distinguish as to whether the hospital operated it and didn't charge, the hospital operated it and did charge, or they had a concessionnaire operate it?

MR. SOLIMINE: If they are getting a rental for it, it is income. And this goes right down the line. You have churches, for example, of all denominations - they have a small hall - they have a kitchen. Some of the lodges do it. They hire it out with an excuse that they are only getting service fees, see, and not a charge. A lot of the fire houses in Monmouth County, a lot of fire houses in Ocean hold weddings. That isn't right.

ASSEMBLYMAN APY: On the other side of the coin though, we know that for the fire companies, the municipalities have to bear the expense in part of these fire companies. Now because of the fact that they are getting some additional income in from another source, isn't that in the end therefore helping the taxpayers in that municipality because what they have to put up by way of subsidy is going to be that much less. And by analogy the hospitals which are already operating at a deficit and are being reimbursed by the counties, doesn't this mean that because the money ultimately comes back to the hospital that the county is therefore paying that much less?

MR. SOLIMINE: But, Mr. Chairman, you have to stop somewhere. Now they have Bingo in every firehouse one night a week. It seems to me you have to put the stop somewhere to protect other interests who are paying their taxes.

SENATOR DUMONT: Suppose on the other hand, Joe, you had a paid fire department in every municipality in New Jersey doing the same work that volunteers now do, wouldn't that also cause a tremendous tax increase at the local level?

MR. SOLIMINE: Yes, at the local level. But there is a contribution, Senator, at the local level all the time. I only brought that up to show how this is spiralling and how it is picking up. This is not the only situation. The churches are doing the same thing. The Knights of Columbus are doing the same thing. They get these buildings, they can't support them, and then they rent them out for affairs. This is a general statement that I make, not particularly to one area. We had no problem, for example, in Cedar Grove. Cedar Grove has no problem taxwise. They get a rebate which is a very bad law. You

ought to take a look at it, Mr. Assemblyman. They get half the county rebate. This law was passed in 1922 when the hospital up there was furnished all the services. It amounted to \$1200. Now the hospital is self-sufficient. It has its own fire department, its own police department, its own water department, its own sewer department, and their rebate is over \$500,000. This in the equalization process - this is in the exempt sort of category -- this in the equalization process does harm to the equalization table.

Now the county boards act as quasi-legislative bodies in that act because the Legislature some years ago said, "Look, we can't be bothered with equalizing this stuff. We will give it to the counties to do it." So we act for the Legislature in this thing. So in the equalization process it is important that we equalize and equalize properly. But when a municipality gets a rebate of over a half a million dollars for services that they are alleged to perform, it isn't right. And all the other towns have to pick up that bill.

Last year, it was \$553,970. This year it will go over \$600,000. You have the problem in Bergen County.

MR. WILSON: They have excluded Bergen County.

MR. SOLIMINE: Yes. This is another in the equalization process and the Board is on to an exemption that ought to be corrected so that all the towns won't have to pay this share.

ASSEMBLYMAN APY: Anyone else down at this end of the table have any questions? How about down here?

ASSEMBLYMAN MC LEON: Just a brief question. What is your feeling or your attitude with regards to a system of payment in

lieu of taxes versus the inclusion of the ratable within the tax table?

MR. SOLIMINE: I have said that if something cannot be worked out on a total denial of exemption in certain categories - now I don't say this for all - I am very emphatic that certain groups ought to be taken out entirely and taxed - but where you find from your work that some groups ought to pay at least something in lieu of taxes, that a formula ought to be worked out, sir, and that before the municipality can come to an agreement, it must be O.K.'d by the county board.

ASSEMBLYMAN MC LEON: You are from Newark?

MR. SOLIMINE: I live in Newark, yes.

ASSEMBLYMAN MC LEON: Are you familiar with the payment in lieu of tax receipts from the Housing Authority in Newark?

MR. SOLIMINE: Yes. I didn't comment. This is a special study that I have made over the past ten years and I think it is a shame. But you have a situation ---

ASSEMBLYMAN MC LEON: My next question was going to be: Do you feel that the payments in lieu of taxes are satisfactory?

MR. SOLIMINE: No, I do not. I have contended this right along and the County Board here in Essex has been very well aware of it. But you have here a situation where a creature is created by its creator, the City of Newark, and they are not going to do anything to harm its creature. I think that those payments in lieu of taxes ought to be made higher on these institutions. And I didn't comment on it because I understood you weren't going into that. But it seems to me that there ought to be a check on this thing. The oddity of the whole situation is that not a penny

of that goes for county costs. Yet 85 per cent of our institutions, whether it is Overbrook, whether it is a sanatorium, whether it is the jail or whether it is the prison, come from that area and the county is not reimbursed one nickel from payment in lieu of taxes.

SENATOR TANZMAN: I just wanted to say that the whole in lieu payment system is completely inadequate and it ought to be scrapped because on every level the in lieu system, whether it is the State reimbursing municipalities because of State-owned property, whether it is any other level of government reimbursing in lieu, has never worked out. They are inadequate. There is no rhyme or reason to it. There is no sense of fairness to it and unfortunately this Commission is not involved in that problem. But you are right, it is a problem and it is something that has to be done because it ought to be scrapped completely and started over.

MR. SOLIMINE: Another check that you ought to make, Mr. Chairman, is the Fox-Lance - on the returns. Last year we couldn't get any returns from a municipality for three years and this year they are begging us to postpone it after March 10th. We need the figures, but they are so hard to get and so easy to cover up. I think it was a mistake in the original instance. I was against it. I told Senator Fox I was against it. I can't see any rhyme or reason why a project like the Gateway in the City of Newark that may be rented 100 per cent - it is a motel complex - should get a tax break. And what are they doing? They are building one. The Robert Treat is going bankrupt. The Military Park will go. The Essex House has gone. And it isn't

right. It just isn't right.

MR. WILSON: You think it is unfair competition.

MR. SOLIMINE: It is unfair competition. If they need any help, the County Board can get it by an appeal in many, many ways.

SENATOR TANZMAN: Now let's clear the air. The Fox-Lance is at the discretion of the municipality and the municipality has the right to grant it or not. There is no law that says they have to get it.

MR. SOLIMINE: But they give it, Senator.

SENATOR TANZMAN: That's up to the town. I am not picking on Newark or any other town. But it is up to his town or my town or any other town to determine whether or not they want to participate. They don't have to.

MR. SOLIMINE: They haven't turned one down.

SENATOR TANZMAN: I know they turned one down in my town and they wouldn't let them go in on that basis.

MR. WILSON: Mr. Solimine's objection is just this - because under Fox-Lance, unlike all the others, there is provision for capitalizing and getting into the county ranges.

SENATOR TANZMAN: I understand that.

MR. SOLIMINE: In the equalization table.

SENATOR TANZMAN: You are right about that. I just wanted to point out it was up to the towns to determine whether or not they want to participate.

MR. SOLIMINE: And we are talking about exemptions generally and this is another form of exemption that is for 20 years.

Now if they are going to do it, give it for a shorter term and let's take a look at it. Let the County Board O.K. these agreements. They leave the County Boards out entirely and that is why the County Board is here, to supervise the payment of taxes, but we are never called in. We are never consulted. The County Boards are always left out and I think this is a mistake.

SENATOR TANZMAN: You are right. It ought to be re-evaluated after a period.

MR. SOLIMINE: Take the other situation, the Hallmark in Newark. There again they leased an area to the Kinney system for parking. I don't think this was in the contemplation of the Fox-Lance Bill.

ASSEMBLYMAN APY: I think that Fox-Lance will have to be deferred until after we get through what we are doing now.

MR. SOLIMINE: I just thought I would throw that in.

ASSEMBLYMAN APY: In seriousness, we do appreciate all these other things that you have alluded to because we know that the Senators are going to be around for a couple of more years. The Assemblymen we won't know about until after November. So those that are there can carry on the work.

We thank you very much for coming and to the extent that you can supplement your testimony along the lines we have indicated, we would appreciate it.

MR. SOLIMINE: I will try to work out a formula, but it takes more than that.

ASSEMBLYMAN APY: Thank you very much, sir.

For the benefit of those that did come in a little late

who would like to testify, we will put a pad up here. I have a list of most of our witnesses, and incidentally, although the room is crowded, I know that there are many people here in a spectator capacity only, perhaps some representatives of the press, and that the actual number of groups testifying is not as large as the audience might indicate to some of you.

The next organization is the Boy Scouts of America and Judge Lane and Mr. Stanley will appear on their behalf.

A R T H U R S. L A N E: Mr. Chairman and members of the Study Commission:

My name is Arthur S. Lane and sitting at my left is Robert C. Stanley. I am a resident of Mercer and Mr. Stanley is a resident of Monmouth County and he is Vice President of the Boy Scout Council in that county.

I am a member of the Executive Committee of Region II of the Boy Scouts of America and I appreciate and thank you for the opportunity to contribute on behalf of Scouting to your study of real property tax exemptions. As your invitation suggested, I am prepared to justify the tax-exempt status of the Boy Scouts of America "both philosophically and economically."

At the outset I would like to explain the operating plan of the Boy Scouts of America. The national movement was chartered by the Congress of the United States in 1916 with principal offices in New York City. The national Scout organization is empowered to charter local councils throughout the United States. Both the national and each of 503 local councils are under the control of a volunteer board of citizens who determine policy and resolve procedural questions. The national Scout movement

moved its offices, as you are all aware, to New Jersey in North Brunswick Township in 1954.

Now in the State of New Jersey alone there are 22 local Boy Scout Councils, each of which operates a council Service Center, an office, and at least one council camp. The leadership of these local councils is composed of experienced and practical local volunteers. Many of these volunteer workers have been active in Scouting for more than 25 years; men with 40 years' service are not uncommon. The local council executive board employs a career Scout leader as its Scout executive. This professional Scouter directs the scouting program, the council program, and administers the council staff under the direction of the volunteer board. On the average, one professional Scouter serves 400 volunteer Scout leaders who, in turn, make it possible for 1100 boys to benefit from the program of Scouting. This really is the key to our organization and our program. There is a Scouting force of highly-qualified, well-trained professional Scouters. They organize and work with and train a million and a half volunteer leaders who in turn put on this Scouting program throughout America for five million boys.

Now the local Council operating expenses are met by contributions. These come from Community Chests, campaigns and directly from individuals who are interested in the Scout program. The National Council does not campaign for funds, but rather depends on registration fees and the income from related activities, such as Boys Life magazine. Local Councils report annually to the national movement and it in turn reports annually to the Congress of the United States.

Now a number of justifications have been advanced for the exemption from taxation of property used for charitable purposes. First and most important is that government desires to encourage certain activities that promote the general welfare or foster humanitarian ideals or are inherently meritorious. To this end, government aids and stimulates those activities by granting a tax exemption. We believe that Scouting is such an activity, an activity worthy of encouragement whose funds should not be sapped by a tax on its real property. Indeed, when the Congress of the United States created the Boy Scouts of America in 1916, it said that scouting was organized to promote the ability of boys to do things for themselves and others, to train them in Scoutcraft and to teach them patriotism, courage, self-reliance and kindred virtues.

Now these words chartered a course of scouting that has been followed with ever-increasing strength to the very present. Some rough measurement of the success of the Scouting movement may be seen in its rapid growth. The National Headquarters located in New Brunswick now charters and supervises more than 152,000 Boy Scout Packs, Troops and Explorer Posts. During 1968, a total of 4,600,000 boys and 1,639,000 leaders belonged to the Boy Scouts of America, 217,000 of these are in New Jersey; the ranks of former members swelled to more than 45,800,000 and include many members of the New Jersey Legislature. Since the beginning, fifty-nine years ago, Boy Scouts of America has been one of the leaders in the effort to curb juvenile delinquency, to encourage good mental, physical and moral habits, and to kindle and develop a spirit of community service and patriotism among

this country's youth. Our programs have been directed to moulding good character by training boys in leadership and self-reliance. And the benefits to society have been innumerable. Communities, both rural and urban, have witnessed the worthy deeds of Scouts, ranging from conservation of our natural resources to aid communities struck by disasters.

But today our most important and most relevant contribution is our efforts to help disadvantaged boys. In these days of Black Power and White Power, I think you will find it refreshing and encouraging to hear about BOYPOWER. Scouting's BOYPOWER '76 program is designed to serve boys in inner-city and rural poverty areas and to provide a camping experience for needy boys. These programs were begun in 1965 by cooperation between the National Council and 16 selected councils - two of these councils (the Newark Council and the Middlesex Council) serve New Jersey and one of these two serves the New Brunswick-North Brunswick area, where the National Headquarters is located. Through these programs, we are just beginning to open doors. Nearly 50,000 disadvantaged boys spent at least a week in the outdoors last year as guests of the Scouts. Upon their return home, additional Scout units were formed in their neighborhoods.

We believe that these activities must rate high in the scale of human values. We believe that these activities are most worthy of aid from government by the continued granting of a tax exemption. I should note that the Federal government as well as many State and local governments have, in view of the nature of the Scouting program, exempted the national and local councils from income and property taxes of various kinds. I can't stress how terribly important that is to all of us, for each and every one of our units here in New Jersey and throughout America have great dif-

difficulty in obtaining sufficient funds to carry on. If we had more money, each unit would expand its program and do a lot more good.

Another justification for the exemption from taxation of property used for charitable purposes is that government may seek to encourage an activity that government itself may find difficult or inappropriate or too controversial to undertake. Simply put, certain activities are better left in private hands. As a result, private resources are utilized, many minds with many views are brought to bear on problems, there is diversity and pluralistic values are fostered. Scouting is an excellent example of this. Through a tax exemption, government can aid and stimulate the Scout movement while not controlling it.

Finally, government may grant a tax exemption to an organization because of the fiscal advantages that government receives from the organization. This means that the organization is performing services necessary to the community that government otherwise would be called upon to fund directly. Since the charitable organization is supported in large measure by funds from the public voluntarily given, the burden upon government of partially supporting these necessary services through tax relief is but a small measure of what it would be if direct and total funding were required.

The economic benefits of Scouting to the New Brunswick-North Brunswick area and New Jersey are numerous and I would ask for permission to have Mr. Stanley present some specific information concerning these benefits on a national and local level.

ROBERT C. STANLEY: Mr. Chairman and members of the Panel: I have a brief statement to make.

ASSEMBLYMAN APY: May we have your full name and address too, please.

MR. STANLEY: It was given before, but I will be glad to give it again.

My name is Robert C. Stanley. I live at 578 Navesink River Road, Middletown, which adjoins Red Bank, in Monmouth County and I am Vice President of the Monmouth County Council of Boy Scouts.

I would like to present information that supports the physical advantage to a community, its residents, business and government, as a result of the existence of Scouting.

Last year 13,000 students, more than 70,000 visitors, and a long list of VIP's came to the National Office and its museums. These figures exclude the campgrounds. These touring visitors spend money within the township, county and State and their expenditures strengthen the capacity of existing businesses to pay taxes and encourage new businesses to build in the area. The Raritan Valley Regional Chamber of Commerce recognizes the drawing power of the National Headquarters by the prominent place given to the Scouts in the Chamber's new industrial brochure.

All Headquarters facilities are open at no charge to the public. This includes the recreational area, the Johnston Historical Museum, the Conservation and Nature Museum, and the meeting facilities of the home office itself.

Substantial contributions in lieu of taxes are made by the Boy Scouts of America, both nationally and locally. These contributions recognize the value of community services to the Scout property. The National Headquarters has made a large

contribution to the Township of North Brunswick and additional contributions to the local Rescue Squad, Volunteer Fire Department, Police Reserves and Rehabilitation Hospital. All these figures, incidentally, we have in the record for you.

The National Headquarters does not engage in manufacturing. On the contrary, its supply division makes significant purchases of goods from community suppliers. It does resell goods within the Scout movement, but these sales are of products, for example, camping equipment, related and necessary to the fulfillment of Scouting purposes. They are not commercially inspired or oriented.

Finally, as you may know, the New Jersey "Green Acres" program is designed to retain some property in its natural state in order to preserve the aesthetic and financial value of surrounding property. The BSA's 12,300 acres of New Jersey camp lands support this program with no outlay of State or local funds. The Scouts' annual expenses in maintaining these lands come to over \$1,000,000. While these lands are primarily used by the membership of Scouting, they also are open to the public without admission charge. In fact, the number of annual visitors to these lands was nearly three times the number of Scout and Explorer long-term campers. Mention should also be made here of more than 160 conservation projects conducted by the Scouts on property not owned by them and designed to prevent erosion and protect and beautify the land. These statements suggest the value of the Scouts' contribution. But we believe that the real economic value of Scouting to the community is inestimable.

How much is a good boy worth?

What is the economic return to the community of the

BOYPOWER '76 program?

What is the value to the community of a disadvantaged youngster spending a week at a Scout camp?

We could say that a boy in Scouting costs the community about \$14.00 a year. We could tell you too that a juvenile delinquent in a detention home in Middlesex County costs the community nearly \$4,000 a year.

But again, numbers can hardly convey the real value of these programs.

I have one other thing I would like to mention and this is a letter from Mr. E. Donald Sterner and I would like to read it to you. He is President of the Monmouth County Council of the Boy Scouts of America and he happens to be in Hawaii at the moment.

This letter is addressed to Mr. Peter C. Paulson, Regional Scout Executive, and I will just really quote two paragraphs that Mr. Sterner wished very much to have expressed here.

[Reading]

"We feel we justify the tax-exempt status of the Boy Scouts of America in the local councils as well as at the National Headquarters in New Brunswick, both philosophically and economically.

"Our sole existence is to build our boys of today to be our finer men and leaders of tomorrow. Scouting is a program vitally essential in this day and generation for the future of America and for the Free World.

"Any reduction in our exemption status would place an additional harsh and difficult financial burden on all of our Scouting programs here in the State of New Jersey. Many of our

local councils, including the Monmouth County Council, are already experiencing an extremely difficult time in raising their annual budgets, budgets to provide the necessary funds for our camp training facilities and professional guidance and leadership for our ever-increasing number of scouts numbering in the hundreds of thousands here in New Jersey.

"In conclusion, I would respectfully urge that no change be made in the present tax-exempt status of the Boy Scouts of America in New Jersey."

JUDGE LANE: To finish up our presentation, sir, I would like to state at a time when programs for the disadvantaged, for vocational exploration, and for recreation are so desperately needed, it seems inappropriate and even contradictory to hinder by taxation the Boy Scouts of America's long-established efforts to carry out these programs. To the extent that Scouting's available funds are diminished by taxation, the result must necessarily be a curtailment of their programs or government subsidy and possible control.

We very much appreciate this opportunity to present our views and perhaps you have some questions of Mr. Stanley and of me.

ASSEMBLYMAN APY: If I may, sir - and let me frame this in the context, as Mr. Stanley undoubtedly knows, of my own work with and interest in the Boy Scout program. However, you have indicated here that your National Headquarters does make payments in lieu of taxes to the municipality or to the Township and you so indicated after reciting on the other hand all of the advantages that come to the municipality or Township. Now it would appear to

me though that there is a recognition that you don't feel the total exemption is fair, that there is some sort of an obligation on the Scouts to make some payment.

JUDGE LANE: Well, there is by statute in that five-acre limitation. We don't do that in New York. New York would give us complete exemption for all our camp property, all our Headquarters' property, but New Jersey doesn't. And in effect, the National payment in New Brunswick - North Brunswick - is for that which is over and above five acres.

ASSEMBLYMAN APY: So what you are doing then is paying taxes in accordance with our existing statute. Is that it?

JUDGE LANE: Pretty much so, yes, sir.

SENATOR TANZMAN: Excuse me, Mr. Chairman, but I am somewhat familiar, coming from Middlesex County, and know some of the background of this. The reason is that this is a National Headquarters for the whole country and this is a voluntary payment on the part of the Boy Scouts. The municipality has not requested it and would not make an issue of it. But they have agreed as between themselves that they would take this payment in order to conform with the statute.

I would like to go further and say that what Judge Lane and Mr. Stanley said about the use of the facilities is true. The Boy Scouts have been of tremendous value in making all of their facilities available not only to the residents of North Brunswick where the facility is actually physically located, but to everybody in the area and even without the area. People come from all over to visit the museum. People come from all over and use their facilities for meetings and for other purposes. I would say

the only question on the in-lieu payment is the fact that it is a national headquarters.

[Discussion off the record.]

ASSEMBLYMAN APY: Let me ask this question though: From the point of view of the man in the street, why would it not seem fairer to go ahead and be on the tax rolls and be on the tax rolls under the existing statute than to have to work on a basis of some agreement with the municipality where you are not on the rolls at all? Wouldn't people understand this a bit more?

JUDGE LANE: I would doubt people would understand it. I don't think they would delve into it and know what the fact situation might be.

ASSEMBLYMAN APY: In other words, what I am suggesting is: What you have told us and what we may have by way of background may be known to a few. But one of the problems is that people are looking more and more at these tax-exempt situations and they see a structure worth however many million dollars the Headquarters is worth and they look at the tax rolls and there is nothing there and then they find out that there is some sort of working relationship which they are not privy to. What I am suggesting is: Wouldn't it perhaps be better to go ahead and put yourselves on the rolls, take your exemption as it is granted now for the first five acres and buildings and pay taxes on the rest?

JUDGE LANE: Well, we are doing that in fact and in form. I guess it wouldn't make any difference. The substance of it is being met. The National is a very, very special situation, as you all realize. It is the only one in America.

SENATOR TANZMAN: Mrs. Yahnel, who is Clerk to the County Board in Middlesex County is frantically waving her hand there and she may have an answer if you will permit her to just say a word.

MRS. YAHNEL: I could straighten the whole point out.

ASSEMBLYMAN APY: Let me suggest this: I think, Mrs. Yahnel, it would be more orderly if we proceeded now. Put your name on a piece of a paper, so we can get you back in here on this particular point because if we start getting questions from the audience, I am afraid it would be a little disconcerting.

What I would be curious to know is, if you would submit this information to us: How much do you pay to the municipality and to the county each year and would you also then give us the figures - take the value of the property, apply the formula that exists under the statute and the local tax rate and tell us what it would be if you paid your taxes on the tax rolls as everybody else so that we then know exactly what the situation is and what the situation would be if the taxes were paid?

JUDGE LANE: Yes, sir. My understanding is that we do pay the amount that the Township would determine is due under the statute if it were formalized.

ASSEMBLYMAN APY: I think this would perhaps help you as much as help us to know that.

Let's move, if we can, to the county level and the various council headquarters and let's assume that the Scout program makes a contribution to the community. And I'll pick Monmouth County because it is one that some of us are familiar with. Let's assume it makes a contribution to all of Monmouth County. But what

allude to the number of acres that are owned by the Scouts.

JUDGE LANE: We have that.

ASSEMBLYMAN APY: I am wondering if Headquarters could work up for us and submit subsequently a breakdown of all of the exempt property by acreage and indicating perhaps what the property is used for, in other words, whether it is just simply a one acre with a building or what are camp sites, etc., along with at the same time the valuation that you would put dollars and cents-wise on this property, the buildings for insurance purposes, or whatever system you use and on the acreage by a comparable basis as to whatever is used by the assessor of the municipality.

JUDGE LANE: There is going to be a difference of opinion on valuation. Our camp up at the Water Gap is being taken over by the Federal government and I am sure we are going to have a difference of opinion.

ASSEMBLYMAN APY: Well, I would be interested to know what you say it is worth under those circumstances to negotiate with the Federal government.

JUDGE LANE: We have a good deal of data. If we may, we will leave the prepared statement and that data with you.

ASSEMBLYMAN APY: That would be fine. We would appreciate it.

SENATOR DUMONT: You are going to use that income to buy a new camp site anyway, aren't you?

JUDGE LANE: Well, we'll have to.

SENATOR DUMONT: The local councils throughout the State, what has been your practice in regard to paying on any land that you own over five acres? For example, I know you own a lot of

land in excess of five acres at Camp Pahaquarry.

JUDGE LANE: Yes, sir.

SENATOR DUMONT: Do you pay the Township of Pahaquarry any amount of tax dollars?

JUDGE LANE: Yes, sir, we do. I can't give you the figure offhand, but we are taxed substantially in Pahaquarry Township.

SENATOR DUMONT: Do you do that throughout the rest of the State too?

JUDGE LANE: Yes, sir. Whenever the tax assessor gives us a bill, we pay it.

SENATOR DUMONT: O.K. Thank you.

JUDGE LANE: And it is generally on that statutory basis of five acres exempt.

ASSEMBLYMAN APY: Incidentally, would these figures you have submitted also reflect those situations where you are paying taxes and the amount that you do pay?

JUDGE LANE: Yes, sir. It has the total amount that we pay, that all the Councils of New Jersey pay. The total amount is in those figures, yes. Maybe it is not as detailed as you would want it.

ASSEMBLYMAN APY: And would there be some indication as to the National Headquarters, for example, in those figures?

JUDGE LANE: Yes, sir.

ASSEMBLYMAN APY: And would they break down those that you treat on an informal, in-lieu basis, if I may so describe what you do for National Headquarters, and those amounts that you pay where you actually get a tax bill?

JUDGE LANE: In so far as I am aware, National is the only

informal arrangement that we have. That may not be so. But as far as I know, it is so.

ASSEMBLYMAN MC LEON: I realize that just about anyone that comes before the Commission, they can take their pet project and probably defend it to the high heavens. I am concerned as a member of the Commission also with individual feelings on the over-all tax-exempt structure of the State. Have you given consideration to the over-all tax exemption or special tax treatment to properties?

JUDGE LANE: I am not here prepared to pass a view on that, no, sir.

ASSEMBLYMAN MC LEON: You have no feelings at all about it?

JUDGE LANE: Oh, I have some general feelings, but I don't consider myself an expert in the field and I don't think I am qualified to set forth my views without giving it some thought and being prepared. I am not ready to do that and I don't think I should.

I would say generally that colleges certainly - we have so few of them in New Jersey and they are making such an effort to catch up with our lack of higher educational facilities -- I would think that they would certainly be entitled to continue what tax exemptions they have, if that is an indication of my views, for what they are worth.

ASSEMBLYMAN MC LEON: Seriously, I think as I said before, each of those that will speak will have a particular specific purpose. But some, I know, are bringing an individual category. They are talking individual categories. You mentioned that you are not an expert; neither are we. That is why this Commission

is holding these hearings. I appreciate all of these individual things, but I for one am concerned also about the over-all feeling because I have my reservations on taxes on the churches, on the hospitals and on public property and schools, private and otherwise. This is really what I am concerned about. I would like to know so I can make my contribution to the final report. The people who appear here, what are their over-all feelings about the tax-exempt structure throughout the State? Do you think it is adequate?

JUDGE LANE: If this is an answer to you, I am sure there are problems and I am sure there are problems that you will help solve. I would say as an answer to your question or as an attempt to answer it, if an agency, such as our agency, does the same kind of work we do, I think we and they and similar agencies should be granted tax exemption.

ASSEMBLYMAN MC LEON: Thank you.

MR. KEATS: I know the Boy Scouts sell rings and clips and a whole series of things which Scouts may buy and I am sure it is done through another manufacturing concern. Yet there must be a rebate to the Boy Scouts for the privilege of manufacturing these items. Does the National office receive a certain income from the sale of these things, which would be rings and uniforms and patches and whatever else they have that would be stamped "Boy Scouts"?

JUDGE LANE: Sears Roebuck, for example, in Trenton carry our whole line and our boys can go to Sears and get camping outfits, uniforms and whatever they want. I can't be definitive, but I would very, very much doubt that Sears Roebuck gives us a

workers assisted by a smaller number of clerical staff. The aggregate net operating costs of the 17 councils are more than \$1,500,000. About 44 per cent of the funds are provided by 65 United Funds and Community Chests. An additional 10 per cent is given directly by the public and the balance, 46 per cent, is provided by the sales of cookies and other products by girls. It might be added, parenthetically, that the latter is a rather high percentage; philosophically we hold that funds provided by the efforts of the girls themselves should go to camping and other events for girls.

Almost all of the councils in New Jersey own at least some camp property which, including improvements thereon, have been acquired over the past half century by gift, capital campaign or outright purchase. Some camp development has been financed by product sale income proceeds which have not had to be channelled into general operations. Although councils report annually to the national organization, the sophistication in financial reporting has not up to now been such to permit me to give you reliable statistics on the value of the council-owned real estate lying within the State of New Jersey.

Girl Scout councils, like many other organizations supported primarily by contributions of the general public, have traditionally enjoyed exemption from various taxes on income and real estate as well as from sales taxes. Such exemption since the founding of the Republic has been to encourage private funds and volunteer effort to do what government might otherwise have to do. The Federal Government, as you know, provides further incentive by permitting deduction of contributions from income for income tax

purposes. In the State of New Jersey, I understand, Girl Scout councils are exempt on real estate except for acreage in excess of five acres for each structure. I am unable to estimate the amount of annual tax paid.

We ask the Commission to recognize the place of Girl Scouting in the community and how it is provided. I have described the sources of income. I have mentioned the volunteers who provide their services not only as troop leaders, but in the organization of troops, in training of new volunteers and in administrative guidance. The girls pay for their troop activities, their uniforms, and handbooks. They pay camp fees which are based on the cost of operating the camps in season. The work of the council is in the organization of troops, training of troop leaders and administration of the program, including the acquisition, development and maintenance of camps. A major responsibility of the council is securing the funds needed to carry on its work. While it has always stood for bringing the Girl Scout program to all girls who want it, regardless of color, creed or economic status, the Girl Scout movement has been particularly diligent in the past decade in reaching out to underserved areas. At least one Girl Scout council in New Jersey has received grants from the Office of Economic Opportunity for this purpose. Special grants have also been received from foundations to further this work. Other organizations in the pursuit of their own purposes are also involved in meeting the current problems of race and poverty. The common attack on these problems has, therefore, increased the competition for the contributor's dollar.

It is obvious that should the amount of taxes paid by

Girl Scout councils be increased, a reduction in services will inevitably ensue; the amounts received in allocations from United Funds or similar federated fund raising entities and directly from the public are already inadequate. Community services such as provided by Girl Scouts, privately supported by voluntary giving, serve a public need and any diminishment of such services can result in deterioration to the community's wellbeing unless replaced by government. We believe, therefore, that real estate owned by Girl Scouts in carrying out the program should be tax exempt. That is not to say, however, that equitable means should not be sought whereby Girl Scouts and other organizations can contribute towards the basic services provided, such as police and fire protection. Of course, any property held by Girl Scout councils, unrelated and not used in the furtherance of the Girl Scout program, aside from the fact that it may be a source of income, should not qualify for tax exemption.

I should be happy to answer any of your questions to the best of my ability and if I cannot supply it here, I will certainly try to get the information for you promptly.

ASSEMBLYMAN APY: Let me ask you this: You indicate that the real estate should be tax exempt. Would you take the position that the present statute should be changed so that you are totally tax exempt or are you satisfied with the existing statute?

MR. KANIS: I don't think I would care to criticize the State of New Jersey or its local governments in the form of taxation they wish to have. I do not know the reason for the

five-acre rule. Personally, it is my own feeling, not official, I can't make very much sense out of it because this edifice complex can be just that. It depends upon you how you define the structure. You could have a \$1,000 structure next to a million-dollar structure and that makes it two structures. However, there may be good reason for this and I don't like to criticize. It may also serve to pay a fair amount of taxes. I gather that most of our councils pay some taxes on the basis of this rule. I did happen to talk to one council the other day and they tell me that they pay taxes, about half of what it would be if the total were taxed on the regular tax basis.

Now this means that in effect on that piece of property it is tax exempt to the tune of 50 per cent. I feel that it is a rather high tax portion, myself, but it is the way, if I may use the expression, the cookie crumbles, so many structures per acres, and that's the way it came out. Some councils may do better.

ASSEMBLYMAN APY: You were here earlier and I think you perhaps have gotten the impression that one of the difficulties is that in many areas the formula which now exists, which is what this is, is not being adhered to. Now suppose the assessors in all of the municipalities were to strictly adhere to the formula, assuming that they are not, do you know what the consequences would be taxwise or could you work out what the consequences would be taxwise as far as the New Jersey Girl Scout program is concerned?

MR. KANIS: I would have to find out by asking the 17 councils for the necessary statistics. I don't even know how many acres

they own. I know that in 1964, we did make a survey and at that time it was about 5,000 acres. I dare say there is quite a bit more involved today.

ASSEMBLYMAN APY: It would be fair to say on the other hand though that in theory you will feel that your contribution is such that the total exemption would certainly help you, of all of your land and buildings.

MR. KANIS: Any help that a Girl Scout Council gets from anyone, be it government or individual United Funds, serves to further the Girl Scout program.

ASSEMBLYMAN APY: Yet you have not here in your presentation specifically asked us to expand the exemption which you now have.

MR. KANIS: No, we ask that you consider the exemption of all Girl Scout property to the extent that it is used to further the program, not property that might be held for some other purpose, certainly not for its income-producing possibilities. But on the other hand, we feel we should pay for the services we get. Now you have a formula now which may serve to do just that, that the councils are paying for the services they get. I don't know. I would have to measure what they pay against what they get. I don't know what that is.

ASSEMBLYMAN APY: Do you think you could perhaps suggest to us on further consideration what you think would be a fair formula in light of the particular program that you carry out?

MR. KANIS: I have a personal opinion. Since it hasn't been considered officially, I want it understood this is the way I think about it. I have been with the organization quite a few years and I think I can speak on the subject. My own feeling

is that each taxing unit, be it the State, county, or municipality, would examine its budget and classify the items within that budget as to what extent do Girl Scout councils or the camps within that community cause a burden on the community. For example, I am sure that every Girl Scout camp and council office would want the police and fire protection. If a camp is used all year round, we would like to see a plow come through and take the snow away if it is being used in the wintertime - this sort of thing - road maintenance. And since we don't get other things for nothing - we do get gifts - but aside from that, if we want to buy supplies in our program, we have to buy them. I am sure that we pay for the water we get. Therefore, I see no reason why we shouldn't pay for other services that we receive. But I do not think that Girl Scouts ought to be taxed along with other property owners since they serve quite a different purpose. They are partners with the government in furnishing community services.

ASSEMBLYMAN APY: Is what you have just suggested then that it be left to a determination at the local level rather than an attempt to arrive at a formula that would be applicable throughout the State?

MR. KANIS: No, I think the State certainly can have its guidelines. I don't know what power of persuasion you have from the State level over the local units. I can't speak to that.

ASSEMBLYMAN APY: In other words, you have said, measure it against services and the services that you have outlined - and I think this would be generally the case - most of the times are

going to be municipal services. Would you therefore leave it as a matter for negotiation between, for example, Mr. Kline's Monmouth County group and the local municipality as to how much they paid?

MR. KANIS: I would think the municipality would back it up by an analysis of its budget. The budget is made up of several items, including schools, road maintenance, sewer treatment plant and all the other services that a municipality renders. To what extent does the Girl Scout Council use those services? It does not use the penal institution, I don't believe. It does not use the hospitals, the schools, this sort of thing. I would separate them out.

ASSEMBLYMAN APY: You feel then probably or perhaps this would be fairer on a municipality by municipality basis than if we were to try to work out something that applied across the board? In other words, each town would then be in a position to work with the local Girl Scout organization.

MR. KANIS: Presumably the charge would be equitable throughout the State because the tax, if it is called a tax, - it could be a charge, a service charge - would be based on actual costs and low-cost areas would not charge at the same rate as in a neighboring community if the other community happens to be a higher-cost area.

ASSEMBLYMAN APY: But as between municipalities, for example, it might be different?

MR. KANIS: I should think so because the tax rates are now different in municipalities. Farm areas are certainly not the same as in Central Camden or Newark.

ASSEMBLYMAN APY: That's right.

Any questions down at this end of the table?

SENATOR DUMONT: Mr. Kanis, you are from the National Girl Scout Headquarters. What do you do in other states with regard to taxes on land? Do you get the same exemption, for example, in New York that the Boy Scouts indicated?

MR. KANIS: I am certainly not familiar with the laws in the 50 states.

SENATOR DUMONT: How about New York?

MR. KANIS: This is the only state I know of that does have a tax. New York grants 100 per cent tax exemption.

SENATOR DUMONT: The same for you as for the Boy Scouts?

MR. KANIS: Yes. I might say that several of the New Jersey Councils own camp property in New York State. I don't know the reason for it, but I could hazard a guess. But Girl Scout Council camp property in the State of New York is tax exempt, 100 per cent.

SENATOR DUMONT: You mention that land ought to be exempt when it is used to further the program. Do you know of any land in New Jersey that is held by local councils that is not being used to further the program?

MR. KANIS: Yes. I just happened to hear of one - and this is just common sense. On the camp property that is owned by a council there happens to be a private home standing. It is senseless to let it go to waste so it is rented out. It has nothing to do with the program and while there is a future use in mind, I understand, at the present it is rented out to someone who, I assume, has nothing to do with Girl Scouting. There

is no reason why that parcel of land on which that building stands should not be taxed. It has nothing to do with the Girl Scout program.

ASSEMBLYMAN APY: Do you know if it is in the particular situation?

MR. KANIS: I don't know, no, sir.

ASSEMBLYMAN APY: Do you know of any other situation such as that in the State? I doubt if there would be many.

MR. KANIS: No, but if we were to have land - now we are urged by conservationists to get camp property. We are asked to do long-term planning. We are asked to estimate the number of girls that will need camp experience 10, 20, 30 years hence. We are told to get camp property. We may not need it today, but we have to plan for tomorrow. So a camp may be bought - now this is a silly example because I don't think you would put a parking lot there. I wanted to use a parking lot example, but I don't think if we were to go in the hills and buy 300 acres of land, we would put a parking lot there. But let's assume that there were circumstances where a council did own some land that could very well be used as a parking lot.

ASSEMBLYMAN APY: Or a commercial camp site.

MR. KANIS: Why let it stand there idle just for the sake of having tax exemption. I would think if you would bring in an operator to operate that place who turns over some income to the Girl Scout Council, that this is good economic sense and should be done, and I see no reason why for the time that it is being used that way, it shouldn't be on the tax rolls. It makes more sense, I think, than logic.

ASSEMBLYMAN APY: Does anyone have any further questions?

[No response.]

Mr. Kline, did you have anything you wished to supplement Mr. Kanis's remarks?

MR. KLINE: No.

ASSEMBLYMAN APY: If not, we thank you very much for appearing before us and to the extent that you can provide us with any specifics by contacting your group so that we can get a realistic picture of the dollar value of the properties which are owned and used for these purposes, we would appreciate in the next two or three months your supplementing your report.

MR. KANIS: We would be delighted to do it.

ASSEMBLYMAN APY: Thank you very much.

Mr. Accardi.

MR. ACCARDI: Mr. Chairman, in view of the time - as I mentioned, my talk was going to be 10 minutes - why don't we come back. The two or three speakers will come back with prepared statements for you and it will make it a little easier. What time will it be next week?

ASSEMBLYMAN APY: Rather than come back next week, if you want to stick with it now, we can work until one. It is up to you.

J O H N A C C A R D I: Mine will be very brief because what I am going to talk about, I don't think is much of a problem. But I do as a private individual want to just throw in a punch, just so that this thing doesn't go astray.

ASSEMBLYMAN APY: Why don't you sit down and give us your qualifications and your background and proceed.

MR. ACCARDI: Well, I want to speak here as an individual.

ASSEMBLYMAN APY: Your name and address?

MR. ACCARDI: John Accardi, 309 Hickory Avenue, Garwood.

I am speaking as an individual, but when you ask for qualifications, I am the Assessor, Garwood; President of the Union County Assessors' Association. I am a chemist by profession. But as I said, let's get down to a private citizen.

I will talk on the parochial school exemption and I know this is not going to be much of an issue. I think we are pretty well set along these guidelines, but I do want to throw in a punch just in case something goes astray.

You know there is a philosophical and economic justification for the exemption. For example, in the State of New Jersey, 263,000 out of the 943,000 grammar and high school students are parochial school enrollments. This represents 21 per cent of the total enrollment.

In the State of Pennsylvania, for example, where this became a real issue, they have 25 per cent of the total of similar enrollments.

The financial plight of these institutions now poses a public problem of immense magnitude. Pennsylvania came up with a realistic and practical approach called the Pennsylvania Compromise and I have a copy of this in a little more detail should anybody want it.

ASSEMBLYMAN APY: Maybe you might cite for our records the particular periodical that came from.

MR. ACCARDI: In this particular case, they were not concerned with the exemption; they were concerned with school aid to

parochial schools. I want to use this as an example of sliding into the exemption, not necessarily advocating aid to parochial schools. I just want that understood. It is in the October 26, 1968 issue of America and it is page 375.

ASSEMBLYMAN APY: Thank you.

MR. ACCARDI: Now Pennsylvania came up with a realistic and practical approach called the Pennsylvania Compromise. It is known as the PNESEA. This was enacted to stave off the chaos that would have resulted from enforced transfer of a substantial number of non-public school children into public schools. They claimed that the requirements of the compulsory school attendance law are fulfilled through non-public education and that freedom to choose such education for a child is a fundamental liberty and a basic right and then significantly state: "The elementary and secondary education of children today is recognized as a public welfare purpose." This is a keynote word because this is the excuse they found to advocate aid to non-public schools. "Non-public education through providing instruction in secular subjects makes an important contribution to the achieving of such public welfare purpose that the governmental duty to support the achieving of public welfare purposes in education may be in part fulfilled through government support of those purely secular educational objectives achieved through non-public education."

So in the light of this, gentlemen, could you people do any less than recommend the continuing of the exemption of this category in every respect?

ASSEMBLYMAN APY: Do you as an Assessor have any particular

problems with this question of general exemption of religious and charitable institutions in your municipality?

MR. ACCARDI: None at all. I am clear-cut.

ASSEMBLYMAN APY: And have you found pressures one way or the other either to enforce the exemption statutes or to waive them a little bit?

MR. ACCARDI: Not particularly. Although you see in my little town where we have 500 parochial school children and 500 public school children, the minute the pastor transferred five kids over to public school, they had a special meeting. The public school principal wanted to know, was this going to be a trend? They weren't equipped to do this kind of thing. Now you have heard of cases like this before.

ASSEMBLYMAN APY: I was thinking more in terms of whether or not you had a VFW or some of the other organizations in town, such as we have talked about, that may or may not be technically properly exempt. Do you have any of those situations in your town where the exemption exists?

MR. ACCARDI: There may be and I will have to look into it a little deeper to see if they would qualify under the conversations we had today. There may be a K of C, for example. It doesn't fall into the normal K of C category. This would be the next speaker. They will have a bar, but it is not a public bar. It is a charitable organization and it is part of the church and they don't rent their facilities and this kind of thing. Now strictly morally, and you name it, it fits all categories. I have seen fit to leave it on the exempt list. The minute any of these rules are broken, it will go on the rolls.

ASSEMBLYMAN APY: But has there been any pressure from within the municipality on you to put them on the tax rolls?

MR. ACCARDI: None at all. If that time ever comes, I would quit as an Assessor.

ASSEMBLYMAN APY: You are very frank.

Does anybody else have any questions of Mr. Accardi?

If not, we thank you very much.

Mr. Masterson, would you like to come forward.

MR. MASTERSON: I did want to take more time.

ASSEMBLYMAN APY: We are not going to cut you short. Go right ahead.

J O H N M A S T E R S O N: My name is John Masterson from the Knights of Columbus, 408 Locust Avenue, Garwood, New Jersey, and a past Grand Knight of the organization.

ASSEMBLYMAN APY: Are you speaking on behalf of your local organization or county or statewide?

MR. MASTERSON: Right now as the local organization, but I believe there are other K of C's that would probably come under the same category.

ASSEMBLYMAN APY: Fine. Thank you.

MR. MASTERSON: The K of C is a basic religious organization, fostering advancement of Catholic principle and morality. It is an integral part of our religious freedom, guaranteed by our Constitution. It has an adjuvant purpose in keeping with religion, to aid all people in a charitable manner, irrespective of race, color or creed.

The K of C provides for action and money in those areas

where money will never be appropriated by any governmental means or in areas of spiritual and physical help that moneys cannot touch.

The concept of assessing fraternal organizations is truly a misnomer which in the same manner that a church congregation by its getting together can be considered fraternal. Should our K of C and others be taken out of an exempt status, we would not provide the services. Any money received from taxation could not approximate or equal the good that this welfare organization has or can do.

Can we grant an exemption - this is what we are asking - to have a true valuation up to, say, \$20,000? In other words, we would want, if the State does go on with something like this, an exemption to be granted up to \$20,000.

ASSEMBLYMAN APY: What you are suggesting to us then, happily, which no one else has done in any detail, is a specific formula that you feel that in so far as your particular organization is concerned and your municipality you could live with, an exemption of the first \$20,000 on lands and buildings and anything beyond that would be taxed at what, the normal rate?

MR. MASTERSON: At whatever rate they formulate.

ASSEMBLYMAN APY: In reference to your specific organization, you own a building that you use?

MR. MASTERSON: That's right.

ASSEMBLYMAN APY: What is the nature of the building?

MR. MASTERSON: The building is used ---

ASSEMBLYMAN APY: Is it a large hall?

MR. MASTERSON: No, it is a meeting room that does have a

club bar. It is a small building. It is only 50 by 25, one story, and it is on a piece of property 50 by 125, and as the Tax Assessor stated, it is only open to club members. There are no rentals in this particular building. This is why I say some cases can be different. There are other K of C's, as you know, in the State of New Jersey that do have rentals and they do have big halls.

ASSEMBLYMAN APY: Using yours, perhaps, as a good example of one of the smaller ones, how many members do you have?

MR. MASTERSON: At present, we have, say, 213 members.

ASSEMBLYMAN APY: And your total annual operating budget would come to what amount?

MR. MASTERSON: I couldn't give you the figures. I don't have them with me. If you want them, I could certainly get them.

ASSEMBLYMAN APY: I was wondering if you could indicate to us, simply probably by a copy of your budget, what the sources of your income are and then how the money is spent. To what extent you use it on specific charitable projects? To what extent it covers maintenance and overhead - perhaps any salaries that may be involved with the operation of the property - the extent that it is given back to other organizations within the church or outside the church? Do you think your budget would show that?

MR. MASTERSON: We have all that available. We keep a strict budget and all figures, anything that is in or out of the council, is accounted for.

ASSEMBLYMAN APY: And if it is not, whoever is responsible

gets hung, like in every other organization.

MR. MASTERSON: That's correct. We certainly will have not only this, but probably a statement because I just prepared this quickly. I didn't realize until last night this meeting was on.

ASSEMBLYMAN APY: Let me suggest if you could do this, it might give us a good indication of what one of the smaller Knights of Columbus organizations is faced with and how you handle it in your particular municipality. Mr. Bryant who is over here, would receive this from you if you could get it together in the next couple of weeks or the next couple of months, as far as that is concerned, because we are going to be around for a while, and at the same time if you could indicate to us the valuation that you place on your building; if you were on the tax rolls, what would that land and building be worth in your opinion? If you could tell us what you think it would be worth and perhaps give us the figure that you carry for insurance purposes, what the market value of the particular hall is, so that we could have that, it would be appreciated.

MR. MASTERSON: You see in a town the size that we are, one square mile, darn near everything that there is in that particular town, we participate in - the Little League, the Boy Scouts, of which I am Chairman, and several other things that we certainly have ourselves involved in.

ASSEMBLYMAN APY: For example, you might sponsor a Boy Scout troop?

MR. MASTERSON: We sponsor a lot of their ventures, let's put it that way.

ASSEMBLYMAN APY: This, by way of supplementing and giving us a specific idea of what your organization does, can help us evaluate the particular contribution that you make.

MR. COTTON: If you were distinguishing between your organization and a fraternal organization, how does one become a member of the K of C?

MR. MASTERSON: You must be a practicing Catholic.

MR. COTTON: You described it as not being a fraternal organization, didn't you?

MR. MASTERSON: I figure that it is no more fraternal than my sitting here talking to you and being close.

MR. COTTON: Can you say a little bit about the activities that you do carry on and sponsor as an organization? You mentioned the Boy Scouts.

MR. MASTERSON: We do sponsor one of the teams in the Little League, which amount to around \$125 a year. We sponsor the Children's Bowling League in town. We are the sponsor of one of the particular Leagues. Then we also sponsor projects like Runnels. We do go up to Runnels. There are certain people up there that we do take care of financially as far as seeing to it that they have certain things that they need.

ASSEMBLYMAN APY: What is that, a home for the elderly or something like that?

MR. MASTERSON: It is a chronic illness hospital. You must have heard a lot about Runnels.

SENATOR TANZMAN: It is a county hospital.

ASSEMBLYMAN APY: I see.

MR. MASTERSON: And various other things like in Scouting or if there is a project, a civic project, in town, we have also

been involved in those. Like in the Plaza they have over there, we have just voted to put up a pole and flag at the Kennedy Plaza. But it is both civic, and like I say, it is charitable as far as we are concerned and it is only due to the membership that we are able to do this through their moneys and we will take on any project. It doesn't have to be a Catholic project.

SENATOR DUMONT: Mr. Masterson, suppose that you pay taxes on anything over \$20,000. Would you have to increase the dues of your members to the point where you would have to cut down or maybe lose members and maybe cut down on your civic activities?

MR. MASTERSON: We would cut down on our members if we had to increase our dues and in cutting down, the extra money that you would get from adding on to the dues, you would probably lose that. You are right back where you start.

SENATOR DUMONT: Would you be able then to continue your activities?

MR. MASTERSON: Not all of them, no. We would have to curtail certain ones. In other words, there certainly would be things that would be hurt.

SENATOR DUMONT: Are you familiar enough with the other Knights of Columbus Councils in New Jersey to determine whether the same \$20,000 rule would be satisfactory to them or applicable to them?

MR. MASTERSON: Let's say that I am speaking for a council of our size.

SENATOR DUMONT: Right.

MR. KEATS: When you have a bar which is a closed bar or a club license, you are actually selling drinks and that bar makes

a profit, does it not?

MR. MASTERSON: It is making enough to make expenses.

MR. MC LEAN: Were you here when our first witness spoke this morning?

MR. MASTERSON: Yes.

MR. MC LEAN: And you heard his attitude with regard to fraternal organizations, the fact that Elks or others do things for crippled children or other activities, at least in his opinion was not a basis for exemption.

MR. MASTERSON: I think it is.

MR. MC LEAN: Could you help us by distinguishing further in so far as you would want to distinguish between your civic ventures and those of other organizations?

MR. MASTERSON: Well, being a member of several organizations, the VFW, the Lions, I certainly believe they should be exempt in so far as any other organization is concerned because they are doing as much, if not more, good in this area.

MR. MC LEAN: I wasn't clear whether you were distinguishing the Knights of Columbus from others.

MR. MASTERSON: I am here because of the Knights, but I certainly am not distinguishing them from others. I work with the other organizations.

MR. WILSON: What percentage of your membership would come from Garwood, for example?

MR. MASTERSON: I would say it is close to 70 per cent.

MR. WILSON: About 70 per cent.

MR. MASTERSON: But we haven't had any indication from anyone in our particular municipality that they expect we should

be paying taxes.

ASSEMBLYMAN APY: Anybody else have any other questions?

ASSEMBLYMAN MC LEON: Mr. Masterson, how closely related to other church activities is the K of C? They have the Holy Name Society, etc.

MR. MASTERSON: Well, let's say that we are a charitable organization that does work for anyone. We are not controlled by the church.

ASSEMBLYMAN MC LEON: Do you enjoy all the tax exempt privileges of the church at this time?

MR. MASTERSON: In our particular town, yes, except for State exemption. We do have to pay sales tax.

ASSEMBLYMAN MC LEON: Are memberships open to persons other than Catholics? Before you answer, I happen to be Catholic so this is not a loaded question.

MR. MASTERSON: It is an organization that you will become a member of because you are a practicing Catholic.

ASSEMBLYMAN MC LEON: What do you mean by practicing Catholic?

MR. MASTERSON: One that is working at it. In other words, somebody that is practicing his religion. He can't just claim he is a Catholic.

ASSEMBLYMAN MC LEON: Well, how do you distinguish whether one is practicing or otherwise?

MR. MASTERSON: The individual, himself, on his own merits. We are not going to take them to court.

MR. KEATS: Does the Council determine that? Does the K of C determine that, not the church?

MR. MASTERSON: No, the church has nothing at all to do

with that.

MR. KEATS: You don't have to have a letter from the priest, do you, that --

MR. MASTERSON: No.

MR. KEATS: -- you're a member in good standing?

MR. MASTERSON: That's right.

ASSEMBLYMAN MC LEON: The church has nothing to do with it, yet it is exclusively for Catholics?

MR. MASTERSON: It one time it was closely related to the church, let's put it that way. But we have our own organization and the organization itself makes all its own decisions. In fact - the point that you did make before - he does have to - in other words, if he is regular church member, he does go to the priest. In other words, if he is someone strange to us -- in a one-mile square town, you don't have that problem -- but if he is someone strange to us, then he does have to go to the priest and come back to us with a certificate that he is a good practicing Catholic.

ASSEMBLYMAN MC LEON: As an exclusive group, it is possible that the organization would be held liable to full taxation. It is possible that you could still function and perform the same services --

MR. MASTERSON: No.

ASSEMBLYMAN MC LEON: [Continuing] -- under another name or something.

MR. MASTERSON: No.

ASSEMBLYMAN MC LEON: You couldn't reorganize?

MR. MASTERSON: No.

ASSEMBLYMAN MC LEON: -- disband and forget about it.

MR. MASTERSON: Why should we disband or why should we reorganize or come under a different name? It is like saying, "Should I belong to the Lions or belong to this? I like the function of the Lions Club as much as I like the Knights of Columbus."

ASSEMBLYMAN MC LEON: You have some cases where certain people when they get into certain situations change their name or change the corporation or they sign things away and then they are operating but ---

MR. MASTERSON: I think any big organization like the Knights of Columbus or the Masonic Order or the Elks or the Lions - I doubt if they would disband. It would just mean a little more hardship and we would have to curtail certain things that we would normally sponsor.

ASSEMBLYMAN APY: Incidentally, is your Council incorporated under Chapter 15 as a corporation not for profit?

MR. MASTERSON: Right.

ASSEMBLYMAN APY: And from your knowledge of other councils, would you say most of them are organized the same way?

MR. MASTERSON: I think they all are.

ASSEMBLYMAN MC LEON: Have you known of any of the councils to ever go bankrupt?

MR. MASTERSON: Maybe during the depression some of them did.

SENATOR DUMONT: That's going back 30 or 40 years ago.

ASSEMBLYMAN MC LEON: Thank you.

ASSEMBLYMAN APY: Does anyone else down at this end have any other questions? If not, sir, we thank you very much for coming

and if you could provide us with that additional information that we have asked for, we would find it very helpful.

MR. MASTERSON: Thank you.

ASSEMBLYMAN APY: It is just about one o'clock. I am going to suggest that we return at two o'clock when we will reconvene and proceed with the taking of the rest of the testimony. Those who have not signed up, if you would like to come up and do so, we would appreciate it.

[Recess for Lunch.]

[Afternoon Session]

ASSEMBLYMAN APY: The hearing will reconvene and I would ask that the New Jersey Federation of YM-YWHA's come forward, please.

M I L T O N L O W E N S T E I N: Mr. Chairman and gentlemen: My name is Milton Lowenstein and I reside in South Orange, New Jersey. I am a practicing attorney of this State. I am a member of the Board of Directors of the YM and YWHA of Essex County. I am appearing here today on behalf of the 17 YM and YWHA's and Jewish Community Centers of the State and we appreciate the opportunity of coming here.

The Jewish Community Centers and YM and YWHA's, and the terms are synonymous, represent a constructive force in each community in which they operate as do the YMCA's and the YWCA's because of the specialized programs and services they offer. These programs and services are the concrete expression of the aims and purposes of these agencies, each of which is a separately incorporated, autonomous unit. We believe that their right to

tax exemption is demonstrable through review of their purposes and programs which aim at the betterment of our communities.

The major purposes of the Jewish Community Centers and Y's are as follows:

One, to help develop young and old from all economic and social levels into healthy, mature, useful individuals.

Two, to assist people to cope with personal problems and with problems caused by a rapidly-changing volatile society.

Three, to train for leadership.

Four, to help strengthen American democracy by furthering an understanding of each citizen's obligation for civic responsibility and participation in society, through encouraging intercultural activities through emphasis on learning to function in democratically-constituted groups.

Five, to open paths for the constructive and imaginative use of leisure time.

Six, to enrich the content of Jewish living in America.

Seven, to serve Jewish military service personnel and hospitalized veterans and their families.

These programs are effected through policies set by boards and committees and carried out through programs directed by professional social workers and educators. Persons from nursery-school age through older adults are served by these agencies with special emphasis given to youth and elderly. The facilities and staff skills of the Y are available to groups of mentally retarded, physically handicapped and under-privileged in cooperation with schools and special agencies.

In order to exchange and share experiences, each Y is loosely affiliated with the New Jersey Federation of YM and YWHA's, which serves as the New Jersey Region of the National Jewish Welfare Board, its national service agency. New Jersey Y's and Centers have a major responsibility to serve Jewish personnel in the military at Fort Dix, Fort Monmouth, Veterans Hospitals in East Orange and Lyons, and other military installations in New Jersey.

Significant sums of money are expended in subsidizing those unable to pay required dues and program fees in part or in whole, depending on need. Participation in Y and Jewish Community Centers activities is open to the total community. Each Y and each Jewish Community Center is an integral part of its community council of service agencies. Operational funds come to each agency in different ways. Generally budget income is largely dependent on membership fees and program charges and central fund raising campaigns. Income is insufficient to meet the present heavy demands for services. This results in restricting needed services and generally results in annual deficits.

Today I have asked Mr. Joseph Kruger who is on my right to appear before this Commission and he is ready to answer, to the best of his ability, any questions that may be put to him.

I would like to leave these with the Secretary. [Submits papers to the Secretary.]

ASSEMBLYMAN APY: Are you just open to questions, Mr. Kruger, or would you like to supplement what Mr. Lowenstein said before we proceed with any questions?

MR. KRUGER: I think I will await questions, Mr. Chairman.

ASSEMBLYMAN APY: Well, let me start off by asking: Are any of the organizations which you represent presently paying taxes in any of the communities?

MR. KRUGER: I don't have this down for all 17. For the most part, as I understand it, none is paying taxes except where perhaps the five-acre limitation is exceeded.

ASSEMBLYMAN APY: Would you have available or could you make available to us the valuations of the various real properties owned by the different organizations?

MR. KRUGER: This could be made available to you. I do not have it here.

ASSEMBLYMAN APY: Could we ask you to do that? You heard, I think, us explain what we are driving at and indicate, when you do, the basis for the valuation, whether it is replacement cost or for insurance purposes or whatever it may be, so that we can compare apples with apples and peaches with peaches.

MR. KRUGER: Sure.

ASSEMBLYMAN APY: Now in reference to the areas served by your different facilities, can you give us an indication as to the extent that they would serve the people of a particular municipality as opposed to the area at large?

MR. KRUGER: I think that this would depend on a given community and a given agency because in some communities, it is more of a self-contained geographic area. In other communities, the larger communities, service would be to people from various communities, such as here in Essex County where we are located in West Orange, but where we serve people in other communities of Essex County.

ASSEMBLYMAN APY: Perhaps then if you are in West Orange, a good portion of those that you serve would come out of the City of Newark?

MR. KRUGER: No. As a matter of fact, we have a separate facility in the City of Newark.

ASSEMBLYMAN APY: You have a separate one in Newark.

MR. KRUGER: And the one in West Orange serves a great many people from West Orange as well as other areas.

ASSEMBLYMAN APY: Around West Orange.

MR. KRUGER: Right.

ASSEMBLYMAN APY: Well, taking that as an example, what would your reaction be to the problem we pose to others about the fact that it is the taxpayers in West Orange that are bearing the burden for a facility that is used by those in surrounding communities? Could I have your reaction to that?

MR. KRUGER: I think there is only one answer and I suspect it is a kind of an answer that won't satisfy every point of view. We see the Community Center, the Y, helpful generally and the basis of our operation, as any character-building agency, any agency devoted to informal education, personality development, leadership development, helps the total community. It isn't as if we have a building in West Orange and we are only going to reach people in West Orange. We are devoted to services to people and I think you will agree that any agency that is devoted to serving people doesn't stop at geographical lines. So we have this dilemma where we are serving people wherever they are, though they are generally contiguous to the facility. At the same time you have the other side of the problem of the

community bearing the tax cost.

ASSEMBLYMAN APY: That's the problem. Now what we are after is the answer. Is it fair from the point of view of the taxpayer of West Orange that West Orange alone should be underwriting your facility, if I can use the term "underwriting," to the extent that you are being exempted from West Orange taxes when the facility is being utilized by people on a larger area? I am putting myself now in the point of view of the West Orange taxpayer.

MR. KRUGER: I understand. I say again I think it is a dilemma. I think there is a good deal to be said for each side and our side, you know, as we are devoted to developing a program to serve people, then we think, if we believe as we do, that this kind of program and facility that has this kind of program should be tax exempt. Then we have to follow from our point of view all the way and say, if in principle we should be tax exempt, then we should be, and we don't know how we can get over the problem otherwise of the problem across boundry lines. If we were saying that we should be taxed, then we would have to go along with the point you are raising of - how do we divvy up the taxes between communities. But if we accept the principle that we should not be taxed, then we don't get into the problem of the geographic line.

ASSEMBLYMAN APY: Except to the extent that in so far as your organization is being insistent in carrying on its work, there is a tax burden, an additional tax burden, being borne by the people. Let me take you one step further for an example. Suppose it were decided that your particular facility in fairness

to the people of West Orange should pay \$2,000 a year by whatever formula is arrived at. All well and good, so you have to raise \$2,000 a year more. Now if half of your people are in West Orange, then half of it would come in West Orange and the other half would come from wherever the rest of the money comes from. So why would that not be fairer to the people of West Orange to have it done that way?

MR. KRUGER: Look, we have slightly over five acres in our West Orange facility and that portion over five acres is taxed.

ASSEMBLYMAN APY: Right.

MR. KRUGER: If you want to make a case that that portion ought to be divided between West Orange and Livingston where many of our people come from and some other communities, this is not, you know, for us to say.

ASSEMBLYMAN APY: In actuality then you are doing just this - you are raising money to pay those taxes from among those communities that you serve. This is what you are doing now really.

MR. KRUGER: One source of our income.

ASSEMBLYMAN APY: You may have a variety of sources.

MR. KRUGER: That's right.

ASSEMBLYMAN APY: But to the extent that your sources of income follow back to their roots the sources of origin of the people you serve - then to this extent this would be so, wouldn't it?

MR. KRUGER: For example, when we receive moneys from people, we ask people, for example, to support this program by being members - people who do not use the services. We have many such

people who want to support it because as you know in all agencies such as ours, the problem is always existent of getting enough money together to do a program. This is kind of intensified today with the inflationary element that is now in force. It places a rather difficult burden on all social agencies today. So we encourage people from all the communities in the county to become members and support this agency, even without getting services, so that we can serve those that we do serve.

I don't know how we can begin to draw geographic lines.

ASSEMBLYMAN APY: Well, let me ask you this then. Another question occurs; it is not in response to your observation. But do you think that the present system that exists is unfair? If that is a loaded word, do you think it should be changed? In other words, you are now paying some taxes.

MR. KRUGER: Let me say this: We feel very strongly that a social agency devoted to helping people - all social agencies, not just ours - should be and remain tax exempt in accordance with the present State law. I would not be one to suggest a change. If it is presently set up that five acres are exempt from taxes and anything beyond the five acres, to be taxed, then I am not proposing that there be any change in that law.

ASSEMBLYMAN APY: Suppose we were to suggest a change in favor of total exemption, would you feel that this would be fair or do you think that some contribution should be made by organizations such as yours?

MR. KRUGER: I personally don't think we ought to disturb

the present five-acre provision.

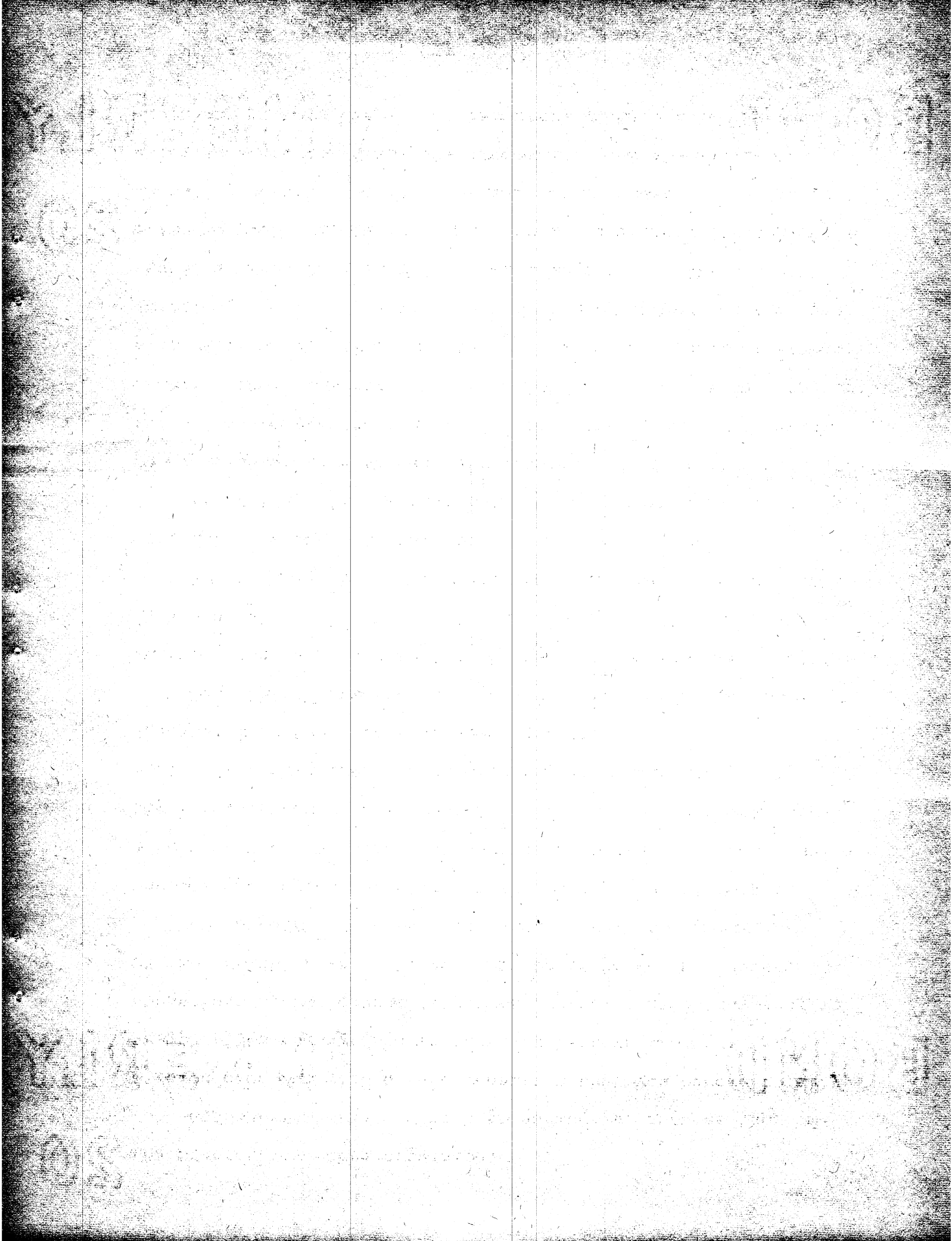
ASSEMBLYMAN APY: What I am saying is, suppose the Commission came out with a recommendation that you become totally exempt. Now when we started getting letters from our constituents, would your letter say, "Yes, I am in favor of it," or "No, we think we ought to continue to make some payments"?

MR. KRUGER: In a way, you know, I have to talk for two people, one, myself, and the other the hundreds of people involved in our agencies throughout the State and I can't quite say how they would feel. But I feel, and I would think they would feel, that the present plan should remain and not be eliminated so that there is some payment.

MR. KEATS: Have you any idea what the Jewish Community Center plant is in Margate which was just recently built, its total value?

MR. KRUGER: No. I know the building, but I don't recall what the construction cost was.

MR. KEATS: In all fairness, it is open to all. There is no restriction as to membership. However, it does have many services which I would say would be in -- for example, it has a health center, steam room and bath, which perhaps might be in competition with others. For those who belong, there is a definite advantage in belonging to a "tax free" health center simply because these services are made available at much less cost. There is a swimming pool. There is a gym. There is a large complex there - a bowling center - which in essence does compete with perhaps existing services within the community. For these reasons, I would say perhaps there is a tax shelter there which is not



altogether fair because for the payment of a fee - and this is the prerogative, that you must be able to afford this fee in order to enjoy these privileges. And, of course, these people who are so privileged are given the advantage of these facilities.

The health club, of course, is something entirely different. That is a separate fee from, let's say, a regular membership and there are family memberships. There are varying types of memberships which again make it seem as though it is for the privileged few who may afford these services and I wonder if this is entirely fair in view of the fact that it does compete with other bowling alleys, other swim clubs, which do pay taxes, and other services such as this.

MR. KRUGER: I can say, Mr. Keats, you know a good deal about our operation in Margate.

MR. KEATS: I am not a member.

MR. KRUGER: Let's take each element. You take the swimming pool and the gym as compared to swim clubs.

MR. KEATS: Let me interrupt for a minute. The YMCA is doing the exact same thing in Atlantic City. It has created a health club, again under the assumption, I guess, that it can provide these services for less than perhaps a healthclub situated in a hotel, which is also being done by the Elks in Atlantic City. So there are many non-taxable institutions which are in this business besides the Jewish Community Center. I don't want it to sound as though you are the only one.

MR. KRUGER: I understand. Frankly, I don't see the facilities as in direct competition with private business. You know, we are

riding today this, not really a new kick, because there is a great deal of validity to it. The word "kick" perhaps gives a different connotation. But the matter of physical wellbeing is recognized of most importance to our citizenry up and down the various groups and various parts of medical care. Even the government now, you know, has a person who is advisor to the President in the business of physical fitness. And physical fitness is so important that the agencies are needed and the private groups are not sufficient in number at all to meet the need so that people can keep fit by the use of exercise rooms, a gymnasium, a swimming pool. The health club is a little different in this sense. Now I am not aware of what the private health clubs may charge. Down in Atlantic City you may have them in the hotels. But up here we do not have these in hotels in this part of the State. I don't think that our fees are less at all than the private.

The health club seems to do two things: First, it follows through on the business of physical fitness, but for a smaller group; as you mentioned, Mr. Keats, the fees are way and above the regular membership fee. This in a sense helps support the youth activities and the other activities of the agency. There is no surplus really to a health club operation if you take all the elements into account. But the fact is that we get more money per person's use in the health club than we do in any other area of participation and we need it and we also find that the health club develops a core of a hundred or one hundred and fifty people who take a special interest in all the activities of the agency and can be called upon from time to time when there is an emergency,

a fiscal emergency or a badly-needed repair. The people we go to are the people in the health club. They become sort of a special group of supporters.

But I think if you will check health club fees in the Centers - and this is in all agencies, I would think - as against the private, except maybe the question of the hotels in Atlantic City, I don't think you will find a differential.

MR. KEATS: The point isn't the differential in cost so much as it is the fact that you are asking for the same exemption that perhaps the synagogue, itself, receives and yet perhaps you are not providing the same services.

MR. KRUGER: It is a different service altogether, as you know. When you are a character-building agency working with young people - you know when we talk about synonymous terms, Jewish Community Center - YW - YMHA, we are always YM - YWHA until we serve the elderly and other age groups and then you wonder whether the name, Young Men - Young Women, is appropriate and yet it's such a good name and has such tradition that many of our agencies hold onto YM - YWHA and some say Jewish Community Center merely to mean that they are dealing with every age group in the community. But when you are dealing with the problems of the aged today - and I can tell you of one Center where we get some 250 to 300 elderly people every single day of the week. It is a day care center from nine in the morning until four in the afternoon, five days a week, for people retired, people with meager income on social security, people who no longer are needed by family and are simply lost, but who find a whole new way of life when they are participating in this elderly program.

And this is true of all elderly programs. When you talk of this service, when you talk of the service to youth, you have to recognize that this is a special kind of agency and does need special kinds of support in terms of the problem before us today.

MR. WILSON: Mr. Kruger, do you have a rough idea of the amount of acreage you have in West Orange, for example, approximately?

MR. LOWENSTEIN: Eleven acres, if my memory serves me.

MR. WILSON: And your facilities are in one building, concentrated in one building?

MR. LOWENSTEIN: Yes.

MR. WILSON: Can you guess the size of that building, the square footage?

MR. LOWENSTEIN: 70,000 square feet.

MR. WILSON: 70,000 square feet, nearly two acres, an acre and three-quarters of building.

MR. LOWENSTEIN: Plus all the parking.

MR. WILSON: I was going to say then the residual land would be used largely for parking.

MR. LOWENSTEIN: Parking and driveways.

MR. WILSON: Just one other question: Your operation of the Jewish Community Centers and the YM and YWHA - how is this related to the religious element of the Jewish religion? Is it direct or incidental, you might say?

MR. KRUGER: It is not direct at all. The important part of the Y is that it serves every group in the community. You know we have three denominational groupings in our Jewish religious life. It represents all three and those who are non-affiliated and all are equally welcome. We serve everyone because

this agency is a cohesive force, bringing the entire community together, and this is a very important part of our philosophy.

ASSEMBLYMAN APY: When you speak in terms of "community," you don't mean the Jewish community, you mean the entire community?

MR. KRUGER: In the sense that I replied to Mr. Wilson's special question, I meant the Jewish community. But I will say, as Mr. Lowenstein said before and as Mr. Keats said, and this is basic philosophy, every one of our Y's is open to anyone in the community even though we have some specific Jewish purposes. But we also have general purposes and it is open to all. Incidentally, I must say because of the kind of agency we are, we work with boards of education, we work with special agencies. We have a group of retarded children who come certain mornings a week to use our building for special kind of swimming instruction. In many of our Y's in the State, we have this kind of arrangement because again we are not a social organization; we are an educational, social work, recreational organization. The fact is, not all of the staff today - it is a little more difficult - but most of the staff have their Master's degree in social work to be a member of our staff.

MR. COTTON: Do you operate many summer camps?

MR. KRUGER: We have one statewide camp - it happens to be located in Pennsylvania - for all of the Y's of the State. Also I think there are seven of the Y's of the State who have their own day camps, all within the confines of New Jersey.

ASSEMBLYMAN APY: Do you suppose you could pull together for us the valuations of these various facilities that you have --

MR. KRUGER: Yes.

ASSEMBLYMAN APY: -- and submit them to us at a later date so we can weigh them against the other information we are gathering.

MR. KRUGER: We would be glad to.

ASSEMBLYMAN APY: We would appreciate that.

MR. LOWENSTEIN: I just wanted to say one thing when the Commissioner raised the question. When you came to the matter of West Orange bearing the burden of the taxes, I pay taxes in South Orange and I use the Y facilities for cultural programs, being a little too old to use the athletic facilities. But then I make a comparison in my own mind. I don't know whether this will be helpful to the Commission. Unfortunately we so far haven't used the facilities of the hospital in Livingston, St. Barnabas. But you have all of these tax-exempt organizations in Essex County now I am talking about - the Y in West Orange and the hospital in Livingston and Upsala in East Orange and in South Orange we have Seton Hall. And I am wondering whether there isn't an equalization. If I had to use the hospital, it is a benefit I would derive and if the people in Livingston used the Y, as many of them do because it is a growing community, West Orange has to bear its burden.

So I just want to throw that out for what it may be worth and it is a point I wanted to make.

ASSEMBLYMAN APY: I think Judge Lane suggested something along the same line this morning, that in effect it all balances out --

MR. LOWENSTEIN: That's right.

ASSEMBLYMAN APY: -- which perhaps is the conclusion that

we will come to. Of course, what has been pointed out on the other side of the coin is that maybe it doesn't balance out especially as far as the older communities, the larger urban centers, that have a cluster of these service facilities in them and the lucky people that move out to the suburbs don't have any of these, yet they go back to these other areas to obtain the benefit of these facilities. This is perhaps what has raised the question.

MR. WILSON: Mr. Chairman, I think it might be an appropriate time to point out that we are very well aware of the fact, at least I am, and I am sure many of us are, that part of our problem arises because of the municipal system employed here in the State of New Jersey, with 567 municipalities, for example, in East Orange, four square miles; Livingston, I guess, is substantially larger, as is West Orange. Hackensack where I am presently the Assessor is similarly four miles. You can see the existence of a college the size of Seton Hall or Upsala would make a big dent in a town containing only four square miles. In East Orange, for example, think of the apartment houses that could be built on the site of Upsala. It is this situation that creates our problem, I believe.

MR. LOWENSTEIN: We appreciate it.

ASSEMBLYMAN APY: That is well stated.

MR. KRUGER: But don't you have to attack it from that side rather than from ours. I might just say one or two other things. One is that when we purchase property before building, we pay taxes. And also our Y's are used only for programs that are indigenous to what we believe in. In other words, it is

not used for private affairs. There are no rentals, no other pecuniary benefit whatsoever in the operation of the agency.

SENATOR DUMONT: Do you pay taxes on your camp in Pennsylvania or is that entirely tax exempt?

MR. KRUGER: I don't know because that is a completely separate Board, but I suspect, Senator, that it is tax exempt, though there is, I believe, some payment in lieu of taxes. It is a very small town that they are in.

SENATOR DUMONT: Where is it, do you recall?

MR. KRUGER: New Milford, Pennsylvania.

SENATOR DUMONT: Thank you.

ASSEMBLYMAN APY: If no one else has anything further, we thank you, gentlemen, very much for coming. We appreciate it. And whatever other information you can get to us - in due course, send it to Mr. Bryan's attention right down in Trenton. Thank you very much.

Mr. Kiefer and Dr. Knudten.

ALFRED W. KIEFER: Unfortunately I don't have enough exhibits and copies of the statement to go around.

My name is Alfred W. Kiefer. Although presently the President of the New Jersey Council of Churches, I am not appearing in that capacity today. Our legislative research services are preparing a separate analysis which will be presented in due course. I am a former member of the State Senate.

But today I appear as attorney for the New Jersey Synod of the Lutheran Church in America, of which I am a member, in company with the Reverend Dr. Edwin H. Knudten who is the President of the Synod, an office comparable in other denominations to that

of Bishop.

The Synod during the year 1968 included 184 church congregations situated in the State of New Jersey, including congregations in every county of the State.

As part of the records in this matter, I present for the information and use of the Commission the minutes, which is Exhibit I, of the New Jersey Synod of the Lutheran Church in America's Seventh Annual Convention in Ocean City, New Jersey, which was held in May of last year.

This Synod is the successor by merger of four predecessor Lutheran bodies which existed in the State of New Jersey prior to 1962.

Historically, the oldest congregation in the Synod is located in Oldwick in Hunterdon County, having been organized in the year 1714. Several other congregations in this Synod were also organized in the 18th century, many in the 19th century and this Synod continues actively to organize new mission congregations in each of the current years.

Congregations of the New Jersey Synod are autonomous, each being a separate legal entity and each being governed by its own Board of Trustees, generally known as the Church Council.

Collectively, each congregation identifies itself by individual action with the New Jersey Synod, which has been organized and incorporated separately under R.S. 16:5-4. Since 1950, Lutheran congregations have been authorized to incorporate under R.S. 16:5-1, etc. In addition to the Synod and the individual congregations, other church-related bodies are either supported,

sponsored or otherwise related to the work of the Synod and its congregations.

Among these are the Lutheran Welfare Association of New Jersey, in whose behalf a short exhibit, Exhibit II, is included as part of this statement. Said Lutheran Welfare Association presently operates three homes in the State of New Jersey.

I will read from Exhibit II, which is attached to this statement, the statement re the founding, philosophy of care and costs of the Lutheran Welfare Association of New Jersey, of which I have just incidentally received today a copy of its annual statement for the year 1967, ending December 31st.

ASSEMBLYMAN APY: Excuse me. Will you be able to leave that with us?

MR. KIEFER: Yes, I am going to leave this. But in the event there are some questions, I would like to have it to refer to.

The Lutheran Welfare Association of New Jersey is a state-wide, church-owned agency of the three Lutheran bodies represented in New Jersey. By the three Lutheran bodies, I might say there are two others, the Missouri Synod Lutheran Church and the American Lutheran Church, which also exist in the State. They together support this work, although our particular body is the main supporter.

It was established by a small group of Lutheran clergymen and chartered by the State of New Jersey in 1904 as a non-profit organization for many purposes. It started as an orphanage receiving its first child early in 1905. This was the sole service until 1923 when a home for older people was established. Up to

1948 benevolent contributions provided about 80 per cent of the cost of operation. Life contract fees and small child care fees provided about 20 per cent. In 1948 the agency branched out into Social Services, such as family counselling, work with unmarried parents, adoption services, foster home placement, etc. Adoption services were added and a sliding scale of fees approved. Counselling fees provided an additional small income.

After closing the Orphans' Home, a small specialized service, a temporary home for upset and disturbed children aged three to seven was established, the only one of its kind for this age group in the State. The Bureau of Children's Services of the State was essentially the only user. Children of all races and creeds were cared for. The Bureau provided less than half the actual cost of this service. The balance was made up by contributions.

The Homes for the Aging became Nursing Homes adding tremendously to the cost of care. Both the high standards required by the church and the requirements of Medicare - Extended Care Facility - added to the costs. The Board determined that up to one-third of those served could be people who had nothing of their own, but received Medical Assistance for the Aging or Old Age Assistance. This made it necessary for the church membership to provide at least \$125 per month or \$1500 per year per M.A.A. or O.A.A. recipient. The Lutheran Home at Ocean View is the only Medicare recognized Extended Care Facility of Cape May County and the Jersey City Home is one of two such facilities in all of Hudson County. However, the primary purpose of our three Homes - the other is in Burlington County - is for long-term nursing care for

the elderly. 311 beds are involved.

With a budget of \$1,068,500 in 1968, \$220,230 was needed in benevolent contributions from our people. All of this essentially came from the Lutheran Church which consists of about 3 per cent of the people of New Jersey.

The philosophy of this church agency is to provide its services to those in need. Need is considered to be physical, emotional, social and/or financial. No one is charged more than the actual cost of the service, but where possible, those who have funds are asked to pay the actual cost of the service received. Service is offered to Lutherans primarily, but all races and creeds and ages are beneficiaries of both self-paid and agency-subsidized assistance.

A good part of the services rendered would require additional public or other non-profit organizational services if it were not rendered by the Lutheran Welfare Association of New Jersey throughout the State.

In addition - I am now going back to the preliminary statement - the Synod has organized a camp program known as Camp Beisler, which has its physical facilities at Lebanon, Hunterdon County, New Jersey. Here in Exhibit I will be found - and I have reference to it later - the pages on which the budget and the use of this particular camp are set forth in detail.

The Synod also supports financially Upsala College, East Orange. The Synod owns the Synodical Offices on Route 33 in Hamilton Square, Trenton, New Jersey, from which three officers of the Synod conduct their duties, and in addition to which two assistants to the President conduct their duties. Incidentally,

three of these five are ministers of the Lutheran Church - four of them, as a matter of fact, one of whom is a part-time Secretary of the Synod. One man, the Treasurer of the Synod, is a layman. Additionally, clerical and staff personnel perform their duties from said Synodical Offices, which include a chapel and working facilities. At this office, the wide range of concerns and interests of the Synod are studied, programs planned, meetings of the Board, agencies and committees are held and needs of involved people carried on.

By date of January 31 of this year, the Reverend Dr. Edwin H. Knudten, President of the Synod, on short notice, sent to the Pastors of the Synodical congregations a questionnaire included as an exhibit herein, Exhibit III - it is a form letter which was sent - for the purpose of obtaining some preliminary factual data to present to the Tax-Exempt Study Commission. Although not complete at this time, a summary of data received from 131 congregations - that is approximately 75 per cent of our congregations - is attached hereto and made a part hereof as Exhibit IV. Supplemental data will be submitted in due course. It is interesting to note the wide range of concerns of a public and community nature served by the physical facilities of the answering congregations. About 90 varied activities are included in this list.

I won't read the entire list, but I think a few pertinent remarks ought to be made. From those reporting at the time of the preparation of this statement, 91 congregations were servicing Scouting organizations. Of particular interest is the next item. Twenty-four of the congregations reporting were using

their facilities for public school purposes and we give the amounts of hours per month and the congregations reporting financial remuneration received from that use, in many cases, very small. It is an indication of the public school use of the church facilities.

ASSEMBLYMAN APY: May I interrupt you for a second on that table. You do have pencilled in that these are yearly amounts received for those uses.

MR. KIEFER: That's right.

ASSEMBLYMAN APY: Thank you.

MR. KIEFER: Incidentally - I won't burden the record with it at this time - but I have here with me the actual questionnaires, many of which have individual remarks from the reporting congregations.

Senior citizens groups were served by 27 congregations.

The Urban Summer Program is in use in 19 of those congregations reporting.

Then follows the extended list of some 90 other uses, some involving the usual community groups, but many of them involving special public functions, like the OEI, Multi Service Center; Blind Association; Village Improvement Association; Civic Associations; American Red Cross; 4-H Clubs; various paternal groups; The A.A.; the Urban Crisis programs; Nursery Schools; off the pace a bit - groups such as the Weight Watchers and whatever Hitchum-Pitchum is, but some of our congregations permit their premises to be used for that; Jaycees; VFW's; Church Women United; Recovery, Inc.; Rutgers Extension Courses in Home Economics; New Jersey Association of Brain-Injured Children; Newark

Pre-School Council; the Retarded Children, and so on. I won't burden you with the reading of it, but I think you will find it quite interesting as a preliminary report.

Now legal exemption from taxation for religious property is based upon Article 8, Sec. 1, paragraph 2 of the New Jersey Constitution. Supplementing the Constitutional exemptions are buildings and properties included in R.S. 54:4-3.6. Since this is essentially at the moment a State problem, I haven't mentioned the very basic question involved in the Federal Constitution concerning the separation of church and state and the effect upon the establishment of religion and including the premise that the power to tax is the power to destroy and that is the fundamental question to which I am not today going to address myself.

Most of the individual congregations of the New Jersey Synod own church buildings and the land upon which they are constructed, their parsonages and educational units. The value of these are set forth in the schedules shown in Exhibit I on pages 175 to 195. Now this is what I think you would like to know and our particular Synod has this congregation by congregation reporting. You will find this tabulated and you will find that the total value of all the congregations' real estate in the State is somewhere in the area of \$43 million.

ASSEMBLYMAN APY: Would you say this is an accurate and realistic figure as far as your congregations are concerned?

MR. KIEFER: It would be reasonably close. We don't go into the congregations to verify these amounts, but I would assume that they are reasonably close.

ASSEMBLYMAN APY: Would you suspect that most of them base it on insurance purposes?

MR. KEIFER: I don't think so. I think they base it upon the cost; many of them are current. Some are recent congregations. Some are old congregations. I will make some remarks about that shortly. But I think for practical working purposes, it is a fairly accurate Synodwide valuation of its properties.

Now also included in this exhibit are the parish statistics showing the ages of the congregations; the population of the municipalities in which they are located; the current operating and other income of each congregation, which is another essential item here; the expenditures, current benevolent and otherwise; as well as the values of the properties owned.

Of importance and related to the tax exemption problem are the following:

The total active confirmed members listed for the year 1967 is 62,949 persons, as contrasted to the number of children members, baptized members, and communicant members shown on pages 175 to 195. We use each of these figures for certain purposes.

The total operating expenses of all individual congregations (separate from that of the Synod and the church-related groups) is \$3,685,321. That is shown on page 174. In other words, this would be the total current operating expense of all our congregations.

The total apportionment laid down for 1969 is \$1,391,916. This is in addition to the current operating expense, which is the amount of money which each congregation pays out to the Synod

and to our national body, the Lutheran Church in America.

The total assets of Synodical congregations in 1967 was approximately \$43,000,000, as I mentioned.

Now a rough - and this is a very rough average of the distribution of all these assets over all congregations of the Synod would make the average assets of each congregation over \$200,000, although in actual operation some congregations own more property than others. As a matter of fact, fifty of the congregations of Synod are mission congregations receiving financial aid from the Board of American Missions of the Lutheran Church in America. That is shown on page 150 of Exhibit I.

The New Jersey Synod because of its long existence in the State of New Jersey has 33 of its congregations in urban areas with a population of more than 100,000 inhabitants, 47 of its congregations in areas having population of between 25,000 and 100,000, and 10 of its congregations with a population of less than 2500.

The activities of Camp Beisler are set forth in various portions of Exhibit I, with some particular reference to pages 93 and 94. It is to be noted that the Camp Beisler program includes provisions for payment of taxes, since some of its premises are not included in the geographical limitation set forth in the statute. I think you would like to know that approximately 216 acres of property, land and buildings, are involved in the Township of Lebanon and the tax bill for the year 1968 was \$1782.24, which was paid to that township. It is to be further noted that the Synod makes an annual grant (\$8500 in 1967) so that the camp may meet its expenses. In addition,

the capital needs of Camp Beisler are further supplemented by grants of the Synod.

The Synodical budget (1967, 1968 and 1969) are set forth on pages 95 to 97 of Exhibit I. It should be noted that the major portion thereof is in turn paid to the Lutheran Church in America for the work of the many agencies, institutions and programs carried on by that body, including the expenses of the establishment of congregations, fifty of which, as heretofore noted, are located within the State of New Jersey.

Said budget includes social ministry grants in aid; support of Upsala College at the expense of \$80,000 annually or more; contributions to the support of the Philadelphia Theological Seminary; the Campus Ministry at Rutgers in New Brunswick, New Jersey; payments to the New Jersey Council of Churches for assistance in the migrant labor ministry and other concerns of that body; payment of \$10,000 to implement the program of the President's Task Force on Justice and Social Change, as noted on page 91; payment of the sum of \$2,000 to the New Jersey Council of Churches Emergency Fund to deal with the crisis in the Nation, including the Poor Peoples' Campaign; to carry on all urban summer programs in 13 congregations as set forth on page 152 of Exhibit I; and the establishment of a Special Committee on Urban Affairs.

The foregoing, which is a very brief, only partial, statement of some of the concerns of the New Jersey Synod, dealing with its responsibilities to the general community and involving many areas of current, public and governmental concern, indicates that no simple philosophical statement can be made about tax exemption of religious property in this State.

It is quite evident that many of the duties and responsibilities of the government and community and of the people not being served by them, necessarily have been assumed by congregations and the institutions organized by church bodies. Of even greater significance is the fact that the constituent membership of the congregations and Synod perform volunteer services, the value of which is almost beyond estimate. They do this because of the training, beliefs and conscience inspired by their religious convictions. The Lutheran Church in New Jersey, of which this Synod is part of several branches, has been and is studying its obligations and responsibilities to the community, including the question of tax exemption and tax payment for services rendered. Conversely, government and community must study their own responsibilities and obligations to those institutions which provide and perform the services which government and the community are not able to provide. There are churchmen and church bodies which feel that some church properties should be taxed and others should be exempt.

In studying the effect of taxation upon specific congregations, many, even most, congregations, particularly those in the urban areas, would be ill equipped and unable to assume many of the financial obligations. Taxation would hasten their demise and extinction.

In a typical suburban community, realty taxation on the value of the real property of the congregation would add a burden of between \$6,000 and \$10,000 annually to the already difficult operating budget of approximately \$22,000 to \$30,000 current expenditure budget. In connection with the obligation

of the Lutheran Welfare Association of New Jersey, substantial public services are provided, the cost of which must come from contributions of individuals and congregations.

The purpose of this preliminary statement is to present some factual data for study and consideration of the Commission, and to challenge the people of the State of New Jersey as well as the constituency of the church to their respective obligations to each other, and to present more clearly the areas and concerns being served by each other, some of which ought to be the responsibility of the other. Request is made to present a full and final statement, as requested by the Commission.

Now I have Dr. Knudten here, who is in actual supervision and charge of the entire working of the New Jersey Synod of the Lutheran Church in America, and it may be that you would like to inquire into, for instance, our Church House, from which our work is done. You might want to go into the Camp Beisler situation and possibly the Lutheran Welfare Association. I don't have the data, but some of our oldest congregations, maybe two, three or so, may have connected with them church cemetery facilities; for instance, Saddle River has such a cemetery, a few of the old ones in Hunterdon and possibly Warren also have this type of facility.

I think it important to point out that the philosophy so far as income in our congregations and the basic policy of our Lutheran Church in America on our mission congregations is that they must support themselves by non-profit-making types of activities. The congregations receive their funds by contributions. The Lutheran Welfare Association receives its funds from

contributions and the partial payments of services by those receiving those services. But we are concerned here with the conduct of religion in the State of New Jersey.

ASSEMBLYMAN APY: Before I ask the first question, let me say this to you: I have been particularly impressed and I think the other members of the Commission have with the information that you have provided us with today. It is the most complete that we have received to date. I feel especially bad that you had to wait until this hour of the day to do it in light of what obviously was your tremendous amount of work prior to this, and I apologize. It really is good and it is exactly what we are looking for.

The first thing that I want to ask you about is this: Has the Lutheran Church nationally adopted a policy statement in reference to this particular question?

DR. KNUDTEN: I am not aware of any.

ASSEMBLYMAN APY: Some denominations, as you know, have. I was wondering if yours had.

DR. KNUDTEN: I am not aware of any.

MR. KIEFER: I am not aware of any either.

ASSEMBLYMAN APY: What about within the State, your own Synod?

MR. KIEFER: We are now making the study that is being presented to you.

ASSEMBLYMAN APY: Then perhaps in due course maybe before we get done, this is what you will be supplementing?

DR. KNUDTEN: I would doubt that there would be anything come that soon. There is no formal study being made of this. It

was presented at the last convention of Synod relating to a State income tax and at that time, the Synod, itself, in convention which consists of pastors and laymen, defeated that particular motion. But it still keeps coming up and there is some thought being expressed from time to time that maybe there ought to be some thinking as far as, well, possibly parsonages are concerned.

ASSEMBLYMAN APY: That is what I was going to pursue a little further with you.

DR. KNUDTEN: There is no study being made, but, for instance, every now and then, and there are more congregations beginning to do it, but it still is quite a minority, the churches are disposing of their parsonages and they are giving a pastor a housing grant which doesn't cover it, but which pastors in many instances are welcoming because they say it is making them a taxpayer.

ASSEMBLYMAN APY: Right. And by so doing, they are therefore taking those parsonages from the exempt status and putting them on a taxable status once they are in the name of the individual clergyman.

DR. KNUDTEN: The parsonages are disposed of then; the Synod no longer operates them. In fact, the two assistants to the President that have come into the office have both opted to purchase their own parsonages. Let me just say that this is a distinct minority, however, but there is a trend in this direction. Many a congregation is not able to do it because the tax-exempt status really helps them because in many of our instances the churches would be very hard put if they had to pay

the taxes.

ASSEMBLYMAN APY: Even on the parsonage?

DR. KNUDTEN: Especially in the urban areas.

ASSEMBLYMAN APY: Now take, for example, the parsonages which I assume are supplied for the Synod staff that operates out of the main headquarters in Trenton.

DR. KNUDTEN: There is only one now and that is the one in which I live. By next year there will be a new President because my term expires and then that new President will have the option as to being in the parsonage or getting a housing allowance. What he will decide, I don't know.

ASSEMBLYMAN APY: As the situation now exists, however, that parsonage is exempt?

DR. KNUDTEN: That parsonage is exempt. That's right.

ASSEMBLYMAN APY: Now it raises the question - and we have asked this of other denominations before - your services are rendered to the entire State and it raises the question whether the people in the particular municipality where the parsonage is located should be to that extent underwriting a service that is provided for all of the people of the State of New Jersey by the exemption. Suppose they were all clustered in one town.

MR. KIEFER: Well, that isn't really the question as I see it when it comes to parsonages. Strictly from a lawyer's viewpoint, I see the problem a bit differently. And I am not arguing the position at the moment. But the problem is there, that where the conduct and practice of their religion is so closely tied together with the need of the pastor to conduct the religion and where the particular denomination and the

tradition and the history of that denomination has always provided the place for the pastor to live - in other words, the congregation has always felt it necessary and so vital to its own existence to have this facility - I think it then becomes a legal and philosophical question.

ASSEMBLYMAN APY: Yes, but, of course, they are obviously recognizing perhaps it is not so essential anymore that it be done in the traditional way.

MR. KIEFER: You are discussing this now, however, as a tax man, but I am talking about the practice of the religion. There are some denominations which provide the manse or the facility, the parsonage, as part of its own development. Now some of our congregations do pay partial taxes because of the dollar limitation on the parsonage.

ASSEMBLYMAN APY: We just took it off. Tell them to check it out.

MR. KIEFER: But what I am saying is that there are some that have done this. I am not arguing it one way or the other. Our purpose today is to present in a factual, impersonal way the development of religion of our particular denomination in the State and what facilities we use.

ASSEMBLYMAN APY: What has brought this about in part is the automobile. In the old days, you had your church with the parsonage next door because this was the most practical way to serve and this has probably been the pattern, especially in the older communities. Now, however, with the automobile, it is just as convenient in many cases to put the parsonage over in the next town and then that parsonage becomes tax exempt in the

next town. So the question becomes: Is this fair to the people in the other town if this occurs? By analogy, the parsonage that Dr. Knudten owns, is this fair to the people in that town?

MR. KIEFER: Except that you have again, coming back to the basic legal problem, denominations which provide rectories and all the facilities as part of the actual existence of the parish. Now to the extent to which you can divide one from the other is a matter of public policy. It may actually affect that particular religious observance. This is not for me to say. I think these denominations should present their data to you so an independent judgment can be made.

ASSEMBLYMAN APY: Well, I am just trying to get a reaction as to whether or not you do see anything perhaps from the point of view of the taxpayer in the other town - would you see anything there that maybe isn't quite right?

DR. KNUDTEN: Except this perhaps, that take the Synod, which is composed of congregations which becomes in itself then with 184 that we have, it almost consists of a congregation of 184 members and all of those congregations, that is the members of the congregations, they in turn are all taxpayers. Probably there is no justification, but nevertheless, just an indication of the fact that they do think of the location where we are and our offices in Hamilton Square as the center of the activity of the churches where they come for various meetings and everything else that takes place throughout the State. The Synod, our church house, everything related to it - the only income it has is the offerings which come from congregations.

ASSEMBLYMAN APY: It is supported, you see, throughout the

State.

DR. KNUDTEN: That's right.

ASSEMBLYMAN APY: Now let's suppose that we took the Synod offices in Hamilton Square and decided that they should pay taxes, then the source of your funds to pay that tax would come from all of your congregations throughout the State or whatever sources you have.

MR. KIEFER: Including one right in Hamilton Square.

ASSEMBLYMAN APY: Including a certain portion of your people in Hamilton Square. But they on the other hand would be getting money back through the payment because their tax bill would be reduced.

MR. KIEFER: That is not quite the only analogy you can draw. The congregation in Hamilton Square is at the present moment still a mission congregation that would not be there except for our funds to start with and our supervision and our providing the services and whatever is necessary to establish a congregation. In other words, the people of Hamilton Square who want to worship and use these facilities, the local congregation facilities, they couldn't do this without the work that is being done here by the Synod.

ASSEMBLYMAN APY: I recognize that. One other question that I had from your testimony: You had worked out some figures indicating that if --

MR. KIEFER: Local congregations?

ASSEMBLYMAN APY: Yes. -- if taxes were paid, it would add a burden of six to ten thousand dollars annually.

MR. KIEFER: I based that on a very crude formula which

Mr. Wilson could very possibly verify. Assuming that a local rate is \$3 per hundred -- Is that a fair assumption?

MR. WILSON: That's fair.

MR. KIEFER: [Continuing] -- and assuming that there were \$200,000 worth of property, it would be \$6,000. If there were \$300,000, it would be \$9,000.

ASSEMBLYMAN APY: I suspected that that is what you had done, but I wanted it in here for the record so that somebody else reading it would know how you actually did it. I take it, therefore, your other figure here of \$22 to \$30 thousand current expenditure budget would be the operating budget as taken on an average from your reports.

MR. KIEFER: Not an average, but what I did so that I personally could be informative - my own congregation in Hasbrouck Heights where I live has this kind of budget, approximately \$22,000 operating and about \$9,000 for benevolence. In other words, the congregation gives away \$9,000 of its receipts. Assuming that and assuming our local tax rate and our valuation of the property we have there -- we have, for example, a church building, the Sunday School facility, the educational program and a parsonage, which has cost us roughly \$300,000, the entire complex -- these would be the approximate figures for a particular community which I don't necessarily feel is universally applicable, but would be near enough.

ASSEMBLYMAN APY: Suppose we took the parsonage and we put a \$30,000 value on it and tax it at our \$3 rate, we would come up with \$900 out of a total budget that you raise of around \$30,000 a year. This would be about 3 per cent. Do you think

that paying that additional 3 per cent would force the church to close down?

MR. KIEFER: It wouldn't have that effect in my own congregation and I wouldn't want to mislead anybody. But I think basic to this question is the philosophical one, whether the State has the right to tax a parsonage on this basis.

DR. KNUDTEN: May I just add to that. I am sure - at least it appears to me - that this would be the case in many a congregation - an additional \$900 - for instance, we have about 15 congregations that are already receiving assistance for their operating expense. This is in the areas which are not the cities. In the inner city itself we have maybe another 8 or 10 congregations that are receiving assistance and even those that aren't, if you know anything about the cities at all, they are having pretty hard going and this is where a great part of the work and a great deal of the money of the church is being expended. These 50 congregations which are under the Board of American Missions which we think of as missions, some are just technically missions because they just have loans from the Board of American Missions. But they are receiving tremendous assistance because a fair part of the loans, especially for those built in recent years, they have these loans at 2 per cent interest from the church. So you can see what that means too in this whole matter of helping a church and some of the problems they face.

MR. KIEFER: I think the problem becomes more difficult in the oldest of our congregations in the urban communities. For

instance, in Hudson County, we have 20 congregations, many of them in most difficult circumstances. Many of the parsonages are really minimum situations for living purposes. We have 21 in Camden County, 11 in Essex County and so on. Camden is a very difficult area. Trenton is a very difficult area - the old congregations. Putting a tax burden on them at this time would do what I said - it would destroy the congregation. Now whether the church, itself, eventually tried to eliminate that congregation by merger or otherwise, which is not a simple thing to do, it, at least, is done in an orderly way.

Now within the past month the U. S. Supreme Court has issued a decision which has indicated that government can't interfere with a denomination in handling its internal church affairs. That is really one of the basic questions involved here, the extent to which the taxing power could go in and by taxing either the parsonage or other church property destroy that congregation. No congregation can exist without someone serving in a pastoral capacity.

ASSEMBLYMAN APY: You have already though, I would assume, in the past reached the point with certain congregations where it was no longer economically feasible to continue them as congregations and you have either merged them or closed them down.

DR. KNUDTEN: We are in the process - we haven't closed any down, but we are in the process of trying to effect mergers. We have one at the present time down in Camden for three congregations. There are some we would like to up in Jersey City. But each congregation is an independent corporation so no matter

what we try to do, if they say no, our hands are tied. Let me say when we come to congregations to speak about mergers, they are all in favor of merger provided that the other church comes over to the location where they are.

ASSEMBLYMAN APY: You also though do continue in the new rapidly-expanding areas to establish new churches, --

MR. KIEFER: That's right.

ASSEMBLYMAN APY:--first, I assume, as mission churches and then hopefully quickly they become financially independent.

DR. KNUDTEN: Let me say this has been slowed down tremendously. In fact we haven't entered a new field this past year because the funds of the church are presently going into the urban areas. The Board of American Missions which used to establish throughout the whole church from 90 to 100 congregations, this last year, I think, entered only 25 fields and this present year they don't expect much more because the funds are needed so much right in the inner city.

ASSEMBLYMAN APY: This is a policy decision that is made as part of your social service?

DR. KNUDTEN: Yes.

MR. KIEFER: Would you want to make a statement as to the approximate number of our national congregations?

DR. KNUDTEN: Well, the national congregations, I am not sure of the exact number - somewhat over 6,000 churches. It may interest you to know too - we mentioned before Camp Beisler - and this is the only property that the Synod owns of any size in acreage and so forth, which has over 200 acres - that we pay taxes to the township there on all but five acres.

ASSEMBLYMAN APY: Under the regular formula?

DR. KNUDTEN: Yes.

MR. WILSON: Senator Kiefer, in your testimony you mentioned cemeteries. Would these be the church graveyards?

MR. KIEFER: Only the oldest congregations -- incidentally there is one never really used over in Teaneck on River Road near West Englewood Avenue down right on the banks of the river. Van Buskirk, one of the earliest Lutherans in the country, is buried there. There are three or four graves. It is less than an acre. Saddle River has a going cemetery for its membership and so on. I don't know the exact number of acres. It might be ten or twelve.

MR. WILSON: Not all of your churches have cemeteries.

MR. KIEFER: That's a rarity rather than the usual thing.

MR. KEATS: On church cemeteries, they recently ruled that in order for a church cemetery to be exempt from the idea of perpetual care funds and trusts funds, it must only be open to church members. So at the present moment, someone else can't come in and ask to be buried in a church burial ground. They cannot sell lots to others than their own denomination; otherwise, they must establish trust funds.

MR. KIEFER: I would assume that the very few we have are in that category, but they would only be a handful at best.

ASSEMBLYMAN APY: Are they included in your statistics?

MR. KIEFER: No, I have made no study. It occurred to me this morning that we did have one or two.

ASSEMBLYMAN APY: I wonder if they would be in Exhibit 1 somewhere in one of those tables. It is quite possible.

MR. KIEFER: I don't think so.

DR. KNUDTEN: I would doubt it. I don't know. There are only a few of them and they are right around the church.

ASSEMBLYMAN APY: They are among the less active cemeteries probably.

MR. KIEFER: Well, they are very rarely used. Saddle River is the only one I know that may be used at all. But involved in that particular consideration would be in the event there was taxation and inability to pay, they would result in foreclosure and this would be a very unhappy public circumstance I would think.

ASSEMBLYMAN APY: Anyone else have any questions? Mr. Cotton.

MR. COTTON: You indicated your expansion has somewhat been slowed down now because of your focus on work in the urban areas. Are you acquiring land in advance of the establishment of congregations in order to have the land available when the congregation is ready? Do you do this?

DR. KNUDTEN: The Board of American Missions is looking into this and suggesting this in some areas. We do not purchase that now. The Board of American Missions does nationally in the beginning because all projections are that when you get into the '70's, there is going to be another tremendous housing boom with people moving out in various areas and they say to be prepared for that. But at the present moment, I don't know of any that have actually been purchased at this point.

ASSEMBLYMAN APY: Gentlemen, we thank you very much. We have your materials here.

MR. KIEFER: Do you have all the evidence?

ASSEMBLYMAN APY: Yes, we have everything.

MR. KIEFER: Would you want the tax bill?

ASSEMBLYMAN APY: If you have an extra copy, we will make the file complete.

Mr. Tomasulo, please.

F R A N K L. T O M A S U L O: My name is Frank L. Tomasulo, 120 West Northfield Road, Livingston, New Jersey. My position is President of the New Jersey Society for the Prevention of Cruelty to Animals and Deputy Chief of Enforcement.

Mr. Chairman, I am here in response to your letter and I brought along with me a copy of the Statutes Annotated because I wish to point out to this body that the New Jersey SPCA - we'll use the letters to make it shorter - is a creature of the Legislature. It was created by an act of the Legislature on April 3, 1868. As a matter of fact, this coming April, it will be 101 years old. By virtue of the authority granted us by the Legislature, the State President through the years, through his authority, has established county branches or district societies throughout the State of New Jersey wherever it was needed or required and this is done by issuing a charter which in turn, the recipients then incorporate themselves and enjoy the privileges of any corporation in this State.

Basically and out of necessity, the SPCA is an enforcement agency. We enforce all acts against cruelty to animals and as an adjunct to this power, the Legislature permitted a county society to operate a kennel or a shelter if they deemed it necessary. And in this State we have approximately 9 county societies that are operating a shelter.

Now I feel that in view of the fact that we are a creature of this Legislature that we are in effect tantamount to being a State agency. We are a quasi-public corporation and as such we have enjoyed tax-exempt status and should continue so. And if things were to change, and I say this very emphatically, I for one could not continue to exist in this fashion. I would definitely turn over the organization back to my creator and let them show me how they can do it with the taxpayers' money.

I brought this book along in case you gentlemen who are attorneys would care to look at.

ASSEMBLYMAN APY: Can you give us the citation.

MR. TOMASULO: Yes, it is 4:22-1 is the incorporation.

Having given you these basic facts of our being in existence, I think if the Committee here has any questions they would like to ask, I would be glad to try to answer them because I have found through the years that there are people in New Jersey, including judges, by the way, who are totally ignorant of the laws pertaining to animals and, in effect, we have to educate them.

ASSEMBLYMAN APY: Let me start off by asking you this: Do you know the extent of the real property that is owned by the various associations?

MR. TOMASULO: At this moment, Mr. Chairman, I cannot tell you. However, I can speak for the New Jersey Society, which is the parent organization that I represent. We have a home in Livingston which I incidentally now occupy. I will explain that to you. The property is worth approximately \$20,000 and our total assets - I mean cash and everything else - is maybe

\$5,000 or \$6,000. We are worth approximately \$25,000. Some of these counties who have shelters - for example, I would say two of our largest or better known would be one in Union County and one in Monmouth County, your county. Perhaps they may be worth \$50 or \$60 or \$70 thousand. I have no definite answer to that question. This is why, if you recall, I suggested you send letters to them and have them represent themselves with facts and figures.

ASSEMBLYMAN APY: Which we have done, incidentally. Let me ask you this: Are you a full-time employee of the State SPCA?

MR. TOMASULO: No, this is not my livelihood, sir. I will explain that. I have been in the SPCA approximately 20 years. Within these 20 years, I have been a law enforcement officer, investigating cases and prosecutions and also have been almost as many years a member of the Board of Directors. I am now on my second term as State President.

ASSEMBLYMAN APY: Does the State President always live in this house or is this peculiar to you?

MR. TOMASULO: No, it hasn't been customary. I will tell you the history of this business. Originally we owned a piece of property in Newark. It was bequeathed to us. And about ten years ago conditions got so bad in that area that we had to move out. The President at that time saw this piece of property in Livingston and they bought it. I think they paid a little over \$18,000 for it. As a matter of fact, it is right on Northfield Road which is a county highway.

MR. WILSON: How much land?

MR. TOMASULO: I would say, sir, the frontage is about 300 feet by 100 and it has a 30-foot setback which the County Highway Department can take at any time and, of course, the house would be totally worthless after that.

In Newark we had a woman who served as our Superintendent. Her job was to take calls, answer complaints, go out on complaints and, of course, to reside on the premises. Then when we bought the property in Livingston she moved up there with it and age caught up with her and she retired and later on the Lord took her away and we lost a good Superintendent.

Subsequent to that we hired an individual who moved up there with his wife. Their duty, of course, was to take care of the office, to answer calls and complaints and dispatch calls to our men, do the office work, and, of course, to live there too because they had to have some place to stay. He was getting a salary plus all utilities paid.

Then a few years ago, maybe two years ago to be exact, we were suffering from the results of that East Orange case, that experiment case. I see the gentleman smiling. And that thing cost us quite a bit of money. As a matter of fact, the legal fees ran into a five-figure bracket. I was able to get most of that money by asking many of the societies throughout the country itself and luckily I was able to accumulate most of it, with the exception of maybe \$4,000 or \$5,000.

Since the advent of this case, we saw - and we didn't have to look in a crystal ball - we saw that the treasury was being depleted. So I called aside the gentleman who was working at our place and I said to him, "John, please, find

yourself a job and you can still live here and do all our work, but we can't afford to pay you a salary." Instead, the gentleman decided it would be best for him to move and he found himself a job in Pennsylvania.

Then the question was: What do we do with this house? We used the house for a meeting place. The Board of Directors convenes there once a month. We use it as an office. So if we were to close it up or sell it, we would have to go some place else and either buy another property or rent office space somewhere and we would have to get a girl. So the Board of Directors prevailed upon me to move up there, but there was a method to their madness. They knew that my wife was a legal stenographer. So now we have not only the services of the President, but my wife who takes dictation, does the typing, does the cooking and all the chores that we would have to pay someone a minimum of over \$100 a week, let's say. So lo and behold, I am up in Livingston. I assume all the utilities, with the exception of the water bill. They decided they wanted to keep that because of the lawn, etc. I pay for everything and I did this actually because I wanted to help save the organization.

I am aware that I am not paying the rent. But if you figure it out dollarwise, I am losing money. I take care of the property, the grass, the snow removal, and so forth and any minor repairs. The organization will take care of any major things that may develop. So far, knock wood, we are O.K.

ASSEMBLYMAN APY: Let me go on one step further and maybe into another area. To what extent does an SPCA provide services for the municipality? Do the different organizations contract for

dog and animal control or is this not done privately?

MR. TOMASULO: Mr. Apy, the few counties that I mentioned - I didn't mention them by name, but I did say to you before that they have shelters - those that are operating shelters, some of them are contracting with municipalities within their areas. That means there, of course, that they would have some income. It is understandable.

ASSEMBLYMAN APY: Do the shelters have any other sources of income - the various shelters?

MR. TOMASULO: The only source of income they would have, that is, if they didn't have this so-called warden service, would be strictly if someone would bring in a dog and give a donation or they would in turn have a dog and place it and get a donation for it.

ASSEMBLYMAN APY: We see ads in the paper all the time for dogs that are available from the SPCA. If you were to go and pick up one of those dogs, would there be a fee involved?

MR. TOMASULO: There would be a donation.

ASSEMBLYMAN APY: They would request one.

MR. TOMASULO: Yes, because they could not do it otherwise. You take any animal, the longer you have it in your possession - you have to feed it several times a day - and you show me how to operate one without charging something. You couldn't operate, sir, because the only other money they would possibly get would be from a bequest or from a fine if we went to court and we got a conviction.

ASSEMBLYMAN APY: Generally speaking, the various county agencies would be serving the entire county in which they are

located.

MR. TOMASULO: Yes, that is what they are there for.

ASSEMBLYMAN APY: And therefore the benefit would be spread among all of the county and not any one of the particular municipalities?

MR. TOMASULO: Right. Every municipality would be benefited in that particular county. Now in Essex County here, we do not have an Essex County SPCA as such by name. But we at the State Headquarters are situated in Essex County and always have been. We serve the county here. By that, I mean by enforcement work. We have no shelter here.

ASSEMBLYMAN APY: You indicated originally that you thought of yourselves in the same context as a State agency that was operating to perform a State function.

MR. TOMASULO: That's right, sir.

ASSEMBLYMAN APY: Number one, at the time the exemption was originally set up and the Society authorized, would you say that it was done with this in mind, that they were setting up an organization to do this or was it not that a group of people got together who were performing this function and asked the Legislature for the assistance --

MR. TOMASULO: Yes, Mr. Apy, historically if you look at the incorporation statute, you will note that there had to be a group of people who asked for this apparently 100 years ago and the Legislature saw fit to give this singular group this authority and by so doing they created a set of laws to go with it. Now other than that we would be the same as, say, a Fish and Game Commission. If I may use this terminology respectfully,

while we are a creature of the Legislature, actually we are a bastard organization.

ASSEMBLYMAN APY: In other words, they created you and forgot about you.

MR. TOMASULO: Right. The State does not give us any money. The State does not give us any legal advice, free advice. For example, we had this big case with East Orange. We appealed to the Attorney General's Office. They did not come into the case. I had a recent problem with one of my counties. Finally, one of the Deputies said they would come into the case on the Appellate level. Now I personally can't afford to go to court and pay a lawyer out of my pocket. I am being very frank about this.

ASSEMBLYMAN APY: Suppose the charter or the authorization were revoked by the Legislature and the Legislature were to decide to set up as a State agency in the Department of Health --

MR. TOMASULO: -- or Agriculture.

ASSEMBLYMAN APY: [Continuing] -- or Agriculture, whichever would be appropriate, a department to carry on these functions. Do you think that the various chapters would therefore also fold up or would they not continue as groups of interested people?

MR. TOMASULO: No, sir. There would be a conflict there. How could the State, for example, take this over and give it to the Health Department and then you are asking us on the other side to have a group? How could that be? There would be a definite conflict there.

ASSEMBLYMAN APY: What I am suggesting is this: Do you think the people interested in the local SPCA would continue

their interest and they would continue to do their work irrespective of the fact that the State might go into it as well?

MR. TOMASULO: They wouldn't have enforcement powers if the State took it, sir.

ASSEMBLYMAN APY: Well, is enforcement what they are primarily interested in?

MR. TOMASULO: Yes, it is; it definitely is. And I have revoked charters on that basis for lack of doing that.

ASSEMBLYMAN APY: And the enforcement is what - the enforcement of the State laws?

MR. TOMASULO: Yes, sir. There it is, a whole section on it.

MR. WILSON: This East Orange case, was the one that involved --

MR. TOMASULO: -- the chicken experiment in high school here in East Orange.

MR. WILSON: The chicken came to an untimely end as a result of an experimentation by a student.

MR. TOMASULO: That's right.

MR. WILSON: That was an expensive case.

MR. TOMASULO: It certainly was. But, of course, our argument there - we weren't arguing the fact that experiments are not permissible, say, in a college or a university, but we objected to it in a high school or grammar school.

If the State decided to take this over and said, "O.K., we'll operate this in the Department of Health," you would have to put manpower galore on. They would have to be all over

the State. You couldn't do it. There are complaints now about the State Department of Health.

ASSEMBLYMAN APY: Any further questions? If not, we thank you very much. As I indicated, we have written to the others --

MR. TOMASULO: -- the other branches.

ASSEMBLYMAN APY: -- and asked them to provide us with some information. Thank you.

MR. TOMASULO: I leave you with this, "Be kind to your pet."

ASSEMBLYMAN APY: Well, you'll make sure that we are.

I have here next two representatives from the Montclair YMCA if they are still here. Are they going to testify or are they observers? They must have been observers and they must have left.

Also from the Hudson County SPCA, Mrs. O'Connell.

EUGENIA O'CONNELL: Mr. Chairman and members of the Commission: I am Eugenia O'Connell, member of the Board of Directors and Chairman of Investigations, Hudson County District SPCA.

The Hudson County District SPCA operates without cost to the State of New Jersey. We do not operate for profit. There is no monetary gain. The moneys received are put back into the organization for expenses.

We are the only animal shelter in the County of Hudson maintaining its own shelter. Since its inception in 1895, it has ministered to tens of thousands of animals and it is a source of great satisfaction to record that no reasonable appeal

for help of an animal has ever been denied.

We are the oldest SPCA shelter in the State of New Jersey. During "Be Kind to Animals Week" we distribute hundreds of posters in every school in the county. Through humane education we have made our work known to thousands of boys and girls and their parents. Humane education always builds for the future.

We shelter and care for animals from owners in hospitals, jails and mental institutions. There is no charge for this service. The mental outlook of these people is greatly stimulated by the fact that their pets are being cared for until they are released.

We hope we will be able to continue with our work in this capacity, for without tax exemption, we would have to curtail our activities.

Now I was listening to mention of these five acres. We have two lots in Hudson County. We have a building appraised at \$4500. It is 95 years old. We had a fire a year ago in November and we still have tarpaper on the roof. We haven't been able to fix the roof. We are all voluntary workers. I have been doing court work 30 years in 12 cities in Hudson County and we do not close our eyes. We go into Bergen County because we get many complaints from Bergen County on law enforcement. I am on call 24 hours a day. We are in debt all the time. As long as I can remember, we are never out of debt.

ASSEMBLYMAN APY: And you operate through volunteers such as yourself?

MRS. O'CONNELL: Thirty years.

ASSEMBLYMAN APY: Now, what about the shelter, itself?

You would have to have a paid employee there.

MRS. O'CONNELL: Yes. We have four employees and last night I put two extra for night duty because I guess you know in Jersey City alone over the weekends, they are all in jail or in hospitals and we have all these dogs we have to take care of until they are released or out on bail. So our ambulances are running all night long. Last night I had to put two extra on help and this is \$210 a week and I am trying to figure out where I am getting this \$210.

ASSEMBLYMAN APY: You say your ambulances are out.

MRS.O'CONNELL: All night long in Hudson County.

ASSEMBLYMAN APY: Literally ambulances or do you use automobiles?

MRS.O'CONNELL: They are half-ton panels.

ASSEMBLYMAN APY: And do you contract with various municipalities for your services?

MRS.O'CONNELL: We get \$85 from one and \$100 from another a month. We have a couple of card parties a year and, as I said, four paid employees, and we work Saturdays and Sundays. I am down there cleaning and feeding.

ASSEMBLYMAN APY: What is your annual operating budget?

MRS. O'CONNELL: I would say about \$40 to \$50 thousand. We have to make up \$20 or \$25 thousand a year and we just can't make it up. This is it. We are still paying on our two ambulances and this is the third year for them.

ASSEMBLYMAN APY: And do you charge anyone at all, for instance, for boarding of dogs or anything like that?

MRS. O'CONNELL: No, we can't board dogs. We have a lot

of cases of people in projects. They go into projects and can't keep their animals. Yesterday we had a dispossess in Secaucus and we had to pick up seven animals. Another elderly woman put in a mental institution, we picked up her 27 animals and we had better have them when she gets out. I know this woman. We'll have the 27 animals and she knows every one of them.

Now we have another case where a man is up in the Veterans' Hospital. He'll be there a year in April and we still have his little Blackie and he is waiting to come out for his dog.

ASSEMBLYMAN APY: And do you have any kind of a holding period or procedure as far as returning animals?

MRS. O'CONNELL: We'd like to, but people make up their mind over night. A dog will soil a rug and right away it goes. Then two days later, you will have four or five children coming down crying they want their dog back. You really have to hold the dog even though they turn in a surrender slip.

ASSEMBLYMAN APY: Do you hold the animals indefinitely or do you then place them back out?

MRS. O'CONNELL: We try to have them adopted, but people want puppies; they don't want an older dog.

ASSEMBLYMAN APY: What finally happens to the animals?

MRS. O'CONNELL: We have to put them to sleep and, believe me, we don't like to do it.

ASSEMBLYMAN APY: You do after a certain time period when your facilities become too full or do you have a regular procedure?

MRS. O'CONNELL: We have to. There your Board of Health comes in. Of course, we are always fighting Boards of Health. We had a case in the Assembly and we will have another one Friday

and this costs money. Of course, we are not paying for this; we are having another society pay for this case.

ASSEMBLYMAN APY: Do you receive any support from any governmental unit other than the ones you contract with?

MRS. O'CONNELL: No.

ASSEMBLYMAN APY: And therefore the \$25,000 you spoke of you will be raising by general contributions from a Community Chest and that sort of thing?

MRS. O'CONNELL: No, we don't get anything from the Community Chest.

ASSEMBLYMAN APY: You don't get anything?

MRS. O'CONNELL: No. We tried to and they said it was for animals and this was out. You may not realize all the animals hit by car these days. We pick up about seven every day, injured animals. Some of them we have to put to sleep if they are badly injured; others will go to a vet. Now a broken leg runs \$40 or \$50 and we can't destroy them. We will never get the \$40 or \$50 back. We have to pay these vets.

ASSEMBLYMAN APY: Now I asked Mr. Tomasulo a question that I assume you heard. He indicated that this was a State function that you are performing.

MRS. O'CONNELL: State for law enforcement. But we have our shelter and we have an old shelter. As I say, it is just about down.

ASSEMBLYMAN APY: Therefore, you do have a function that you perform and would continue to perform even if the enforcement were taken over by the State.

MRS. O'CONNELL: Well, no, we could close down the shelter

and let the State take over. I don't even know how they could do it because Jersey City as of 1960, just Jersey City alone, had a population of 276,000. Now I am not criticizing any municipality, but from Friday to Monday in the State or the city or anywhere, they go off from Friday to Monday. We work seven days a week. Your dead animals are on the streets. They aren't picked up. Now in the summer it isn't very nice.

ASSEMBLYMAN APY: They call on you to do this?

MRS. O'CONNELL: Well, they call on us and we don't like to do it, but after all, if it is in front of a church or a public building or in the middle of Journal Square, what can you do? You can't leave an animal there on the County Boulevard and this happens when the State takes over or a city or a county and I am not criticizing our city. But on Friday they close down at four or five o'clock and they open again Monday. We work seven days a week. The animals have to be fed and cleaned. Animals are injured every day in the week and all night long.

ASSEMBLYMAN APY: Well, a State agency could do it if they were willing to put somebody on seven days a week.

MRS. O'CONNELL: I don't think they would do it. They would say they would do it, but I don't think they would do it because I have been around the state quite a bit. People will say they are doing it, but the animals are still on the street.

ASSEMBLYMAN APY: Would this not then take place in those areas and municipalities that do not presently have SPCA organizations?

MRS. O'CONNELL: I don't know what happens out in those places. I know I have a place up in Morris County. I know a

lot of people shoot the animals and I guess they just dig a hole. We are not allowed to do that in the city. This is against the law. You can't dig a hole and bury an animal even in your own backyard in the city.

MR. WILSON: How do you dispose of the deceased animals?

MRS. O'CONNELL: That is another thing I forgot. I didn't put all this in here. Years ago, going back 20 years, you could call up the different - I don't know what you call them - rendering places, I guess, and they would take them and they would give you soap and everything else. Now we have to freeze the bodies, pay \$250 a month, and then if they aren't in good condition, they will not accept them. Then what do we do? The incinerator in Jersey City will not take the animals.

MR. WILSON: You could embalm them.

MRS. O'CONNELL: Well, where do you get an animal embalmed?

MR. WILSON: There are licensed embalmers all over the state.

MRS. O'CONNELL: With a couple of hundred animals every week?

MR. WILSON: I am kidding, of course.

MRS. O'CONNELL: You know every day you have cats and six kittens, puppies. People come in and they want these animals put to sleep. If they can't afford it, we do it for nothing. If you go to a vet, I believe you pay \$10 to put an animal to sleep.

MR. KEATS: What does the SPCA do with the dead animal's body?

MRS. O'CONNELL: The body has to be frozen and they come in and they take these bodies away.

MR. KEATS: Who does?

MRS. O'CONNELL: Well, we have - I guess I can't mention names, right?

ASSEMBLYMAN APY: Private organizations?

MRS. O'CONNELL: Yes, private organizations. \$250 a month we pay for this.

MR. KEATS: Well, what do they do with it?

MRS. O'CONNELL: I don't know. I understand a couple of places make lipstick out of them. [Laughter.] I investigated. This is the truth. I don't want to mention trade names, but they say Avon is the only one doesn't use it for lipstick. Now I have investigated some of these things. But they say Avon is the only company doesn't use animals for lipstick. Now I don't know; I haven't investigated this.

ASSEMBLYMAN APY: Let me say that we are eliciting factual information we never thought we were going to get.

MRS. O'CONNELL: Believe me, I have learned a lot in 30 years too - plenty.

ASSEMBLYMAN APY: Let me ask you one other question. You indicated you are faced with at \$25,000 deficit, I think, from last year. What will you do to get the money? Where will it come from?

MRS. O'CONNELL: Well, we had a card party and then we had a Christmas appeal. Now we are starting on chances.

ASSEMBLYMAN APY: This goes on year after year after year?

MRS. O'CONNELL: Year after year and then once in a while -

of course, the older people have all gone - we get a legacy once in a while, a couple of hundred dollars, and this is it. Now we are trying to start a building fund. We had a fire the 23rd of November, a year ago November, and we still can't get money to put a roof on two of our rooms. There is no money. Now I have Hudson County and I think Hudson County is pretty big.

ASSEMBLYMAN APY: I have no other questions of Mrs. O'Connell.

MRS. O'CONNELL: I haven't put everything in here. It is very small, but I would be glad to answer anything. But when you say five acres, I don't think we have two lots down there, and you have to do as they say and we don't like that. I would rather be without it.

ASSEMBLYMAN APY: Thank you very much for coming. We appreciate it. I think we know a little bit more about how the SPCA works.

MRS. O'CONNELL: You learn plenty.

ASSEMBLYMAN APY: Dr. Geld, please.

S O L O M O N G E L D: My name is Solomon Geld. I live in Paterson and I am the Director of the Daughters of Miriam Home and Infirmary for the Aged in Clifton.

My presentation will consist of two parts. One is a case history of Daughters of Miriam and the other one, I will try to address myself to some philosophical, ethical, moral questions that are involved in the issue under discussion, especially with reference to the aged, and to that extent it reflects the thinking of my colleagues in the field, in the

New Jersey Association of Homes for the Aging and in other places.

I was heeding the admonition of the Chairman that we should be reasonable, calm, cool and collected. I don't think my presentation is entirely of that nature and if it is in certain passages tinged with emotion, I hope you will forgive me because it reflects the anxiety of our colleagues and what is happening in the State and in the Nation in the fabric of American society.

"In these days a decree went out from Caesar Augustus that all the world should be taxed." These words of the Gospel, according to Luke, have confronted me and my colleagues who labor in the field of sheltered care for the aged. They have caused us anxiety and worry because we see in the latter day incarnation of Caesar Augustus, the league of municipalities and the organization of tax assessors as the leaders of a systematic campaign of erosion, designed to promulgate a decree that all the world of religious philanthropy, but especially that concerning the aged, should be taxed and thus eventually eliminated. And, gentlemen, make no mistake about it, in the long run taxation of our facilities will eliminate them and I speak with a certain degree of knowledge because what is happening in New Jersey is happening across the length and breadth of this Nation. I was involved on the national scale as former President of the New Jersey Association of Homes for the Aged, as President of the National Association of Jewish Homes for the Aged and as the present Treasurer of the American Association of Homes for the Aged which has about 1,000 non-profit homes as its members.

It is a reflection of a sad situation, notwithstanding the

flow of verbiage, paying lip service to organized religion as one of the cornerstones of a free American society. In practice and commitment it occupies a low place on the totem pole of American values. Indeed, taxation of sheltered care facilities for the aged, under church auspices, is to us a rampant flood with a political fountainhead.

Now these are admittedly strong words. I am not a diplomat or a lawyer - I am a rabbi and a social worker. I do not hold with the niceties and hypocrisy of United Nations protocol, neither can I quote statutes, ordinances and subparagraphs and statistics. The legal paraphernalia were amply expounded here by Reverend Claude Roe who testified before you on January 22nd. On the national scene, a legal brief was prepared by the President of the American Association of Homes for the Aging, Mr. Thomas Jenkins, of San Francisco, who is a lawyer and a tax expert. I am concerned with moral issues, ethics and principles. Although not required, I consider myself sitting before you under oath, to tell you the truth, the whole truth, and nothing but the truth, so help me God.

Specifically, I appear before you as a spokesman of a community of Jewish aged, 350 men and women who live and are being cared for in various buildings located on a twelve-acre estate, men and women whose average age is 80, and whose functional capacity ranges from sub-total self-sufficiency to total dependency. I have spent all of my adult life there - 30 years - building it up from a despised poor house, to a licensed, approved and accredited community social and health care agency, which has found grace in the sight of God and men in 47 years of

its existence, except in 1968, when an attempt was made to take that grace away by the local Tax Board. Actually, some of my colleagues think that we should emulate the methods of the students on the campus which is very much in vogue these days and which apparently produced some results. It would not have been too difficult to bring the aged community to City Hall and induce them not to move, to shout in unison, to go on a hunger strike until the threat of the tax decree is lifted. If pressed to the wall, we may yet have to resort to such methods. I am the spokesman for these people, for the aged more than for the agency.

The Miriam Apartments, a seven-story building sponsored by Daughters of Miriam on its premises for elderly people who require, in addition to housing, some basic services, came into being as a result of a 50- year 3 per cent loan by the Department of Housing and Urban Development to Daughters of Miriam Association on the condition that the apartment be made available to elderly and handicapped people at a prescribed rent determined by HUD, based on a market feasibility study. The project must be non-profit-making. The initial regulations required that the tenants could not have an income above \$4,000 per person and \$4,800 per couple. Since then, the income ceiling has been lifted to \$4,500 per person and \$5,200 per couple. The fixed rental set by the government is \$90 per month for a one-room efficiency and \$120 a month for a one-bedroom apartment for couples. The average age of the tenants is 80 years. We were told by the regional office of HUD that it is the highest in the country. They told us that the average age of tenants in senior citizen housing projects in

the country is 72. Our experience so far has indicated that there will be a turnover of 10 per cent of tenants per annum due to the advanced age and handicaps of the residents. A contractual agreement between HUD and Daughters of Miriam required that any operating deficit up to \$38,500 must be absorbed by the sponsoring organization.

In sponsoring this project, Daughters of Miriam were motivated by a desire to create a homogeneous environment for aged people who do not fit into an institutional setting of a nursing home and infirmary because that is what we are. The Daughters of Miriam would not be interested in being a landlord only. The fact that we have constructed the building adjacent to the institution on the premises of the institution indicates that we intended to and we do give these people more than a roof over their heads. They participate in our social and recreational program. We serve them one major meal a day. We supply a laundry and linen service. We furnish the apartment and there is a person from our nursing staff in that building 24 hours a day, seven days a week to handle emergency situations.

Before considering the project, we obtained before entering into any negotiation assurance from the City of Clifton, with whom we have excellent relationship developed over a period of 47 years since we have been there, that it would not be taxed. The project was opened in February of 1968 and the gradual full occupancy took place during that year.

Towards the end of October of 1968, without any warning, we received a tax bill from the City of Clifton for over \$30,000, payable on November 1st, 1968. Paying this bill would be

financially disastrous for us. We have neither the money nor could we tap any source to get it. Please bear in mind that this tax bill came to us a year after the City Council reaffirmed our tax status in the entire institution, including the latest buildings and equipment. It should be noted that in the first year of operation we had to transfer some of the apartment occupants to the more comprehensive care sections of our campus and that all social, recreational and religious facilities of the institution, which are professionally staffed, are available to the apartment occupants free of charge. In the 47 years of our existence, we have made a capital contribution of facilities at a construction cost of some \$5 million, thanks to the devotion and charity of the Board of Trustees and membership. We have not taken one cent from the government towards the cost and purchase of equipment. Of our current population, 135 are welfare cases. As you well know, the welfare in New Jersey does not meet the actual cost of care of these people, as a result of which we have an annual deficit of over \$100,000, not counting the cost of depreciation of building and equipment, which is also met through charitable contributions.

What a \$30,000 tax bill would do to us is best expressed in a letter of the regional office of HUD, which for the purposes of this presentation, I am quoting in full:

"Dear Dr. Geld:

"We were very distressed to learn that Miriam Apartments has received an assessment for real estate taxes whereas we were previously advised that this '202' project would be tax exempt.

"As you are aware, in approving your project, we placed full reliance on the representations of tax exemption which you submitted to us. If the present tax assessment

averaging some \$30 per apartment per month had been originally contemplated, we could not have approved your project, since it produces a rent structure that is beyond the ability of those eligible for '202 housing to pay. In fact, we are now most apprehensive that your project may suffer a serious loss in occupancy if taxes at this level are sustained, since Miriam Apartments will then have the highest rents of any of our '202' projects in New Jersey.

* * * *

"We hope that you will do all that you can to maintain the tax exemption that was originally accorded to you. If we can be of any assistance, please advise us promptly."

It is signed Vincent A. Marino, Deputy Assistant Regional Administrator for Housing Assistance.

I am reporting our situation in detail because it has been alleged that the taxation campaign is aimed toward the rich retired millionaires, toward luxury outfits of Meadow Lake. In fact, only a few weeks before the threat of a disaster occurred to us, some of us who were alerted by the forecasts of stormy tax weather, myself included, wrote to Senators and Assemblymen, urging them to pass a bill which would clarify the issue once and for all. As you know, the bill was passed by one legislative body, only to die in committee by attrition. To calm my anxiety, the President of the Senate, Senator Ridolfi, said that I need not worry and that the bill is sponsored by the Meadow Lake rich people, as evidenced by the attached copies of letters of the League of Municipalities and the law firm which represents the Township of East Windsor.

My story, gentlemen, should prove to you that while the tax campaign may have started with Meadow Lake, a very convenient target for tax hunters, a target which they would have to invent if it didn't exist, in order to get attention and visibility, it

spread to other bona fide shelter-care facilities for the aged, as was reported to you at the January 22nd hearing and these facilities are certainly not luxury outfits.

After the death of Senate Bill 467, the tax hunters licked their chops and drooled at the euphoric vision of ratables to swell the city coffers, especially before election time. Too bad that people like myself have to disturb that vision. That we will do, for it is the task of religion to disturb the comfortable and to comfort the disturbed, as that famous theologian, Protestant theologian, Reinhold Niebuhr, put it. I will be more explicit. We will fight with heart, soul and mind, with every ounce of strength, any and all encroachments on the time-honored tradition of bona fide organized charities under religious auspices. We don't have the necessary apparatus, the lobby. We are greenhorns when it comes to political influence, winning friends. Our stance has always been in the background, but we will learn and succeed because we know that a minority with a good conscience and awareness of God's presence, in the long run becomes a majority.

I shall return to the defense of the so-called luxuries of Meadow Lake. In the meantime, on with my story. After getting the tax bill, we immediately appealed to the County Tax Board, who unanimously upheld our right to tax exemption. In my presence they stated to the City Counsel that it is inconceivable to them that our program should be taxed. Upon the request of the City Attorney, we assembled a mountain of documentary evidence and submitted it as directed to the Tax Assessor's office by personal delivery. Several days after

presenting these papers, I was informed that the city is appealing the county decision to the State, because I had not submitted the papers as requested. You have guessed it - the papers were mislaid. They were found and rushed to the City Legal Department, who promised to recommend to the city fathers to cancel the appeal which was decided in caucus beforehand and that this recommendation, said the City Attorney, is based on convincing evidence. He kept his word and made a recommendation to that effect at an open City Council meeting that very night. The matter could have been concluded in our favor were it not for one Council member who objected because, "After all, \$30,000 is involved." Well, I ask you gentlemen, what elected city father in his right mind would argue at an open City Council meeting against the boon of \$30,000 in new-found money?

So we continued to agitate and I met single-handedly with every member of the City Council, went over the evidence, and yesterday afternoon at four o'clock, I was informed that the City Council had rescinded the appeal. When I heard the news, my immediate impulse, a selfish impulse, was - then there is no point in your going to this Tax Commission. Run. You're safe. But from bitter personal experience - I have lost my entire family of some 200 people because of the Nazis - I know that what saves one person does not necessarily auger for the future as a whole.

So now this is the end of my successful case story of persuading the city authorities that we have a solid ground for our tax exemption after going through the City Council, County

Tax Board and withdrawal of the decision of the County Tax Board by the City of Clifton.

Now to the heart of the issue - principles - because you, Mr. Chairman, said that you are addressing yourself to the philosophy. What lies behind this tax avalanche apart from what we think are political motives? Is it possible that a serious attempt is being made to reenforce the separation of church and state? If this is so - and it may be so - municipal, state and Federal action in this respect is shot with contradictions. I have not heard of any municipality taxing not properties, but actual churches, which are affluent, self-sustaining, or for that matter, synagogues. The opening prayer delivered by clergy of all denominations at governmental inaugural ceremonies, at city, state and national levels, the maintenance of chaplains of all denominations in the Armed Forces, is testimony of some appreciation of the organized religious aspects of our lives and that the separation doctrine is meant to eliminate the establishment and predominance of one state religion which has plagued so many countries, and I know whereof I speak because I come from such countries. Nevertheless, one can never know how great a safari the tax hunters will undertake. After all, in comparison with the big game of church wealth, sheltered care facilities for the aged are hardly worth the buckshot, but one trains with buckshot and graduates to bigger and better spoils. I am persuaded from remarks heard here and there about government's intent in relation to church philanthropy that this is not idle talk.

Is it possible that the intended taxation is based upon

the notion that these agencies are not exclusively for the poor as in yesteryears when the lady bountiful from the right side of the tracks visited smelly poorhouses with a perfumed handkerchief to her up-turned nose and dispensed so-called charity? Apart from the anachronism of the approach to the poor, vis-a-vis the modern concept of social welfare designed by the Federal government in response to popular demand for people of all walks of life, apart from the very relative and changing concept of poverty due to the erosion of the purchasing power of the dollar on the one hand and a continuous demand for better standards of service on the other, this concept of charity for the poor is also shot with contradictions. Consistent and logical adherence to it would demand taxation of every private room, floor and pavilion in a non-profit hospital, which are very luxurious and very costly and therefore available only to the affluent. Yet I have not as yet heard of any attempt to tax the Klingenstein Pavilion of Mt. Sinai Hospital or the Harkness Pavilion of the Presbyterian Hospital, where the minimum basic charge is not less than \$100 a day and much more in V.I.P. rooms. I cannot see the difference between the Presbyterian Church in New York, which operates a tax-exempt health-repairing luxurious pavilion, but does provide also for people in middle, low and no income in other facilities and a Presbyterian Church in New Jersey which sponsors a health-sustaining social and health facility for the aged, but also provides in two other subsidized settings for people of middle, low and no income, or a Daughters of Mariam which operates on the same principle, although we do not have a luxurious pavilion.

One complements the other, technically, financially and morally. It is the same spirit of concern for people - all people - which motivates all of our endeavors everywhere. If concern for the poor is the only criterion of tax exemption, then a privately-endowed museum of contemporary art with exhibits of masochiastic monstrosities and psychedelic pseudo spiritualities of questionable value and interest to the general public, especially the poor, should be taxed, so should be the 101 places in New Jersey where Washington allegedly slept. The same applies to the well-appointed self-sustaining health clubs of tax exempt YMCA's and so forth. What an unexplored game preserve for tax hunters! Who knows, maybe the tax signposts which are placed on the properties for the aged point toward this. It would not surprise me.

Is it possible that the plague of taxation is upon us because of artificial osmosis between our type of operation and the commercial landlord-tenant relationship? Yes, it is. In fact, the city's decision to tax us, so they said, was based on a decision by the State Division of Tax Appeals, upholding assessments placed on "similar types of houses owned by the Presbyterian Synod of New Jersey. In that case, the Division held that the prime purpose of the structure was for housing and that any charitable, medical or religious benefit conferred upon the residents were merely incidental." I must say that I am very much flattered by the comparison, although objectively the observation of the city's Legal Department indicated to me a blurred vision, to put it charitably. But this is not the issue. What is the issue is the alleged landlord-tenant relationship of

non-profit sheltered-care facilities for the aged. Way back in 1958, when government was trying very hard to prevail upon church bodies to sponsor housing for the aged, a conference took place in Washington between church representatives and government, concerning the need of the well aged who should not be prematurely institutionalized, but who required some supportive services. I was a participant and a recorder at one of the sessions in Washington. The gist of our dialogue was that whereas government was interested in housing and housing only, we church representatives were interested in services based on our knowledge and experience with the aged. We know that the homeostasis of the aged changes. We know that their choice of a community of the aged, of a peer group, rather than to live in their own home or the community at large, is motivated by anticipation of an increased functional deficit in terms of physical, mental and social self-sufficiency against which they wish to protect themselves. They do receive protection in a setting such as ours, built on the premises of a multiple-function social and health-care facilities of Daughters of Miriam or Meadow Lake, or other incorporated, non-profit homes for aged which gives them the assurance of comprehensive care while they are relatively well and effective and immediate intervention in case of a health breakdown.

In 1955, I gave testimony on behalf of the New Jersey Association of Homes for the Aged before the New Jersey Old Age Study Commission, headed by Senator Jones of Bergen County. The title of my paper then, that is, 13 years ago, was, "Service Implications in a Housing Project for the Aged." The title is

self-explanatory and the Commission quoted excerpts of my paper in their published report and recommendations and complimented me for it. Government in our Washington dialogue put up quite a bit of resistance to our philosophy, but subsequent events vindicated our stance of our commitment of services and government relented. Today there is no church-sponsored housing project by a social-service oriented church without a variety of services being an integral part of it. It cannot be otherwise with the hard-core aged population which chooses such arrangements.

I therefore respectfully submit that people who claim that our services are incidental to housing are employing willful ignorance to prevaricate a truth. They could know better if they wanted to.

Now there are large scale 202 housing projects which include in their rent structure provisions for meeting property taxes. There is one right in our community in Paterson where I live. They are housing projects only, sponsored by limited dividend corporations with reduced taxes based on revenue-producing space. If cities make such taxation a prior condition for non-profit housing, we deplore it from a church point of view, but we would have to accept it. What we emphatically do not accept is after the fact retroactive taxation of our housing and service facilities after a bona fide assurance in advance by the city fathers that we would not be taxed. Only through integration of services with a total campus and community of the aged are we in a position to render these non-profit services. We would be breaking the faith with our clientele and betraying their confidence

if we were to assess them with taxes over and above the possible inflationary increases of service costs.

We are now coming to the heavy artillery of the tax argument, the one item which precipitated the heated discussion in New Jersey as far as homes for the aged are concerned and led to the present state of affairs of actual taxation which was imposed upon a number of our sister homes -- In other words, what I am talking about is not the intent which is the purport of this Commission, but what has actually happened. Now what precipitated this is the luxuries of Meadow Lake, the alleged affluence of its occupants and the alleged ability of these occupants to find such luxuries in the commercial market. One cannot very well argue for luxuries and maybe the situation in Meadow Lake is somewhat exaggerated. But I am sure, and I submit to you that you are familiar with the reaction to the question, "How is your wife?" Answer: "Compared to what?" You have already seen from my story that in consequence of the Meadow Lake decision, our project, although under Federal regulation of income, is also classified a luxury. In our field we have a maxim: "The luxury of yesterday is standard today and sub-standard tomorrow." Strange, isn't it, that this accusation should come in a society where the all-pervading gadgetry is based on obsolescence and social mobility. Strange that a society which is now waking up to the needs of the aged and provides under Medicare semi-private hospital rooms at a per diem cost of \$60 to \$113 a day, paid with tax dollars, pounce upon people who have money to pay for a comfortable and congenial environment with supported services of their choice, which prevent deterioration

and its very costly aftermath to the taxpayer.

I remember some 25 years ago it was fashionable for ladies bountiful during spring housecleaning to send discarded furniture, household items, including clothing, to the Home for the Aged. This was good enough for the poor and the ladies were practicing charity. I found such a nondescript assemblage of furniture and stuff at Daughters of Miriam. I found six- and eight-bed wards, camp-style wash basins in one room and a battery of toilets, half-partioned, located in the same room. When I prevailed upon the Board to throw the junk out, to buy decent and attractive furniture to improve the institution, several Board members resigned because in their eyes, the Home no longer provided charity - it provided luxury. Well, I continued to provide such luxuries and more of it and have yet a long way to go. A poor house by any name has a social opprobrium. With the best intentions it is disastrous for the morale of the aged. Not until 20 members of my own Board of Trustees placed their aged parents with us did we conquer a respectable place in the sun. Those Board members wanted the best for their aged and in the process of wanting the best for them, they enabled me to upgrade the quality of care for all, including the welfare cases. I also remember that homes for the aged were not so long ago a very easy target of every Tom, Dick and Harry, including those who never set a foot inside. "What a terrible place -- for God's sake, let's keep the people out of it." Well, homes for the aged have grown up. Their critics have not and now they are raising the dust with the cry of luxury. Well, these gentlemen cannot have it both ways. Besides, I have another bit

of news for you. Care for the aged is altogether a biological luxury. I repeat - care for the aged is altogether a biological luxury. It is a moral choice, based upon the categorical, ethical imperative of the Judeo-Christian tradition. Biologically, in the world of animals, the aged are useless and discarded. In most societies, and especially in our own, they are useless. We make them useless, even though we pour on them honey-combed euphemistic language, such as senior citizen, sunset years, etc. If we want to be really consistent, we should follow in the footsteps of ancient Sparta, the American Indians and the Eskimos who made no bones of their liquidation of useless aged for economic reasons. We on the other hand, claim adherence to the Fifth Commandment, "Honor father and mother." There is no ethical content for children to honor parents when parents fulfill a biological function of raising children and the children need them. The ethical content appears on the scene when the same children become parents themselves and their parents become grandparents, and the grown child no longer needs the grandparents, especially in this computer age where there is no continuity between grown children and their parents and where the generation gap is twice as big between parents and grandparents than it is between parents and under-age children.

Now honoring a parent does not take place in after-dinner speeches or in declarations without commitments. Honoring in Hebrew means attaching weight - importance. It means our commitment that only the best is good enough for them. Honoring means a preponderance of privileges over duties. Against such ethical implication of the word "honoring," I can still hear the

ringing words of Dr. Maurice Linden of Norristown, Pennsylvania. He is the head of the Psychiatric Pavilion of the Aged there. "Growing old," said Dr. Linden, "is the most unrewarding aspect of the American way of life." Precisely. Age should be a reward for having lived three score and ten, not a punishment. Age is permeated with bitter fate - with coming to terms that life on this earth will soon come to an end. This is not easy. It is the task of ethical society to endow this bitter fate with the promise of fulfillment at all cost. Age can be synonymous with wisdom if it is endowed with dignity. Congregate places for the aged should attract, not repel our youth. Not stumbling blocks and bones of contention, but gold, silver and bronze medals of excellence should come to places like Meadow Lake and Daughters of Miriam and many other places the way we honor our Olympic youth whom society worships like Pagan gods. In an ethical society the aged owe the youth and the adults who reject them nothing. To people who equate the aged person as "that old thing" and use the word "old" as synonymous with bad in the colloquial language, the aged say, "Please get off our old, tired and aching backs. We have made our contribution to society in a lifetime of living. We no longer understand your tastes, your needs, your speed or your values. You cannot grasp our unhurried view, our mortal fear of loneliness and social rejection, our many anxieties. How can you? You have not aged yet. Some day you will and you will understand. It is not true that we are rich. In our time it was fashionable to work hard, to be frugal and thrifty. We saved and thought that we had a lot, but we don't. What we have will do for the rest

of our lives. We choose a setting within the church. We trust these people and we don't trust others. Don't add to the burden of age the burden of money, even though a few of us could meet the demands of the Board of Taxation. Most of us could not. We are afraid of what prolonged illness would do to us. Don't make us tell our grown children, 'Eat, drink, spend and waste for tomorrow you will get welfare and Medicare.' We will gladly pay our share of your direct services to us, such as police and fire protection, but we should not be asked to pay, through taxation, for the education of the third generation, which consumes the biggest slice of your tax income dollar. As to the suggestion that we may find such accommodations as we have in our church-sponsored facility as in the commercial field, it is not true. For us, there is nothing like Meadow Lake. For Jews, there is nothing like Daughters of Miriam." In both instances, communities of the aged have developed, based upon elective affinity which stems from similarity of background, social, religious and cultural tradition. A community exists where people have much in common - where people live not only next to each other, but with each other. When communality of background does not exist, you create catch basins of unrelated individuals, good for sewers, not for people.

Yes, we know of the commercial green pastures for the aged in Florida and the aged reservation on the west coast. Pastures are for horses and reservations for birds, not for us who have roots in a given area, in its climate, landscape and people. Your failure to understand the intangibles of individualized congregate living of the aged is your predicament, not our fault,

even as Shopenhauer observed that when certain heads bump into a book and you hear a hollow sound, the fault does not always lie with the book.

To this speech of the aged at our place, at the House of the Good Shepherd and in all the places that have been overnight taxed, I would like to add that society will regret this last decade in which it opened the floodgates of old age industry to money makers. Whereas hospital care in this county is a communal non-profit responsibility by and large, the long-term social and health care facilities of the aged has been invaded by the smart money all the way to the stock market. Since the smart operators are many and powerful and since they hold out to municipalities the bait of property taxes, the cards are heavily stacked against the church-sponsored non-profit enterprises. Small wonder that we hit in so many places, not only in New Jersey, our heads against stone walls. When the aged become an object of speculation by profit-motivated people who have little understanding of their personality needs, then indeed the science of antibiotics which extended the span of life has bestowed upon the aged a doubtful favor.

Does all of the foregoing imply that we are insensitive to the plight of the municipalities, of the burdens of the commercial landlord and the homeowner? Not at all. But we respectfully submit that based on the foregoing considerations, the door of non-profit church-sponsored sheltered care facilities of the aged is the last place where that plight and that burden should be addressed, after all other means have been exhausted, not before. Seek and ye shall find. Municipalities should get

a greater share of Federal income tax, to the extent that they enable non-profit church enterprises for the benefit of people to function. This was suggested very recently by Governor Rockefeller in New York who wanted the surtax reverted back to the state and to the city to meet their obligations. And I will mention the unmentionable - let there be a state income tax with benefits redundant to municipalities. Let us demand that the iniquity of tax freedom of oil millionaires with 25 per cent depreciation of their oil wells be cancelled as suggested by our own Congressman Joelson. When all sources are exhausted, we, the aged, will make our contribution through our sheltered care facilities. Based on our and their performance in the past, we deserve to be trusted.

Let society emulate our aged, who in the prime of their lives - these are situations or stances which today are equated as being square, not groovy at all - but in their lives they placed hard work, duty and thrift before right, privileges and conspicuous consumption, whereas contemporary society does the very opposite.

In this sinful world of murder, of untoward and excessive birth, of untoward and excessive death - in this world of atomic overkill, of flights to the moon in the face of sickness and starvation, adherence to the Fifth Commandment of wanting the very best for the aged, of truly honoring them, is the saving grace of contemporary society. For it is the affirmation of the proposition that when the physical usefulness of men and women to society is gone, it is replaced by a metaphysical usefulness or divine purpose of life, any life, even the life of a dog, before

which the only proper attitude and action is that of awe and adoration.

ASSEMBLYMAN APY: We thank you very much, Rabbi. Let me say that I am glad that you did not react to your initial thought of not coming down today because I think that the Commission's hearing would have been much the poorer because of it. We appreciate that you came anyway.

Let me pick up, if I can, a couple of the things that you alluded to in your testimony and in your statement and perhaps zero in on what precipitated and brought about the immediate problem and that is a shelter care facility embodying all the concepts that you have expressed, but which yet is a break-even facility. It is not a profit-making facility; yet it is not like your own is apparently, underwritten with a deficit budget of many thousands of dollars. With such a concept of a break-even facility, which some of our church sponsored ones are, how do we work it out with the community to help that particular community with its local problems? What formula do we use?

DR. GELD: I don't know a formula, otherwise I would have come forward with a formula many months prior to this. But I submit to you, sir, that this artificial division of community is not of the making of the people who at the time they acquired the property came into a given community and they acquired the property with the understanding that it was going to be tax exempt.

MR. WILSON: Excuse me. But did you talk this over with the Tax Assessor before you built?

DR. GELD: Oh, yes.

MR. WILSON: The assessor or the governing body?

DR. GELD: The City Council and ---

MR. WILSON: There is a distinction, you know, the assessor being autonomous in this respect.

DR. GELD: I know. The assessor could not give us any assurance. He told us, "Right now you are tax exempt and from all indications based on what we know of you, you will continue to be tax exempt." This is the assurance we got. No tax assessor has a right to give you a written guarantee. He is constitutionally not entitled to. You see what I am suggesting, as I indicated towards the end of my paper, when the project is self-sustaining instead of being deficit financing - but even our project, if we are satisfied that the community has really exhausted all the sources of taxation and they come to us and say it is unfair that we should give you services and you should go scot-free, I am sure that when it comes to that, communities would by individual negotiation with the city tax assessors pay for a certain amount of service. But as for straight taxation, I feel that incorporated homes for the aged as other philanthropy may in the long run, if there is no other recourse - and I am not sure there is no other recourse; I am not persuaded that municipalities have exhausted all other ways because it is a very strange thing to us. How is it that in the last ten, twenty or in our case almost fifty years, this question was never raised? In the case of the City of Clifton, if anything, the city has enormously increased its ratables without increasing the school budget proportionately because of the heavy movement of industry into the area of

Clifton, which is twice the size of Paterson and Passaic. It is located between them. How is it that before there was that sense of civic responsibility and some degree of pride in our community that we have a fine sheltered care facility for the aged? And nobody has asked this question, where do they come from.

Incidentally I want to say that in our situation we have a limitation. They have to be residents of the county three years prior to intake. So we don't take them in from all over the State. The facilities were erected by the people of a given intake area for the people of a given intake area.

ASSEMBLYMAN APY: This, of course, you recognize is what precipitated the problem. Let's take it one step further. Let's say your home was only available to the people of the City of Clifton. There would be no problem in all likelihood. Actually your problem was precipitated by the Meadow Lake's decision. But you go now to the county level, and you were here before and you heard me express this, and the problem is created because the tax burden of having an exempt facility is on the people in your particular town.

Let me ask you this question - that was more by way of comment: What of these break-even facilities - would you feel that in so far as those from here, going forward from here, as they go into towns - would you feel, number one, that they should budget to pay a certain amount to municipalities?

DR. GELD: Definitely. In fact in our own community, quite frankly, if we would have had any inclination that this will be the story, we would tell the government, "Gentlemen, thank

you very much. We are not interested in running a housing project. We will continue as heretofore. We will give services to our people as much as we can and that's that." In fact, talking about other property, a physician gave us a piece of property in Freehold which is not related to the services of Daughters of Miriam. We pay taxes on it. We bought recently something like five or six lots because we needed entry. Our property is a campus. These are properties which we have recently acquired. But what was the original intent and philosophy? And even at the time we were founded, we were not limited in Clifton because there was no Jewish community in Clifton and Clifton some 47 years ago was a little bit of a town. It even had a different name than Clifton.

ASSEMBLYMAN APY: You have also indicated, and we have heard this before, that you would leave it on an individual basis between the institution and the municipality.

DR. GELD: I think so. I think so because it seems to me that it is very easy to make pronouncements ex cathedra, with the air of infallibility; it is quite another thing to really look and examine. An example is brought here - and I heard it before - that some messiah comes from the south and sets himself up. This is too easy, to bring that kind of an example. Look at the record. By their fruits you shall recognize them. See what that agency has performed in terms of services to people in the community over a period of years. Then judge to see whether they are worthy of community support in terms of tax exemption.

ASSEMBLYMAN APY: If that were done though in your case,

where would you have ended up? Apparently the judgment of your community was that you should be taxed.

DR. GELD: I don't mean to imply that the negotiation -- when you say I should leave it up to the municipality, I don't mean it is a one-way street. When I say we should leave it to the municipality, it is unlike the presentation made before that, a priori, you deny it. Then you go to the court and let the court decide. It seems to me that on the basis of neighborhood, of visibility, of actual knowledge what is going on, it is the municipality that knows best.

Now in our situation we were able to persuade not the county and the state, but the city, that a serious mistake was made because they confused us with a landlord-tenant relationship.

ASSEMBLYMAN APY: You were able to make the distinction, and I am fully aware of it myself, but what about the problem Meadow Lakes has, they haven't been able to do that, have they?

DR. GELD: No, they have not been able to do it. But like in any judgment, in any decision, there must be some source of appeal. In other words, the machinery should be set up any time one body is set up as a judge and another body is set up as the judged, there must be in good American tradition an appeal. They may lose it on the highest level, but the initial evaluation, whether a situation should be taxed or should not, it seems to me, should go within the framework of the laws of society to the municipality.

ASSEMBLYMAN APY: Do you think that our definitions as they now exist are adequate or should they be refined to determine ---

DR. GELD: Yes, sometimes language becomes obsolete. For example, "moral and mental improvement of men and women," is, I must say, a bit supercilious when reflected upon. The people who wrote the Constitution were very honest and sincere people and when they included that provision, they really meant what they were saying. But perhaps in contemporary language "moral" is an obsolete word. Therefore, perhaps more pinpointed language should be employed, what people refer to as social work lingo, instead of the very Shakespearean language that is employed in the Constitution, to make it more palatable and more precise to the current population, such as, wherever there is a benefit to the population and wherever the sponsoring organization can point out that they have made a substantial contribution to the welfare of people. We know we did, you see, because part of our facilities are acknowledged by Medicare. We were, incidentally, the first Medicare facility in Passaic County at the urgent request of the Board of Health and of the State Department of Health - "For God's sake do something because Medicare is upon us and there are no extended care facilities." So we set aside a portion of the institution for Medicare patients and it is serving the total community regardless of race, color, creed or national origin.

ASSEMBLYMAN APY: How do we handle the emerging problem of which the Presbyterian situation is an example, but it is true of some of the other denominations, where these various groups operated the older type of facilities and are now going into the new type of operation, the break-even type of operation? Do you look at each individual facility or do you look at the total

operation of the denomination which would show in the older facilities they are operating at a large deficit, whereas in the latest one they are able to break even?

DR. GELD: Sir, there are two considerations in your question. First of all - what we want for the aged. With every improved self-sustaining facility, the old poor house has a better chance. In other words, the example that is set by a self-sustaining facility in the long run benefits the other. Now a church cannot continue to serve only a certain segment of the population and eliminate another one, saying, "Go find your own way in the market," because there are certain needs, which I tried to point out, which are not available in the market and the greatest need of the aged is a sense of belonging. There is a tremendous difference between, let us say, a hotel apartment in Florida or in any of those places where people come from everywhere and do not form a community and the people who go into this kind of a self-sustaining project. So from my point of view, yes, I see the charitable and service-oriented project of the church as a whole. That does not mean that I advocate that this church has certain property from which it derives an income, let us say, a factory, that this factory should stay outside the premise because we are making money and we are supporting the poor from this money. But when it comes to service of the people, then I say the attitude has to be the same as with the hospitals. A hospital that operates a pavilion and is as a whole tax exempt is no different than a home for the aged that operates a private pavilion, but makes provision for other facilities. In other words, again there is

no formula. Look then into the entire concept of the facility.

ASSEMBLYMAN APY: This is exactly what I am trying to do, but I am trying maybe to define "facility." Take Meadow Lakes as an example. If I recall correctly, there are three that are under the auspices of the New Jersey Presbytery. Now let's assume that in the other two there is a real deficit operation going forward. I recognize there are some contributions made to Meadow Lake too. But when you say "facility," do we look at all three or do we look at just the one?

DR. GELD: Even there, I couldn't give you a binding rule and I am really not trying to evade your question because it will depend under what circumstance this new facility was constructed. If it was constructed on the basis - "Come in. This will bring business to the community," there is not such a big housing boom going on and some benefits will redound to the community and there was an assurance that while they will pay for certain services, they will not be taxed, then you look at it as a whole. But when someone goes into a community and wants to construct a self-sustaining project, totally and apart from another community, I would advise them to make sure in advance they will not be taxed.

ASSEMBLYMAN APY: Exactly. This is the difficulty in a municipality - this is what you ran into and what Meadow Lakes ran into - a particular group that are in office at one time binding future officeholders. How do you overcome that obstacle?

DR. GELD: This should be overcome by legislation. In other words, we are playing political football. In other words, one group of people will decide one way and another won't want

to go along. However, it should be objectively decided under this and this sort of criteria - these people are tax-exempt and this is binding for the future people.

ASSEMBLYMAN APY: That though still leaves us with the problem that a past administration can make an improvident decision and the future administrations are going to be bound by it and unable to change it.

DR. GELD: You cannot provide for every possible contingency and that is why I left the door open and was not dogmatic about it and I say that this has to be a subject of negotiation. I mean, after all, the members of the Board, our members of the Board, live in the municipalities of Passaic, Clifton and Paterson. They are also homeowners and not all of them are affluent. We have a board of 80 people, the majority of whom, nine-tenths of whom, live in these three municipalities. They have understanding of the city's plight and they will come to some understanding of paying for some services that the aged require, but not through blanket taxation.

ASSEMBLYMAN APY: Do you think -- you obviously then think that this as a practical matter has got to be done on an individual basis because of the difference of the particular institutions from place to place?

DR. GELD: Yes, and the difference of locality, what the locality expects in terms of ratables and that is different, although in relation to the entire tax structure of the State of New Jersey, who knows what is going to be ten years from now, whether this State is going to continue to live on a sales tax and continue to provide, such as it is, the battery of services it is trying to provide. Do you know, sir, that,

for example, we are terribly afraid what is going to happen to Medicaide in New Jersey because the State just doesn't have the money to set a little higher ceiling. I understand that the ceiling has been set for medical indigency at \$3900 per family. Now people cannot live on \$3900 and maintain an adequate standard of life. Yet this has been set as the ceiling for the simple reason, they said, because the population and the State have not provided money to provide for more. We are hoping that the State of New Jersey being, I am told, the fifth richest from the point of view of income - the fifth richest state in the Union that it will have some change of health. After all, it took so many years to introduce a sales tax - maybe we will find other methods of taxation with some redundant benefits to the municipalities, so that the entire structure can change. You cannot legislate a saecula saeculorum.

ASSEMBLYMAN APY: I have no other questions, Rabbi Geld. We thank you very much, sir, for coming.

I did want to review at this point, inasmuch as it is five o'clock, the names of the people that I have to find out those who are still here and exactly where we stand.

I had Mr. Kelley from the House of the Good Shepherd. Is he still here? [Mr. Kelley indicates his presence.]

I had Mr. Mott, the Assessor from Wyckoff, if he is still here.

I had Mrs. Yahnel.

MRS. YAHNEL: I didn't want to speak today.

ASSEMBLYMAN APY: You had an immediate reaction.

MRS. YAHNEL: It was just that I knew something about the

Boy Scout Camp that the man who was here didn't know.

ASSEMBLYMAN APY: O.K. Mr. Okin, City of East Orange Counsel.

We have Mr. Glavin. I don't know whether he is here now or not. Perhaps he will want to come back next week.

Mr. Stuber of the New Jersey Baptist Convention and Mr. Buck from Edison. Mr. Buck is not here. I read them essentially in the order that they appeared here.

I would leave it to the discretion of those of you who wish to testify. We will keep pushing on without knowing where we are going to end timewise. Mr. Stuber is toward the bottom of the list and, as I indicated - maybe some of you were not here this morning - we are going to be back here next week to continue with other people that we have asked to come in next week also. So I will go straight on then with the list.

Mr. Kelley would be next, followed by Mr. Okin, Mr. Mott and Mr. Stuber. I think that will take care of everybody.

STANLEY I. STUBER: May I ask a procedural question?

ASSEMBLYMAN APY: Surely.

MR. STUBER: I would be perfectly satisfied if I could enter my name in the record and the organization I am representing and leave the two documents that I was going to refer to.

ASSEMBLYMAN APY: That will be perfectly all right. We have had one other gentleman do that already, Mr. Stuber. If you want to do that right at this moment, you may.

MR. STUBER: I will have to send the documents. I have notes attached to them so I will send them to you.

ASSEMBLYMAN APY: Fine. You do that and we will make a

note that they will be incorporated in the record for today and, if subsequently, there is anything in reviewing them we wish to ask you about, we can get back to you.

MR. STUBER: Good.

ASSEMBLYMAN APY: Thank you, sir.

All right, Mr. Kelley, I had you half here a minute ago.

MR. KELLEY: This is Rev. Judd, who is President of our Board.

R E V. A L B E R T O. J U D D: My name is Reverend Albert O. Judd, President of the Board of Trustees of the House of the Good Shepherd, MTD Route, Hackettstown, New Jersey.

I am here to testify against the levying of real property taxes on non-profit homes for the aging in New Jersey. I welcome the opportunity to present for your consideration problems and factors that have to do with homes for the aging that do not apply to the population as a whole. Having presented this to you, I would like to suggest a possible solution to improve conditions in these homes by enlightened tax policy which would assist the homes and the municipality as well.

The House of the Good Shepherd is a home of 95 older people whose ages range from 73 to 99, with an average age of 84.2 years. Thirty-six of these people, or their families, pay full cost of care, and nine of them pay more than the actual cost. Forty-nine receive financial assistance from the House of the Good Shepherd in amounts varying from \$390 to \$3,310 annually. Twelve are given some support by the State of New Jersey. This amounted to \$21,042 in 1968. The House of the Good Shepherd supplied \$22,750 for the care of these

welfare recipients, and an additional \$29,866 to others needing assistance. The total financial assistance provided in 1968 amounted to \$52,615. Operating expenses in the year were \$340,957, with income amounting to \$337,056. \$10,051 of income came as contributions.

A nationwide effort is being made to improve conditions for the aging. To tax the voluntary non-profit homes for the aging will produce a reverse effect and lower the standards of care now provided to those who turn to these homes for assistance. Few of the one hundred and four homes in New Jersey have funds to pay real estate taxes nor can the money to do this be obtained from those they serve. Most aging people, as is well known, are living on limited, fixed incomes; they do not have the money to pay this additional cost. The homes must therefore lower their standards because if funds go for taxes they cannot be used for their present purposes. It also follows that if money is not available to maintain the minimum standards prescribed by the New Jersey Department of Institutions and Agencies and to meet the minimum wage scale of the New Jersey Department of Labor, a home must close its doors.

It has been asked if it is fair to ask a community to provide tax abatement and thus support a charitable organization because it happens to be located in a certain town or city. Another question should also be asked: Is it fair and wise of the State to ask charitable organizations to provide funds to care for those who are state charges and then allow taxes that will put these charitable organizations out of business. As mentioned above, in 1968 the House of the Good Shepherd provided

\$52,615 of free care to Welfare recipients and other worthy beneficiaries. The community as a whole also received some benefit from the organization, including employment of forty local people who received \$157,935 in wages and salaries. In addition to this, \$43,568 was paid to Hackettstown businesses for goods and services. The House of the Good Shepherd also participated in and supported civic endeavors and was a meeting place for community organizations.

Because of the above facts, we would like to suggest to your committee possible solutions to this dilemma we all face. We recognize that real property has carried the burden of local taxation and should be relieved of this burden, particularly when the tax money is put to a use which is beneficial to the citizens of the State of New Jersey. It is respectfully suggested that legislation be formulated to provide reimbursement to communities by the State for such tax losses.

Mr. Kelley who is Executive Director of the Home and is more familiar with the immediate day-to-day operations of it could quite possibly answer questions I might not be able to.

ASSEMBLYMAN APY: Mr. Judd, the House of the Good Shepherd is what denomination oriented or sponsored?

REV. JUDD: It grew out of a group of Episcopal clergy and parishes in Orange nearly a hundred years ago. It is not actually affiliated with the church as such. It is an independent corporation.

ASSEMBLYMAN APY: Do you, however, receive any specific contributions from the Episcopal Church in order to help

underwrite the Home?

REV. JUDD: Not the organized church, only from individual people.

ASSEMBLYMAN APY: By general solicitation?

REV. JUDD: That's right.

ASSEMBLYMAN APY: Is my recollection correct that you have had a particular tax problem lately?

REV. JUDD: We have been notified of an assessment last spring and made an appeal and it was denied.

ASSEMBLYMAN APY: In other words, your appeal for the exempt status was denied?

REV. JUDD: That's right.

ASSEMBLYMAN APY: Is yours the case in which the County Tax Board has decided to hold it in abeyance for a year waiting to see what finally happens?

REV. JUDD: That's right.

ASSEMBLYMAN APY: In other words, you were not able to persuade them the same as the Rabbi was concerning the particular facts that pertain to your facility.

REV. JUDD: We were not.

ASSEMBLYMAN APY: I see. Had you prior to the time of the assessment been making any contributions of any kind, dollars and cents-wise to the municipality by way of in lieu payments of taxes?

REV. JUDD: When we moved to this property - we bought the property approximately four years ago - we have been in operation there after we were able to build about three years - there were certain buildings on the property that were revenue-producing.

On that basis, we did pay the ordinary community tax. We are paying on a portion of the ground we occupy. The total ground is 13 acres. We are paying on a small portion of it that is not occupied.

ASSEMBLYMAN APY: After using up your building and five acres there is still some left over you are paying taxes on.

REV. JUDD: That's right.

ASSEMBLYMAN APY: And you continued - in other words, you did not apply for exemption on the buildings that were producing income or rent or whatever it was.

REV. JUDD: When we took them over for our purposes, yes.

ASSEMBLYMAN APY: You held title prior to that, but you were not there.

REV. JUDD: That's right and we didn't throw the people out. They were rentable units and we didn't throw anybody out until we needed and could occupy them for our purpose, which was promptly. We built a large main building which is the center of the operation and once we were ready to move out there and we had given them adequate notice, then when these buildings came under our program, we felt this should be rated that way.

ASSEMBLYMAN APY: Your operation is not what we generally refer to as a break-even operation by any stretch of the imagination.

REV. JUDD: No.

ASSEMBLYMAN APY: Can you give us your thinking, putting aside for a moment the source of funds, as to what you think

would be a fair reimbursement to the municipality?

REV. JUDD: Personally - I would have to speak personally - I think there is a slight divergence of opinion between me and the Board - but I think they might accept it. I go back to earlier days in a different area and a different state when I was occupied with day care center activity and it was the common practice of that sizable place - well, it was suburban Philadelphia and all operating out of the Chest in Philadelphia - where the agencies billed each other for services rendered. And it would seem to me that in a community where we are that this would be a reasonable procedure. If we require certain services from them, they could be reasonably computed and a bill submitted which I think the Board would honor, although they take a rather apprehensive view of opening a door to taxation in the way that has been done. It is not a case of, "Will it be," but it has already been done and for this reason they are extremely concerned that if the door is opened even a small amount, it may be very sweeping.

ASSEMBLYMAN APY: You are concerned about the camel with his nose under the tent.

REV. JUDD: That's right. But my personal view happens to be that a sort of inter-agency billing would be reasonably tolerable.

ASSEMBLYMAN APY: Let me suggest though - perhaps you have thought of this - that maybe there are complications in trying to ask a municipality to figure out how to bill you for police services that is renders. But would you also feel that this is best left on an individual basis between each facility

and each municipality as opposed to an attempt to say, O.K. for all of the homes in this category throughout the State, they shall pay one-tenth what the normal taxpayer would pay or some specific formula? In other words, the Legislature would make the determination, if they were so bold, and say that a fair amount would be 10 per cent, 5 per cent, 20 per cent.

REV. JUDD: Local situations vary widely with the change in personnel from year to year and even our national government needs its Supreme Court and its Constitution. I think that some kind of solid guidelines that would be independent of - well, to put it crudely, sometimes it comes down to the appetites of the local situation, maybe temporarily but nonetheless effectively. The local appetites, if there is no appeal from them, might be exceedingly hard to deal with and if there is no over-all umbrella of equity, I would be a little concerned, more than a little.

ASSEMBLYMAN APY: Could there be any practical formula worked out along lines something like this, to take whatever your shelter portion of your budget is and to use that as a basis the same as income is used in other certain situations, putting aside your service portion of your expenses, your infirmity care and those sorts of things, but try to break it down to the shelter care portion of your expense, and then take the shelter care portion throughout the State and work out a formula for all homes, using that as a basis and arriving at a figure? Then each one would be proportionate to whatever the shelter care proportion is.

REV. JUDD: Actually Mr. Kelley has been involved in the State Association. I would like to ask him how practical this would be.

ASSEMBLYMAN APY: Mr. Roe wouldn't agree with me last time. He said there was no way to do it.

REV. JUDD: I think it might be very difficult, but I would like to pass that one over to Mr. Kelley who I know has been involved in this in considerable detail around the State.

MR. KELLEY: I think I had better speak as an individual rather than as a representative of the State Association, which I am not at this time. I have a couple of things that I think I might suggest as a possible solution that would be equitable. If the homes were to pay the tax bill, all the tax bill, except the school tax bill, which is the largest part, this would be something that could be handled, providing that the homes are reimbursed for their actual costs in the care of welfare recipients. I think from the standpoint of the homes, to safeguard the homes, this payment should come through the State with moneys from a broad-based tax rather than being taxed directly by each community.

ASSEMBLYMAN APY: Now how would that apply to the homes that have no welfare patients? What would that formula do to them, one of which I happen to represent, incidentally?

REV. JUDD: Well, if they have no welfare patients and they are being paid costs -- Well, at the present time we get \$130 a month for a resident. As was pointed out in the report, we are giving support to other people in almost equal amounts. Some of the people who are not on welfare would go on welfare if

we could get adequate reimbursement - \$300 a month. So some of those who are being supported by the home would get government support and, therefore, this would take care of that situation.

MR. KEATS: Would you explain more fully for us the difference between what welfare will pay and your cost, because I understand from institution to institution your cost will vary, depending upon the services the institution offers? Is the welfare payment something like two-thirds of the actual cost, like medical care?

MR. KELLEY: It is about one-third. Well, in our particular home, and I think our costs are average or below average, let me speak about the House of Good Shepherd because I know it, in the residence part, we get \$130 a month for welfare recipients. It costs us \$300 a month. In our nursing unit - and you know there is a sliding scale, depending on the minimum wage - but in our nursing unit, we now get \$335 a month for a welfare recipient and it costs us 30 times \$17.05 a day. But at any rate, we get a small proportion.

MR. KEATS: Why should the State assume that you would make up the difference?

MR. KELLEY: I think this has a historical background and I don't know. But the welfare department has assumed it and the homes have assumed this responsibility over a long period of time.

MR. KEATS: It is very nice, but with that portion that you assumed, then you would like to have a tax credit against that portion that you pick up.

MR. KELLEY: This might be another way of working out a formula, yes. In our particular instance, the charitable work that we do would just about offset our taxes if we were to pay full taxes in Hackensack. But I am not sure this would be true of every home. If we had twenty welfare patients --- I'm not sure. I would have to take time to work this out to see if this would be an equitable formula.

MR. KEATS: This actual welfare payment comes from the State; it does not come from the county?

MR. KELLEY: It comes from the county, but it originates in the State.

ASSEMBLYMAN APY: Most of the money comes from the State - three-fourths comes from the State.

MR. KELLEY: It is administered by the counties, but we would get the same amount from Essex County as we do from Warren.

MR. KEATS: I was going to say maybe the difference could be applied to a tax credit simply because you are donating that amount of money, no matter how you figure it.

MR. KELLEY: I would like to work with some figures and see how this would work out.

ASSEMBLYMAN APY: Anything that you can give us by way of suggestions along this line, we will be happy to have. Incidentally, I have not discussed this with the Commission. One of the real dangers is to try to work in a particular area of your entire Commission's work ahead of the rest of it. But it has been pointed out to us that there are particular problems in this area precipitated by the decisions of the last two or three years. The more you can give us in a hurry, it might open up the door -

I am not saying that we would venture to do so - but it might open up the door to our thinking more about this particular area as opposed to the total subject matter of our Commission's jurisdiction.

MR. MC LEAN: Might I add to that also, a definition - if there should be something worked out, as to how you would define who comes under it and who doesn't and I would assume just the plain housing cooperative would not - at least what I think of as a housing cooperative. How would you define that so it is as clear as can be that A falls outside and B inside?

MR. WILSON: You did formerly, I think, enjoy tax exemption, did you not?

REV. JUDD: We have straight through.

MR. WILSON: And it was only as a result of the county board order to restore all exempt property to the tax roll this came about?

SENATOR DUMONT: Wait a moment. Morris County didn't make any such order, did it?

REV. JUDD: No, but we are not in Morris County.

SENATOR DUMONT: You are not in Morris?

REV. JUDD: No, we are in Warren.

MR. KELLEY: I think you have us confused --

SENATOR DUMONT: That's right. I beg your pardon. I know exactly where you are. Incidentally, the County Tax Board too after consideration decided to forego all of that, pending the report of this Commission.

ASSEMBLYMAN APY: That is why I suggested what I did.

REV. JUDD: We have had notice that it is in abeyance until

the Commission has made its study.

MR. WILSON: They have removed you then for the current year.

REV. JUDD: Yes.

ASSEMBLYMAN APY: Are you faced with the same problem -- assuming that they were to decide that you should be taxed, are you going to be faced with the problem retroactively as a practical matter?

REV. JUDD: I don't believe so.

ASSEMBLYMAN APY: Does anyone else have any questions of Mr. Kelley or Mr. Judd? If not, we thank you very much for coming and for your patience in waiting to this late hour to be able to testify.

REV. JUDD: We are sharing it with good company.

ASSEMBLYMAN APY: Mr. Okin.

MR. WILSON: We are going to get an opposite point of view.

J A C K O K I N: Yes, you will. I suppose I am a tax hunter.

My name is Jack Okin. I live at 561 Springdale Avenue, East Orange. I am an attorney and I am counsel to the City of East Orange and I have been Acting Director of Property Taxation for the City of East Orange in the past years. I think I succeeded Mr. Wilson in that happy post.

MR. WILSON: Tough shoes to fill too, weren't they?

MR. OKIN: Yes, sir. And I have been in the field generally of property taxation, especially with the city, for about 10 years. I have my own clients and I see both sides of

the coin. I am talking basically for myself as I sit here today, but part of it - I think I will explain that part of it so it will be clear - is speaking for the City Council of the City of East Orange, which in October, 1968, passed this resolution which was submitted to the New Jersey State League of Municipalities. And the Council after going over the whole question of tax exemption within the City of East Orange - and I may say this is a bi-partisan council, both Democrats and Republicans ---

SENATOR DUMONT: I know quite a number of them.

MR. OKIN: [Continuing] -- did pass a resolution asking that there be no more tax exemption other than schools and public agencies.

I will give a copy of this resolution which went to the League of Municipalities to this Commission so that they can be made aware of the fact at least one city of 90,000 people, speaking through its elected officials, took the position that there should be no tax exemption.

Now interestingly enough, I know that the mail which has been received as a result of this has been generally favorable and I could forward copies of letters, if the Commission so desires, which we received or the Council received as a result of this resolution.

ASSEMBLYMAN APY: I'll tell you, we are getting quite a bit of mail of our own. So we will take it as represented by you in the testimony. I think it will serve the same purpose.

MR. OKIN: I didn't bring it with me, but I will represent to you almost overwhelmingly the mail which we have received in

response to this resolution has been in favor of the abolition of all tax exemptions.

I have sat here most of the day. I have heard every special interest come in and say, "Tax the other guy. I'm important. Don't tax me because we give a valuable service." I think this is probably true of every group that came in here. I don't think anybody can argue that they do not render services and that the services are valuable. And I wouldn't want to be the one who had to say the YWCA was less valuable than the Presbyterian Church or the Jewish Synagogue. I don't think that is the issue. I think we came here to discuss principle and I think the principle is that the State of New Jersey through its tax exemption statutes has given aid to these organizations and given the aid at the expense of the municipality and the municipality sits like a hunter in the middle of a forest or a field where there are trees and we know that lightning is going to strike our municipality sooner or later.

Just to point out figures, the total valuations for 1969 in East Orange, rounded off, were \$304 million. The total exempt properties in the City of East Orange for 1969 were \$64 million. So our tax rate in the City of East Orange, assuming that all of this property - and some of it is municipal property - but assuming that it all went on the rolls, would be reduced by about 20 per cent and that is a big bite to ask the small base of taxpayers that exist in the city to pay.

Breaking down the figures a little bit the municipality's share of these exemptions would be around \$18 or \$20 million so there is about \$40 million which really is State, church, charitable

and cemetery property.

I was sitting here when the gentlemen from the Lutheran Church came in and they said -- and my recollection may not be clear; of course, the record would obtain and I am sure that if I am wrong, I don't intend to be -- but they said within the State of New Jersey their church owned \$43 million worth of real estate. In checking the records this morning on just this particular subject, I find that Upsala College, which is one parcel of that real estate, is valued at \$3,850,000.

MR. WILSON: Three million?

MR. OKIN: \$3,850,000. They have several churches in the City of East Orange as well and without looking up the valuation of the individual churches, I would estimate that about 10 per cent of the entire tax load of the Lutheran Church is visited upon the City of East Orange.

I have great respect for Upsala College and I think it is a great institution. I think, however, to ask the citizens of the City of East Orange to bear 10 per cent of the tax load of the Lutheran Church is a pretty hefty bite and that is what we are doing - 90,000 people in 4 square miles.

We also have a Veterans Administration Hospital here. Of course, this is beyond your jurisdiction. We get stuck with this and that is \$17 million of property off the rolls because of the Veterans' Hospital.

We have the situation in our city where we have large older houses and I think this is probably typical of many of the older cities which ring the core cities, so to speak. We are in a good transportation position because we have the East-West Freeway

hopefully in 1973 or so and we do presently have the Garden State Parkway. However, we also have because of our location, and we like to think of ourselves as at the crossroads of New Jersey, we have the Red Cross, the American Cancer Society, the Children's Aid and Adoption, Child Guidance Clinic, the Orange and Maplewood Hebrew Orphanage and Child Care, the Mental Health Association of Essex County, of which I was formerly President, incidentally, the New Jersey Association for Retarded Children, the New Jersey Council of Churches, the Salvation Army, the Synod of New Jersey Presbyterian Churches, the Veterans Administration, Upsala College and East Orange General Hospital. These are among the ones who decided they liked the location and they are here and our citizens are paying the cost of these things.

MR. WILSON: No SPCA?

MR. OKIN: No, I felt a little bit badly when Mr. Tomasulo was here.

MR. WILSON: You should be embarrassed. He was the man who fought the case on the other side.

MR. OKIN: We had the chicken. There are about 50 churches in East Orange, to point out our problem, 4 square miles and 50 churches, which probably makes us one of the most religious cities in the State of New Jersey and the actual burden of this is actually falling upon the same people that these people who represent these various groups seek to protect. I walk down the residential streets and go to my office and in come the old people. They say, "I am on social security. I'm getting no income. How can I pay the tax?" Now the assessment on

property in East Orange is beyond reason for ownership especially of one- and two-family houses. My own taxes on my own house are about \$1500 a year on a \$22,000 valuation. Our tax rate is \$6.82 on 100 per cent and the people in the city are being forced to leave their homes, to sell their homes, and to move into apartment houses. The tax rate is one of the problems which is inherent in it.

These people come to my office and at the County Tax Board hearings we have many taxpayers that appeal and they are not appealing their assessment; they are appealing the rate. There is no answer to this question unless steps can be taken to lower the rate. The first step, of course, as far as the City Council is concerned, would be the 20 per cent of exempt property to go back on the rolls.

I think a formula could be developed and I would suggest that the formula which was discussed here just before I spoke was the same formula which I had in my mind and that is to strike a special rate for charitable and philanthropic institutions. Take the municipal budget, excluding the school budget, and add to that the county budget and let that be the determining factor in a rate for what would have been formerly exempt properties. This would meet the argument that they are producing no school children - they have nothing to do with the schools. This would eliminate the school budget from their tax rate and would actually make the taxpayers pay that portion of the budget for which they obtain services or for which services are available. The Fire Department, I am sure, services the exempt properties as well as the non-exempt as do the Police and the regional library and

I think they should pay for these services and I think that it would be fair to ask them to pay at a special rate.

I was here earlier and I heard Mr. Solimine speak and I would like to just wholeheartedly concur with one matter which he spoke on and that is the integration of the Division of Tax Appeals into the Superior Court. I think that this is a much overdue situation. The hanging over of tax cases from year to year and the lack of certainty in their disposition is expensive from the standpoint of the municipality and certainly from the standpoint of the taxpayers. I think if you had full-time judges sitting as Superior Court Judges, it would be well worth any increase in cost.

I think that there should be a Tax Convention and I would just like to urge that to this group.

ASSEMBLYMAN APY: Let me ask you just one question here and that is simply this: You have indicated a \$64 million, I think it was approximately, exempt property figure. How realistic is that? Because if Upsala is about \$3 million - I have no idea of the size of that campus, but it can't be of much consequence to be worth only \$3 million ---

MR. OKIN: These figures would be the original cost figures. Nobody pays any attention to this property because it is all exempt. But I would suspect that if you went out and placed realistic values on Upsala College, you would probably find it to be valued in the area of perhaps \$20 to \$25 million. In comparing the Upsala figures, I think they gave you their cost or the Lutherans gave you their cost. So on a cost per cent basis, it would be still 10 per cent. But if you went out and

valued these properties, you would find a considerable increase in value.

ASSEMBLYMAN APY: What I am questioning there is - you said maybe it was 20 per cent totally exempt because you had your municipal in there and what I am suggesting is perhaps actually maybe it should be 30 or 40 per cent if they were valued at 100 per cent the same as the rest of your taxable property.

MR. OKIN: There is no question about that. If you value some of these churches and cathedrals on some reasonable basis of value, I am sure you would come up with figures far in excess of this 20 per cent.

MR. WILSON: I venture the suggestion that the land alone Upsala occupies would be pretty near the \$3 million figure.

MR. OKIN: Yes. I think Mr. Wilson probably knows of his own experience how conservative this 20 per cent figure probably is. And I would say that a difference of 20 per cent in the tax rate would save an awful lot of people's homes in the City of East Orange. I would also say this real estate tax is a bad tax, it is a regressive tax. Because of the recent decisions of the Supreme Court and by having to put the tax rate into the capitalization rate in determining value, a municipality such as East Orange reaches a point where it is impossible to sustain assessments because of the rate itself and I think that this problem would be relieved to a great degree if there were some reduction in the rate.

MR. MC LEAN: How much, if any, in lieu of tax payments are you getting from this \$64 million property group?

MR. OKIN: Would you believe none? None that I know of.

I don't know of any in-lieu taxes. There would be some because of the public housing projects. We get some income ---

MR. WILSON: Is that included in this figure though?

MR. OKIN: That is not included in the ratables, but we do get some payments although that property may show up as an exempt property.

MR. WILSON: It might be.

MR. OKIN: The property shows up as exempt and there is a certain amount.

MR. WILSON: I was thinking of the other type.

MR. OKIN: We only have a 200-unit public housing project and one senior citizens' unit so there isn't that much being generated.

MR. COTTON: Wouldn't Upsala pay on some of their land?

MR. OKIN: Upsala pays on none of their land. They have not only their main campus, but they have acquired the houses around it and they make them residences for the chaplain and the Assistant Dean or whoever it might be and they just keep taking land out of the market and, of course, it is very prime land.

MR. KEATS: There are regional high schools in the State. In a city of only 4 square miles, why can't you incorporate? I know that is a loaded question.

MR. OKIN: That creates an awful lot of problems. If we hooked on to Newark, let's say, with their fiscal problems, it would be like putting a gun to our heads and trying to find a municipality that you could consolidate with at this point would ---

MR. KEATS: There must be an area. Usually they have a

population figure. They talk about splitting New York up into four sections.

MR. OKIN: Well, East Orange used to be farmland and it used to be connected to Orange.

MR. KEATS: There must be in somebody's mind a certain size for a city. I think 200,000 is considered to be unreasonable.

MR. OKIN: I would think this is probably true. I would like to point out in discussing the matter - and this is another question - the parochial school question. Everybody says, well, the parochial school system produces a service and their children are going to the parochial schools rather than to the secular schools. The East Orange Catholic High School which is assessed at \$1,956,000 and is exempt is a regional high school and services apparently all of Essex County. I think the value of the building incidentally would be far in excess of the \$2 million assessment.

ASSEMBLYMAN APY: Anyone else have any other questions for Mr. Okin? If not, sir, we thank you for coming and for your patience in waiting your chance to testify.

I think last but not least according to my schedule is Mr. Mott.

MR. WILSON: One of our more conscientious tax assessors in the State of New Jersey.

F R E D E R I C K M O T T: My name is Frederick Mott, tax assessor of Wyckoff. I am very glad the gentleman who proceeded me did because I was beginning to feel I was in the wrong place.

ASSEMBLYMAN APY: We are starting and finishing on the

same note today. I'll say that.

MR. MOTT: The Conference on Local Government Physical Policy has stated, and I quote, "Exemption from the property tax should not be used as an instrument of social policy. Where the State mandates exemptions from real property tax for such purposes, resulting revenue costs to local governments should be borne by the State."

If the State is to subsidize certain groups, let it be as a subsidy and let the taxpayers know the cost. Do not hide the cost in exemptions.

This philosophy would eliminate all exemptions and I am not naive enough to believe this will even be approached.

I gather that veterans and senior citizens don't come within the purview of this Committee.

ASSEMBLYMAN APY: That's correct, sir.

MR. MOTT: All right. I'll skip that. We presently have on the statutes exemptions for air and water pollution equipment. My personal opinion on this is if pollution is prohibited by law, let's enforce the law and not let taxpayers bribe an owner to obey the law - a property owner to obey the law.

Under the heading of religious and charitable, many educational, religious and charitable organizations of the United States exist under the protection of the Constitution, governments and laws of the United States and the political divisions thereof. They make no financial contribution to the cost of those governments providing the protection and services. This may seem a little harsh. If any organization cannot pay its share, it does not justify its existence. I fully realize that the

appraisal for assessment on many of these properties is extremely difficult, but the use of land values might be a good start.

I would like to say also that I like very much the reference with regard to eliminating from school taxes those properties which do not generate school children.

In too many cases they compete directly financially with the taxpayers who pay for their protection. If any exemption is to be granted, the burden of proof must be upon the appellant and nothing of such competitive nature should be exempt. Any exemption of these organizations is discriminatory because taxpayers who may have no interest in them are forced to contribute to their support. Beneficiaries of such organizations in districts outside of the location of the property ride free at the cost of the local taxpayers.

The exemption of parsonages, homes of district superintendents, etc., is a direct contribution by the taxpayers to the salary of the tenant and should not be allowed. In my own district we have at least five parsonages belonging to out-of-town churches. We collect no taxes, derive no benefits and educate the children. We have one parsonage with eight children.

Fall-out shelters in my opinion is another gimmick which should be eliminated from the law. Under the present law the land of water companies is taxable - the buildings are not. I am speaking of a water company located outside of its own district. I don't see any reason why those buildings should not also be taxable.

To cite our own instance, the Ridgewood Water Company has

property in Wyckoff. Wyckoff residents pay the Ridgewood Company the rates for the water, but we don't get any taxes from the properties from which they derive the revenue.

The Farmland Act is very loose. I don't think there have been any real judgments handed down yet, but I cannot see why a gentleman farmer who has 40 acres because he has three horses is entitled to a total exemption, but I haven't been able to convince the County Board that he isn't.

SENATOR DUMONT: He doesn't get a total exemption.

MR. MOTT: Pardon?

SENATOR DUMONT: How does he get a total exemption?

MR. MOTT: Because he has it fenced and the horses can roam all over the place and he cuts hay off some of it.

MR. WILSON: Well, it isn't total exemption?

MR. MOTT: Not his house, no. That comes out.

SENATOR DUMONT: You know those booklets that come out of the three-member commission every year that tell you exactly what you can assess as a local assessor on farmland in the four different categories and by soil grades.

MR. MOTT: Yes, but it also includes livestock.

SENATOR DUMONT: Well, livestock is personal property.

MR. MOTT: It comes under horticultural ---

SENATOR DUMONT: I know something about that act because I was one of the sponsors of it.

MR. MOTT: I realize you are up in that county.

SENATOR DUMONT: I am not under any gun in connection with it at all. We are willing to make any reasonable changes that are necessary in it. I can't believe that you think they are totally

exempt. That isn't the purpose of it and nobody enforces it that way.

MR. MOTT: Well, this is the opinion that I have had.

SENATOR DUMONT: I think you had better get that opinion re-examined because that is a very poor opinion that somebody gave you.

MR. MOTT: I think it is unfortunate that in some of the remarks that I heard today several times it was said that the function of this Committee is to find additional sources of revenue. I don't think this is the case and I don't think you should be accused of it.

I have in my own town a property presently under appeal to the State Division which consists of 87 acres. It is a sanatorium and nursing home. All of the buildings are on 15 acres which are exempt. I did not exempt the other 72 acres. They appealed and the County Board upheld their appeal. If it were a question of money, I could point out - and I have had it pointed out to me - it is probably costing the town less money not to collect taxes on that 72 acres than to have one family houses built on it. But I don't think again that taxation should be based on social welfare. And incidentally that sanatorium, and this thing has been brought up several times, - I don't believe that 10 per cent - I think that would be a large figure - 10 per cent of the patients are from this municipality. This puts it in the same category with the hospitals and all the rest.

So I go back to my original premise and I say it may sound sharp - I heard a lot of very interesting, well-presented cases today, but I think their presentations are in the wrong place. I

think their presentations should be to their sponsors and to their contributors rather than to the taxpayers at large because, as I said before, they are forcing the taxpayers to contribute whether they want to or not. To use another comparison, we have one church with a \$100,000 plant. We have another church with a \$1,000,000 plant. The fellow that belongs to this church is contributing to the other one whether he likes it or not and the atheist is contributing to both of them or a man who doesn't happen to have his church in the town.

In conclusion, gentlemen, let us strive for solutions which will ensure that every individual or organization pays his share of the cost of the government whose protection he enjoys. If concessions or exemptions are to be granted, and I am sure they will be, let the social reforms sponsored by the State be paid for by the State and in all cases let the burden of proof be on the appellant.

ASSEMBLYMAN APY: Mr. Mott, you alluded to certain situations where you felt that the exempt organization or property was in competition with the taxpayers. Do you have any specifics in mind?

MR. MOTT: I lost the appeal. I was a volunteer fireman for ten years. I am all for them. We have one fire company in town that had given to it what had been a community club. It was a donation. They filed their application for exemption and on the back of the application it stated that the building had been leased to another organization for \$1000 a year. As a tax assessor with that statement on the application, I didn't

see that I could approve it and I denied it. The County Board knocked me down.

We have in an adjoining town - and I think there was reference made this morning to club bars - I happen to be a good YMCA man, but I have to admit that in the City of Paterson, for instance, the cafeteria and the dormitory are in direct competition with the taxpayer who has to pay the bill or the businessman who has to pay the bill. And this can go on into health shops and all that sort of thing. So if the organization paid its taxes, there would be no argument about the competition because that is putting them on an equal footing. And if they can lower their costs by virtue of contributions or something else which the other businessman cannot do, this is their prerogative. I don't think that the businessman who depends upon his business for his living should have to contribute to his competitor.

ASSEMBLYMAN APY: Let me follow along one other line that you touched on. Do I understand that you feel that perhaps a formula that should be considered is using a land base? By that, you would mean to tax the land alone?

MR. MOTT: I am not entirely sold on that. I brought up the question the other night: What is the land value of a cemetery? This has been suggested in conversations I have had as a base, coupled with the fact that it would probably be very difficult to establish. In cases of schools and hospitals, it might not be so difficult. But what is the actual market value of a church? Now unless you use some kind of a formula and let them be self-assessing in the sense that they would be valued at

the amount of their fire insurance, something of that kind, I think it would be very difficult for any assessor to go out and say that church should be assessed at a certain figure because you can get 14 appraisors and you would have 15 different answers.

ASSEMBLYMAN APY: This is true in lots of other situations as well.

I have no other questions? Does anybody else to my right or to my left have any questions? If not, we thank you very much, sir, for coming and for testifying before us and we will adjourn now till next Wednesday when we will be back here again.

[Hearing adjourned.]

February 19, 1969

Statement in behalf of Goodwill Industries of New Jersey

Mr. Chairman and Members of the Tax-Exempt Property Study Commission

Our forefathers in government were wise men indeed. They realized that certain efforts on the part of interested citizens could contribute much to the public good and therefore, in their wisdom, granted tax exemption to organizations dedicated to this purpose.

Goodwill Industries of New Jersey, a church-sponsored organization, has been in existence for 50 years. It operates without profit and receives its revenue from church donations and from the sale of second hand clothes and used furniture, which have been cleaned and repaired. These articles are sold through outlet stores, devoted exclusively to this use.

The purpose of the organization is to assist the handicapped. This is done in various ways ----- by training, by education and by counselling. As a result of these processes, unfortunate individuals are assisted in securing employment compatible with their skills. Also, their morale is helped considerably with the result that they become proud and useful members of our society.

Government has been very wise in granting tax exemption to our main factory and training center, and the few properties owned by Goodwill Industries, in which are located outlet stores. Government, by so doing, lends encouragement and makes an indirect contribution to the welfare of our less fortunate brethren. State governmental officials have endorsed our work as being well-directed and efficiently operated.

The fact that it is privately conducted relieves government of not only the responsibility of providing help, both financial and administrative, but also enables it to place less burden on the tax payers because this organization attracts many volunteer workers who would otherwise have to be paid. This could well result in diminished enthusiasm and lack of incentive. Furthermore, the establishment and maintenance of distribution centers would be costly.

We respectfully request that you abide by the good judgment of your predecessors and recognize that experience has proved the wisdom of placing our organization in a tax exempt status. We believe in the general principle that government should not do that which can be

done efficiently and less expensively by the private sector.

We hope and urge that you do not recommend a change in the long established procedure now in effect.

George M. Wallhauser

George M. Wallhauser

Member of Board of Trustees

Goodwill Industries of New Jersey

49-55 Fremont St.,

Jersey City, N.J.

