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on

ASSEMBLY BILL NO. 765 AND SENATE
BILL NO. 405 [BOAT TAX BILLS]

before

SENATE COMMITTEE ON REVISION AND
AMENDMENT OF LAWS

Held:
Assembly Chamber
State House
Trenton, New Jersey
November 25, 1964

MEMBER OF COMMITTEE PRESENT:

Senator Wayne Dumont, Jr.
[Chairman]

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SENATOR WAYNE DUMONT, JR. [Chairman]: Gentlemen, if you will take seats, please, we will get this hearing under way.

There are two bills involved in the hearing. They are Assembly 765 by quite a large number of Assembly members, the principal sponsor of it being Assemblyman Alfred Beadleston, who is Speaker of the Assembly - this passed the Assembly on Monday, November 16th, and I believe is on second reading in the Senate - and Senate Bill 405 which should have four names on it, not just my own name. I was the principal sponsor of it, but there should also be noted Senator Hunt of Gloucester County, Senator Forsythe of Burlington County and Senator Bowkley of Hunterdon County. They were added as co-sponsors on the day the bill was introduced, November 16th.

Primarily this hearing is for the purpose of our getting your thoughts and recommendations and constructive criticism in respect to either of these bills or anything else that you have in mind in this whole general subject, particularly with respect to noncommercial or pleasure boats, but they can concern any type of boat.

The other members of the Committee are not over here as yet obviously. This is rather a confusing day because, as we anticipated, we have just been declared unconstitutional by the New Jersey Supreme Court. But in any event, we plan to proceed with the hearing and with our regular business. So we will take the list of witnesses as they have signed in here. If there is anyone particular who is in a great hurry today and wants to go on this morning, I would like to be advised of that

fact so that we can try to get as many witnesses as possible on this morning. If we don't finish them this morning, we will go on throughout the rest of the day until everybody has had an opportunity to be heard.

There will be no further session of the Legislature until Monday, December 7th. So there will be time for anyone who does not appear here today and who wants to enter something in writing as part of the record to do so between now and then, when any amendments or any different bill other than these that have been introduced would be considered by the Legislature, so that we can complete action because under the court decision we have full power to operate until such time as the new system, whatever it may be, is devised. So whatever bill or bills are to be considered, we want to pass, of course, before the 1st of January when Chapter 51 will take effect, January 1st of 1965.

Now the first witness this morning is Mr. John A. Borden who is Chairman of the Governor's Committee on Chapter 51 and who also is Chairman of the Camden County Board of Taxation.

Mr. Borden, do you have anything in writing you want to submit?

J O H N A. B O R D E N: No, sir, no specific statement. There are some brief comments that I would like to make with regard to the legislation and also to the discussion that the Governor's Committee has had with regard to this particular problem.

SENATOR DUMONT: Very well. I might add, incidentally, before you begin, that there are copies of both these bills for

anybody who would like to have them. All right, Mr. Borden, go ahead.

MR. BORDEN: I would like to say at the outset, Senator, that the Governor's Committee at the specific request of the Governor has given consideration to the problem of assessment of boats and is very substantially - in fact, almost uniformly - in agreement that boats should be exempt from local property taxation for many reasons, the main difficulty being the tax situs for assessment purposes. To our knowledge, there has as yet been no court decision setting forth the specific date and the specific site where a boat must be located to be taxed for local property tax purposes. This, of course, poses many problems because, in accordance with the present law, October 1st is supposed to be the date used by assessors in assessing all real and personal property. So the question arises if an owner takes a boat out on an extended cruise from the end of September until after October 1st, where was the boat on that date?

The other problem is with regard to the actual collection and the assessors, as I have discussed this with them -- in fact, a member of our Committee, Mr. George J. Linger, who is the President of the State Association of Tax Assessors, has expressed on behalf of his Association their approval of the exemption of pleasure boats from the field of local property taxation because of the very substantial problems inherent in assessing and collecting such taxes.

The question, however, has been raised with regard to members of the Committee that the exemptions should not be

accomplished without a provision for registration of such vehicles as is accomplished or proposed to be accomplished in Senate Bill Number 405, which provides for registration of boats as compared to the previous legislation with regard to numbering.

There are several provisions, however, which I would like to discuss on behalf of the Committee and also on behalf of several yachting associations which have called this matter to my attention, and one is that the provisions of this bill on page 7 provide for a registration of commercial boats of \$6 for three years regardless of length. The presumption there is, I presume, that these boats would be still subject to local property taxation. The assessors, however, feel that the same inherent difficulty in assessing and collecting taxes from that class of craft exists as with the noncommercial category and it is their feeling that this should be accomplished by the State through registration and collection of registration fees commensurate with the size, horse power and the commercial activities of such class of boats.

One of the provisions of the Florida bill for taxation I have been able to ascertain provides that the greater portion of the fee that is paid is to be remitted to the taxing district from which it operates; that is, the fee in excess of the normal cost of administration of the act - that such fee be remitted back to either the district or the county from which the boat is registered. That again is a question to be resolved by the Legislature as to whether that is feasible and practical.

One additional provision I note in the Florida Act is that the Florida Act provides for registration and numbering and

also provides for a decal which is somewhat similar to the registration that is prevalent among New Jersey automobiles wherein you must have a decal on the front windshield. In Florida they provide for annual application of a decal to the port side of the vessel either before or after the registration number, which would have the appropriate year 1964, '65, and so forth, which would make it vastly easier for enforcement just by visual examination of the vehicle as with motor vehicles today, instead of stopping every boat to see if they have registered anew for the current year.

The final category is with regard to the classification of the noncommercial craft. Class 1 is all power vessels less than 12 feet. I note in the provisions of this act that sailboats powered by sail alone are classified as power craft so that they are covered under the provisions of this act whether they have power or not. According to page 2, line 7, "'Power vessel' shall mean a boat or vessel temporarily or permanently equipped with machinery for propulsion, and shall include a boat or vessel propelled wholly by sails but shall not include a boat or vessel propelled wholly by muscular power," which, of course, would eliminate rowboats.

The classification that is a matter of concern to the yachting interest is Class 3 because of the broad range that it covers, ranging from 16 feet to 26 feet. Of my own knowledge, the variance in value of such craft can range from as low as a thousand dollars to as high as six or seven thousand dollars, depending on the type and class of the craft. An example in that category is that the generally well-known Comet class of

racing craft is just exactly 16 feet long. They have a general value between twelve and fourteen hundred dollars, depending upon the sails, the newness of the craft, etc.; whereas various other craft which are 15 feet, 15½ feet, would only be required to pay a fee of \$2 as against \$10 for the Comet class. I would like to suggest that that class might be split from 14 -- in other words, Class 2, from 12 to 14 feet, and another class from 14 to 21 feet at possibly \$4 or \$5, and a class from 21 to 26 at \$10. In other words, there are several thousand Comets in the state that race with a general value of \$1000 to \$1400 that because they are 16 feet would be taxed a fee of \$10 as against a boat that would be 15 feet in length that would have a value within several hundred dollars of the Comet, but would be taxed only \$2. In other words the fee for the Comets would be 500 per cent in excess of the fee for a boat that might be 3 inches less than 16 feet.

Other than that, the members of the Governor's Committee that were present at the last meeting were universally in favor of the exemption of non-commercial pleasure craft from the field of local property taxation and in my last contact with a substantial majority of the Committee prior to this meeting, they are in full agreement that a system of registration should be enacted to take this class of small vessels and even large vessels out of the local property taxation field because of the very substantial difficulties the assessors will have in even finding, determining the tax situs and actual collection of the taxes on same. Plus the fact, it will have the deterring effect, I believe sincerely, of driving such

pleasure craft from New Jersey to other states wherein they are not so taxed and deprive New Jersey of very substantial gasoline tax revenues and taxable ratables, such as marinas along the New Jersey coastline on the Atlantic Ocean and the marinas along the Delaware River and Delaware Bay.

SENATOR DUMONT: Thank you, Mr. Borden. I would like to ask you some questions so that I am clear here.

MR. BORDEN: Yes, sir.

SENATOR DUMONT: Your Committee unanimously favors exemption of pleasure and non-commercial boats. Now how do they feel in respect to a registration fee schedule that would be somewhat more realistic than the \$2 per year regardless of the size of the boat? I mean, do they favor generally a bill along the lines of Senate 405 or do they just favor exemption period?

MR. BORDEN: They favor exemption and the majority of the Committee that I have been able to contact - there are two or three members of this Committee that I have not been able to contact - all of the other members of the Committee have evidenced approval. Those members are Mr. John Fasoli, who is President of the New Jersey Taxpayers Association; Mr. Roger F. Scott, who is Plant Manager of the Armstrong Cork Company; Mr. George J. Linger whom I referred to previously, who is President of the New Jersey Association of Municipal Assessors; myself; Mr. Jack Block, President of the New Jersey Society of Certified Public Accountants; Mr. Fred Modick, who is President of the State League of Municipalities; and Mr. H. Russell Brown and Mr. Woodford from his office, from the New Jersey Manufacturers

Association. I have also conveyed this information to Mr. Sidney Glaser in Mr. Kingsley's absence. He is recovering from an illness and according to Mr. Glaser, they feel that there are no problems involved and they are in concurrence with the feelings of the other members, that there should be a registration of boats and that this type of pleasure craft should be eliminated from the field of personal property taxation.

SENATOR DUMONT: Now do I understand that the ones that you mentioned there favor generally this registration fee schedule as set forth on page 7 of Senate 405, with the exception of the points that you mentioned which they want to review further with you?

MR. BORDEN: At the time that the matter was discussed with these members, I was not unfortunately able to secure a copy of Bill 405. I did, however, have information with regard to the Florida Act and I understood it was similar to it. So it was discussed with them on that basis and they generally favored a system of progressive registration fees, depending upon the size of the vessel.

SENATOR DUMONT: I had some research done on the laws of some of the other states, primarily Florida, Michigan and Idaho. Two of those states obviously, Michigan and Idaho, have no coastline, although they have many lakes. It seemed to me that Florida came closest to the situation in New Jersey because it does have seacoast and inland lakes both. There was one change made in their schedule. We eliminated the \$5 class which we could put back in here. My recollection is their schedule was

for the \$5 on boats between 12 feet through 15 feet. We cut that to \$2 on the basis that most of our boats in New Jersey, according to my very inadequate knowledge on this subject, would fit in that category.

MR. BORDEN: I have a copy of the Florida registration fee schedule. According to the information, it is for boats less than 12 feet in length and is \$1 plus \$.50, which is a service fee for the issuing agent. The issuing agent down there gets a fee of \$.50 for issuing the license. Then the category ran from 12 to 16 feet for \$5 and again their schedule went from 16 to 26 feet at \$10. I would submit that the category from 16 to 26 feet is a very substantial category involving boats running in value from as low as \$500 or \$600 to as high as \$5,000 or \$6,000 because of the nature and size of equipment. Some of the new type of Chris Craft and Wheeler Craft that are 26 feet in length are very valuable craft as compared to a 16-foot sailboat, so to speak, which sells in the neighborhood of \$800 to \$1200 or possibly \$1400.

SENATOR DUMONT: All right. Now you are satisfied that -- Well, let's take this step by step. It probably will be the best way. It was our feeling - or mine at least - that the commercial craft would be subject to taxation under Chapter 51 and that is why they were listed at simply \$2 a year or \$6 for three years regardless of length. Now as I understand it, the assessors and you both feel that you are going to have the same problems with respect to commercial boats as non-commercial craft --

MR. BORDEN: Yes, sir.

SENATOR DUMONT: -- and therefore that they ought to pay a registration fee and also at the same time be exempt from Chapter 51. Is that correct?

MR. BORDEN: Yes, and that the registration fee ought to be more substantial in nature because they are a commercial enterprise as against a private, non-commercial that is not used for profit so to speak, the main reason for that being that it is a well-know fact that fishing fleets move depending upon where the fish are so that a boat might be working out of Cape May and might decide to work out of Brielle if the fishing happens to be better up there and be available for renting. So it makes it substantially a very, very difficult problem for assessors to be able to keep up with this rapid movement of this type of craft.

SENATOR DUMONT: Do you have any fee schedule in mind for commercial craft? Would you base it on length or something else and, if so, where would you break it down and how?

MR. BORDEN: The assessors were not in a position to make a recommendation to the Committee with regard to a fee schedule for the commercial craft because of the varying differences in type. However, I expect to hear further from the Assessors Association in this respect and when I do, I will be happy to forward the results of such communication to your Committee, sir.

SENATOR DUMONT: Well, are you going to hear from them in time so that we could make necessary amendments by December 7th?

MR. BORDEN: I will contact Mr. Linger and ask him if he will not have his Executive Committee make a recommendation

in this respect that I can forward to the Committee or ask him to forward it directly.

SENATOR DUMONT: Is there any valid argument to the effect that since commercial boats get a tax refund on their gasoline that pleasure boats do not receive that they should still come under Chapter 51 in addition to paying registration fees?

MR. BORDEN: Well, our observation has been that the refund is very rarely issued or very rarely asked for. Practically all boats just pay the amount. The only users that apply for and receive a refund of such fee are the very substantial users, to which it is a serious matter. But the average user that uses, we will say, 50 gallons of gasoline or 100 gallons of gasoline during a season, it is not worth the time and effort at the rate of several cents a gallon.

SENATOR DUMONT: Now let's take up non-commercial or pleasure craft. You make a suggestion that -- let me see if I have this right -- that Class 2 should run from 12 through 14 feet. Is that correct?

MR. BORDEN: Yes, sir.

SENATOR DUMONT: Or from 12 to 15 feet, I guess, but not including --

MR. BORDEN: Twelve to 14 and 15 feet and the only reason that I make that is because of the fact that the only class of boat to my knowledge - and I am a minor yachtsman myself, if you will pardon the expression - that just hits 16 feet is this Comet class and basically it is just because it is narrower. It does not have the beam of the other craft. It is made longer

to give it faster sailing qualities. That is the reason it is 16 feet long.

SENATOR DUMONT: Then should Class 2 be 12 to 15, but not including?

MR. BORDEN: Twelve to 15.

SENATOR DUMONT: Twelve through or 12 to?

MR. BORDEN: Twelve to and including 15 would be adequate.

SENATOR DUMONT: And you recommend that that be the \$2 class.

MR. BORDEN: That be the \$2 class and that Class 3 be split because of the extreme variance in values of boats in that class. In other words, then it would be from 15 to 26 feet. The suggestion is that it might be from 15 to 21 feet at possibly \$5 and from 21 feet to 26 feet at \$10. See there are a very substantial number of sailing craft that have a value of \$1500 or \$1600, basically speaking, the Lightning, the Thistle. They have no power, but in terms of value, those crafts compare to a comparative motor-inboard powered craft. The variance in value is very substantial.

SENATOR DUMONT: We have to be careful about our wording here for one thing. If you say from 12 feet or more, would you then say less than 15 feet?

MR. BORDEN: Less than 15 feet.

SENATOR DUMONT: Less than 15. That would be at \$2. Then we take from 15 feet to less than 21 feet?

MR. BORDEN: Less than 21 feet.

SENATOR DUMONT: -- which would be \$5?

MR. BORDEN: \$5 schedule.

SENATOR DUMONT: Then you go from 21 feet to less than 26 feet, which would be at \$10?

MR. BORDEN: Yes, sir.

SENATOR DUMONT: So what we could do is simply add another class all the way along and have 8 in all instead of 7.

MR. BORDEN: That is correct, sir, and that is mainly because there are so many of the small sailing craft that come in that category and would be excessively taxed so far as registration as compared to comparable power craft.

SENATOR DUMONT: Now let's talk a moment about sailboats. We exempted in this bill entirely any sailboat not in excess of 10 feet in length. That comes under (g) of Section 3 which starts on page 3, but (g) is on page 4, line 31. Is that a fair place to draw a line in respect to sailboats?

MR. BORDEN: I would say so, sir, because the boats that are less than 10 feet are usually the type that are very small craft that are carried in a station wagon or on top of a station wagon and it is in the nature of a small what they call a nutshell dinghy or a little sailing pram. They have very little value in terms of dollars - possibly \$100 to \$150 - and the problems of taxing such boats for local property purposes would be more than it would be worth, shall we say, in terms of the revenues to be received therefrom.

I do note, however, that that (g) does not appear to be under the exempt classification. It would appear that that would be subject to local property taxation because there is no fee schedule set for that and that it would therefore be subject

to local property taxation; whereas the boats that pay a fee would be exempt.

SENATOR DUMONT: So you think this ought to be amended to make it clear that they would be exempt not only from registration fee, but also from Chapter 51.

MR. BORDEN: I believe so, sir. They are so small in nature that the cost of administration exceeds the revenue that would be received.

SENATOR DUMONT: How long is a Sailfish; that is, the boat that is popularly known as Sailfish by the trade name?

MR. BORDEN: Sailfish are usually - sailfish and sunfish run in the range of about 10, 12, 13 feet. There are various sizes and these are very small craft. Their value new - cost new - ranges from about \$250 to possibly about \$400.

SENATOR DUMONT: So that they would be in the \$1 and \$2 classes?

MR. BORDEN: They would be in the \$1 and \$2 classes.

SENATOR DUMONT: Is there any justification in your mind for perhaps increasing this sailboat exemption to less than 15 feet or do you think it is best left at less than 10 feet or not to exceed 10 feet is the way it reads there?

MR. BORDEN: The only thing I would suggest there would be from the practical aspect. My own knowledge of this type of craft is such that the sheer of the hull forward is of such a great angle in relation to the vertical that even if you put numbers three inches high, you wouldn't be able to read them unless you got down in the water and put your head on the level of the water next to the boat. So because of the fact

that these boats have such a shallow draught - their draught is a maximum of maybe 8 or 12 inches from the keel to the deck and some of them are strictly a slab with no cockpit whatsoever so that the distance from keel to deck is only about 8 inches - that class of craft should be covered, I would presume, as an exempt status because there again that craft is never left at anchor on a mooring. It is the type that is taken out of the water and brought back to the garage. When they go sailing, they put it in the water. Then they take it out of the water and put it back in the garage again. It is one of the very light-weight classes and again it is of such a small nature that the taxation of such - the cost of administration would be more than the revenue involved.

SENATOR DUMONT: So that actually then you think that it would be better to make this exemption for sailcraft of what - not to exceed 15 feet?

MR. BORDEN: I would suggest that it would be appropriate to make it not to exceed 14 or 15 feet - in other words, up to 14 or 15 feet, to provide an exemption. That would only involve a \$1 registration fee for that type of craft in any event and I am sure with the cost of licensing and issuing of such licenses and certificates that it would cost more than the \$1 fee involved.

SENATOR DUMONT: Do you agree with the idea that these registration fees should come to the State entirely and not be split as they apparently are under the Florida law, with a portion thereof going to the counties or municipalities? I mean, we don't have to confine it to counties; it could be

municipalities as well. But it seemed to me that it would be simpler if the whole fee went into the State. Now do you agree with that or disagree?

MR. BORDEN: The assessors have not expressed any opinion with regard to that. I do note in the Florida Act they have a provision that some of the revenue comes back to the district and also some of the revenue received by the State in excess of funds is used for land acquisition for outdoor recreation programs, developing of waterways, launching sites and things of that sort. I would feel that there would be no substantial objection if such funds were used for that purpose. The assessors, I think, primarily feel that the work involved and the percentage of collection on this class of personal property would be so low that it would not be worth the effort involved and the State might be better off for the revenue received.

SENATOR DUMONT: Is it the opinion of your Commission that there ought to be some kind of statutory dedication, bearing in mind we can't have any dedication under the Constitution without its being amended of any source of revenue, but that there ought to be some statutory dedication along the lines of the Fish and Game license fees, that this money should be used to improve waterways and many other things that perhaps are not completely satisfactory to the boaters today at any rate?

MR. BORDEN: I think that it would be. It is my understanding that the registration, the numbering system, was supposed to provide fees and that that presumably was to be

used to improve conditions of inland waterways. To my own knowledge there are some segments of our inland waterways that are in need of substantial improvement to avoid problems principally of power craft.

SENATOR DUMONT: One other thing here - for each number so assigned the fee shall be \$5 for one year. My understanding is that when you get the number, that stays right with the boat and that this \$5 is something you pay only once and that is all.

MR. BORDEN: No, sir. My understanding is that the fee is an annual fee. Are you referring to Florida, sir?

SENATOR DUMONT: Well, I guess it was taken out of there, but we have it here in 12 (c), line 25, where it is talking about special identifying numbers. Oh, this is to boat dealers and manufacturers. I see.

MR. BORDEN: Yes.

SENATOR DUMONT: They pay that every year. Is that correct?

MR. BORDEN: Yes. It is my understanding that this act under Section 7, which would be at the bottom of page 5, provides: "Unless otherwise provided herein, every certificate of registration shall expire and become void on the last day of the twelfth calendar month following the calendar month in which the certificate was issued." That would make it an annual fee and that was the reason that I brought out the decal system that Florida uses to make it easier, similar to the Motor Vehicle Act, to determine whether or not a fee was actually paid for that year because the registration number would stay with the

boat from year to year.

SENATOR DUMONT: But isn't the number that accompanies the boat actually the one provided for in the last page, page 8, Section 13?

MR. BORDEN: Well, it refers to - "be numbered as heretofore required." It is my understanding that in the other provisions of the act where a vessel is already registered and that number would be registered in the State, that number then would be continued. They would be allowed to retain the number. I would presume then that the State registration would have to give consideration to the numbers already issued and not issue duplicates of the numbers.

SENATOR DUMONT: But the registration fee that would be paid for that craft annually would cover that number continuing to be assigned to the same craft.

MR. BORDEN: It would be assigned to the same craft and it would just be a renewal as of our license plates at the present time.

SENATOR DUMONT: And this is the purpose of the decal so that you know that the registration fee is current.

MR. BORDEN: Is current, yes, sir. In other words, any investigating agency could just by visual observation of a boat determine that the fee had actually been paid.

SENATOR DUMONT: Then the \$5 referred to on page 7 only applies to special identifying numbers for boat dealers and manufacturers per year?

MR. BORDEN: That is my understanding, that that is specifically for boats that are used for demonstration purposes,

showing the various capabilities of such craft similar to the licensing system that automotive dealers have now. They have licenses issued where they can sort of switch them around so to speak.

SENATOR DUMONT: Then, of course, in addition to the registration fee, those who operate on non-tidal waters would still continue to pay their \$1.50 annually for their operator's license, which we provide for in Section 20.

MR. BORDEN: Section 20.

SENATOR DUMONT: Actually it is in Section 12. It is referring to Section 20 being amended by Section 12 of this bill.

MR. BORDEN: Well, I note in that Section 20 it says, "but shall be subject to the provisions of this act and the fee schedule as provided in this act." I presumed that that would be eliminated in view of the fee schedule set above. In other words, the fee schedule set above is for tidal waters and I would presume that that would also include the nontidal waters. I am concerned in discussing this mainly with the small type of sailing craft that are transported by trailer in the various sections of the state and indeed of the country where they have regattas as far away as Ontario. They have regattas in Maryland, in Ocean City, Chestertown River. They have regattas up in Pennsylvania lakes and New York lakes. So these craft from New Jersey are brought up and they are just there for one sailing regatta, so to speak, or maybe the people take them up there when they are on vacation for two or three weeks and then they bring them back to New Jersey again.

SENATOR DUMONT: Would it be your feeling then that this \$1.50 ought to be eliminated entirely in view of setting up the registration fee schedule?

MR. BORDEN: I would say as long as the registration fee is set up as a schedule that the provision of \$1.50 for non-tidal waters should be eliminated. It would just be a duplication or an addition to the fee schedule as set.

SENATOR DUMONT: Now does anybody here have any questions they would like to ask through me because I would like to reserve the privilege of determining whether it is a pertinent question or not of Mr. Borden while he is testifying. Mr. Delgado, the assessor of Ridgewood -

CLARENCE DELGADO: As the Chairman for the Assessors' Association of this Boating Committee, Mr. Linger called me last night and I did not know of his conversation with Mr. Borden. However, our Committee has a report and I would like to make our report later as I have recorded with you, sir.

SENATOR DUMONT: All right. Now, Mr. Borden, along those lines, Mr. Delgado in a sheet that he handed me here earlier makes a suggestion that in certain of these classes the registration fee should be based on an increase of \$.50 per foot over all. In other words, he talks about Class 1 under 12 feet being \$3; Class 2, 12 to 15 feet, being \$5; and then Class 3, 16 to 20 feet, \$.50 per foot over all, which would, of course, make a distinction as you go from one foot to another; Class 4, 21 to 30 feet, the distinction here would be \$.75 per foot over all; and then as you go up, it graduates accordingly - \$1 per foot increase, \$1.25 per foot increase and \$1.50 per

foot increase, and everything over 110 feet, a flat \$200. Do you think we would be better keeping flat registration fees within certain classes regardless of the fact that you do have a variance in feet or do you think this other system is better of so many cents each additional foot? Isn't this more likely to cause administrative problems than having a flat fee in a certain class?

MR. BORDEN: There is no question but that there would be administrative problems. However, I would defer to Mr. Delgado in his comments with regard to a fee on a per foot schedule because of the fact that I have already brought out the variance between 16 and 26 feet. The same thing is true when you jump in a boat from a class of 40 feet to a class of 65 feet. A difference between \$30 and \$50 is only \$20 and yet a class boat between 40 and 65 feet, the cost involved can be triple the cost of a 40 footer. So I did not intend to pass on the merits of the fee schedule for that class of boat. I was just bringing to your attention the variance in the smaller type of craft as against the larger craft.

SENATOR DUMONT: Let's take a suggestion here, Class 3, 16 to 20 feet, \$.50 per foot over all. Now I would assume then if you had exactly 16 feet, it would be \$8. If you were at 17 feet, it would be \$8.50; 18 feet, \$9, etc., up to a point where it would be \$10 for a 20-foot boat.

MR. BORDEN: I would see no objection to that, sir. I think that would accomplish the purposes that I raised with regard to the class of 16 to 26. I confined myself to that category because that is the one I am most familiar with. But

I can see that in the variance from 26 to 40 feet and from 40 to 65 feet there is a very substantial difference and that a boat that is exactly 40 1/2 feet long to pay the same registration fee as a 65-foot boat is, shall we say, a little on the inequitable side regardless of the fact that the amount of the registration fee would be substantially less than the amount of taxes that could be levied against it as personal property not used in business at its full value. There is no question but that there is a great reduction regardless of this fee schedule or the one proposed by Mr. Delgado's Committee.

SENATOR DUMONT: He is going to testify on this in a little while. But you have the feeling that this graduated fee schedule is better than the flat fees that are set within certain ranges in the bill.

MR. BORDEN: I think it would be more fair, yes, sir.

SENATOR DUMONT: He has all over 110 feet a flat \$200. Do you think that this is unreasonable or is it about right? That is everything over 110 feet.

MR. BORDEN: I would hesitate to say in that respect speaking for the Committee because the Committee discussed the exemption of pleasure craft and substituting therefor a fee schedule for registration purposes which would take it out of the assessable class. Now with regard to the equity of the fee or the amount that should be charged, you might get better information from representatives of the boating industry who I am sure are here today in that category.

SENATOR DUMONT: All right, very good.

MR. BORDEN: The only thing that I can say on behalf of the Committee is that the Committee is most definitely in favor of exemption from local property taxation of this type of pleasure craft and also commercial craft to be exempt, and that appropriate fee schedules be determined to be paid to the State and in the case of the more substantial fees, that some consideration be given to remitting substantial portions of those fees to the districts from which the registration originates. I am sure that Mr. Delgado would agree that a district which has a substantial number of boats registered should possibly be entitled to a return of some of the fees involved.

SENATOR DUMONT: Now you are talking about commercial craft so registered?

MR. BORDEN: Commercial and the noncommercial.

SENATOR DUMONT: And the other too?

MR. BORDEN: Yes, sir. In other words, this is in lieu of the fees or the assessments that would normally be levied upon these craft for local purposes. They are by agreeing to this registration fee giving up their right to assess such property because of the difficulty, recognizing that the State is in a better position to levy and enforce this type of legislation and it should not be to the complete exclusion of the taxing districts involved.

SENATOR DUMONT: Well now, isn't it true that under the old law of the State, which is still the present law for the next five weeks or so, that assessors actually could have assessed as personal property boats up to now?

MR. BORDEN: Oh, yes, sir. Under Chapter 54, that has been personal property that has been assessable. Chapter 51 does not provide anything new in that respect. It is still assessable upon the same basis and, indeed, does not even get the preferential treatment that is afforded business personal to the extent of 65 per cent.

SENATOR DUMONT: Well, many things have been aimed at Chapter 51 rightly or wrongly over the years and I just wanted to make that clear, that this is no change in respect to boats from the present legislation.

MR. BORDEN: Yes. I think that it has been grossly misrepresented by individuals and by the press as being a new tax because of Chapter 51 and of my own knowledge of tax laws and by virtue of being a Tax Commissioner for the last eight years or so, I know that such craft and such property have been assessable and taxable by local municipalities, but they just have not seen fit to do so.

SENATOR DUMONT: Have any of them done it?

MR. BORDEN: Not to my knowledge. I think it has only been recently that one or more of the districts have engaged in assessing boats and that has been what has sort of caused the rumpus, so to speak, in this respect because the boats are moving out of that district to another district that is not assessing them. So it becomes a competitive field.

SENATOR DUMONT: Do you have any recommendation to make as to how much of the revenue should be returned to local municipalities where boats are registered?

MR. BORDEN: The only thing that I would suggest is

that the registration fees over and above that required to administer the act should be remitted to the municipalities from which the registrations originate.

SENATOR DUMONT: Doesn't that mean, however, that if this were done and everything over the administration costs were remitted, that money might not be used for improvement of inland waterways as much as if the State were to retain it and employ it through the proper department?

MR. BORDEN: That is true. I am referring to that as an alternative. In other words, it could be in the alternative to that district in revenue or, inasmuch as this revenue is being derived from owners of motor boats as classified or motor craft, power vessels in this act, that the money should be used for purposes of supplying better facilities for such craft or in the alternative to return the greater part over and above the costs of administration to the districts involved - in other words, where the registration emanates from.

SENATOR DUMONT: Are there any other questions now of Mr. Borden?

WILLIAM GARY: My name is Bill Gary. The question I have is this: For instance, Class 4, 26 feet or more and less than 40 feet in length - the recommendation is \$30, but there seems to be no distinction between the worker who has a \$900 garvey 26-foot in length and the fellow who has a cruiser which is worth \$40,000. Now it seems patently unfair to me that there should be no distinction where one fellow will be paying 3 per cent of the value of his boat each year and another fellow will be paying a very minor part of 1 per cent

for the valuation of his boat.

SENATOR DUMONT: Are you on this list to testify?

MR. GARY: No, I am not.

SENATOR DUMONT: Well, let me ask you then just off-hand: Do you think this recommendation by Mr. Delgado from the Assessors that you raise it for each foot within a certain range would be better?

MR. GARY: No, because you have a distinction in the class of the boat. One is a luxury boat and the other is a plain sportsman's boat. One man will be assessed in effect 3 per cent of his valuation where the other fellow will be assessed a per cent of valuation which will be a very minor factor.

SENATOR DUMONT: Well, they are still pleasure boats though, aren't they?

MR. GARY: Not in a sense. I am a cruising man myself and I don't use a boat for the same purpose my friend does that goes out fishing on a weekend or so. His pleasure is fishing. The boat is a vehicle which is incidental to his pleasure.

SENATOR DUMONT: How do you feel about that, Mr. Borden?

MR. BORDEN: I think what the gentleman is referring to is the fact that, again to my own knowledge, there are what we refer to as garvey craft, which are relatively inexpensive and are of the long, narrow type. They are the bluff bow; they don't have a pointed bow. They are like a scow. Some of them are quite fast and have substantial power

plants. But that type of craft is somewhat similar to what I have referred to in sailing craft. Some of the sailing craft are shorter and wider to give more space inside. Some are made longer and narrower strictly for racing speed, so that the length has an adverse effect upon it. The only thing I can say in that respect is that if you would eliminate the length as a factor, you would then have to get into worth as a factor. You would have to either have a certification from the owner with regard to the value or require the owner to get an appraised value of his boat and then set the fee on the basis of a percentage of the value. Then you would have a variance from year to year. That in itself causes problems. I think it is generally recognized that the registration fees that are set - at least it is recognized by myself as a tax administrator, in view of the high level of property taxation in this State - that these fees represent a very substantially small segment of the amount that could be assessed against it by the local district for taxation purposes.

SENATOR DUMONT: -- under Chapter 51.

MR. BORDEN: -- under Chapter 54 or 51. So the fees involved, as I see it, would be substantially less than they would have to pay under existing law or under Chapter 51. So they would all benefit, some to a greater degree than others.

MR. DELGADO: In response to the gentleman's question, this can also be true of a pleasure craft that might be 10 or 15 years old on which the party is still going to have to pay a license fee on the over-all length regardless of the value of the boat.

SENATOR DUMONT: Any other questions of Mr. Borden?

MR. W. R. SAYER: My name is Sayer. I am on the list here. May I ask the speaker, in this plan of distribution he envisions, whether the distribution would be to the place of residence or to the area in which the boat is stored? That would have a bearing because boats are numbered according to the waters on which they are principally used and you do have quite a few non-resident boat owners here in New Jersey and I wondered if that would have an effect on the distribution.

SENATOR DUMONT: How would you answer that, Mr. Borden?

MR. BORDEN: That is a real toughie. That goes back to what I referred to initially as the extreme difficulty of the assessor in determining the tax situs of the boat itself. To my knowledge there are no court decisions which say that the boat shall be assessed in accordance with the owner's address or in accordance with where the boat is principally kept or where the boat is stored. There is nothing specific in that respect. So it would be difficult to ascertain it. The only thing that I could say - and I have just said it in a general way - is that because of the fact that revenue would be raised from this registration system, the money should be used either as a return to the district in lieu of the taxation that they could have taxed it for under Chapter 54 or Chapter 51, or in the alternate, if that is not feasible, to be used for development of waterways and so forth. It is not a specific recommendation of our Committee, except that it was generally recognized that the fees in

excess of the administrative costs, since they are in effect being collected by the State instead of by the taxing district which would normally collect them, should inure to the benefit of either the taxing district or of the person paying the tax in the form of more substantial dredging of waterways to provide better boating facilities, providing more launching ramps for small craft to be launched, etc.

MR. SAYER: I didn't have in mind the purpose of the money so much as I was a little concerned - which was my initial question - as to whether it would be distributed.-- Let's take a practical example. A boat is used primarily, we will say, at Ocean City, New Jersey, but the man lives in Philadelphia. He brings his boat around for storage purposes to the Delaware River and stores it at this gentleman's yacht yard in Dredge Harbor. You have a three-pointed problem. Where would the money go to improve whatever is to be improved? Would it be in the area of his yacht yard or would it be at the Ocean City Harbor? It creates quite a few problems. In other words, I have raised more questions than, I am afraid, there are answers.

MR. BORDEN: I appreciate that. The only thing I am referring to is that this revenue that would be received would be revenue received by the State in place of the revenue which normally would inure to the taxing district which would assess such property and as such the local districts should not be deprived of the entire registration revenue in this act. Now whether that is expedient, whether it is practical or not, I do not know. It is my understanding, however,

under the Boating Regulation Act whereby you pay \$2 a year for three years or \$6 for the registration, whatever the fee is, that the excess fees are generally used by the Boat Regulation Commission to help increase waterways, channelization, dredging, etc.

SENATOR DUMONT: Well, Mr. Borden, since the municipalities have never collected any money, even though they were able to do so under the present law and under Chapter 51, they wouldn't really be losing anything in the way of revenue that they have been getting.

MR. BORDEN: I knew that point was going to come up too. That is very true. There is no question about that. I am only referring to that because of my conversation with assessors and with Mr. Linger. They feel since they would be giving up this class of taxation, even though it is extremely difficult to tax, some consideration should be given to possibly a return of some of this revenue.

SENATOR DUMONT: Of course, they have had the opportunity for many years to tax boats. They haven't done so. So whether any distinction should now be made simply because Chapter 51 is going to take the place of the present law, is a question because it could lead to many problems trying to return this money to districts, to which districts are you going to return it, how much, etc.?

MR. BORDEN: I appreciate that very much, sir. I only brought out the fact because it was discussed with me and I call it to your attention merely because it was a matter of our discussion.

SENATOR DUMONT: All right. Anyone else? What is your name?

MR. JOSEPH BRIEL: My name is Joseph Briel, Treasurer of the Mercer County Anglers.

SENATOR DUMONT: Go ahead.

MR. BRIEL: Under the taxation of automobiles, in 1923 I bought a car and I paid \$9 personal tax. The next year there was depreciation of \$100 so I paid \$8. Then in '25 or '26, there was a law passed and the first penny ever put on gasoline tax was one cent a gallon. That is called personal tax on cars. Now since all these years have gone by, we have been paying on a boat all these pennies personal tax. A car may get 15 miles per gallon and a boat 5 miles, according to size. If you pay one cent personal tax on a car, why you get 15 miles while a boat only gets 5 and you are paying three times the amount on that boat to go the same distance. Now that is six cents that the State takes off of the boats. According to a law in the middle '20's, we have been paying a personal tax on that boat all the time.

SENATOR DUMONT: Let's make a distinction. That is not a personal property tax. That is a gasoline tax that you are paying.

MR. BRIEL: That was listed as personal --

SENATOR DUMONT: It is not a personal property tax. A personal property tax has not been imposed upon boats in this State even though it could have been for many years by local assessors. It has not been.

MR. BRIEL: I understood the Governor made a statement

that he was going to class it as automobiles. Now we are paying that six cents State tax and I always considered that one cent was personal tax. Now personal tax - that was written on first when you did away with personal tax on cars.

SENATOR DUMONT: No, it is not a personal property tax and it never has been. A gasoline tax is strictly on the sale of gasoline as something that you buy in order to operate a motor vehicle with or a boat with. It is not a personal property tax.

MR. BRIEL: I understood when they did away with the personal tax in '25 or '26, they were supposed to put that one cent back to the counties in return for personal taxes.

SENATOR DUMONT: I don't know what the understanding was in '25 or '26 because I wasn't here then. But the fact remains that the gasoline tax is a state tax. Property taxes are purely local taxes. They are imposed and collected and administered at the municipal level and they are used to finance only municipal and county government. Not a penny of them goes to the State. The gasoline tax comes entirely to the State because it is a State tax.

MR. BRIEL: Wasn't there once some of that returned to the counties as personal tax on a car?

SENATOR DUMONT: Not to my knowledge. If it was, it has long since been dispensed with.

MR. BRIEL: I paid that \$9 and \$8 and then the very first penny they put on gasoline was supposed to be personal tax on a car.

SENATOR DUMONT: Well, if that was the understanding in the beginning, it has long since been dispensed with. It is not the law today and it isn't the practice today. The whole State gasoline tax is collected by the State and it goes into the State treasury and none of it goes back to counties or municipalities, except, of course, in the form of State aid for transportation facilities.

MR. BRIEL: The counties at that time were collecting that \$9 personal tax and then when they put this penny in, they lost that.

SENATOR DUMONT: Well, I don't know how it was then, but I can tell you a little bit about how it is today because that is part of my job, to know how it is today, and that is the situation. It is not a personal property tax. It is still a State gasoline tax.

MR. BRIEL: Well, you see, a boat now, we will say, getting five miles per gallon, look at the tax they pay. I don't know what the government tax is, four or six cents. But the car pays, I believe - what is it four or six cents?

SENATOR DUMONT: It is six cents a gallon State tax on gasoline no matter what you use it for. It is still six cents a gallon.

MR. BRIEL: What is the government tax on that?

SENATOR DUMONT: That is the State government tax. Now the Federal tax, I think, is four cents a gallon.

MR. BRIEL: Well, then a car pays, we will say, ten cents to go 15 miles and a boat gets 5 miles a gallon and pays three times the amount to go 15 miles.

SENATOR DUMONT: We have to get back on our schedule of witnesses here. But I think there is a little bit of difference between a boat and a car. A car is virtually a necessity of life today. A pleasure boat is not quite a necessity of life. I have a boat and I enjoy it very much, but I don't figure I have to have it in order to operate, much as I enjoy it. Thank you.

Now any further questions of Mr. Borden?

[No response.] Thank you, Mr. Borden, unless there is anything you want to add.

MR. BORDEN: No, sir. Thank you for your courtesy.

SENATOR DUMONT: Thank you.

Now, Mr. Harry Mopsick, counsel for the Federated Boatmen of New Jersey.

H A R R Y M O P S I C K: Senator, this is a statement on behalf of the Federated Boatmen of New Jersey --

SENATOR DUMONT: Do you have this in writing or do you want to make it orally, Mr. Mopsick?

MR. MOPSICK: Well, I'm going to do both, your Honor.

SENATOR DUMONT: All right.

MR. MOPSICK: I will then proceed afterward with the filing of this.

SENATOR DUMONT: All right, go right ahead.

MR. MOPSICK: This hearing was called to explore all of the issues involved in the revision of Chapter 51 of the Laws of 1960 relative to the taxing of boats, and it offers a welcome opportunity to the Federated Boatmen of New Jersey to report to the Legislature on its background and objectives. This recital, we feel, is important to set the climate for the consideration of the pending bills now before the Legislature.

Federated Boatmen of New Jersey is the only statewide organization representing all boating interests in New Jersey. It is completely amateur and non-profit without any paid employees. Membership consists of individuals, boat clubs, boating groups, marinas, marine dealerships, manufacturers and other commercial interests. I have a breakdown of that membership. We have 29 marinas, we have 10 boat manufacturers, 20 yacht clubs, miscellaneous 15, and 1,946 individual boaters. And, Senator, these are all dues paying members.

To further illustrate the complexion of our Federation I would just like to mention a few names: The North Jersey Commercial Fisherman's Association up in Belford;

Toms River Boat Works; Little Egg Harbor Yacht Club; - these are just a few of the many. - The Lake Hopatcong Business Association; The Atlantic Yacht Club, Sea Bright; Morton Johnson, Bay Head; Carl W. Bush, Bloomfield; Leeks, the makers of Pacemaker; Kulas Boat Manufacturer, Keyport; John Luhrs, boat manufacturer of Marlboro; Jersey Coast Boat Show in Asbury Park - an outstanding event for boaters in the industry every year; Keyport Yacht Club in Keyport; Winter's Yacht Basin, Mantoloking; Farragut Sportsmen's Association, way down in Camden; New Jersey Yacht Sales of Point Pleasant, also the manufacturer of the Bayhead Skiff which is world renowned; The Ship Chandlers in Point Pleasant; Chadwick Marina at Chadwick Beach; Ocean Beach Marina, Lavallette; Point Pleasant Hardware; Raritan Yacht Club; Dales Yacht Basin. I can go on but I merely wish to point out the vast scope of our organization with respect to the interests we represent here today at this hearing.

These are our objectives, Senator:

To protect boating interest in recreational boating in New Jersey;

To make appropriate recommendations concerning legislation and administration;

To provide boatmen and boating groups with the facts concerning all matters affecting their interests;

To sponsor and promote programs to educate the boating public on safe boating and related activities, conservation of water resources, and other matters pertaining to the public use of the waterways of the State;

To insure that revenue derived from boatmen be used solely to promote the best interests of boating; and

To strive for unanimity among all pleasure boatmen and industry of the State in all matters affecting our interests.

Now, the need for a statewide organization to act as a watchdog over boating interests has long been recognized. After the passage of the Bonner Bill, which is a Federal Bill, Senator, -

SENATOR DUMONT: I know it.

MR. MOPSICK: -- the states were given the right to take over numbering and regulation of boats from the Coast Guard. There were offered a series of bills to implement the Federal Act in New Jersey. All were blocked by the united efforts of the Citizens Boat Committee in North Jersey, charter and commercial boating groups in South Jersey, and scores of individual boat owners who were drawn together for the first time by the threat against their recreation and livelihood.

The last of these bills was Assembly Bill 15, consisting of high registration fees, a marine kangaroo court, together with other punitive provisions. Through the efforts of the Citizens Boat Committee and the South Jersey boatmen, the bill was rewritten to incorporate many improvements, including a commission of six boatmen to be chosen by the Governor from six areas of the State to represent the boating public. This improved bill became the New Jersey Boat Numbering Act of 1962. Then the boatmen made their big mistake. They thought that now they had the Commission to

look after their interests they could actually relax and enjoy boating. They learned differently.

In May of 1964 rumors spread that the assessors in one or two townships of our State had levied high taxes on boats under the State's Personal Property Tax Law, Chapter 51. Boats fled from these townships. Marinas emptied overnight. Members of the Citizens Boat Committee investigated and were shocked to learn that the tax was already law. The threat was too great for one group to fight alone, and the Citizens Boat Committee then formed the Federated Boatmen of New Jersey - and, incidentally, it's under the State's Non-profit Corporation Law. We salute Carl Sheppard, a boating writer from Pennsylvania, who helped us in the formation of this group.

Again more of this background because I think this is important so you can get fully how we feel about this situation.

All Federated Boatmen of New Jersey work - all their work is carried on through personal efforts of interested and dedicated boatmen and clubs, who have volunteered their time and pay their own expenses. We are here today, Senator, without pay, fully volunteer, and, therefore, do not qualify under the Lobbying Act. We are here as citizens.

SENATOR DUMONT: A lot of people haven't registered under that, anyway.

MR. MOPSICK: I understand that to be so.

The cost of printing and mailing and publicity required to promote the Federated Boatmen of New Jersey

objectives are defrayed by the modest individual membership fees and the club and trade contributions. And in our corporate charter there is a proviso that in the event the organization is ever disbanded, all remaining moneys must be turned over to other appropriate non-profit organizations.

Now we will get to the current situation. We held executive sessions at homes of our members and these executive sessions blossomed quickly into public protest meetings against the personal property tax on boats.

And this is a report to you, Senator, for your information because we have covered the State and we are giving you the response of the citizenry where we met them, in the grass roots. We met them in the yacht clubs, we met them in the marinas, we met them at the boat works.

The meetings overflowed their halls, and spread across the State. Information about the tax, printed and distributed by us, alerted clubs, marinas, marine dealers, boat yards and builders of boats of the threat to their very existence. Lagoon home builders and resort officials were equally fearful. The ground swell of public indignation built up until it was reflected in the attitude of State Senators and Representatives. Many concurred with the boatmen. Governor Hughes - and, incidentally, I'm very much surprised this morning to hear of the good Governor's report through his Committee, when the Governor announced that he was opposed to a tax on boats. What is the complexion of this Governor's Committee? Where is there representation of any boating interest on that Committee?

By what authority has this previous speaker testified with respect to the interests of boating? You have had adequate representation from the New Jersey Taxpayers Association and other fine respectable gentlemen throughout the State, but nowhere on the Committee do you find the voice of anyone who had any knowledge of boaters and the matters affecting the boaters of this State.

Now we feel that Chapter 51 is the most inequitable, punitive and ominous demonstration of taxing power in the history of this State. It provides that all personal property, including boats, must be taxed at its site by the local assessor at the local tax rate based on fair market value. No exemptions are permitted. County tax levels vary but the average tax would be about \$4.00 a hundred of assessed valuation, or \$40.00 a year on a \$1,000 boat, \$200.00 a year on a \$5,000 boat, and \$500.00 a year on a \$12,500 boat. All of the tax goes to the area in which it is levied. And because of the variation in tax levels between counties the Legislature on May 18 passed Joint Resolution 9 ordering the Boat Regulation Commission "to determine a uniform method for the taxation," - and this is what we object to strongly, - "or other method of treatment in lieu of taxation."

The Commission has declared itself opposed to the tax, but must come up with an "in lieu" method. The principal one suggested is a yearly use tax like the registration fee on automobiles or airplanes. The airplane fee is based on a gross take-off weight and rises to \$1,000

a year. Such a tax on boats, based on gross weight or length, is unthinkable.

This is probably a preview of what we think of your bill, Senator, because we are definitely opposed to it.

SENATOR DUMONT: Well, I think, perhaps at this point, Mr. Mopsick, - and I don't mean to interrupt you - that we ought to get you straightened out on Chapter 51, perhaps. In the first place, as I pointed out here with Mr. Borden, Chapter 51 does not change the present law of the State, as it has existed for many years, one iota.

Now, let's get that clear to start with.

Secondly, you talk about Chapter 51 including boats at the site. It doesn't say a word about boats, it talks about tangible personal property.

MR. MOPSICK: Yes, sir.

SENATOR DUMONT: Well, that's all I have to say on it, but I think that we ought to be fair in our remarks regardless of how you feel about a particular thing, and that's why you are here today to state your feelings.

MR. MOPSICK: Yes. I am striving to be fair but in reference to your remark with respect to Chapter 51, not mentioning boats, true, but your administrators, particularly a Local Property Tax Procedure Pamphlet, paid for by the State of New Jersey, put out by the Department of Treasury, Division of Taxation, puts as an example the taxable value under Regulation 16:12-3.130, "Example: The fair market value of a private boat not used for business is \$3,000. The percentage level in effect

in the county is 50%, the taxable value is \$1,500."

SENATOR DUMONT: Mr. Mopsick, Chapter 51 itself still doesn't say anything about boats. And we know and you know that boats could have been assessed for many years if the assessors had wanted to do so.

MR. MOPSICK: That's true. May I continue, sir?

SENATOR DUMONT: Go ahead. Thank you.

MR. MOPSICK: Boatmen are already paying the State \$6.00 every three years for their boat registration numbers. They are paying over two million dollars a year to the State in taxes on fuel consumed by marine engines. They are paying many millions more in related costs of just owning and maintaining their boats. They are a major contributor to New Jersey's \$2 billion resort industry.

Now, the State says that it has appropriated about \$300,000 each of the last two years for dredging, when millions are needed to restore our channels to anything like a semblance of safe highways.

There are only six paid marine patrolmen in the entire State, and no effective efforts to stop the dumping of municipal sewage and industrial wastes into our once beautiful waters. And as one yachtsman put it, for all we boatmen contribute to the State economy "we are provided with the most notorious, polluted, obstacle-strewn section of the inland waterway along the entire Atlantic Seaboard."

Now, the following significant facts, which were previously published in a statewide newspaper, state our reasons for our opposition to the present tax on boats.

1. The tax will force many vessels to leave the harbors and waters of New Jersey with the inevitable result that the State will suffer a substantial decrease in the collection of both fuel taxes and fees from boat registration. The primary reason for this boat exodus is that no state contiguous to New Jersey has a personal property tax and in every case their boating costs are comparable to or less than in New Jersey.

2. Continuation of the present tax will have an even greater impact on the general economy of the State's resort and recreational businesses. Losses of revenue would occur not only in marinas, boat yards, boat clubs, marine supply stores and services directly connected with boating, but would also adversely affect hotels, motels, restaurants, beach clubs, food suppliers, real estate, fishing activities, amusement facilities, and many others.

3. If the tax is continued, and many boats leave the State, there will certainly be a substantial increase in our unemployment figures for the shore and lake areas. Those who could not obtain work elsewhere, will be forced to seek State Aid. This, of course, will place additional burdens on the taxpayers.

4. The mechanics of applying the personal property tax are so difficult that a fair and equitable assessment of all boats within any given area borders on the impossible. Many representatives of the State's 925 assessors have admitted publicly that they are not qualified by training or experience to make an accurate assessment of boats.

5. Power boats now pay substantial amounts to the State in the form of fuel taxes and numbering and registration fees. This is a repeat but I think it's worthwhile repeating. The aggregate amount of these taxes is reliably estimated to be \$1,900,000 per year. Of this amount, a very modest sum is being allotted each year to promote the development of our boating facilities. During 1963 the total amount used for this purpose was about \$300,000.

These facts of conditions, Senator, are already upon us. Boats have been leaving the State bound for permanent moorings in New York, Pennsylvania or Maryland. Unemployment is evident in a few areas. Tax Assessors have started gathering figures for their assessments, but they are not happy about having to do it.

The Federation is equally opposed to the proposed exemption being limited to only "pleasure boats." In other words, Senator, under Assembly Bill No. 765 they say: "All boats used solely for the pleasure and recreation of the owner." We feel this is not to the better interests of our State and to boatmen. We feel that the exemption, if applied, should be to all boats.

The boating industry in New Jersey has long been a "border-line industry." It is made up, in the main, by a hardy group of our citizens who work at a seasonal occupation in areas of our State, that make their very economic existence dependent on our natural resources. The Legislature has recognized this situation many times in

the past, an example of which is the present exemption of marine fuel taxes in the cases of motorboats used for commercial fishing and fishing parties.

Senator, it does not seem logical for you, or your associates, to give with one hand and take with the other.

The proposals to increase registration fees by one basis or another, and using this means to supplement the general funds of our State, is, in our opinion, illegal.

The Federal Bonner Act, under which states were given the right to number boats, says in part: "The states may charge fees in connection with the award of certificates of numbers and renewals thereof."

Furthermore, you are not helping the financial plight of our State with this alternate attempt at taxation, by taxing boats, because we feel that under existing law, and it is our contention that all such funds are dedicated under R. S. 12:7-34.48 for the purpose of the continuous administration of the Act and are further appropriated for the purpose of dredging and maintaining lakes, waterways and streams of this State.

In conclusion, Senator, this is our final thought. Millions are being spent by our State agencies to attract industries to our State to bolster our economy. We have a name given to one of our major state agencies, to wit: The Department of Conservation and Economic Development. Now, that name speaks for itself.

Here we have a native industry created by our great natural resources that needs development and encouragement.

Instead, you are presently considering bills that would destroy it through taxation.

We, therefore, urge you, as we do, to oppose any additional registration, licensing or other discriminatory fees on all boats or on our allied boating industry in lieu of the personal property tax.

SENATOR DUMONT: Well, now, first of all, I think it's clear that both of these bills eliminate non-commercial boats or pleasure boats from the personal property tax. So you haven't any problem with these bills, either of them, on that score.

MR. MOPSICK: We wouldn't if you stopped right there, Senator. But why go that step further? Why not let well enough alone? You're doing a good thing. Exempt the boats from the personal property tax. You have a registration, you have a numbering act, and that's registration. You know --

SENATOR DUMONT: Let me ask you a question. Isn't it true that a boat 110 feet or more in length pays \$2.00 a year, like a boat less than 12 feet in length, today?

MR. MOPSICK: That is true. But, Senator, do you realize that that 110 foot boat contributes more to the economy of our State than you could possibly collect in taxes; that that 110 foot boat docks, say, in Sea Bright, New Jersey and spends thousands and thousands of dollars in stores for food, for liquor, for gas?

SENATOR DUMONT: Well, if it spends that much, may I not ask you the additional question of whether an additional \$75.00 a year could not be afforded by the owner

for a registration fee?

MR. MOPSICK: We are now talking about the over-all economy of our State.

SENATOR DUMONT: Yes. I'm interested in that the same as you are.

MR. MOPSICK: And here you are, through discriminatory fees, driving away some of these men. These men are men of principle; they're fighters; they're sportsmen. They won't bow their heads to this thing. They'll take their 110 footer and just as easily dock it in City Island or dock it somewhere else.

SENATOR DUMONT: What would they have to pay there?

MR. MOPSICK: Nothing. Nothing outside of a New York registration fee of \$10.00 for 3 years on their 110 foot boat. And they'll support City Island marinas and docks and boat places, have their repairs made there, employ New York State citizens. And they get their money back on their gasoline fuel taxes, too, marine taxes in New York. They get it back in Connecticut. They get it back in Massachusetts, and Rhode Island.

SENATOR DUMONT: Well, in other words, you are against everything except complete exemption.

MR. MOPSICK: That is correct. I'm for the State of New Jersey. I'm for a strong economy in our State.

SENATOR DUMONT: Well now, Mr. Mopsick, so am I. And that's a rather peculiar distinction to make.

MR. MOPSICK: May I continue my statement. No,

may I say this, Senator. When I say I'm for a strong economy, I feel that this vehicle to try to raise pennies through destroying an industry in meeting a very basic tax problem in the State of New Jersey is doing it the wrong way. This is a problem that has to be met on a broad basis. You can't pick segments of your economy and tax them out of existence. If we're facing up to a problem, let's do it the right way.

SENATOR DUMONT: Oh, I don't think you need to tell me that. I think you are thoroughly familiar with my tax viewpoints as expressed many times in the past.

MR. MOPSICK: Exactly. That's why I'm very much surprised, Senator, that you have even put your name to this bill.

SENATOR DUMONT: You say that these fees are illegal, and I thought you said so under the Bonner Act. Then how do they justify them in Michigan and Idaho and Florida and other states?

MR. MOPSICK: Justify what, Senator?

SENATOR DUMONT: Registration fees.

MR. MOPSICK: Well, you're getting a registration fee here, Senator.

SENATOR DUMONT: \$2.00 a year, regardless of the size of the boat.

MR. MOPSICK: Here, let me read this to you. This is your State of New Jersey Department of Conservation and Economic Development.

SENATOR DUMONT: I have one in my pocket, Mr. Mopsick.

MR. MOPSICK: Right. Well, let's read it together. "Boat registration" - it says so, you are not adding anything new to the picture in the State of New Jersey by calling it a different name. It's the same thing.

SENATOR DUMONT: Let me ask you something further. How many of these boats out of the 200,000 are more than 16 feet in length?

MR. MOPSICK: Well, that's a statistical question that could be found out but I wonder why you ask that question.

SENATOR DUMONT: Well, simply because of the fact that all the boats under that length here would be paying no more, some of them would be paying less, than the registration fees they pay today.

MR. MOPSICK: Senator, our position is that the authority of the State is merely to give boats numbers, register boats, charge a reasonable registration fee. It's done purely for the sake of safety. It's done for the purpose of being able to trace boats in the event of a theft. This is not a money-raising type of thing. The fees that are to be collected from registration are to take care of administration of this particular boat numbering act.

SENATOR DUMONT: Well, I don't think anybody could deny the fact that a \$2.00 fee a year on a boat 110 or more in length is quite a reasonable registration

fee, as it stands today.

MR. MOPSICK: It costs no more to process the listing and registration of a 110 foot boat, administrative-wise, than it takes to register a 15 foot boat.

SENATOR DUMONT: It costs much more to buy it, however.

MR. MOPSICK: But then, again, we are getting back to our original argument. Why do you want to chase these big fellows out of the State.

SENATOR DUMONT: We are not trying to chase anybody out. You want exemption from personal property taxation. Both of these bills permit that for pleasure boats, non-commercial boats. Now you also want to enlarge that to commercial boats which, as a matter of fact, Mr. Borden recommended.

MR. MOPSICK: I was really surprised at that. But I will say this, that is no reason for not exempting your commercial boats. You're going to hit them with the personal property tax anyhow.

SENATOR DUMONT: Not if you exempt them from personal property taxation, Mr. Mopsick.

MR. MOPSICK: Well, you are doing it in your bill. You are eliminating commercial boats so you can exempt them from personal property tax or rather exempt them from registration.

SENATOR DUMONT: I think that the costs that you recited in your presentation there were far in excess of any registration fees that anybody has proposed, as would happen under personal property taxation. You were talking

in terms of hundreds of dollars, and even thousands of dollars in some instances, under personal property taxation.

MR. MOPSICK: Senator, perhaps my perspective has not gotten across. You did say, you started saying it, - this is simply, in plain words, leave something good alone, leave something healthy alone, let's not destroy it. We are bringing in millions of dollars to our State economy. We are helping our native industries. Why look to this segment of your economy for a pittance when your problem won't be answered?

SENATOR DUMONT: How many pleasure boats do you estimate there are in the State.

MR. MOPSICK: 200,000.

SENATOR DUMONT: How many people did you say you represent in your organization?

MR. MOPSICK: 2400. Dues paying people. This is no paper organization. We put out a news letter and we speak for them. And this is not, as I said before, just a boaters group, this is an industry group as well. And you have a strange thing here. You have a volunteer group of citizens thinking for an industry, something that I think you'll never find, before or in the future. We are volunteers. We are here fighting for an industry of which we are not owners. We are contributors to this industry. We want this industry here in New Jersey. And we are not being paid for it.

SENATOR DUMONT: Well, I don't think I quite follow

your analogy to that but at the same time the substance of your testimony is that you want complete exemption for all kinds of boats from personal property taxation.

MR. MOPSICK: May I ask you why you don't follow my analogy, Senator?

SENATOR DUMONT: I'm a pleasure boat owner too. I don't consider myself an industry because I happen to own a pleasure boat.

MR. MOPSICK: No, I didn't mean it that way, Senator. If I said that, I'm wrong.

SENATOR DUMONT: Nor do I consider that I should be anything more than a volunteer because I own a pleasure boat.

MR. MOPSICK: Exactly. Senator, I own a boat. I'm happy to own a boat. I think it's a wonderful thing familywise and everything else. But owning a boat in itself carries with it a great many more things than just pure ownership. It's pride of ownership. It's maintaining a boat. It's keeping it in the proper manner. It's being able to traverse and being over the waters of the State that we love and are native to, and to do it in waters that we can have our children swim in, and do it in such a manner that we feel that we are safe in our pleasure.

Now, all these things tie in to you and I as boatmen. We want to see clean waters. We want to see a healthy industry so that when something is wrong with our boat it can be taken care of in our state by state

people. This is what I mean. And we volunteers are fighting for the industry. We are not the industry. We are contributors to it. We want them to be healthy, and perhaps selfishly because if they are not healthy we won't be healthy in so far as the maintenance of our boats are concerned.

SENATOR DUMONT: All right. Now, what you want then is complete exemption for commercial as well as non-commercial boats.

MR. MOPSICK: True.

SENATOR DUMONT: And I want you to be clear about one other thing, that Chapter 51 does nothing more than the present law of New Jersey has long since imposed, but it hasn't been enforced.

MR. MOPSICK: That's true.

SENATOR DUMONT: Now, let's get that straight here today.

MR. MOPSICK: I agree with you. And if I created any other impression, I didn't mean to do so. We have recognized this and as long as they kept the boats and boat owners out of the picture, then we were happy, but when the State comes along and in its own publication singles the boats out as an example of how to tax under this Chapter then we are going to speak up.

Senator, I feel that Senate Bill No. 405 should be entirely eliminated. You are revising something that has taken us years of effort to do in the Boat Registration Act. You are now treading on dangerous ground. We

merely ask you to give the exemption, the same as the Assembly has done but with that exception of business boats or, rather, commercial boats.

SENATOR DUMONT: So you want A-765 amended to add commercial boats by way of exemption.

MR. MOPSICK: Exactly, exactly, and if you feel at a future date --

SENATOR DUMONT: What do they pay by way of registration fees, \$2.00 a year?

MR. MOPSICK: They are documented, Senator.

SENATOR DUMONT: On what is the documentation based, a variance in fees, a scale of fees, or what?

MR. MOPSICK: No. A documentation is a federal procedure based upon a minimum gross tonnage wherein the Bureau of Customs is authorized under the Federal Act to register these vessels, and by doing so they are designated as documented boats. They are not subject to any state registration. They do not carry any numbers, they merely carry the name of their vessel and the port from which they have been documented.

SENATOR DUMONT: All right. Any questions of Mr. Mopsick? (No questions.)

MR. MOPSICK: Incidentally, I would like to put on the record that Mr. Stanley Zolto, the President of our statewide organization, is here with me.

SENATOR DUMONT: Do you want to say anything, Mr. President?

MR. ZOLTO: No. I think Mr. Mopsick did a good job.

SENATOR DUMONT: All right. Thank you very much, both of you.

MR. MOPSICK: Thank you.

SENATOR DUMONT: Mr. Harry Busch who is representing, I believe, the Power Squadrons of New Jersey.

H A R R Y B U S C H: Senator, perhaps it's appropriate that what I have to say be said now because I hear a great deal of conversation about a great many things, not all of which is accurate, and I have taken the trouble to work up some facts and statistics that I think should be of interest and certainly consideration.

SENATOR DUMONT: Now, Mr. Busch, before you begin, your name is spelled B-u-s-c-h, right?

MR. BUSCH: Yes, sir.

SENATOR DUMONT: And you are from Westfield?

MR. BUSCH: Yes, sir.

SENATOR DUMONT: And will you tell the specific name of the organization or organizations that you represent?

MR. BUSCH: All right. Well, I'll take it from here, Senator.

SENATOR DUMONT: All right.

MR. BUSCH: Remarks of Rear Commander Harry Busch, AP, Chairman of the Legislative Committee, United States Power Squadron, at the Senate Hearings on Boat Personal Property Tax and Registration Fees, Trenton, New Jersey, 25 November 1964:

The United States Power Squadrons, currently celebrating their 50th Anniversary, is the largest organization of its kind in the world dedicated to teaching the art of handling and the navigation of small boats. My committee is charged with disseminating information concerning new and pending state and federal laws affecting waterways and boating to our 60,000 members and countless thousands who take our free piloting course. In order to comply with the law, a boatman must first know the law.

I testify today as a friend of this hearing. While facts and figures herein furnished might not substantiate or support plans for increased taxes or fees on boats, they nonetheless befriend the hearing by providing a basis upon which to be guided. Attending regional and national meetings of state boating law administrators throughout the country, I return to my native state of New Jersey appalled at the contrast in emphasis at the state level.

Many states have very qualified administrators, such as Commander Thorp, U. S. Coast Guard, Retired, in Pennsylvania, lifetime member United States Power Squadrons; William B. Matthews, administrator in Maryland where they boast a 150-man full time marine police force with over 60 patrol boats; and James J. O'Brian, dedicated Director of New York State Division of Motor Boats.

I know, from personal experience, the legislatures of these states seek and respect the judgment and opinions of these administrators when promulgating boating laws and

appropriating funds.

In order to put our thinking in proper perspective, first let us examine some figures that may enlighten us as to the size of the boating industry and its influence on our citizens and the economy.

U. S. Boating 1963 - all industry estimates based on registrations and sales figures - 38,390,000 persons participating in recreational boating - making use of the waterways more than twice during the year. I repeat, 38,390,000 citizens in this country participating in recreational boating.

\$2,581,000,000 in 1963 spent on the retail purchase of new and used boats, motors, accessories, equipment, fuel, insurance, docking, maintenance, launching, storage, repairs and club memberships. This compares, incidentally, with 10 years prior, 1953, a total expenditure of \$950,000,000 - \$2,581,000,000 in 1963.

7,678,000 total recreation boats used on waters in the United States in 1963, as opposed to 4,333,000 in 1952.

In 1963 there were 5,230 marinas, boat yards and yacht clubs with waterfront stations. There were 3,290,000 boat trailers in use.

I appreciate that these statistics are not easy to follow or of a consequence, except that I have taken the time to break them down as they apply to New Jersey.

Boating in 1963 in New Jersey breaks down as follows: The total percent of the national figure of

purchases for New Jersey is 3.142%, which puts us in tenth place behind New York at 8.9; California, 6.7; - I shall not go through them all. They are all on this paper which I will furnish.

Applying just 3% to the national figures, New Jersey has a total of 1,151,700 citizens participating in recreational boating and they spend \$77,430,000. This figure does not account for the large sums of money involved in the boat and accessory manufacturing business in our state. New Jersey has more boat builders than any other state in the United States and their boats are shipped all over the country and abroad.

A further breakdown by county of sales is as follows. This is a breakdown of the percent of National Sales and Dollar Volume - 1963 - by counties. I will not go over them all but will give you a few.

Atlantic, where the percent is .208, the dollar volume is \$5,420,000.

Essex, where the percentage is .234, sales of \$5,936,000 - dollar volume.

Monmouth, \$6,610,000.

Ocean, \$9,033,500.

Salem, rather small, \$645,000.

Warren, rather small, \$645,250.

Bergen, \$10,065,900.

I picked some of these at random. They are available. The intent is to put in perspective here what we are talking about.

A comparison of the registration rates of the Northeastern States - 1962, which are the latest figures I had available:

State of New Jersey - rate, \$6.00 - period, 3 years - exemption on tidal waters, 10 horsepower or less - taxes per gallon, marine fuel, 6¢ - refund, none.

Connecticut - rate, \$5.00 - period, 3 years - exemption, 5 horsepower or less - taxes per gallon, 6¢ - refund, full.

Delaware - \$3.00 - 1 year - no exemptions - 6¢ per gallon - full refund.

District of Columbia - \$3.00 - 3 years. They are still under the U. S. Coast Guard jurisdiction, or were at that time, so they exempt 10 horsepower or less. Marine fuel tax - 6¢ - refund, full.

Pennsylvania has a recently enacted law and the figures I have here don't reflect what their rates are. I don't know them.

Maine - \$3.00 - 3 years - 10 horsepower or less - taxes per gallon, 7¢ - refund, 6¢.

Maryland - \$6.00 - 3 years - under 7 1/2 horsepower and sail under 25 feet are exempt - tax, 6¢ - refund, full.

Massachusetts - \$5.00 for the original registration and \$3.00 for each renewal, for a period of 1 year - exempt, under 5 horsepower - marine fuel tax, 5 1/2¢ - refund, full.

New Hampshire - \$3.00 - 3 years - still under the

Coast Guard, or were at that time - marine fuel tax, 7¢ - refund, full.

New York - \$3.00 for under 16 feet, \$6.00 for 16 to 26 feet, \$10.00 for over 26 feet - period, 3 years - marine fuel tax, 6¢ - refund, full.

Rhode Island - \$3.00 - 3 years - nothing exempt - 7¢ fuel - full rebate on fuel used in navigable waters.

I picked this group out because we are members of the Northeastern States Conference, of which Peter Gannon is recent Past President.

I also have West Virginia - \$5.00, original, \$2.00 for renewal - 1 year period - exemption 5 horsepower - 7¢ gas tax - full refund on fuel used on navigable waters.

Vermont - \$5.00, 16 to 26 feet; \$10.00, 26 to 40 feet; \$20.00 over 40 feet - period is 1 year - fuel tax is 6 1/2¢ - refund is none.

Respectfully submitted, Harry Busch, Rear Commander, United States Power Squadrons.

SENATOR DUMONT: Now, Mr. Busch, how many members do you have in the Power Squadrons in New Jersey?

MR. BUSCH: I have to think a moment, with New Jersey split into two districts, District 4, which is part of New York and New Jersey, and District 5, which is part of South Jersey and Maryland. I would judge about 5,000.

SENATOR DUMONT: Now, as I understand it, you didn't make any comment about these bills but I gather from your testimony that you favor the exemption from personal property taxation of all boats, commercial as

well as non-commercial?

MR. BUSCH: Let me clear one point. The United States Power Squadron is a dedicated teaching organization enjoying tax exempt status. We do not lobby. I am not here lobbying. I brought my facts and figures before this Committee in the hope that it would enlighten both the Chair and the people in the audience as to exactly what they were talking about and have some perspective.

SENATOR DUMONT: Very good.

Are there any questions of Mr. Busch?

Thank you very much, Mr. Busch.

Well, I would like to point out before we go any further that on my right is Senator William Kelly of Hudson County, a member of the Senate Committee on Revision and Amendment of Laws; and over here, sitting rather modestly over there, are Senators Hunt from Gloucester County and Forsythe of Burlington County, both of them co-sponsors of Senate Bill 405. Why don't you come up and join us, gentlemen.

SENATOR HUNT: Senator, we would like to but we have another meeting scheduled in about 15 minutes.

SENATOR DUMONT: Yes, I'm supposed to be at that too.

SENATOR HUNT: We came in to lend moral support.

SENATOR DUMONT: Thank you very much. I sure can use it.

I would like to call next on Mr. Campbell, Robert F. Campbell, as a representative of the Boat

Regulation Commission of New Jersey.

Mr. Campbell, you are here representing the Commission in place of the Chairman, is that right?

MR. CAMPBELL: Yes, sir. I'm here officially representing the Commission in place of the Chairman, Jack Sullivan, who was unable to be here today.

SENATOR DUMONT: And your home is in Somerset County, is it not?

MR. CAMPBELL: No, sir. It's in Monmouth. I used to be a neighbor of yours but I moved.

SENATOR DUMONT: Right. Go right ahead.

R O B E R T F . C A M P B E L L : The Boat Regulation Commission has made a study of the tax problem. This study has been referred to and alluded to here several times today.

I would like to take the time to read the full report of the Commission, with your indulgence. It will not take too long.

SENATOR DUMONT: Go right ahead.

MR. CAMPBELL: A covering letter addressed to the Honorable Richard J. Hughes, Governor, and to Members of the State and General Assembly of the State of New Jersey. This letter is signed by Jack Sullivan, Chairman.

"I have the honor to transmit this special report of the New Jersey State Boat Regulation Commission, pursuant to Chapter J. R. 13, P.L. 1964 (S.J.R. No. 9), approved May 22, 1964.

"This resolution directed the Commission to study and determine a uniform method for the taxation, or other method in lieu of taxation, of boats.

"The report was the result of many meetings of the Commission both public and in executive session, as well as the individual efforts of the Commissioners. One public hearing was held."

I might add that we held only one scheduled public meeting because every one of our regular meetings was open to the public and they were well attended. So, in effect, we felt that we were killing the two birds with one stone by keeping our meetings open to the public.

"It was tentatively approved in executive session on October 19, 1964 and was formally adopted without change at a regular meeting called for that purpose on November 18, 1964.

"Although the Commission was given until March 1, 1965 to submit its findings, it was deemed advisable to formalize and submit it at this time. Respectfully submitted."

The following resolution - well, that's just the formal resolution adopting the tentative one. Here is the report:

"To the Honorable Richard J. Hughes, Governor, and Members of the Legislature: Acting upon instructions contained in Chapter J. R. 13, P. L. 1964, the Boat Regulation Commission has reviewed and studied the problem of taxation on boats. After serious deliberation at many

meetings, the Boat Regulation Commission submits the following findings and recommendations:

"1. Chapter 51, Laws of 1960, as amended, states 'Tangible personal property not used in business, other than tangible household personal property and personal effects, shall be assessed and taxed for local use at the general tax rate of the taxing district wherein such property is found. Such property shall be assessed according to the fair market value thereof, and the assessment shall be expressed at that percentage of such fair value as is established pursuant to law as the percentage level for the taxation of real property within the county in which the municipality is located. The taxable valuations of tangible personal property determined under this section shall be included by the assessor of each taxing district in his tax list and duplicate required to be filed on or before January 10 in each year.'"

This is another finding: "No. 2. Application of Chapter 51, Laws of 1960, as amended, to boats will force many vessels to leave the harbors and waters of New Jersey, with the inevitable result that the State will suffer a substantial decrease in the collection of boat fuel taxes and fees from boat numbering and registration. The primary reason for this boat exodus is that no state contiguous to New Jersey has a personal property tax and in every case their boating costs are comparable to or less than those in New Jersey.

"3. Continuation of the present New Jersey

personal property tax on boats will have an even greater impact on the general economy of the State's resort and recreational businesses. Losses of revenue would occur not only in marinas, boat yards, boat clubs, marine supply stores and services directly connected with boating, but would also adversely affect hotels, motels, restaurants, beach clubs, food suppliers, real estate sales and rentals, over-the-road automobile fuel taxes, fishing activities, amusement facilities and many others.

"New Jersey's resort and recreational facilities have shown consistent growth for many years and business developed is expected to reach two billion dollars for the year 1964. If personal property taxes are applied to boats, recreational and resort growth could become stagnant, employment would be reduced and those who could not obtain work elsewhere, would be forced to seek state aid for support of their families.

"4. The mechanics of applying the personal property tax are so difficult that a fair and equitable assessment of all boats within any given area borders on the impossible. Many representatives of the State's 925 assessors have admitted publicly that they are not qualified by training or experience, nor do they have a large enough staff to make an accurate assessment of boats, thus perpetuating an unfair and inequitable tax assessment.

"5. Power vessels now pay substantial amounts to the State of New Jersey in the form of fuel taxes and

numbering and registration fees. The aggregate amount of these taxes is reliably estimated to be \$1,900,000 per year. Of this amount, a very modest sum is being allotted each year to promote safety for persons and property, to provide better waterways and to promote the development of boating facilities. During the year 1963 the total of all monies allocated for the foregoing purposes amounted to approximately \$300,000.00.

"In view of the serious impact which an exodus of boats could have on the economy of this State, if boats are assessed and taxed under Chapter 51, Laws of 1960, as amended, and since power vessels are already paying substantial taxes to the State of New Jersey in the form of fuel taxes and numbering and registration fees, the Boat Regulation Commission makes the following recommendation:

"BE IT RESOLVED, that the laws of the State of New Jersey be amended to provide that any boat moored, docked, or otherwise stored in the state not used in business shall be exempt from all personal property taxes.

"BE IT FURTHER RESOLVED, that the Boat Numbering Act of 1962, Chapter 73, P. L. 1962, be amended to include power vessels of 10 horse power and under.

"To accomplish these two recommendations, the Boat Regulation Commission recognized the necessity of

registering and numbering all power boats including those of 10 horse power and under. Failure to do so would invalidate one of the two principal reasons for seeking the tax relief. Furthermore, exempting only those boats now required to be registered, i.e., those of over 10 horse power would not only be unfair but would probably be invalidated as class legislation.

"The additional registration would also bring about uniformity within the State since registration and numbering of all power vessels is now required on non-tidal waters of New Jersey. Registration and numbering of power vessels is also required in all bordering states.

"The additional registration and numbering of the smaller boats would not materially increase the present costs of administration since the Boat Numbering Section is already organized. In fact, since all registration and numbering fees under present law must be allotted to improvement of the waterways, direct benefits would accrue to New Jersey boatmen. Respectfully submitted, Jack Sullivan."

This was signed by all Commission Members, including Ex Officio Member Robert A. Roe, Commissioner.

SENATOR DUMONT: Now, on this recommendation, first of all you recommend exemption for all non-commercial or pleasure boats, how do you feel about commercial boats being exempted from Chapter 51?

MR. CAMPBELL: Senator, as the official representa-

tive of the Boat Regulation Commission I can only stand on exactly what I have read. If you ask me the same question not as the representative of the Commission but as a plain boatman, like anyone else in the room, I would be happy to answer it on that basis.

SENATOR DUMONT: Well, I will ask it of you that way then. How do you feel about it?

MR. CAMPBELL: I feel that it is quite essential that commercial boats, somehow or other or by some means or other, be exempt from the taxes, the personal property taxes under Chapter 51 which, as you know, is under a separate section not covering personal property of individuals.

This is all one ball of wax. The Boat Regulation Commission could not make a recommendation to exempt commercial boats because it had to follow the direction given by Senate Resolution No. 9 which restricted it to considering only pleasure boats.

And, incidentally, I think maybe I have gotten the cart a little bit before the horse here. I seem to detect a pattern here of each speaker identifying his organization as well as himself. I might for the information of those who are not already knowledgeable about the Commission say that it is an official New Jersey State Commission appointed by the Governor under the law. It is a Commission like other organizations - we, too, are non-profit, not paid, and I, too, came down here at my own expense, Senator, for which I don't really expect to get any real orchids.

The Commission is very much misunderstood, occasionally abused. Its powers and limitations are very narrow. The Commission is charged with and restricted to only drafting regulations for the control of pleasure boats.

Now, the authority to get into the tax matter came as a result of an additional law, but the day by day and year by year existence of the Commission restricts it only to drafting regulations, thus it has nothing to do with dredging, marine police, or any other activities.

Nonetheless, the Commission did detect this tax situation, not last May but well over a year ago. And I might straighten out a few misunderstandings here in this room. The tax has been applied for four years. It has been applied largely in Cumberland County with quite disastrous results.

SENATOR DUMONT: That's the personal property tax?

MR. CAMPBELL: Personal property tax. It was started four years ago. And as some of these gentlemen have explained, it was quite disastrous. It caused boats to move from one side of the river to another. It emptied one marina that had 45 slips, and 40 of the 45 boat owners promptly left, and left the marina owner in dire straits, losing almost all of his business in a few days.

There are many other examples of what happened in South Jersey and Cumberland County, and all of these were investigated by the Boat Regulation Commission.

Now, the Commission, when it first got into this business, very quickly determined that the first section of

the directive from this Senate could not be accomplished, at least not by us. We saw no way, no possible way to make a personal property tax equitable. So we cast that aside almost from the start and took the second part of the directive which was to come up with a system in lieu of a personal property tax.

SENATOR DUMONT: Which is to impose the registration fees on all boats of less than 10 horse power. Is that correct?

MR. CAMPBELL: Which are not now registered. Many of them are. If they are on a fresh water lake, they are.

Now, secondly, we determined that this was only - only a small portion of the problem was a tax problem or a money-raising problem but actually it was an economic problem. And the further into it we got, the more deeply involved we became, the more we became convinced that many of the things that have been said here today are in fact very true.

We did examine various schedules of fees. We, too, consider it either on a horse power basis or on a length of boat basis, having a sliding scale. However, at no time did we give any serious consideration to any scale that would be in excess of that currently charged for automobiles.

SENATOR DUMONT: You mean ten, fifteen and twenty-five dollars.

MR. CAMPBELL: Twenty-five dollars.

SENATOR DUMONT: As a maximum, \$25.00.

MR. CAMPBELL: As a maximum \$25.00. We quickly abandoned that and we investigated a schedule ending at \$10.00. We abandoned all of these scales and we abandoned them on this bases, that we felt that just as the personal property tax would surely and inevitably kill the goose laying the golden egg, - these things are true - drive boats out of the State, - we know this because we know that boats in Pennsylvania right now have a \$6.00 registration fee and they can get it for \$2.00 in Jersey and they come over here by the hundreds. And the same thing can happen with Jersey with the imposition of any fee schedule that the Commission believes to be too far out of line with surrounding states. And, incidentally, all of them register all power boats regardless of horse power, that is, New Jersey, Delaware, Pennsylvania and New York.

The greatest fee charged is \$6.00. That is in Pennsylvania.

We admit that this is not a system according to our modern concepts of taxation of applying the tax according to the value of the property or the amount of income or what not, but we deferred from that on the basis that it was far more important to the economy of the State, number 1, to keep the boats in the State than it was to obtain any revenue or any additional revenue. The \$2.00 that would be derived from registering the smaller boats is not a revenue producing amount. There are perhaps 50,000, at the most, unregistered boats, small, under 10

horse power. So it is not a revenue producing measure.

We also felt that if additional revenue were required it could be considered separately and at a later date. And we have full confidence in this body, in the Senate, in the Legislature, in listening to all reasonable plans or proposals to increase fees at any time if the need were demonstrated.

We believe also that the boatman of New Jersey is willing to pay his own way. As we know, you are a boatman and all of us are boatmen, and we don't feel that there are any real freeloaders. It's all a question of, first, explaining to the boatman that he is getting a return even on the \$2.00 fee, all of which, incidentally, by law must go into the dredging fund after the administrative costs.

Now, with your schedule, I would compliment you on the fairness and the equity of the schedule as you have outlined it. Certainly everything that has been said, the 26 foot garvey compared with something else is an indication only that we are human beings. You can't achieve absolute equity in taxation. You can't ever achieve it. We don't do it with our automobiles.

I think this is a very fair schedule. But I think, from the testimony here today, that you gentlemen should give consideration to lowering this schedule so that you don't price the State out of the market.

These are not idle threats that anyone is making, these are actualities. Already we have seen a number of

boats that have left New Jersey and gone to Chesapeake Bay. I took a three day trip down there over Columbus Day Holiday and I don't know how many boats are down there right now with New Jersey registration numbers on them.

Secondly, you could and certainly would drive out the storage boats. Many, many boats that are registered in New York State and Connecticut and sailed in Long Island never see the waters of New Jersey until the 1st of November. They are then brought down here for storage purposes and a good deal of our economy depends on those boats.

There is no provision in your bill to protect an out-of-state boat. You require them to be registered and if he's a big fellow you say he must pay \$75.00. Well, he won't do it. He'll bypass us and go down to the Chesapeake.

Your \$6.00 fee for three years, regardless of length, for commercial vessels - the Commission again had another reason for not tackling the commercial vessel and that is that registration is virtually impossible. It is contrary to law and you cannot require a commercial vessel to be registered if it is already documented, and most of them are documented. So your registration fee needs further examination along those lines. Under the Bonner Act we are prohibited from registering documented vessels.

Now, further than that I have nothing more to add.

I would be glad to answer any questions. I would like to say, since a few kind remarks have been dropped here about the Boat Regulation Commission I would like to explain that it is a completely non-profit, non-political body, non-paid body of boatmen, and the junior member on the Commission has had 40 years of experience on the water, the others have had more, so we are not neophytes.

I will answer any questions that may be asked.

SENATOR DUMONT: Then the substance, Mr. Campbell, of what you recommend here is that you as an individual would recommend the exemption of commercial boats from the personal property tax.

MR. CAMPBELL: Yes, sir.

SENATOR DUMONT: And as a member of the Commission you would recommend the exemption, of course, of all pleasure or non-commercial boats.

MR. CAMPBELL: Yes, sir.

SENATOR DUMONT: And, secondly, that boats of less than 10 horse power should be registered.

MR. CAMPBELL: Yes, sir.

SENATOR DUMONT: At the usual \$2.00 per year registration fee.

MR. CAMPBELL: That's right.

SENATOR DUMONT: And, furthermore, I gather that you feel that any increase in the present registration fees, even though this might on the face of it seem fair in the bill, would do more harm to the economy of the State than it could possibly produce in the way of revenue.

MR. CAMPBELL: I think any substantial increase, Senator, would be disastrous.

SENATOR DUMONT: Therefore, you believe that there should not at this time be any increase at all in registration fees. Is that right?

MR. CAMPBELL: I think it should be considered merely as a tax relief matter at this time. If we need more money to dredge harbors and what not, the boatmen would be glad to pay it. We could come back a year from now and say, "Look, we just can't give the services. Here's a schedule." But now the most important thing is to relieve this -- Senator, let me tell you, I can take you to men who have signed orders for Owens and Chris Crafts amounting to \$18,000 and \$25,000, dealers, with the stipulation that if this tax is not repealed, no deal; if the tax is repealed, I'll buy the boat. That is how serious it is. That is what we've been struggling with, to get the awareness of the immediacy of this problem.

MR. MOPSICK: Senator?

SENATOR DUMONT: All right, Mr. Mopsick.

MR. MOPSICK: To set the record straight, with authorization of the Executive Group of the Federated Boatmen of New Jersey, we wish to commend the New Jersey Boating Commission for this fine report, although we differ with them with respect to the additional registration of the under 10 horse power.

MR. CAMPBELL: Thank you, sir.

MR. MOPSICK: And we wish the record to be

corrected where we previously said - we learned differently about our interests not being protected by the Boating Commission. We feel that this report is exhaustive and the result of a great deal of effort on our behalf by non-paid citizens, such as we, and we welcome their support and congratulate them on their report.

MR. CAMPBELL: Thank you very much.

SENATOR DUMONT: Well, I think that that's well spoken and also that we all stand corrected in that there haven't been any personal property taxes levied on boats under the old law because you pointed out that there was an instance in Cumberland County over the last four years where this has been done.

MR. MOPSICK: Yes, we'll accept that.

SENATOR DUMONT: So will I. All right, Mr. Busch.

MR. BUSCH: Something was said here, and since I'm here in the guise of presenting information that will be helpful - something was said here by Mr. Campbell that I think bears a little explanation.

He spoke about the exodus of boats from New Jersey to Pennsylvania, and the reverse at the moment, because their rate and fee is higher.

There are two factors that very recently affect the possible exodus of New Jersey boatmen in the north to New York State, one is the completion of the Throgs Neck Bridge - and I had occasion recently - - it takes me an hour and twenty minutes to get from Westfield to Toms River to boat, and I found that I could go an hour and

fifteen minutes in another direction and across the Throgs Neck Bridge and get to Manhasset Bay and Port Washington, Long Island, in a like amount of time. And, very candidly, there is no comparison in the cruising waters, if that's what you are looking for. I'm certain no one here would compare Barnegat Bay with Long Island Sound as a playground for boating. And now, with the Verrazano Bridge, we open the door for an even easier removal to get to a boat located other than in New Jersey.

So, it's purely a geographic observation but nonetheless one that would simplify this problem of people leaving by reason of what they thought might be excessive fees.

SENATOR DUMONT: Thank you, Mr. Busch.

Senator Kelly, do you have any questions you would like to ask of Mr. Campbell?

SENATOR KELLY: Just one question, Mr. Campbell, concerning the report. The report mentions that the application of the personal property tax to boats would be a virtual impossibility, and the fact that the assessors indicate that they are not staffed for such an operation. Did the assessors give any other reason, besides understaffing, for the impossibility of the application of the personal property tax on boats?

MR. CAMPBELL: Yes, sir. The assessors pointed out very clearly that assessing a boat is one of the most difficult procedures of all classes of property.

You know, as a boatman, that if you want to buy

a boat you have it assessed. It takes a marine surveyor for a little 26 foot boat about 4 hours climbing into the boat, testing the engine and checking the bilges, and there are just a thousand things that have to be done, and then he comes up with a fair figure.

Now the assessors claim, and rightfully so, that they don't have the professional skill to do that. It's easy to assess an automobile. It's comparatively easy to assess a house, or even a piece of furniture, but a boat is a peculiar animal and it almost takes a marine architect to be able to come up with a correct assessment, and these people know that.

SENATOR KELLY: Well, in other words, it has been indicated the tax was imposed in Cumberland County and caused problems. But so far as the impossibility of applying the personal property tax, do you have anything on their experience?

MR. CAMPBELL: On their experience, Senator, they are crying - unfairness, discrimination, unfair assessments. The individual boatmen say, "My boat is not worth nearly as much as you say it is, and his boat which is assessed at less is worth twice as much." And they are right.

SENATOR KELLY: For the reason that the assessors are not geared in the sense of being expert concerning boats.

MR. CAMPBELL: That's true, yes, sir.

SENATOR DUMONT: Now there was a gentleman over here who had a question. Would you identify yourself,

please.

GRANT BAUER: Yes, I'm Grant Bauer from New Jersey Yacht Sales.

I think the Boat Regulation Commission has taken a constructive tack in examining this problem from an economic standpoint.

I would like to make a few comments just from the standpoint of the industry.

SENATOR DUMONT: Well, just a minute Mr. Bauer. Are you listed here to testify?

MR. BAUER: No, I'm not.

SENATOR DUMONT: If you want to say something in detail, I think you ought to be added to the list rather than speak now because there are others who have entered their names already and we don't want to delay them unduly. We would be glad to have you testify but I don't want to take too much time at this point away from others who did write their names down in the beginning.

Now, if it is merely a commendation you want to give the Boating Commission, that's certainly in order but if it's a matter of expressing thoughts of your own, as to how you feel on the legislation or other things, I would rather have you testify this afternoon when we can give you more time on it.

MR. BAUER: Mainly I want to make a few comments on Mr. Campbell's report, sir.

SENATOR DUMONT: Well, would you make them quickly,

then, please.

MR. BAUER: Sure. I think he made a very good point in that you can't afford to charge - from the practical standpoint you can't afford to charge excessive fees for boats. You may feel that something is a fair setup in comparison with value but I think if you examine the registration in the State right now you won't find more than a half dozen boats over 65 feet that are registered with the State. Most of these boats are documented at the present time, even the pleasure boats. So you are not going to get any revenue, you are just going to lose more of these boats as New Jersey registrations.

I would also like to point out that in Florida this boat tax was a county permissive thing, as I understand it, and most of the counties declined to use the boat tax. Broward County did not accept it, whereas Dade County, where Miami is, did. And this was one of the prime factors that lead to the moving of the center of boating in Florida up to Fort Lauderdale from Miami.

Also I would like to point out that our industry is a marginal one. We have probably, I would guess, as high a percentage of mortality in the boating industry as any industry in the State. This is perhaps due to the high tax burden on realty that we are presently bearing. And if we are going to keep boating attractive for this State, which we should by virtue of our natural

resources, we have to give the boating industry relief, not additional taxation. Right now we are not competing with surrounding marinas in such places as Stanford; Port Washington; Ocean City, Maryland; Georgetown; to name a few.

Thank you, sir.

SENATOR DUMONT: Thank you.

Is that right, Mr. Campbell, that this tax in Florida, or registration schedule, is permissive by counties? Do you know offhand?

MR. CAMPBELL: I thought it was by municipalities but Mr. Bauer knows far more about that than I do.

MR. BAUER: Dade County rescinded it, I understand, but they've never gotten their boating back, they lost it.

MR. CAMPBELL: It's on a county basis, in other words, and not a municipality basis.

MR. BAUER: Yes, sir, on a county basis.

MR. CAMPBELL: All right.

SENATOR DUMONT: All right, Mr. Mopsick.

MR. MOPSICK: One comment to Senator Kelly's interest in the assessor's position. This is an aside. This is a letter that was posted at a certain yacht club and it's from a tax assessor. It says: "Dear Sir: This is to inform you that I will not assess privately owned boats this year or next year. If I am forced to, I will give you ample time to remove boats. I am, yours truly."

SENATOR DUMONT: Well, he was giving plenty of notice anyway.

Are there any other questions of Mr. Campbell?

(Off the record.)

SENATOR DUMONT: Mr. Jay Clark, Director,
American Yachtsmen's Association.

J A Y C L A R K IV: Senator, I want to thank you
for allowing me to appear before lunch time but, as I say,
I do have to get back to Washington and I left rather
early this morning to get here.

I have just a few remarks to make that I feel
are pertinent. First, in regard to the question about
assessing boats and their worth. A boat, as we all know,
in the heat of the summer is worth considerably more than
when it's knee deep in the snow in wintertime. And maybe
you could get the assessors to assess all boats when
there is a lot of snow on the ground which might help
the boat owners.

So, it makes a very difficult problem in that
respect.

The Association is very much in favor of this
bill, 765. We would like to include commercial vessels
in that under the same scope.

We feel that all boats should be charged a fee
of \$2.00 a year.

Now, you plough up a few snakes in that regard.
That is to say, what do you do with the sailfish that
you have recommended. If you put a three inch letter on
a sailfish you're not really going to be able to see it

And when I say "all boats," I think I'm talking more about 15 or 16 feet or less. I think that that area should be explored a little more.

Now, in your bill, Senator, you have a schedule for taxation. And I would like to point out just one quick item, that you can pay \$3,000 for a 16 foot boat, you can pay \$3,000 for a 22 foot boat, and you can pay \$21,000 for a 22 foot boat. Now that's a pretty high price for a 22 foot boat, I know, but there is an Italian speedboat with twin Rolls Royce engines that costs \$21,000.

Now, I think by making the scope of the boat owners larger, by including additional people in this, it is a much more equitable type of program, instead of working it on a scale by either horse power or length or value in that you have so many variables to work with. It would be nice and simple just to say everybody pays \$2.00 regardless of whether you own a 400 foot boat or a 16 foot boat.

Now people say if you own a big yacht you can afford it. Well, why tax the man who has worked hard and made money and bought a big boat?

Now, I have a lot of criticism from my Maryland and Virginia and the District of Columbia members. We put out a newsletter every month and I have people in that area writing me and saying "Don't go down to New Jersey and fight that law. Let them pass it." because it brings more boats to the State of Maryland, the State of Virginia and the District of Columbia. Now, this is

an actual fact, this is happening. You can go to Annapolis Yacht Club and it's worth your life to try to find a slip. You can go to Harchies or any of the rest of them in our area and, Senator, you just can't find space and a lot of this space is now being taken up by New Jersey boat owners.

We have a lot of Pennsylvania members who own summer cottages in the State of New Jersey and it is just as easy for them to come to the land of sky blue waters on the Chesapeake Bay and do their boating there as it is to do it in New Jersey waters. And these people will do this.

Now, we have done a lot of mailing to New Jersey boat owners and asked them what they would do. Now it is ridiculous to assume that everybody is just going to get mad and leave the State of New Jersey. That's just not a fact, and we all know that. But there is going to be an exodus which will cause many hardships on a lot of your marinas and the employees that work in those marinas.

I was opposed - this is on an individual basis - to reducing the federal income tax. My feeling is, how can you pay the debt that you already have if you cut your source of income. Well, this has turned out to be false because more money is being spent and more money is being put into the economy and the government's income is increasing. And I think if you tax these boat owners, whether it's 16, 20, 50 or 100 dollars, whatever it is,

because you are penalizing them because they have a bigger engine on their boat or they have a 26 or a 30 foot cruiser, I think you are going to find that they are just hardheaded enough that they are going to leave your state. And I want to point out that I don't think it's going to be any mass exodus but I think you are kidding yourselves as to the revenue you can expect to get from the State of New Jersey boat owners.

Now you asked earlier where are the boat owners located, what size boats do they own? If you draw a graph and start with a 10 foot boat and that graph goes up ever so slightly to 16 feet, it will go almost vertical to 28 feet and it will come down just as rapidly. Your largest group of boat owners is between 16 and 28 feet.

Now it has become quite easy for a man today to buy an Owens 26, 28, 30 foot cruiser. And these people have saved money to do it. And you are just making it too expensive for them. They have overextended themselves to begin with, they shouldn't even own a boat because they seriously can't afford it but they have bought it. And you are going to run into all kinds of ramifications by not getting rid of this Title 51 and allowing these people to enjoy this recreation that they presently have.

I thank you, sir.

SENATOR DUMONT: Now, Mr. Clark, where did you say you were from, Washington, D. C.?

MR. CLARK: Washington, D. C., Yes, sir.

SENATOR DUMONT: Is that your home?

MR. CLARK: That's my home and that's where the Association's headquarters are.

SENATOR DUMONT: So that you have an opportunity to observe the rules and regulations and the laws in all the states of the east.

MR. CLARK: Yes, sir, but I am not well versed in all of them, you can rest assured of that.

SENATOR DUMONT: And it is your feeling that all boats, including those we now exempt, should be taxed at the \$2.00 registration fee or at least at some registration fee.

MR. CLARK: I feel that \$2.00 is a fair and -

SENATOR DUMONT: About right.

MR. CLARK: Yes.

SENATOR DUMONT: And, of course, they should be exempt from personal property taxation.

MR. CLARK: Yes, sir. I think that's the big stumbling block right there.

SENATOR DUMONT: Now, I recognize you are not from New Jersey but would you also be for including in the exemption commercial boats?

MR. CLARK: Yes, sir, I would. I think it's unfair to ask that segment to pay such a large tax. These people have an awful tough row to hoe as it is, and you are just adding a tremendous burden on them.

SENATOR DUMONT: Are there any questions? How about you, Senator Kelly? Any questions of Mr. Clark?

SENATOR KELLY: I have no questions.

SENATOR DUMONT: Well, thank you very much, Mr.

Clark.

MR. CLARK: It was my pleasure, sir. Thank you.

SENATOR DUMONT: We will adjourn for lunch until

1:35.

(recess for lunch)

0170

Afternoon Session

SENATOR DUMONT: Mr. Sayer, you come from quite a distance and I would like to hear your testimony next. You are representing the National Association of Engine and Boat Manufacturers. Is that right?

MR. SAYER: That is right.

SENATOR DUMONT: William R. Sayer.

W I L L I A M R. S A Y E R: Thank you, Senator, for allowing me to appear here.

SENATOR DUMONT: We are glad to have you.

MR. SAYER: I think it might be best if I preface my remarks by telling you who I am. From 1931 until the 12th of August of this year, I was a legal resident of the State of New Jersey and on the 12th of August, I retired from the Coast Guard after 22 years of service. It so happens that in the last seven years, I was directly connected with the development and the implementation of the Federal Boating Act of 1958. When that bill, now called the Bonner Bill, was under consideration and it appeared that it would be passed, I was assigned the job of working on the prospective regulations and the forms and the systems which that bill would require. So as a result, since 1957 until this year, I have travelled around through many states explaining how the states could qualify under the Federal Boating Act in order to assume the numbering functions for which that act provided.

Also, immediately upon retirement on the 12th of August of this year, I was appointed as a member of the Boat

Act Advisory Committee of the State of Maryland because I now live in Annapolis.

I saw your bill about eleven o'clock last night and I would like to discuss, if I may, certain aspects of the bill which do not relate to the tax angle. I think that it would be presumptuous of me to discuss the taxation which is contained in this bill. My only remark in that regard is based on my recollection of one of the reasons why the boat bill was not passed in a number of states for some years, and I think New Jersey had the same experience, and that was that some of those boatmen who were concerned with the bill and would be affected thereby were afraid that, to use their own words, "It was merely a foot in the door," and while the boat act was designed for safety, they foresaw the possibility that it could be used as a foot in the door for using the boats as a basis for taxation. That fear was not confined to New Jersey. That was expressed in other states. And it wasn't until they were satisfied by the development of advisory panels or advisory committees and things like that that the interests of the boatmen would be protected that they lent their support to the act rather than opposed it. That was especially emphasized over in the State of Pennsylvania. So now a number of states have these advisory committees or commissions, as you call it here. But the taxation through the use of the boat records was a matter of considerable concern before these boat acts were passed in a number of states.

Now with reference to Bill 405, in view of my sort

of paternal interest in all boat bills and the desire expressed by the National Association of State Boating Law Administrators on any number of occasions, uniformity is one of the objectives which all seem to hope for at least. In reading over the bill as drafted, there are certain things in it which I believe might cause difficulty in enforcement or interpretation if it was enacted just as drafted. You go into, for example, definitions. The definitions as applied in this act - and I have particular reference, for instance, to line 7 on page 2, where you define a power vessel. Now a power vessel under the rules of the road is a specific type of vessel. It is one propelled by machinery and I see that you have extended it to include a boat propelled wholly by sails. That interpretation, if projected throughout the whole law here, would have a confusing effect upon any regulations which might be promulgated by your Boat Commission with reference to the rules of the road or the lights or even equipment which is required under other portions of the law. For that reason, I would respectfully suggest that if the objective of this legislation is to raise taxes - and I am not by any means endorsing the tax provisions of this law - I'd like to make that clear - but if that is the objective, I respectfully suggest that you make it a separate bill as a tax bill rather than inject the tax portions which you have in here into the Boating Act because, as I said, certain confusion would undoubtedly result.

Already there has been confusion in some of the states where they have used the words "register," "registration,"

and things of that sort because the word "register" has a specific meaning in Maritime Law, just the same as "license" - "license" and "enrollment." All those are specific documents issued by the Bureau of Customs and in Maritime Law when those working with it run across other laws in which the words are used rather loosely, confusion inevitably results.

Under the Federal Boating Act of 1958, the delegation of authority to a state to number vessels was limited, strictly limited, to undocumented vessels. I have the law here and that is the one limitation I would like to emphasize, that a state does not have any authority to number a documented vessel. A vessel for sort of a rule of thumb in excess of 38 feet would usually qualify for documentation. If a yacht, for instance, is of five net tons, the owner can apply for documentation as a yacht. Therefore, it would be exempt from numbering under both Federal and State law. The five hundred tons - I don't know where that figure came from. That applies to certain types of vessels used in commerce. The breakdown under the various documentation and inspection laws are based on tonnage. So undoubtedly the five hundred tons applies to certain vessels in that category. But the emphasis I want to make is that any vessel of more than five net tons can qualify for a document issued by Customs.

I came up here hoping that I could help and if there are any questions with reference to the application of the Federal Boating Act, I will be more than glad to attempt to answer them.

SENATOR DUMONT: Does anybody have any questions

of Mr. Sayer?

MR. DELGADO: Mr. Chairman, I would like to ask this gentleman what is the tonnage that is normally required for documenting a vessel other than the over-all length?

MR. SAYER: Five net tons.

MR. DELGADO: Five. Thank you.

MR. SAYER: To give you a rough idea how tonnage is developed, it is the length times the breadth times the depth. Then you take what is known as the block coefficient. So if you would take a - that solid there - because boats are not built exactly square ended or square bottomed - then you say, "Well, that solid would be, say, .65 of the cube of that solid." That would be the total cubic volume of the vessel and it is a formula such as that at which the tonnage of a vessel is arrived and they have specialists working for Customs who make these measurements - very accurate measurements, I might say - and then come up with what is the actual tonnage of the vessel to see whether or not it qualifies.

SENATOR DUMONT: Mr. Busch, do you have a question?

MR. BUSCH: Mr. Sayer, does the Bonner Act have any proviso or provision covering a state's going back under federal registration after it has been registered and permitted to number on its own?

MR. SAYER: Yes, sir, it does. If any state system is so changed that it would fail to qualify for approval by the Coast Guard, the Secretary of the Treasury

would be required to notify the State and, if the State persisted in the change, the Coast Guard would have to assume the numbering. Naturally, there would be a tremendous amount of confusion resulting from that situation. But the provision is in the law, to answer your question.

SENATOR DUMONT: Are there any other questions?

WILLIAM F. ZIMMERMAN: My name is William Zimmerman and I am a boat owner.

What is the Coast Guard rule on vessels over 65 feet in length?

MR. SAYER: By definition, under federal law, a motor boat is a vessel of not more than 65 feet in length. Above that they are motor vessels. That is the distinction - motor boat versus motor vessel.

MR. ZIMMERMAN: Thank you, sir.

SENATOR DUMONT: Any other questions of Mr. Sayer? [No questions]

Well, we thank you very much for coming.

Now, Captain Hart? Captain David H. Hart of Cape May.

DAVID H. HART: Mr. Chairman, as you have stated, my name is David H. Hart and I reside in Cape May, New Jersey, and I represent commercial fishing interests on the New Jersey Fish and Game Council.

SENATOR DUMONT: You have been on that, Dave, since its initiation, isn't that right?

Captain Hart: I am serving my fourth term

now. I happen to be its senior member and also its Chairman.

For several years, prior to the passage of the present numbering act, I worked with members of the Department of Navigation and a Committee set up under former Commissioner Bontempo in trying to draft a boat-numbering act and we had many suggestions at that time that we thought were worthwhile that were not incorporated in the act because it was extremely difficult to get all the various groups to agree on many of the things that we had thought to be in the best interests. And we finally wound up in passing what now becomes the numbering act of 1962 which was almost the barest of the requirements of the so-called Bonner Act in exempting vessels under 10 horsepower, etc.

It was predicted at that time that the funds that would be available to the department to be used as described in the law - the remainder to go into a revolving fund to be used for dredging the waterways and maintaining lakes, and so forth. We anticipated that there would be very little left of the funds to accomplish any of these things because of the tremendous amount of exemptions under the law. This has certainly come to pass and you can tell this morning from the first witness who appeared when he said the waterways were in such deplorable condition, etc. And they will continue to be in deplorable condition until some funds are made available for dredging and maintaining them properly.

Now, surely the valuable 110 foot boats that they referred to, if they were to attempt to negotiate them in the inland waterways from Manasquan to Cape May today, would get into serious trouble in areas that are shoal, badly in need of dredging, and there are no funds available for this purpose.

The thing that disturbs me most, I think, and I agree with most of the witnesses this morning who testified - that if we do not get anything for our money why put the money in. I don't think that the boatmen are cheap. I think that they will pay their way as well as any other group, but I think they would like to be assured they are going to get something for the money they pay. I have seen many formulas here for taxing boats for various horse-powers and various lengths, none which seems to meet the standards. Some feel that if you put any fee on other than the two dollars a year you will chase boats out of the State. I don't think this is completely true if you guarantee that you are going to try to do something to benefit the boats. I happen to be, as you said, a member of the Fish and Game Commission and I know that we are faced in that division with the same problems that they are faced with now in the Department of Conservation pertaining to your boat registration act. They do not have any funds available to do this work and they will never have any funds if we continue to put them on the measly two dollars a year basis for all vessels. I don't say we should charge a hundred dollars apiece for the boats but I think serious thought should be given to at least increasing

this fund to an amount that would be compatible with the needs of improving our waterways and making them safe for the boatmen. This is, I think, very important in the point that is being completely overlooked. We all seem to be directing our attention solely to the fact that we are being taxed additional money.

I would also like to say in your favor, Mr. Chairman, that the Senate and the legislators who have taken the responsibility realize that this is a serious blow to boating in New Jersey and are attempting to do something about it, deserve a great deal of credit, but I also think that the boatmen should realize that the time is short. There are only a very few days remaining before Chapter 51 becomes law and, as of now, it will become law on January 1 unless something legislativewise is done. There is little time for bickering and there are many dissident groups that must be satisfied before legislation of this type can be passed in the length of time left to pass it. So I think we should start to get basic and realize that maybe we must modify some of our thinking and some of our demands and at least give a little to possibly get a lot.

Now, as I said before, I believe wholeheartedly that all boats should be included in the registration. This should be commercial and the so-called commercial boats which are party or charter boats, etc. These all should be included. It would be just as difficult to appraise them under any standard or formula as it would any other type. I think the funds derived from this

should certainly be placed in an account somewhere where they could be dedicated to the benefit of boating. I think the present numbering act does that and I think the local municipalities are not too much concerned with getting any rebate from this program. I think if they had been interested in taxing boats, as you say, they would have done it a long time ago and I think the present system of expanding our marine police and then giving us the protection we need on the waterways, then beyond that use the money to improve the waterways so that boats will not be running aground and they will be much safer for the boating public, -- this will certainly attract many more boats to our area rather than chase away if we put on a nominal fee. I am not speaking again in terms of one hundred dollars for boats.

I was faced with a problem last night and I would hope to sell this to the Federated Boatmen and most others of the boating public. I would say that 50 per cent of all boats that are registered or will be registered under the provisions of this Act are boats that will engage at some time in recreational or commercial fishing be it charter boat, party boat, or fishing for the owners' own pleasure. Ninety-nine per cent of the complaints that we have in the Division of Fish and Game pertaining to our coastal patrol are leveled at the lack of enforcement and this lack of enforcement is caused primarily by lack of funds because we completely are inadequate to deal with a hundred and sixty some miles of coastline, including both Sandy Hook and Delaware Bay and the three-mile limit off-shore. And I think that boatmen

again, the recreational fishermen, who under the provisions of this would contribute substantially to this fund, would be happy to see a portion of this money diverted to the Commissioner of Conservation and Economic Development and directed entirely to be used in expanding and maintaining the existing coast patrol. I think this would be giving boatmen something that they have been crying for and badly in need of. At the present time our salt water fishery contributes absolutely nothing to the effort of the Division of Fish and Game. It is our recreational fishery. The commercial fishery practically completely supports the coastal patrol as it exists today. And this is now three vessels with six men who work eight hours a day, five days a week, to deal with the situation of enforcement that goes on 24 hours a day. So I think that some consideration should be given - some States do have their funds revert to an agency that is responsible for management or for the enforcement of the marine regulation and in this manner they do get some return for their contribution. I think this is very important.

I think also, Mr. Chairman, that I would like to impress those present at the meeting that I am not here advocating anything; I have no axe to grind in any way other than that I am trying to promote something that will benefit the boating industry of New Jersey. I think that they, themselves, don't want to be too cheap about it because there are many legislators that I have discussed this with who tell me that they think there should be

some contribution somewhere to maintaining the waterways- for doing this, doing that, doing the other thing. The coastal Senators now beg and plead for funds to dredge here, dredge there, and dredge the other place, and usually most of the money is spent in one county one year, another county another year, another county another year, and this means that the four, five or six counties that go around up into Salem County in the bay area would not get any funds - at least once every six years they would be considered.

So this is a deplorable situation. The boatmen deplore it. They are complaining about our waterways and the condition they are in, and I ask them to give serious consideration to doing something financially toward correcting this situation.

Thank you, Mr. Chairman.

SENATOR DUMONT: Just a minute. Captain, are you for the exemption of both commercial and noncommercial boats from personal property tax?

CAPTAIN HART: Definitely, yes, sir, I think they should be.

SENATOR DUMONT: All kinds. Now are you for any change in the registration fee schedule as it exists today; that is, \$2.00 on every boat?

CAPTAIN HART: I think that this is completely inadequate to do any more than to administer the provisions of the act and provides nothing to go beyond that. I say in all sincerity that this is just like forcing two dollars a year down a rat hole. Why not make the program

worth while so that it will return something and give you some benefit. I would not know, Mr. Chairman, just where to go into this but I have set up a dozen different formulas trying to arrive at something that I thought was equitable, but I think that the owner of a larger boat, if he thought some of this money was going to be used to dredge the waterways and make it so that the areas that he could operate in would be enlarged, I think if the waterways were enhanced and marked better he wouldn't object to paying a slightly larger fee.

This is an almost impossible task for your Boat Commission to wrestle with it, for your assessors to try to make it equitable- it is impossible. It will always be something less than perfect but somebody - the man with the garvey - is going to have to yield a little and maybe the fellow who has the twenty or thirty thousand dollar yacht will benefit some. But I think we should stop petty bickering and try to get down to something practical.

SENATOR DUMONT: Do you have any formula or registration fee schedule to recommend.

CAPTAIN HART: Well, I had recommended starting at a \$2.00 fee from zero to ten and increasing it two to three dollars every hundred horsepower up to 400 horsepower, and over 400 horsepower it would be the same.

The provision written into your bill dealing with the sailboats, with the suggested amendments, I think would cover that situation properly.

SENATOR DUMONT: Is it your feeling then that anything above \$10.00, or I guess it would be \$12.00 on a

400 horsepower boat -

CAPTAIN HART: It would be about \$15.00.

SENATOR DUMONT: Fifteen. But anything above that would actually drive boatowners and boats out of New Jersey?

CAPTAIN HART: I think it possibly may although, Mr. Chairman, when we were laboring with this problem of the boats, it was said when we went over to the Coast Guards they were \$5.00 for three years, or if we exempted the smaller boats or put a tax on the smaller boats they would go to New York or go to Delaware. I think both New York and Delaware included boats under 10 horsepower, and I don't think any of our boats ran away. I think also you have a travel problem that many of the boats who like our waterways and like our fishing, they like what we have, I think would pay a nominal fee. I think that you could, if you went too high, drive them away.

SENATOR DUMONT: Are you in favor of including all these boats that are less than ten horsepower in the fee schedule?

CAPTAIN HART: Yes, sir, I think they will benefit by it too.

SENATOR DUMONT: How long, Captain, have you been operating boats yourself?

CAPTAIN HART: About 45 years.

SENATOR DUMONT: And there are two commercial fishermen representatives on the Fish and Game Council. Right?

CAPTAIN HART: Yes.

SENATOR DUMONT: But you are the only one who is really a charter member of that Council who is left today?

CAPTAIN HART: Yes.

SENATOR DUMONT: Are there any questions of Captain Hart? Mr. Busch?

MR. BUSCH: I seem to be playing the role of factual parliamentarian but I just wanted Captain Hart to realize that the Coast Guard fee was \$3.00 for 3 years, not \$5.00. It still exists in some states.

Also, back in the area - and I am well aware of your efforts at that time, Captain Hart, in 1958, '59 and '60, etc. in attempting to write a reasonable bill. The bill that was submitted by the group that was alluded to here today as the Citizens Advisory Commission on Boating at one time advocated, as you are now, that all boats be included, and at that time it was administrators in the State who suggested that this would be impossible to get passage of.

The other question I have, Captain Hart, is what area are you talking about for dredging? You mentioned the intercoastal waterway.

CAPTAIN HART: I am including the intercoastal waterway here when I say dredging. I also happen to know personally that Senator Mathis of Ocean County has requested funds this summer on I guess three or four different occasions, and at one time he knew that I was going to be with Commissioner Weber or Commissioner Roe and he asked me if I would ask Mr. Roe if there was still any possible chance of his getting any funds for dredging. The Army, as you know, has failed miserably in their commitment to dredge the inland waterway to the depth that

we felt that they were going to dredge it, and I think there is some talk now, at least among various groups, that it is very likely, if this will ever be done, it will have to be done by the State itself.

MR. BUSCH: I just wanted to get the record straight that the dredging of the intercoastal waterway and the maintenance of the 12-foot channel is the responsibility of the Corps of Army Engineers, and I am agreeing with you and having noticed the mariners here that recounts of a zero mean low water or zero water at mean low water in areas of the intercoastal waterways, particularly in the area that you work in, but I wonder if - directing a question to the chair - this burden that Captain Hart suggests is going to be thrown back on the State of maintaining and draining intercoastal waterways, if the Legislature of New Jersey couldn't pass a resolution that would be forwarded to the President and Congress of the United States, requesting that funds be allocated for that purpose and perhaps substantiating the position that Senator Harrison Williams has taken in having funds allotted for an examination of the need.

Do you feel, Senator Dumont, that this could add stimulation and perhaps avoid a great deal of expense of the State by having this done where it properly belongs, and the proper responsibility.

SENATOR DUMONT: Well, we can always pass resolutions memorializing Congress. Whether anything comes of them or not is another matter. The question of federal aid, of

course, as you know, - this doesn't mean that we have turned down federal aid, but, as you know, our taxpayers of New Jersey have to spend more than the taxpayers of any state in the nation to get a dollar back from Washington.

MR. BUSCH: I didn't know it, but I am very much interested.

SENATOR DUMONT: They do - they have to spend as high as \$2.30 and \$2.40 some years; in other years it may go down to \$2.00 to get a dollar back in federal aid.

MR. BUSCH: This is on a matching fund basis, is it? Is that what you are referring to?

SENATOR DUMONT: No, it is not a matter of matching funds. To get even a dollar, just a flat dollar out of the federal government, this is what it costs our taxpayers because so much of the money contributed by New Jersey residents in federal taxes goes eventually into states, many of which pay much less than a dollar to get a dollar offederal aid; that is, in the amount they actually contribute in total federal taxes to the whole - I should say in the percentage they contribute in federal taxes to the total of all federal taxation.

MR. BUSCH: At the risk of introducing a jet that may not be appropriate, perhaps the Supreme Court of the United States should consider the weighted voting in Congress as well as in the States and perhaps that would resolve some of those discrepancies.

SENATOR DUMONT: Let's not get into weighted voting. I don't like it to start with.

Now, are there any other questions of Captain Hart?

[No questions]

MR. Clarence Delgado, Assessor of Ridgewood in Bergen County.

DR. H. IRVING DUNN: Mr. Chairman -

SENATOR DUMONT: Yes, sir. Are you in a hurry to get going? I am not trying to eliminate you here but Mr. Delgado pointed out to me that as an assessor he is down here on his own time; in fact, really on the time of his municipality, I guess, and he was hoping to get back. Now, we are going to get right back on this schedule as it was originally set forth here. How long will you take, Clarence?

MR. DELGADO: I won't be long.

SENATOR DUMONT: Would you mind yielding to him for just a few moment?

DR. DUNN: No, sir.

SENATOR DUMONT: Thank you.

MR. DELGADO: I would like to reiterate the Assessor's position that we made at Point Pleasant in regard to the assessment of boats and to state that so far as we could find out, there wasn't 5 per cent of the 950 some assessors in this State that could take the position of the marine surveyor. It was also brought up at that time that we suggested that a fee similar to the fee that was set up for the airplanes could be used in place of the tax but since that time we feel that it would

not be good to do this for the simple reason that many of the boats that are registered are registered in the owner's domicile who have no connection at all with the waterways. For instance, in Ridgewood, my own town, I know I have maybe 150 or 200 boatowners up there, and I would have a fine time trying to locate where their boats are in the first place; in the second place, these boats have never been in Ridgewood and the one who is taking the burden of the boats is the town where they are situated and they have their docks or they are stored. Consequently, if anybody were to get a return, I believe these municipalities should be so reimbursed. However, we felt that these fees in the over-all picture should be used to better the waterways and to take care of the running of the patrols, etc.

Now the list of fees that the Senator spoke about this morning - I am not going to repeat them - but this was only a suggestion as we principally are administrators and we do not make a setup of anything of this nature that has been mentioned so many times. It was just a suggestion on our part.

One thing that came up this morning in regard to the boating industry and the exemption of it and the fact that it's a native industry - we also have the farmers who are natives too and they are starting to complain for the simple reason that "when are we going to stop exempting?" We can go ahead and keep this up and keep this up but we can't keep it up without getting

another group that is going to complain about the exemptions, and they say, "If we're going to be exempted then they want something exempted." Now this comes also in the exemption of commercial boats which, under Chapter 51, are like any other commercial enterprise.

Now, according to Chapter 51, all commercial enterprises have to be assessed. If we exempt the commercial boats, why not exempt the little shoe store on the corner or the candy store. These are things that these fellows have to make out a return on and certainly many of these returns are very nominal as compared to some of the commercial fishing interests from what I have been able to see along the shore. And believe me, I have traveled it from one end to the other many times.

Also, this would be a discrimination against the dealers and boat builders because they are commercial enterprises that must file personal property tax returns under Chapter 51. If they must ^{it} do, then I don't believe the other fellow should be getting away with not doing it.

Now, it is said that many of the boat people have not been assessed. That is very true because many of the assessors weren't qualified to do it and many of them didn't do it. But let's take business under Chapter 51.. We have found today, since the returns have come out, that many businesses have not been assessed up to this point. Cases where property has been leased by a bank or an industry; for instance, IBM equipment, Pitney Bowes - all these different companies that are leasing equipment - Xerox -

we are now getting them for the first time. They never filed a return because they weren't in Jersey, and it's only been through the filing of these returns that these things have come forward and we have been able to pick them up.

I think that's about all I have to say, Senator.

SENATOR DUMONT: Now, Clarence, in this fee schedule that you recommend, you would make a distinction on the basis of each foot with a graduated scale depending upon the footage of the boat of 50¢ for each additional foot within that particular range of feet.

MR. DELGADO: I think it goes up in steps of 25¢, sir.

SENATOR DUMONT: Right. You also suggest here that commercial boats should not only come under Chapter 51 but should also pay the registration fee. You mean, the graduated registration fee in addition to the personal property tax?

MR. DELGADO: Not necessarily pay. They should be registered, a permanent registration. After all, they have a situs the same as any other business and the majority of them maintain that situs.

SENATOR DUMONT: But you are not recommending, are you, that they should pay personal property tax under Chapter 51 and then also pay a higher fee schedule than the two dollars they now pay?

MR. DELGADO: No, sir. I don't believe that they could come under that, sir.

SENATOR DUMONT: No, Now you say that commercial boats get a tax refund and pleasure boats do not. Is that right?

MR. DELGADO: That is correct.

SENATOR DUMONT: Are you here speaking on behalf of the Assessors Association?

MR. DELGADO: I am Chairman of that Committee, sir, for the Assessors Association.

SENATOR DUMONT: And have your assessors as a group discussed the question of commercial -

MR. DELGADO: Many times in many areas and we tried to find out if there were any areas where boats were being assessed in the State of New Jersey and the only place we could find that out was in this section of Cumberland County, Bridgeton, and prior Ralph Franks in Toms River told me that some ten years ago he tried it but gave it up as a bad job.

SENATOR DUMONT: Is it the opinion of the assessors generally that if there were any increase in registration fees it would be better for the State to retain that money than to return part of it to the municipality?

MR. DELGADO: If it was pegged for the use of boating.

SENATOR DUMONT: Any questions of Mr. Delgado?

Mr. Zimmerman?

MR. ZIMMERMAN: I am Mr. Zimmerman, a boatowner.

I don't think it would give the farmers any relief by the boatowners paying a tax or higher fees. If the boatowners paid a tax that is retained by the county or the municipality

in which the boat is found - Assembly Moraites stated this at a public meeting that we attended up at Paramus and I think that you were in attendance at the same meeting. Now this would give the farmer no relief, and unfortunately the water borne communities that would keep this tax, they would rather not have it because they would rather keep receiving the income that the residents of their communities make on the money that is spent by the boatmen during the boating season.

MR. DELAGADO: Well, the point that we were bringing out, Senator, was the fact that the owners are complaining that if we exempt boats now then they want some exemption. It wasn't a case of anybody benefiting one way or the other, sir.

SENATOR DUMONT: Any further questions? [No questions.]

Dr. H. Irving Dunn.

D R. H. I R V I N G D U N N: To identify myself, I am Doctor Dunn, presently Commodore of the Barnegat Yacht Racing Association and Regional Delegate to the North American Yacht Racing Union. My interest here is that of a physician playing hooky from his office hours but greatly concerned about the status of a recreational facet of our State. I refer specifically in the proposed Senate 405 to that portion on page 2 which indicates that the power vessels will henceforth include those propelled by sails, and also to page 4, line 31, which includes any sailboat not in excess of 10 feet in length.

I have been associated as a participant and an official with yacht racing for too many years to recall actually, but let's say 45 to round it off. The last portion of that has been in Ocean County where last year I was responsible for putting 9500 sailors across the line.

Now it might be well to analyze what manner of sailors these are. Over 70 per cent of these are juniors under the age of 21. These sailors are utilizing boats that do not have auxiliary power and are variously cataloged as M's, Junior Penguins, Junior Jets, Junior Comets, B and A Sneaks which are characteristic of Barnegat Bay and practically exclusive with it, the Cats, the Penguins, Fins, Comets, Lightnings, Dutchmens, East Loop, A Cats and one or two classes which are under consideration at the present time as introductory in our racing schedule for next year.

Now, perhaps to digress a little bit, we as taxpayers spend untold thousands of dollars on our youth in the prevention of juvenile delinquency and recreation centers, yet here is a cost free, in so far as the public is concerned, influence which is being projected for taxation of sorts. This would appear to be going around in a circle. We consider, and I speak for all of the members of the Association, it as a form of education, a teaching. It emphasizes good citizenship, good sportsmanship, and Corinthianism. And it might be interesting to see what we call Corinthianism. It is defined in yachting as that attribute which represents participation for sport as distinct from gain which also involves the acquirement of nautical experience due to love of sport rather than to necessity or hope of gain.

I think that pretty well states the thing. We have members of our Committee who have been in continuous attendance, dedicating every single week end from the last Saturday in June to the first Saturday in September, year in and year out, some of them as long as 40 years, continuous attendance. You have to like something; you have to be dedicated, to follow this up.

This is in the form of a background.

The public-spirited citizens involved here feel that they have something to contribute. They are contributing. We would like to see it continue and, parenthetically, in approximately 20 years I have never seen one of our sailors in trouble with the law. I think either the laws of natural selection step in or else they do get something out of it. I like to

think it's the latter.

To register sailboats, and some of these juniors have boats, they are introducing a class at the present time, or trying to, in the 20-foot class. The East Gals are over that; they are about 28 feet, 30 feet. These are strictly racing machines.

Comment was made earlier today concerning a Comet. Comets, unfortunately, on the Bay are suffering a decline because there are other higher performance boats coming into the field, again with greater length, less beam, and greater speed - planing characteristic hulls. I don't think the yardstick can be given or reduced which can bring these into proper focus. I do know this, that many a young lad saves his money, has a boat, and as he graduates his ability upwards tries to get another boat. Many times these youngsters are on a pretty tight budget or allowance. I think that to add licensure or taxation to this, directly or indirectly, is an imposition on something which we would like to preserve and keep going; namely, accent on Youth and a natural recreational interest. I therefore would feel that the inclusion of sails without qualification and sailboats is not in the best interests of all concerned. Now, where there is power involved and these become auxiliaries of various and sundry sizes, this is an entirely different thing.

I am speaking specifically with reference to those boats primarily used in such waters as we have, shallow though they be, which have turned out top flight, national sailors and has brought the name of Jersey throughout the nation and throughout

the world and into the Olympics, and in grand style. You really don't need registration if the original intent of the law as I have had it interpreted to me is followed out. The reason is this: Every one of these crafts has to be identified by proper sail markings or else they will not be permitted to start a race. These designations not only tell the class but the number within the class and their place of origin. Tacking on a 3-inch number out of sight where their rail is going to be down a good bit of the time, where they are apt to be in contact as a result of racing, touching docks, buoys and other boats in the process of racing - the mortality on these is going to be high; maintaining them is going to be manifestly difficult if not downright impossible. We have had hard enough time keeping the legible symbols on sails.

We feel that the registration and the extraction of fees could discourage this growth and it could kill your sailboat impetus, which is a thing - so many youngsters today are on the borderline; they have to be persuaded that sailing is important and helpful and great in their life. They would much rather, many of them, get into an outboard and hot rod it around and show off because then they can come back and forget about it and not have to put up sails. They ride around and they burn the gasoline and maybe that's good. But they haven't learned anything in sportsmanship, good citizenship, future development of skills, disposition, and the things that help to make us have proud citizens.

There are a number of industries in our immediate area of Barnegat Bay dedicated to this particular facette of boating. How many of them are doing very well, I couldn't

say but most of them exist on a borderline existence.

Coming down to one other point with respect to money, no services are required for these racing sailboats. They expect none of the State, so why should they be taxed or registered? This is self-policed, handled well within themselves, voluntarily, and my plea would be - leave them out of registration and, where you have indicated here the inclusion of sailboats, I would strongly urge that you exclude any sailboats manifestly for racing or qualified as class racer or some such phraseology as that.

SENATOR DUMONT: Doctor, if I understand you properly, the only sailboats that you think ought to be registered, if any, would be those that have auxiliary motors.

DR. DUNN: I feel that they are large, that they do ply the waterways here and there and involve your bridge-tenders and demand services and get them, and they are the ones that are going to require dredging, not our shallow-draft boats that take anywhere from 4 to 6 or 8 inches.

SENATOR DUMONT: Well, I have often watched these races that you and others conduct for the young people on Barnegat Bay, and I am very much impressed with what you have to say here, particularly with respect to the young people, so it will certainly carry considerable weight, whatever we do with this legislation.

Thank you very much. Are there any questions of Doctor Dunn? [No questions]

DR. DUNN: Thank you very much for hearing us.

SENATOR DUMONT: Is Mr. Lawrence still here?

PHILIP B. LAWRENCE: I'll go home and write a letter.

SENATOR DUMONT: You can testify if you would like. It will save you writing a letter. We will be glad to hear from you now if you want to speak. You're sure you want to write, now, rather than testify? All right.

Mr. Zimmerman.

WILLIAM F. ZIMMERMANN: I will identify myself. I am William F. Zimmermann, a boat owner of Union, New Jersey.

Mr. Senator, I am a boatman of long standing and have been boating since 1927. The bug has bitten me so deeply that I just can't get out or away from it. I have been a longtime member of the United States Power Squadron, United States Coast Guard Auxiliary, and have been active in teaching people safe conduct on the water; I was in command of patrol vessels for the Coast Guard during World War II, so I feel qualified that I know something about boating in New Jersey.

Under taxation or exorbitant registration fees, the latitude in which New Jersey is located makes boating a seasonal pastime. My present boat has been in dry storage since the 15th of October and will probably remain there until about the 1st of May. If I were being taxed for my boat, I would be unable to use it. In another month, Barnegat Bay where I do my boating will be choked with ice if the winter is anything like they have been in the last 10 years.

I'm eliminating many of my remarks, Mr. Senator, to

avoid duplication of many things that have been said here before. I will dwell on what I think is important.

I have a 36-foot boat and, when I use that for cruising on Barnegat Bay at cruising speed, I consume 10 gallon an hour, so that every hour I cruise my boat I pay the State of New Jersey 60¢ an hour and when somebody makes reference to the fact that the boatman does not pay, I think it's an unfair statement.

Now, on the taxing of commercial boats, it might seem odd that I own a boat that is not suitable for fishing, and when I do any fishing I either go out on a head boat or a charter boat, and if they are taxed it is going to raise the fee that I and other citizens of this State who are already paying taxes will have to pay to enjoy this recreation, because I am sure that the livery men would have to pass it on to their customers.

Now, I am one of the boaters who started out in the depression years and maybe, as the comment was made here today, I might have been one of those who should not have owned a boat. But, as I said, the bug bit me so deep that I am addicted to boating and I just can't give it up. There have been times in my life when I have had to forego a lot of things to keep my boat. Many other citizens are in the same class. It's a borderline case. I have talked to many, many boatmen and they say that if they were taxed under Chapter 51 it would just be the straw that breaks the camel's back and they would have to get out of it.

Now I think everybody has forgotten, when World War I started and World War II which is more in the memory of people in this room, that the Government asked for citizens to volunteer their boats and even their services for patrol work at the early stages of both wars. I, myself, and many others donated their boats to the Coast Guard and their talent and time. We are living in a nuclear age and I hope we are never hit with a nuclear catastrophe, but I can tell you right now, and from my Coast Guard experience I am qualified to say this, if we are, the only form of transportation along our water-borne counties will be by boat. This will only be the boats that will escape a nuclear catastrophe. And if we drive the boats out of this State, we are probably going to drive out our only avenue of existence and escape in case of this catastrophe that I am alluding to.

As far as big-length boats are concerned, in the whole United States there has only been one boat built in 1963 that reached the length of 95 feet. It was 4 or 5 years prior to that that ex-Senator Forbes had a 95-footer built in Germany, and they are the only large boats that have been built in the last 5 years in the entire United States that would go up with a footage of 95 feet. So I don't think we will have to be concerned with boats over 65 feet in length.

I am going to hand in as an exhibit at the conclusion of my talk the land and water conservation program under Public Law 88-578 which will be implemented and effective January 1, 1965, and will continue for 25 years. Under this new bill, which was just signed into law by our President, it will

match dollar for dollar state funds where they can show evidence that they have set up a program where they will be eligible to receive this money under the conservation fund program which can be used for recreational areas, improvement of waterways, on a dollar for dollar basis. I would suggest that a portion of the gasoline taxes - and I understand that in 1963 it amounted to 2.3 million dollars in this State - that a portion, not all of it, but a portion of this money be set aside as matching funds for this Land and Water Conservation Program so that the State and the citizens of the State itself can save this money on improving recreational and water borne areas for the State and it will take the strain off the present pleasure and commercial boating industry to put up money for dredging, and so forth, that has been previously mentioned.

The intercoastal waterway is the duty of the U. S. Corps of Army Engineers to keep dredged, and the waterway proper, which is a passageway through the New Jersey intercoastal waterway is bound by the Corps of Army Engineers to keep this available from the Manasquan Inlet through the intercoastal waterway all the way to the Florida Keys. I think that our legislators should find the legal means to bring the Corps of Army Engineers into our coastal waterway and put it back in the condition that is referred to in navigation pamphlets, explaining the navigation of vessels through our coastal waterway.

Within the last month there has been weekly notice to mariners to come out in the Coast Guard and they are giving

latitude and longitude locations in Barnegat Bay where the U. S. Corps of Army Engineers' documents show 12 feet of water and the Coast Guard is warning mariners that in some of these spots the water is only a half-foot deep.

This a deplorable condition that many are alluding to here today.

I thank you for the time to testify and I am leaving a copy of the Land and Water Conservation Fund Program with you. Thank you.

SENATOR DUMONT: That will be attached to the record.

Are there any questions of Mr. Zimmerman? Maybe I ought to ask you, Mr. Zimmerman - as an individual boat owner, do you agree that those boats that are now exempt as under 10 horsepower should be included in the present registration fee?

MR. ZIMMERMAN: Well, I was a member of the Citizens Boat Committee that worked on trying to get a satisfactory bill for the State, and at that time I was one of the individuals on this Committee that had advocated that all boats powered with a motor, regardless of length, be identified with a number for two reasons: for identification in the event they are stolen - and there are a lot of youngsters running around in 8-foot dinghies with a motor on that ram into larger power boats and cause damage and there is no way of identifying these youngsters as they try to get away. So it was for these two purposes that I had in mind in the original bill back when the State was

working up their boating bill. This would be hard to implement at this time but would have been easy when the State took over the registration of all boats. It would be hard to find a lot of these boats because, as stated, they are transported around the State on top of automobiles and even inside of station wagons, and some of them even fold and collapse. So this would be a hard task for administration at this time.

SENATOR DUMONT: Would you also agree that all sailing craft except those powered by auxiliary motors ought to be exempt from any registration fee?

MR. ZIMMERMAN: I would go along with that and I would still say that boats that carry motors should be identified. You can't even pull a little toy scooter on the street - you would be in violation of the motor vehicle laws of New Jersey, and it's only for identification. There are youngsters who have these motorized go-carts and it is illegal to put them on the street. I think that powered boats, regardless of length, should be in the same category, but not for tactical reasons.

SENATOR DUMONT: Thank you.

MR. William R. Parsons of the Dredge Harbor Yacht Basin, Riverside.

W I L L I A M R. P A R S O N S: I have nothing further to add that would not be repetitious. I would like to ask one question.

SENATOR DUMONT: You can ask it from there but will you please get that cover off the mike.

MR. PARSONS: In hearing the previous speakers' testimony, there has been quite a bit of time spent on the fees being set by the footage. Now, I represent probably one of the largest yacht yards there are in the State of New Jersey, and in hearing all the testimony here today I would like somebody to come and sit in my office and get their overalls on and hear the same problems that would be brought up at the time. You are either trying to sell a man a yacht, you are trying to encourage a man to bring his boat to the State of New Jersey, or you are trying to tell some customer, and probably 50 per cent of our customers are from Pennsylvania. I would like you fellows to have to sit in my office and try to explain to this fellow why he shouldn't take his boat to Pennsylvania in lieu of being taxed under our proposed laws.

I would like to comment on this footage basis that you talk about and I would like to go on record - let me say first that I am in favor of exempting the pleasure boats from this tax act and that I am in favor of no change in the registration fee. In most instances the fellows who are faced with this increase in the fee wouldn't be fellows who couldn't afford to pay maybe a nominal fee more, but they would just take it as a personal offense and would go somewhere else or would move to another location.

I would like to say for marinas, and I feel that I speak for most of the marinas in southern New Jersey and most all in New Jersey have the same problem - we are directly across from Pennsylvania and we have already suffered just from the notoriety of this publicity we are

getting from this act and it has already cost me personally thousands of dollars in people leaving and going to other locations in fear of this tax act being passed. I realize it's a law already but I am referring to the way it would be assessed.

SENATOR DUMONT: Now, you are talking about Chapter 51?

MR. PARSONS: That's correct.

SENATOR DUMONT: Let me ask you, you know that Chapter 51 was passed in 1960. It was originally to take effect on January 1 in 1962, and then it was three times postponed for a year at a time, to take effect finally on January 1 of next year. Was this fact or rumor, or whatever you choose to call it, that boats were going to be assessed under it - did it start as far back as 1960, or just recently?

MR. PARSONS: Well, it was just recently, but in our community, and I am speaking of Delran Township, we have been faced with this problem for over 15 years, of our local assessors talking of it, and just the very fact that they conversed about it has an effect on the people themselves in making their plans to go elsewhere.

SENATOR DUMONT: So when you are referring to the money that you lost, it actually goes back in your case over 15 years because -

MR. PARSONS: Well, I am referring to the last year. I am talking particularly of this winter storage season. I'm not an orator; I'm a boat man. I can only tell you that this past winter this costs thousands of dollars in loss of storage to me in just the Pennsylvania people taking their

boats out of the State of New Jersey and taking them back to Pennsylvania, which in my particular case is a mile away.

But I wish that you fellows could come down to that level and try to tell these people why they should not buy a bigger boat because they might be assessed more or why they should keep their boat in New Jersey where they might be assessed a personal property tax. I made a note here - I feel, myself, that having a personal property tax would keep a man from stepping up to a larger boat only because of the personal property tax, but I can't understand how you fellows would begin to limit boats by length from a registration standpoint. Who is going to do all this policing? We can't even get enough police. In the Delaware River I think we probably have two appointed state policemen on the entire river and there are probably 5,000 boats or more in the upper Delaware River. Now, who is going to separate these boats by length or category? Who is going to do the policing of this? If I buy a 15-foot license for a 50-foot boat, for instance, who is going to do this policing? Who is going to take care of all this stopping and checking as to whether the man has a registration that is in effect for the same boat that he owns.

I know the problems we have had in educating the State of New Jersey just with our present licensing, let alone getting involved in who is going to do what with such and such a length boat. I don't see how it is feasible that you could police this in such a manner. I think it should stay as it is, competitive with the rest of the states, and

this is where you should leave it.

Thank you.

SENATOR DUMONT: Are you in favor of exempting commercial boats too from the personal property tax?

MR. PARSONS: Well, frankly, I can't comment here. I feel that if the commercial boat is a livelihood, it should be taxed the same as we. I know the property taxes that I pay, and I don't know what they do to commercial vessels whether they pay any type of tax or fee. If they don't, I would be in favor of their paying their due share.

SENATOR DUMONT: Any questions of Mr. Parsons?

Well, thank you very much. You mentioned about getting to the local level, which is certainly important, and this is one of the reasons why we hold public hearings. It is also something that I think that is each legislator's responsibility in his own county. He can't obviously do it in all 21 counties but he certainly in his own county should try to do that if he is going to understand the problem of other counties. I think you're right about it.

MR. PARSONS: Well, when you get to my place and you sit with the individual boater, they are not concerned about the things discussed here today. They are concerned about their own personal problems, and I'm the fellow who's got to settle this problem.

SENATOR DUMONT: Thank you.

Mr. Ross of the Ross Marine Service of Trenton.

F R A N K P . R O S S : I would just like to state the facts as it affects my business here. I operate the only marina in Trenton and, like Mr. Parsons said, to get down on the local level - I have already lost eleven customers that have gone down to the Chesapeake Bay for winter storage. I usually keep two men on the year round and then in the spring I take on four to nine men, whatever I need to complete my work for the summer. This year I have let both men go that I keep on the year round because of the prospects.

Now, I have the engines out of one boat. This is just one example. I was going to rebuild these engines and the man called me and wanted to know if I had the engines out of his boat, and I said yes. He said, "Have you torn them apart?" I said no, and he said, "Well, don't." He says, "If this tax goes through, I want you to put the engines back in the boat just as they are, and I'm going to truck it to Maryland and sell it."

I had another boat that the man spent \$3,000 on last year to have a fly bridge put on it and dual controls. This year he wants it recanvased, the trunk cabin, and his wife ordered and purchased from me a depth sounder and a marine type steering wheel for the fly bridge. Now, he calls me when this thing came about on this tax and wanted to know - "If this tax goes through," he said, "I don't want the boat canvased," and his wife wants to send the depth sounder back and steering wheel and he is going to have his boat trucked to Maryland and sell it because he won't be able to keep it.

Now that's just two of the cases that I have, and it's hard to sell a man the idea of keeping his boat here on

the Delaware River for several reasons: first, you have an absolute dirty river; secondly, you can only go in one direction. And what does he see when he goes down the River - the steel mill, the Public Service generating plant, the powder mills in Burlington, and the closer you get to Philadelphia it's all industrial, and not until he gets below the Navy Yard does he see any signs of trees to amount to anything or anything that would invite a boatman to sail the Delaware River.

Those are just some of the problems that we have. And needless to say, the economic situation in Trenton is very bad and the people who do own boats, I would say that most of them from 15 or 16 to 21 feet are mostly outboards. Ninety per cent of those boats aren't paid for and those people have expended themselves greatly, and if they have to put up with this tax they won't be able to keep them. I know for certain that there are three boats that are being financed right now and if they have to pay this tax the bank will get the boat back because they just can't carry it.

Now that's the situation in this area and it is prevalent with most of the boatowners here. We have lost 11 customers just on the anticipation of this, and we stand to lose two more just on work that has been promised. I mean, the impact here is extremely bad. And make no mistake about it, Senator, if this tax goes on, there is going to be a wholesale exodus to the Chesapeake Bay - and make no mistake about it.

SENATOR DUMONT: Well, I don't think any of you need to be concerned about the imposition of Chapter 51. There isn't any doubt but what you are going to be exempted from

that. I think the primary questions here today are whether the registration fees should be increased at all or kept where they are and whether commercial boats should also be exempt along with noncommercial boats from the personal property tax. Now, I know you are concerned principally about Chapter 51, but I don't know of any legislator at this point who wants Chapter 51 applied to boats or who is going to stand by and see it applied come the first of January.

The question was, I think, primarily here, whether there should be any increase in registration fees. The bulk of the testimony today has been against that, and also it has been in favor apparently, I think the bulk of it, as suggested by the Boat Regulation Commission through Mr. Campbell, of including all those boats under 10 horsepower which have previously been exempt from registration even, and there has been considerable testimony too about exempting all craft that are propelled solely by sails without an auxiliary motor. Now, these are where the decisions have to be made. But I don't think you have any problem at all with respect to Chapter 51. I know it's been a problem for you but not because it specifically included boats. It actually didn't make one iota of change in the law as it has existed for many years because assessors have always been able to assess boats if they wanted to do so. Whether the furor about Chapter 51 applying to boats was created by the Division of Taxation or elsewhere, I don't know exactly, but it certainly is not in the law as it was written because we don't make one specific reference to boats anywhere in that law, and it's

been in effect now - well, it actually hasn't been in effect - most of it - one provision took effect in 1962; the rest has all been postponed until January 1st next. But Chapter 51 was passed in 1960; it's a 1960 law. So whatever has come up about it seems to have come through rules and regulations and not because of the way the law was written, because it was written that way in 1960. And most of the testimony here - you say yourself that the real difficulty for you has been just within the last few months or so of losing customers.

Do you have anything further, Mr. Ross? Go ahead.

MR. ROSS: I have had several conversations with boat owners and they are not opposed to a nominal fee. They don't go for this tax business by the foot. I am not going to be very popular for saying this, but I have many conversations with most of the boatowners in my yard and none of them seem to be opposed to a \$5.00 a year fee for the boat in lieu of these taxes and things like that. I know I am not going to be very popular for saying that, but I, as a boatowner, wouldn't object to it. In fact, I'm paying \$5.00 a year now for a dealer's license. But I think that most of them would not be opposed to that. Whether it should be done or not is another thing.

SENATOR DUMONT: Any questions now of Mr. Ross?

J O S E P H B R I E L: I'm Joseph Briel, Treasurer of the Mercer County Anglers and delegate to the County Federation. We oppose this taxation bill. I guess you have the letters sent to you by the State Federation, the

County and the Mercer County Anglers.

SENATOR DUMONT: Now, which one are you talking about? - the Chapter 51, the personal property tax or the registration fees?

MR. BRIEL: That's what I'm speaking on particularly, and then Mrs. Godown, she was our secretary, and she is a member of the Fish and Game Commission, and she came to the Federation and asked what to do with that six cents tax. So she asked if they wanted to put it on erosion, and I told her - I said, "well, if you want to fish down at the shore you have to get 30-minute parking, you can't fish, and you can't get through the properties, and the boat money should be spent on bays and rivers, and I wouldn't object to a jetty on the coast." So then she came back another month and asked what they were to do with that six cents. She asked if they should put it in Economic Development. That would be in the Boat Act but then they could spend that money on forests and everything else instead of on the boat -

SENATOR DUMONT: Well, it sounds to me like you are going back to the gasoline tax again - six cents a gallon.

MR. BRIEL: Well, that's right. What I want to get at is where that money should be spent, that six cents. Should it be spent back on the bays and not on forests and parks?

SENATOR DUMONT: Well, let me say this to you: For many years we have been accused of diverting highway user funds so-called for other purposes in order to balance the budget in the State. There are no dedicated sources of revenue. Under our Constitution there cannot be. Any

dedication that is done is done just by passing a bill in the Legislature but the only way you could dedicate a major source of revenue for any purpose is to amend the State Constitution to permit that. Fish and game fees go for fish and game. Now, the six cents of gasoline tax goes into the general treasury. Much of it is used on transportation; some of it is used for other purposes. I think that you could find that you would be overwhelmed by the motor vehicle owners if you said a portion of it ought to be dedicated for boating when they think that all of it should over the years have been expended on roads that they didn't get. So it is pretty hard to bring out of any statewide program, something that everybody thinks is fair for all people and all areas.

Is there anything else you want to add?

MR. BRIEL: That's all. I just thought that money should be used for boating instead of for parks and other stuff because we spend considerable money. It costs me a lot. I'm down on the bay pretty near all the time and I spend a lot of money for boat tax. Being on the boat every day and you spend 40 or 60 cents a day tax, we think it should be spent on the bays and not for forests or some place else. That is what we think.

SENATOR DUMONT: All right. Thank you.

I might say here in closing - is there anybody else who wants to testify? First, I don't think you have to be concerned at all about the imposition of Chapter 51 on boats, because they will be exempted. If we decide - and I

think this makes sense because most of the testimony seems to point this way - to exempt commercial craft too, there will have to be an amendment to this Assembly bill when it passes the Senate, which means it will have to go back to the Assembly for repassage as amended. All of that could easily be accomplished in one day - December 7th, if necessary. The Senate has just scheduled a meeting for next Monday which was not one we anticipated but it has been scheduled for three o'clock. Whether any business will be handled or whether it will be solely on reapportionment, I don't know. Next Monday would be November 30th. There is a regular session scheduled on regular legislative business on December 7th for both houses, which is more likely when this legislation will be attended to.

I think perhaps I have learned more than anybody today, particularly about boating, and I am impressed by the arguments that have been pointed out against increasing these registration fees - at least trying to do it on any basis as fast as would have to be done by the end of the year. And Mr. Campbell indicated that this is the kind of thing that ought to be approached with a great deal of thought and time given to it instead of anything that should be rushed.

In addition to that, I am impressed with the arguments that sailing craft where they are just propelled by sails ought to be exempt entirely.

I guess that pretty much covers what we have had today. I assure you that nothing will be done speedily and nothing is going to be done by me at least, as one member of the

Legislature, without plenty of thought to what you have said here today and the viewpoints that you have brought in here today, which is what we are after in a public hearing, because we are your servants and nothing else. So we will try to give considerable thought to what you have pointed out here today.

I thank you all for coming. The hearing now is adjourned.

[A D J O U R N E D]

Bureau of Outdoor Recreation
Department of the Interior
Washington, D. C. 20240
September 9, 1964

FACT SHEET
on
THE LAND AND WATER CONSERVATION FUND PROGRAM
Under Public Law 88-578 (78 Stat. 897)

PROVISIONS OF THE PROGRAM

General

This program creates a Land and Water Conservation Fund from which Congress can make appropriations to provide urgently needed public outdoor recreation areas and facilities. States and certain Federal agencies are eligible to receive money from this Fund. States may allocate portions of the money they receive to their political subdivisions. The program becomes effective on January 1, 1965, and will continue for 25 years.

Sources of Fund Money

The Land and Water Conservation Fund derives revenue from (1) admission and user fees at Federal recreation areas which meet certain qualifications; (2) net proceeds from sale of surplus Federal real property; and (3) the existing tax on motorboat fuels. It also includes advance repayable appropriations by the Congress. These may average \$60 million annually for an 8-year period, beginning in 1967. Money in the Fund not appropriated within two full fiscal years shall be transferred to miscellaneous receipts in the Treasury and will no longer be available for purposes of the Act.

State-Federal Division of Fund Money

Sixty percent of annual appropriations from the Land and Water Conservation Fund will be available to the States as grants-in-aid, unless the percentage is changed during the first five years by the President or at any time by the Congress. States must match Federal grants 50-50. They may use the grants for outdoor recreation planning, acquisition of land and water areas, and development of such areas. A comprehensive statewide outdoor recreation plan approved by the Secretary of the Interior is prerequisite to receiving grants for acquisition and development. States may transfer money received in grants to their political subdivisions for local recreation projects which are in accord with the statewide plan. Forty percent of money in the Fund normally will be available to (1) certain Federal agencies for purchase of needed recreation areas and (2) for payment into the Treasury to help offset capital costs of public recreation and fish and wildlife enhancement at Federal water development projects authorized after the date of the Act.

Allocation of State's Share

The 60 percent of the Land and Water Conservation Fund available to the States shall be apportioned as follows:

- (1) Two-fifths shall be divided equally among the States
- (2) Three-fifths shall be apportioned among the States according to need. The Secretary of the Interior shall determine needs under terms set in the Land and Water Conservation Fund Act.

Limitations on Land and Water Conservation Fund

The Fund program provides no automatic financing. Money in the Fund can be spent only upon appropriation by Congress. This will be done through regular annual budget processes.

The fund program provides no authority for acquisition of Federal land and water areas. Areas acquired with Fund money must be authorized by existing legislation or future acts of Congress.

The program changes no existing procedures for disposal of Federal surplus real property.

Where Federal Recreation Fees are Authorized

The Land and Water Conservation Fund Act authorizes the Federal Government to collect user or admission fees at certain Federal recreation areas. These have to meet all of four conditions. They must:

- (1) Be designated and posted as areas where fees are collected.
- (2) Be administered by a Federal agency. This excludes Federal areas leased to State, local, or private agencies.
- (3) Contain recreation facilities or offer recreation services provided at Federal expense.
- (4) Be administered primarily for scenic, scientific, historical, cultural, or other recreational purposes.

The Land and Water Conservation Fund Act prohibits Federal recreation fees on any public waters; for travel through designated Federal recreation areas on Federal-aid highways, on roads within the national forest system, or on public land commonly used for through travel; for access to private inholdings; for commercial or other activities not related to recreation; and for Federal hunting or fishing licenses.

QUESTIONS AND ANSWERS
For States and Their Political Subdivisions

1. Q. Who may receive Land and Water Conservation Fund money?
A. States and certain Federal agencies named in the Land and Water Conservation Fund legislation. The States may transfer money to their political subdivisions.
2. Q. May private individuals wishing to install outdoor recreation enterprises or organizations such as the Boy Scouts qualify for money from this Fund?
A. No; money in the Land and Water Conservation Fund is available only for outdoor recreation needs of public agencies. Information on financial and technical assistance available for private individuals and organizations under other programs is available in the booklet, "Federal Assistance in Outdoor Recreation," at Bureau of Outdoor Recreation regional offices.
3. Q. On what basis is Land and Water Conservation Fund money available to States?
A. States must match Federal grants-in-aid available under the program on a 50-50 basis.
4. Q. For what purposes may States receive grants-in-aid under this program?
A. For three purposes: (1) for preparation of a comprehensive state-wide outdoor recreation plan and its maintenance; (2) for acquisition of needed public recreation land and water areas or interests therein; and (3) for development of public recreation areas and facilities.
5. Q. What are the primary ingredients of a comprehensive statewide outdoor recreation plan?
A. Such a plan should inventory public and private, State and local, outdoor recreation resources. It should include an estimate of demand for outdoor recreation. It should evaluate future outdoor recreation needs in the State, and should be subject to periodic updating. It should set forth a program designed to meet present and future demand for outdoor recreation opportunities throughout the State. This should take into account programs and plans both of the State government and its political subdivisions, as well as the private sector.

6. Q. Who is responsible for developing a State's comprehensive outdoor recreation plan?
- A. The responsible official or agency in each State is designated either by the Governor or by State law.
7. Q. How do States qualify for planning grants-in-aid under the Land and Water Conservation Fund program?
- A. Secretarial regulations and guidelines have not been fully developed but it is expected that States will submit a planning project proposal to the appropriate regional office of the Bureau of Outdoor Recreation for approval. The proposal must include a statement that the State has available a given amount of its own planning money which it will use to match available Federal dollars.
8. Q. How do States qualify for acquisition and development grants-in-aid under the Land and Water Conservation Fund program?
- A. They first submit a comprehensive statewide outdoor recreation plan to the Secretary of the Interior and obtain his certification that it is adequate to the State's long-term needs. The Secretary's regulations are expected to provide for the States to submit acquisition and development project proposals to the appropriate Bureau of Outdoor Recreation regional office for approval. The proposals must include among other things a statement that the State has available a given amount of project money which it will use to match Federal grants-in-aid. Forms for proposals will be available from the regional offices of the Bureau of Outdoor Recreation.
9. Q. How may counties, cities, soil conservation districts, and other political subdivisions of State government qualify for grants-in-aid under this program?
- A. Local public projects which are in accord with a State's comprehensive outdoor recreation plan may receive Federal grants-in-aid through the State agency designated to receive such Federal funds. To do so, the State agency concerned must file a project proposal with the appropriate Bureau of Outdoor Recreation regional office for approval. The proposal must certify that a certain amount of money is available to match Federal grants-in-aid.
10. Q. May a political subdivision of a State apply directly to the Bureau of Outdoor Recreation for grants-in-aid under the Land and Water Conservation Fund program?
- A. No; a political subdivision of a State may receive money from the Fund only through the agency designated for such purposes by the Governor or by State law. Likewise, other State agencies should apply through the State's designated point of contact, not directly to the Bureau of Outdoor Recreation.

11. Q. When does the Land and Water Conservation Fund program begin?
- A. The Act becomes effective on January 1, 1965. Money starts accumulating in the Fund on that date. No payment may be made from it for costs or obligations incurred or services rendered prior to the effective date of the legislation establishing the Fund.
12. Q. How much money will be in the Fund each year?
- A. Preliminary estimates anticipate that the Fund will average about \$180 million per year for its first 10 years. However, this level is not expected to be reached for a year or two after effective date of the Act.
13. Q. How does this become available for State and Federal recreation programs?
- A. Annually the Congress will appropriate all or part of the money which has accumulated in the Fund, following standard budget procedures.
14. Q. How much of the money appropriated from the Fund by the Congress will be available to the States and their political subdivisions?
- A. Unless the Congress provides to the contrary, 60 percent will go to the States in any given year. The President during the first five years may adjust such percentage by as much as 15 percent in either direction.
15. Q. How is the State's share of the money appropriated from the Fund allocated?
- A. Two-fifths of all the money appropriated by the Congress will be divided equally among the 50 States. The remaining three-fifths will be available to the States, District of Columbia, Puerto Rico, the Virgin Islands, Guam, and American Samoa according to need, as determined by the Secretary of the Interior. Legislation establishing the program guides him in determining individual State needs. No State may receive any of its share unless it matches the Federal grants-in-aid dollar for dollar.
16. Q. How long is money in the Fund available to the States and for Federal recreation purposes?
- A. Moneys appropriated from the Land and Water Conservation Fund and allocated to a State will be redistributed among other States if not matched and used within two years following the year in which it was made available. Money lying in the Fund which has not been appropriated by the Congress for State and Federal use by the end

of two full fiscal years following the year in which it was credited to the Fund will be taken out of the Fund and placed in miscellaneous receipts of the Treasury. It will no longer be available for Land and Water Conservation Fund program purposes.

17. Q. To what State official or agency will Federal payments for approved Land and Water Conservation Fund projects be made?
- A. To the Governor or to an official or agency designated by the Governor or State law.
18. Q. Since proceeds from sale of surplus Federal real property now will go into the Land and Water Conservation Fund, will present surplus property disposal procedures be changed?
- A. No. The Land and Water Conservation Fund program does not change any existing procedures or purposes for which Federal surplus real property may be disposed. It simply allocates net proceeds from sale of such lands to the Land and Water Conservation Fund.
19. Q. Do States or their political subdivisions have to charge entrance or admission charges at recreation areas established with money from the Land and Water Conservation Fund?
- A. No; their policies on fees and charges are their own responsibility. They may charge fees or not charge fees as they see fit.

QUESTIONS AND ANSWERS

For Individuals

1. Q. Will individuals now have to pay fees whenever they go to National Parks, National Forests, reservoirs built by Federal agencies, and other public lands?
- A. No, only at certain Federal recreation areas, which may include certain National Parks, areas within National Forests, the public domain, or a Federal reservoir complex, if certain conditions exist. These must be areas designated and administered by Federal agencies primarily for their recreation values, among other qualifications.
2. Q. What will be the amount of the charges at Federal recreation areas where fees may be imposed?
- A. Payment of an annual fee which may be evidenced by a conservation windshield sticker will admit a person entering by private non-commercial automobile and all other occupants to all Federal recreation areas as often as desired for a year. The annual entry sticker is expected to cost \$5 to \$7 a year and may not be priced at more than \$7. Individuals not wishing to purchase an annual entry sticker may pay single-entry fees at the designated Federal

recreation areas. These are expected to cost about the same amount as present fees at many Federal areas.

3. Q. Where can an individual get a conservation windshield sticker?

A. These will be available at locations yet to be announced.

4. Q. Will the Federal conservation windshield sticker admit a car and its occupants to State parks, forests, water and other recreation areas?

A. No, only to Federal recreation areas.

5. Q. Will an individual be charged fees to travel across Federal lands to get to property which he owns?

A. No, charges may not be imposed for access to private inholdings in Federal recreation areas.

6. Q. Will an individual on a business trip or a family on a vacation trip have to pay fees for travel on highways through designated recreation areas, provided they do not use the recreation facilities?

A. Fees may not be charged for travel over any national parkway, or on Federal-aid highway through designated recreation areas, or on any road within the National Forest system or a public land area which is commonly used by the public for through travel.

7. Q. Will fees be charged for using rivers, lake and seashores, reservoirs, and other bodies of water?

A. No. Fees may not be charged under the Land and Water Conservation Fund program for the use of any waters. Fees may be charged at designated Federal recreation areas adjacent to waters.

8. Q. Will an individual have to pay fees under the Land and Water Conservation Fund program for hunting or fishing on Federal areas?

A. No fee may be charged under this program as a hunting and fishing license. Individuals entering certain designated Federal recreation areas may be charged entrance and admission fees, but these apply whether or not the individuals expect to hunt or fish while there. The Land and Water Conservation Fund program does not change present Federal and State hunting and fishing arrangements.

9. Q. The present 4-cent Federal tax on motorboat fuels will be diverted to the Land and Water Conservation Fund. Will an individual still be able to claim a 2-cent tax refund of this amount as at present?

A. Yes. The Land and Water Conservation Fund, rather than the Highway Trust Fund, will now receive revenues derived from the 4-cent-per-gallon tax on motorboat fuels, but the refundable provision has not been changed.

10. Q. Will an individual continue to make such claims to the Treasury Department, or elsewhere?

A. Claims will continue to be made to the Treasury Department.

11. Q. Since the Land and Water Conservation Fund provides grants-in-aid for recreation purposes, can individuals apply for grants to acquire or develop private outdoor recreation enterprises?

A. No, not under this program. The Federal Government does have several programs which provide financial and technical assistance in outdoor recreation to individuals and organizations, both profit-making and non-profit. These programs are described in a booklet, "Federal Assistance in Outdoor Recreation," available for 20 cents from the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.

