

1235
1962

PUBLIC HEARING

ON

SENATE CONCURRENT RESOLUTION NO. 14 -
PROPOSING TO AMEND ARTICLE VIII, SECTION I,
PARAGRAPH 4, OF THE CONSTITUTION OF THE STATE
OF NEW JERSEY - SENIOR CITIZENS' TAX EXEMPTION;
AND SENATE CONCURRENT RESOLUTION NO. 15 - PRO-
POSING TO AMEND THE CONSTITUTION, ARTICLE VIII,
SECTION I, PARAGRAPH 3 - VETERANS' TAX EXEMPTION.

Held:
April 12, 1962
Senate Chamber
State House
Trenton, New Jersey

BEFORE

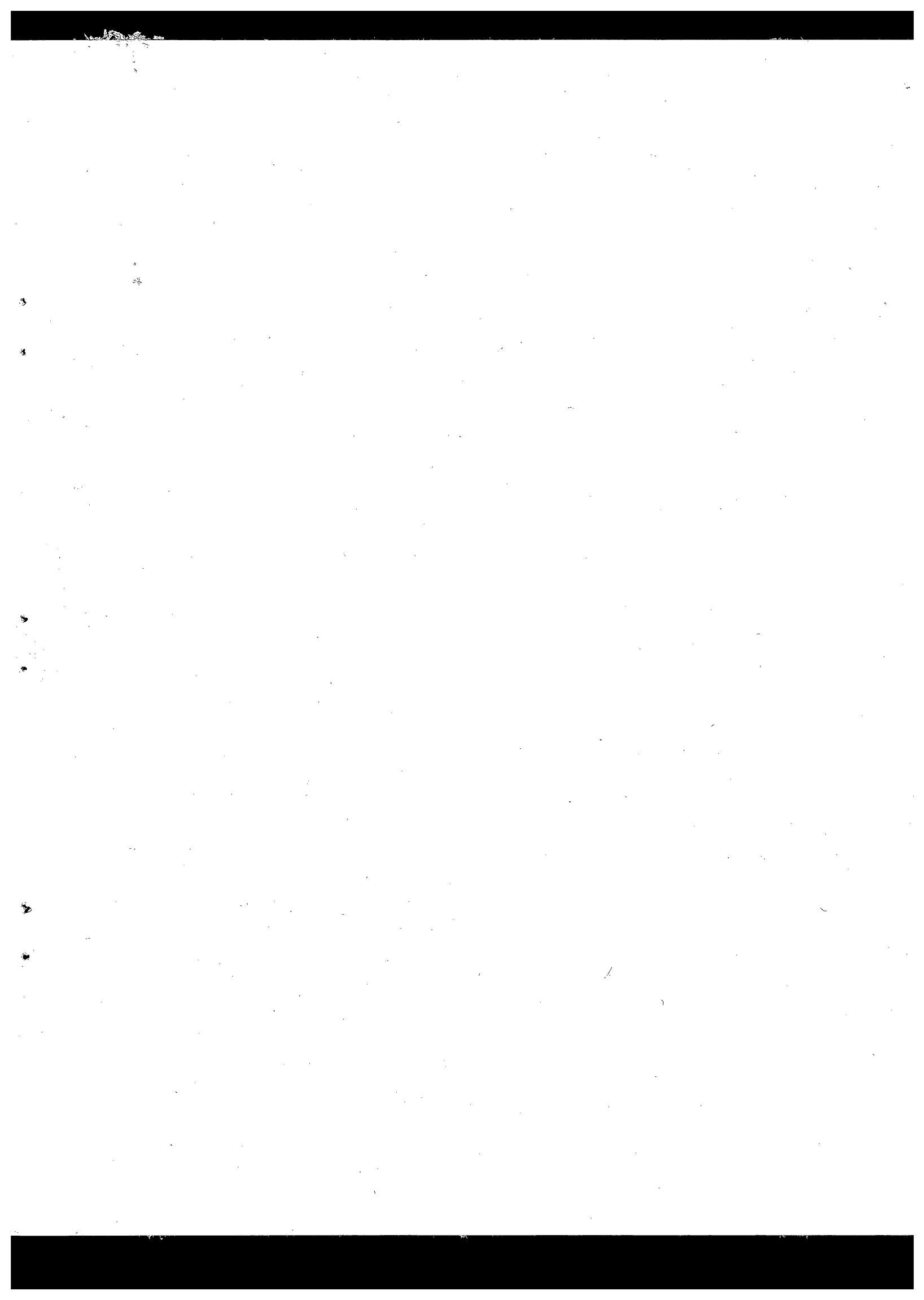
SENATE COMMITTEE ON REVISION AND AMENDMENT OF LAWS

Member of Committee present:

Senator Wayne Dumont, Jr. (Chairman)

* * * *

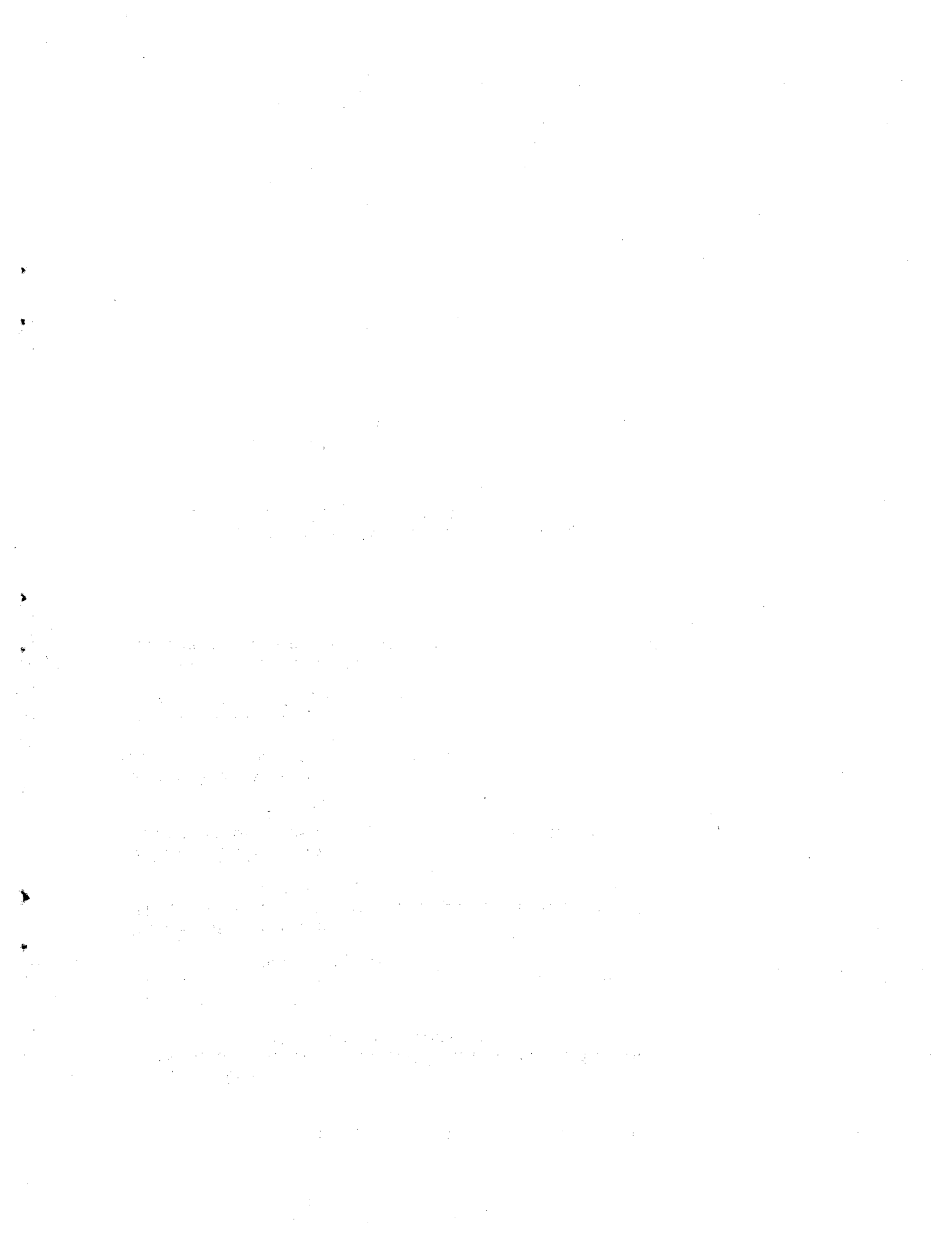
New Jersey State Library



I N D E X O F S P E A K E R S

	Page
Val. A. Elbert President, Chapter 51, National Association of Retired Civil Employees	2
J. Robert Carlucci Temporary Commander, Middlesex County Allied Veterans Association	3
Joseph P. Hanrahan Vice Commander, American Legion, Department of New Jersey	7
Vincent Brinkerhoff Veterans of Foreign Wars, Department of New Jersey	13
Russell T. Wilson Assessor, City of East Orange	19
Donald Morrissey Individual Taxpayer of Trenton	23-32
William H. Hutchinson Assessor, Riverside Township	36
* * * *	
Communications from The Township of Ocean in the County of Monmouth	40

* * * *



SENATOR WAYNE DUMONT, JR. (CHAIRMAN): This public hearing will come to order. The purpose of it, of course, is, as required under the Rules of the Senate of New Jersey, that any proposed amendment to the State Constitution in the form of a concurrent resolution must be given a public hearing.

I am sorry about the delay in starting here this morning, but I had to go over unexpectedly to present some testimony at the hearing in the next building on the question of the rate increase that is being sought by the Hospital Service Plan of New Jersey (Blue Cross).

So we will get right under way and hear your testimony in respect to this. As you know, Senate Concurrent Resolution No. 14 would replace the present \$800 property tax exemption for senior citizens with a flat deduction of \$80 a year from their taxes; and Senate Concurrent Resolution No. 15 would replace the present \$500 property tax exemption for veterans with a flat \$50 deduction annually.

I might say at the outset that the way we got these figures was to take what, as I recall it, was the average property tax rate in New Jersey about a year ago which, as I remember it, was quoted around nine dollars and seventy-two or seventy-three cents a hundred rounded off to approximately \$10 a hundred.

The purpose of this hearing, of course, is to get the benefit of your thoughts on these amounts, whether they are equitable, whether the change is a good thing,

and any comments you have to make about them in any respect, I will be most happy to hear them today.

So at this time, we will go on to the witnesses who signed up first here and I will call on Mr. Val. A. Elbert of Secaucus, representing the North Hudson Chapter No. 501, National Association of Retired Civil Employees.

V A L. A. E L B E R T: Gentlemen, my name is Val. A. Elbert and I am a resident taxpayer of Secaucus, Hudson County.

I appear as President of Chapter 501, National Association of Retired Civil Employees, an organization of federal retirees having a membership of 102 residing in the areas of Hudson and Bergen Counties.

In behalf of our said organization I first wish to express our appreciation for the enactment of the legislation which granted an \$800 assessment deduction to senior citizen homeowners.

My mission at this time is to place ourselves on record in favor of the proposed amendment to change the law to an \$80 deduction from their tax bills.

We highly favor this step and feel that it will grant a more equitable benefit to each senior citizen irrespective of the assessment rate in his municipality.

I wish to thank you for the courtesy and privilege of appearing before you. Thank you.

SENATOR DUMONT: Mr. Elbert, you are satisfied with the amount of this, which is an attempt to make it on the average approximately what it was worth on the average when it was \$800 property tax exemption and when most of

the municipalities in the State were assessing at different percentages, which was about a year ago. Some of them have changed since. You are satisfied with the amount here of \$80?

MR. ELBERT: We prefer that because we feel that it would be equal to each and every senior citizen coming within the benefits of that law regardless of the municipality or whatever rate may be established in his particular municipality - that the benefit would be the same to each and every individual senior citizen.

SENATOR DUMONT: Thank you very much.

I will now call Mr. J. Robert Carlucci of New Brunswick who represents the Middlesex County Allied Veterans Association. He is the Temporary Commander of that organization.

J. R O B E R T C A R L U C C I: Good morning, ladies and gentlemen. Senator, my name is J. Robert Carlucci. I reside at 17 Hale Street, New Brunswick, New Jersey, and I represent the Middlesex County Allied Veterans Association as Temporary Commander. I belong to another organization which I do not represent, but I do belong to another veterans organization. And how this all came about for this Allied Association was that an article appeared in the local Sunday paper in New Brunswick of Sunday, March 19, 1961, by a person named Neal Gallagher, "Are Pocketbooks due to Feel Tax Pinch by the Veterans," and it was because of this article, Senator, which interested me very much, that I called a meeting the following Monday, and as a result we had a tremendous overflow of

veterans from Middlesex County from various veterans organizations, and the final result of that meeting was that we put forward a petition which stated as follows:

" We, the undersigned citizens and voters of Middlesex County, support the following statement of the Middlesex County Allied Veterans Association:

"We, the veterans and taxpayers of Middlesex County, strongly request that any change in the assessment rate for Middlesex County result in the veterans of Middlesex County being able to maintain at least the equivalent amount of tax savings presently and deservedly available to them."

Now, according to the figures of New Brunswick, going back for the 1960 rate and ratio, it was \$7.46; being assessed at 30 per cent to us, it would have been a saving of \$37.30. And in Woodbridge, where they had a ratio or rate of \$17.75 and being a ratio of 13 per cent, their exemption was \$88.75.

Now, with the flat \$50 there are many things that have to be taken into consideration. As a result of an article in the paper Monday night stating that there was going to be this hearing, I called an emergency meeting of the Executive Board and as a result I am here to represent the Veterans of the Allied Association, and I have much data on the desk over there, Senator, with signatures and a lot of other paraphernalia which I will forward over to you. I feel that we need a continued study on this matter. I have letters from the Board of Freeholders, the Middlesex County Board of Taxation, articles that were in the newspapers, and our signatures, and I feel

that actually this needs a continued study, because there are going to be many veterans who are going to be affected in one way or another. Some may be getting more, some may be getting less. I feel that there should be a median drawn and that we need a continuing study because, assuming that we get the flat \$50 and our rates keep going up, where will it end? So I feel that we do need actually a continued study on this, Senator.

SENATOR DUMONT: Well, for your information, I don't know how you can do much more studying than has already been done on all of these facets of taxation, particularly the property tax. I can tell you that personally I participated in three major studies in the last eight years of the entire tax structure of the State, and we are about to embark upon another one. Now, you can only study so long. There comes a time when you have to act and stop studying. Of course, there are going to be veterans who are going to be adversely affected and by this \$50 won't get as much as they would in a municipality with a low assessment percentage and a high tax rate. There will be other veterans who, because the assessment percentage is high - take Haddonfield, for example - and the rate of taxation is low, their veteran's property tax exemption means little or nothing to them as compared with what it did before that community and others went on 100 per cent assessment. But now that county-wide uniformity legislation has been postponed, with no help on my part I might add, for another year, it simply means that each community is back on its own basis and assessing at really any percentage it wants until the court decision

comes along and says you've got to go 100 per cent because that's what the present law requires. So I don't think it's a matter of a lot more study. The question is that if we're going to take a flat figure at all, we have to take one that seems to represent an average amount of equity, because there never will be a statewide formula devised in anything that will treat everybody with complete fairness. It just isn't possible.

MR. CARLUCCI: Well, I agree with you on that point, Senator.

SENATOR DUMONT: We are perfectly willing to continue studying things but I must also remind you that some day we have to act on the study and not just continue to have studies that pile up dust on the shelves some place.

MR. CARLUCCI: May I say this, that the Middlesex County Board of Taxation went on record for a 50 per cent ratio in Middlesex County. What I meant on the continued study is that I favor Assembly Concurrent Resolution No. 9 for a continued study on this. I will tell you the truth, Senator - I have had articles in the paper and tried to arouse people, and they have been aroused, and some couldn't be here to express their feeling, but certainly there is such a thing as mass communication and sending a letter to make one's feelings known. But I feel that this is the position that the organization has taken, and that is the presentation by myself, Senator.

SENATOR DUMONT: Thank you very much.

MR. CARLUCCI: I appreciate your courtesy. Thank you. May I forward all this data?

SENATOR DUMONT: Whatever you wish.

I will call Mr. Joseph P. Hanrahan, Vice Commander of the American Legion Department of New Jersey.

J O S E P H P. H A N R A H A N: Senator and gentlemen, I am Joseph P. Hanrahan as you announced and I am Vice Commander of the American Legion Department of New Jersey and Chairman of its Veterans' Tax Exemption Committee.

Sir, we are opposing Senate Concurrent Resolution No. 15 for some of the reasons expressed by the immediate past speaker. We feel that a further study is required. If I understand you correctly, Senator, you say you have averaged off the tax rates in the municipalities of the State of New Jersey and they roughly came close to \$100 per thousand. If that calculation, sir, did not take into account the number of veterans in the various towns or municipalities, then we have a false basis from which to strike an average. For instance, in a county as Warren there were approximately 4600 applying for the veterans' exemption, while in Bergen County we have 69,000 applying for the veterans' exemption. If you strike those rates in the various counties without applying the factor of how many are applying for the exemption, you will come to a false calculation. For instance, sir, in the county of Warren there are 19 municipalities receiving over \$50 off their tax bill and only four towns under \$50, tax dollars, off. Of the four towns, each is over \$45. So for a county like Warren, where you only have 4600 veterans applying, you

MR. HANRAHAN: We are not saying \$75 as a fixed figure. From our studies now, it would indicate that \$75 would be a fairer -

SENATOR DUMONT: Let me ask you this: Do you want a fixed figure or do you want to make it on a sliding scale?

MR. HANRAHAN: We would rather have it on a sliding scale, but we won't know what the proper assessment figure should be until the State has settled down, when this entire structure which you said you have been studying for eight years has been resolved.

SENATOR DUMONT: Do you realize it may be another eight or ten years before there is any settling down?

MR. HANRAHAN: It may be, sir. Fifty dollars would not be a help to us right now; we are getting more than \$50; a great number of veterans are getting more than \$50.

SENATOR DUMONT: Yes, and a great many are getting less too.

MR. HANRAHAN: If you will count the number of veterans, sir, as we have been doing, in the various counties, you will find that the overwhelming number is getting more than \$50 now off their tax bill on the \$500 assessment.

SENATOR DUMONT: But, of course, if the present law is enforced in the State, as the courts have indicated they will, namely, forcing everything to 100 per cent assessing, you realize that every veteran will be getting less than \$50.

MR. HANRAHAN: That's right. We are not interested

in the see-saw between the rate and the assessment, sir; we are interested in the results. That's why we think that if it's resolved within the year, as we thought it would be a month or so ago, that \$75 would be closer to our \$50 as it was many, many years ago. That \$50 is no longer worth \$50, as you can readily understand in the market. Until it is resolved, we feel that this is not the right answer - \$50 flat.

SENATOR DUMONT: Well, would you rather have the law left the way it is today than have any change made?

MR. HANRAHAN: No, there has to be a change. If the law is going to change and you are going to increase the assessment, the rate will reduce. When the rate is reduced, the veterans' exemption goes down with it. We think there has to be a further study to determine - at least give us what we are getting now - approach that area. But \$50 is under what we are getting now, greatly under.

SENATOR DUMONT: All right. Well, then, speaking for the veterans of the State, and Mr. Carlucci was talking for his organization, you would rather have, for the present at least, no change in the present law - just have the study continued. Is that right?

MR. HANRAHAN: Yes, because it will be two years at least, as we see it, before the present law -

SENATOR DUMONT: Well, as a matter of fact, it was our intention to leave it just the way it was until we had actual working experience with Chapter 51 of the Laws of 1960. Inasmuch as a majority of the Legislature in both houses and the Governor have decreed that we are not going to get

any working experience for a while with Chapter 51, the problem now arises as to what the courts will do with enforcing the old law, which literally interpreted means assessing everything - personal, as well as real property - 100 per cent.

Now, if that happens in a widespread way across New Jersey, and it can very quickly, then of course your \$500 exemption isn't going to be worth \$50 to any veteran.

MR. HANRAHAN: We realize that, sir. And you may have that situation for one year where the veteran will take a beating under enforcement of the 100 per cent ratio. However, it can be easily and quickly corrected by the Legislature for the following year. We do lose a great amount in one year, but we don't want to be coming back here year after year negotiating, and that's what will be happening to us if you give us a flat rate of \$50. As soon as that \$50 no longer appears to be \$50, in view of the increase in the rate of taxation, we will be back here negotiating like Unions do with Management - every year looking for an increase. You'll get to hate to see us; you'll be sorry to see us, and it will be years before we get a chance to -

SENATOR DUMONT: Well, the main thing I want to get is your position, and you would rather have the law left the way it is at the present time, for the time being at least.

MR. HANRAHAN: Yes, and watch it very closely.

SENATOR DUMONT: And that's the position of the American Legion Department of New Jersey, right? You are

speaking on their behalf.

MR. HANRAHAN: Yes. We prefer that you leave it the way it is and if you must peg it at a flat rate, we say now \$75 as a minimum.

SENATOR DUMONT: But I am talking about leaving it as it is, which means the \$500 property tax exemption just as it is in the Constitution today. That would be leaving the law the way it is.

MR. HANRAHAN: Yes, I understand that.

SENATOR DUMONT: Now, is that what your position is right now?

MR. HANRAHAN: Right now, since the change in the tax structure is going to be postponed, we would rather stay with that 50 per cent rate.

SENATOR DUMONT: And that is the position of the American Legion Department of New Jersey. Right?

MR. HANRAHAN: Right.

SENATOR DUMONT: Thank you very much.

Now, as long as we are on the veterans' position, let's hear from Mr. Vincent Brinkerhoff of Cranford who is the Secretary of the Legislative Committee of the Veterans of Foreign Wars.

VINCENT BRINKERHOFF: Thank you for this opportunity to speak, Senator. I am the official representation of the Veterans of Foreign Wars, Department of New Jersey. We represent about 50,000 veterans, including our Auxiliary. We have a vital interest in this morning's public hearing; namely, that of the veterans' exemption on the real estate tax on property.

We are sure that back in the early 20's, when the Legislature of a grateful State granted this exemption in the form of a \$500 exemption from assessed value, that they did not intend that it should decrease in value or otherwise become dissipated by subsequent reassessment or reappraisal laws or court rulings. With the new 100 per cent assessment law or a percentage thereof set by various counties, which has been postponed for a year but which will eventually become the law, if no changes are made, the actual dollar value of exemption will be reduced, and in those counties which have gone to the full 100 per cent the exemption will virtually disappear. If no changes are made, a situation will develop where a veteran in some counties will enjoy an exemption very close to \$100, and a veteran in those counties which have gone to 100 Per cent again will be down below \$10. So it is for this reason that the VFW endorses the blanket dollars and cents exemption as opposed to an exemption from the assessed value.

With a flat exemption every veteran, regardless of the geographic location within the State, would enjoy the same exemption. However, we would like an opportunity to discuss further the \$50 figure, as my two friends from the other veterans' organizations have mentioned.

We feel that the present average exemption is running higher than \$50. In this field again we are not seeking further benefits, but we don't want to lose those we already have.

Thank you very much.

SENATOR DUMONT: Well, now, you figure that the \$50 amount is actually too low.

MR. BRINKERHOFF: Well, in my county of Union, which is the only study I have participated in personally, and incidentally I am pinchhitting for a person who is better versed in this than I am because he is in the hospital, and I know that in Union County the figure is higher.

SENATOR DUMONT: Have you arrived at any figure as to what you think it ought to be?

MR. BRINKERHOFF: No, sir, I haven't.

SENATOR DUMONT: Statewide. So your position then, and you speak today in behalf of the VFW, right? -

MR. BRINKERHOFF: I certainly do.

SENATOR DUMONT: Department of New Jersey. Now, your position then is a little different from the American Legion's. You don't want the law to remain just exactly as it is at the present time, or do you?

MR. BRINKERHOFF: You don't mean this new 100 per cent -

SENATOR DUMONT: I am talking about the \$500 property tax exemption which will vary all over the place, depending upon the percentage of assessment.

MR. BRINKERHOFF: Well, as it's been, there hasn't been any objection; I mean, since the war, since most of us got out of the Service. There haven't been too many controversial arguments about it, but naturally it came to light when this new 100 per cent assessment went through, starting with this litigation in Middletown, I

believe it was. This is what we don't want, and we have to see it postponed for a year.

But as to the law as it stands now - I am talking about the one that was granted in 1923, I believe it was - there doesn't seem to be any argument there; in other words, we have been going along with the exemption year in and year out. But with this new law, I guess it's 61 - is that what you mentioned? -

SENATOR DUMONT: Chapter 51.

MR. BRINKERHOFF: - this is not equitable throughout the State, because a man in Burlington who is assessed at 30 per cent would receive \$100 - although we would be hesitant to take it from him - and a man in Monmouth who is assessed at 100 per cent would realize seven or eight dollars, and we feel that doesn't make much sense.

SENATOR DUMONT: Well, of course, under Chapter 51, each County Board of Taxation had nine different options, from 20 per cent to 100 per cent, to use, whereas the present law of the State, if enforced by the courts, and there is every indication it will be, will require 100 per cent every place. In other words, don't make any mistake about the old law; the old law, when literally interpreted - and that is the law presently in effect now, in view of this postponement - requires 100 per cent everywhere - on land and buildings, on machinery and equipment, and on inventory.

MR. BRINKERHOFF: In that event, your \$500 exemption just disappears.

SENATOR DUMONT: Right.

MR. BRINKERHOFF: And this is what we don't want to see happen.

SENATOR DUMONT: That's exactly why, in the passage of Chapter 51, we were trying to give the county boards of taxation nine different options they could use that would affect the entire counties, not just the particular municipalities.

MR. BRINKERHOFF: Our stand is - take a flat exemption, but we don't feel that \$50 is adequate.

SENATOR DUMONT: All right. And you haven't arrived at what you think a fair figure should be.

MR. BRINKERHOFF: No, sir, we haven't.

SENATOR DUMONT: So, for the present then, your position is that you would rather leave \$500 property tax exemption as it is until there has been further study? Is that correct?

MR. BRINKERHOFF: I am not sure that we understand one another, Senator. The way it's been going, as I explained before, since the law when it came into effect in 1923, it seems to be satisfactory. No one has objected until this new court ruling of 100 per cent, and this is what started the action, and I am sure that was the case in all the other organizations. We know that that would not be good. We don't want the \$500 exemption to become a \$6.00 actual cash saving. It wasn't meant that way when it was given to us back in the 20's, and we don't think that anyone today should return it to such a thing.

SENATOR DUMONT: Well, you see, all that the court ruling did was to say that as long as you are going to have this law, you have got to start enforcing it. What had happened was that we had it but nobody paid any attention to it until the original Switz case was decided. That's why we got into the study of trying to change the present law and resulted in Chapter 51.

Well, I think, if I am clear on your position, the VFW, then you are not quite in agreement with the American Legion.

MR. BRINKERHOFF: We don't seem to be too far apart.

SENATOR DUMONT: You're not too far apart, but you are more inclined to go for a blanket exemption, providing it's a fair figure, which you don't think \$50 is.

MR. BRINKERHOFF: That's exactly our stand.

SENATOR DUMONT: And you are more inclined to go for it more quickly than apparently the American Legion is.

MR. BRINKERHOFF: Well, I'm not at liberty to expound on that, sir.

SENATOR DUMONT: All right. Thank you very much. We appreciate your coming.

Russell Wilson. Russ, are you going to represent the League of Municipalities on this?

R U S S E L L W I L S O N: Senator, as usual I'm wearing a couple of hats, but basically it's the League of Municipalities.

SENATOR DUMONT: O.K. I might say before Mr. Wilson begins, I think the credit for suggesting a flat figure - at least as far as I'm concerned - the first time it was ever suggested to me at least, came from him; that is, a flat dollar deduction or a flat dollar amount. And I have always thought, by the way, that it made a lot more sense than these exemptions that fluctuate all over the place, depending upon the assessments. So we might have delayed doing anything about it for a while - we would have delayed it until we got some working experience under Chapter 51 if Chapter 51 were going to take effect, but since it isn't for at least a year and a half or a year and three-quarters, and maybe even beyond that, was the reason why we thought maybe we ought to try to bring this thing to a head by using these suggestions, which were not necessarily in the same dollar amounts, but by using the basic idea that was advanced originally, as far as I am concerned at least, by this witness

Go right ahead now, Russ.

MR. WILSON: Thank you, Senator. For the record, my name is R. T. Wilson, Assessor of the City of East Orange, and Chairman of the Tax Study Committee of the League of Municipalities.

Senator, at the outset I would like to take this opportunity to extend the gratitude and thanks of the League of Municipalities and the Assessors Association to you personally and to those of your colleagues who so manfully stood up to the postponement of Chapter 51. This, I think, was a somewhat irresponsible act on the part of the majority of the Legislature, and I think it has set back the

administration of taxation and property taxation in the State of New Jersey by many years. But we are deeply grateful to you for your courageous stand and to Senator Deamer and Senator Fox, as well as those members of the Assembly who took a similar stand.

Senator, with respect to both of these bills, the senior citizens' and the veterans' exemption, I think the League, in fact I know that the League has to take this position, since we do represent most of the municipalities in the State of New Jersey, that the great majority of the municipalities will be adversely affected by the bills as drawn, and I refer principally to the amounts of \$50 and \$80 referred to therein.

Of course, from the standpoint of both the League of Municipalities and the Assessors, the proper approach to both these exemptions would be their repeal rather than their amendment. However, recognizing the facts of life, we have to take the choice of the lesser of some evils.

The statistics developed by the State Division of Taxation reveal that the average state tax rate in 1961 was \$8.77.

SENATOR DUMONT: I stand corrected then, Russ.

MR. WILSON: Well, I think your \$9.00 figure, Senator, was probably a 1959 or 1960 average - more nearly a 1959 or 1960 average. Of course, with the tendency toward more and more revaluations and an increase of the ratios in many municipalities, the average state rate is bound to head

downward. However, in the interest of equity, and this sometimes suffers, I think the League endorses the principle of the bills; namely, the granting of a flat dollar exemption rather than an exemption tied to the assessments. There are some problems that will arise from the municipality's standpoint; namely, how to handle this for county equalization purposes. I believe this will call for some additional legislation if these bills carry. At the present time, of course, exemptions are deducted for county equalization and there will have to be another method by which the tax dollar can be taken into consideration for county equalization purposes, and I am sure you will recognize this, sir.

In the overall, I think we have to take the position that while we favor the bills in their principle, we would rather see the amounts tied to the average state tax rate. This, we feel frankly, is a benefit to the veterans because of the trend toward a lower tax rate throughout the State.

Now, while we are on the subject of amendment of the Constitution with respect to veterans' exemptions, I would like to suggest that we will probably never have a better opportunity to include as an amendment one which would limit this exemption to veterans currently residents of the State but who were residents at the time of their induction or enlistment. Now, I do not propose that veterans who are now receiving the exemption would be denied, but I would hope that we might provide for an amendment that would prohibit the granting of an exemption

henceforth, which would apply to veterans who were not residents of the State at the time of their entry into the service.

Senator, I believe that just about concludes the comments that I have noted here for the moment. There is one other alternative possibility that might be given some consideration, and this, of course, I'm afraid would be adverse to the interest of the individual veterans, but we could, of course, leave the law as it now applies; namely, the \$500 assessment exemption, but tie that to the equalized value of the municipality. Now, this would, of course, have the effect of materially reducing the value of the exemption to the veteran.

That's all I have to proffer, sir.

SENATOR DUMONT: If a flat dollar amount is used, do you think these figures are approximately fair, based upon the average tax rate of the State, or do you think they are too high or too low?

MR. WILSON: Well, the average tax rate in 1961, Senator, was \$8.77. Now that would translate to roughly \$45 for the veteran and \$60 for the senior citizen, and I think that would be far fairer to the municipality.

SENATOR DUMONT: Do you prefer a flat figure over a sliding scale?

MR. WILSON: I think I do, sir.

SENATOR DUMONT. You do. Personally, I like your idea about limiting the exemptions henceforth to veterans who entered the service in New Jersey.

MR. WILSON: This would overcome many objections that we have heard for many years. I don't honestly believe it was the intention of the Legislature when it first granted this exemption to include veterans from other states. Many, as you know, from California and other states receive state bonuses.

SENATOR DUMONT: Right.

D O N A L D M O R R I S S E Y: I would like to ask along on that particular point - you more or less touched on it: The law provides that veterans from other states moving into New Jersey do not receive the benefit of the exemption.

SENATOR DUMONT: No, it doesn't.

MR. MORRISSEY: The law now provides they do not now receive it.

MR. WILSON: No, I'm sorry, sir. The present law allows the exemption to any veteran as long as he is currently a resident of the State. My proposal would limit this exemption to the veterans of the State at the time of their induction or enlistment - not retroactive, I might add. I would have it cut off as of the effective date of this act.

MR. MORRISSEY: The impression I got was that you meant that the veterans from out of the State who were not residents of the State at the time of their induction would receive the full benefit of the exemption.

MR. WILSON: They now do, sir. My proposal is that they be excluded.

SENATOR DUMONT: Are there any other questions?

By the way, I meant to announce this in the beginning: If any of you have any questions you want to ask of any of the witnesses, it is perfectly all right so long as they are pertinent to his testimony.

Thank you very much, Mr. Wilson.

MR. HANRAHAN: May I ask a question, Senator?

SENATOR DUMONT: Surely.

MR. HANRAHAN: Did your rate of 87.7 per thousand take into consideration the number of veterans in the various towns or counties?

MR. WILSON: No, sir, it does not.

MR. HANRAHAN: It is just a flat rate.

MR. WILSON: This is just the average of the various municipal rates throughout the State, and it does not take into consideration the number of veterans.

MR. HANRAHAN: And by taking 600 municipalities - dividing by 600, you got that rate?

MR. WILSON: Yes - 567 would be more exact.

SENATOR DUMONT: Mr. Wilson, by the way, was Assessor in Englewood for many years before he went to East Orange, so he has had experience in Bergen County, Mr. Hanrahan, as well as in Essex.

All right, Mr. Morrissey.

D O N A L D T. M O R R I S S E Y: My name is Donald T. Morrissey, Trenton, and I speak today strictly as an individual taxpayer of the City of Trenton.

I am very much concerned with the trend toward exemptions both for veterans, old age, perhaps tomorrow

widows following those who perhaps are industrial casualties, and what have you, and I am wondering what's going to become of the taxpayers. The Legislature's policy of inflicting upon municipalities mandatory legislation for these exemptions is gradually making it more difficult for all of our taxpayers of the City of Trenton both young and old.

I have some figures here. I go back to the year 1911. We had approximately \$2,786,000 of exemptions for church and charities. Since that time it has risen to \$14,495,000 of exemptions for church and charities. The tax rate has risen from the year 1911 from approximately \$3.00 in our city to \$10.12 for the year 1962. I am wondering just how much further can the Legislature go in inflicting additional mandatory legislation on our municipalities.

The principles in the two bills under discussion, AGR 14 and 15, of limiting the amount granted to the aged people and to our citizens is a good one. You recall, Senator, that at a previous hearing I did advocate a limited amount or a maximum amount to our veterans and to our aged people, but I don't think this is the proper way of handling aid to our veterans and to our aged citizens. I would like to see set up in New Jersey a section of several of our large counties where there is plenty of land where a veteran or an aged citizen could purchase in that particular county, set up similar to our Trenton Housing Authority, where the property is not subject to our tax laws. The aged people could purchase

within this community a piece of ground, either for a permanent home or for a trailer, and the only tax that they would be subject to would be the local corpus tax. They would pay no county tax nor any school tax. In this way they would be taken out of the city itself. Our cities are hurt by our veterans and our aged people. Our cities are becoming slowly but surely cities of old buildings and old people.

Personally, I think our whole tax order is rough, because we inflict perhaps 85 per cent of the cost of local government upon the backs of the persons who happen to own a home. As a result, property is getting depressed in the market place due to the rising tax rates throughout the State of New Jersey.

That's about all I have to say, Senator. The tax system, I hope and pray, will be changed in the very near future so that our taxes will apply on tangible property, income, or sales, or what have you, but let's get it off the backs of the people. These continued exemptions are not the answer to our situation.

SENATOR DUMONT: I couldn't agree with you more, Mr. Morrissey. The tax structure does have to be changed, but as long as we continue to have soaring property taxes which are already the highest in the nation, the more pressure we are going to have here for additional exemptions and new exemptions, etc. That's the problem that we face.

MR. MORRISSEY: The only thing I have to say, Senator - an additional thought occurs to me - is that

the principle of the retail sales tax is not the whole answer. I would suggest for your consideration the establishment in New Jersey of a transaction tax which would touch all property from the point of production to the point of ultimate consumption. It would also tax services rendered in this State, stocks and bonds as well, so that the burden would be taken off of real estate. I would go a step further and say the time must come when we must limit the tax rate upon real estate.

SENATOR DUMONT: Well, I think actually that was tried in New Jersey about 45 years ago.

MR. MORRISSEY: I think we did have a limited tax rate in this State under the term of office of former Governor Stokes.

SENATOR DUMONT: It worked so badly that it was repealed. That's the story at least.

MR. MORRISSEY: Well, it only worked badly against the politicians, not against the ones who happened to own property.

SENATOR DUMONT: Be that as it may, you elect the politicians, as you describe them.

MR. WILSON: Could I be permitted to correct for the record a statement that I made?

SENATOR DUMONT: Certainly, Mr. Wilson.

MR. WILSON: It was in response to the question raised by the gentleman representing the American Legion who had asked about the average tax rate. I gave rather a wrong answer to that. Actually the average state tax rate

is arrived at by taking all of the amounts to be raised by taxation, local property tax, and dividing it by the aggregate ratables of the State; in other words, it is not on an individual municipality basis but the total to be raised by taxation - your local property tax throughout the State divided by the total state ratables to arrive at the average state rate.

MR. HANRAHAN: But you still did not take into consideration the number of veterans in each municipality.

MR. WILSON: That is correct. I knew that this was your point, but my basic answer was a little misleading.

MR. HANRAHAN: They are not compatible practices then is the point I was making. Take a city like "Bohunk" with two veterans and their rate is \$20 a thousand, and then take a city like Hoboken which has 500 veterans, and their rate off the tax bill is \$60 - the two municipalities are not compatible. You should strike a ratio or rate between those two municipalities.

MR. WILSON: Your point is perfectly valid.

MR. HANRAHAN: The two municipalities are not compatible. Thank you.

SENATOR DUMONT: Now is there anybody else who desires to be heard?

MR. THOMAS MCGANN: I would like to ask if you received a statement that was sent in to the Committee or to you from Marryatt Haines who is the President of the State Assessors' Association. He could not be here.

SENATOR DUMONT: If there was, I don't have it.

here. The only thing I have here is a statement from the Township of Ocean in the County of Monmouth, which we will put in the record. But I don't have anything from Mr. Haines here. Do you want to speak on his behalf?

MR. MCGANN: No, sir, I just wanted to be sure that the statement was here.

SENATOR DUMONT: We can add it to the record later if it comes in.

MR. WILSON: If you don't have it already, we will submit it to you.

SENATOR DUMONT: All right, fine.

Is there anybody else? (No response)

Well, we have here a letter from the Township of Ocean, Office of the Mayor, James J. Garrity, which will be entered in the record - Monmouth County - and the statement is to the effect that they have adopted a resolution in the Township of Ocean supporting the proposed Amendments as profitable and equitable. The vote, according to this resolution, was unanimous.

These samplings that are enclosed here with the letter, taken from Red^{Bank} Ocean Township, New Shrewsbury and Long Branch, indicate - and I should point out that Monmouth County is probably the only county in the State that is on a full 100 per cent since the first of this year, all municipalities. Is that right, Russ, that it is the only county, on a countywide basis?

MR. WILSON: Cape May, Monmouth and Hudson.

SENATOR DUMONT: They are all 100 per cent this year?

MR. WILSON: No, Hudson has not gone to 100 per cent.

SENATOR DUMONT: But Cape may and Monmouth are at 100 per cent right now?

MR. WILSON: I wouldn't swear that all of Monmouth has actually reached the 100 per cent. I think the record of the County Board would show that, but I would rather doubt that they have actually reached that. I am informed by the Local Property Tax Bureau that they claim to have gone to 100 per cent this year.

SENATOR DUMONT: Well, then these four communities in Monmouth, as they point out, at 100 per cent, the highest value of a senior citizen's exemption is in New Shrewsbury at \$29.52, and the lowest is in Ocean Township at \$22; and as to the veterans, the highest is \$18 in Ocean Township or \$18.45 in New Shrewsbury, and the lowest, at \$15, are at Red Bank and Long Branch, of these four communities. So taking a sampling here, this is a typical situation of what can happen in a 100 per cent county, and I think we should all remember that in view of the fact that the original Switz case was decided I think on March 11, 1957, there is a good chance that the Supreme Court in any taxpayer's action in any county from now on would say that the present law must be enforced and that county as a whole would have to go to 100 per cent. And this is an example of what will happen to these exemptions in any 100 per cent from now on, because this is exactly what is happening in Monmouth right now.

So this letter with its attachments will be made a part of the record.

Now I want to ask one question here. We've had opposition to any change in the veterans' property tax exemption for the time being until it be further studied. Is there any opposition here today to any change in the senior citizens' property tax exemption to a flat dollar rate?

MR. WILSON: Not in principle, only to the amount.

SENATOR DUMONT: To the amount - which you think ought to be \$60 instead of \$80.

MR. WILSON: Correct.

SENATOR DUMONT: But other than that objection from the League of Municipalities, is there any other objection to changing the senior citizens' property tax exemption to a flat \$80 as proposed in this amendment? Is there anybody here today who objects to that? If so, this is the time to say so. [No response] Well, then, I must assume from the silence that there isn't any objection to that, but there is objection to changing the veterans' property tax exemption at this time without further study being given.

MR. BRINKERHOFF: You didn't interpret our remarks regarding the VFW as being opposed to this flat deduction, did you?

SENATOR DUMONT: No, but I gathered that you and the American Legion want more study made and that you are more in favor of a flat deduction than the American Legion

appears to be but that neither one of you at this moment wants a change in the \$500 property tax exemption. Is that right or wrong?

MR. BRINKERHOFF: I am not coming out directly that we are satisfied with the old method, which dates back to the 20's, but we certainly would not want to stand still and have 100 per cent assessment go in, which it will if nothing is done, as was brought out in Red Bank where it is \$15.

SENATOR DUMONT: But until it does, and it has in certain counties - Monmouth is one and Cape May apparently is about to go to 100 per cent, and maybe Hudson is too. But until that is done, you still for the time being have open to you the possibility that each municipality will set its own assessment ratio, as it has done in the past, by disregarding the present law until such time as an aggrieved taxpayer comes along and says this has got to stop because I'm being discriminated against and succeeds in proving discrimination, as Mrs. Switz did, and then forces that municipality or maybe the entire county up to 100 per cent, which is the literal interpretation of the present law. Now, since that has not happened, except in a few instances, your position, I would assume, for the present would be to leave the present \$500 exemption as it is, and I know you don't want that to happen if there is a change by court decisions in literal interpretation of the present law. But, for the time being, as I understand it - now correct me if I'm wrong, because I want to be right on

this - your position and the American Legion's is to leave it the way it is pending further study and a little more experience as to just what is going to happen in the future. Is that right?

MR. BRINKERHOFF: We want a dollars and cents deduction as opposed to assessment deduction, and if \$50 is going to be it we will have to except it but we don't think that is the average.

SENATOR DUMONT: You think it ought to be higher.

MR. BRINKERHOFF: Yes.

SENATOR DUMONT: But you don't have any definite figure yet as to what you think it ought to be, whereas the Legion thinks also that it ought to be higher and you think the minimum ought to be \$75, Mr. Hanrahan.

MR. HANRAHAN: Yes.

MR. MORRISSEY: I am a veteran -

SENATOR DUMONT: So am I.

MR. MORRISSEY: - and I feel that the veterans as a whole, speaking for all the veterans - as a whole they would be far better off on a maximum flat amount, because it isn't fair to the veterans in my county. In Pennington, a veterans' exemption is worth \$80, and in Trenton it is worth approximately \$50. I don't know of any dissension among the veterans so, therefore, I don't think there should be any more money paid out in actual dollars to a veteran who lives in Pennington and a veteran who lives in the City of Trenton. As a whole, the veterans would be far better off if it were on the basis of equality where they would all get

the same amount, not \$80 up there and \$50 in my city. In fact, I have always questioned whether it's really legal.

SENATOR DUMONT: Now, Mr. Carlucci, your position is pretty much the same as the American Legion's and the VFW's, right?

MR. CARLUCCI: Yes, Senator.

SENATOR DUMONT: Do you have any figure in mind as to what you think this ought to be? If you think \$50 is too low, what do you think it ought to be?

MR. CARLUCCI: Well, as I see this, Senator, we discussed it on the floor pro and con, and I made our position known, the old see-saw battle - high ratio, low rate - high rate, low ratio. We cannot say that we have 25 municipalities in Middlesex County - we cannot say that even if New Brunswick is getting more than, say, another township - we feel that you should still keep what you have. We feel that under the present setup, we have no choice but to try to keep what we have until something does come along where everybody is treated equal, because, as you stated, this has for years been studied and studied. But in this case, as long as we have this Assembly No. 9 study bill here, I favor it in the final analysis, the final blow, because certainly we are all being affected by it. I might say this, Senator: A veteran who does not own a home in New Jersey, what benefit does he get? He gets nothing. He has to own something. He may get his peddler's license; he may have other benefits, but as a whole a veteran who doesn't own a house or own property, personal or

otherwise - what benefit does he get?

SENATOR DUMONT: Now, correct me if I'm wrong, but, as I understand it, this exemption has always been applied to personal property if you didn't own land or buildings. Right?

MR. MORRISSEY: Real and personal.

SENATOR DUMONT: Well, yes. So that everybody has furniture, or almost everybody.

MR. CARLUCCI: In New Brunswick, we have no personal -

SENATOR DUMONT: Right. We left that up to Local Option. That was the one part of Chapter 51 that is effective, and a municipal body could in its option do away with that household goods tax if it wanted to, by resolution.

MR. CARLUCCI: We are saying, in other words, Senator, again to keep what we have and if it means that we are going along with the American Legion for a maximum and the VFW, certainly. I will say this, Senator, the Middlesex County Allied Veterans Association has not been issued corporation papers and what have you. This was so fast that the organization that we do have, and the organization that I belong to and other organizations felt that someone had to do something and, as I will turn over to you, I have stuck my neck out locally in trying to arouse the veterans as to the veterans problem, and that I have done, and certainly whatever flowers may come my way is due to the work of Neil Gallagher, a reporter on the Home News. I took up where he left off and pursued the

course. I am an officer of the organization and I have acted in the interest of everyone.

SENATOR DUMONT: Doesn't that Assembly Resolution that you are referring to assign this study to the State Tax Policy Commission?

MR. CARLUCCI: Yes.

SENATOR DUMONT: I thought it did, because practically every resolution that comes in assigns us something to study.

MR. MORRISSEY: Senator, I was wondering if the veterans organization of New Jersey speaks for the veterans of Princeton Township. I find in Princeton Township a tax rate of \$2.12, so the veterans' exemption isn't worth much in that township. If it were \$50 flat, they would benefit considerably. I think it would be more or less equalized throughout the State of New Jersey. That seems to be the trend.

MR. CARLUCCI: Yes, but by the same token you may have areas where some are getting, say, \$28, and going up to \$50 would mean an increase for them. As I stated here, in Woodbridge on the 1960 rate, they were up to \$88 and, if it were a flat \$50, to them it's a loss.

MR. MORRISSEY: Well, somebody has to take a loss.

SENATOR DUMONT: There are some communities in New Jersey where the present tax exemption is worth over a hundred dollars to a veteran, but we cannot take the high figure and make that applicable all over New Jersey. I said before, and I'll say it again, there never will be

a statewide formula that treats everybody with complete fairness, and nobody in this State is genius enough to invent one.

MR. HANRAHAN: My point was that according to statistics the greater number of veterans are over the \$50 benefit mark right now. An overwhelming number are receiving more than \$50 right now. It has to be studied along those lines - how many veterans will be "upped" and how many veterans will come down. You will find the greater number of veterans will be reduced to \$50. In one town in Monmouth County a veteran receives \$215 off his tax bill. There are only four towns, or five towns, in that whole county of Monmouth -

SENATOR DUMONT: Don't you think that at \$75 there are going to be many more veterans raised over what the \$500 now means to them than will be lowered?

MR. HANRAHAN: No, sir. Our figures indicate it is in the low seventies right now; the average figure of the veterans is in the low seventies.

SENATOR DUMONT: All right. Anything else?

WILLIAM H. HUTCHINSON: May I congratulate you on the stand you have taken on Chapter 51.

I am an assessor from Riverside Township in Burlington County. We would go in favor of the \$50, provided that it takes care of the men who entered the service originally from the State of New Jersey. Down in South Jersey we have an influx of fellows coming over from Pennsylvania who have already received their pension, and

we are needing hundreds of thousands of dollars, as far as we are concerned, down there to take care of these fellows in this particular instance. Now, the same thing applies with regard to the men who have now passed the age of 65 years coming over here and buying property with the idea of getting the additional \$800 exemption.

SENATOR DUMONT: Where are you from, Mr. Hutchinson?

MR. HUTCHINSON: Riverside, New Jersey.

MR. HANRAHAN: May I add one more word from the American Legion. We are thankful for all you have done for the veterans of New Jersey. We are an appreciative lot. We think the principle behind the suggestion of SCR 15 is to save what we have. We understand that.

SENATOR DUMONT: I understand. As a matter of fact, most everybody wants to be saved harmless if that's possible.

MR. CARLUCCI: Senator, I want to say again that it was the local press that put us on notice that there was this hearing down here; otherwise, believe me, I would never have heard it. I do have a list of the latest people on the Veterans Affairs Committee with Senator Bowkley as the Senate Chairman and Assemblyman McGowan who is the Assembly Chairman. What is their feeling on Veterans Affairs? Have they had any hearings, etc.; have they heard anything?

SENATOR DUMONT: There was a bill that passed both houses and now awaits the Governor's signature, which is something like the Soldiers and Sailors Civil Relief Act

originally of the 1940's. This one would apply by way of granting a moratorium, on mortgage foreclosures, and closing in on those people who have been called back to active duty in the present emergency from New Jersey, of whom there are a number of thousand at the moment in the National Guard, both Army and Air, and in the Reserve. That bill is waiting for Governor Hughes to sign it. It has passed both houses; the principal sponsor of it was Senator Bowkley, so we are trying to be responsive to the needs of the people in this situation.

MR. CARCULLI: I read that in the Veterans Affairs brochure. My point is, what have these Senators and Assemblymen said as far as this flat \$50 is concerned? Have they had any opinion?

SENATOR DUMONT: I really don't know where most of them stand, as a matter of fact, on it. The way you get the opinion is to discuss the legislation as a group, and at the present time we haven't done that with these two resolutions because of the fact that with anything that would amend the Constitution you have to go through a certain procedure, which is different from an ordinary bill. It comes out of Committee for the purpose of spreading copies upon the desks of each member of the Senate and the Assembly, and then it goes back into committee for a public hearing to be conducted. And then, I think no less than 20 days after you spread the copies on the desks of the members, you can start to move the resolutions. Now, these being concurrent resolutions - which is true of any amendment to the Constitution - do not require the signature of the Governor to go on the ballot.

All it has to do is pass both houses by a three-fifths majority rather than a simple majority. If you get only a simple majority, you have to pass it two years in a row in order to put the question on the ballot. If you get a three-fifths majority in the year you start the legislation in motion, you can get the questions on the ballot the same year. The Governor does not have to sign in order to submit the question to the people as to any constitutional amendment. All it has to have is for the Legislature to pass it and then the people make the ultimate decision as to whether it takes effect or does not take effect. That's the difference.

MR. CARLUCCI: That's why this public hearing is held.

SENATOR DUMONT: And that's why a public hearing is being held today, not because we don't want your ideas - we want them, and that's the purpose of a public hearing - but it's also required in the case of a constitutional amendment, which is not true of an ordinary bill.

MR. CARLUCCI: I appreciate your kindness and thank you for allowing me to express my views.

SENATOR DUMONT: Now is there anything further?

Well, if not, we will declare the hearing closed, and I thank you very much, all of you, for coming here today and giving us the benefit of your opinions.

(HEARING CONCLUDED)

THE TOWNSHIP OF OCEAN
IN THE
COUNTY OF MONMOUTH
OAKHURST, NEW JERSEY
OFFICE OF THE MAYOR

April 10, 1962

Senator Wayne Dumont
State House
Trenton, N.J.

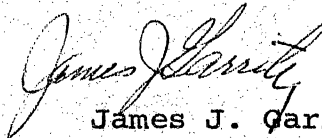
Dear Senator:

The Township Committee of the Township of Ocean, County of Monmouth is advised that a public hearing is to be held on SCR 14 and SCR 15 to amend the State Constitution to grant Senior Citizens a straight monetary deduction up to Eighty-Dollars (\$80.00) and to grant Veterans a Fifty-Dollar (\$50.00) deduction from their Municipal Tax bill.

I enclose copies of a Resolution adopted by the Township Committee of the Township of Ocean on August 7th, 1961. We also enclose a sampling of taxes in Municipalities in Monmouth County which show that under the existing law the Veterans and Senior Citizens Exemption have been seriously effected.

We feel that the proposed amendments are profitable and equitable and we wish to voice our strong favor in the proposed changes.

Very truly yours,



James J. Garrity,
Mayor

Mr. Gillespie offers the following resolution and moves its adoption:

R E S O L U T I O N

WHEREAS, Chapter 51 of Laws of 1960 of the State of New Jersey provide that each County Board of Taxation shall establish the percentage level of taxable value of real property in such county; and

WHEREAS, the various County Boards of Taxation have established different percentages for their respective counties; and

WHEREAS, this creates an inequitable situation to the detriment of those entitled to a veterans exemption and to a senior citizen exemption.

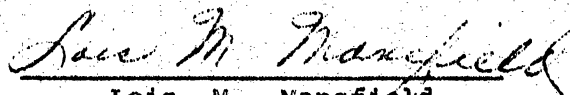
NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Ocean, in the County of Monmouth that the Township of Ocean recommends that Chapter 51 Laws of 1960 be amended so that the Veterans Exemption and Senior Citizen Exemption be sum certain so that an equitable situation exist thru-out the State.

Further Resolved that copies of this resolution be forwarded to the Senator and Assemblymen of the County of Monmouth and to each municipality in the County of Monmouth.

ROLL CALL: Garrity, Crosta, Dangler, Gillespie, Reilly
 yes yes yes yes yes

CERTIFICATION

I hereby certify the above to be a true copy of a resolution adopted by the Township Committee of the Township of Ocean at a regular meeting held August 7, 1961.


Lois M. Mansfield
Township Clerk

TOWNSHIP COMMITTEE

JAMES J. GARRITY
MAYOR

WESTON L. DANGLER

FORREST L. GILLESPIE

DONALD V. CROSTA

JOHN J. REILLY

THE TOWNSHIP OF OCEAN

IN THE
COUNTY OF MONMOUTH
STATE OF NEW JERSEY
OAKHURST, N. J.

LOIS M. MANSFIELD, TOWNSHIP CLERK
TELEPHONE KE 1-0844

Dear

I enclose herewith a copy of a Resolution adopted by our Governing Body on August 7, 1961.

I have been authorized by the Township Committee to send a copy of this Resolution to each Mayor and Governing Body in Monmouth County and ask that they also adopt such a resolution.

Wee feel that assessments should be equalized and uniform thruout the state.

General Samplings taken in Monmouth County towns and municipalities show the following Tax loss as to Veterans Exemptions and Senior Citizens Exemptions in the year 1962:

% Rate of Ass'mt 1961 Tax year	Town or Municipality	Actual Exempt'n Granted 1961	Exemption to be Granted in 1962 as per 100% Ass'mt	1962 Net increase in tax.
20%	Red Bank:			
	Senior Citizen	\$115.20	\$23.00	\$92.20
	Veterans Exempt	72.20	15.00	57.20
20%	Township of Ocean:			
	Senior Citizen	\$112.00	\$22.00	\$90.00
	Veteran Exempt	68.00	18.00	50.00
30%	New Shrewsbury:			
	Senior Citizen	\$ 98.39	\$29.52	\$68.87
	Veteran Exempt	61.49	18.45	43.04
25%	Long Branch:			
	Senior Citizen	\$ 95.70	\$24.00	\$71.70
	Veteran Exempt	59.82	15.00	44.82

The above figures were estimated and were figured as close as possible. The figures are actual Tax.

Very truly yours,

Lois M. Mansfield
Lois M. Mansfield,
Township Clerk

