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state of new jersey

Acting Governor Richard J. Codey

PROPERTY TAX CONVENTION TASK FORCE



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1 STATE OF NEW JERSEY

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3 NEW JERSEY PROPERTY :
TRANSCRIPT4 TAX CONVENTION TASK FORCE : OF
HEARING

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9 JACK DONNELLY, State of New Jersey, Office of
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Trenton, New Jersey 08625

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PANEL PARTICIPANTS:

11

12 SENATOR JOHN H. ADLER

13 MICHAEL R. COLE, VICE CHAIRMAN

SUSAN A. COLE

14 SHERRYL GORDON

SENATOR LEONARD LANCE

15 TERRENCE MALLOY

ASSEMBLYMAN KEVIN O'TOOLE

16 MAYOR GARY J. PASSANANTE

ASSEMBLYMAN JOSEPH J. ROBERTS

17 MAYOR JO-ANNE B. SCHUBERT

CY THANNIKARY

18 CARL E. VAN HORN, Ph.D., CHAIRMAN

SENATOR RICHARD VAN WAGNER, SR.

19

ALSO PRESENT:

20

GOVERNOR JAMES E. MC GREEVEY

21 PROFESSOR ROBERT F. WILLIAMS

22

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1 (Tape 1. Side A)

2 MR. VAN HORN: -- Carl Van Horn,

3 Chairman of the Property Tax Convention Task Force.

4 We are waiting momentarily for

5 Governor McGreevey to join us, and then we'll be

6 underway.

7 I also want to welcome the audience

8 and the press to this event. Thank you for coming,

9 and we are glad that you are able to join us, and

10 hope that you're able to find parking in New

11 Brunswick, which is always a challenge for those of

12 us who live and work in this area.

13 Just one moment, I think.

14 (Off the record. Back on the record)

15 (Participants confer)

16 MR. VAN HORN: Ladies and gentlemen,

17 it's my pleasure and honor to introduce Governor

18 McGreevey, who has been gracious enough to come here

19 today and offer his remarks to us as we begin this

20 important task.

21 And, Governor, thank you very much

22 being with us, and we look forward to --

23 GOVERNOR MC GREEVEY: Thank you.

24 Thank you, Mr. Chairman.

25 To all the members of the Task Force,

3

1 I want to thank you for agreeing to serve on the

2 Property Tax Constitutional Convention Task Force.

3 Each of you has a distinguished service, and have

4 served on many task forces and commissions.

5 This is not an ordinary task force,

6 looking at some ordinary governmental problem. We

7 are dealing literally with the Mount Everest of

8 challenges: Our state's property tax crisis. We

9 are considering the most powerful of all solutions

10 at our disposal, a constitutional convention

11 literally to destroy the existing broken system.

12 Our property tax system, as our

13 citizens are well aware, is broken beyond repair.

14 Property taxes, as we have all claimed, is neither a

15 Republican, nor a Democratic issue. Property taxes

16 are a tax without a conscience, hurting people,

17 without regard to one's income or ability to pay.

18 Seniors are being forced to leave

19 homes they plan in which to retire, dictating where

20 families, young families can live. It is not so
21 much a thoughtful system as an albatross around our
22 state.
23 Every decision in every community has
24 been impacted by property taxes. For too long,
25 property taxes have had a choke-hold on New Jersey's

4

1 families, our communities. And over the years,
2 elected officials have worked diligently to try to
3 address this strangle-hold.
4 Forty percent of our school budget, or
5 \$10.7 billion goes to direct aid to towns and
6 schools. We have provided rebate checks to our
7 seniors and middle class families. And through the
8 leadership of Senator Lance, Majority Leader
9 Roberts, we have provided incentives to encourage
10 shared services through different initiatives and
11 programs.
12 The State has absorbed local services.
13 We've focused upon courts and various social
14 services to reduce property taxes. We have also
15 structured caps that attempt to limit government
16 spending. But these would-be solutions only begin
17 to address a runaway freight train.

18 This past June, as part of our efforts
19 to ease the crushing burden on seniors, working
20 families, we passed the historic relief and reform
21 plan. We labored to bring approximately two million
22 seniors and working families additional property tax
23 relief. Senior checks increased by upwards of fifty
24 percent to \$1,200. Checks for middle class families
25 went up to \$800 from the existing two-hundred-and-

5

1 fifty-dollar threshold. The millionaire's tax
2 provided the necessary revenues. Simply put, those
3 who benefitted most by federal tax policy provided
4 the revenues to offset our property tax relief.
5 We coupled larger relief checks with
6 spending reforms to limit increases in local
7 government and school administrative spending to the
8 cost of living. Those measures were designed to
9 admittedly provide for short-term relief. We do not
10 now, as we did not then attempt to confuse this with
11 long-term structural reform.
12 Long-term reform will only occur when
13 citizens and voters have the capacity and the
14 ability to provide structural change. We simply can
15 no longer pretend that we can solve this problem by

16 tinkering at the edges. It is broken; it has
17 failed.
18 For years, respectable legislators
19 from both sides of the aisle, such as Majority
20 Leader Roberts, Chairman John Adler, former Senator
21 Bill Schluter, Senator Leonard Lance have advocated
22 a convention. Admittedly, a convention is a
23 dramatic step, well beyond the scope of Trenton
24 operations, and directly involves the public
25 providing the framework for addressing the problem,

6

1 and then subsequently its solution. It ought to be
2 an option of last resort, and it is. We have
3 reached that point.
4 I, for a long period of time, was
5 opposed to the concept of a constitutional
6 convention. A convention should only be examined
7 seriously and at that point of final crisis.
8 We've turned to a constitutional
9 convention because we no longer have an option. To
10 do nothing except the status quo would be immoral.
11 A property tax constitutional convention is the
12 best, and probably the last hope to fundamentally
13 change our system.

14 As members of this task force, you
15 have a substantial responsibility of laying the
16 groundwork for a constitutional convention,
17 providing for its transparency, providing for its
18 structure; and, subsequent, its operation, that will
19 provide a solution to the property tax crisis.
20 The convention must have integrity.
21 It is the last hope of the public. And the public
22 must have full trust in a convention as an engine of
23 change. It cannot merely become a forum for those
24 established interests to crowd out the voices of the
25 citizens who, day-to-day, are frustrated with the

7

1 cost of property taxes. It cannot simply become a
2 forum for the politically connected constituencies
3 which labor our halls at the expense of the
4 citizenry. We cannot allow a convention to become
5 merely another engine of government bureaucracy or
6 intransigence that existed all too long.
7 This will be difficult, and one of the
8 toughest jobs of the task force will be to shape the
9 scope of the convention. It must focus on the issue
10 of property taxes. It cannot diminish our
11 commitment to a thorough and efficient education for

12 the citizens of our state, or become a forum for
13 every issue yet unresolved.
14 A convention must necessarily consider
15 spending, expenditures, as well as revenues, or we
16 will not be realistic as to the desired end. The
17 delegate selection/election process must encourage
18 full public participation and result in delegates
19 that are reflective of the strength and the
20 diversity of this state. And there must be a
21 rational process for proposing and approving the
22 convention's recommendations.
23 We must help design a convention that
24 will end endless debate and bring about substantial
25 change; bring the energy and the ideas of the public

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1 to debate, but also provide for rational consensus
2 to ensure an accomplished end. The task at hand is
3 difficult, but I am confident that New Jerseyans
4 have the ability to confront this issue, as we have
5 many others.
6 New Jersey has only had three
7 constitutional conventions in our state history.
8 The last time was in 1966, when it was necessary to
9 revise the constitution to comply with the Supreme

10 Court's one man, one vote.

11 Prior to that, New Jersey held a

12 constitution in 1947, the first in literally more

13 than a century. During that '47 convention,

14 citizens rose to be statesmen, elected officials put

15 aside partisan and parochial differences and came

16 together to modernize the Constitution and put in

17 place a structure of government that has served us

18 well for over a half a century.

19 In his remarks to the 1947 convention,

20 Governor Driscoll stated, and I quote:

21 "Yours, ladies and gentlemen, is the

22 opportunity of the century."

23 And leaders like Wesley Lance and

24 delegates of every type seized their opportunity and

25 redesigned our state constitution to a model for

9

1 this state, and arguably the nation. It was a

2 different time; a time when we were just seeing the

3 glimmers, civil rights, women's rights. A time when

4 postwar America was filled of optimism and buoyed by

5 the spirit of capacity, unbridled in their faith in

6 the capacity of government.

7 There are those naysayers who will

8 state we are not able to emulate the unique miracle
9 of the 1947 Constitution. But Governor Driscoll's
10 words are as relevant and apt today as they were
11 when he stated them fifty-seven years ago.
12 People have spoke about reforming the
13 system of property taxes for as long as I can
14 remember. It has been a staple of gubernatorial and
15 legislative campaigns for decades. Hopefully, it
16 will be an issue that, at long last, will be
17 resolved by this constitutional convention, and at
18 least the beginnings of providing for a structural
19 framework for sincerely and thoroughly grappling
20 with these challenges.
21 Today, we begin arguably a once-in-a-
22 century opportunity to do more than engage in
23 rhetoric and begin to address this problem. For the
24 sake of our citizens, our families, our hopes and
25 aspirations, this is among the most serious tasks of

10

1 government, and I am confident, with the people's
2 wisdom, we shall succeed. Thank you. Thank you.
3 (Applause)
4 GOVERNOR MC GREEVEY: And I just
5 wanted to thank -- also extend my gratitude to all

6 those assembled.

7 I would just ask us all to be bold, to

8 allow the spirit of the convention to impact our

9 thinking, and allow the freedom to discuss new

10 ideas, to invigorate this process. We are all

11 constrained by how we have traditionally approached

12 the problem, approached the challenge, and that

13 thinking has produced limited results.

14 The challenge of the task force is to

15 think beyond those horizons, and to truly envision

16 the type, the kind of New Jersey that we cherish.

17 It will require us to break traditional paradigms.

18 But I am confident the citizens of this state want

19 this to work.

20 As a mayor, as an assemblyman, as a

21 senator, as a governor, there is no systemic issue

22 which, on a day-to-day basis, wears at the

23 pocketbooks and the affordability of New Jersey as

24 does property taxes.

25 So I just ask you to be bold, to be

11

1 visionary, and to grapple with this problem and have

2 confidence in the people's wisdom to provide a

3 solution.

4 So thank you very much. Thank you

5 very much.

6 (Applause)

7 (Participants confer)

8 GOVERNOR MC GREEVEY: I just -- before

9 I left, I just wanted to say, if there are any

10 questions from the task force. If not, I will allow

11 you to being your august duties. Thank you very

12 much.

13 MR. VAN HORN: Thank you, Governor.

14 GOVERNOR MC GREEVEY: Thank you,

15 everybody.

16 PARTICIPANTS: Thank you. Thank you,

17 Governor.

18 (Participants confer)

19 MR. VAN HORN: Just one housekeeping

20 detail for those of you who are not familiar with

21 the microphone usage. You just push the button if

22 you want to talk, and a little light comes on; and,

23 if you don't want your conversation to be recorded,

24 you push it, and it turns off.

25 All of the remarks that we make in

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1 this meeting and in subsequent meetings will be

2 taped and made available to the public and the
3 press, as I think it should be.
4 Today, we are meeting pursuant to a
5 law that was passed by the Legislature and signed by
6 the Governor, assigning us the responsibility of
7 studying property tax relief and the need for a
8 constitutional convention to review the property tax
9 system.

10 And it's important in my view, and I
11 don't need to remind the legislators here of that,
12 but the public especially, that this is a law; the
13 law of the State of New Jersey, that the Legislature
14 has, in its wisdom, and the Governor decided to
15 empower us, delegate this authority to undertake
16 this important task. And it's further our
17 responsibility to develop recommendations regarding
18 a constitutional convention designed to change the
19 existing property tax system.

20 As the Governor said, and I don't
21 think there's anybody who lives in New Jersey who
22 doesn't already know this, there's nothing more
23 important to the future of our state, the way we
24 conduct our education, the quality of our lives,
25 where we live, our open space, our housing, and

1 everything that matters to us really than our fiscal
2 system, which is grounded, of course, in large part
3 on property taxes.

4 Now I am very pleased, and I mean this
5 in all sincerity, that we have here assembled in
6 this task force some very knowledgeable, thoughtful
7 New Jerseyans: Key members of the Legislature,
8 university presidents, mayors, and other
9 distinguished citizens.

10 We have a limited time in which to
11 work, in which to do our work. We must report to
12 the Legislature by the end of this year. And your
13 chairman and your Vice Chairman Michael Cole, and I
14 are dedicated to meeting that deadline.

15 We are also dedicated to providing an
16 open, thoughtful, and deliberative and civil
17 process, one which will both inform the public about
18 the nature of the constitutional revision process,
19 and also inform the members of this tax force, and
20 subsequently the Legislature, about the issues that
21 you need to be informed about, in order to make
22 decisions.

23 I think it's appropriate that we meet
24 today on the campus of Rutgers University, an
25 institution that is older than the state itself, and

14

1 a place where previously constitutional conventions
2 have been held, and where successful outcomes have
3 been derived with people coming together and acting,
4 as the Governor said, in a spirit of openness and
5 citizenship.

6 The fact that there have not been many
7 constitutional conventions, and there are not many
8 constitutional revision conventions around the
9 country signifies to me two very important points:
10 One is that fundamental change, as
11 opposed to incrementalism and minor changes and
12 tinkering, is extraordinarily difficult. And this
13 is an extraordinary process, not used very often.
14 It also signifies to me that, because
15 it's an extraordinary process, it has set in place
16 many, many steps that require our patience and our
17 care in thinking through, from today forward,
18 through the eventual outcome of how that might be
19 conducted in the most effective manner.
20 Now the role and the voice of this
21 task force in that process is not the final voice,
22 nor is it necessarily the loudest one. But I do
23 believe that the role that we've been given is
24 extremely important in helping frame choices for the
25 Legislature and the Governor and the public, and in

15

1 setting the appropriate tone for civic engagement

2 and careful deliberation.

3 And I am certainly honored to have

4 been chosen for this important task, and I pledge

5 that I will do my best to work with you, the members

6 of this task force, to achieve our important

7 responsibilities in the time that we've been

8 allotted.

9 Now I certainly consider myself very

10 fortunate to be joined on this task force by the

11 members that are here today, and those that couldn't

12 make it because of conflicts in their schedule. And

13 I am particularly fortunate to have an able vice

14 chairman in Michael Cole, who I have known through

15 his reputation for many years, but only recently got

16 to know him well.

17 Before moving on to the rest of our

18 agenda, I welcome first the vice chairman and other

19 members of the task force to introduce themselves to

20 each other and to the public, and to make any

21 comments that they would choose to make at this

22 time, and I would turn it over to Vice Chairman

23 Cole.

24 MR. COLE: Thank you, Mr. Chairman,

25 and thank you for those remarks. I think you have

16

1 captured the tone of this task force and done it

2 quite well.

3 I am an attorney by trade, I've been

4 an attorney for thirty-four years. I practice in

5 Teaneck; my practice is essentially one of

6 litigation and government relations. As I said,

7 I've been doing it for thirty-four years, and twelve

8 or thirteen of those years have been in public

9 service.

10 I served under Governors Burn and

11 Governors Kean in the AG's office, and ultimately

12 the last term of Governor Kean in the Governor's

13 Office, during which time I was privileged to be

14 involved in the state budget quite deeply. So I

15 have a fair amount of knowledge of what the problems

16 are.

17 I also have an open mind, and I also

18 recognize that there are a lot of other people who

19 will speak to us, who have greater knowledge than I,

20 and I look forward eagerly to hearing what they have

21 to say. Thank you, Mr. Chairman.

22 MR. VAN HORN: Thank you, Vice

23 Chairman Cole.

24 Assemblyman O'Toole?

25 ASSEMBLYMAN O'TOOLE: Thank you,

17

1 Chair.

2 By way of introduction, my name is

3 Kevin O'Toole, I currently serve as State Assembly

4 Member in District 40, which encompasses Essex and

5 Passaic and Bergen County. By way of background, I

6 have served as a council member, as mayor, I served

7 in the Senate; and, as I indicated, I currently

8 serve in the Assembly.

9 Mr. Chairman and fellow task force

10 members, I look forward to working very closely with

11 this committee. And it provides us a unique

12 opportunity, and it affords us perhaps once in our

13 lifetime an opportunity to address the issue that

14 has consistently been the leading concern for

15 taxpayers in this state.

16 As we have heard from the Governor,

17 the last constitutional convention we had was over

18 fifty-six years ago; and, since that time, there has

19 been sweeping changes as to the way we fund

20 education. We have seen costs of all government

21 have skyrocketed, and we have seen a dramatic change
22 to the property tax landscape in this state.
23 And, as we have heard from our
24 Governor, the sad truth is that the people of New
25 Jersey are now being taxed out of their homes, and

18

1 ultimately out of this Garden State. Property taxes
2 have never been higher. I think we all agree that
3 we are facing an ever-escalating property tax crisis
4 that must be addressed here and now.
5 Frankly, it has been the failure of
6 will that the Legislature has not stepped forward to
7 address this problem. The Legislature has, thus
8 far, demonstrated it does not have the political
9 courage to make the tough decisions that will be
10 required to solve this crisis. The General Assembly
11 and the Senate have been avoiding making the hard
12 decisions for far too long, and that fault is owned
13 by both parties; both Republican and Democrat.
14 But, today, we have the start of a new
15 day, and I look forward to this process, and remain
16 hopeful that, as we work on constructing the
17 parameters of a constitutional convention, that the
18 Legislature will simultaneously do its job in

19 addressing this very important problem.
20 This process should move ahead in
21 conjunction with the renewed effort by the
22 legislative bodies to tackle this pressing, perhaps
23 most important problem we have faced in our
24 lifetime. In fact, hopefully this process will
25 provide guidance to the Legislature, as we seek ways

19

1 to address this issue.
2 For this process here, today, to work,
3 it must be open, it must be bipartisan. The
4 convention must be willing to look at every single
5 option for fixing this problem, including the
6 inequities of the current school funding formula.
7 Right now, it appears the convention
8 offers the best hope, the best opportunity to find a
9 solution to this problem. I hope we don't squander
10 it by turning it -- the process over to special
11 interests, or engaging in partisan squabbling. Many
12 questions exist, much discussion need be taken. A
13 convention must inspire intellectual debate. No
14 topic should find safe harbor from discussion.
15 You know, every once in a while, there
16 comes an opportunity in one's lifetime that you can

17 make a difference. Today, we stand at that moment,
18 and I hope we collectively can make that difference.
19 I look forward to working with this group.

20 MR. VAN HORN: Thank you, Assemblyman.

21 Ms. Gordon.

22 MS. GORDON: Good afternoon. My name
23 is Sherryl Gordon, I am currently the executive
24 director of a union which represent public
25 employees; state, county, as well as municipal

20

1 employees. I've had the pleasure for almost thirty
2 years of representing those workers, and this
3 committee and the issue surrounding it is very near
4 and dear to them. So that, as we begin to take on
5 this task, on behalf of those workers and those New
6 Jersey citizens, I look forward to working with this
7 group.

8 One of the primary concerns that we
9 would have as an organization, as well as a minority
10 constituency, would be the funding of education. So
11 as we begin to closely examine the task that we
12 have, that's one of the primary issues, I think,
13 that would be first and foremost in some of our
14 minds. Thank you.

15 MR. VAN HORN: Thank you very much.

16 Chairman Adler, Senator Adler.

17 SENATOR ADLER: Mr. Chairman and

18 members of this very distinguished panel, I truly

19 appreciate the opportunity to serve with each and

20 every one of you on this great bundle of issues

21 we're going to tackle.

22 I first became aware of this

23 constitutional convention process when my colleague,

24 Senator Bill Schluter, approached me almost exactly

25 four years ago to the day, and encouraged me to be

21

1 the other sponsor of a bill that he was introducing

2 to try to engage the Legislature and the people of

3 New Jersey in the process of reforming property

4 taxes throughout our state. I didn't quite

5 understand the constitutional convention process at

6 that time, but I signed on.

7 And along the way, the last four

8 years, as I've studied this and worked on this with

9 some of the people on this panel, and with other

10 people in and around government, my thinking on

11 almost every one of the issues that we're to

12 confront has evolved, has changed, has reversed

13 course time after time, and I'm still not quite
14 clear on most of the major issues we're going to
15 discuss. So, having studied this at great length,
16 I'm completely open to any suggestion from the wiser
17 members of this committee, which would be all of you
18 except me.

19 I will tell you the one thing that has
20 not changed in my thinking over the last four years
21 is the desperate need for this process to move
22 forward. The selection of delegates, the financing
23 of delegates, the financing of the convention
24 itself, the scope of spending and tax issues that
25 the convention would consider, the number of

22

1 questions placed on the ballot, all those things I
2 think are fair game for all the people in this
3 panel. And I certainly have not prejudged any of
4 those issues; I am really anxious to hear from the
5 wise people on this panel and from the public as it
6 informs our decision-making process.

7 But I will tell you, this is truly our
8 only real hope of real spending and tax reform for
9 the State of New Jersey and its property tax owners
10 (sic). So I'm very, very eager to serve on this

11 committee, and I think we're going to do our best

12 job to serve the people of New Jersey well. I look

13 forward to working with all of you.

14 MR. VAN HORN: Thank you, Senator.

15 President Cole.

16 MS. COLE: Thank you, Mr. Chair.

17 My name is Susan Cole, I'm the

18 President of Montclair State University, I have been

19 the president for about six years. Montclair State

20 is New Jersey's second-largest and fastest-growing

21 university; you may guess what the largest one is.

22 And at an earlier time in my career, I was Vice

23 President of Rutgers for about ten years.

24 I appreciate very much the seriousness

25 of the subject that we have before us. I'm honored

23

1 to be a member of this group, and I hope to be able

2 to make a good contribution with all of you to this

3 important subject. Thank you.

4 MR. VAN HORN: Thank you.

5 Senator Van Wagner.

6 SENATOR: VAN WAGNER: Thank you, Mr.

7 Chairman.

8 In the words of Yogi Berra, for me,

9 this is "deja vu all over again." In 1975, I served
10 as Chairman of the Assembly Taxation Committee, and
11 was charged with the responsibility of funding the
12 Thorough and Efficient Education Act, as it was
13 known at that time, and went through the rather
14 exhaustive and lengthy deliberations that the Senate
15 and Assembly went through during that period of
16 time; finally coming up with a plan that included
17 the first New Jersey income tax, and other types of
18 spending controls and taxpayer relief, which we felt
19 at that time would form the basis for -- for the
20 future of New Jersey.
21 Obviously, over the years
22 circumstances have changed. Frankly, I have more
23 questions than I have comments about the process --
24 not only the process, but the purpose of our meeting
25 here today.

24

1 I think I want to thank Senator Codey
2 for appointing me.
3 (Laughter)
4 SENATOR VAN WAGNER: I'm not sure yet.
5 I welcome the opportunity to work with
6 the other members of the task force. I have a

7 completely open mind because I'm retired, and I
8 don't have any other axes to grind. And it's really
9 a pleasure to serve with some -- with the members of
10 this task force, and to hopefully listen and learn.
11 And, at the end of the process, I hope we do come to
12 a decision that will serve the people of New Jersey
13 for now, and into the future. Thank you.

14 MR. VAN HORN: Thank you, Senator.

15 Assemblyman and Majority Leader --

16 (Audio malfunction)

17 ASSEMBLYMAN ROBERTS: -- Senator Adler

18 and Senator Lance and Senator Schluter have tackled
19 this issue in one way or another in the intervening
20 years. And I think there clearly, as has already
21 been said, there's nothing more important that we
22 could be addressing than our need for property tax
23 reform.

24 In many ways, our efforts have been
25 well intentioned, but they clearly have played at

25

1 the margins, as we've dealt with rebates, and as
2 we've tried to encourage communities to share
3 services to achieve efficiencies. But they really
4 have not gotten to the heart of -- of the bedeviling

5 problem of our reliance on property taxes. The
6 system is unfair, our reliance on property taxes is
7 antiquated, and it clearly is a very daunting
8 challenge.

9 I think, Mr. Chairman, that the work
10 we do here may be, as has been said, a once-in-a-
11 lifetime opportunity, a once-in-a-generation
12 opportunity to tackle this issue.

13 And it is with a measure of humility
14 that I acknowledge that the Legislature has been
15 unable or unwilling to deal with this in a
16 meaningful way. It is frustrating that many of us
17 have been in the Legislature, are here now or have
18 been there before, and recognize that we need to
19 find a different way to the solution that is
20 necessary.

21 I would echo the comments of my
22 colleagues that -- that it is that notion of
23 humility, it is that recognition of the importance
24 of our work here, it is that understanding of the
25 degree to which our task is so daunting, that makes

26

1 me realize the best course of action is to treat
2 this as a fresh start, to not be married at all to

3 any bills that have been introduced or ideas that
4 have been articulated, but being willing to listen
5 to each other, to listen to the experts I know we
6 will have with us, and recognize that we have that
7 great opportunity to make sure that this process is
8 open and fair, that the mission is clearly defined,
9 and that this leads where we need to go, to real
10 property tax reform. Thank you very much.

11 MR. VAN HORN: Thank you.

12 Mayor Passanante.

13 MAYOR PASSANANTE: Thank you, Mr.

14 Chair.

15 My name is Mayor Gary Passanante, I'm
16 serving on my ninth year as Mayor of the Borough of
17 Somerdale. I have been heavily involved in the --
18 in the property tax reform, and I serve currently as
19 Chair for the League of Municipalities, for their
20 property tax reform committee, and I am serving on
21 their board of directors, as well.

22 Mr. Chair, I believe that we are
23 tasked with an incredible opportunity to do
24 something that has been long overdue in this state.
25 I am honored, I am privileged, and I am proud to be

1 here with such a distinguished group of people in
2 helping to change the course of action.
3 I believe as a mayor, and I can speak
4 for the other mayors that we represent here, we're
5 at ground zero, we're at the front lines. We're the
6 ones that have to collect those property taxes each
7 and every year. And we have to figure out how we're
8 going to use those taxes to best serve our
9 constituents. And in many cases, our hands are
10 tied; we're mandated to do things, and we don't have
11 the tools to get the job done. And it's been
12 increasingly difficult for us to do the job that we
13 were elected to do.
14 I believe that we have an opportunity
15 to change that. I hope that my experience serving
16 as a mayor and my ground-floor touch with the
17 community will bring experience and knowledge to
18 this committee, as we move forward in the best
19 direction for the State. I, again, thank you all.
20 MR. VAN HORN: Thank you, Mayor.
21 Thank you, Mayor.
22 Mr. Thannikary.
23 MR. THANNIKARY: Thank you, Chair.
24 My name is Cy Thannikary, I'm from
25 Upper Freehold in Monmouth County.

1 About a year and a half ago, two years
2 ago, I guess, my wife and I downsized ourselves, and
3 moved into a smaller house from a five-bedroom
4 house, to a smaller house, in an active adult
5 community. And my taxes at the smaller house went
6 up almost \$2,000.

7 And they're all retired people; half
8 of the people are still working, but they still have
9 -- some of them have fixed income. And some people
10 began to complain about ever-increasing taxes.

11 Then I heard about our distinguished
12 senator, Senator Schluter, so I invited him to come
13 and give a talk to our community, and he actually
14 inspired me to start a new organization called
15 Citizens for Property Tax Reform, and I'm the
16 chairperson of that group. We have been in
17 existence a little over a year and a half. We are a
18 nonpartisan, statewide coalition of grassroot (sic)
19 taxpayers, community and business organizations; we
20 represent close to 500,000 homeowners across the
21 state. We are committed to true property tax
22 reform; we do not support any mandate solutions we
23 had in the past. We want true property tax reform,
24 and we want it now.

25 Professionally, I'm an economist, and

29

1 I practice economic development. My courier (sic)
2 is a blend of achievements both in public and
3 private sector environment. In the public sector, I
4 served Governor Whitman's administrations as
5 Director of the New Jersey Division of Economic
6 Development. I also served as the Vice President
7 for Economic Policy and Strategic Initiative at the
8 New Jersey Commerce and Economic Commission. During
9 that period, I was selected by the (indiscernible)
10 for a (indiscernible) fellowship, in recognition as
11 one of the emerging leaders in state government.
12 In the private sector, before joining
13 Whitman Administration, I headed a consulting group,
14 Economic Development -- International Economic
15 Development Consulting Group, with 800 professionals
16 in seventy countries. We go to a country one (sic),
17 everyone, the whole education system, agriculture
18 system, banking system, health (indiscernible)
19 system, you name it, we did it.
20 I have two degrees, and -- and
21 postgraduate studies in economics. I have served on
22 the boards of a number of national and international
23 organizations engaged in economic development
24 strategies and public policy and held leadership --
25 leadership positions.

30

1 In creating our organization, Citizens

2 for Property Tax Reform, we have a vision for New

3 Jersey, where all citizens can achieve the American

4 dream: To own a home, to have a decent living, to

5 provide for their families, and where seniors do not

6 have to make a choice between to pay for their

7 medicine or pay the taxes.

8 And I'm going to close this remark by

9 quoting from Poet Yate (sic):

10 "I place my dreams on the real wings,

11 tread softly, because you are treading on my

12 dreams."

13 Thank you.

14 MR. VAN HORN: Thank you, sir.

15 Mayor Schubert.

16 MAYOR SCHUBERT: Thank you, Mr.

17 Chairman. How do I beat that, huh?

18 I'm Jo-Anne Schubert, I'm the Mayor of

19 South Bound Brook, I've been the mayor for nine

20 years. I served on the council for four prior to

21 that. And this year, I have had the distinguished

22 opportunity to be the President of the New Jersey

23 State League of Municipalities.

24 I'd like to say that I am humbled to

25 be chosen for this great task. I want my parents,

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1 my children, and myself and my husband to stay here

2 in New Jersey. I'm a true Jersey Girl, and this is

3 where we belong.

4 However, my daughter looks at the

5 newspaper every week and says to me, I don't know if

6 I'll be able to stay here. She just graduated in

7 May from Rutgers University. She's working, but

8 she's wondering if she can ever afford to own a home

9 here in New Jersey.

10 My parents moved to a retirement

11 community. I wish they were closer to us. But,

12 again, property taxes are what drove them. This is

13 a great state, with great possibilities. And having

14 just completed the municipal budget in my community,

15 I know that the time is now to find an answer to

16 this problem.

17 I come here with absolutely no

18 preconceived ideas. I'm totally open-minded, and I

19 look forward to really making a difference here, and

20 to helping to make New Jersey exactly what we all

21 know it can be, the best state in the United States.

22 Thank you.

23 MR. VAN HORN: Thank you, Mayor.

24 Mr. Malloy.

25 MR. MALLOY: Thank you, Mr. Chairman.

32

1 First, I certainly look forward to

2 working with you and the rest of the members of this

3 body, to ensure that this is an opportunity seized,

4 and not an opportunity squandered.

5 I've been with the City of Bayonne for

6 twenty-four years, and I've worked in various

7 capacities. I'm currently the Business

8 Administrator, as well as the Chief Financial

9 Officer.

10 Twenty-four years ago, when I started,

11 the number one problem in the community was property

12 taxes. In the last twenty-four years, there's been

13 various expenditure controls imposed by the state,

14 various tax relief programs, all of which to some

15 degree have been successful; yet, at the end of the

16 day, twenty-four years later, the number one issue

17 in the City of Bayonne is still property taxes.

18 Obviously, this problem is not fixed

19 with Band-Aids, which I guess for a period of time

20 now that's been the approach. Hopefully, at the end
21 of the day here, when the job of this panel is done,
22 the first step in the process will be -- will be
23 completed, and the path to true property tax relief
24 will be achieved.

25 Because I have to tell you, rarely

33

1 does a month go by; and sometimes a week go by,
2 where I'm not stopped by somebody in the community
3 literally asking me, how am I going to pay my tax
4 bill. They're faced with tough decisions, as
5 mentioned before, do I buy my medicine, do I pay my
6 taxes. On the municipal level, we're faced with
7 tough decisions: Do we provide police protection,
8 fire protection, health services, fix the potholes,
9 or not raise taxes? The answers seem to be few, and
10 we have to come up with the right answer. And I'm
11 honored to be part -- part of the process to come up
12 with that answer.

13 I'd like to thank Assemblyman Speaker
14 Sires for this opportunity to serve. I look forward
15 to working with everyone in this room. Thank you.
16 MR. VAN HORN: Thank you, Mr. Malloy.
17 As the members of this task force

18 know, and the public should know, the purpose of
19 today's meeting is to organize our work and to begin
20 to lay out the process for gathering the
21 information, the evidence, and the thoughtful
22 opinions of New Jerseyans and other experts on how
23 we can tackle the task that has been outlined for us
24 by the Legislature, and has been outlined and
25 commented upon by the many articulate members of

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1 this task force.
2 I'm certainly gratified to hear that
3 the members of this task force, like me, approach
4 this with both an open mind and humility, because I
5 know that there are many people who have spent a
6 great deal of time thinking about, writing about,
7 discussing, and worrying about the issue of property
8 tax convention reform revision; and, yet, we are
9 still on the same point of trying to come up with
10 consensus for how to move forward.
11 Now we are fortunate in this task
12 force to have support by the Governor's staff, and I
13 want to acknowledge that. Eric Shuffler, who's
14 sitting over here, and Ed McBride, sitting over to
15 my right, have been, along with their colleagues,

16 providing staff support to us.

17 I think most of you know Eric has been

18 serving in this important position, and continues to

19 -- will continue to serve, we believe, under Acting

20 Governor Codey.

21 Ed McBride recently joined the

22 Governor's staff; and, apart from being a

23 distinguished lawyer, more importantly, he's a

24 former student of mine.

25 (Laughter)

35

1 MR. VAN HORN: And it's delightful to

2 serve and work again with Ed.

3 Now I asked them to prepare a list of

4 questions for consideration, which was distributed

5 to the members of the task force, and will be made

6 available to the press and the public subsequent to

7 this meeting.

8 I'm not going to read that entire

9 list. I think that many members of this task force

10 have already commented upon it. But I just will

11 highlight the big issues that I think have already

12 been mentioned.

13 The first has to do with the scope of

14 the convention:

15 How can we focus the convention's work

16 on the stated public policy goal, bringing

17 fundamental change to property tax system, in order

18 to provide property tax relief?

19 Now the property tax, as I think you

20 all have heard and probably know, represents about

21 forty percent of all spending in the state, \$18

22 billion. So, at least from my perspective, no one

23 should have unrealistic expectations that there

24 won't be any property taxes, no matter what process

25 we go forward with. And, yet, I've already received

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1 e-mails and phone calls from people thanking me for

2 eliminating their property taxes.

3 (Laughter)

4 MR. VAN HORN: But we do need to think

5 about the scope of the convention and figure out how

6 to delineate its purposes, so that it achieves these

7 -- these important remedies, dealing with the issues

8 of spending and revenue, and so on and so forth.

9 And has as already been stated, there are many very

10 strong opinions about this, and there are many

11 questions about how to approach this.

12 And, certainly, what Vice Chairman

13 Cole and I believe is that, first and foremost, we,

14 as a task force, need to get our hands around that

15 issue and address that and think about it and think

16 through it. Because unless we can come to an

17 agreement on that, we'll have trouble reaching any

18 other agreements, and that is certainly, first and

19 foremost, it seems to me, the most fundamental

20 question.

21 Secondly is delegate

22 selection/election, campaign finance rules and

23 timing, and so on.

24 If we're to have a process which is

25 truly representative, open, deliberative, and

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1 achieves the high purposes that we've all discussed,

2 we have to think through very carefully the process

3 by which we would choose individuals to carry out

4 those responsibilities.

5 And there are many questions, and we

6 can look to past precedents, and we'll hear more

7 about, for example, how -- today, about how the 1947

8 convention was conducted. But already there have

9 been different proposals and legislation, and there

10 are many other ideas floating around and approaches
11 that have been undertaken in other states. But
12 we'll need to consider that, how the elections would
13 occur, the potential financing of those elections,
14 and who's eligible to run, and so on and so forth,
15 all of which are not insignificant questions in
16 thinking about how to come up with a result which
17 garners the support of the public because, after
18 all, this ultimately is about the sovereign will of
19 the people.

20 We also have to consider the operation
21 of the convention and how it will report out to the
22 Legislature and to the public.
23 And we know that, in the past, there
24 have been different approaches undertaken. There
25 are differences of opinion about whether the

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1 recommendations should include statutory changes or
2 not. These are issues that, again, we have to
3 grapple with and consider.
4 Now, again, I could go on and on; in
5 fact, I have a running list of seventy-six questions
6 that I think are distinct questions, and I'm not
7 going to go through those, you'll be happy to know.

8 But we do have to begin to address these questions
9 through the process that I think the Legislature has
10 outlined for us.
11 And so, in order to organize
12 ourselves, Vice Chairman Cole and I have a suggested
13 approach, which we want to lay out for you, and
14 hopefully receive your approval and endorsement of
15 that.
16 The first step is the law establishing
17 this suggests that we have public hearings, and I
18 think that's an excellent idea. And so what Vice
19 Chairman Cole and I have done, it's in front of you,
20 is proposed three meetings to be held at community
21 colleges. And, again, this is available to the
22 public, I think now, or it should have been handed
23 out earlier. We would meet on Monday, October 4th,
24 at Bergen Community College; Wednesday --
25 (End of Tape No. 1, Side A)

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1 (Beginning of Tape No. 2, Side B)
2 MR. VAN HORN: -- to us, and make
3 whatever statements, submit whatever material they
4 want around the issues that we're charged with
5 considering. And I believe that we obviously can

6 decide later on, if we think there's need for more

7 hearings, or in different parts of the state. But I

8 felt that, given the very short time frame, and the

9 vice chairman and I felt that we needed to get

10 going, to start quickly in October and get the --

11 get this underway.

12 So, to begin with, I'd entertain a

13 motion to endorse this schedule.

14 (Mr. Cole not identified for the record)

15 MR. COLE: I have such a motion.

16 I would just add to that that the

17 Legislature told us to do it, but we would have

18 wanted to do it in any event, and we wanted to do it

19 early because we wanted to get the public's thoughts

20 as early in the process as we could.

21 We've also tried to structure it, so

22 that we will be available to the public. We have

23 two afternoon -- of the three, two are in the

24 afternoon, and one is in the evening. And then we

25 hope, by doing it now, to be able to get the dates

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1 out and encourage full public participation.

2 With that said, I would ask the task

3 force, I would move a motion to adopt the meeting

4 schedule as outlined by the chairman, and I think as

5 appears in the paper before you; that's public

6 hearings on the 4th, 6th, and the 19th of October.

7 MR. VAN HORN: Is there a second to

8 that.

9 MR. COLE: I think we have a question.

10 ASSEMBLYMAN O'TOOLE: I have a

11 question.

12 MR. VAN HORN: Yes, sir.

13 ASSEMBLYMAN O'TOOLE: I'll wait for

14 the motion.

15 MR. VAN HORN: Sure. Is there a

16 second?

17 UNIDENTIFIED PANELIST: Second.

18 UNIDENTIFIED PANELIST: I make a

19 second.

20 MR. VAN HORN: Okay.

21 Question, Assemblyman? Yes.

22 (Assemblyman O'Toole not identified for the record)

23 ASSEMBLYMAN O'TOOLE: Chair, I assume

24 that at some point in time it would be practical if

25 we can move one of the meetings to a truly nighttime

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1 setting. From where I come from, we have people who

2 work certainly up to 6, 6:30, and it would be very

3 difficult for anybody who works during the day --

4 MR. VAN HORN: Uh-huh.

5 ASSEMBLYMAN O'TOOLE: -- to go to a

6 five o'clock meeting in Mercer County. So I would

7 really suggest maybe centrally located, maybe at

8 Rutgers, if we could have perhaps an eight o'clock

9 meeting. I know it may be difficult for some

10 people, but I think we truly have to afford the

11 people an opportunity, for those who work during the

12 day, to come out and attend one of these night

13 meetings.

14 MR. VAN HORN: Uh-huh. That would be

15 fine with me.

16 Yes, Senator.

17 (Senator Van Wagner not identified for the record)

18 SENATOR VAN WAGNER: Mr. Chairman, if

19 it is determined, given the gravity of this

20 discussion, that we are probably going to have to

21 have additional public hearings, will that be

22 determined at the end of this public hearing

23 schedule, or will that be determined at some point

24 in the interim?

25 MR. VAN HORN: We could do either. I

1 think that we are trying to gather dates that fit
2 people's schedule on the task force, and so that we
3 can get together. I'm certainly hoping that we can
4 have some meetings -- definitely meetings in
5 October, and several meetings in November as a task
6 force. So we can certainly do that.
7 I think that, after the first couple
8 of hearings, we may -- we may decide we want to add
9 to that list. So -- and, again, we can poll the
10 members by phone, if necessary, without necessarily
11 convening.

12 SENATOR VAN WAGNER: I sense from the
13 phone calls that I've received already that this is
14 going to be an issue which the public is going to be
15 very involved with.

16 MR. VAN HORN: Uh-huh. I agree.

17 Yes.

18 MR. THANNIKARY: Mr. Chairman, I
19 looked at the schedule, I think having a meeting in
20 Camden is very good. I think when you go down
21 south, in Atlantic City, that area, they always
22 complain that -- they want to secede, actually,
23 secede from New Jersey.

24 (Laughter)

25 MR. THANNIKARY: Because they say that

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1 we treat them like second-class citizens. I think,
2 to be fair to them, we may want to organize a
3 meeting in somewhere near Atlantic City or --
4 there's a high school there, or I can arrange a
5 place to meet. And also in Ocean County, the
6 Lakewood area is a possibility. We have some
7 communities there, very much interested in the
8 process. Maybe we should add that.

9 MR. VAN HORN: My suggestion would be
10 that we, if I might, adopt this schedule, and then,
11 as I've suggested before, remain open to additional
12 scheduling, and also different timing, as someone
13 had suggested.

14 Yes, Assemblyman Roberts?

15 ASSEMBLYMAN ROBERTS: Chairman, just
16 one point. The -- I think -- I agree with
17 everything that's been said, everything we can do to
18 facilitate broadest -- the broadest possible public
19 participation we should geographically, and in terms
20 of the scheduling, as well.

21 I think it's important, and it will be
22 challenging I think, to make sure that, even though
23 we welcome all public input, that it be focused on
24 our task at hand. If we -- if we advertise a public
25 hearing --

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1 MR. VAN HORN: Yes.

2 ASSEMBLYMAN ROBERTS: -- on property

3 tax reform, we may get a predictable viewpoint, and

4 hear that repeatedly. But I think if we're

5 searching for input relative to how we structure the

6 convention, how we select delegates, what our

7 mission should be, how we look at spending, how we

8 look at revenue -- I'm sure you've thought of this

9 already, but I would suggest there needs to be a way

10 to communicate to the public the manner in which

11 their input would be the most valuable to us.

12 MR. VAN HORN: Assemblyman, thank you

13 for the comment. And, Assemblyman, we have

14 definitely, Michael and I, discussed that because --

15 and that's, in part, why I went over some of the

16 issues I discussed earlier. And I also think that

17 it's very important in announcing these meetings

18 that we make it clear.

19 Now, having said that, I do believe

20 that we'll entertain whatever we entertain, but --

21 and people will, in part, want to express to us the

22 pain and suffering that they're experiencing, and I

23 think that's part of what we would expect to hear,

24 and I would not rule that out of order. But we

25 certainly hope that people address themselves to our

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1 task, which is more narrowly focused on how to
2 structure a potential convention, and I suspect that
3 we'll get some of that. But we will endeavor is
4 structuring the call to these meetings to make it
5 clear the issues that we think we certainly need to
6 address, as outlined in the Legislation.

7 Yes, Mayor?

8 MAYOR SCHUBERT: Mr. Chairman, I'm
9 just wondering. I agree with the assemblyman, and
10 that's what I was going to say, that I think at this
11 time it would be beneficial for us for change the
12 times on one of these meetings, so that it is --
13 does run, say, 7 to 9 in the evening or something
14 like that, rather than stick with these times right
15 now.

16 MR. VAN HORN: Uh-huh.

17 MAYOR SCHUBERT: I -- I don't know how
18 the rest of the committee feels, but I think that
19 that would be --

20 MR. VAN HORN: Well, I'd be happy to
21 entertain an amendment if anyone would like to offer
22 that.

23 UNIDENTIFIED PLANNER: (Not properly

24 recorded) Mr. Chairman, I'd like to amend, in the

25 spirit of what the mayor had indicated, if we can

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1 change the Wednesday October 6th from 7 to 9 at

2 Mercer County College, maybe we can accommodate

3 those individuals who work during the day.

4 MR. VAN HORN: To 7 -- from 5 to 7.

5 UNIDENTIFIED PLANNER: From 5 to 7 to

6 7 to 9.

7 MR. VAN HORN: Right.

8 MR. THANNIKARY: I would second that

9 (indiscernible).

10 MR. VAN HORN: Okay. And since you

11 seconded it, I assume you -- proposed it, I assume

12 you accept that, as well?

13 MAYOR SCHUBERT: Yes, I do. Thank

14 you.

15 SENATOR VAN WAGNER: Just as one other

16 follow-up to --

17 MR. VAN HORN: Yes, Senator.

18 SENATOR VAN WAGNER: -- Assemblyman

19 Roberts. I think he makes a good point.

20 There's a lot of confusion about what

21 this task force is about, and I think maybe another

22 communication as to its purpose is --

23 MR. VAN HORN: Yes.

24 SENATOR VAN WAGNER: It might be a

25 good idea.

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1 MR. VAN HORN: Let me deal with the

2 motion, Senator, then I'd like to come back to that

3 point --

4 SENATOR VAN WAGNER: Okay.

5 MR. VAN HORN: -- if I could.

6 (Vote on Motion. Motion carried unanimously)

7 MR. VAN HORN: Okay. We will move

8 forward with, as amended, this schedule. And, of

9 course, as it transpires, we will be sharing that

10 with you in detail. And I certainly hope as many

11 members as possible can attend. Certainly the vice

12 chairman and I are committed to being there, and to

13 collecting the opinions of the public.

14 Now turning to the point that Senator

15 Van Wagner brought up about how to help people

16 understand and best have input into this, we've

17 taken a -- we'll take a couple of steps on that.

18 One is that, with the assistance of

19 the Governor's Office, we are establishing a
20 website. Of course, I must comment, you can't be a
21 serious enterprise in America today without having a
22 website. But we will have a website, and -- maybe
23 will or do. I'm not sure, Eric what the verb tense
24 is.
25 MR. SHUFFLER: (Indiscernible.)

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1 MR. VAN HORN: Okay. But we will have
2 a website established that will facilitate public
3 involvement. So I can't give you the website
4 address today, but it will be a link off of the New
5 Jersey homepage. That will provide information
6 about the history of constitutional conventions in
7 New Jersey, legislation that's been introduced
8 before, the papers that are being shared with you as
9 task force members, the record of our meetings, as
10 well as announcements about scheduled meetings,
11 location time, and so on; and, in particular, the
12 specific charges that we have, Senator, with this
13 task force.
14 Now, in addition to that, with --
15 unless we hear objection, the vice chairman and I
16 intend to visit with some editorial boards in the

17 state and to inform them about this process, as soon
18 as possible; so that, again, through the media, we
19 can make it clear, both that we are seeking input,
20 as has been discussed here today, open to input,
21 desiring of input, but also trying to focus those
22 concerns on the issues before us.
23 So those are -- those are two steps
24 that we're taking, and we hope that that
25 accomplishes some of what -- the sentiments that you

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1 have remarked upon, and other people, as well.
2 Now the other part of the approach
3 that the vice chairman and I believe should go
4 forward is, subsequent to the public hearings, we
5 intend to convene hearings of this group with
6 invited witnesses, and we will develop a witness --
7 a witness list of experts for your review, and we
8 welcome any suggestions that you have about those
9 that you think should appear in front of us to make
10 comments on the different issues that are before us.
11 We think that, along with the public hearings,
12 that's a very important part of the process.
13 But we want to, as has been suggested
14 here, begin the process with both a very open

15 listing sessions with the public, and also very
16 directed listing around specific topics. And we
17 propose that each of the different sessions will
18 focus on particular aspects that are before us,
19 beginning, as I said, with the scope of the
20 convention.

21 And there are many people who, I'm
22 sure will want to appear before us. So I also
23 invite the public who -- individuals and groups who
24 believe that they have important ideas to share with
25 us, to contact me. And I will, of course, share

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1 that information with the members of the task force.
2 So that schedule is one that we're
3 trying to put together, and I have no list to
4 announce today. I simply invite you, please, to
5 communicate with us about the types of individuals,
6 groups that we should hear from, so that we can
7 schedule those meetings for our benefit.

8 MR. COLE: Mr. Chairman.

9 MR. VAN HORN: Yes, Mr. Vice Chairman.

10 MR. COLE: So there's no confusion,
11 all of those meetings also will be open to the
12 public. Everything we do will be public domain, no

13 private meetings.

14 MR. VAN HORN: And, again, as I said

15 before, they'll be recorded and made available for

16 all -- all to listen to and to read.

17 Subsequent to that, again, as just

18 finishing out the description of the process, we

19 will then undertake a drafting of our report to the

20 Legislature, and the staff and the vice chairman and

21 I will take the responsibility for shepherding that

22 process forward and bringing it to this group and

23 circulating it and sharing that with the public and

24 so on as we go forward. So that, we believe, needs

25 to occur in -- some time in November, so that we

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1 have adequate time for discussion and deliberation

2 amongst ourselves. So, again, it's necessarily an

3 ambitious time frame because of the constraints that

4 were placed upon us by the Legislature. But, as I

5 said before, we're committed to moving that forward.

6 (Participants confer)

7 MR. VAN HORN: Any questions about the

8 process that I've outlined, the hearings, the

9 testimony, the drafting process? Any comments or

10 questions, I should say.

11 SENATOR VAN WAGNER: Mr. Chairman.

12 MR. VAN HORN: Yes, Senator.

13 SENATOR VAN WAGNER: I've looked at

14 this several times, the background paper on subjects

15 for consideration, and the four major topics, which

16 are outlined here. It's a daunting task to conduct

17 three public hearings, whatever other witnesses

18 you're going to call, deliberate within this

19 committee, and come up with a recommendation that

20 outlines an approach to all of these issues.

21 I just wondered if we might better be

22 served if -- and I just throw this out as a

23 suggestion -- if we took each area of -- or -- of

24 the scope that we're supposed to be discussing, and

25 perhaps put together some working groups, in a

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1 sense, that could come up with some thoughts and

2 ideas, summaries, outlines, or whatever, on how best

3 to approach those things.

4 MR. VAN HORN: I would just make a

5 comment on that, and then I'd entertain any other

6 reactions to the senator's positions.

7 It was the considered judgment, but

8 not necessarily correct or one that would prevail,

9 of your chairman and your vice chairman that these
10 discussions should be had on bank, I guess, to use
11 the legal term; that we should all be exposed to
12 these discussions because -- from beginning to end,
13 because essentially they are interrelated. And
14 although I certainly -- that's a logical thought
15 that we entertained. We felt that it was really
16 necessary for all of us to hear all of this
17 information and to discuss it together.
18 But I'd welcome any other comments
19 anyone else wants to make on the senator's
20 observation.

21 SENATOR VAN WAGNER: I wasn't
22 suggesting that we not do that. I was suggesting
23 that we, at some point, do that, and then share it
24 with the group at large. Just a thought, in order
25 to expedite the process.

53

1 MR. COLE: Senator, as the chairman
2 has indicated, we did consider it, and we did think
3 it was important that we all be immersed in all the
4 information and all the thinking from start to
5 finish. I know it's a daunting task, but I think
6 we're all committed to doing it, and recognize that

7 it's a task of great significance.

8 MR. VAN HORN: Assemblyman O'Toole.

9 ASSEMBLYMAN O'TOOLE: Chairman, I

10 would concur with what the vice chair had stated. I

11 think we should do things collectively. This is a

12 commissioned, very short time frame. If we have to

13 meet together twice, three times a week, whatever it

14 takes, I think we should meet collectively.

15 And along those lines, it's a related

16 issue, you mentioned briefly that Eric Shuffler and

17 Ed McBride -- are they considered staff to this

18 commission; and, if they are, will that be the

19 totality of the staff, or will there be additional

20 staff? Time is short, so if --

21 MR. VAN HORN: Yes.

22 MR. SHUFFLER: We're getting more help

23 (indiscernible) --

24 ASSEMBLYMAN O'TOOLE: If we're getting

25 more help, let's get up and running --

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1 MR. VAN HORN: Okay.

2 ASSEMBLYMAN O'TOOLE: -- and let's get

3 to it.

4 MR. VAN HORN: I appreciate,

5 Assemblyman, your commenting. Let me come back to
6 that plan. I just want to make sure that we fully
7 aired the other comments and reactions to Senator
8 Van Wagner.

9 Are there any other reactions to
10 whether we should -- how we should organize
11 ourselves? Okay. There being none, then we'll
12 proceed as I outlined.

13 Assemblyman, responding to your point,
14 Eric and Ed McBride are staffing the commission, but
15 not staff to the commission. I guess what I mean by
16 that is they're supporting us, but they're not
17 totally spending their time on the work of the
18 commission, and they are, in fact, working to get
19 more staff available to us.

20 I also want to make the point that --
21 and I want to comment upon this and board (sic) that
22 the Legislature appropriated \$250,000 for the work
23 of this -- of this task force. The vice chairman
24 and I are going to propose to -- we don't have it
25 today to propose to you, but we will be proposing to

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1 you shortly a budget for your review and approval
2 for how to spend those resources. Of course, part

3 of that will go towards covering meeting and
4 expenses and so on; others will go towards bringing
5 expert witnesses to us and so on. So we're going to
6 be proposing that budget to you for your review.
7 We also welcome the participation of
8 people from legislative services staff, along with
9 the Governor's Office staff. And I'm sure that you
10 gentlemen are in a position to make them available
11 to us. And we will be, I'm sure, hearing from
12 others, as well, subsequently, who have agreed to
13 donate their time.
14 Any other comments about the process?
15 If not, then I'm intending to move on to the last
16 item on our agenda, which is the -- I've asked
17 Professor Robert F. Williams of the Camden Law
18 School to give a brief overview of the 1947 New
19 Jersey Constitutional Convention.
20 Professor Williams and his colleague
21 Alan Tarr are Associate Director and Director
22 respectively of the Center for State Constitutional
23 Studies at the Camden Law School at Rutgers. And
24 the vice chairman and I have asked these gentlemen
25 to make themselves available to help the task force.

1 And we have already distributed some of their
2 writings to you, and, again, those will all be made
3 available to the public on the website as soon as
4 it's available. And -- both to introduce them to
5 you, and also to begin with a little history lesson,
6 I asked Professor Williams to address us today. And
7 I appreciate the assistance that they're providing,
8 and Professor Tarr, to the work of the task force.
9 So, Professor Williams, welcome.
10 PROFESSOR WILLIAMS: Thank you very
11 much, Mr. Chairman, Mr. Vice Chairman, members of
12 the task force.
13 My first point is to say, of course,
14 that Ed McBride was my student, as well, at the law
15 school down in Camden.
16 (Laughter)
17 PROFESSOR WILLIAMS: Where, on the
18 Camden campus of Rutgers University, Alan Tarr and I
19 have been, for the better part of the last twenty-
20 five years, looking pretty carefully at state
21 constitutions and the processes of amending and
22 revising state constitutions. And we've been trying
23 to do this, both as academics, and as more hard-
24 nosed, practical lawyers and political scientists.
25 So I was asked to give a little bit of a larger

1 context about what you're involved with here, and I
2 am very, very pleased to be able to do that.
3 And in terms of our state here in New
4 Jersey, we, of course, were one of the original
5 state constitutions; one of the earliest in this
6 country, an interesting date, July 2nd, 1776. And,
7 of course, we did it very badly that time. The
8 nineteen -- the 1776 New Jersey Constitution was
9 really a pretty poor constitution. It was actually
10 made fun of over and over again in the famous
11 Federalist Papers, as an example of a constitution
12 that should not be emulated.
13 But if we fast-forward 200 -- almost
14 200 years; 180 years, to the 1947 constitutional
15 convention, leading to the 1947 Constitution, under
16 which we operate now, we are thought nationally to
17 have done it just about the best. So we came from
18 the last in the race to at least close to the first
19 in the race in this state, through a number of trial
20 -- experiences of trial and error.
21 But one of -- several things can be
22 observed about this process. One of the things is
23 that we -- never, in the history of our state, have
24 we put constraints on constitutional conventions
25 into the Constitution itself. So this leaves the

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1 Legislature with its plenary authority to structure
2 a convention as it sees fit, likely based on the
3 recommendations of this task force.
4 If we were in New York, for example,
5 we would be constrained by provisions in the
6 Constitution itself that set up most of the
7 mechanisms. So one might not have a task force like
8 this in New York.
9 We've also, interestingly, avoided in
10 this state a lot of the fads that have run through
11 state constitutions in this country. Just four
12 examples of this are:
13 The so-called "long ballot," where
14 every last conceivable government official was
15 elected.
16 We avoided -- and I express no
17 editorial view of these things, but we avoided the
18 elected judiciary, which swept the country.
19 We elected the -- we avoided, I'm
20 sorry, the tax limitation movement, which, as you
21 know, swept this country, more or less.
22 And, finally, we avoided the
23 initiative and referendum movement, which is
24 ensconced in many state constitutions across the
25 country, for better or for worse.

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1 One of the reasons this has happened
2 in New Jersey, as the Governor said, we revise our
3 Constitution here very rarely. It's a very serious
4 process; it's a big deal to do it. The states that
5 revise every generation or so have picked up each of
6 these fads as they've come along. We take it very
7 seriously. But it is clearly a part of the ongoing
8 state political process. I think that needs to be
9 recognized.
10 So like a number of other states, we
11 have actually utilized the state constitution, not
12 as much as other states have, but we've utilized the
13 state constitution as a tool of lawmaking, as a
14 process for making policy, under circumstances where
15 it's -- the Legislature might have done that. There
16 are just a couple of examples I want to give you.
17 We don't have -- our Constitution is not loaded up
18 with examples like a lot of other states.
19 But, for example, the regulation of
20 gambling could be handled by the Legislature. But
21 since the late 1890s, it's been a matter for
22 constitutional regulation in New Jersey, partly
23 because many people felt like it was something that

24 should not be left to the Legislature, with due

25 respect to the legislators on the task force. But

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1 that -- it wouldn't need anything in a state

2 constitution about regulating gambling. It's a

3 policy choice made for political reasons.

4 The same is true for -- probably for

5 the more recent run of revenue -- earmarked revenues

6 that we find in our state constitution. You

7 certainly wouldn't need that. It's an example of

8 utilizing the state constitution as a tool of

9 policy-making to guarantee a certain amount of

10 revenue for environment, transportation, and such

11 things.

12 Today, it looks like we're in a

13 position where the Legislature is unable to tackle

14 this problem, as we've heard from a number of

15 members of the Legislature and from the Governor

16 itself. Yet, taxing and spending is the core of

17 government. Protecting the citizens is also a

18 pretty important topic, too, but this goes to the

19 core of what our government does.

20 And at the federal level, you find

21 almost nothing in the federal constitution about

22 taxing and spending; very little, a few words. The
23 state constitutions have whole articles about these
24 matters, primarily to limit the otherwise plenary or
25 unrestricted power of the Legislature. So we find

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1 ourselves, if the Legislature can't do it, as the
2 Governor said, the only other avenue, it may be an
3 avenue of last resort, but it's the avenue of the
4 constitutional convention.
5 And the constitutional convention is
6 an American invention, and it relies on popular
7 sovereignty, or what I guess we were calling when I
8 was a little younger "people power." And the state
9 constitutions are people's constitutions, in a very
10 different way from the United States Constitution.
11 As you know, the United States
12 Constitution as drafted by fifty-five white men in
13 secret, and was never voted on by anybody. It's an
14 excellent document, don't get me wrong; I don't want
15 to denigrate it, but its origins and its -- its
16 organic character are quite different from state
17 constitutions, where we have waves of change over
18 the years. We haven't had very many in New Jersey,
19 as the Governor said; other states have had a lot

20 more waves than we have.

21 But even in our state, our

22 constitutions reflects the voices of different kinds

23 of people, people who are not the fifty-five white

24 men in Philadelphia, but, for example, the lonely

25 voice of Oliver Randolph, the single African

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1 American delegate to the 1947 constitutional

2 convention here, who insisted on the inclusion of a

3 clause that we still have today, that bans

4 segregation in the schools, and was just relied on

5 last month by our State Supreme Court in a very

6 important case.

7 Eight women out of the eighty-one

8 delegates in 1947, who were very influential in a

9 variety of ways; interestingly, turning down the

10 offer of leadership positions in the style of the

11 1940s, but who were behind the inclusion of a very

12 important clause in the New Jersey Constitution

13 about the rights of women. Very powerful.

14 Finally, labor leaders were there.

15 They weren't there in the federal constitutional

16 convention. But labor leaders supported a very

17 strong labor rights provision, a modern provision in

18 the New Jersey Constitution.

19 So our current constitution actually

20 reflects the voices of less powerful people, people

21 who wouldn't necessarily get heard at the -- at the

22 federal level.

23 So I think the task force's job here

24 is to try to in some way unleash again this people

25 power, this idea of popular sovereignty. Maybe the

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1 task force can look for various ways -- and I think

2 this underlies the questions put by the chairman --

3 how to give the people of New Jersey an ownership

4 interest in this very special process. And I'm

5 mixing the political metaphors there on purpose.

6 Can we make -- can you make this process independent

7 of politics as usual? Which sadly has -- has

8 frustrated a lot of people of the state.

9 At the -- we have an old idea here,

10 constitutional convention. But the task force needs

11 to think about ways to suggest that the Legislature

12 equip this constitutional convention with all the

13 modern resources available, such as websites and

14 various new sorts of ideas.

15 But just let me conclude by saying

16 this is not idealism or romanticism. We could do
17 that if we wanted to, but it's pretty hard to do
18 that with state constitutions, actually. This is
19 going to be about hard-nosed politics, and it has to
20 be. And state constitutions are about hard-nosed
21 politics.
22 I predict, and I think a lot of you
23 predict there's going to be winners and losers in
24 this process. And the -- I believe the task of the
25 task force is to help the Legislature enable the

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1 people of New Jersey to choose who are going to be
2 the winners and who are going to be the losers, and
3 to make that a fair process. If you can structure
4 the convention that way, I think it will be looked
5 on as expressing the voice of the people, and I
6 believe this task force is an excellent first step.
7 It's actually not the first step for many of you in
8 the room, but it's the first formal step.
9 So I see this as part of a much
10 greater, much longer, much more important process.
11 But this is where we are today. Thank you.
12 MR. VAN HORN: Questions for Professor
13 Williams from any members of the task force? Well,

14 thank you for that brief history lesson.

15 And I -- having finished the formal

16 business, are there any other comments or questions

17 any member of the task force would like to raise at

18 this time?

19 Yes, Mayor?

20 MAYOR SCHUBERT: When will we be

21 meeting again, I guess.

22 MR. VAN HORN: As soon as we can --

23 well, we will certainly convene on October 4th, as

24 just approved, and we'll be looking for other times

25 as soon as we can get that scheduled for our next

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1 meeting.

2 MAYOR SCHUBERT: Okay.

3 MR. VAN HORN: Okay. I'd entertain a

4 motion to adjourn? Second?

5 UNIDENTIFIED PLANNER: Second.

6 (Vote on motion. Motion carried unanimously)

7 MR. VAN HORN: Thank you very much,

8 ladies and gentlemen.

9 (Proceedings adjourned)

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1 C E R T I F I C A T I O N

2

3 I, Coleen Rand, do hereby certify that

4 the foregoing transcript of proceedings by the New

5 Jersey Property Tax Relief Task Force, recorded on

6 audiotape on September 21, 2004, is a true and

7 accurate non-compressed transcript of the

8 proceedings to the best of my knowledge and ability.

9

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12 Coleen Rand AD/T 419 Date

13 For Guy Renzi & Associates

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