

P U B L I C H E A R I N G

before

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

Held:
February 26, 1969
Essex County Tax Board
East Orange, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Chester Apy, Chairman
Senator Wayne Dumont, Jr.
Assemblyman Addison M. McLeon
Roy Cotton
Paxson Keats
William H. McLean

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New Jersey State Library

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ASSEMBLYMAN CHESTER APY [Chairman]: I would like to call the hearing to order and introduce myself. I am Assemblyman Chester Apy, the Chairman of the Commission. The members of the Commission who are present here this morning are: Senator Wayne Dumont on my far left; Mr. Roy Cotton, immediately on my left; and Mr. McLean and Mr. Keats, going down to the other end of the table.

The other members of the Commission are almost without exception out of town except one who happens to be ill and in the hospital so he cannot be with us.

I might indicate at the outset that what we will do is take the witnesses in the order that they have signed in. We will proceed and work along until the middle of the day when we will take a break when it is appropriate, probably in the neighborhood of 12:30, return after lunch and continue until the testimony has been heard. It has not been necessary to ask anybody to return at a second date and we have been able to hear the various witnesses on the day on which we have scheduled their appearance. It would appear to me from the list here that it will be possible to do that again today.

This is the third hearing. We are going to have at least two more hearings, one March 19th in Camden, one in Trenton at a date to be fixed. So if for any reason anyone wishes to present further testimony or if you know of others that might be interested, you can alert them to the fact that we are having other hearings.

I would mention for the information of those who are here the fact that we are constituted pursuant to Assembly Concurrent

Resolution No. 42, which contains the language outlining why this Commission was created, and I would like to read to you the essential parts of it so that we may have the testimony in the proper framework. The resolution reads:

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

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

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

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

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

The resolution goes on after that, and I won't quote it directly, to set up our 12-member bipartisan Commission, six of whose members are members of the Legislature, and it goes on to provide in paragraph 3: "It shall be the duty of said commission to review and study the New Jersey laws exempting certain religious, educational, charitable and philanthropic organizations and cemeteries from the payment of real property taxes, the nature and extent of such exemptions and the impact of such tax exemptions on the fiscal capabilities of local governmental units and on other owners of real property." And we were directed by the resolution to present a report on or before June 30th of this year.

I would indicate informally from the volume of material which we are receiving, I think I can safely predict that it will

not be possible for us to have a report by June 30th.

Prior to the taking of testimony, I thought it might be helpful to delineate in a bit more detail what I have outlined as to the scope of the Commission's jurisdiction and to indicate our approach to our task.

First, we are concerned only with exemptions from New Jersey real property taxes. We are not convened to consider sales, income or other tax exemptions, State or Federal.

A further limitation is imposed by the fact that we are to consider only religious, educational, charitable, philanthropic and cemetery organizations. Another commission has been studying the ramifications of the tax exempt status enjoyed by lands owned by the State, counties, municipalities, various authorities and other governmental agencies.

It will in due course make its report, and incidentally I believe that report can be expected within the next month. Although the consequences of the other exemptions which will be the subject matter of the other report may be no different as far as the taxpayer is concerned, their extent and the reasons for them probably are. In any event, our hearings will not consider them.

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

educational, charitable, philanthropic and cemetery organizations and to try to put a dollar value on them. To this end, the Division of Taxation under Acting Director William Kingsley has already undertaken at our request a detailed analysis of these organizations' holdings and we hope to have their report by April 1st, and I noted in the paper in the past week where he appeared on a TV show and indicated that his study was proceeding and approximately, I think he said, 20 per cent - it may have been 25 per cent of the property in New Jersey is tax exempt. Now there is included in his figure, I know, the property that is exempt by virtue of the fact that it is owned by governmental agencies and other groups like that. I might note incidentally that our hearing in Trenton, when we have it, - one of the primary purposes of that hearing will be to receive his report and his testimony and that of any other State officials that have been working with him at our request.

But in the meantime we will review the philosophy behind the exemptions that we are concerned with so that ultimately that philosophy or philosophies can be weighed against the demands of today and the needs of tomorrow.

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

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

With that background and with the understanding that we are trying to develop facts and see where we are, and thus my request in my letters of invitation to you to try to be prepared to explore exemptions philosophically as well as economically, we now will proceed with the witnesses, but prior to doing so I would like to introduce Assemblyman McLeon who has joined us who is a member of the Commission.

Our first witnesses will be representatives of the New Jersey Association of Independent Schools: Mr. Horne, Mr. Atwater and Mr. English. I will ask those who are going to testify, whoever is going to be the principal witness, to sit at the chair closest to the court reporter and the other people that are with him may sit at the other side of the table. If you would when you testify - I know that most people can hear our voices projected in the room - but as you testify, if you would please keep your voice up because I am sure that your testimony will be of interest to the other people that are here.

If you gentlemen will come forward, we will be happy to proceed.

MR. HORNE: Thank you, Mr. Chairman. We have some material here I will distribute.

ASSEMBLYMAN APY: Incidentally, as Mr. Horne has done,

if any of you do have prepared statements to distribute to us if you would do it before you begin testifying, it would help the members of the Commission to follow the testimony and perhaps prepare the questions that they might want to ask.

All right, Mr. Horne, you may proceed.

P R E N T I C E C. H O R N E: Mr. Chairman, I am Prentice Horne, President of the New Jersey Association of Independent Schools and Headmaster of Wardlaw Country Day School located in Plainfield, having held that post since 1959. On my immediate left is Mr. Charles B. Atwater, Headmaster of the Pingry School in Hillside, having held that post since 1961. He is treasurer of the New Jersey Association of Independent Schools, having held that position since 1964.

We represent in our Association 37 schools and numbering 11,481 students.

On my second to the left is Mr. Nicholas Conover English of the law firm of McCarter and English, 550 Broad Street, Newark, who is acting as counsel for the Association for the purposes of this hearing.

It is our intention to present a statement which I will read. You have before you, or are getting, a list of the New Jersey Association of Independent Schools, broken down by boys day schools, boys boarding schools, coeducational schools, girls day schools and girls Boarding schools with one error. St. Mary's Hall in Burlington on sheet 3 is no longer a boarding but is a girls day school. You will find a listing showing rough comparison of day pupil tuitions with local costs. We will refer to this later on.

You will find on the sheet typed sideways the cost savings by municipalities broken down by the municipalities and it may interest you at the outset to notice the total of columns 5 and 6 on the final page is \$3,033,703. The total of enrollment from municipality is 3,271 students and the total enrollment, which I have already indicated, is 11,481.

There is a sheet of miscellaneous information which may be of interest and you will find attached a letter which I will read as part of the public policy from William H. Warner, who is Director of Secondary Education in the State Department of Education.

Then with your permission, Mr. Chairman, I will proceed to read the public statement which we have prepared for the New Jersey Association of Independent Schools.

Public Policy Favors Tax Exemption
for Nonprofit Schools

The public policy of New Jersey has been authoritatively declared to favor property tax exemption for nonprofit educational institutions. The Legislature has defined that exemption as embracing "all buildings actually used for colleges, schools, academies or seminaries." The policy embodied in this statute was first expressed by the Legislature over a century ago in P. L. 1851, page 272.

So important and fundamental is the exemption from taxation of property used for educational purposes that the New Jersey Constitution of 1947, Article 8, Section 1, Paragraph 2 deprives the Legislature of the power to alter or repeal exemptions from taxation which exempt real and personal property used exclusively for educational, among other defined, purposes.

The New Jersey Supreme Court has expressly recognized the importance of independent educational institutions.

In The Kimberly School v. Town of Montclair, 2 N.J. 28 (1949), the New Jersey Supreme Court held that the property of The Kimberly School was exempt from taxation under R.S. 54:4-3.6. Chief Justice Vanderbilt said for the court at page 35:

"* * * So vital to the public welfare has the education of its citizens been deemed in this State that from the earliest days of the Republic 'school houses, although not formally exempted by the tax laws in force prior to 1851, were seldom if ever assessed in any part of the State. This omission was so obviously proper and so entirely in accordance with the public sentiment that it universally prevailed, and was in fact a contemporaneous construction of the laws this court would probably have sanctioned had the question been formally raised' State v. Collector of Jersey City, 24 N.J.L. 108, 120 (Sup. Ct. 1853). The education of citizens living in a democratic state and governed by a representative government has long been a subject of such fundamental public concern, by the very nature of such government, as to justify the granting of immunity from taxation to institutions of learning, for no greater threat to sound government in a democracy can be conceived of than an illiterate or uneducated electorate. So strong in the legislative mind was this salutary policy that in the enactment of the first statute in this State dealing with exemptions from taxation educational institutions were granted tax exemption regardless of whether or not the institution was operated for profit, P.L. 1851, p. 272. It was not until the passage of the Tax Act of 1903 (P.L. 1903, c. 208, Art. I, § 3) that the present test of whether an educational institution was operating at a profit found its way into the law to correct selfish abuses that had arisen under the original tax exemption statute of 1851."

The Chief Justice also stated for the court at page 42:

"* * * Of the wisdom of the legislative policy in exempting educational institutions from taxation where the profit-making motive is absent there can be no doubt. The need for enlightenment and training is as great, if not greater, today as at any time in the nation's history."

In A. P. Smith Mfg. Co. v. Barlow, 13 N.J. 145 (1953), the New Jersey Supreme Court reviewed, at pages 147 and 148, some of the policy considerations which favored the existence and strength of nongovernmental educational institutions. Justice Jacobs observed for the court at page 161:

"As has been indicated, there is now widespread belief throughout the nation that free and vigorous nongovernmental institutions of learning are vital to our democracy."

In a slightly different context, the New Jersey Legislature saw fit to strengthen nongovernmental educational institutions in this state by an amendment to the Transfer Inheritance Tax Law in 1948, R.S. 54:34-4. That amendment provides an exemption for:

"d. That part of the estate of any decedent which passes to or for the use of any educational institution * * * no part of the net earnings of which inures to the benefit of any private stockholder or other individual or corporation; provided, that this exemption shall not extend to transfers of property to such educational institutions of other States, territories and foreign countries which do not grant an equal and like exemption of transfers of property for the benefit of such institutions of this State."

The legislative statement attached to this bill included the following:

"The purpose of this bill is to encourage privately endowed higher education by making uniform the exemption from inheritance tax of bequests and devises to all educational institutions not operated for profit. * * *

"The new language will confine the full exemption of bequests to such institutions as Princeton University, Rutgers University, The State University of New Jersey, the Institute for Advanced Study, Drew University, St. Peter's College, Seton Hall College, Upsala College, John Marshall College, Newark College of Engineering, Stevens Institute of Technology,

and other privately-owned nonprofit institutions at the elementary, secondary and higher educational levels in this State, and on a reciprocal basis in other States. These institutions have all found their income from endowment curtailed in recent years, and their additions to endowment restricted by Federal and State death duties which tend to divert to personal beneficiaries sums that formerly were left to educational institutions. The same conditions which require added State aid for public education merit consideration for the needs of privately-endowed institutions which are also a part of the State's total educational facilities." (Emphasis supplied)

Thus the people of New Jersey through the constitution, the legislature through tax exemption statutes, and the highest court of this State, have all recognized and given effect to the strong public policy that favors tax exemption for nonprofit educational institutions, including elementary and secondary schools. This public policy accords with the views of distinguished leaders of both public and private education.

In the New York Times of Thursday, June 10, 1965, in an article about the Rutgers' commencement exercises, the following appears:

"Dr. Mason W. Gross, the university's president, said: 'Wherever there is a monopolistic situation, there is a strong tendency to do the customer's thinking for him and to expect him to be grateful for whatever the end product may be.'

"'This is one reason,' he said, 'why we in the public system of higher education must always hope for a strong, continuing tradition of independent schools, colleges and universities.'"

John W. Gardner, former Secretary of Health, Education and Welfare, has stated:*

"* * * It is impossible to establish a clear boundary line between what is popularly known as a 'foundation' and other varieties of endowed institutions.

"All of these varied institutions have traditionally received tax exemption. Since our beginnings as a nation both the federal government and state legislatures have acted to preserve and encourage private initiative in good works. We have

always believed that this was worth doing, and tax exemption has been the chief instrument for accomplishing it. Such exemption is not a negative act and certainly not a piece of legislative negligence. It is a positive measure designed to insure that in scientific, educational, religious, and charitable activities there will be multiple sources of initiative and creative diversity. Modern thinking about the value of pluralism in preserving freedom has only served to strengthen our convictions on this point.

"It is not necessary to argue, as some have, that nongovernmental institutions can perform certain educational and welfare functions in a manner superior to government. Governmental agencies have done a highly creditable job in many of the areas once covered by private institutions. But most responsible Americans believe that both governmental and private roles should be preserved. That is what pluralism implies. If the private institutions are squeezed out, a valuable ingredient in our pluralistic society will be forever lost. * * *

"* * * In upholding gifts for educational purposes, the courts have not sought to pass on the wisdom of particular educational projects. They have acted on the principle that the advancement and dissemination of knowledge is in itself in the public interest. * * * An experimental college may enjoy tax exemption even though most higher educational authorities are skeptical about the new methods it is using. One of the advantages of charitable trusts is that they permit the testing of ideas that have not been generally accepted. A university enjoys tax exemption without regard to the popularity of the ideas held by faculty members."

The opinion of the New Jersey Supreme Court in A. P. Smith Manufacturing Company v. Barlow, referred to above, alludes to the testimony in that case given by President Dodds of Princeton (13 N.J. 148):

"Similarly, Dr. Harold W. Dodds, President of Princeton University, suggested that if private institutions of higher learning were replaced by governmental institutions our society would be vastly different and private enterprise in other field would fade out rather promptly. Further on he stated that

'democratic society will not long endure if it does not nourish within itself strong centers of nongovernmental fountains of knowledge, opinions of all sorts not governmentally or politically originated. If the time comes when all these centers are absorbed into government, then freedom as we know it, I submit, is at an end.'"

Attached to this statement is a copy of a letter to the President of the New Jersey Association of Independent Schools dated January 31, 1969 from Dr. William H. Warner, Director of Secondary Education in the New Jersey State Department of Education.

I would like with your indulgence to read the letter at this time rather than just quote parts of it:

Dear Mr. Horne:

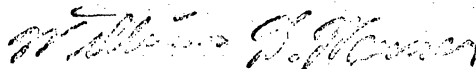
This letter is written in response to your request for a statement indicating the relationship of the New Jersey State Department of Education to the independent schools in New Jersey.

The New Jersey State Board of Education extends to all independent secondary schools the privilege of State approval. This approval is a form of accreditation and is recognized throughout the country by institutions of higher education and in business circles as attesting to the quality of work done in the institutions that has been so approved. This is a voluntary arrangement. No independent secondary school is required to be approved; however, once it has made this overture to the State Department of Education, in effect, it surrenders some of its independency.

State approval means that periodic inspections will be made of the participating school to see that, in general, it meets the standards prescribed for the public schools in New Jersey. Briefly, this involves a review of the curriculum of the school, the credentials of the teaching staff, the quality of teaching, and the adequacy of the physical facilities. As a result of this program of State approval, the State Department of Education maintains a very close professional relationship with the independent schools. We feel that these institutions are making a significant contribution to education in our State and have extended to them all of the professional consultant services in the Department that are available to the public schools.

I trust this information will be helpful to those who are interested in understanding the relationship between the New Jersey State Department of Education and the independent schools in our State.

Yours very truly,



William H. Warner
Director of Secondary Education

Going on with my prepared statement:

At a conference held at the Center for Continuing Education in Chicago, Illinois, from January 26-28, 1969, Dr. Donald A. Erickson, Professor of the Graduate School of Education of the University of Chicago, stated that a prime justification for independent schools is the need to offer something diverse, something different from the specifications of public school offerings. There is a need for a broader spectrum of educational institutions and the independent schools can provide this diversity, specialization, and experimentation which is not possible in the public schools. Professor Erickson pointed out that no one instrumentality of education is sufficient to provide for the diversity and complexity of the needs of the American public.

At the same conference, the Reverend C. Albert Koob, executive secretary of the National Catholic Education Association with headquarters in Washington, D. C., stated that in neighborhoods like Newark and Trenton public education does not respond to the changes in the neighborhood fast enough to meet the needs of the community and in many instances the nonpublic school must fill the vacuum created thereby. He asked, "How can a rigid and politically restrained system be reformed? We must

turn to private instrumentalities and this has been true in other areas of government concern such as the space program and Telstar as well as in the field of education."

At the present time the operating deficits for the Association's 37 member schools total more than \$1,117,000.00 each year. These sums have to be made up by annual contributions solicited from parents, alumni and friends in order to keep the schools operating. Additional taxes could not be absorbed but would inevitably increase the present level of deficits, already a matter of serious concern, and could easily cause a curtailment of educational effectiveness.

At a time when the resources of government at all levels -- national, state and local -- are being overstrained to provide sufficient funds for education, it would be shortsighted and against the public interest to weaken the present effectiveness of independent schools by adding the burden of heavier taxation to their present financial difficulties.

That, Mr. Chairman, is our statement.

[Exhibits that Mr. Horne referred to can be found, starting on page 274 of this transcript.]

ASSEMBLYMAN APY: Thank you very much, Mr. Horne.

Let me ask you two or three questions if I may and do it with the premise for purposes of our discussion that there is an over-all contribution being made. Let's concede there is an over-all contribution being made by the independent schools to the welfare of both the State and of the Nation by the educational job they do. Would you say that the schools also recognize what was alluded to

in our statement, that there is an increasing burden on the individual homeowner as to real estate taxes?

MR. HORNE: I am sure there is no question but that the burden to the homeowner is continually increasing. As a matter of fact, the homeowner who elects to send his son to an independent school such as we are talking about here is not only paying his share of the educational costs of the public domain, but in addition he is taking on the expenses involved in sending his boy to the independent school. He would not certainly do this if he did not feel he was getting fair value for the dollar spent.

ASSEMBLYMAN APY: -- of course, recognizing this is a voluntary choice on the part of any individual that chooses to use an independent school of any kind and pay tuition.

MR. HORNE: That's correct.

MR. ENGLISH: Excuse me, Mr. Chairman, may I make an additional comment on that?

ASSEMBLYMAN APY: Certainly, we would be happy to have any of you gentlemen speak up.

MR. ENGLISH: By way of further introduction, if I may say so, while I suppose technically I am here as a lawyer and counsel, I am also a trustee of two independent schools and adding seriatim the years of service on that would come out to about 25 years as a trustee.

We do not have statistics on this point right now, but we know that some schools do pay some taxes to municipalities. This grows out of the fact that land is limited in exemption to not more than five acres per building. Again I can't give you

statistics, but I know that at least one school in this State, in addition to paying a modest tax, makes a voluntary contribution to the municipality in recognition of the costs of police and fire protection and this kind of thing. Now how widespread this is, I am not informed at the present time. But I think this is at least a partial answer to the question you raised a moment ago.

ASSEMBLYMAN APY: I think it is also a partial answer to the direct question I was going to ask next which was: Referring to the statement that you have worked up indicating cost savings by municipalities, I am wondering whether or not another column could not be provided to indicate the information that you have alluded to that is probably available specifically. Various of these schools do actually pay money to the municipality either by virtue of the fact that certain of the lands are taxed or by virtue of the fact that they have elected to make in lieu payments. And I am wondering if it wouldn't be possible to put that information together so we can weigh it along with the rest of the information that has been obtained. I recognize we are working under rather short notice for information of this scope and it is not meant to be critical, but I am just trying to explore a little further in the area.

MR. ATWATER: We can get that all right.

ASSEMBLYMAN APY: Let me ask this specific question: Would the Association take the position that the present exemption statute which says that anything over the five acres is not to be exempt should be changed or are you satisfied with it?

MR. HORNE: It has been our experience, Mr. Chairman, that this five-acre ruling has been worked out with the municipalities in which the schools were located. The law reads "five acres," but the municipalities have chosen to interpret this dependent on perhaps our overlapping areas in the properties. I do not, speaking for myself, and I would defer to Mr. Atwater, suggest at this point that it would be wise to seek further exemption of this five-acre law.

ASSEMBLYMAN APY: Well, without putting words in your mouth, would you say in certain situations it is quite possible that the assessors have not seen fit to strictly construe the statute as to the five-acre exemption?

MR. HORNE: This is true, yes.

ASSEMBLYMAN APY: To your knowledge are there any situations in which schools have chosen not to apply for exemptions where they might be technically justified so that they can make a contribution to a municipality?

MR. HORNE: I can't answer that without prior knowledge. I don't know whether Mr. Atwater can.

MR. ATWATER: In the particular school with which I am connected, we went through a series of courts in connection with tax exemption against certain faculty houses primarily, although it started with a suit against the whole establishment.

MR. ENGLISH: The tax assessment on the whole plant.

MR. ATWATER: The tax assessment on the whole plant. We had no argument against the five acres at the time and I certainly don't see that we would ever have an argument against paying taxes in excess of five acres. We did take exception to

the taxes against the particular houses, which eventually was determined in our favor by the State Supreme Court.

ASSEMBLYMAN APY: Well, would this therefore constitute an implicit recognition by the schools that even though you are able to present a table that shows savings to the municipalities, you still recognize that something should be paid to the municipality and your land and buildings should not be totally carte blanche exempt?

MR. HORNE: I think this is recognized in the present law. I would also like to point out one other aspect, that none of us when we look at this list of miscellaneous information and recognize the total value of school plants, including land and buildings, of 35 schools, which we were able to ascertain, showing \$42,946,704, is going to look askance at doing its part in helping the local fire protection, police protection and those departments which exist solely through municipal taxation.

Speaking for Wardlaw, I can only say that we do pay some taxes to the City of Plainfield and feel this is justified because in turn we have a very happy relationship with the local fire department and police department and it would not be right if we didn't have any part to play in support of those departments.

ASSEMBLYMAN APY: You are paying then some taxes to the town by virtue of the fact that I would assume primarily your athletic fields take you beyond the acreage?

MR. HORNE: That is correct.

ASSEMBLYMAN APY: This \$42 million figure - do you feel it is a realistic figure?

MR. HORNE: When your buildings are not specifically spelled out for tax purposes, such as your home and my home on the tax bill which we receive, the way a school values its plant can differ to a degree. By that I mean, some plants may present this as what it costs them. Some might be presented as replacement. I live in an old house in Plainfield. Part of my school is an old home. To replace it would cost many times what it cost to build in 1894. Therefore, to answer your question honestly, the total value of school plants, including land and buildings, comes from various accounting.

ASSEMBLYMAN APY: Right. This is part of the problem I think that we have and why we are asking those who testify as well as Mr. Kingsley and the assessors to give us figures so as to try to arrive at what the real value is and determine, for example, whether or not these figures you have given us represent valuation for insurance purposes, replacement value, a market value, whatever it might be. And you probably couldn't indicate then, I guess, from what you have said exactly how these are put together.

MR. ATWATER: I don't see how we could.

I believe there is a question of depreciation coming in here too, is there not, which is rather unrealistic in school accounting? I don't care whether it is public or private. In an independent school situation, if a building deteriorates to the point of no use, a campaign is immediately established frankly to go out and raise funds to build a new building. The same is true in a public school situation in the issuance of a bond series. So really depreciation in school accounting is a rather

difficult assignment. It is not comparable to the private sector.

ASSEMBLYMAN APY: Mr. English, do you have a suggestion?

MR. ENGLISH: Some schools carry on their books a depreciation which is just abstract figures because they do not fund anything for depreciation. There may be some schools that do some funding in a modest way, but by and large most schools just don't have the money to fund this. They don't even fund replacement for chairs or this kind of thing. So this illustrates, I think, the difficulty of getting a uniform set of figures.

ASSEMBLYMAN APY: Let me take an example that I happen to be personally familiar with because it is my school and you gentlemen may be familiar with it too for purposes of illustration. Down at Peddie they have a principal building that has been there way before the turn of the century, Wilson Hall, which is a five-story building. Now if they depreciate it from its original cost, I would guess it is zero on the books. Yet on the other hand, to replace it would cost many millions of dollars and so it raises the question in your \$42 million, do you have a figure from Peddie of zero or several million dollars or just what? This is why I raise the question of how valid and realistic these figures are.

MR. ENGLISH: Peddie might give you zero and Blair with the identical problem might give you the original cost or the replacement value or the insurance value. This is what we don't know really.

MR. KEATS: I think the insurance value is the most valid. If the building burned down, they would like a particular amount of money from that piece of property whether the building

was 100 years or 25 years old in order to replace it. I think the insurance value would be the most valid.

ASSEMBLYMAN APY: Mr. Keats, do you think it might be helpful then if we tried to get specifically an indication of insurance values of schools?

MR. COTTON: It would be more comparable, wouldn't it?

ASSEMBLYMAN APY: We have come up with this for other institutions. Incidentally when we have talked to all of the various institutions and organizations that we have been concerned with, there has been an opinion expressed that perhaps this is the most accurate indication as to what people think their property is really worth.

MR. KEATS: The school, itself, probably would just wait until the building fell down and then go out and solicit funds for a new one. As long as a building is functional, you are not really concerned about its deterioration. It's there.

MR. HORNE: As long as Bill Warner approves it.

ASSEMBLYMAN APY: That's right. Let me ask another question. What we are really talking about here is a question of distribution perhaps of the tax base when you finally get down to the last analysis. I am wondering whether it would be helpful to start out by trying to put a realistic figure on what your various plants are worth so that they would be in effect given a figure of 100 per cent like every one else, like the private sector of the economy. Then instead of a formula that provides acreage, which is ignored in part and enforced in part, try to arrive at a formula that is more closely in relation to municipal services along the line that has been suggested that

maybe you would work out what the true value is and then apply so much of the municipal tax rate as is required for the municipal and county services and exclude the school cost, for example, because there are no school costs to the local municipality in most cases. Do you think it would be helpful over all if this approach were used?

MR. ENGLISH: Can I make a comment on that? I think the municipal and county costs ought to be very specifically defined and there may be room for argument as to the philosophy. Certainly I think any school would recognize the justice of paying for police and fire protection as a minimum. As you indicated, Mr. Chairman, when you get into educational costs, that would seem to be something properly excluded. If you get into welfare costs and this kind of thing, maybe that ought to be excluded. In terms of the school paying its way, it does impose some burden on the police and fire departments. I would think it did not impose any on the welfare system any more than it did on the educational system. Maybe when you get into the streets and roads and this kind of thing ---

ASSEMBLYMAN APY: You need the roads to get to your school.

MR. ENGLISH: But you need all the roads in the county. This is something that I would think if included at all ought to be at some arbitrary figure substantially less than 100 per cent.

ASSEMBLYMAN APY: Less than 100 per cent of what the municipal portion of the tax rate would be?

MR. ENGLISH: Of the portion of the tax rate for streets

and roads.

ASSEMBLYMAN APY: I see.

MR. ENGLISH: I haven't thought this out in detail, but I am suggesting some of the kinds of limitations that I can think of.

MR. MC LEAN: Do you think at the same time you ought to have a credit for the relief of the school tax of the municipality on the other side of the ledger?

MR. KEATS: I think they should be given for the per capita cost of each student.

MR. MC LEAN: I think your figure was \$3 million that doesn't have to be spent by the taxpayers, thanks to your existence. Recognizing the burden, if you want to call it that, or cost because of the police protection and fire protection, should you have a credit for the relief that you are giving the citizens because of the school taxes that they don't have to pay because of the children from that municipality that you are educating?

MR. ENGLISH: I don't see any objection to that, but there is a complicating factor there. If you look at this table, for example, on the front page in the middle are three schools located in Englewood. It so happens that a large proportion of the children who go to those three schools do live in Englewood so that the tax saving to Englewood is \$702 odd thousand. On the other hand, you look down to Gladstone where St. Bernards apparently has only one boy from the municipality. So in the case of Gladstone the surrounding municipalities which let's arbitrarily assume would be something like Chester, Mendham, Bedminster, and what not,

they are getting really a free ride on Gladstone because they don't provide the police and fire protection that Gladstone does to St. Bernards and significantly more of their kids go to that particular school than from Gladstone. So I just add that as an additional element that I think is involved in your suggestion.

ASSEMBLYMAN APY: Don't you think it also illustrates the problem in so far as, for example, the people from Gladstone are concerned? Those local taxpayers have this exempt institution, all of whose boys except one come from outside their municipality and when you get to the private boarding schools where they come, the majority, from all over the state or even from other states as is the case with one or two of our schools, the local taxpayer says, "Why should I help subsidize the cost of educating rich boys from another state?" This is the very simple question that they ask.

MR. KEATS: We have no way of judging how much of a contribution each one makes if there were a tax formula. Is there any way of having these different schools -- for instance, I would like to know if you just arbitrarily said that they should pay the county portion and, let's say, police and fire protection, what would that be in each school?

MR. ATWATER: When I wrote those notes down, sir, I put down: Find out what the taxes are and what contributions are made by the individual schools, if any. Is this what you mean?

MR. KEATS: Yes, I would like to have a rough idea of whether or not you are actually saving the community more in its per capita school cost or whether it is actually costing the

community to maintain police and fire services.

MR. ENGLISH: See, this will vary so much from school to school. I would venture to suggest that Gladstone takes a licking on it and Englewood is miles ahead.

MR. KEATS: That is what I mean.

SENATOR DUMONT: Mr. Chairman, I don't see how you can follow that rule particularly anyway because you have so many volunteer fire companies in New Jersey that are very little, if any, supported by their municipalities, particularly by contributions.

ASSEMBLYMAN APY: That is another part of the problem.

MR. HORNE: I would maintain, Mr. Chairman, too, that one of our schools maintains its own fire department without any participation of the outside one.

SENATOR DUMONT: Which one is that?

MR. HORNE: Lawrenceville.

ASSEMBLYMAN APY: That is interesting. I have no other questions for the gentlemen. If any other members of the Commission do --- Senator.

SENATOR DUMONT: I thought one of you said in the beginning - I want to be sure whether I heard this right or not - that you were working on five acres per building by way of exemption rather than five acres, period.

MR. ATWATER: I don't think that statement was made. I think it was a misunderstood statement if it was made. There has been no attempt that I know of to gerrymander the situation so that if you had three buildings, you could get 15 acres and that

sort of thing as exemption.

SENATOR DUMONT: What about the schools, such as Blair, Lawrenceville and Peddie that have their own golf courses? What is being done about paying taxes on them because they are open to the public as well as the boys that go there?

MR. HORNE: I can speak relative to Lawrenceville which pays a relatively heavy tax; something in excess of \$12,000 a year, they pay in taxes because of that situation.

MR. MC LEAN: Would you happen to know whether that is a negotiated figure or is it a mathematical figure?

MR. HORNE: In an effort to find some of the answers to the questions that have been raised relative to this, like, how much tax do you pay - how much tax do we pay - and so forth, this was presented to me by the business office of Lawrenceville School, that their contribution to the town in the form of taxes or whatever you might want to call it would be in excess of \$12,000.

ASSEMBLYMAN MC LEON: Mr. Horne, in the case of Gladstone, you say the total enrollment is 120 and the enrollment from the municipality is 1. Where do the other 119 come from?

MR. HORNE: From all the surrounding communities.

ASSEMBLYMAN MC LEON: Looking at this, I wondered if there should be listed the total enrollment from the county. This is a regionalized school, is it not?

MR. HORNE: This is a regionalized school. Boys attend this school from as far away as Plainfield, for exemple.

ASSEMBLYMAN MC LEON: I get the impression that Gladstone would not be in need of a school. It seems to be kind of off

center there.

MR. HORNE: You wonder why the school arrived in the town.

ASSEMBLYMAN MC LEON: There is one from the municipality. It seems that the school should be some place else and Gladstone would do the sending. It looks like Gladstone is receiving.

MR. HORNE: This is an old school. It has been there for a long time. It was first founded by the Episcopal Church. It happened to have some properties, most of which were given to it through church affiliations. This is going way back. So the school has always gone along in that location. It is unusual to think that in a community -- I don't know enough about Gladstone to know what the population of Gladstone is. It is not very big.

SENATOR DUMONT: It is very small.

MR. HORNE: It is a very rural area, I know.

SENATOR DUMONT: It is in northern Somerset.

MR. HORNE: Take my own school, for example, in which we indicate a total enrollment of 294 boys, of whom 130 live in Plainfield. In other words, more than half of our boys come from Westfield, Cranford, Fanwood, Scotch Plains, Watchung, etc, other towns than Plainfield. In that area, in that belt in which we exist and of which this is a part, it is hard to know when you are from one town to the next.

ASSEMBLYMAN MC LEON: Are all secondary schools State approved?

MR. HORNE: All of ours are. The group which we are representing, the New Jersey Association, are all state approved. Further, they are approved by our Association and those that are

secondary or high school level are further approved by our Middle States Association of Independent Schools.

ASSEMBLYMAN MC LEON: Which schools are not State approved?

MR. ATWATER: They are not on this list. They would not be members of our organization if they are not approved.

MR. HORNE: I am sure Dr. Warner could give you this information. In fact, he publishes an approved list of secondary schools in the State each year. You will find schools in his list not included on our list and you will also observe here that there are no proprietary schools - that means schools operated for profit - in our association and there are no parochial schools listed, of which we have a vast number and which do a very fine service to the State. Those are all approved by the State of New Jersey, I am sure, if they are of any standing.

ASSEMBLYMAN MC LEON: Mr. English, you mentioned one school makes a contribution in lieu of taxes.

MR. ENGLISH: Yes.

ASSEMBLYMAN MC LEON: Which school is that?

MR. ATWATER: The Pingry School which I represent.

ASSEMBLYMAN MC LEON: What school is that?

MR. ATWATER: P-I-N-G-R-Y it is named. It is located in Hillside. It is a boys day school with an enrollment of 560 kids. Actually we are in the same position as Mr. Horne is in. We have only 25 boys from the Township of Hillside in the school.

ASSEMBLYMAN APY: While we are on that subject, I notice you do not include in your schools the military schools, either B.M.I. or Admiral Farragut.

MR. ATWATER: They are both proprietary, I believe.

ASSEMBLYMAN APY: They are considered proprietary.

MR. ATWATER: I know B.M.I. is.

ASSEMBLYMAN APY: I think Admiral Farragut is also an example of an institution that does make some payments in the nature of in lieu.

MR. HORNE: If they are proprietary schools, they will pay probably regular taxes of the community in which they are located. There is no question about it.

ASSEMBLYMAN APY: To be argumentative just for a minute, to go back to your three million dollar figure that you added up as savings to these various municipalities, I think by implication you said it is a savings that these schools have brought to the municipalities. Actually it is really not your schools themselves that have saved the towns, it is the parents of your pupils that are willing to send them to your schools that have saved the towns that money, right?

MR. HORNE: That is correct. What we do is offer them a place to go.

ASSEMBLYMAN APY: Anyone else have any questions?

MR. KEATS: Do they have any idea how many other schools we are talking about which are not accredited because they would also be tax exempt?

MR. HORNE: Well, this as I mentioned could be ascertained through Dr. Warner's office.

MR. KEATS: Would he have a list of all of them? I am thinking of the very small ones.

MR. HORNE: He would have a list of the accredited schools

that were not included here, many of which are proprietary schools.

MR. KEATS: I am talking about very small day schools.

MR. ATWATER: I don't know that they are getting tax exemption. I couldn't answer you one way or the other.

MR. HORNE: They are probably proprietary schools which pay regular taxes. There is one in Plainfield that I know of.

MR. ATWATER: You are thinking of the small nursery schools.

MR. KEATS: Yes.

MR. HORNE: Those pay all the taxes.

MR. KEATS: Pay all taxes.

MR. ENGLISH: Could I add something and with your permission speak now as a lay trustee of an independent school. Would you be good enough to look at the single sheet of miscellaneous information and let me expound a little bit about the last two items on that. The figure there is given for the excess of expenses over income, excluding gifts, for the last academic year, and this figure is based on the information from 35 schools, of over \$1,117,000. It averages out to a little over \$30,000 per school.

Now if you are a school trustee, this is pretty rough. The budgetary pressures are more severe in this context than I think anything else I have seen. Certainly there is nothing comparable in profit-making enterprise and I don't think any eleemosynary institution can show any worse pressures. By and large the salaries paid to teachers in independent schools are less than what are paid in public school systems, certainly in

good public school systems. Sometimes people say, "Look, why don't you raise your tuition rates? You have a lot of rich parents and they can afford to pay taxes to the town." Well, that is not considered a valid answer by the people who run schools because every school that I know anything about wants to serve a broad cross-section of the community if it is possible to do so. The scholarship funds that are available are limited as you can see from the figures. If you raise tuitions too high, you price yourself out of a good part of the market for people whom you want to serve. I am thinking, for example, of the children of clergymen, social workers, teachers in other schools, public or private, YMCA secretaries, if I may use the term, Mr. Cotton, and others, people or families with a very high level of education and cultural standards, who for one reason or another have chosen to go into some of the less remunerative fields of activity. Now these are people whom you want to have in your school. You try to help them with scholarships and you try to help them by keeping your tuition rates at as reasonable a figure as possible. But this is rough.

If a significant tax burden were added to the schools, I think something has to give. Some kids who are now served would be excluded. Some of the scholarships that are given are not from gifts or endowments, they are just that these kids are carried free in the operating budget of the school. We would have to axe them. Your teachers' salaries might have to be reduced or increased at a slower rate and the quality of your teaching is going to fall off. It is not easy to raise even the

average figure of \$30,000 a year in annual giving contributions. And being a trustee of a boys' school and also of a girls' school, I would be glad to take on all comers in the defense of the proposition that there is nothing much tougher to raise money for than a girls' school.

You can see here that 11 schools out of the 37 members are now actively engaged in raising endowment funds. This is not for buildings. This is not annual giving. But this is to provide some cushion, some assurance, that the school can continue and maintain its quality.

I appreciate and sympathize with the financial pressures of the municipalities. I think these gentlemen have given a realistic recognition of that. I do think that the Commission, which I know wants to be fair and wants to balance the conflicting considerations, ought to be aware of the pressures on the schools too.

ASSEMBLYMAN APY: Let me ask one question that I think is an area that will be more important when we get to the colleges, but just to clarify it for the record: To your knowledge do any of the schools that you represent receive any grants from the government in any way, Federal or State, for any programs conducted in your schools?

MR. HORNE: There is a program currently, a small allotment per capita, in books for the library, some visual aid equipment, this sort of thing. But other than that, unless you know of something --

MR. ENGLISH: We get some food, I think, for lunches.

MR. ATWATER: Certain food is cut down in price. Through

Title II of the E.S.E.A. Act of 1965 - that is what Mr. Horne is referring to - that was made available for independent schools working through their local boards of education for certain grants to buy books or audio-visual materials, in particular microfilm, in connection with library services.

ASSEMBLYMAN APY: These are Federal funds?

MR. ATWATER: Under Title II, E.S.E.A. Act.

ASSEMBLYMAN APY: And would I be correct in assuming that the schools are taking advantage of this to the extent that they are eligible?

MR. ATWATER: Only in certain instances. My own experience was that we thought this would be very helpful to us and we were in the process of equipping a new library and we have withdrawn almost entirely from it with the hopes this year of maybe applying for a couple hundred dollars worth of microfilm.

SENATOR DUMONT: You don't get any funds from the State other than participating in the public transportation?

MR. ATWATER: You are correct, sir. I should have recalled that. We do get that through the Bussing Act, which incidentally, Mr. Horne and I appeared with gentlemen from Trenton and we weren't too much in favor of that whole thing.

SENATOR DUMONT: That is up to \$150 now per student per year.

MR. ENGLISH: May I say, Senator, in a sense free bussing benefits the parents rather than the school. I think it is the custom of the school to make an extra charge for transportation where it supplies it and this doesn't come out of your tuition.

So all it does is - a parent who lives in town X and whose kid goes to town Y may get a free ride instead of paying \$150 to the school to provide the transportation. But it doesn't do a thing for the school budget.

ASSEMBLYMAN MC LEON: It is not free bussing; it is subsidized.

MR. ENGLISH: That's right. Well, it may be free to the parent.

ASSEMBLYMAN MC LEON: It is being paid for.

MR. ENGLISH: Well, the parent pays his taxes too.

ASSEMBLYMAN MC LEON: I just wanted to say for the record it is not free bussing. I was opposed to that also.

MR. HORNE: I would just like to mention the fact - Mr. English touched on this and I would like to underscore it a bit - we have been talking a great deal here in terms of the independent school doing something for the community in the way of paying for what it gets out of the community. Although your guidelines indicated that we would not get into any emotionalism, and that is the farthestest from my thoughts, I would like to present the fact that I think without question a community has as an asset when one of these schools is located in it. A great deal of the contribution in lieu of taxes could be looked upon as a public relations gesture, if you will, good will toward the community. We live in these communities, but the independent schools also contribute to these communities. I receive many calls from local industry around Plainfield, for example, and I am sure Mr. Atwater does and others, where an executive is being lured in to take over whatever that place

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may be, "What can you offer in the way of education in your community?" Well, in Plainfield we happen to have two independent schools, one for boys and one for girls. I know this is a factor. It improves the image, if that is the current term, of the community in what it has to offer. So in a sense the community has a responsibility in return for what the independent school is doing.

ASSEMBLYMAN APY: Does anyone have anything further? If not, gentlemen, we thank you very much and if in due course you can supplement what you have for us - and by "due course," I mean the next couple of months - we would appreciate receiving anything else along that line.

SENATOR DUMONT: May I ask one more question, please. You mentioned something about your faculty salaries. How do they compare on the average with the public school average which is usually around \$6500 to \$7000, starting salaries, that is?

MR. HORNE: I would only say that if you can get the State of New Jersey to settle on something less than \$7000 as a starting salary, you will get a plaque hung in the State House.

ASSEMBLYMAN APY: By whom?

SENATOR DUMONT: By your schools or what?

MR. HORNE: No, I am talking about the State government, those who are responsible for the Board of Education. I would say in fairness we are about, as this thing escalates, certainly a full year behind. Now in Plainfield I believe the starting figure this year is \$6400.

SENATOR DUMONT: That is the public school?

MR. HORNE: I am speaking of the public schools. Our

starting salary this year was give or take, depending on how much I had to twist the man's arm, \$6,000. Next year if Plainfield, which is trying very hard to settle on \$7,000 and it isn't optimistic -- we can't even begin to think in terms of paying a man \$7,000. I read in the paper this morning New York is asking \$9,000. Now they are not going to settle for \$9,000 either. There will be a long horrendous series of strikes and what not. In fairness, though I think I could say, and you can bear me out on this, we are somewhere in the neighborhood of \$1500 below comparable public school salaries.

MR. ATWATER: I was going to say between \$1000 and \$2000 behind the public schools in the over-all picture.

ASSEMBLYMAN APY: Isn't it also fair to say too that in some of your schools, you are really not directly competing as much with the public school sector as you are with private colleges with the men that would go into the universities as instructors.

MR. ATWATER: I would concur.

ASSEMBLYMAN APY: They provide in your minds many of the ideal sort of people that you want to get so you are also competing in that area as well.

MR. ATWATER: That's correct.

ASSEMBLYMAN APY: Thank you very much, gentlemen.

MR. HORNE: We thank you. Will you want to call on us again in the course of the day?

ASSEMBLYMAN APY: No, sir. You are excused and we thank you for coming.

MR. ENGLISH: Thank you for being so attentive.

ASSEMBLYMAN APY: Mr. Feld and the representatives of the American Legion. I believe you distributed your literature first and we already have that on the table here. Is that right?

MR. FELD: Yes.

ASSEMBLYMAN APY: Thank you, Mr. Feld. You may proceed, sir.

E D W A R D F E L D: Members of the Commission, I have distributed copies of the report that we have prepared so that you may have it for your permanent record. It sets forth the basis of the American Legion.

I have here to my left Mr. Lyons who is National Executive Committeeman representing the State of New Jersey. I have Mr. Kuzbyt who is the Department Adjutant and Mr. Jack Kuepfer who is our Department Commander. There may be some problems or questions that may be submitted in the course of our discussion that I may not be able to intelligently answer. I would refer that to my associates for further comments.

ASSEMBLYMAN APY: That would be fine, sir, and we can proceed after your statement the same as we did with the last gentleman.

MR. FELD: The American Legion, Department of New Jersey, appearing on behalf of 424 American Legion posts oppose any proposal to impose a real estate tax on property owned by it.

Might I state - this is not part of the record that I submitted to you - that the membership of the Legion in the 424 posts runs short of 76,000 throughout the State of New Jersey. In addition to that we have members of the Ladies Auxiliary

who total approximately 25,000. Then, of course, you have the membership of the Sons of the American Legion and the Ladies Auxiliary Juniors. I don't know the number of those, but that could be made part of the record at a later date.

The American Legion, Department of New Jersey, welcomes the opportunity to come before this commission to submit evidence to justify the tax exempt status of real property, title of which is held in the name of the several posts of our organization. The American Legion county committees perform a staff or co-ordinating function within their jurisdiction and as such, do not own real property. The same is true of the Department or State body. The property that is involved in our discussion here is primarily in the name of Legion posts in each of the several communities throughout the State.

May I for the record state that The American Legion is a non-profit entity created by an Act of Congress in 1919. Any discussion relative to The American Legion in the area of tax exemption must of necessity take into consideration not only the parent organization, The American Legion, but must include The American Legion Auxiliary, the Sons of The American Legion and The American Legion Auxiliary Juniors. All functions of our organization are centered in the community post. All auxiliary bodies are identified as unit number, detachment number, etc. In each instance, the unit number and the post number are one and the same.

The American Legion is, to anyone who reviewed its activities, resolutions and policies, an embodiment of strong, valid principles, with unblemished continuity of high purpose for half a century. A cross section of

The American Legion membership comprises men and women in all walks of life, starting with the last five Presidents of the United States to the average working man, with no discrimination as to membership within the permissible dates established by the Congress of the United States.

It is a known fact that The American Legion spoke loudly for wisdom in dealing with international and national problems. General Lucius D. Clay said that if the United States followed more closely the views and recommendations of the Legion with respect to foreign policy over the years, our position in the world would be much stronger. These views and recommendations which were reinforced by resolutions emanated from the post level. It is important to recognize that the many American Legion programs were and are not intended for the exclusive benefit of its members, but include adults, youth and child guidance, and to serve to develop a better understanding among the people in the respective communities.

We must be mindful of the admonition of General Douglas MacArthur when he remarked that The American Legion has been a strengthening security by its indomitable will and resolute patriotism of the citizen-soldier. These men have met the shock of battle and accepted that responsibility.

This leads me to urge that The American Legion posts should not be deprived of monies needed by these citizen-soldiers to carry on unselfishly the work cut out for it by the many Legion programs. We are of the opinion that the good services rendered to the community, state and nation far exceed any concession legally received by posts of The American Legion.

No doubt that your august body are cognizant of the constitutional provision relating to tax exemptions and cited in Article 8, Paragraph 1, Sub-paragraph 2 entitled "Taxation-exemption in General."

"Exemption from taxation may be granted only by general laws. Until otherwise provided by law the exemptions from taxation validly granted and now in existence shall be continued. Exemptions from taxation may be altered and repealed except those exempting real and personal property used exclusively for religious, educational, or cemetery purposes, as defined by law, and owned by any corporation or association organized and conducted exclusively for one or more of such purposes and not for profit."

I direct your attention to the exception portion of this law (under-scoring mine). When the constitution was adopted at the general election on November 4, 1947, exhaustive study was made by the delegates of the people of New Jersey in convention, begun at Rutgers University in New Brunswick on June 12 to September 10, 1947. It cannot be denied that the question of taxes was among the foremost subject of discussion at this convention in addition to defining the unalienable rights of the people. The preamble to the Constitution of New Jersey reads in part -

"We, the people of the State of New Jersey, grateful to almighty God for the civil and religious liberty which He hath so long permitted us to enjoy, and looking to Him for a blessing upon our endeavors....."

clearly defines the objectives of the constitution. The delegates deemed it for the best interest of our State to exempt non-profit organizations from the burden of real estate taxes. In furtherance of this constitutional provision and mandate enabling statutes were enacted which specifically gave veteran organizations exempt status. The statutory provision relating to such exemption is provided in N.J.S.A. 54:4-3.25.

"All real and personal property used in the work and for the purposes of one or more bonafide national war veteran organizations or posts, or bonafide affiliated organizations, whether incorporated or unincorporated, existing and established on June 18, 1936, shall be exempt from taxation under this chapter if the legal or beneficial ownership of such property is in one or more of said organizations, or posts, or affiliated associations."

At the expense of being repetitious your attention is directed to the fact that The American Legion was created by Act of Congress in 1919 and that under the quoted statute affiliated associations include The American Legion Auxiliary, Sons of The American Legion, American Legion Auxiliary Juniors.

What contributions do the Legion posts make to justify the exempt status? The work of The American Legion can be classed in four general categories: Americanism, Child Welfare, Rehabilitation and National Security. We do not restrict our efforts in any of the aforesaid categories to members of The American Legion or to veterans. Our services, our expertise, our know-how and our staff are available to all. In the field of Americanism it has been said that The American Legion and other veterans organizations are the "patriotic conscience of the community." They are the originators, the organizers and the performers in practically all patriotic exercises in the state.

Our Americanism programs include many activities and work in conjunction with local educators. New Jersey American Legion Boys' State held annually brings almost 1,000 high school juniors to a New Jersey College campus where for eight days they learn about the operations of government from the local level to the governorship. The faculty duties are in the

hands of experienced public officials at every level of government. In addition to the faculty, a Legion staff of almost 100 volunteers is required to serve as counsellors. The estimated cost of Boys' State is \$50,000.00. This is a dollar outlay; if we could put a dollar value on the worth of a professional volunteer, Legionnaire services and the year round work of The American Legion, Boys' State Committee and the Trustees, I feel it is reasonable to assess the cost of a program of this magnitude at over \$100,000.00. This program is carried one step further by the national organization, whereby the representatives of each state's Boys State are sent to Washington, D.C for a week at Boys' Nation.

The annual high school oratorical contest, approved by the National Association of Secondary School Administrators, is a program that is rather difficult to put a dollar value on. Contests in schools, contests in municipalities, counties, districts and eventually a state final contest are time consuming activities and at every level require the services of many volunteers. In addition awards are given to those judged best at every level. At the state level the winners receive a total of \$900.00 in scholarships.

American Legion Baseball is a program of which we are justly proud. In the State of New Jersey, The American Legion posts sponsor 110 baseball teams. It is estimated the cost of this program is approximately \$1,000.00 per team. It is not the intention of The American Legion to develop ball players; rather the program is designed to teach cooperation, sportsmanship, how to win, yes, and if necessary, how to lose.

Other than the church organizations, The American Legion is the largest sponsor of boy scout troops in the nation. We feel that this character building organization, the Boy Scouts of America, is a most worthy project and we are glad to offer our support and sponsorship as a part of The American Legion Americanism and Educational program.

Safety, especially for young people in the State of New Jersey, is of great concern. For many years The American Legion at the post levels have conducted safety essay contests in the elementary schools of the State, the theme being safety in the home, safety in the school, safety in the street, and recently on a more personal basis -What Safety Means to Me. Thousands of young people participate in this annually and are thus made aware of the necessity for safety. Awards are presented at the local, county and state level to the winners. In many communities where the Boys Clubs of America are organized, members of the local American Legion posts serve as members of the boards of trustees and in most instances, The American Legion posts support the Boys Club movement by donations of money.

The Sons of The American Legion is an organization designed to carry on the objectives of The American Legion when members thereof are no longer capable of continuing its programs and activities. Annually The American Legion brings to Freedoms Foundation, Valley Forge, Pennsylvania, approximately 50 high school students for participation in freedom seminars.

We could elaborate in detail on many other activities in the field of Americanism, such as rules and regulations on flag etiquette, respect for the flag and other means of instilling patriotism in the minds of not only

the young people in the State of New Jersey, but all citizens of the State. It is the objective of The American Legion's Americanism Program to instill and educate in the minds and the hearts of all of the citizens of the United States love of country, a knowledge of their heritage and hope that they will at all times develop firm resolve to uphold the constitution of the United States, to respect law and order, and to encourage civil obedience.

The Child Welfare Program of The American Legion is a program whereby The American Legion attempts to see that every youngster in this country has a fair chance to attain useful citizenship. Where, because of ailments, afflictions or other disabling causes, a youngster is excluded from the benefits of full participation and education, The American Legion and The American Legion Auxiliary attempt to see that the youth is afforded an opportunity to overcome his or her difficulties. The American Legion provides emergency financial aid in many cases. The American Legion also through its many contacts lends its assistance in having the young person hospitalized to correct his physical difficulties. The American Legion has, in many cases, restored to useful citizenship young people who would otherwise have been handicapped for life.

The Rehabilitation Program of The American Legion is one that brought about the creation of The American Legion. Following World War I many disabled veterans were released from active duty without any provision made to care for the mental and physical scars they had suffered as a result of their service in World War I. It was through the efforts of The American Legion and other veterans organizations that the United States Veterans Administration as we know it today was established. At this time a grateful

government provides domiciliary care, the finest of medical services, but the social needs of the hospitalized veteran is not the function of the government. Through the Veterans Administration voluntary services, hardly a night goes by whereby some post of The American Legion or some unit of The American Legion Auxiliary does not provide entertainment, refreshments and other social activities for hospitalized veterans. These activities are carried on at both the United States Veterans Administration facilities and facilities provided by the State of New Jersey for disabled soldiers at Menlo Park and Vineland. We have been advised by competent medical authority that the social activities performed by our organization are of inestimable therapeutic value and aid the veteran in his recovery. The aim and objective of our rehabilitation program is to attempt to see that each and every hospitalized or disabled veteran is restored to useful citizenship and can take his place in the community as a respected member of society.

The American Legion also maintains a service office at the Veterans Administration Regional Office in Newark, employing the services of six full-time employees, whose duties are to represent the veteran in cases pending before the Veterans Administration and to insure that the veteran receives all of the legal benefits to which he is entitled. Where a veteran feels he has not received all to which he is entitled at the Regional Office, The American Legion will represent him before the Board of Appeals at the Central Office of the Veterans Administration in Washington, D.C. All of these services are rendered gratuitously by competent and trained personnel in the employ of the American Legion. Might I add at this point that the aid service that is given to the veteran is also given to his widow or orphans or children who also

receive the benefit of the service work through our rehabilitation program.

Over 75,000 members of the American Legion of New Jersey have served their country honorably in time of war and as a result are aware of the need for a strong national defense force at this time. The American Legion, through its national defense committee, has attempted to see that this country, in its negotiations for peace, will always be in a position of strength while negotiating.

May I emphasize the fact that all of the foregoing programs are in line with the language of the constitutional provision and statute applicable to educational and charitable purposes of our organization, operating on a non-profit basis.

The American Legion through its spokesmen respectfully submits that your honorable body reject any proposal for imposition of any municipal taxes upon Legion-owned property used for the advancement of the purposes here outlined.

Now we have affixed to this resume of Legion activities various document which relate to various functions and work of the American Legion. May I, with your permission, refer this to our National Executive Committeeman, Mr. Lyons, who is in a better position than I am to briefly outline the substance of these addenda attached to the report.

EDMUND G. LYONS: Thank you, Ed. Following Mr. Feld's report, the first attachment is the document which gives us exempt status by the Internal Revenue Service.

The second attachment is the Department Service Officer's

report. And if you will turn to the back of that, you will find a detailed report covering six months of 1968, the amount of correspondence, telephone calls, claims processed, claims received, service-connected compensation cases completed, non-service-connected pension, burial allowance, widow's benefits, veterans hospitalized. All of this work is done by the staff that we maintain at our expense, totally at our expense, at the Veterans' Administration Building at Washington Place in Newark.

The next attachment also has a picture attached to it - it's a Cathedral. Some years ago the American Legion was told by the Commanding Officer down at Lakehurst Naval Air Station that religious services were being held in hangars, in mess halls and various locations throughout the base, and through the Chaplain they decided if someone would build what was known as the Cathedral of the Air where all faiths could hold their services, it would be greatly appreciated. This was at an expense - and this goes back in the '30's when construction was quite cheap. I know you people in the State wish you could get construction now for what we were able to get this building built for. It cost somewhere in the neighborhood of \$70,000, all of which was contributed by members of the American Legion.

The American Legion's part in having the East Orange VA Hospital located in New Jersey and in particular in East Orange is outlined in the next few pages of documentation. I am sure you will have an opportunity to read it in detail. It just shows the work and effort and the many trips to Washington that were necessary to see that New Jersey got its share of money

appropriated for VA hospitals following the expansion program after World War II.

We said before in other reports that a grateful government provides the best of medical services and provides beds, but recreation, relaxation and entertainment are definitely a part of the rehabilitation and the curing process of veterans. The entertainment facilities in Lyons Hospital were rather meager. The recreation hall would only hold about 25 per cent of the patients there and bearing in mind many of these patients needed attendants because of the nature of their illness, the entertainment program had to be put on in shifts. So if you brought a show there, you would have to stage it every hour and it wasn't too successful. At the suggestion of the Veterans Administration people, we built a \$150,000 amphitheater there that will seat somewhere in the neighborhood of 2500 people. It is fully equipped to put on any type of show or entertainment and has toilet facilities for the patients. It has a projection booth for showing movie pictures. In addition to that, underneath the stage there are full dressing facilities for the cast, orchestra pit and everything. This is just some of the work we have done.

I might say on the 15th of next month, the National Commander, who incidentally is from New Jersey, Bill Doyle, will push the button that will light the Tomb of the Unknowns together with the temple facade in that area and the American Legion has taken up the cost of providing this lighting and in perpetuity. Once again this is just some of the work and some of the places where the money of the American Legion is used.

The next exhibit is the breakdown of the actual money

spent in the Department of New Jersey on child welfare programs and on aid given to children. Some of this is in the area of clothing value. Some of it is in the area of dollar value. This only represents 44 per cent of the American Legion posts, but Auxiliary posts, and they are the ones who do much of the work in the area of child welfare, have reported 100 per cent for a total of \$311,333.

There are many other activities the American Legion takes part in, but one thing that we would like to impress is that any attempt to cut into the funds that are available-- and we are not subsidized in any way other than the fact we do receive a tax exemption, but we receive no Federal subsidy or State subsidy. Through our per capita we support a county organization, a department organization and a national organization so that all programs can be coordinated. But any attempt to put further taxation on posts of the American Legion would in effect cut into these programs and deprive the needy and the helpless, those who need our care and attention. We are ready and willing to give our time. We are ready and willing to organize programs. We are ready and willing to serve. But all of these things do require funds and any attempt to tax some of the properties of the American Legion would reduce what was available for work of this nature.

We also have the annual rehabilitation report attached, together with the committee structure of the American Legion and there is a definition of the functions of each committee of the Legion contained in the yellow book.

[Exhibits referred to by Mr. Lyons can be found in this transcript, beginning on page 255.]

ASSEMBLYMAN APY: I glanced through these and I didn't come across a financial statement of the total income and expenses of the posts in the State of New Jersey or is that an individual accounting?

MR. LYONS: Posts in the American Legion are autonomous. We have no control over their funds at all. The only thing that we do, we ask them to contribute to the maximum of their ability and at the end of the year they don't have much left I can guarantee. I know of no affluent posts of the American Legion in the State of New Jersey. They work by the seat of their pants and every time something comes up, it is necessary to in many cases pass the hat.

ASSEMBLYMAN APY: Let me say at the outset that I assume, of course, that the Legion recognizes that conditions as far as the real property owner in New Jersey in 1919 or in 1930 and in 1969 are very different and I trust you recognize the situation which brought about this inquiry.

MR. LYONS: We do.

ASSEMBLYMAN APY: There are 424 posts. That averages out almost to one per municipality in the State. Are they so distributed or do you have several posts in one town or one city?

MR. LYONS: That's right. First of all, I would say that only about 300 of our posts own property. Some meet in public halls. Some meet in town halls. Some meet in various other community facilities. Some do meet in community houses and things like that. They do not all own property.

We have asked our posts to answer a questionnaire telling

us whether they did own property and how much of it was tax exempt, if any, and what their assessed value was on the property. But it is going to take a while to get that. Many of our posts only meet once a month. Just as it takes Mr. Kingsley quite a bit of time to get information from assessors who are full-time people, it takes us longer because we have to work with volunteers.

ASSEMBLYMAN APY: Right. May I ask in anticipation of your being able to eventually get that for us, and we appreciate it, whether or not the report when it comes in will indicate the basis for their valuations, whether it be insurance or replacement or whatever.

MR. LYONS: We are asking them to get it from the tax assessors.

ASSEMBLYMAN APY: You are asking them to see what the assessor has.

MR. KUZBYT: Or insurance policies.

ASSEMBLYMAN APY: Or insurance policies. You say there are approximately 300 posts that own property.

MR. LYONS: That is an estimate on my part. I would say 300.

ASSEMBLYMAN APY: By and large they would be spread over 300 municipalities, maybe with one or two exceptions, in the larger cities?

MR. LYONS: That is true. In fact there are 424 posts spread over 400 or 375 municipalities. But we have to take into consideration that we have activities in communities where we meet in city halls and town halls and things like that.

ASSEMBLYMAN APY: Directing your attention to those posts who own real property and we will assume are therefore exempt, is there any information available as to where they draw their membership from? For example, a post in a particular town, Garfield, say, is the membership of that post made up 50 per cent of people from Garfield or 20 per cent or 10 per cent?

MR. LYONS: I would say closer to 90 or 95 per cent in most cases. Now we have some specialized types of posts. For instance, there is a post in the Prudential Insurance Company made up of Prudential Insurance people. They live all over the State. We have a post at the Esso Refinery made up of employees of Standard Oil.

ASSEMBLYMAN APY: They probably own no property.

MR. LYONS: No. They meet on company premises. They own no property. But I would say it is reasonable to say that the members of a particular post reside in the community in which the post is located, with few exceptions. Some of our older members from World War I now live in Florida.

ASSEMBLYMAN APY: The reason I ask is we have asked this in the area, for example, of hospitals, as we recognize that many hospitals - I am going to ask you that about yours too - have patients from surrounding communities and maybe only a small percentage of their patients are from the town in which the institution is located. I was trying by analogy to see how this stacked up as far as the Legion is concerned.

MR. LYONS: I would say that it would be negligible, that because of the nature and the community service feature of the American Legion, people would join the post in their own

community unless it happens to be a specialized post of some kind, in which case they would own no property.

ASSEMBLYMAN APY: The hospitals at East Orange and Lyons, they are both Federal institutions as such, are they not?

MR. LYONS: Yes.

ASSEMBLYMAN APY: So as far as the State of New Jersey is concerned ---

MR. LYONS: But we are serving New Jersey residents. The patients are the people we are serving, not the hospital.

ASSEMBLYMAN APY: This Commission would not have within it jurisdiction of Federal properties that are exempt.

MR. LYONS: That's right.

ASSEMBLYMAN APY: The hospitals are not owned by the Legion as such. You merely service them, so to speak.

MR. LYONS: We service them with occupational therapy projects and with entertainment and amusement and refreshments. But by the same token we have built the facilities on the Veterans' Administration property and then turned it over to the Veterans' Administration.

MR. KEATS: I believe many veterans' posts do rent their halls for weddings and social functions. Now I have never rented a hall, but I believe this is so. I would like to have it authenticated.

MR. LYONS: I would say that where a post rents its hall as a matter of policy, you will find in many instances they are not tax exempt.

ASSEMBLYMAN APY: Will your report show us the posts that are paying taxes and the amount of taxes they pay when it

is submitted?

MR. LYONS: I don't think we will show the amount of taxes. We will show the assessed valuation because we would have to have the tax rate from every community in the State. We don't have a staff that big to figure that out.

MR. KUZBYT: About 10 per cent of our posts at the present time are paying taxes. From the survey we made, about 10 per cent of those indicated they are paying some taxes on some part of their property not used exclusively for the purpose intended.

ASSEMBLYMAN APY: This would be based then on a local assessor having made a determination that because of the use of a portion of the property, they were not exempt?

MR. KUEPFER: Right.

ASSEMBLYMAN APY: We would be interested in knowing this.

MR. LYONS: I belong to a post in Clifton. We are tax exempt, but we own another property some distance away which is not used for Legion purposes where we hope to build a building some day. That is not tax exempt.

MR. FELD: That is vacant land, I might say. It is not used for any purpose at all.

ASSEMBLYMAN APY: I think it would be helpful to us if the information can be channeled through to find out those situations where the Legion because of the fact that the property, as in that case, is either income property or is not being used for Legion purposes, is paying taxes, in other words, where you are going ahead and paying the taxes like a private organization.

MR. LYONS: I am sure we can endeavor to get that information as accurately as possible. However, I think that you have indicated that in Mr. Kingsley's report that would be indicated too.

ASSEMBLYMAN APY: Right. We are working on it from both directions at the same time. That is what we are doing.

Does anyone else at this end of the table have any questions?

ASSEMBLYMAN MC LEON: Mr. Chairman, I was concerned about their financial status and financial holdings.

MR. LYONS: You mean investments?

ASSEMBLYMAN MC LEON: Investments.

MR. LYONS: Posts don't have any. They may have a few hundred dollars of government bonds. But generally speaking, there is no great fund of holdings that the American Legion has. Nationally we do because nationally there are endowments. There is a Child Welfare endowment fund and things like that and these were received as a result of contributions and these holdings are all a matter of record, but these are national accounts. The structure of the Legion is such, I would say the average dues in an American Legion Post is somewhere in the neighborhood of \$5 a year. Some charge \$7 and some charge \$10. Now when you take and heat and light that place and carry on programs and support a baseball team and have a little refreshment, there is no money left for investment.

ASSEMBLYMAN MC LEON: I was only trying to help you by my question.

MR. LYONS: I don't know of any investment. It is not

our policy.

ASSEMBLYMAN MC LEON: What, if any, would be the status of your financial holdings?

MR. LYONS: It would only be the valuation of the property and I might say that more than half of the posts are mortgaged to the hilt.

MR. FELD: You are speaking about the real estate holdings?

ASSEMBLYMAN MC LEON: Financial holdings - holdings of value, whether they be investment, capital or otherwise.

MR. FELD: Other than the real estate investment, I don't think you will find any post that can say they have other investments of stocks, bonds or securities of any kind.

ASSEMBLYMAN MC LEON: Now you are representing the entire organization and when you say we might not find any post, you are speaking for them.

MR. FELD: That's right.

MR. LYONS: We can only answer to the best of our knowledge. I have travelled all over the State for many years and I know the condition of many of the posts and I don't know of any real affluent post in the State of New Jersey.

ASSEMBLYMAN MC LEON: Would you say the organization is basically financially sound?

MR. LYONS: Yes, it is financially sound other than the fact it is carrying large mortgages. The individual units are carrying large mortgages.

ASSEMBLYMAN MC LEON: But you can meet them though.

MR. LYONS: Yes, but it means that you have to put on

an extra affair of some kind to try and meet them. I listen to these financial statements of posts. You will find out that their total assets - it is read out at practically every meeting - is \$89 or \$69 or \$125. This is the money they have to work with.

ASSEMBLYMAN MC LEON: Has any post ever gone bankrupt?

MR. LYONS: No. We have had homes that have had mortgages foreclosed and they have lost their properties.

ASSEMBLYMAN MC LEON: You say you have no control over your local posts, but don't you have a national charter?

MR. LYONS: Yes, we have a national charter.

ASSEMBLYMAN MC LEON: So the posts are bound by the charter.

MR. LYONS: They are bound by the charter which gives them the right to operate in a community. There are provisions for revoking charters if a post should get out of line. There are provisions for suspending members from the American Legion if a member should go out and conduct himself in a way that is not conducive to the good image of the American Legion. We find that annually we cancel charters, but usually it is because people have moved away from the community or some construction project has come in and practically eliminated the community and things like that. But we have had posts that have lost their post homes. I don't know of any post that has ever gone through Bankruptcy Court.

ASSEMBLYMAN MC LEON: Say a post ran into financial difficulty and they called upon the national or the head branch. Do you or would you offer aid to that post?

MR. LYONS: No, we would not.

ASSEMBLYMAN MC LEON: In other words, they must be self-sustaining.

MR. LYONS: They must be self-sustaining. They wouldn't even get help from the county or from the state - financial help.

MR. KUEPFER: They in turn also contribute to the state and national organization. It goes in the reverse.

ASSEMBLYMAN MC LEON: When you say "dues," I as a member of this Commission am not too impressed by what the dues are. I know of non-profit organizations where there are no dues, but if you have an energetic membership, you don't need dues. There are so many ways of raising money.

MR. LYONS: I wish you'd tell us.

ASSEMBLYMAN MC LEON: You have indicated in your presentation ways.

MR. LYONS: That's right.

ASSEMBLYMAN MC LEON: Don't misinterpret me.

MR. LYONS: I'm not.

ASSEMBLYMAN MC LEON: I am quite certain you don't need anyone up at this table to tell you how to raise funds. I am a veteran. I imagine 90 per cent or 80 per cent of those who were of age since 1940 are veterans and I think we appreciate your principles and we concur with them and encourage them. We are not trying to get into any trivial dialogue. We have a problem, and when I say "we," I am speaking as a representative of the people of the State, and we hope that those who come before us are cognizant that there is a great number of organizations and

institutions and what have you that are tax exempt. By the way do you have any idea of the number of areas that are tax exempt?

MR. LYONS: Other than what the Chairman indicated earlier in the hearing - somewhere 20 to 25 per cent.

ASSEMBLYMAN MC LEON: This is what we are trying to explore because we don't want to take it upon ourselves, not being experts, just to run a few bills through the House without having some sound basis because, as the Chairman has pointed out, we feel there might be a need to re-evaluate, to review, our tax exempt structure and we are trying to do that.

ASSEMBLYMAN APY: May I ask a question as a matter of curiosity. Out of an average post's total income for the year, what percentage would you say would come from the dues and what percentage of money would have to be raised by other means? In other words, if your dues are only \$5 a year per member, I would guess they don't come very far toward meeting the cost of a program. Is there any sort of rough guideline you can give us?

MR. LYONS: No, because some posts are more active than others. It is hard for me to strike an average. We get aid from the bingo, raffles and games of chance committee and posts have social functions to raise money.

ASSEMBLYMAN APY: I was thinking in a post of 100 members, at \$5 each, that's \$500 a year income from dues, of which a certain percentage goes to the state and federal.

MR. LYONS: That's right - \$3.

ASSEMBLYMAN APY: So this leaves them \$2 to work with. That's \$200 in the budget a year. Now any post of any activity might have a \$1000-a-year budget.

MR. LYONS: The post activities pay for it.

MR. COTTON: Do any of the local posts or does the state organization own or operate any camps, summer camps?

MR. LYONS: Not in the State of New Jersey. Our Boys' State program is our big program.

MR. COTTON: I see. Do the local posts or does the state organization have paid staff?

MR. LYONS: The state organization has a paid staff.

MR. COTTON: That's the only level. The local posts are entirely operated by volunteer workers.

MR. LYONS: To the best of my knowledge. Some posts may pay an adjutant \$50 a year for his effort in sending out the notices or something like that. But I don't know of any post that has a paid staff. But the department has about 15 employees.

MR. COTTON: The program that you describe in your statement here, is this carried on very largely out of the state office or is it carried on through the local posts?

MR. LYONS: It is a grass-roots operation.

MR. COTTON: -- with leadership coming from the state organization.

MR. LYONS: You will notice in here that each state committee has a representative from every county. Now when you go into the counties, the counties will have representatives on their similar committees from the posts. For instance, our

state convention is a convention of posts, not a convention of counties or just a state convention. Each post has delegates to that convention. Resolutions passed are then mandates for the posts to carry out. But someone has to guide them and steer them and set up guidelines and that is the function of the state organization, going down through the county to the local post. That is how they get their information.

ASSEMBLYMAN APY: Any more questions? [No response.]
Gentlemen, as far as the Commission is concerned, I think we have explored it and we appreciate your documentation and to whatever extent you can supplement it at a later date with specific information as to the real property, we would be very grateful.

MR. FELD: Is there any specific time limitation on that?

ASSEMBLYMAN APY: No. As I indicated earlier, we are going to be moving along on this for quite a while it seems. But if you can get it to us in the next couple of months, it would be useful.

MR. FELD: We will make every effort to do so.

MR. LYONS: We have about half the information already.

ASSEMBLYMAN APY: You will reach a point where it will probably start to peter out coming in and then you can indicate it is 60 per cent and we will know its representative.

Our next witnesses are representatives of Princeton University, Mr. Mestres and Mr. Mc Vay.

R I C A R D O A. M E S T R E S:

Mr. Chairman, Gentlemen of the Commission. My name is Ricardo A. Mestres. I am the Financial Vice President and Treasurer of Princeton University. My associate, Scott McVay, is Ass't Treasurer.

At the outset let me say how much we appreciate the opportunity to appear before the Tax Exempt Property Study Commission. In the long history and tradition of educational institutions in our nation, tax exemption has helped them greatly to develop and carry forward their two-fold mission of educating young people and advancing knowledge. It is important, nevertheless, that matters of this nature be examined periodically by representatives of the public, and we welcome the chance to testify before the Commission.

Basic to the problem under consideration is the tax system that obtains in the State, which places the major burden for municipal costs on real estate taxes. I suggest that this subject should not be outside the purview of the investigations of this Commission.

Related to the burden on local municipalities is the true impact of a tax-exempt educational institution like Princeton. Are the costs of unreimbursed services and the loss of potential ratables offset by other credits?

I might illustrate this point by the water that surrounds

New York City. Clearly, these waters do not pay taxes, but no one would argue that they are not of tremendous economic benefit to the City. Similarly, the Atlantic Ocean which borders a substantial part of the boundaries of this State pays no taxes, but it is one of the most important economic benefits of this State.

It is in this context that educational institutions, whether public or independent, must be considered. What are the debits and credits, both tangible and intangible, to the State and to the community of the presence of an educational institution?

I believe I can demonstrate that Princeton University, in pursuing its primary aims of educating young people and extending the boundaries of existing knowledge, serves the community and State that have been its home for over two centuries and justifies the tax exemption accorded to it under the New Jersey Constitution.

Princeton University is the principal landholder of both taxable and tax-exempt property in Princeton Borough and Township. Out of each dollar collected in real estate taxes, 50 cents go for school costs. It is significant that, in spite of the fact that the Princeton Regional School District costs per pupil are among the highest (95th percentile) in New Jersey, the actual taxes paid on a \$30,000 house in both the Borough and the Township are less than the taxes

paid on a \$30,000 house in the surrounding municipalities of Hopewell Borough, Pennington Borough or Lawrence Township.

In considering this fact, one must recognize that a house in Princeton which is similar in structure and style to one in another community will usually cost more. This, however, raises the important question, what is the reason for the Township and Borough of Princeton's continuing attractiveness to homeowners?

It is the presence of Princeton University that has influenced over 100 research and development organizations to locate in the area, beginning in 1935 with the Gallup Poll and, in 1942, RCA. A scan of the new telephone book reveals that the greater Princeton area lists 29 architects, 11 accountants, 80 doctors of medicine, 57 lawyers, 32 dentists -- and 21 real estate, 16 consulting engineering, 15 insurance and 13 marketing research firms as well. Since World War II Princeton has been a magnet in attracting individuals and companies to this area.

Why can one get \$6.00 per square foot for commercial rental

of modern, up-to-date office space in the heart of Princeton? This is 13 - 20% more on the average than prime space in Trenton or Newark, the capitol and fiscal center of the State, respectively.

The economic facts bearing on Princeton University's relation to its community deserve review. Taxes have long been referred to as one of life's two certain propositions. Despite its "tax-exempt" status, the University is Princeton's biggest taxpayer, paying 9.5% of the Borough assessment and 7.7% of the Township assessment. This comes to three-quarters of a million dollars (circa \$759,000*) for the current academic year, which is equivalent to almost half our projected operating deficit. Except for academic buildings, dormitories, dining halls and the gymnasias, the University pays full taxes on all its properties -- including faculty housing, the playing fields, Baker Rink, McCarter Theatre, Palmer Stadium, Lake Carnegie and some 5,187 off-street parking spaces. We know of no other university in the country (except Rutgers) that pays taxes on its stadium, and we are one of the institutions in the State that is required to pay taxes on its faculty housing.

At this point it is worth noting that the privately-owned student

*\$23,000 goes to adjacent municipalities.

eating clubs on Prospect Street paid \$67,826 in taxes in 1968, over 44% of which is used for the Borough school budget. No children are sent to school from the clubs, to the best of my knowledge.

The Commission has expressed an interest in any special fiscal arrangements that a "tax-exempt" institution may have with a municipality. In 1968, the University made an outright donation of \$15,000 to the Princeton Borough general budget as well as a \$700 donation to the Board of Health. These contributions originated prior to the 1930's but we are unable to determine the basis for their origin. In addition, we estimate that the University owes Princeton Township \$24,140 as of 1968 on top of the normal real estate taxes to meet the full cost of educating each school-age child living in University apartments. The agreement to meet full school costs was negotiated in 1960 to obtain a permit to construct housing for our junior faculty. Quite frankly, we have contended from the outset that the use of a zoning regulation for the purpose of raising revenue is unconstitutional.

The University maintains its own properties, tax exempt or not; pays for campus police and proctors (our basic costs for security exceed the police budgets of the Borough and Township combined); builds and repairs its own roads and parking areas (cost of maintenance

of roads owned by the University and used by the general public in Borough and Township is pegged at \$24,660 per annum); spends \$4,980 for fire hydrant rental and street lights which is consequently a saving to the municipalities; and shares the costs (\$57,259 in 1968) of the incinerator and Joint Sewer Operating Committee with the two municipalities.

Because of both its size and the value of its economic stability, possibly the most significant figure is the University's payroll for the current year: \$34,421,000, excluding benefits. Most of this payroll is spent in the community and in the State. At present, the University employs 3,690 persons, of whom 1,235 are members of the faculty or research and technical staffs. Almost half (43%) of the total live, spend, and pay taxes or rent in Princeton Borough or Township. Meanwhile, we estimate that our 3,260 undergraduates spent at least \$2.6 million in town last year, and almost half as many graduate students (half are married) spent an additional \$2.9 million.

In the 1960's, Princeton University spent \$83.2 million in new construction to support more adequately the academic program and be more responsive to the growing demands of basic research. As a consequence, during the past eight years this sum went to

contractors who, if not local themselves, hired many union subcontractors in the local region. Let me add that every time we build anything, we must obtain a building permit from the municipality. The cost is not inconsiderable. A recent permit cost \$11,500, and the engineering quadrangle permit was \$24,600.

In addition to \$83 million for new construction, in the 1960's the University expended \$14.5 million on major maintenance and renovation of the existing plant. Virtually all of this work was contracted out, because it could not be handled by our own crews. Similarly, a large quantity of the University's regular annual purchases of about \$15 million in services, goods, and equipment is bought directly in Princeton. It is our practice to buy in the area, and we have been able to identify \$6.5 million as spent in New Jersey last year, of which \$1.9 million was spent in the immediate Princeton area. The very substantial revenues flowing to the community as a direct result of the University's presence and purposes are not usually recognized.

Although certainly no less important, the cultural benefits of Princeton University to the community and State are less easy to assess than the fiscal. To illustrate, turn first to the Firestone Library, the Art Museum, and McCarter Theatre. Because of their

strength, scope and influence, each of these "institutions within an institution" is without a superior in New Jersey. Each performs a set of cultural, scholarly and educational services to citizens, groups, other institutions in New Jersey that could not easily be duplicated.

Since Chancellor Green Library was erected in 1873, and even before that date, Princeton's Library has been of use to individuals and organizations in the State. Upon completion in 1948, the Firestone Library was already performing a much larger function than serving our faculty and students. Today, the collections number more than two million volumes. We recognize the public responsibility that goes with this priceless resource. Princeton's Library is a Research Center for New Jersey -- along with Rutgers, Newark Public Library and the New Jersey State Library.

Within the Princeton area, 58 corporations for a nominal fee have obtained library cards for members of their staffs. Included are such companies as RCA, American Cyanamid, FMC Corporation, Western Electric, Cities Service, Continental Oil, Mathematica, Ingersoll-Rand, Opinion Research, and Mettler Instrument Company. These industrial organizations make substantial use of the University's collections, particularly in science, technology, economics, mathematics, and political science.

We also provide cards without charge to staff members of various local, state, and federal governmental agencies, including at least a dozen divisions of the State of New Jersey, the U. S. Geological Survey in Trenton, the Naval Air Turbine Test Station, and many units of Princeton Borough and Township. Currently, over 30 such organizations have had 180 cards issued to them. The New Jersey Neuro-Psychiatric Institute in Skillman alone has 32 cards.

Registered individual borrowers now exceed 700. When added to the corporate total of 315, more than 1,000 cards have been issued to non-University users in the Princeton area.

Ever since its beginning in the 1880's, Princeton's Art Museum has served as an educational and research laboratory for our staff and students and a place for the edification and enjoyment of the public. With the opening of the new building in 1966 both functions have expanded. The development has been startlingly rapid, however, in the area of service to the general public.

Without charge, the Art Museum provides trained guides to lecture to groups on the collections. In addition to visits by the Princeton Regional Schools, the Museum is visited regularly and repeatedly by school groups from other parts of the State, Pennsylvania and New York.

Besides serving the educational purposes of the University, the Art Museum is accessible to students from other New Jersey IHL*: e.g., Rutgers, The State University, Fairleigh Dickinson University, Trenton State College and others. All of these institutions use the collections extensively. While no tally is kept of the number of scholars who use the Museum, it may be significant that the 100,000th visitor to the Museum last Fall since its reopening in 1966 in new quarters was a student from Rider College. He was a resident of Ho-Ho-Kus, who came to fulfill a class assignment.

Princeton's Art Museum is the only institution in the State that presents a full range of works of art to the public. Visitors are offered an insight into the ancient civilizations, through works of art from Egypt, Greece and Rome; they can see the flowering of religious art of the Middle Ages, and of the humanistic-artistic achievements of the Renaissance. Nowhere in the State is there on public exhibition such a widely encompassing collection of art from Europe, Asia and America.

There are several points I would like to stress about McCarter Theatre, on which we pay taxes and on which the University is sustaining a substantial operating deficit. For example, in the eight years since McCarter Theatre was incorporated in 1960, the

*Institutions of Higher Learning.

professional resident company offered 76 productions which played 819 performances to 512,000 people. Of these, 444 performances were matinees attended by 303,635 students (roughly 60% of the total attendance) from approximately 350 New Jersey high schools. This figure does not include some 12,800 teachers who came with their students.

Besides McCarter's program of drama, dance, music, musical comedy, children's theatre, movies and lectures relating to the performing arts, as part of McCarter's extension services, members of the McCarter staff in a single season complete from 125 to 150 speaking engagements without charge to schools, theatre clubs and cultural organizations throughout the State.

The professional resident drama program has gained quite a place in New Jersey in eight years, but it is problematical whether the University can continue to subsidize this Center for the Performing Arts indefinitely because of our difficult financial situation.

The University leases Bainbridge House (with a rental value of \$11,200) for \$1 a year to the Princeton Historical Society. The Society has over 1,000 members and uses the house, which is open to the public seven days a week, for library, historical, and exhibition purposes. Prior to this use, it served as the Community Library for half a century, again at a cost to the community of \$1

a year rent.

The faculty makes a major contribution to adult education locally. On campus, the University offers a rich fare of lectures and seminars in the afternoon and evening throughout the academic year. Last year 976 lectures and seminars were open to the public. One index of interest in these events is that 1,610 persons who are not connected with the University subscribe to the Weekly Bulletin, the calendar of events.

On average 1,000 visitors to the University take a tour of the campus conducted by the (student) Orange Key Guide Service every month. In addition, the University attracts tens of thousands of visitors each year for athletic events, conferences, houseparties, reunions, commencement, and sightseeing. Their local spending would be difficult to calculate, but it is certainly in the millions of dollars.

The University's athletic facilities -- Palmer Stadium, Baker Rink, Dillon Gym and Pool, tennis courts, boathouse, Lake Carnegie, and playing fields -- were used during the past year by sundry groups including the YMCA, the Jaycees, the American Legion, Boys Clubs, Princeton High School, Rutgers, Boy Scouts, New Jersey Interscholastic High School teams (for championship tournaments in swimming, basket-

ball, tennis, and soccer), New Jersey Little League and the Princeton Hospital among others. Incidentally, we pay "extra" for police assistance at large sporting events, and that cost \$6,000 last year.

Princeton Township provides some open space and woodland to the public, but much of the "green acres" in the area belong to the University. Lake Carnegie and its surroundings are, in effect, a beautiful park. Currently, the land and water (and, in winter, the ice) are used as much by the public at large as for University purposes, and are taxed. Silting in the Lake, which encompasses 260 acres, has become a severe problem, one that has been under study for two years. The estimated cost of dredging -- figured at about \$1.0 to \$1.5 million, depending upon the scope of the job -- is presently beyond our capacity. Mr. Carnegie did not endow the upkeep of the lake!

One area that I have not touched on heretofore is the University's Computer Center. In 1948, the first computer was designed and built in Princeton by John von Neumann, and 21 years later the computer has not only come of age, it has become indispensable to the operation of government, industry and educational institutions. With the addition this year of an IBM 360/91 computer, Princeton will have the single most powerful computer in the State. This is significant because discussions with Rutgers and the New Jersey Commission of Higher

Education are currently in progress regarding the creation of a Regional Computer Center which would serve many of the IHL in New Jersey. Thus, the University's capability has been achieved by a substantial commitment of its funds and effort over many years; and it will be of significance far into the future.

In the domain of people-to-people, the members of the University make many contributions. I shall not enumerate here these personal contributions, but I shall mention President Goheen's service as Chairman of the Citizens Committee for Higher Education in N. J., and that in the past three years 19 members of our faculty -- many of whom are associated with the Woodrow Wilson School of Public and International Affairs -- have served on task forces, commissions and committees for the State of New Jersey. Also, I wish to note the civic interest behind our students' involvement in the Winter-in-the-Cities program, Blairstown Summer Camp, the Student Volunteers Council work in Trenton, Jamesburg, Skillman, and Farmingdale, the Princeton Youth Center and the American Field Service.

In conclusion, gentlemen, I would like to advise you of a study under the sponsorship of the American Council on Education, financed by a grant from the Esso Education Foundation, which seeks to develop a formula to measure the net effect of a multitude of subtle interactions between the college and its environment and to evaluate the economic impact of an educational institution on its environment. The results of this study should be available this summer or early in the fall.

Without the benefits of this study I have tried to set forth data to justify Princeton University's tax exempt status. Studies such as Seymour Harris' classic analysis, Higher Education: Resources and Finance (McGraw-Hill 1962) and the Heller report of 1968 give New Jersey disturbingly low ratings in the fulfillment of its responsibilities to higher education. Princeton, and indeed all independent institutions of higher education, fulfills many of the roles that we expect of a public institution -- and presently at little cost to the State.

Contrary to the belief of most, I can attest to the fact that Princeton's resources are far from adequate. Our operating deficit for the current year is estimated at \$1.7 million. Without tax exemption, we could not function except at the cost of a drastic curtailment of the scope and quality of education and research.

As one of the leading universities* of the nation, Princeton's outreach and influence is national, indeed global, in character. As I have tried to suggest, the University is not only an extraordinary cultural benefit, it is also a solid economic boon to its community and State.

Thank you for an opportunity to meet with the Commission.

If I can, I would be pleased to answer questions.

*According to the Cartter Report¹ published in 1966, Princeton University's national standing in terms of the quality of its faculty and the effectiveness of its graduate program, as viewed discipline by discipline by professors themselves, was ranked² among the first three institutions of higher learning in the country. For a university of comparatively small size (606 full-time faculty and 4,800 students) this assessment was heartening.

¹An Assessment of Quality in Graduate Education, A Comparative Study in Graduate Departments in 29 Academic Disciplines, written by Allan M. Cartter for the American Council on Education.

²According to a comparison of 21 academic departments on which Princeton was rated. Survey did not include Art, Architecture, Music, Religion, Oriental Studies, Slavic Studies, or Aerospace and Mechanical Sciences.

ASSEMBLYMAN APY: Thank you, sir, for coming and presenting your report. I would like to touch on, if I may, at the outset - let me ask a general question. Has there been any problem, if I may so describe it, between the University and the town and the township in arriving at what land would be exempt and what would not?

MR. MESTRES: Very definitely. By reason of our geography, we are five municipalities in two counties, and in the question of tax exemption the position of the assessor in one community will vary considerably from the position of his counterpart in the other community. There doesn't seem to be a pattern and certainly I think that any of us who are intramunicipality or in a municipality would welcome some direction from this Commission in setting guidelines for the guidance of tax assessors. This would be a boon to all of us, including the assessors.

ASSEMBLYMAN APY: One of the things, of course, that has precipitated this Commission's work is the inconsistency in assessing in what would be comparable situations, which is what you have alluded to, and before we can perform such a task we need suggestions ourselves. If not off the top of your head, perhaps subsequently you could provide us with examples of the problems that you have encountered and where, say, as of today there appears to be an inconsistency between the assessor in one township and the other township where you own property, where you feel that they are not following the existing law, least of all anything we might change.

MR. MESTRES: I am not an attorney but I would say

from my experience in dealing with these problems over now 16 years, the situation is complicated by the indefiniteness of some of the provisions of the legislation that apply and also it is always complicated by the court opinions that are rendered; to wit, in the case of the Pingree School case which was alluded to this morning, all of their faculty housing is tax exempt. Now we have almost one thousand housing units in Princeton - I am not suggesting that we are even planning they be tax exempt and there is no idea that they should be, but, to the contrary, when we had to build a house, an apartment house, for our people, we not only had to pay full taxes but we had to agree to make supplementary payment which would be determined by the actual cost of educating the children in the housing. That would be very much like saying to an individual that the average of the educable children in your house is 2.6 but you happen to have a family of 10; therefore, your taxes go up. This makes no sense.

ASSEMBLYMAN APY: This was your 1960 agreement that you alluded to in your report. And apparently at that time, you encountered a stumbling block.

MR. MESTRES: Very much so.

ASSEMBLYMAN APY: And the agreement was negotiated which in all likelihood, I would guess the attorneys probably questioned the validity of it, and they probably still do.

MR. MESTRES: They do.

ASSEMBLYMAN APY: But the University nonetheless has performed its part of the bargain -

MR. MESTRES: By all means.

ASSEMBLYMAN APY: And continues to make the payments.

MR. MESTRES: Yes, we make the payments.

ASSEMBLYMAN APY: Generally speaking, do you feel a need for changes, other than what you have already alluded to, in the way that you are treated as far as tax exemption is concerned?

MR. MESTRES: You mean specifically?

ASSEMBLYMAN APY: Yes.

MR. MESTRES: Well, as an example, the Baker Rink, which happens to be in one community, is taxed, and the Dillon Gymnasium, which happens to be in the other community, is not. The uses are identical. They are primarily 99 per cent used by students, but the position of the assessor is because there is public skating - this is the irony of the situation - the entire community comes in and skates and because there is public usage of the rink, which is really at a nominal charge, this renders it subject to taxation.

ASSEMBLYMAN APY: What is going to happen to the cage we are going to dedicate on Saturday.

MR. MESTRES: We are taking the position under the decisions, certainly under the strongest decision, the Supreme Court decision in the case of Rutgers Stadium many years ago, that this facility is being used about 99 per cent of the time for the same uses as any other educational gymnasium and on that basis it is tax exempt. I might say that the assessor, as I understand, is not happy about this but on the basis of the information we have been able to supply so far, we will know in June whether he is going to levy a tax against us.

ASSEMBLYMAN APY: Referring back to the rink, you have never filed a tax appeal as to the rink as such, though, once the assessment was levied.

MR. MESTRES: No, and I think a university is always a "town-gown" problem. You are invited in, as we were 200 years ago, but that relationship very soon deteriorates. History is replete with information on that score with all institutions. There is a certain "town-gown" friction and as much as possible we try to be a good neighbor in the town, and many times you will accept something because it is in public policy to do it or to maintain your public relations with your community.

ASSEMBLYMAN APY: Essentially, the existing situation is one that the university feels is fair both to the university and to the town, or do you think you are being put on a little bit under this school agreement?

MR. MESTRES: Well, I think we are being put on by that school agreement. I would also say as to the real question of whether we pay real estate taxes on all our married graduate student housing, the theory on that is that because one member of the family is not a student, the whole thing is taxable. I think this is questionable. If there is any basis for the exemption of living quarters for students, I think that some method of apportioning that tax might be devised. To pay taxes on the whole lot just seems to be really unjust in that regard.

ASSEMBLYMAN APY: If we were to - if I can phrase it - fool around with the total structure and try to back into a balance that would proceed from a premise of first put

100 per cent evaluation like we talked about with the independent schools, figure out what the value of all the properties is, then apply a formula maybe based on a municipal rate, if we were to start to do that, the implications as far as Princeton is concerned would be what? Do you have any idea? I know it would depend in part on the formula, but I mean, in terms of complications, because you've got such an intricate -

MR. MESTRES: Well, I think they could go to the basic philosophy of tax exemption. Indeed, aside from the taxables, what are the intangibles or benefits to the surrounding communities and to the State? It seems a travesty that Newark is closing its Public Library Museum. I think it's more of a travesty when in this country we spend more on tobacco and liquor than we do on education. Now if we can get down to fundamentals, this is what you are really talking about. What are the values of each one of these particular functions to the total cultural life of the citizens of a community, of a State? Historically these have been acknowledged to be of public worth. Just like this building, which obviously doesn't pay taxes, but it is part of a public service that it performs, an institution such as ours and many others in the State, as I have indicated, I think fulfills many of the responsibilities of a public institution. Indeed, although we are independent by terminology, we are a quasi-public institution in every sense of the word.

ASSEMBLYMAN APY: I don't know if it was indicated here, I don't believe I made a note of it, what the breakdown on the total amount of taxes is that you pay to each of the

municipalities in which you own property.

MR. MESTRES: Nine point five to the Borough and seven point seven of the total taxes to the Township, about \$750,000 is the dollar amount.

ASSEMBLYMAN APY: That was the figure. I had forgotten.

MR. MESTRES: \$750,000 combined, dollar amount.

MR. KEATS: How did they arrive at this one figure for construction permit? That seems very high.

MR. MESTRES: It was very high. We finally persuaded the community involved that they had a standard rate. Regardless of whether you were building a \$5,000 building or you were building an \$8,000,000 engineering building, you pay so much per thousand. We finally persuaded them that, in line with the practice throughout the State, there should be a graduated rate. I might indicate that New Jersey, or at least our community, is one of the few States that we were able to find where the tax exempt organizations are charged for a building permit. Now you are supposedly getting some degree of engineering. I would certainly venture to say that I question that the \$24,000 we paid on the engineering quadrangle was not compensated for by services. But that was their regulation. They have changed that since the engineering quadrangle but they are still substantial.

MR. KEATS: Do you have your own water supply?

MR. MESTRES: No, that's a private water system company. But we pay our share of the sewerage, based on

water usage. We operate it jointly. As a matter of fact, the university started the sewerage system in the community and then permitted the borough and the township to come in when they started to expand as it did with the water company. And each of us - we are now a three-part member of a Commission which runs the joint sewer and incinerator system. Each one of us pays our share, depending on water usage.

MR. KEATS: You are actually paying a percentage of the municipal cost of these.

MR. MESTRES: Yes, we are paying a share of the capital costs which were part of the system. As the capital costs developed, we paid our share along with the charge.

MR. McLEAN: Mr. Mestres I think made a very impressive listing of the contributions of Princeton to the community and to the State. That story undoubtedly would vary from institution to institution.

MR. MESTRES: Oh, yes.

MR. McLEAN: Since one of the reasons for tax exemption status is the contribution, whether it is a hospital, church or an institution, to the citizens, my question is, do you think it is fairer all around to allow a fair amount of flexibility in negotiation as we have now to recognize that position in a given community of a given institution, or would it be fairer and better for us to recommend to the Legislature a considerably tighter definition and a clarification that would not allow the community to recognize more or less your contribution? I am sure we wouldn't be able to, say, for every concert given, take one per cent off.

So since it's impossible to define the service side of the institution, should there be flexibility left insofar as there is taxing so that you and the community, in your case, and, for instance, X, Y, Z college in another community might come out differently? But perhaps that is a true recognition of the difference in the two contributions.

MR. MESTRES: Well, I would agree. I think that certainly there is this vast difference in the various contributions that one might determine. I think this is a problem of centralization versus decentralization. On the other side, you have capriciousness against fair treatment and, when you're in that position as an institution, you are very often forced to accept something even though you believe it is questionable, legally or otherwise. But what is your alternative? You can't move out of town; you can't close up your business and say, "let's go." So I think if general guidelines could be established and could be a little bit more precise, still allowing adjustments, indeed through the process of adjustments, which still require interpretation on the part of the local assessors, I think we could accommodate what you suggest on the part of the community.

I think one of the problems, though, that has been alluded to even in the case of the private schools testimony this morning, is the effect. I can see in the case, we will say, of the RCA - RCA laboratories extraordinary complex is located in another community. Their people live in Princeton and their children go to the Princeton regional school, one reason being that it is acknowledged as being one of the top school districts in the State. This attracts them there

so the argument of the community is yes, you brought the RCA here but they are paying their taxes in another community. They are not paying their taxes to us or anything to compensate for what we lose on their house taxes. This is a problem which I think must be attacked at the State level, not even at the county level, to whatever degree these offsetting factors can be compensated.

ASSEMBLYMAN APY: The problem that you have alluded to about individual negotiation opens you then to capriciousness and vaguely to politics.

MR. MESTRES: Exactly.

ASSEMBLYMAN APY: Now in the recent experience of the university, have you been faced with a local situation where it would appear that the university was becoming a political football in the sense that one candidate says, "the university ought to pay us more money," and the other guy has got to defend the university, or anything like that?

MR. MESTRES: Oh, yes. There is no question about that. I think most people - indeed, I think this is the subject of your whole study - most people in the State, the taxpayers, really do not have a way, and maybe we have been as much at fault as anybody, in demonstrating what indeed these values are to a community. It is suggested that 35 per cent of a community may be tax exempt. Indeed, what does that mean? I think presentations of this nature are important and to be repeated constantly to impress on the community exactly what its benefits are.

This is what I hope will come out of this study of the

American Council of Education, because what this hopes to provide is a kind of do-it-yourself kit which will have these variables in its formula which will be just as much of value to the local municipal government as it will to the educational institutions so that they do have some degree of a common ground for the purpose of educating the citizens of their community.

ASSEMBLYMAN APY: Did you, as a matter of curiosity, present to the persons working on that Commission and on that study essentially the same sort of material that you presented to us here as part of their work -

MR. MESTRES: I was on the American Council of Education Commission and suggested this study and worked with the Education Foundation to support it. The Isaac Dobbs firm in Los Angeles is making the study and using the Claremont College group, which is an interesting group because it combines many factors. It's co-educational, it's graduate, and all these factors develop a type of model which could be used for this study. Hopefully, if this thing works, it will be a very valuable tool, as I say, not only to the educational institutions but to the municipal authorities, because I am sympathetic to their problem. When the taxes go up, it's very easy to say it's because of all that tax exemption. As I have tried to indicate in the case of the Atlantic Ocean, this is a popular myth and can be a very real football when it is not understood that tax exemption per se is not always a liability. It can in some instances be a real benefit.

ASSEMBLYMAN MC LEON: Then again, it could be a liability.

MR. MESTRES: Oh, yes. I say not necessarily. Yes, I can see that it could be a liability.

ASSEMBLYMAN APY: Senator Dumont, do you have a question?

SENATOR DUMONT: Mr. Mestres, you say on page 4 that you are one of the institutions of the State that is required to pay taxes on faculty housing. By whom were you so required? I mean, is this the result of an appeal to an administrative agency or to the courts, or what?

MR. MESTRES: No, actually under the courts, sir, I think we could claim tax exemption on the whole kit and kaboodle, starting with a case back in 1860, certainly the Stevens College case, and most recently the case of Pingry and Blair Academy, in which faculty housing, so long as no profit was made, could be claimed as part of the educational unit of the institution. Now I hate to think what would happen if we took \$750,000 out of the pockets of the two local municipalities, so when I say that we are required, maybe that's unfair.

SENATOR DUMONT: Partly voluntary. Maybe it's not required by statute or by court decision.

MR. MESTRES: I would hate to test it by law because I am quite certain we would lose it.

ASSEMBLYMAN APY: You would lose the case?

MR. MESTRES: Because of its magnitude.

ASSEMBLYMAN APY: In other words, you are suggesting that perhaps if you made it a test case, it would do a disservice to everybody else in this same situation.

MR. MESTRES: I am suggesting that exactly.

SENATOR DUMONT: You are talking about 1,000 housing units, is that right?

MR. MESTRES: Roughly, yes.

ASSEMBLYMAN APY: Then to that extent even though you are officially on the tax rolls, in your own minds it is really an "in lieu, rough justice" payment that you are making in the total picture.

MR. MESTRES: I would certainly say that based on the cases in the State of New Jersey, yes, very much so.

SENATOR DUMONT: On page 5 you question the constitutionality of this zoning regulation.

MR. MESTRES: Yes.

SENATOR DUMONT: Did you ever actually test it?

MR. MESTRES: No, because again we had to build these apartment houses and we had no alternative except to either get the permit under these conditions or not get the permit. As I say, a zoning regulation which has nothing to do with the design or type of house - it is not any restriction on the use of the land - it is not any restriction on the size of the apartments - but which requires you to make a supplementary payment of school costs, is not in the opinion of our counsel the purposes of the zoning law. So you are using the zoning law for the purpose of raising revenue.

SENATOR DUMONT: Well, you might very well be right, but the point is that you never tested it.

MR. MESTRES: No, sir, we didn't.

SENATOR DUMONT: You have just gone ahead and lived with it.

MR. MESTRES: We have lived with it. You accommodate yourself in this life to many things.

SENATOR DUMONT: Do you pay any taxes to Hardwick Township in Warren County for the Blairstown summer camp?

MR. MESTRES: I don't know. I would have to check that.

SENATOR DUMONT: Aside from the summer camp, of course, you also use it as a training camp for the football team.

MR. MESTRES: Mr. Mc Vay points out to me that the Blairstown Summer Camp is a separate corporation which is owned by the organization which runs the summer camp, but we pay the summer camp for the team going up there and this contributes to the revenue which runs their underprivileged summer camp operation. As you know, that camp draws its population not only from New Jersey but from Philadelphia and New York.

SENATOR DUMONT: Yes. I have been there as a matter of fact. I just wondered whether you paid any property taxes there.

MR. MESTRES: I don't believe, but I would have to verify that. I don't believe so.

SENATOR DUMONT: Thank you.

MR. KEATS: Could I come back just a minute to those homes. These are 750 faculty homes?

MR. MESTRES: There are approximately 1,000 units of varying sizes running all the way from one-room apartments to five- and six-room houses which we rent under our rental program to faculty and staff of all kinds.

MR. KEATS: You feel it is necessary for you to provide

those homes or would they by the nature of their income be able to afford a home?

MR. MESTRES: No, I think this - I think what we run into at our institution, as is true in many universities,--what you try to avoid is a commuting faculty. We have a very broad program of morning, afternoon and evening classes. The availability of your faculty and your staff, primarily your faculty and professional staff, and their close relation to your activity are vitally important. Many distinguished institutions have ignored this in the past. I think probably both in size and in percentage, relative figures, we probably have done more of this than any institution in America because we believe in a resident faculty which is available to your students to the greatest degree possible as part of the educational process. Indeed, this is something that you hear constantly, a lack of faculty-student relationship. One of the major causes is commuting.

MR. KEATS: Are these homes within walking distance of the school?

MR. MESTRES: I would say right now that 80 per cent of our professorial staff, associate and full professor, live within two miles of Nassau Hall, the principal administrative building.

MR. KEATS: Would those homes be open to your students?

MR. MESTRES: They are not open to our students.

MR. KEATS: I mean, to converse with the professors.

MR. MESTRES: Yes, indeed there is a great deal of that. We wish there was a great deal more. But a great deal of that

is possible by its proximity. But I think more important is the availability of faculty to schedule evening precepts, evening seminars, things of that nature. If you are on a nine to five schedule - I don't want to use Columbia as an example - but if you live 35 miles away, you are not going to be there at eight or nine o'clock in the evening very often. If you are a mile and a half or two miles away, it is nothing.

MR. KEATS: Do you receive a rental fee?

MR. MESTRES: We do.

MR. KEATS: So it is not based on an actual cost depreciation.

MR. MESTRES: No. Indeed we would estimate that our losses on that at least exceed the value of the property because there is not a dollar return on the investment and it amounts to about \$20 million. So it is 30 to 40 per cent below the commercial rate.

MR. COTTON: I was going to ask the question whether the rental fee covers the taxes that you might pay.

MR. MESTRES: As a matter of fact it does not cover the actual taxes and operating costs. It doesn't even cover those, much less any return on the investment. It still operates at a loss.

MR. COTTON: You list a group of units here on which you do pay full tax. Does this include the university store?

MR. MESTRES: The university store is a separate corporation from the university. It pays full real estate taxes. It is a cooperative and it pays not only local taxes, but it also pays Federal income taxes as well and State franchise.

ASSEMBLYMAN APY: To what extent is the university budget supported by Federal grants? This is an increasing area I realize.

MR. MESTRES: Yes.

ASSEMBLYMAN APY: How does it stack up at this point? -- or State grants?

MR. MESTRES: Before answering the question, I think it is important to separate - although teaching and research cannot be separated -- The Federal support that we get is in the nature of sponsored research and to that extent it is approximately 48 per cent of our total budget, which is roughly \$70 million. Now that comes for specific research. Although it is basic research, it is for projects and grants for sponsored research. The position that we can sustain, and indeed we are in constant argument with the Federal government on, is that they do not pay the full direct and indirect cost related to this research. The only "profit" that the university could possibly make a claim on that is that it provides the facilities for our faculty in many instances and provides revenue for this research, which is very expensive. Our electric bill for our two major projects is a million dollars a year alone, just on those two projects. It does provide the facilities. It provides the money for the research and does provide fellowship assistance for graduate education. That is our profit. And indeed if we were not able to provide these facilities for our faculty, they would undoubtedly go elsewhere. I think one of the great arguments is that they would end up in governmental laboratories in many instances and the one thing you would lack in the governmental

laboratories is that they are not self-generating because this is the educational process as well as research.

But to go back to your question, we do get from the Federal government in addition to sponsored research about \$250,000 a year for special language programs, particularly for exotic languages, such as Persian, Arabic and Middle-Eastern languages which are special language programs.

The only thing we get from the State to my knowledge is a \$25,000 grant as part of this new research library program that has been set up to coordinate the activities of Rutgers, the State Library, the Newark Library and Princeton as a State resource library. We do get that.

SENATOR DUMONT: Of course, - I realize this doesn't accrue to the university directly - but your students also get grants in aid under the scholarship program.

MR. MESTRES: Very few, Senator, and this is one of the things we would like to speak to other commissions about because the guidelines that are set for that are so low because of the cost of Princeton University, very few state students can really benefit.

SENATOR DUMONT: That probably is true because it is \$500 a year at the present time.

MR. MESTRES: That's right. And in many instances, they are not eligible.

ASSEMBLYMAN APY: Any further questions? If not, sir, we thank you very much for coming and for presenting this to us.

MR. MESTRES: If there are any questions that occur to you later or any data we can supply, please let us know.

ASSEMBLYMAN APY: I would indicate that at this point we will recess for lunch. The eating facilities are a little difficult. We will try to be back in about an hour, but it might be a few minutes longer. We will proceed with Dr. Feldman after lunch, then Mr. Goodenough, representatives of the Archdioceses of Newark, Dr. Shaw, representatives from East Orange, plus any others who are here who have signed in since we started. And if there is anybody who has not signed in, would they please do so before lunch.

[Recess for lunch.]

Afternoon Session

ASSEMBLYMAN APY: We will hear first Dr. Feldman from Fairleigh Dickinson University.

H A R O L D F E L D M A N: Thank you very much, Mr. Apy. I have a statement which I would like to read. It is a short statement and I am afraid much more informal than other statements prepared for your review today. I will start now and read it.

Fairleigh Dickinson University is a private, non-profit, non-sectarian, non-stock, eleemosynary institution. By non-stock corporation, we mean just that. If Fairleigh Dickinson were to cease to operate as a university, all of its lands and properties owned by the university would revert, according to the university charter, to State ownership.

The charter of Fairleigh Dickinson University is patterned almost exactly with respect to purpose and with respect to conditions of operation as those charters of the State colleges

and universities in New Jersey and other states.

Starting with only 60 students, Fairleigh Dickinson University now has 20,000 students located on three major campuses in New Jersey. How would it have been possible for a private college to grow from 60 students to 20,000 in only 25 years if it had not been performing a remarkable function that properly should have been performed by the State of New Jersey itself? Fairleigh Dickinson University has grown because it filled a vacuum existing in the state.

Fairleigh Dickinson University now faces the fact that the State will pour millions of dollars into similar facilities which will serve very much the same type student body. We knew at Fairleigh Dickinson University that the State would eventually catch up, but it should have caught up a long time ago. So Fairleigh Dickinson University is preparing new routes and new imaginative programs that the State Colleges simply will not be able to undertake for another 25 years. This is the real function of the private college, to break ground and to do the creative things that the public colleges will do later on when the public becomes aware of the fact that more and more of the people should participate.

Many people think that Fairleigh Dickinson University is owned by its President and its Board of Trustees and that they profit in some material way from its existence. Nothing could be further from the truth. The Board of Trustees has committed itself to provide in excess of ten millions of dollars for the purpose of building university programs that are challenging and effective. The Board of Trustees consists of

only eight individuals.

In many respects our tax laws have made Fairleigh Dickinson University possible. The fact that gifts to private, non-profit institutions make for tax deductible contributions has made possible the interest of many philanthropists. The fact that we didn't have to pay real estate taxes meant that every penny of income could go to the hiring of faculty and to providing of accommodations for these 20,000 students. Without the interest of private philanthropists and without the possibility of being able to provide a facility on a tax-free basis, there would have been no 20,000 students that are presently being accommodated and the hundreds of thousands of students that we have accommodated throughout the last 25 years would have had to go out of state because the State wasn't there to help them.

I am sure that you would also like to know of the tremendous sums of money that are poured into the communities of Northern New Jersey as a result of the existence of Fairleigh Dickinson University and here are a few examples: The payroll at Fairleigh Dickinson University is in excess of \$12 million annually and we employ about 3,000 persons. Our payments to vendors are in excess of \$1 million monthly. And fringe benefits provided employees of all types from professor right on down to custodian cost the university over \$1 million a year. The structures that have been built over the past 25 years are valued at \$60 million in cost price and much more at replacement value today. All of these facilities have truly served the public interest. Certainly a dental school, three gymnasiums, dozens and

dozens of laboratories and classrooms have served the State of New Jersey well.

To speak directly to the point of what will happen if we have to pay taxes, let me put it this way: The future of the private college is in jeopardy. To put the additional burden of taxes on the private colleges would be to almost make it a certainty that the State of New Jersey would have to come to the rescue of the private institutions.

I am sure that the legislators here know of the cases of the University of Pittsburgh, Temple University, the University of Buffalo, and a number of other formerly private institutions that have now become public institutions with tremendously higher budgets, with tremendously higher costs of operation and with tremendously larger amounts of capital investment, and I should add, for serving approximately the same numbers of students that we would serve.

The requirement of taxes for private colleges and universities merely hastens the day when the existence of private colleges such as Fairleigh Dickinson University, which have rendered so valuable a purpose in the past and which can render such a tremendously important purpose in the future by remaining free and independent with all that free and independent private enterprise implies, will come to an end. The imposition of taxes, to repeat, real estate taxes, hastens the day when Fairleigh Dickinson University will have to become a state-related or a state institution.

ASSEMBLYMAN APY: Thank you, Mr. Feldman. Let me, if I may, explore some of the areas that we have explored earlier in

so far as they pertain to your institution. Are all of the buildings on all of the campuses totally exempt?

DR. FELDMAN: No, as was the case with Princeton, we too do pay some taxes on land and on certain kinds of buildings. There are some faculty homes and the President's home which are perhaps properly tax free. We do pay taxes on them.

ASSEMBLYMAN APY: In other words, technically you feel they might be tax free if you were to make application for it and appeal it, but you have chosen not to do so.

DR. FELDMAN: Yes. Mr. Mestres has pointed out earlier that even though right may be on our side legally, certain accommodations have been made. Usually under the stress and strain of pressure at the time when certain developments occur that could hold your future growth down, there have been accommodations made.

ASSEMBLYMAN APY: Fairleigh Dickinson has grown like Topsy over the last couple of decades and it would seem, therefore, that you would be in constant contact with your communities in terms of expansion and the question of taxes continually coming up as you have acquired more and more land.

DR. FELDMAN: Yes. We have been in almost continuous negotiations with the Towns of Teaneck and Rutherford and to a lesser degree in Madison and Florham Park.

ASSEMBLYMAN APY: Now have you been troubled the same as Princeton, I think, has been troubled to some extent by inconsistencies of treatment between the assessors in the individual municipalities or have they all reacted in your particular case essentially the same?

DR. FELDMAN: Well, there is a rather wide difference of procedure with respect to how the assessors treat everything from a building permit and payments in lieu of taxes to taxes themselves.

ASSEMBLYMAN APY: Do you make any payments that you consider payments in lieu of taxes?

DR. FELDMAN: Yes, we do.

ASSEMBLYMAN APY: In other words, in addition to having some property on the tax rolls, there are other payments that you make. Princeton alluded to a \$15,000 contribution, I think, in the annual budget. Do you make a similar sort of payment?

DR. FELDMAN: Yes. We pay to the Town of Rutherford \$20,000 a year, which is a payment in lieu of taxes - to the Town of Teaneck, a larger sum.

ASSEMBLYMAN APY: And how were these figures arrived at?

DR. FELDMAN: Well, some of these things are weird. I can only put it that way. For example, I will give you a case. Contiguous to our property was an apartment development that we wanted to use for housing of students. That piece of property represented the end of a natural geographical area, so its inclusion in the university zone was as natural as breathing, you might say. There was a big thoroughfare on the other side of it that was the natural geographical line. In order to have that included in the university zone and used possibly as student housing - that was the intent - we had to sign a lease on a piece of property out of our natural geographical area and we are paying a large sum of money on a lease on property that we are using, but would prefer not to use in a very short period of

time. But in order to accommodate the town and have them agree to have the property adjacent to our own included, we were forced in a sense to enter into an agreement with them.

ASSEMBLYMAN APY: And the lease then is a lease with the municipality.

DR. FELDMAN: Right.

ASSEMBLYMAN APY: Subsequently, however, then there was the zoning change, you acquired the apartments, they are now used for student housing and they are tax exempt.

DR. FELDMAN: Right. This is in a sense a payment in lieu of taxes.

ASSEMBLYMAN APY: It is in the form though - it is under the legal guise of a lease so it doesn't appear on the records of the municipality as an out-right gift from the university to the municipality.

DR. FELDMAN: This is true.

ASSEMBLYMAN APY: Now have you found that you have been subject to the vagaries of local politics in your various negotiations so that it has made a difficult situation for you?

DR. FELDMAN: See, unlike many other organizations, and perhaps the American Legion might be a case in point, where their membership represents 75 to 100 thousand votes or more, an institution is fair game. We have no voting constituency. The university has always been a political issue because it hasn't been proper for us, people have thought, including many of our trustees and administrators, for us to fight back in a political sense, to go into the political arena. We have had many, many cases where we have felt we were being used unfairly

as a device to arouse the citizenry of a community.

ASSEMBLYMAN APY: Like Princeton then you have weighed the consequences and decided it was better to not stand on your legal rights in those situations.

DR. FELDMAN: Well, we have made certain accommodations. On occasions we have stood on our legal rights and we have been willing to test situations in the courts. None of this has ever gone to court. There has always been some sort of an accommodation or compromise short of going to the courts.

ASSEMBLYMAN APY: To go back again to this in lieu question. Then as I understand it there are no actual payments made to any of these municipalities as out-right grants. If they appear, they appear in some other way, either by taxes or by a lease or whatever it may be.

DR. FELDMAN: In one case we make an out-right grant of \$20,000. We specify that it should be used for recreational facilities or to buy a fire engine or some other activity.

ASSEMBLYMAN APY: Has an attempt ever been made mathematically to weigh the dollars contributed, if I can use the word, to the municipality in any case and the services rendered by the municipality?

DR. FELDMAN: We have grappled many, many times and over long periods of time with trying to ascertain the cost to the community of its sewerage system. We would like to pay for sewerage on the basis of the amount of water that passes through that sewerage system. This could be metered. The town, on the other hand, is not interested in that because that becomes a very low figure, you see. Police and fire protection, we have tried

to come to some method of analyzing it. We had a consultant come in to analyze these charges to try to ascertain what percentage of the local tax rate might be applicable to Fairleigh Dickinson alone and it is a very, very knotty problem which if we were to come up with a figure, we feel it would be far below what a community would feel is just and fair.

ASSEMBLYMAN APY: However, your consultant did come up with some sort of conclusions or recommendations or results, I assume.

DR. FELDMAN: Yes. As I remember it, since he was working for us, he was trying to ascertain what we would pay and although it happened some years ago, he did come up with figures that were certain percentages of the town budget. They were nominal.

ASSEMBLYMAN APY: Do you think that an approach such as we talked about before of starting out with what the total value of your lands and buildings really is and then working back with a formula that might produce a certain percentage is workable? And in your case, and this is what Mr. McLean asked before, is this a better solution than leaving it to individual negotiations, especially where you are spread over several towns?

DR. FELDMAN: I heard you mention this question before this morning and I have been mulling that one over a little bit. I am really not sure. I think I would have to give it a lot more time. You know, what can you use a church for besides a church? What can you use a classroom building filled with laboratories for besides that specific purpose? If it had a marketable value, then

I'd say, yes, you could come to some sort of conclusion. But there is no market for a lab building. There is no market for a gymnasium that sits in the middle of a campus.

ASSEMBLYMAN APY: Except that you have indicated in the case of your particular institution, there is always a customer, willing or otherwise, and that customer is the State of New Jersey. If something happened to your institution as a private institution, we all recognize the fact that this is what would happen.

DR. FELDMAN: Yes.

ASSEMBLYMAN APY: However, you could take insurance costs or replacement cost, the two probably being fairly close to the same, and put a valuation on everything.

DR. FELDMAN: Yes, with just this point, that it is a replacement cost of a classroom building that has only value to the university for university use. I don't know that it has value to anyone else. For example, how much of a value would the Township of Rutherford put on this building if it were to --

ASSEMBLYMAN APY: -- assess it.

DR. FELDMAN: Not to assess it, but how would it judge its value? To whom? For what purpose?

ASSEMBLYMAN APY: This would be an assessor's problem. We have talked about it in other situations, such as the church; the assessor's difficulty is to put the value on. But let's assume though that this job could be done and it was 100 per cent value by whatever standards you used. So it would go into the town on the town books at \$60 million I think you alluded to here. Maybe if you updated it, it would be \$100 million spread among

these towns. Then there was struck off a particular rate. Do you think that a more precise formula such as that would be better for an institution such as yours as opposed to this more fluid system, if I could so describe it, that you have used?

DR. FELDMAN: It would have a lot of merit in many ways. One, it would eliminate the special accommodations, as I call them. Other people might call them deals. That would be out and that would be good. It also might make for more efficient management of universities and colleges because there would be some fixed costs that they would have to look forward to in terms of any new development. On the other hand, I am somewhat apprehensive as what the rate would be and how it would be made. It might impose a very serious hardship perhaps on colleges that because of declining enrollments for one reason or another may be unable to pay.

ASSEMBLYMAN APY: The reason I ask, of course, is your situation and other schools like you in the State, and I realize there are not that many, are different than Princeton which has stayed in one community and even with all its growth still only has an undergraduate body of 3,000. You in 25 years have gone from a few students to 20,000 and spread out. In a school such as yours, let's suppose you double your enrollment again in the next two decades. This will mean going into new areas and I am wondering if it would be helpful as you expand, both to you and to the municipalities you go into, if all could be guided by a more precise formula.

DR. FELDMAN: I am sure it would. It would make decisions

as to whether to go into certain areas much more meaningful. We would know where we stood before we would go. It might inhibit growth, growth of educational units in the State, because it might be too formidable an obstacle. Sometimes I think Fairleigh Dickinson has grown because we didn't know some of the problems we were going to face. If we had known them, we probably wouldn't have done it.

ASSEMBLYMAN APY: To what extent do you receive funds from Federal or State programs for your university program?

DR. FELDMAN: Other than construction loans, I presume you mean.

ASSEMBLYMAN APY: Yes.

DR. FELDMAN: We have about a million dollars of contract research for the government.

ASSEMBLYMAN APY: Out of a total budget of approximately how much?

DR. FELDMAN: Out of a total budget of about \$20 million.

ASSEMBLYMAN APY: About five per cent.

DR. FELDMAN: Five per cent. There are mixed feelings about this. Since it hasn't taken on the proportions that it has at Princeton, we feel it costs Fairleigh Dickinson money rather than it being used as a means for spreading costs and things of that sort.

ASSEMBLYMAN APY: Your student body is made up primarily of New Jersey students?

DR. FELDMAN: Yes. We have I think at the last count 290 different communities who send students to some branch of the

university.

ASSEMBLYMAN APY: And could you indicate the percentage that are out-of-state students?

DR. FELDMAN: We have students from every state in the Union and from 33 foreign countries, but it is not a significant percentage. I would say fewer than 15 per cent.

ASSEMBLYMAN APY: And of the 20,000, would you know offhand the number that would be day students as opposed to residents?

DR. FELDMAN: About half. Excuse me. Number of residents?

ASSEMBLYMAN APY: Commuting as opposed to residents.

DR. FELDMAN: The 20,000 represents full and part-time, split about 50-50. Of the approximate 10,000 full-time students, we have about 1400 resident students.

ASSEMBLYMAN APY: The vast majority then are commuting students.

DR. FELDMAN: Commuting students.

ASSEMBLYMAN APY: Mr. Cotton, do you have anything?

MR. COTTON: I just wondered, do you have other land holdings looking ahead to future development and growth and are you paying tax on this land?

DR. FELDMAN: We have an endowment of about \$10 million and this endowment is invested not only in stocks and bonds, but in land. The land that is owned by the university in its endowment portfolio is all taxable. While we may use it eventually for our own growth, at the moment it is an item in our endowment fund. It should throw off income to support various kinds of scholarships and other expenses and indeed it does and we pay taxes on it.

ASSEMBLYMAN APY: Mr. McLean?

MR. MC LEAN: Just to note, more than in the form of a question, although Dr. Feldman may want to comment - I was glad to see reference here to one of the benefits being the students turned out. Many times, particularly in this type of thing, it is important what the payroll is, but here is a dramatic case of benefit to the community and particularly with the large number of New Jersey students. That is the real contribution to the State as contrasted with some of these other things and to the communities they came from, particularly with the large number of commuting students. Whether they came from across the border from another town or not, there are 20,000 who would not otherwise have received a college education. Is that a fair statement?

DR. FELDMAN: It is very much the case. We have turned out many doctors and lawyers and CPA's and mayors and councilmen and freeholders. We believe that the contribution to the state by way of providing the means for a well-informed and active participating citizenry is almost impossible to measure. I think at the last count we had about 140 presidents of corporations among our alumni and treasurers and I could go on and on. There is an extraordinarily high ratio between the majors that undergraduate students take at Fairleigh Dickinson University and the jobs they eventually end up in. So we feel if we were to have our product measured and some value placed on that, it might turn up an interesting statistic.

MR. KEATS: What is the tuition in relation to, let's say, a State supported school?

DR. FELDMAN: I am glad you asked that question.

MR. KEATS: The tuition, I understand, for State schools is less for an in-State student, or the student from New Jersey as opposed to one from Pennsylvania, right?

DR. FELDMAN: As I remember it, and maybe Dr. McLean can verify it, the cost to the State for sending a student to a community college in the State is \$1500 to \$1900.

MR. MC LEAN: That's right.

DR. FELDMAN: This excludes capital investment in the plant for the community college. The State is requesting about 200 acres per community college. And it excludes the fringe benefits provided the faculty in these community colleges. We have built Fairleigh Dickinson University completely on tuition income and a very small amount of private philanthropy. We charge \$1250 per student and we build our own buildings and pay our own fringe benefits. You see the relationship of cost of a private institution such as Fairleigh Dickinson with the cost of a State-supported institution - we build our buildings and we pay our fringe benefits and all expenses out of \$1250 a year and it cost the State all of that figure that I mentioned, excluding the capital investment in plant and facilities and fringe benefits.

ASSEMBLYMAN APY: You fund most of your capital expansion through conventional financing?

DR. FELDMAN: I really must say that we have been most artful in arranging for the financing of our plant. If it hadn't been creative and imaginative, it never would have happened. We have used the low-cost government loan, the government grant. We have used the investments of our tuition income so that it works for us on a daily basis. In other words, any money that we have

from tuition sources are invested even for one day so that the throw-off from our short term investments is like the investment of a large endowment fund. This comes from having to do it.

ASSEMBLYMAN APY: I have no other questions. I do think it would be helpful to us though, Dr. Feldman, if you could supplement what you have given us with a bit more exact information concerning the scope of the holdings in terms of acreage and buildings with evaluations and indicating those that are now subject to taxation and those that are tax exempt and perhaps flagging for us those situations where you feel under the law you would technically be entitled to exemption so that we can see then in relation to your total plant how much money you are paying to the various towns by whatever means. It would also give us an indication of the extent that you are voluntarily for reasons of goodwill or whatever other reason foregoing an exemption that you might be legally entitled to because if we find the practice throughout the State is the same as yours, then somebody is going to raise the question why don't you make the law according to the practice or else turn around and make the practice according to the law. But if we have the law doing one thing and the practice the other, it makes for a hodge-podge of results. If you could get that together for us over the next couple of months, we would find it very helpful.

DR. FELDMAN: We'll be glad to.

ASSEMBLYMAN APY: We would appreciate it. Thank you very much, sir.

Mr. Goodenough.

R I C H A R D D. G O O D E N O U G H: Mr. Chairman,
my name is Richard D. Goodenough. I am Executive Director of the
Upper Raritan Watershed Association with offices in Far Hills.
Ours is a non-profit corporation dealing with all matters pertaining
to the total environment and all its natural resources within
that land area drained by the North Branch of the Raritan River,
including parts of Somerset, Morris and Hunterdon Counties.

In 1960, New Jersey became the most urbanized state in
the Nation in terms of population density. Today it continues to
become more so. Some forty thousand acres per year are converted
into some kind of development. This rapid development of our once-
open landscape has come about because of our geographic location,
the abundance of our resources, the strength of our economy and
the attractiveness of the living experience in our great state where
the best of urban culture, the creation in rural retreats and
the stimulation of seashore playgrounds may be enjoyed.

And yet many of the very attributes which have made us a
great state are today being endangered through overuse. Farm areas
are disappearing at a rather alarming rate. Park lands cannot
be purchased fast enough to keep in ratio to the needs of our
expanding population. Urban unrest, possibly due at least in part
to a monotonous sterile concrete environment, is realized. Water
and air pollution control carry an ever-increasing price tag for
us all. Adequate water supplies for the future may well prove
before long to be a real limiting factor to our economic prosperity,
if not our individual health.

We now know that an adequate amount of open space land in
New Jersey is vital for our total well-being. We now appreciate

the role played - sociologically and economically - by our forests, farms, marshes, fields, flood plains and mountains. We now realize that the part they fill in the total scheme of the environment far exceeds our knowledge and appreciation of even just a few years ago. We have studied, inventoried and evaluated the major influence of flood plains and marshes in controlling floods, of forested ridges in controlling soil erosion and, hence, muddy rivers, of forest, field and farm in allowing recharge of ground water supplies and stream flow augmentation of all open space in providing wildlife habitat, aesthetic relief and clean airsheds. We now realize that in making decisions about our dwindling reserves of open space, we have but one chance to make a choice, one chance to prove our wisdom, no chances to redeem ourselves whenever and wherever the wrong choice is made.

The realization that I have spoken about of the significance of open space and the need to use all the available tools to save what is savable is not that of a few people and groups. It is shared by a broad spectrum of our constituents, by a host of civic and service organizations and by the legislative and executive branches of State government. The modern era of this realization and its accomplished results began with passage of the Water Bond Act of 1958, providing two new reservoirs with surrounding open space and recreation lands. The Green Acres Bond Issue of 1961 passed substantially in all but three of our counties, and that in a day when bond issues were anything but popular. Two years later the people spoke again, even more strongly, when every county in New Jersey approved the public question on the farmland assessment amendment. It was amazing

to some that the Hudson and Essex County electorate, for instance, should vote 2-1 in favor of giving more favorable tax treatment to farmers. But those voters in Hudson and Essex realized the benefit which those farms in rural New Jersey, many miles away, afforded them.

The wisdom of the Legislature has been seen on numerous occasions also in passing much needed programs, all geared toward meeting the need of safeguarding resources, protecting and managing properly our open spaces, to wit, passage of the Municipal Conservation Commission Bill, the Natural Lands Trust Bill, continued support for the Skylands Bill, a bill passed in the Assembly a couple of weeks ago to give added protection to our coastal wetlands, new and visionary procedures in wiser use of pesticides, administrative changes through legislation upgrading the Bureau of Parks and Recreation to Division status within the Department of Conservation and Economic Development, expanded funding and staffing of existing State programs, invigorated and expanded programs of County Park Commissions, and land acquisition programs of many local government bodies, all the result of efforts during the past three years and all are commendable.

Obviously, all of this has been prologue. Obviously the "punch line" of my statement comes at the end. I have attempted to outline as briefly as possible the generous open space and conservation mandate given by the voters and the accompanying forthright response by their elected leaders at all levels of government. But one matter is painfully bothersome, and that is simply that in all of this broad effort the potential role of the private sector has somehow been overlooked. The private sector in this

field of acquiring, protecting and managing properly open space areas is no alternative nor is it a panacea for our needs, but it could be a meaningful tool to join with the public subsidy for open space. It is not. The reason is simply that the private, non-profit conservation organizations of this State, while possessed of a significant capacity to acquire and manage lands, cannot afford to do so because of the burden of the real estate tax which they are obliged to pay as would any individual. The organization which I represent has an ability to inspire confidence and trust among certain land owners of attractive lands which, for that reason, we could acquire and protect for the total public benefit through gifts and bequests.

We also have at least some capability for acquiring funds and grants for the purpose of protecting lands not available through individual philanthropy. In short, we, as well as many other bona-fide organizations of long-standing and well-demonstrated integrity, are ready and willing to help in this massive chore if only we are encouraged a little, if only we are allowed, if only we are relieved from the burden of paying real estate taxes. Even though we are faced with local tax bills, the Upper Raritan Watershed Association during the past two years has extended itself by acquiring nearly \$100,000 worth of land. Our deeds for these lands are restricted by reverter, management and assignment clauses so that the lands will always, to the greatest extent possible to envision, remain as open space, open to the public and yielding a multitude of public benefits, demanding very little in terms of services. On this land that I speak of we pay \$1100 a year today in local taxes and this is paid by people

who are members of our Association by paying dues of as little as \$2.00 per year. So we can do no more than what we have done. I know, and I'm sure you will hear in these hearings, that other similar organizations in our State are similarly willing to help in this effort but are similarly limited in their capability to do so.

So I would urge strongly that this Committee very seriously consider recommending legislation to grant tax exemption to non-profit conservation organizations on open space lands that they own and maintain for conservation purposes. I say that with tongue in cheek because I quite fully realize the difficulty in granting additional exemption status categories in a state where so much revenue reliance is placed on the local property tax. I quite fully realize the potential "Pandora's Box" effect of a possibly seemingly narrow purpose. I can only suggest that the public voting and legislative record of the past and present gives a strong indication of both the need and the desire to accomplish the ends of which I have spoken. I can suggest that with proper interpretation it will become clear that the need to protect, through every tool available, our water, air, forests, wildlife, recreation areas and aesthetically pleasing retreats is not a narrow interest, but rather one affecting every citizen of our State. And if it all comes down to a matter of hard economics, then the time may be right for a deep and comprehensive analysis of our whole tax structure, possibly allocating the burden on a far broader base where a broader base pays for an ever-increasing spectrum of services required and where less municipal impact would

be felt for unusual local circumstances.

In granting tax exemption for any purpose, it is important to design it in such a fashion that only the truly responsible organizations can qualify. I am absolutely sure that it will be entirely possible to structure legislation to accomplish that and that alone, and we offer counsel toward that end.

As the most densely-populated state in the Nation, we are in the forefront, like it or not, in meeting our environmental challenge. We must be cautious and yet aggressive in using new tools. We have to start realizing what might be, not waiting to regret what might have been. We have to do more acting and less reacting. We can't sit back and let someone else develop the formula into which we can then plug our problems and turn out an answer. We have to be the ones to produce the formula.

I have tried to suggest one formula today, gentlemen, and I thank you for the opportunity.

ASSEMBLYMAN APY: We had a similar presentation at one of our earlier hearings as you are aware and one of the questions that was raised at that time is a matter that you have alluded to, which is the protection that would be required if exemption were granted an organization such as yours so that people could not stockpile land and then later have it used for a commercial purpose. I think you have indicated that in your development you have done this by reverter clauses in the deeds.

MR. GOODENOUGH: Of our own volition, I might add.

ASSEMBLYMAN APY: Now you have used the term "reverter clause" and might I ask this: To whom does the land revert?

MR. GOODENOUGH: Well, this varies in different tracts of

land that we have. It always varies in relation to the donor's interest. Now most of the land that we have - "most" - I talk like we have so much - we have four tracts and three of these tracts-- First of all, the clauses are about that long and I can't remember them all. I can certainly give you the language if you'd like. But if we should be forced to liquidate for any reason, this land then could not be sold on the open market to meet any other financial needs that we have. We are under an obligation to convey it to some other organization or some other agency similarly organized for similar purposes.

ASSEMBLYMAN APY: It would not revert back to the prior owner then?

MR. GOODENOUGH: Well, not in this case because if we put that in, then they couldn't claim tax exemption for IRS purposes. Speaking again in a little broader context, some of the conservation organizations of the State have become involved in open space land ownership where one organization would join with another one, the deed first going to A organization, which immediately turns it around and conveys it to B, maintaining a reverter. Therefore, it can in fact revert - an easier thing to do legally than an assignment clause and accomplishing the desired end.

ASSEMBLYMAN APY: It is as between two similar organizations structured for the same purpose then.

MR. GOODENOUGH: Or a government agency.

ASSEMBLYMAN APY: -- or a government agency.

MR. GOODENOUGH: In other words, we could give our land to State government, a County Park Commission or anyone that we had faith in that could carry on the integrity of the original wishes

of the donor.

ASSEMBLYMAN APY: Would the organization feel that if exempt status were granted to any lands which were owned by your organization, but after you owned them, it would, say, revert to the State - if that were made a requirement of exempt status, would this present problems or would this present something that they could live with?

MR. GOODENOUGH: I think this is liveable. I would suggest that we have the brand new Natural Lands Trust which you just passed and created, which is actually a partnership, as you may recall, of State government and local organization, private organizations. It is a marriage of the two. This might well end up as being the proper recipient of lands in that event. There may be certain situations where for particular reasons a County Park Commission, for instance, would be a better recipient, especially on smaller tracts of land of less than statewide significance. But certainly this can be and I think should be worked in as a requirement.

ASSEMBLYMAN APY: Now on the lands that are owned by your organization, to what extent are they generally available to the public?

MR. GOODENOUGH: They are wide open. The boundaries are marked and they are posted as such.

ASSEMBLYMAN APY: Do you regulate or control them by saying you have to use certain trails or go in certain hours under guided tours or could I take my three kids and turn them loose?

MR. GOODENOUGH: You can turn them loose.

ASSEMBLYMAN APY: -- in your particular situation.

MR. GOODENOUGH: I might add that we are in a rural part of New Jersey and open space today is still fairly abundant. We are trying to be visionary and solve the problems of the future. We don't have a great crush of public use once we acquire these areas and open them up. They are enjoyed largely for passive recreational purposes. Certainly as the years go by though, they will be more heavily used.

ASSEMBLYMAN APY: Are your lands used at all for educational or research work in any way?

MR. GOODENOUGH: Oh, yes, they are.

ASSEMBLYMAN APY: This gentleman that testified - I forget which organization he represented - indicated that a large portion of their use is for these purposes.

MR. GOODENOUGH: One of the tracts of land which we have is an area called the Moggey Hallow natural area, which without going into detail is one of the real geological oddities of New Jersey. It is very interesting scientifically to the geologists and to the naturalists. This has been used for - well, I guess it is almost safe to say decades - by geology students from Princeton and Rutgers. We have used it in interpretation work in working with our local elementary schools and at this time Moggey Hallow is being considered by the National Park Service for recognition as one of the outstanding national natural landmarks. A team will come from the National Park Service in April to evaluate it for that purpose, but it would stay in our ownership.

ASSEMBLYMAN APY: In your remarks you allude to the fact that you have acquired nearly \$100,000 worth of land on which you

are paying \$11 a year in local taxes. Why is the tax so low on a \$100,000 piece of property?

MR. GOODENOUGH: That is a good question. I think the \$100,000 figure is an appraisal figure for market purposes at the time the gift was made. In actuality the assessment figure is something else.

ASSEMBLYMAN APY: Is the land assessed under the Farmland Assessment Act or at regular market rates, do you know?

MR. GOODENOUGH: Two tracts are at regular market rates. One happens to be a flood-plain tract which for that reason is limited in its value and that limitation is recognized by the assessor and he has some formula for knocking down the assessment because of that reason. It is not a recognition of our ownership; it is a recognition of the natural function of the land.

ASSEMBLYMAN APY: Apparently then there is no consistency among the towns as to whether they use farmland assessment or whether they don't. Is that because of different use or is that because of the local assessor's evaluation?

MR. GOODENOUGH: As I say, farmlands assessment has no bearing on our lands. We realize no income from them. Therefore, we can't qualify into the farmland assessment. Even though we are open space, we can't.

ASSEMBLYMAN APY: In effect then what happens is, you know what the assessed value would be of this land that you have \$100,000 value on it.

MR. GOODENOUGH: I don't know offhand. I could certainly send it to you if you would like.

I think you will probably ask another question sooner or

later. I might as well answer it sooner. Three years ago I was one of a group of four, one of whom you have already heard from, who sat down with Governor Hughes on this very matter. We sat in his office for about two hours and talked about this. He was very deeply interested in it and I know subsequently talked to several cabinet members about it and asked Commissioner Roe's office to do a study of just the magnitude of the thing we were talking about. How many of these organizations that are supposed to be bona fide are there in New Jersey? How much land do they own? What are they paying for taxes today? How many municipalities would be affected if such exemption were granted? I know that Commissioner Roe's office did a study on that at that time. I have never seen the results of it. I suggest that they exist and might be made available to you.

I think the whole concept of what we are talking about didn't go any further at that time perhaps for a number of reasons, the foremost of which was that a study committee like yours didn't exist at that time and this is the sort of thing that we all felt ought to be tackled at the time that the whole tax-exempt structure was looked at.

ASSEMBLYMAN APY: Let me ask you one final question then. You have offered to provide us with suggestions toward legislation that would accomplish the result that you are seeking. Could we ask you then to do just that, to give us suggestions, specific suggestions, in terms of definition of organizations to qualify and covering things such as the reverters to assure that once the land is qualified it would not subsequently end up in private commercial development? Could you with these other groups

prepare such proposed legislation and submit it to us?

MR. GOODENOUGH: I think we could. I think generally, ideally, the exemption category should be as broad as practicable and reasonable in order to accomplish any sort of a goal that we are talking about. Nevertheless, we have to put some of these restrictions in there. We can make it so restrictive that the goals are never met anyway. Therefore, I think we are probably unqualified to make a judgment on how many of the dozens of limitations that might be put in should be put in. But I would say that we would be willing to, say, work with someone in the Legislative Services branch toward that end, someone with more practical knowledge of what is needed than we have.

ASSEMBLYMAN APY: Let me suggest that perhaps if you were to try to spell it out as best you could from the layman's point of view or if you could get some sort of assistance, it would give us the guidance. If you make it too broad, I am sure that somebody is going to come along and tighten it up. But it would give us a starting point for it, recognizing, of course, that yours so far has been the only area where someone has come before us and asked for an exemption where it does not exist. You recognize you are swimming upstream. Therefore, any opening that might be made in this area would probably be a small opening, but it would be an improvement on the existing situation I would think.

MR. GOODENOUGH: We'd love to have a bone at least.

MR. KEATS: Of course, you mentioned the amount of money you spent, but how many acres are we talking about?

MR. GOODENOUGH: Fifty some odd.

MR. KEATS: Fifty some odd acres. You mentioned you pay \$1100 in taxes. Where does this money with which you pay the taxes come from?

MR. GOODENOUGH: From our budget. We have a budget of about \$25,000 a year and it comes out of that.

MR. KEATS: The people who are members of this Upper Raritan Watershed Association pay dues and the taxes are paid from that?

MR. GOODENOUGH: We are supported by 600 businesses, industries and individuals and a few foundations. They give varying sums of money from a dollar bill which a little old lady sends every year to substantial contributions of four figures or more.

MR. KEATS: This is just because these people want to preserve a particular situation?

MR. GOODENOUGH: No. This is an effort to manage our watershed, to adjust to change in a better way than we have seen the rest of New Jersey develop.

MR. KEATS: When you say "watershed", with the number of acres you hold - and I am not that familiar with the stream, but obviously there is a stream running through there - if it were dammed and if it became a large watershed, you could in essence with all these different communities demanding water become a reservoir and a business in the sense that you would be dispensing water at some future date. How does the deed read as far as the distribution of water is concerned? I know in other communities -- for instance, out in California, of course, you know there is

a lot of litigation between counties as to who should get what water, where, simply because water has become very scarce. Do you have the right to dam it? Would you have the right at this particular moment to become a water company?

MR. GOODENOUGH: Of course not. We exist as a corporate entity as any corporation or individual does, subject to all the laws of the State. Franchise areas involve the sale of water. And we are no different than anybody else. We have no power. We have no franchise area. We make no decisions. We pass no laws. We receive no government money except a gift from the Somerset Board of Freeholders every year which we don't even ask for. But I think I would almost have to take 15 minutes and explain the whole creation of our organization and our basic philosophy in order to answer you really fully. But ours is not an effort to preserve the status quo, to resist all change. It is an effort to work with all of our governing bodies, get the proper planning, pass the proper ordinances, so that when we are faced, as we are every day, with this crush of humanity and increasing population in New Jersey, we will be prepared, we will have the facts, and hopefully we will have the wisdom to be able to accommodate them without a gross degradation of our environment.

MR. KEATS: Is there a limit or has there been a survey which would establish how large a piece of property you would like to obtain? You now own so many acres. Do you have a limit, such as a corporation might have which would want to expand and expand and expand? What limit would you like to put on this thing?

MR. GOODENOUGH: It is most difficult because you are dealing with the environment; you are dealing with too many variables

to apply a brush-stroke rule of thumb. I would say as a general rule, just to guide your thinking, my thinking would be if we could save 25 per cent of our surroundings in some kind of open space, including our people and services in the remainder of it, we would be well off. We will never be able to accomplish that even with exemptions.

MR. KEATS: Suppose somebody had a farm and wanted to declare that as being open space. So within this particular proposal you might make, it would be well to be specific as to how small an area would be considered a conservation project. Now a small farm can be 100 acres. I don't know - it depends upon where the farm is. Maybe in New Jersey there is no such thing as a 100-acre farm. Certainly in other states there are. So there should be some idea of what size would be considered to be the smallest conservation unit.

MR. GOODENOUGH: After all, conservation is not a thing relegated to the northwest you know. The conservation area might very well be a vest-pocket park here in the middle of East Orange, of great benefit in terms of open space largely because of the recreation function served. On the other extreme we might look toward saving open spaces to the extent of 1,000 acres in Western New Jersey because perhaps that particular area would be the prime and the only aquifer recharge area that we have. In other words, when it rains, the rain has to get into our underground water supply. It can't run off if we expect to have stream flow and well yields in the future. So we have to protect these aquifer areas.

MR. KEATS: Then the use would be the determining factor.

In other words, if I were a public-spirited citizen and wanted to donate a city block as a park facility, as long as I had "something that was dedicated to a public use forever without ever reverting back to a private citizen," in your mind it would be ---

MR. GOODENOUGH: It could be. If you came to me with such a proposal, I would certainly have to ---

MR. KEATS: I think your tax assessors might have to evaluate it.

MR. GOODENOUGH: Well, don't forget the spectrum of philanthropy that we have is rather limited. You certainly won't be expecting a rash of people at our door waving deeds. I wish we would, but we won't have that at all. Certainly any receiving or any recipient organization will look at all the factors involved and make a judgment of the advisability of acquiring title to it and make a judgment as to their ability to maintain it, keep it attractive and it may well be that sometimes they won't be able to.

ASSEMBLYMAN APY: Any other questions? [No response.]

We thank you very much and, as I indicated, if you could supplement this with some specific thinking in terms of legislation and put it down on paper with as an exact a definition as you can work up in conjunction with the other organization, and this not need be done tomorrow, it would be appreciated by us.

MR. GOODENOUGH: We will be glad to.

ASSEMBLYMAN APY: Thank you very much for coming.

Monsignor Pollard and the other representatives of the Archdiocese of Newark are next.

Mr. Gassert, you may proceed.

T H O M A S H. G A S S E R T: Mr. Apy, I have with me Monsignor Raymond Pollard who will speak for the hospitals in the Archdiocese of Newark, Monsignor Joseph Dooling who will speak for the Mount Carmel Guild of the Archdiocese, Monsignor Patrick Trainor who will speak for the Associated Catholic Charities.

Gentlemen, my name is Thomas H. Gassert and I am an Attorney at Law of the State of New Jersey and am a member of the firm of Gassert, Murphy and Clarken, 830 Broad Street, Newark.

I am here today to represent the Roman Catholic Archdiocese of Newark, the Roman Catholic Diocese of Paterson and the Byzantine Rite Eparchy of Passaic. It is my understanding that the New Jersey Association of Independent Colleges and Universities is to make a presentation to this Honorable Commission at your hearings next month in the Camden area. However, I will include in my remarks today representations on behalf of Seton Hall University in South Orange, the College of Saint Elizabeth in Convent Station, Caldwell College for Women in Caldwell, Alphonsus College in Woodcliff Lake, Englewood Cliffs Junior College for Women in Englewood Cliffs, Felican College in Lodi, Assumption College in Mendham and Tombrock College in West Paterson.

I would like to divide this presentation into five areas: First, the Archdiocese of Newark; second, the Diocese of Paterson; third, the Eparchy of Passaic; fourth, the Institutions of Higher Education in the entire area, geographical area, covered by these Dioceses; and, fifth, a general discussion as to the legal, moral

and political principles and questions involved in the study you have raised.

First, as to the Archdiocese of Newark, I would advise you that it is the fifth largest Archdiocese in the United States. In order that this might be placed in perspective, I cite some figures from the Official Catholic Directory for the year 1968 published by P. J. Kenedy & Sons of New York. The largest Archdiocese in the United States is that of Chicago which has a Catholic population of 2,342,000 people in an area of over 1400 square miles. The second is the Archdiocese of Boston with a Catholic population of 1,871,408 in an area of 2,465 square miles. The third is the Archdiocese of New York which has a total Catholic population of 1,870,000 persons in an area of 4,717 square miles. The fourth is the Archdiocese of Los Angeles with a Catholic population of 1,662,242 persons in an area of 9,508 square miles. The Archdiocese of Newark is made up of a Catholic population of 1,637,634 persons out of a total population of 3,058,620 in an area of 541 square miles. The geographical area of the Archdiocese of Newark consists of Hudson, Bergen, Essex and Union Counties. The Archdiocese is the responsibility of the Most Reverend Thomas A. Boland as Archbishop of Newark. He has assisting him three Auxiliary Bishops. In addition there are in the Archdiocese 825 Diocesan Priests of whom some 60 are members of the faculty or administration of Seton Hall University. Another 53 are serving in posts outside of the Archdiocese such as the United States Catholic Conference Office in Washington; various Dioceses in South

and Latin America; other Dioceses in the United States who require their services; Chaplains in the Armed Forces; or on special assignment in various institutions throughout the country. As well as these Diocesan Priests there are 424 Priests of some 22 different religious orders serving in the Archdiocese bringing the entire Priest population of the Archdiocese to 1,348. Eight different Orders provide 268 Religious Brothers for work in the Archdiocese, and there are 3,675 Religious Sisters from 32 different Orders serving the needs of the Catholic population of the Archdiocese. Throughout the four counties encompassed within its boundaries, the Archdiocese provides 253 Parishes, 3 Missions, 5 Stations and 387 Chapels. It conducts its own Seminary for the training of Priests in Ramsey, New Jersey and also within its confines is a University and five Colleges which educate some 14,856 students in higher education. There are Diocesan, Parochial and Private Catholic High Schools in the Archdiocese to the number of 56 with an enrollment of 30,428 students. Elementary Education is provided in 226 schools for 122,568 children and there are four institutional schools educating 537 other young persons. There are throughout this area 8 Orphanages and Infant Asylums, 9 Hospitals, New Jersey Boystown which cares for 100 homeless orphan and needy boys giving them grammar school education and instruction and vocational training. Four Homes for the Aged are conducted by the Archdiocese as well as Day Nurseries, Health Centers, Residences for Business Women and Unwed Mothers, Homes for the Blind, Institutes of Industrial Relations, Mission Houses and

Retreat Houses. Six cemeteries are under the auspices of the Archdiocese, and it provides religious services through the Newman Apostolate at Fairleigh Dickinson University both in Teaneck and Rutherford; at Jersey City State College; at Montclair State College; at Mountainside Hospital School of Nursing; at Newark College of Engineering; at Newark State College; at Orange Memorial Hospital School of Nursing; at the Rutgers College of Pharmacy; at the Rutgers University College in Jersey City; at the Rutgers University College in Newark; at Stevens Institute of Technology; at Union Junior College; at Muhlenberg Hospital School of Nursing; and at Presbyterian Hospital School of Nursing in Newark. So that you can better understand the scope of the work of the Archdiocese I would only list certain of those offices which are set forth in the Official Catholic Directory all of which are in existence and have been operating for some years. For example, the Anti Poverty Program; the Apostleship of the Sea providing Port Chaplains in Newark, Bayonne and Hoboken; the Boy Scouts; the Students Mission Crusade; the Catholic Youth Organization; Associated Catholic Charities of which you will hear more in detail later from the Archdiocesan Director, the Very Reverend Monsignor Patrick J. Trainor; the Christians Communications Apostolate; the Ecumenical Study Commission; the Educational and Economic Opportunity Programs; the Economic Opportunities Act Programs; the Educational Acts Programs; the Family Life Apostolate; the Guild for Public Accountants; the Guild for Doctors of Medicine and Dentistry; the Inter-racial Justice Programs; the Catholic Lawyers Guild; the Mount Carmel Guild of which you will hear more from the Archdiocesan Director, the Right Reverend Monsignor Joseph A. Dooling; the Archdiocesan Newspaper, the Advocate; the Guild of Nurses; the Pope Pius XII Institute of Social

Education; the Division of Radio and Television; the Serra Clubs for Vocations; the Archdiocesan Program for Continuing Education of Priests; School Boards of the Sodalties. I have not included in these offices and activities the many offices and activities which are peculiarly restricted to the internal church itself such as liturgical music, parish visitation, convent visitation, apostleship of prayer, office of catechetics, the office of the liturgy, the Propagation of the Faith and so many other vital functions of this church or any church.

These are statistics pertaining to the Archdiocese of Newark. I will come back to their meaning later. Now to move on to the Diocese of Paterson.

The Roman Catholic Diocese of Paterson encompasses an area of 1,214 square miles consisting of the counties of Passaic, Morris and Sussex. The total population of those counties, according to the Catholic Directory of 1968, was 879,100 people of which there was a Catholic population of 320,831 persons. The Most Reverend Lawrence B. Casey is the Bishop of Paterson. There are no Auxiliary Bishops. He has therefore assisting him 210 Diocesan Priests together with some 223 additional priests from 12 different Religious Orders and 15 Priests from other Dioceses bringing the total Priests population of the Diocese of Paterson to 458. In addition there are 72 Brothers working in the Diocese and 1341 Religious Sisters from some 27 different Orders. There are 99 Parishes in these three counties of the Diocese of Paterson, 14 Missions, 5 Stations and 107 Chapels. The Diocese conducts a preparatory seminary and that along with the 6 religious

order seminaries located within the Diocesan boundaries attend to the education of some 461 candidates for the priesthood. There is a branch of Seton Hall University in Paterson with 704 students and in addition there are 3 colleges, namely, the College of Saint Elizabeth at Convent Station with almost 1,000 students; Assumption College in Mendham with 88 students and Tombrock College in West Paterson with 140 students for a total number of persons being given higher education in the Diocese totalling 1,891. There are 17 Diocesan parochial and private high schools educating 7,407 pupils and 77 elementary schools giving training to 28,258 children. In addition there is an institutional school educating an additional 30 students and a protective institution known as Our Lady of Grace School in Morristown giving special care and instruction to an additional 65 young boys and girls. The Diocese of Paterson conducts 4 general hospitals with a bed capacity of 1,144 persons which treats annually 40,365 in patients and 145,418 out patients. As if this were not enough there are 3 special hospitals or sanatoria conducted by the Diocese of Paterson with a bed capacity of 265 and total patients of 5,509 persons each year. There are 3 Schools of Nursing presently providing 271 student nurses per year and its orphanages and homes for the dependent children care for 55 children per year. The Diocese has 2 homes for the invalid and aged caring for 165 senior citizens. Needless to say the various organizations and offices of the Diocese of Paterson parallel the Archdiocese of Newark and I will not relist all of these for you except to indicate that it conducts Mount Carmel Guild Centers in Paterson and

Clifton, Community Centers in Paterson provide Chaplains for New Jersey State Hospital in Graystone, Passaic County Welfare Home at Hopedell and Preakness; Valleyview Sanitorium in Preakness; City Hospital in Paterson and the Passaic County Jail.

The Byzantine Rite Eparchy of Passaic has only been established since 1963. Actually its geographical area covers the entire eastern seaboard. In the State of New Jersey however it counts among its population some 20 to 25,000 Catholics. There are 20 parishes throughout the entire State of New Jersey. It conducts 3 schools educating some 500 students and its religious and social work is similar to that of the Archdiocese of Newark and Diocese of Paterson in that it works in the field of the scouts and Catholic charities and family life within its limited range and resources.

In progressing to my fourth part now, I would only remind you that what I am stating here on behalf of the institutions of higher education within the confines of the Archdiocese of Newark and the Diocese of Paterson are mere statistics and do not fully show the impact of these institutions upon the entire social, moral, business and cultural life of this State. I have mentioned those various institutions of higher education in my opening paragraphs and I would take them in reverse order as to the people they serve. Tombrock College in West Paterson is a two year college educating 140 students; Assumption College in Mendham is a two year college educating 77 girls; Englewood Cliffs College has an enrollment of 250 girls; Felican College in Lodi educates 278 young women;

Alphonsus College in Woodcliff Lake is a junior college with an enrollment of 98 girls; Caldwell College for Women in Caldwell is a four year college with an enrollment of 873 girls; the College of Saint Elizabeth in Convent Station is a four year college with an enrollment of 970 girls. These are the colleges conducted under Catholic auspices which are located within the Archdiocesan and Diocesan boundaries. I do not have the exact figures available to me now but I am close enough to these institutions to represent to you that over 80% of their enrollment comes from the State of New Jersey. I would also advise you that the ability of these institutions of higher education to perform their function so well is due in great part to the devoted service of the religious Sisters who teach these young women of our State. I would only give you one example in the largest of these institutions that I have thus far mentioned, namely, the College of Saint Elizabeth: There are some 64 members of the Religious Order of the Sisters of Charity of Saint Elizabeth on that faculty and they conservatively are the equivalent of a \$10,000,000 endowment to that school. What I mean by that, as I am sure you understand, is that if those nuns had to be replaced in the same grade of educational achievement and experience by paid lay faculty it would take at a minimum a \$10,000,000 endowment to provide the money to pay for the replacements. And thus it is with all of the other colleges that I have mentioned who are responsible for the higher education of 2,688 persons.

I would mention one other institution of higher education which is in the Archdiocese of Newark and which I have not mentioned before, namely, the College of Saint Peters in Jersey City which is conducted by the RELigious Order of the Society of Jesus. It is my understanding that they will make a separate presentation to you. I would only state that it serves 3,990 students.

I come now to the one Catholic university in the State, namely, Seton Hall University which has its principal campus in South Orange, a campus in Paterson and its School of Law in Newark. I will be most brief as to its statistics. There are enrolled in Seton Hall as of the Fall 1968 some 9,459 students. Of these 686 are students of the School of Law. Of the remaining 8,773, all but 540 are residents of the State of New Jersey and of these 8,233, over 1,000 live in the County of Bergen, over 2600 from the County of Essex, over 500 from Hudson County, over 700 from Middlesex County, over 500 from Monmouth County, over 900 from Passaic County and over 1,000 from Union County. In the College of Arts and Sciences there are over 2,000 students, 1,493 are enrolled in the School of Business Administration serving the industry of the State. The School of Education has an enrollment of 1,437 potential teachers to serve all of the public and private schools throughout the State. From the School of Nursing of the University will come out of the present enrollment some 346 members of this most vital profession. A recent projection prepared for the United States Office of Education in the Fall of 1968 estimated that Seton Hall University

will have in the scholastic year 1980-81 an enrollment of 11,800 students of which 10,980 will be residents of the State of New Jersey.

I would refer to your earnest reading the report of Robert Heller Associates Incorporated prepared for the New Jersey State Commission for the Higher Education Facilities Act of 1963 under date of August 1968. I would only point out to you from that report the one statistic that, in the 1967-68 academic year, of the 65,000 New Jersey residents attending institutions of higher education in the State, 24,000 or approximately 40% attended private colleges and universities in the State of New Jersey. I would refer you then, in connection with that statistic, to the recent budget adopted by the State Board of Higher Education in November, 1968 of \$158,006,000. for operating expenses. I quote from an article which appeared in the Newark Star Ledger of November 16, 1968 in regard to that budget:

"With the new budget, he said (he being C. Douglas Dillon, Chairman of the State Board's Budget Committee), each State College student will be supported with \$1,778.00 in state money."

Unless my parochial school arithmetic has failed me, this would indicate that the presence of over 12,000 New Jersey residents in the one University and the colleges operated under the auspices of the Catholic Church in the 7 Counties within the Archdiocese of Newark and Diocese of Paterson saves the State a minimum of \$21,000,000 a year in operating funds alone.

As to the concluding part of this presentation, I would only point out the following:

1. The historical, political and social background and rationale for the exemption of religious, charitable and educational institutions from taxation has been the subject of many treatises, constitutional studies and judicial decisions of the United States and of the individual states and this principle was most recently affirmed by an Appellate Court in the State of New York just last week. It is interesting to note in the field of education, that even profit making schools were exempt from taxation in the State of New Jersey from 1841 to 1856. I believe that your Commission has received and will receive considerable testimony in regard to this constitutional background, but I will be pleased to submit a further documentation if you so desire.

2. The "organized church" is in my opinion a misnomer which is coming into more and more common usage. There is no organized church unless people organize it and it is completely invalid to separate the freedom of religion guaranteed by the Federal and New Jersey Constitutions to each citizen from the freedom of religion which still applies to those citizens who desire to express their religion through a particular church.

3. Your Commission I feel should take particular note of the fact that all of the activities which I have described on

behalf of the two million Catholic citizens of this State residing in the Archdiocese of Newark, Diocese of Paterson and Eparchy of Passaic have been, and properly so, encouraged by local, county, state and federal government. Prescinding from the basic need of any good society to have within it a strong force for morality, no one can help but realize that a great portion of the activities I have outlined are in the social order. The public press in recent weeks have been further evidence to all of the pressures upon the church to do even more than it is doing in all segments of society. I think it must surely be becoming evident that were the Catholic, Protestant, Jewish social agencies not in existence, the additional burden upon government to replace these services would be staggering.

4. I cannot present to you on behalf of these institutions an appraisal of the properties which they own. Nor do I think that such an appraisal is possible for tax purposes. Almost everyone of the structures which house the work of the church is unique and to place a "market value" upon it would be a most difficult task because of this uniqueness. There are very few, if any, prospective purchasers of churches or hospitals or schools or homes for the blind or guidance centers for the retarded.

5. The financial base of the church is the generosity of its Catholic people. We own no unrelated businesses and have no vast sums invested. I do not mean to imply that everything that we do is done intentionally at a financial loss but if one particular

function happens to make money those monies are immediately used to support other operations that require it. I would point out only on example, the 11 regional high schools which the Archdiocese of Newark operated in 1968 had a deficit for the year of \$1,890,000.

6. There has been another argument used throughout the country for the taxation of religious, charitable and educational institutions. It is that the church should be taxed for its own protection. The rationale of this argument is based in the historical instances where countries have confiscated large amounts of church property because such ownership became so great in extent. I submit there is no valid comparison between these historical events and the present situation in America, nor certainly in New Jersey. We must look to the uses of such property then and now and further realize that our present laws more than adequately insure that such property holdings are used for truly religious, educational or charitable uses or their necessary and proper accessories.

There are many other aspects of this entire problem which I feel should be presented to you and I would ask your indulgence to present a supplemental statement to you if I feel it warranted. I do not wish to take any more of your time and perhaps some of these additional points might be covered in the course of your questioning. Upon all I have stated, I sincerely ask, on behalf of the 2,000,000 New Jersey citizens for whom I speak, that you

do not place an additional burden upon them by taxing their exercise of religious freedom.

I thank you for your courtesy and attention.

ASSEMBLYMAN APY: Thank you, Mr. Gassert. I think that we will as we go along ask questions of each of the speakers rather than go through everybody and come back. It might be fresher in our minds then.

Let me point out at the outset a reaction of my own, but I would hope it would be clear to all concerned, and that is this, that the Archdiocese represents approximately 50 per cent of the people in Newark and the Diocese of Paterson approximately 40 per cent it appears to me, and that therefore you are speaking to the public and to this Commission representing a sizable segment of the community in an area which the Catholic members of the community are familiar with and know about. For the other 50 per cent, however, this is in part an educational process, the same as when the other churches have explained exactly what it is that they do and how they operate and the knowledge that the professionals may have as to what goes on one among the other does not necessarily exist among the public at large.

MR. GASSERT: That is the purpose of my giving you the statistics I have. I know it is a question of education.

ASSEMBLYMAN APY: Right. And as a thumb-nail and a capsule sketch, it is a very complete one and we appreciate it. By the same taken, the questions that followed - and maybe some of the other groups have thought this too - may have seemed to some people that we were speaking from ignorance, which is in part the case, and we were asking questions for which the answers were

obvious, but what is obvious to some of us may not be obvious to all of us.

I am wondering if any of your educational institutions, of higher educational institutions for the moment, do pay taxes under any circumstances?

MR. GASSERT: Yes. Seton Hall University owns property in Saddle River, New Jersey, which it bought some years ago with the hope that it might be able to start a campus up there, replacing its Paterson campus, the building in downtown Paterson. There are two reasons why nothing has been done about that. The first is that the day it was announced in the papers that we had purchased the property, there was introduced in the Council of Saddle River an ordinance which passed prohibiting all institutions of education above the secondary level in the municipality of Saddle River. The second reason is we don't have the money to do it.

ASSEMBLYMAN APY: Is this property as it now exists vacant land or income property?

MR. GASSERT: It is vacant land. There is a farm up there and we rent a house to somebody and pay taxes on it. If you can interest anybody in buying it, we would be interested in selling it.

ASSEMBLYMAN APY: On page 13 in paragraph 5, you alluded to the fact that the principal basis of your financial support is the people in the church, that you have no unrelated businesses. That implies however that there might be related businesses and, if so, could you indicate for us the scope of what they are?

MR. GASSERT: The related businesses might be a book store

at Seton Hall, a book store perhaps conducted selling Catholic books, etc. in conjunction with the office of Christian Communication, this sort of thing. We have The Advocate which in a sense is a business because we take ads and so forth. That is mainly to sustain the newspaper.

ASSEMBLYMAN APY: Does that newspaper own its own plant and building?

MR. GASSERT: It is in a building owned by the Archdiocese of Newark in East Orange, along with some other function, Cooperative Supply Services.

ASSEMBLYMAN APY: We read and hear about businesses owned by various churches, all denominations. And what we are concerned with, of course, is the situation in New Jersey. To your knowledge in the Diocese or Archdiocese are there any such businesses owned by any of the individual parishes or by any order?

MR. GASSERT: Absolutely none to my knowledge.

ASSEMBLYMAN APY: And the only situation that you know of offhand where there are taxes being paid at all is the one that you have alluded to.

MR. GASSERT: I would say this to you, that according to the present law, we pay taxes on anything in our parishes that is over five acres and we do so, even though in some municipalities we are required to have ten acres, a minimum of ten acres, by zoning law. As far as the educational institutions go, they also operate under the law which says there shall only be a five-acre exemption for each building. So on any excess, there are taxes paid.

ASSEMBLYMAN APY: So there are certain situations in the

educational institutions or in the churches themselves where your holdings would result in the payment of taxes?

MR. GASSERT: Yes, sir.

ASSEMBLYMAN APY: What position do you think would be taken if we were to recommend that there be total exemption for these lands? In other words, would you support such a change or would you feel that the present formula should stay the way it is?

MR. GASSERT: Are you talking financially or morally?

ASSEMBLYMAN APY: Well, you can answer it in whatever context you wish.

MR. GASSERT: From a financial point of view, we would like to save every penny we can so we are not in a constant deficit picture. But I think in fairness, we have never fought for exemption beyond what we have. I think the general feeling among all of the churches in the State of New Jersey is that the present laws are fair.

ASSEMBLYMAN APY: Now you indicated that ---

MR. GASSERT: Excuse me, Mr. Apy. Let me give you a further explanation of that. This would apply also to, for instance, where a church, thinking of building a new school or an addition to its high school or its grammar school, would buy private homes in order to accumulate land surrounding the parish, particularly in the cities. Those taxes are paid on those until they are actually used for religious or educational purposes. Again under the law we would get no exemption and we ask for no exemption. Actually we don't "wheel and deal" as the Doctor from Fairleigh Dickinson would say.

ASSEMBLYMAN APY: Now you did indicate an interesting figure which is that you had an operating deficit of one million, almost nine hundred thousand for your 11 regional high schools which was made up somewhere. Perhaps you could give us an indication - and what I am thinking of here is the base of operations - this is sort of what the next question is - the financial independence and entity of each parish as opposed to the diocese or archdiocese and what the source of the funds are.

MR. GASSERT: The legal title of the Archdiocese is the Roman Catholic Archdiocese of Newark. It is established by virtue of Title 16:15 of the Statutes of the State of New Jersey. Each parish is a separate corporation, provisions of which and the particular set up of which is also statutory in nature under that same title. Many of our various agencies may be separate corporations. The Archdiocesan newspaper is a separate corporation. Parts of the Mount Carmel Guild are separate corporations and there are various other agencies where the Archdiocese feels that they should be separate corporations and we have made them separate corporations. Seton Hall is a separate corporation and all of the schools of higher education are separate corporations.

Now as to the financial base, each parish is responsible for its own finances, and again without a doubt dependent upon the Sunday collection and any tuition that it might charge in the schools, and most grammar schools are now finally charging a minimal tuition of something like \$20 a year. Those parishes which conduct high schools usually charge a tuition for that. The regional high schools have a tuition of \$250 per year. Of course, Seton Hall and the colleges have their tuition. But the

Archdiocese does make assessments upon the parishes and does depend upon the various gifts to it and upon any moneys that may be made in some of its operations.

ASSEMBLYMAN APY: What I am thinking of is whether, for example, an operating deficit in a particular area - here we are talking about the regional high schools - whether this deficit is then made up by a request across the Archdiocese among the parishes for funds to help operate them or whether there are other sources of fund. In other words, what we are trying to evaluate is the tax base on the individuals, both your parishioners and the taxpayers.

MR. GASSERT: When you come right down to it, Mr. Chairman, the people who pay for all of these things are the Catholic people in the Archdiocese --

ASSEMBLYMAN APY: From your parishes.

MR. GASSERT: [Continuing] -- from donations to special collections, from donations directly to various institutions and agencies of the diocese or through the tuitions or fees they pay for certain services.

ASSEMBLYMAN APY: Now, if it is within your knowledge, so far as something such as a building program is concerned, is this financed through the regular conventional sector of the economy or, as in some denominations, does either the archdiocese or some other portion of the church have a fund available by way of endowment that can be used to borrow from to finance these sorts of things?

MR. GASSERT: Almost every bit of construction in the Archdiocese of Newark is financed sometimes from borrowing from

those parishes which have accumulated some money because they haven't had to build because of where they are and so forth, but primarily from conventional loans from banking institutions. Of course, in some instance, as Monsignor Dooling will tell you and Monsignor Pollard, there are Federal and State moneys available to hospitals, to psychiatric clinics and so forth. And, of course, in the case of colleges and Seton Hall, there is Federal money available.

MR. MC LEAN: Might I pursue that question because I think it is a very pertinent and very good question. Take, as an example, a deficit of one million eight hundred ninety thousand or whatever the figure is for regional high schools. Presumably they paid their bills and they met their payrolls. Money came from somewhere. If somehow it were to end up - and I am not saying this is the way it will - but if it were to end up that the high schools then had on top of that burden an additional burden of property tax, presumably then would that go to whoever paid the \$1,890,000? In other words, rather than being the schools, would it be something else? I think it is pertinent to our looking at this. If an extra burden were put on, where would the burden ultimately lie?

MR. GASSERT: The burden would ultimately lie with the Catholic population of the Archdiocese of Newark or the Diocese of Paterson or whoever is responsible for them. Each of the regional high schools, the property on which they are built and the buildings in which they are housed, are owned by the Archdiocese of Newark. They are not separate corporations, the regional high schools. There are parish high schools which are in corporate ownership of the parish and there are private high schools which are

usually in the ownership either of their own corporation or of the religious order who conducts them. But ultimately all of the moneys of the church are dependent upon charity.

MR. MC LEAN: So in that case, it would just be a burden on the total diocese.

MR. GASSERT: It would. I have been in the last two or three weeks at a number of sessions and had conversations with a rather young organization called the Newark Archdiocesan Teachers Organization, which is an association of our lay teachers in our regional high schools.

ASSEMBLYMAN APY: Is that the same as a union?

MR. GASSERT: No, sir. That is what I keep telling them. They are presently on 90 per cent parity with the public school teachers in the various counties. They desire to go to 100 per cent. We would love to pay them 100. We would love to pay them 110. They will, of course, have increments because of public school scales going up. That plus the fringe benefits they are asking at the present stage we figure will be somewhere in the neighborhood of another half a million dollars.

MR. MC LEAN: May I jump to a completely different question because I am not familiar with the operations. You mentioned among the activities here, Guild for Doctors of Medicine, Catholic Lawyers' Guild and several activities of that nature. Would you again for my education, as the Chairman said, explain to what extent these are different from associations or groups such as an Association of Newark Lawyers or whatever you would belong to, and to the extent that they use the property facilities, is

that a use not falling within the religious, educational and charitable activities.

MR. GASSERT: None of those organizations have any property at all, Doctor. They are purely social organizations. But they are educational as well and religious in nature in the sense that there are problems in law and in medicine and in other fields which are moral questions. So there is educating in the sense that their meetings include presentations and instruction from experts in various fields. In this sense they are a disseminating agency to try to disseminate from experts information which we feel should be known by all to make them better in their own professional field.

MR. MC LEAN: Jumping to something else, whether it be Boy Scouts, Catholic Youth Organizations, or what, do any of those own camp property?

MR. GASSERT: The CYO, the Catholic Youth Organization.

MR. MC LEAN: Is that property tax paying or tax exempt?

MR. GASSERT: I wish I could tell you. I would say that some of them are tax exempt and some of them are not. I do know that there is a Catholic Youth Organization building in Jersey City which is tax exempt. If there are camp properties, and there are some, I could not say whether they pay taxes on them or not.

ASSEMBLYMAN APY: They probably should though, shouldn't they, if they are being assessed properly? In other words, after the first five acres?

MR. GASSERT: After the first five acres. That is just what I was going to say. My guess would be if they are in any way exempt, it is the first five acres.

MR. KEATS: Talking about operating expenses and the schools operating at a deficit, it would seem to me - I know most colleges have endowment funds - that the Catholic colleges also must have some proviso for money which is given for endowments, is that correct?

MR. GASSERT: Yes, they do.

MR. KEATS: They would have an endowment fund very similar to what any other college would have?

MR. GASSERT: Yes, I would say this: A number of the colleges that I mentioned are junior colleges. The principal colleges are Caldwell, which is a four-year college; St. Elizabeth's which is a four-year college; and, of course, Seton Hall and St. Peter's.

MR. KEATS: Would these endowment funds be separate from the church, itself?

MR. GASSERT: Yes.

MR. KEATS: Would they be controlled by the college or by the church?

MR. GASSERT: By the college.

MR. KEATS: Separate corporations?

MR. GASSERT: Separate corporations.

MR. KEATS: Then too, the church at large, would that not also have other balances which would be held in reserve? I am sure it doesn't just operate on an operating budget and wind up at the end of the year with zero, zero, zero, across the line.

MR. GASSERT: They don't.

MR. KEATS: They must have a backlog of contributions which must protect the church for various emergencies and contingencies.

Are we talking about those investments?

MR. GASSERT: I can't answer your question on the financial aspects of that. I do know that --

MR. KEATS: This would be in the realm, of course, of the church owning investments, which is probably one of our questions as to what investments they might hold. In terms of businesses, it is not in essence a "business," but it would be an investment. I don't know how you differentiate the two, but it is an investment just the same.

MR. GASSERT: I assume that there are moneys in the bank. I know, however, that borrowings are going on constantly from banks.

MR. KEATS: But would not the church act as its own lender in the sense that it would charge it to its own congregation?

MR. GASSERT: Lend money to the parishes? Fortunately it doesn't have to very often. It does do that. By the same token it borrows money from the parishes and pays interest.

MR. KEATS: It is a two-way street. One of the things you mentioned was a book store. Of course, I was thinking in terms of your schools and hospitals. It would appear to me it would be very easy to become your own jobber in essence in the sale of school supplies, etc., rather than going through a retailer. Do you know what I mean?

MR. GASSERT: That's why our book stores have to pay sales tax. They are not exempt.

MR. KEATS: My question would be whether or not even in your hospitals where you purchase food and necessary supplies --

In other words, in a private hospital this is not so. I am talking now about a public hospital in any community which would purchase services and wouldn't have the advantage of a jobber's discount, per se, meaning they would be purchasing more or less through the community or through a wholesale distributorship. Does the church - has it ever engaged or does it engage in its own wholesale activities because I can see where it could effect many savings if it were its own wholesaler?

MR. GASSERT: The Archdiocese of Newark has cooperative supply services, which is a central purchasing agent for the Archdiocese.

MR. KEATS: Would that be for school supplies, for hospital supplies?

MR. GASSERT: That could be for anything.

MR. KEATS: That is a blanket organization for almost anything?

MR. GASSERT: Yes.

MR. KEATS: Do they pay taxes?

MR. GASSERT: What kind of taxes? Property taxes?

MR. KEATS: Not property.

MR. GASSERT: Sales tax?

MR. KEATS: It would come under an income --- in other words, it would be operated under the blanket of a tax-exempt organization.

MR. GASSERT: But for a tax-exempt organization solely. We had this out with the Sales Tax Bureau and they recognized that the sole purpose of the purchases was on behalf of and as an agent of an exempt organization and so they exempted it. It doesn't make money in a sense; it saves money.

MR. KEATS: It is competing though.

MR. GASSERT: Yes.

MR. KEATS: If you had to go out in the open market, you'd have to pay for it.

MR. GASSERT: It is also giving out an awful lot of business to an awful lot of people in the State of New Jersey purchasing from them.

MR. KEATS: Would you be in your own publication business? I know you mentioned the newspaper. How about for other things?

MR. GASSERT: No, the only publication that we have is The Advocate, the diocesan newspaper.

MR. KEATS: There are some orders that have though.

MR. GASSERT: There may be one in the State of New Jersey. I am not sure.

MR. KEATS: They are separate entirely from the church at large. In other words, each and every order is just like each and every church. If you are talking about a particular religious order, would they be separate corporations whose operating budgets would be distinct from the church, itself, meaning they are not dependent upon the church in any way? You mentioned quite a few of them.

MR. GASSERT: All of the religious orders that provide brothers or nuns to serve in our schools and hospitals and so forth, they are generally separate organizations legally speaking.

MR. KEATS: Do they own property? They must own property. They must have an institution to teach them in order for them to function.

MR. GASSERT: Yes, but to my knowledge, although there may

some in the Diocese of Paterson; in the Archdiocese of Newark there are no seminaries or mother houses as such, are there? I don't think so.

MR. KEATS: That is just another adjunct of the church.

MR. GASSERT: Yes, they are subject to Rome in that sense, ecclesiastically and economically.

MR. KEATS: But they don't fall under the Bishop of the Diocese of which they are a part?

MR. GASSERT: Now you are getting into canon law.

MSGR. TRAINOR: They have a certain autonomy.

MR. GASSERT: But they can't come in without the Archbishop's permission.

MR. KEATS: I'm sorry. I didn't mean to get into canon law.

MR. GASSERT: They cannot come in without the Archbishop's permission and, therefore, they are in a sense subject to the Archbishop's jurisdiction or the Bishop's jurisdiction. When they provide nuns and brothers for institutions of the Archdiocese, of the separate parishes, we have to pay them.

MR. KEATS: This goes back to the order.

MR. GASSERT: To the order, yes.

ASSEMBLYMAN APY: Just one little area that I might want to develop. Are there situations where, for example, a particular order or parish, probably in this case, order, would own a retreat house in another portion of the State? I am thinking particularly down at the shore where I am from where I have seen different retreat houses. Would I be correct in assuming that these are probably exempt in the particular municipality in which

they are located?

MR. GASSERT: I really don't know the answer to that question, but I would be surprised if they were.

ASSEMBLYMAN APY: Assuming this to be the case and we have a retreat house in a particular town and it is used as a facility for an order that may draw from all over the State or from the northern part of the State where they go down to the shore.

MR. GASSERT: When you say "draw from," you are talking about the lay people who come to these retreat houses?

ASSEMBLYMAN APY: Either laymen or if they are also used for retreats for ---

MR. GASSERT: Well, they may very well be used for both. I just want to make sure you understand that retreat houses are used for lay people primarily.

ASSEMBLYMAN APY: Whoever uses them, the point I am working up to is that the people that use them are from outside the municipality.

MR. GASSERT: Right.

ASSEMBLYMAN APY: And the taxpayers of that municipality are, therefore, subsidizing that retreat house to some extent.

MR. GASSERT: That's right.

ASSEMBLYMAN APY: What is your reply to them when they say, "Why should we be subsidizing a retreat house for people from all over the State of New Jersey?"

MR. GASSERT: I know that this is what you are aiming at. The only problem we have really had in regard to this is once the village officials of South Orange, the President of which was a

graduate of Seton Hall, came to Seton Hall and said, "How about it?" I know the complaint. I am involved in municipal government to a degree myself. I know the complaint: "Why should we bear the burden," taking South Orange as an example, "Why should we bear the burden of having the entire campus of South Orange off our tax roll when so few of our people are benefited by Seton Hall?" My reply to that would be two-fold. One, I would say to the people of this town at the shore where the retreat house is located, "Are there no other municipalities that are bearing the burden of other institutions where your citizens get the benefit?" The second thing I would say very frankly is that with an institution which is tax exempt under State policy, public policy, it is very difficult. And if it is anybody's responsibility, it seems to me, to reimburse a municipality, it would be the State's. If the State is going to have the public policy, which, of course, I believe is an excellent one, the only one that makes any sense, then it seems to me and I feel that it is justified, and several years ago I gave a legal opinion to the New Jersey Association of Independent Colleges and Universities, suggesting that if, indeed, the private colleges and universities of the State of New Jersey were providing such a service to the State, then perhaps the State should reimburse some of these municipalities that are bearing the burden of the property tax exemption. Of course, our whole problem here is that our whole economy is based upon property taxation.

ASSEMBLYMAN APY: If local real property taxes were half of what they are, we probably wouldn't have this problem.

MR. GASSERT: We have never, and we stand against the

principle of voluntary contributions. I know that many colleges do it. When we come down to a parish level and talk about voluntary contributions paying for fire and police protection, etc., we feel that what we provide for the citizens of a town, all of whom are paying these extra taxes, more than offsets what it costs the municipality to provide the services to us.

ASSEMBLYMAN APY: But you do recognize the problem that we grapple with where we use the retreat house as an example and where when we talk about the hospitals, we will ask the same question as we have the hospital people, where the people served come from outside the particular municipality and the municipality bears the full burden.

MR. GASSERT: It bears the full burden and also derives a benefit, it seems to me. I can recall when Saddle River passed the ordinance prohibiting all institutions of higher education in their town. The Bergen Evening Record had an editorial in effect saying that Saddle River was nuts not to want to be a university town. Of course, that was before Columbia and a few other places. I don't know if they'd say the same thing now.

MR. KEATS: I will defend the church in some respects. In Ventnor there are maybe five homes that are owned by various religious orders, all of which do pay taxes. This is probably on a voluntary basis. So there are some religious orders which have opted to do this because perhaps of what they feel might be criticism simply because it is a small community and there was more than one besides the church property itself. There were various religious orders purchasing property. This worked two ways. There were some people who wanted to donate a house to the religious order

for a tax gift at a particular price which they felt it was worth and it worked two ways. They declared a piece of property which was difficult to sell a gift to the church and they got a higher gift tax. The net worth of the gift was enhanced by the fact they gave it to the church.

MR. GASSERT: Which reminds me of one other instance where Seton Hall pays taxes, which is Monmouth County.

ASSEMBLYMAN APY: I didn't realize they owned any property down there.

MR. GASSERT: They were given a piece of property, Mr. Apy, on Phalanx Road in Colt's Neck and what we are going to be able to do with it, we don't know. It is the old Phalanx place where Alexander Woollicott was born and Clemenceau stayed for a while and was started by Horace Greeley as one of the first examples of an experiment really in communal living. However, now that we see the cost of renovating it, would you like to buy that?

MR. KEATS: Do you have any idea as to the amount of property owned by religious orders in the State of New Jersey?

MR. GASSERT: I could provide you with the figures of how many orders have houses and so forth. Those figures are available.

ASSEMBLYMAN APY: That would be in an annual report, would it not, some sort of value ---

MR. GASSERT: I don't know that the values would be in there. As to valuing our property, I was across the hall this morning and was looking to see whether or not South Orange assessed Seton Hall and they have. They have assessed it at \$13,300,000. I don't know the basis for that. I do know that Seton Hall is in a residential

zone so that every time we build a building if it's over two and one-half stories or 30 feet in height, we have to go for a variance. And whether they have assessed the land on the basis of residential use, I don't know. As to the buildings, I can only assume that they have taxed them on the basis of the construction costs as set forth in the application for a building permit. But this to me is not a fair valuation if this is the basis upon which it is done.

As so many of the others have testified before you, our Humanities Building which was just built with a television station in it and classrooms and amphitheaters and so forth, the cost of its construction is not the market value of this building.

ASSEMBLYMAN APY: You are suggesting that the figure is grossly inadequate and for insurance purposes you might have a \$50 million evaluation.

MR. GASSERT: We try to insure also on the basis of replacement, which is another figure altogether as well.

ASSEMBLYMAN APY: That's right.

MR. GASSERT: I have often wondered what the Federal government would do if we didn't pay on some of the mortgages and they foreclosed on the mortgage, if they would come in and run our 450-room dormitory.

ASSEMBLYMAN APY: One of the denominations, I don't recall which, in its annual report, and various denominations do this, they get from all of the parishes or churches valuations for insurance purposes or however they may direct. Then in their annual statement, it is all right there. Is there such a statement available for

the Archdiocese or the Diocese?

MR. GASSERT: I have never seen an annual statement. I can tell you that the Diocese of Paterson, and I have it in my file, published in their newspaper, the Beacon, their annual statement of income and expenses for 1968. They did that a week or so ago. But it is the first time to my knowledge that it has been done.

ASSEMBLYMAN APY: I don't think we have any other questions of Mr. Gassert. If you would like to proceed and introduce whichever Monsignor is going to testify next --

MR. GASSERT: Monsignor Raymond Pollard for the Catholic Hospitals.

M O N S I G N O R R A Y M O N D J . P O L L A R D: Mr. Chairman and members of the Commission, Mr. Gassert has already named me so I will omit that part from the script.

I am the Assistant Director of Catholic Hospitals for the Archdiocese of Newark, and if I may at this point just interject into my statement for purposes of information rather than canonization, I also am on the Board of Trustees of the New Jersey Hospital Association and I am on the Council for Professional Practice and Patient Care of the Catholic Hospital Association. I serve on the Council for Government Relations of the New Jersey Hospital Association and am on the Executive Committee of the New Jersey Conference of Catholic Hospitals.

I represent nine Catholic Hospitals - Alexian Brothers Hospital, Elizabeth; Holy Name Hospital, Teaneck; St. Elizabeth's Hospital, Elizabeth; St. Francis Hospital, Jersey City; St. James Hospital, Newark; St. Mary's Hospital, Hoboken; St. Mary's Hospital,

Orange; St. Michael's Medical Center, Newark, and St. Vincent's Hospital, Montclair. All of these are voluntary, non-profit hospitals, with a combined bed capacity of 2,414 beds for the acutely ill and 255 bassinets. All nine hospitals are under the administration of Catholic Orders of Brothers and Sisters and are dedicated to the care of the sick. I am grateful to this Commission for giving me the opportunity to speak on behalf of our Catholic Hospitals in the Archdiocese of Newark and to justify their exemption from property tax.

Aware of the fact that preceding witnesses before this Committee at the public hearing conducted in Trenton last month went into the history and development of hospitals and hospital care as well as the philosophy of health care, I shall only add an "Amen" to what has been said and move on to the important matter of showing what the Catholic Hospitals in the Archdiocese of Newark have done, are doing, and what they hope to do in the future. The accomplishments of the past haven't been easy but they have been rewarding when we see how many lives have been saved and the great number of victims of various ailments that have been able to resume normal and productive lives in society. Despite the obstacles of rising costs, which costs we strive daily to reduce, our hospitals look to the future with an eye to doing everything possible to improve their services and make them readily available to every segment of our growing population.

I will admit that figures are cold and they don't reflect the high calibre of work and the concern for one's fellowman that our hospitals make an integral part of their everyday operation, but

nevertheless I know of no better way to demonstrate the volume of work our hospitals do in the course of one year than to enumerate the number of patients and patient days. If you will look to page 3, I have enumerated here a breakdown of the in-patient, out-patient and total patient days of the individual nine hospitals and I have excluded from this new-borns or new-born days. You might ask why I have done this. I have done it primarily for the simple reason that most times when we compile figures for any group, whether we are talking about the National Catholic Directory or anyone else, we do exclude these things and I have these figures available. If you should want the others, I could get them for you.

I just point up the fact that the total in-patient days come to 77,573; out-patient days, 263,006, leaving a total patient days of 724,748.

[Chart referred to by Monsignor Pollard can be found on page 271 of this transcript.]

A closer study will reveal that some of our hospitals are the only hospitals located in a particular municipality. As an example I point to the Holy Name Hospital, Teaneck and St. Mary's Hospital, Hoboken. In still another large city, Elizabeth, Alexian Brothers and St. Elizabeth's in conjunction with the Elizabeth General Hospital provide the ambulance service for that city and for all three hospitals this is a deficit operation.

Permit me to cite an example of one of our hospitals on the matter of lack of full reimbursement of care rendered to welfare patients in the year 1968. For 3,530 In-House Patient days, 6,726 Emergency Room visits and 5,875 Out-Patient visits, the cost

to the hospital was \$309,540.59, for which the County Welfare reimbursed the hospital \$87,284 leaving the hospital with a net loss of \$222,256.59. When we realize that these are figures for just one year, we can understand how great a burden our hospitals are operating under.

Despite the fact that our hospitals have never been fully reimbursed for the care of indigent patients and in the face of a growing wave of unreimbursed costs our hospitals are trying to meet all the health needs of the whole man. Our hospitals run the gamut of services; Alcohol Study Clinics, Well-Baby Clinics, Comprehensive Health Care Clinics, Clinics for detection of eye ailments, diabetes and breast cancer to Poison Control Centers.

As you can see the emphasis is not only on curing sickness and alleviating pain but much time is devoted to preventive medicine. Although some will say this is costly, I'm sure that some thoughtful consideration will show that programs of this sort can only lead to a reduction in health costs over a longer period of time.

All of our hospitals have embraced the principle of planning and are working in conjunction with our fine non-sectarian hospitals to find unified and less costly methods of providing the best health care. We are cooperating with our regional planning councils because we see in them still another logical step in a series of steps to reduce costs. On the horizon looms such

practical approaches as centralized laundries and centralized purchasing.

In the past few years newly enacted Federal legislation has brought unheard of demands for services and facilities by almost every segment of the American public. Medicare has increased the number of older patients in our hospitals a good deal. The older patient needing many more days for recuperation and recovery, increase the demand for hospital beds and despite active and alert Utilization Committees within the hospitals there is a shortage of available beds in many areas.

The history of service and dedication of our nine hospitals must play an important role in the history of our beloved State of New Jersey. Three of them have given more than a hundred years of dedicated service to the public and many of the others are approaching a century of service.

Nor should we close our eyes to the fact that in the face of one of our most critical shortages in the hospital field; namely, nursing, our hospitals conduct four diploma Schools of Nursing as well as one School of Practical Nursing with a total combined enrollment of 440 students. These young men and women will move into many areas of hospital and health care throughout the State. They are indeed a vital part of our hospitals' heritage.

I'm sure that I don't have to remind you gentlemen of the fact that the field of medicine is always marching on toward new horizons. Everyday we read in the press or hear via radio or television of still another barrier that has been set aside in the men of medicine's never ending quest to better and protect the health of man. This quest, this progress comes down to the matter of education. To function properly the hospital's employees from the top right on down both professional and

non-professional must have provided for them a constant educational program. Without it the patients, the community suffers. Our hospitals are providing such programs.

I've merely skimmed the surface of what our nine hospitals and all other non-sectarian hospitals in our area have done, despite the fiscal and sociological obstacles, to work for the physical and spiritual betterment of our citizenry. I do hope that this presentation strikes a chord that will bring the thinking of the members of this Committee in harmony with that of the Catholic Hospitals of the Archdiocese of Newark when we say that we vigorously oppose any legislation that would impose a further financial burden upon our institutions as they struggle to bring the best in health services to all of our people no matter what race, creed or financial status. We are opposed to any alteration of the exemption of voluntary, non-profit hospitals from real property tax.

If we are looking to reduce the cost of operating hospitals or to bringing about lower cost of hospital and health care, I cannot see this being accomplished by taxing hospitals for the real estate and buildings they own. This would merely increase the cost of operating hospitals, and thereby increase the cost to the patient, the patient being the public, generally.

It is true that most hospital income is obtained from hospital insurance. If the hospital costs are increased by taxation, hospital insurance would have to pay more for hospital services and the patient would have to pay higher premiums for hospital insurance. Any way you look at it, the patient and the public would have to pay the bill.

Furthermore, none of the one hundred, or more, charitably operated hospitals in the State makes a profit for the owners or operators of the hospital. In rare cases, where the income from the hospital services exceeds the outgo, the difference is

absorbed by the purchase of new, and more modern, equipment, which, based upon present medical technology, is endless.

To me the answer, gentlemen, lies not in taxation but better planning. Planning as represented in Assembly Bill 200. Planning which brings into play all the principles of good financial and business management. Planning which brings the State and the voluntary hospital system together for the best possible purpose - excellent hospital and health services for the greatest number of people at the lowest practical cost.

Thank you, gentlemen, for giving me this opportunity of addressing you.

ASSEMBLYMAN APY: I would like to just zero in on what we have been talking about with hospitals and I think the next to last paragraph on page 6 of your statement provides a good springboard for that. Let me ask you this: Would it or would it not be fair to the people of a municipality in which a hospital might be operated or might be located for the hospital to pay taxes and then redistribute the cost as you have indicated it would have to be done on page 6 among those persons that actually use the hospital?

MSGR. POLLARD: You know, when this question is asked pertaining to a hospital, it sort of takes on a rather particular significance for me, working in the hospital field, because I think it is based on a premise that is almost impossible for a hospital to avoid, namely, the fact that it is going to service people outside of the municipality that it exists in, for the simple reason that I don't know of any hospital in the State - and I could include in that one that would be involved around a

medical school where the average 250 active members of the medical staff come from the municipality in which the hospital is located. Their practices for the most part are located in other municipalities. Therefore, having literally asked for and obtained privileges on the staff - let's use an example. We will say a hospital in Orange has a staff of 250 active doctors and a good number of these doctors come from Maplewood, Millburn and other areas. They have asked for and have received the privileges to work on that staff. They are naturally going to bring to that hospital people from the areas in which they practice. I cannot see a hospital at any time ever really having more people in it from its own municipality than it will from other municipalities. That is also true even in the case of hospitals that are the only hospital in that municipality, the two I cited, St. Mary's, Hoboken, and the Holy Name in Teaneck.

ASSEMBLYMAN APY: That being the case then, it is the same as, for example, a county institution; the building that we are in serves all of Essex County. Yet the people of this particular town because this is off the tax rolls are helping to underwrite the cost of a facility which serves all of the county. Is the same thing not true of a hospital in so far as the people in the town are concerned that live there? They are bearing more than their proportionate share. In other words, let's assume if a hospital were on the tax rolls for \$100,000 - this is what they would pay if they paid taxes - if the hospital were used 100 per cent by the people in that town, such as a municipal building, then it washes out. But if only 25 per cent of the patients are from the town, then the 75 per cent from outside that municipality

are getting a free ride to some extent to the tune of \$75,000 at the expense of the other people in the municipality that don't use the hospital. So, therefore, I am wondering if what you are saying here as to what would happen is not what maybe should happen, that the cost would be redistributed, the underwriting cost, if I can so describe it, of tax exemption should be redistributed by increased premiums for hospital insurance paid for by those that use it among those that will use it.

MSGR. POLLARD: Well, I guess I have a block on this for this reason: I will take another example. Look at St. Michael's Medical Center in Newark. Now I have watched the structure of the 12 regions set up by the Health Facilities Planning Council of the State of New Jersey. This was based mostly on patient origin studies done throughout the State and that alone is proof of the fact that most hospitals serve a great number of people outside of their municipality.

ASSEMBLYMAN APY: And Mr. Rowan is getting this together for us too.

MSGR. POLLARD: That's right. You have to remember that, for instance, Region 3 in which we are in now, has 27 hospitals. It consists of three hospitals in the City of Elizabeth. We never realized how much they served the municipality of Hillside or the Weequahic area of Newark. But in all these patient-origin studies and also in their studies as far as projections to the increase in population or decrease in the various communities, and these are all part of the plan and I am sure Mr. Owen will be presenting these to you, nobody took into consideration that, for

instance, between 7 o'clock in the morning and 5:30 or 6:00 o'clock in the afternoon, the population of the City of Newark is five to six times what it really is at all the other hours and our hospitals down there are servicing people from other municipalities who are working there who take sick. They are brought in. We have a very heavy load in this area - from the Newark Airport area, the same thing.

The point I am trying to make is, these people are also coming from these other communities and they are not just making income from the City of Newark; they are trading in Newark; they are working there. They are bringing to Newark income as well. If there is going to be any distribution of this sort, I think it would have to be done on a State level.

ASSEMBLYMAN APY: In other words, you would feel that the distribution or the pickup would be done other than through the people that the particular institution serves, that this would be fairer in the long run, the same as the counties now subsidize hospital costs in part. They make their contributions on a varying basis - some kind of rough justice sort of thing. You feel in the end this would be better either from the county or the State level than to try to redistribute it among those who actually use the facility.

MSGR. POLLARD: Right. I do and I say that primarily, I think, in the light of hospital costs as they are. I don't see how another burden could be put on these people.

MR. GASSERT: May I also interject an answer to this?

MR. KEATS: Too many times the people the hospital serves are elderly and less likely to be able to pay for services.

For example, Medicaid doesn't pay for all the services. You have to pick up the first \$50 or something. So perhaps it would be more equitable for more people if you had a broader base which might be from the State level where everybody was contributing and part of my taxes or money that I might contribute would help, simply because at this point if you just tax the people that use the hospital, it would be taxing the older people who are using the facilities because these are the people that are going to be in and out and a lot of these elderly people don't have the money for increased hospital costs.

MSGR. POLLARD: Most of the hospitals have an average of between 25 to 30 per cent of Medicare patients since the Medicare law went into effect.

ASSEMBLYMAN APY: And I have heard it said it will be 50 per cent before very long. To that extent then, if the costs went up and 50 per cent ended up coming through Medicare payments, you would then be redistributing it on a broader base.

MR. GASSERT: May I just say in further answer to your question, Mr. Apy, there has to be considered also the benefit to the municipality by having the facility there. Why did the City of Newark and the City of Jersey City fight over the New Jersey College of Medicine and Dentistry?

ASSEMBLYMAN APY: That's a good question.

MR. GASSERT: Well, the answer, I think, is simple. They feel that the presence of the New Jersey College of Medicine and Dentistry helps bring other taxpayers into the City of Newark. I think you must admit as far as Red Bank is concerned, if Riverview Hospital were not there, Red Bank might not be the center of that area

that it is. These businesses are not going to locate in a municipality that does not have a hospital service. As a matter of fact, this is true for almost all of these things, including educational institutions. I am leaving Bergen County out of this because up there the towns are so small and there are so many of them that everybody wants education and they want hospital facilities, but they want them in the other guy's town and that includes cemeteries too. But the fact is that even though they lose taxes, Newark is very happy with the construction of the campus of Rutgers, with the enlargement of the campus of the Newark College of Engineering and with the presence of the New Jersey College of Medicine and Dentistry. Incidentally, when you were questioning the gentleman from Fairleigh Dickinson, you mentioned that there is a market for Fairleigh Dickinson and that is the State. Do you want me to give you the figures on what the State is paying for Seton Hall College of Medicine and Dentistry compared with what it costs us?

ASSEMBLYMAN APY: No, we will pass that by.

MSGR. POLLARD: Could I say something at this point?

ASSEMBLYMAN APY: Yes.

MSGR. POLLARD: I heard a statement made last week that I think should have some clarification. One of the witnesses before you, one of the people who was giving some testimony, said something to the effect that a hospital that he knew of had bought a nursing home. And it was quite obvious to me exactly what hospital that was because I think you will find if you check your records that that is the only hospital that has purchased a nursing home in the State. I think this is important because a member of

your Committee, not in answering it, but in probably trying to come to the defense of hospitals in the purchase of nursing homes, made a statement to the effect that - well, the reason why hospitals are purchasing nursing homes close to the hospital is because it is a lot cheaper than having to build new construction and adding beds. It was a very nice statement to make on our behalf, but it is not true. We are not purchasing nursing homes.

ASSEMBLYMAN APY: In other words, where he implied this was a practice going on, you are taking issue with that.

MSGR. POLLARD: I just wanted to correct the record to state I think you will find one hospital has purchased a nursing home in the entire state.

ASSEMBLYMAN APY: I will remind Senator Tanzman to read your testimony.

MR. KEATS: The cost per day in a church-related hospital, do you get any benefit from it being a church-related, non-profit hospital or is the charge approximately the same whether you be from Elizabeth or ---

MSGR. POLLARD: That's right. There is no benefit whatsoever.

ASSEMBLYMAN APY: Does the Archdiocese or the Diocese as the case may be or the parish in which the hospital is located contribute directly dollars and cents to help meet the deficits in the hospitals or do you operate them really in the nature of a completely independent corporation so that the extent that the church makes a contribution is through the Sisters who provide their services?

MSGR. POLLARD: Well, the breakdown of the Archdiocese of

Newark is as follows: There are 9 hospitals, 7 of them belonging to religious orders operating them and 2 hospitals belonging to the Archdiocese of Newark. In those 2 instances there have been times when the Archdiocese has contributed when there was new construction, mostly because by virtue of Archdiocesan backing, enabling us to go and make a loan from here or get a mortgage there. That is as far as it has gone.

ASSEMBLYMAN APY: So direct financial contributions are not being made as with the expense on a school, for example, which has to be redistributed among the parish or the Archdiocese in order to pick it up as we talked about before. This would not apply to the hospitals. There would be no added burden. However, I think when we get into the welfare organizations area, if I remember the other testimony, it is different. If there is a deficit there, the levy, if you want to call it that, would be made among the members of the Diocese or the Archdiocese to help pick up the cost. I think I got that impression from testimony last time.

MSGR. POLLARD: I don't want to act provincial, but I'll stick with hospitals and leave welfare to one of my confreres.

ASSEMBLYMAN APY: Well, maybe it is a good time to go on to it if somebody is going to testify in that area.

MR. GASSERT: There is Monsignor Joseph Dooling for the Mount Carmel Guild.

MONSIGNOR JOSEPH DOOLING: Mr. Chairman, I would like to apologize for not having this in the form of a written statement to you, but I wanted to include the figures that I thought you would be interested in and they just came off

the Data Processing machine last evening. So I will get all of this to you in a very brief time.

ASSEMBLYMAN APY: We are all victims of the age of automation, Monsignor.

MSGR. POLLARD: I am the Director of the Mount Carmel Guild, which is an Archdiocesan agency for the community serving the four counties of Union, Bergen, Essex and Hudson. In these counties I think you are aware we have half the population of the State of New Jersey and half of this population or better than half of this population is a Catholic population.

I am a member of the Review Commission on the Federal level of Health, Education and Welfare, for the review of proposals for neurological diseases in the area of speech, hearing and blindness for vocational rehabilitation services. I am also on the Governor's Advisory Council for Construction of Mental Retardation Facilities which Advisory Council was disbanded in favor of the new Advisory Council for Mental Retardation Planning, taking in the full spectrum of the services. I am also on the Governor's Advisory Council for the report that has recently been printed for vocational rehabilitation services, the statewide planning project.

In addition to that people on our staff have also comprised some of the sub-committees for the preparation of this report.

I would like to tell you very briefly that Mount Carmel Guild is a community service dating back to 1930, started at the opening days of the depression and was intended to relieve the local communities of the tremendous impact of need that existed at that time. It gave them some time for proper investigations, but

at the same time gave that supplementary assistance and immediate assistance that was so necessary. We still, of course, are operating under the same charter service of immediate and supplementary service, with complete cooperation with all the local agencies that are considered to be welfare agencies, whether they be municipal or State.

In 1954, the Archbishop directed that the services of the Mount Carmel Guild should be properly directed in the area of the handicapped for the reason that there were a number of requests and it was always his policy to investigate any request for service that was made. As a result we got into this area of the handicapped, never expecting that this agency would ever broaden out into the areas into which it did.

Today we have 46 locations of service in the four counties of the Archdiocese. We have a staff of 200 people who are professional, non-professional, sub-professional, and we have volunteers who give active service some time during the year numbering about 3,000.

Since 1954, in addition to implementing the services which had already been given from the inception of the Guild, we have at the present time four mental health clinics operating under the State grant of the Department of Institutions and Agencies. We have four night-time clinics which we operate ourselves for the benefit of people who can work or who cannot afford private clinic fees. We have eight special education schools which were the result of a program started with retarded children. We have two training programs for the blind and the retarded blind. We have one pre-vocational and vocational training program for adult normal

girls in the area of sectional garment-making, home economics, hospital assistants - along these lines.

We have presently under construction one day-care center for the severely brain-damaged children. This is under the new legislation of the State of New Jersey. There are presently only three in the State and ours will be the second one and will be dedicated on March 23rd of this year.

We have one mental health center which will include a comprehensive type of services for the handicapped presently under construction and the termination of this construction and the opening of services probably will be about June 1st of this year.

We have a mental health center in the planning stage in Union County and we have one in the remote planning stage in Bergen County.

We have other departments that are serving the community and these may be seen from the annual report which I will be glad to include, together with the formal written statement.

Since the rioting and the violence in various cities in these four counties, we have established a housing division that has built into it a rehabilitation program on the family level to arrive at better community living, together with a rent supplement program that will enable people to move into an area better than they have presently and answer their vocational needs as well as their physical. We build into this program too all those other services that will be needed in the area of learning and health.

We have a program for the visually handicapped. This again

is a community service and when I say community service, I mean that this is a service given to all without regard to race, creed or color. Our Braille program in duplication was one of the first processes developed so that there could be rapid duplication. Braille publication was always a very long and drawn-out and unsatisfactory type of procedure. Our department developed this rapid duplication in plastic so that now after children have been taught mobility, they are able to move into an integrated atmosphere in the school and given a book in Braille corresponding to what the sighted child uses in the same classroom. In addition to that we have tape recordings which are sent out on a regular basis, together with publications in Braille, and we also provide publications in Braille where they may be sent to various parts of the State and the country as well.

The Braille program is one that is integrated with the formal procedures given to us from the Library at Washington as well.

We have a diagnostic center in speech and hearing which is going to be incorporated into the building presently under construction. We have five therapy centers in speech and hearing, one pre-school in speech and hearing, and we have a summer-long program for the children in these areas where through a screening process it has been discovered that they have certain varying degrees of speech defects.

We have also psychological services, together with an in-service training for teachers, so that teachers will not be satisfied merely with teaching children, but rather will approach with a diagnostic sense of the need to discover in children at an

early age those things that require immediate attention.

We have a day camp center in Bergen County which is a pilot study of severely brain-damaged children. We also have a vocational rehabilitation program for handicapped people at Hoffmann-La Roche so that these people might after proper training be accepted into the larger manufacturing institutions, particularly in the areas such as this.

We have a program too for the narcotics. We provide services at the various youth houses in three counties, which include not only a religious program, but also a social program.

You may ask, well, how did we get into this kind of work. We got into it really because of the need as it opened up to us from the services that we began with a very small group of children, about 35. When we looked around to see what was available in the way of service for these children, we discovered that there were few, and certainly not enough to meet what we felt was a real problem. Most of these children were grouped together as retarded children. The result was that after an examination and testing, they were discovered to have hearing defects, eye defects, speech defects, and many of them with learning defects as well.

I cite these to you only to tell you what we have done on a voluntary basis without very much assistance from the standpoint of Federal programs and until recently with the new legislation in the State without any State assistance, except in the area of mental health and this, as you will see, rather in an inadequate manner.

I would like to tell you too, in answer to many of the questions that were asked us, why we got into it, the Federal

government and some of the agencies that invited us to develop these programs, when we asked them why they wanted us in these areas, said, "Well, you have the heart and we get a better return for our money." In addition to that, private agencies can get to the point of trouble and arrive at a scene where you are beginning to give assistance without all the red tape that the State and Federal government must adhere to.

In the area of the blind, Joe Cohen of the New Jersey Commission for the Blind has said, "You give the Mount Carmel Guild an invitation to do something and the next day they have started and this even without the hope or without the receiving of any Federal assistance."

I cite the Mental Health Center as an example of the desire of the voluntary private agency to give a community service. It has a 35-65 per cent participation, 35 per cent by the Federal government and 65 per cent by the private agency. This, as you know, is the formula that is usually used, give or take a few percentage points. We were the first private agency to attempt to put into existence a mental health center. We are the second one to be built in the State, the other one being a State center. We were the first one in the City of Newark. A second one has been already approved for the City of Newark, but probably not hopeful of coming into existence for maybe three to five years. We serve a catchment area of 175,000 people. While we are set up here in Essex County, we must serve this catchment area. As another example of the opportunity of a private agency to cooperate with other private agencies, we have just completed negotiations to accept 15,000 more into our catchment area because it presented

a problem to the other private agency that was supported by local community funds.

The Mental Health Center is unquestionably an impossibility in our State except it be done by someone like Mount Carmel Guild or any other private agency, church agency or an agency such as Jewish Vocational Services. This would be an impossibility had not the State of New Jersey passed legislation to give 60 per cent of the cost of the sponsor for the construction.

I might say in passing that our experience in these programs made it possible to support some of the legislation on the Federal basis which includes the Kennedy legislation for mental health, the extension of the Kennedy legislation in the area of teacher training for the deaf and the retarded and also some of the State legislation and recently the bond issue that was passed in our State. The experience and the expertise that was brought into the Senate hearings before Senator Yarborough and before Congressmen Casey and Daniels and many others gave strong support for the passage of this legislation and this is always by invitation of the Federal government as well as the State government.

We serve the community, of course, in many other areas. For instance, in Jersey City we have a program there which is a health education leadership program that began three years ago. It was intended only to make the leaders of the community on all levels aware of the incidence of mental illness and how it could be detected by the inexperienced person, what they could look for. And from this program which was under the Health-Welfare Department developed a school program for children in psychological

testing and a further development in therapy, so that through a process of screening in the areas of the third grade and sixth grade now can be detected certain signs of illnesses that would perhaps not be detected until they reached a full-bloom stage.

I cite this comprehensive statewide planning project report, not so much to project the Mount Carmel Guild, although we can always use the publicity and especially now, but I cite it only to show you that we have been a part of much of the development of programs in the State of New Jersey and in addition to my own position on this Commission, two of our people served on the Steering Committee, along with such eminent people as Dr. Elizabeth Boggs, Mrs. Beatrice Holderman, Dr. Kessler and some of the people of your legislative staff and from the Senate as well. These were divided, as you very well know, into excellent committees. So Mount Carmel Guild finds its name mentioned as a service to the community on page 75, on page 81, on page 114, on page 122, on page 198, on page 208, and one I couldn't find in which there was a very excellent statement made for the private agencies that were it not for the private agencies in the State of New Jersey, New Jersey would be far behind in its rehabilitation services.

ASSEMBLYMAN APY: May I ask you in order to orient your testimony with what we received in Trenton whether or not in effect the Guild and your jurisdiction is essentially the same as Monsignor Opdenaker's.

MSGR. DOOLING: No.

ASSEMBLYMAN APY: He is with Catholic Welfare agencies.

MSGR. DOOLING: That's right.

ASSEMBLYMAN APY: Do you have Catholic Welfare agencies, as such, in your Diocese?

MSGR. DOOLING: Yes, that's Monsignor Trainor's department.

ASSEMBLYMAN APY: That's Monsignor Trainor's department.

MSGR. DOOLING: That's right.

ASSEMBLYMAN APY: However, there is a - it's not an overlapping - well, to some extent there is an overlapping perhaps.

MSGR. DOOLING: We would both agree to that, that sometimes there is an overlapping, but we would rather see this overlapping than miss somebody. So we do recognize the fact that there could be. But as far as we can we try to work very closely not only with Catholic Charities but with all the other agencies in the State.

ASSEMBLYMAN APY: And to the extent that your programs incur any kind of an operating deficit, where is the deficit made up?

MSGR. DOOLING: Well, we do. For the record, we do run at an operating deficit and we have right from the very beginning since I took over. [Laughter] This is supported, as I said, -- the whole program is supported by Federal grants, by State grants. We are participating in a rehabilitation program on a purchase of service basis. We also work with the New Jersey Commission for the Blind on a purchase of service basis. And this is about as far as we have gone. I would say that our deficit is made up by the contribution of the Archdiocese. I am glad to get it and I don't ask them where they get it.

ASSEMBLYMAN APY: You put in the chit at the end of the year.

MSGR. DOOLING: If I may, I would like to quote for the

record, and I will give you the full report on this in so far as it should have an effect upon the testimony--For instance, our youth camp program through the payment of fees from the counties, we had \$706 and it cost us \$11,000 in even money. Housing I won't give you because it is so far out of line you wouldn't believe it. So I will pass that by and for more reasons because housing is something where you have to contend with all the local problems that exist, political and the ethnic problems and the emotional problems. The amount of money that we have spent on that is fantastic.

ASSEMBLYMAN APY: Just to interrupt for a second, yours are on-going programs where to the extent you need facilities you would be in either rented quarters or quarters that are owned by the State or Archdiocesan buildings, as the case may be, or a hospital. You do not own any real estate as such as part of your program?

MSGR. DOOLING: We own a piece of property in Ridgefield Park, Bergen County, where we have a mental health clinic, speech and hearing therapy center and a psychological center for testing of problem children.

We own property in Jersey City which gives the same type of service. We also own property in Union City where we give the same service.

We rent most of our facilities. In special education, we rent all our facilities. We also rent executive office space and we are kind of spread around.

ASSEMBLYMAN APY: Have you had any trouble with tax exemptions as such or have there been no questions about it?

MSGR. DOOLING: There has been no question about it.

Our day care centers which provide for children in various areas - we got \$200 in income and it cost us \$8,600.

ASSEMBLYMAN APY: Maybe you had better stop while you are ahead, Monsignor. I don't want you out of a job as a result of our hearing.

MSGR. DOOLING: Special education for the blind, our income was \$85 and it cost us \$10,000. Program for the visually handicapped, which is a complete program as I explained it to you, we had an income there of - it could never be - oh, that's right by golly - we had an income of \$72,000 and it cost us \$48,000, but we had a bequest of \$50,000 from a very generous benefactor. So we really would have had a loss in operation were it not for that of about \$60,000. Braille publications which we send out, we had an income of \$145 and our disbursement was \$5,000. Our tape recordings which we send out to the blind prepared by volunteers, income was \$115 and it cost us almost \$8,000.

ASSEMBLYMAN APY: Let me suggest perhaps we could summarize that to the extent that you feel you wish to do so for purposes of your statement that you are going to send in. At this point I think it gives us a feel for the general situation and the consequences as far as real property taxes are concerned.

MSGR. DOOLING: May I just add this though because this is a Federal program and it is supported through the State which shows you that while you get a matching dollar, at the end of the year it doesn't work out that way. In Bergen County alone, the Mental Health Center cost us \$103,000. We got \$48,000 in income

and only \$17,000 from the State. Likewise in Essex, it cost us \$82,000 to run that center and this is a State program, a Federal program through the State, and the amount of money we got was \$28,000 from the State. In Hudson, that is almost a matching dollar and yet it cost us \$89,000 and we got \$56,000 from the State. The rehabilitation purchase of service is the nearest and we are about \$10,000 shy in that and it is the first time we have been that near in about 8 years.

MR. MC LEAN: To pinpoint the property tax question, to what extent would the imposition of property tax be deleterious to the good work you are carrying out? Am I right in understanding that it would only have an adverse effect in three instances, those three places you mentioned in Bergen County, Hudson County and Union City? Is that the nub of it from the tax exempt property aspect?

MSGR. DOOLING: Could I give you an example of that, Doctor?

MR. MC LEAN: Surely. But those are really the only three cases where the property tax aspect enters in.

MSGR. DOOLING: Well, we are doing some work now, construction work, in a day care center that will take care of 120 severely brain-damaged children where they will get the full complex of services so that it will not only be a pilot study, but it will be a continuing type of supervision.

MR. MC LEAN: There you will own the property?

MSGR. DOOLING: We will own the property.

MR. MC LEAN: And the property taxes, therefore, would be important.

MSGR. DOOLING: Yes. The other building is a comprehensive center. Both of those buildings will cost approximately \$3 million to construct. Half of that is supported by Federal grants and State so that Mount Carmel Guild must supply the other half, \$1 1/2 million. That is not the full picture because then when you come to staff, a center like this, the State government realizes that this is going to be a tremendous burden so the State government will approve staffing grants on a descending scale, from 75 per cent to 25 per cent. So in five years they expect you are going to be able to handle the whole procedure. But in this center, the staffing grant proposal will probably be near a million dollars which will indicate the type of service that will be given at this Center.

ASSEMBLYMAN APY: I think unless somebody has a question, that concludes it as far as we are concerned. Thank you very much, sir.

Mr. Gassert, we will proceed with your next speaker.

MR. GASSERT: Monsignor Patrick Trainor for Associated Catholic Charities.

M O N S I G N O R P A T R I C K J. T R A I N O R:

I have a brief biography in the first paragraph of my prepared statement, more to give you some idea of my background so you would perhaps be impressed by some of the things I might say. So I shall leave it to your reading, except the last sentence which will have some bearing on some of the comments in the statement further on.

I am a member of the Board of Directors of the National Conference of Catholic Charities, which is the National organization of Catholic Charities in the country.

[Following is the portion of Monsignor Trainor's statement which he did not read.]

[I am Monsignor Patrick J. Trainor, Executive Director of the Associated Catholic Charities of the Archdiocese of Newark. I joined the staff of the Associated Catholic Charities in 1948, after over three years of service in the Army as a Chaplain in World War II, and nine years as Assistant Pastor in local churches. Beyond my seminary training, to qualify for the specialization involved in the Catholic Charities, I studied at Fordham University, for my Masters and Doctorate Degrees in Sociology. As the Executive Director of Catholic Charities, I am Vice President of the United Community Fund and Council of Essex and West Hudson, Vice President of its United Fund Committee, as well as being a member of the Board of Directors of the Jersey City United Community Fund. I serve as a Trustee of the Hospital Service Plan of New Jersey (Blue Cross). In addition, I am a member of the Board of Directors of the National Conference of Catholic Charities (the National organization of Catholic Charities).]

Catholic Charities may be considered as an umbrella that covers the many faceted activities organized and established under voluntary Catholic auspices to help meet health and welfare needs in the community. This would include hospitals, the various institutional programs for children, and the aged, as well as the many social service agencies. The community is considered to be the most densely populated section of the State - namely, the counties

of Bergen, Hudson, Essex and Union, and is identical with the area of the Roman Catholic Archdiocese of Newark.

As you gentlemen are undoubtedly aware, the Catholic church's jurisdictions are divided into dioceses. It is in these individual areas that Bishops exercise and fulfill their pastoral responsibilities towards the people in their territory. The complexity of life in our present day society has complicated the individual Bishop's task of meeting the needs of his flock. These conditions have given birth to the establishment of central offices of Catholic Charities. One hundred thirty-one dioceses in the nation have established offices providing in varying degrees a vast array of social services. While each central office is committed primarily to its own area, there is a bond between them represented in a National organization of Catholic Charities, located in Washington, D. C. Its function is to provide information and direction to programs through its research facilities and individual consultation. Financially it is supported by membership dues and contributions from Catholic Charity agencies. In addition to the benefits derived from the National organization, individual offices are available throughout the country for mutual assistance in particular cases.

Thus, Catholic Charities works for the improvement of the conditions of mankind wherever this needs exists, looking for ways which will facilitate the task of man improving himself, both in

the natural order as well as the supernatural. The commitment of Catholic Charities is based on the truth that man has the right to life, to bodily integrity, and to the means which are necessary and suitable to the proper development of life. Among these means are social services. Consequently, the position of Catholic Charities in the field of social service is born not only out of charity, but also out of justice.

This philosophy put into action as a part of our American heritage, is concretized in part, by a summation of the number of people served in various categories embraced by Catholic Charities.

In its Family and Children's Department, Catholic Charities provided social services in the years 1964 to 1968 inclusive, to 27,896 families, comprising 40,864 adults and 55,153 children.

The major emphasis in the social services to families and children is in counseling. Marriage counseling provides advice and direction before as well as after marriage. After marriage, with the problems that arise between husband and wife. More inclusive is family counseling, as it includes cases of disturbed parent-child relationships, families in need of protective services, deprived multi-problem families. These programs are focused on the strengthening or restoration of the family as the universally accepted basic unit of the community, and are conducted in collaboration with other public and private agencies.

Counseling services are provided by professionally trained social workers. They perform either in an office setting or go out to the homes. We have four offices; one in Elizabeth, one at the Bergen Mall, the Central Office in Newark, and an office serving Suburban Essex County. Two of these offices are in tax exempt buildings. The office at the Bergen Mall is rented. This program is expensive in terms of the salaries necessary to maintain an adequate professionally trained staff. Fees are charged in marriage counseling on one's ability to pay. They are nominal and meet but a fraction of costs. No one is refused service.

The broad scope of counseling within the agency includes a training program for priests in marriage counseling. This is in conjunction with Seton Hall University's post graduate courses in pastoral counseling. Qualified supervisors of the Catholic Charities staff direct the theory into practical experience for the student priest.

Special services are provided for children depending upon their need. It might consist of working with the child in his own home when the child is emotionally disturbed or presents a behavior problem in the home, school and community. Or placement of children in foster care when homes are broken up by illness, death, desertion or marital conflict. Foster care is in boarding homes or institutional setting. In the last five years, 4,692 children received 1,085,891 days care.

A boarding home program requires a trained staff to find, screen and supervise foster parents who can meet the spiritual, physical, emotional and environmental needs of the children on a temporary or long term basis. Boarding home parents are assured payment of board and other expenses of the child. Seventy percent of these costs are underwritten from Catholic Charities funds.

The institutions for children, once known as orphanages, have undergone notable changes and there might seem to be a conflict between the statistics which Mr. Gassert offered you and what I am going to present to you now. In 15 years, the number of institutions and children have gone from 13 and 1,700 - to 5 and just over 400, respectively. Several institutions were discontinued, others merged, two changed their program to boarding schools. Another change was in the financing of the care. The Bureau of Children's Services finally recognized its responsibility and is paying part of the cost of the care of some of the children. This is the result of about 15 years of persuasion. The cost of care of the other children is the responsibility of Catholic Charities, but limitation of funds has placed the onus back on the Sisters who run the institutions. Their source of funds are voluntary contributions through the efforts of auxiliaries, or by the Sisters going out begging.

Another program within the Catholic Charities is the total service to unmarried mothers. This includes, in addition to professional counseling, provision for placement in maternity shelters or foster homes in the months preceding delivery in one

of the local Catholic hospitals. This is provided at a clinical rate, paid either by the girl or Catholic Charities. Here is one of the areas of collaboration within Catholic Charities where the hospitals assume a deficit.

It is well to note, there are no public funds available for any part of this program. A contrast to New York City where the maternity shelters are paid from public funds \$20.00 a day, and the hospitals \$375.00 for delivery. While this is so, Catholic Charities has been providing for over 400 unmarried mothers a year, and maintaining its own maternity shelter with over 9,000 days care in 1968.

Closely allied to the services for the unmarried mother, is the program of adoptions. This has an aspect of glamour when you have the picture of the anxious childless couple surviving the so-called red tape of investigation, and receiving a beautiful healthy baby into their home. Without exaggeration, it is not an easy program when over 300 children a year are placed by Catholic Charities. It is expected both in Law and good practice that hasty and disastrous placements be avoided. Finding adoptive parents for children that have some limitation takes some doing and increases the cost factor. There is no fee, but a suggested voluntary contribution.

Another responsibility within Catholic Charities is the resettlement of refugees for which I have the title of

Resettlement Director for the Archdiocese of Newark. In this particular area we act as a voluntary arm of the Migration and Refugee Services of the United States Catholic Conference. Since 1961 the majority of refugees have been Cuban. In 1968 we were able to resettle 1,888 families and gave aid and counsel to 1,179 others. This is a unique program, since the Federal Government through H.E.W., is meeting the greater part of the cost; it cuts across towns and cities. Resettlement of the Cuban refugees is accomplished through the Newark Office, and three days a week in an office in the Community Center of St. Michael's Parish in Union City. It would be ironic if this resettlement work affected tax exemption.

As mentioned, under the general umbrella of Catholic Charities, there are the homes for the aged. These homes are owned by the various Orders of Sisters who staff the institution. St. Ann's of Jersey City, in 1968 provided 32,566 days for 123 persons. Over 50% of the patients were from Jersey City, 75% from Hudson County. St. Ann's has very little ground beyond that occupied by its buildings. St. Rose of Lima Home located in Newark, has 185 persons for 58,734 days. Forty percent are from Newark, 60% from the immediate area. Its land area is also limited. Mount St. Andrew in Paramus, Bergen County, cared for a smaller population of 75, and 22,621 days. All of these institutions have a basic rate of

board covered in part by the individual's own funds, social security or eligibility for old age assistance. The total of these does not meet the cost of operation and must be supplemented by voluntary contributions. For example, the Little Sisters of the Poor who staff St. Rose of Lima Home in Newark, solicit voluntary contributions at the door of various churches throughout the Archdiocese.

Within the Archdiocese, there are 8 day nurseries or day care centers. They have a capacity of 440 and serve more than that number. As an example, the Nursery of the Holy Angels located in Newark since 1915, cares for pre-school children from the Ironbound section of the city, regardless of racial or ethnic background. In 1968, 65 children received a total of 11,184 days of care. Fees are adjusted to family income. Deficit is made up through voluntary contributions and participation in the United Fund.

It should be evident at this point in this brief review of the function, purpose and activity of many of the charitable agencies within the Archdiocese of Newark, that there is a major problem of financing. Catholic Charities, as such, along with the cost of operation of St. Mary's Residence for Children, and St. Martha's Residence for unmarried mothers, disbursed in 1967 over a million and three quarters dollars. This is an audited account which showed a real deficit of over \$49,000. The 1968 audit has not been completed.

Our largest item of cost is wages and benefits amounting in round numbers to \$700,000. The next largest item was for the board and welfare of children, or \$535,000; \$300,000 was spent in the Cuban Refugee Program. There was the distribution of \$150,000 to agencies participating in the United Funds. As Associated Catholic Charities, we represent the various agencies on a federated basis in the United Fund. The remainder was administrative costs. Again, winding up with \$49,000 owed.

From where do our funds come? We participate in the United Funds of Greater Essex County, Eastern Union County, Jersey City, Bloomfield and Bayonne. The total of just over \$500,000 received from these Funds has changed very little in the past ten years. When the factor of inflation is introduced, value received is less. The other major source of funds are the parishes of the Archdiocese that are not in areas where we participate in United Funds. Churches or parishes not in United Fund areas are assessed for Catholic Charities according to their income. The number of parishes assessed are half the total number in the Archdiocese. This money comes from the voluntary contributions of the people of the parish.

Other sources of funds, already mentioned are those from B.C.S. for board of children, the adoption contributions and fortunately, an unusual bequest of \$60,000. Ordinarily if we receive bequests up to a total of \$10,000 we are doing well.

Gentlemen, as I stand before you I am mindful of my many appearances before budget committees of United Fund. It is their responsibility to review and allocate to the best of their knowledge and persuasion. I came away many times from these hearings with a feeling that these dedicated people are sceptical - that we are able to do so much with so little.

In conclusion, I refer to the Child Welfare Law and the expressed public policy which includes "that necessary welfare services to children should be strengthened and extended through the development of private and voluntary agencies qualified to provide such services," and the administrative policy continues, "encourage the development of private voluntary agencies to the end that through cooperative effort, the need for such services may be limited or reduced."

Encouragement to development presumes understanding by government agencies. Any action by law or agency that would serve to discourage voluntary private agencies, would be injurious to the health and welfare of the citizens of this state. Thank you, gentlemen.

ASSEMBLYMAN APY: Thank you, Monsignor Trainor. Let me ask you, as far as your homes for the aged are concerned, have you felt the waves that have been created in that area in the last year or two by the court decisions and action by assessors in other municipalities where they have taken steps to assess such homes?

MSGR. TRAINOR: Not of these three, no.

ASSEMBLYMAN APY: My observation before then as to where your deficit is made up is essentially correct then, that the deficit that is incurred by Catholic Charities is made up from within the Archdiocese itself, the members of the church?

MSGR. TRAINOR: Yes.

ASSEMBLYMAN APY: And on any of the facilities themselves which you own are any taxes paid of any sort?

MSGR. TRAINOR: No.

ASSEMBLYMAN APY: I am correct now in assuming that you are Monsignor Opdenaker's counterpart?

MSGR. TRAINOR: You cannot draw a complete similarity because Monsignor Opdenaker's program extends over in into part of the program which Mount Carmel Guild does have with the emphasis on mental health, although much of the counselling is under the general terminology of mental health. The field of specialization and the treatment which is available in the Mount Carmel Guild is also available under the Catholic Welfare Bureau as it operates in Trenton.

ASSEMBLYMAN APY: It helps us to understand and tie the testimony together.

MSGR. TRAINOR: Each diocese is different in its approach.

ASSEMBLYMAN APY: I don't think I have any other questions as far as the Monsignor is concerned. Does anyone else have any questions? If not, do you have anything else to add, Mr. Gassert, by way of tying things together?

MR. GASSERT: I just wanted to conclude, Mr. Apy, with just two or three comments.

One, I wanted to emphasize the fact in all of our organizations of the Archdiocese, the Diocese and the Eparchy of Passaic, there is not nor has there been any discrimination in regard to religion or color or ethnic origin. As a matter of fact, in many of the operations, particularly in Monsignor Dooling's area, the Mount Carmel Guild, up to 90 per cent of the persons who benefit from that service are not Catholic. And in the area of education as to discrimination, we are finding that not only are our Catholic parents screaming for us to have more schools, but that the doors are being beaten by other than Catholic parents to have their children attend our schools.

The only other comment I really wanted to make was that I would hope that you would understand from the testimony of the three Monsignors this afternoon that, number one, we are talking about people here and not organized religion. The Archdiocese of Newark does back all of these agencies and institutions. It does not want them to fail. It has in the field of education within the last several years taken over Oratory School in Summit which was owned by a small order because it was about to fail. It has taken over from St. Cecilia's parish in Englewood, which is in a less than middle class area, the operation of its high school because the parish could not afford it. And in Union City in a similar area, it has taken over St. Michael's High School in order to keep that school open to the people of that area.

Further again to emphasize we are talking about people, in each of these instances it is the people of the entire Archdiocese, whether they are in Caldwell contributing money that is spent in

Union City or in Scotch Plains contributing money that is spent in the heart of Newark - it is the people who contribute these funds to provide these services.

And the third point is the services themselves. Relating to my prior testimony, we are talking about a different situation than existed in other nations years ago when they felt the spread of church property was something that was onerous and felt obliged to take it over and take it away from the churches. They were talking there about property which was not used for the people such as this property is being used. As I said in my initial statement, I would hate to see what it would cost all of the taxpayers of the State of New Jersey if these services had to be replaced by State services. And perhaps with a little less than cordiality, but I hope it will be accepted with humor, we like to think of ourselves as a force for morality and social service rather than a holy cancer.

ASSEMBLYMAN APY: Very good.

MR. GASSERT: Thank you.

ASSEMBLYMAN APY: Thank you for coming.

Rev. Shaw. I will certainly say for all those from here on out, we will send a report back to whoever they represent concerning their patience and we appreciate your patience. We wish we could move things a little differently.

REV. ALEXANDER HAMILTON SHAW:

My name is Alexander Shaw; I reside in Cranford and am General Secretary of the New Jersey Council of Churches whose headquarters' office is located at 116 North Oraton Parkway, East Orange.

The New Jersey Council of Churches is a voluntary association; thirteen state and regional bodies committed to working together on selected concerns of Christian mission. The names of these cooperating religious groups are as follows: African Methodist Episcopal, African Methodist Episcopal Zion, American Baptist Convention, National Baptist Convention, Christian Church (Disciples of Christ), Episcopal, (Diocese of Newark), The Methodist Church (Two Conferences), Lutheran Church in America, Reformed Church in America, United Church of Christ, United Presbyterian Church in the U.S.A. The Friends Council of New Jersey is a member of our Department of Social Education and Action.

Our Certificate of Incorporation states that the Council's purpose is

- (a) To express, through fellowship and service, the essential unity of the Christian Church within the State of New Jersey;
- (b) To study the religious, moral, social and civic needs of the people of New Jersey, and to devise and correlate plans whereby these needs can be met unitedly by all of the churches;
- (c) To provide an agency through which the churches may cooperate in evangelism, comity, Christian education, social action, Christian citizenship, Christian world fellowship, and such other forms of Christian service which may achieve the common objectives of the evangelical churches of New Jersey;
- (d) Without limitation, to acquire by gift, purchase, exchange, lease or otherwise, and to hold, operate, pledge, lease, improve, develop, exchange, sell and otherwise encumber and/or dispose of real estate, improved and unimproved personal property and any interest therein or right thereto;
- (e) To do any and everything necessary, suitable, proper or convenient, and which may be permitted under the laws of the State of New Jersey which this corporation is formed, and any present or future amendment thereof or supplement thereto, for the accomplishment of any of the purposes herein enumerated, or of any purpose arising incidental

thereto which at any time may appear desirable, convenient, conducive to or expedient for the purposes for which this corporation is organized, with all the powers now or which may hereafter be permitted to it by the laws of the State of New Jersey;.... (see 24th General Assembly Report - Exhibit A).

The program thrusts of the Council are implemented through a departmental structure and provide opportunities for the constituency to realize the goals of incorporation.

Present emphases of the Council include developing goals for Christian Education; raising the standards and quality of Institutional Ministries; providing a professional forum for the leaders of ecumenical committees sponsoring College and University Ministries; producing research and designs for the more effective deployment of the Church's influence in the State; rendering direct services to seasonal agricultural workers; promoting social education and action on matters involving justice and morality, and disseminating information and understanding about such aspects of the Christian mission through professionally planned radio and television programs.

May I illustrate. One of these radio programs I just heard the other day, a 30-second radio bit on narcotics, and I was amazed at what can be said in 30 seconds by a youth who had been caught, who has beaten the game and is talking to younger youth about the narcotics problem.

This program reaches into more than three thousand churches; though it is presently sponsored by Protestant churches, many of its major projects of public service are done in cooperation with the religious leaders of Catholic and Jewish groups.

Ownership and Use of Property

A ten room house located at 116 North Oraton Parkway in East Orange, New Jersey was purchased eight years ago by the Council and provides facilities for the headquarters office with a professional and clerical staff of nine persons.

Besides using the rooms for administrative purposes, many of the meetings called by the nine functional program departments which promote cooperative religious work are held there. (See Exhibit A) Program Reports.

Nature of Council Finance

The Council is not a program oriented association. Its essential function is to provide moral and religious education as well as general consultation for major thrusts carried out mostly through the structures of the cooperating denominations. Thus the Council has minimal amounts of money available for major impact programs and direct services.

The income of the New Jersey Council of Churches comes from the member denominations who, in turn, receive their operating budgets from the local churches that belong to the particular denominations. (See Exhibit A- Financial Reports).

Church Finance and Taxation

The New Jersey Council of Churches feels that there are many good reasons why a church property should not be taxed. The main reason for this is that these churches render services to the community at great cost to them and which otherwise would be assumed by the government. The money to carry these costs comes from the people who are already paying high real estate taxes. We would call to your attention the many ministries and services provided to our communities such as: programs for the elderly, youth, children, etc. These are services which, were they not provided by the churches, would in some form or other, of necessity, have to be provided by the municipality and the State. Documentation for such programs has already come before this distinguished Commission through the testimony from members of our Council as well as from peer religious groups like the New Jersey Catholic Conference.

Further, our Department of Research and Church Development has just completed a financial analysis of the amounts of money major denominations are putting into community services and rehabilitative programs throughout New Jersey. The facts force us to conclude that if church groups were required to pay property taxes in the same manner secular and private individuals and corporations are required, the bulk of church dollars currently being spent for community services available to both believer and non-believer would have to be picked up by the State or, in some cases, community break-down and the flowering of seeds of discord would result.

The majority of local congregations doing community services are small, yet the value of the services they render - seen from the accumulative standpoint- more than compensates for any tax exemption they may receive.

Judgement of Council Staff

In March of 1968 the General Board authorized the reordering of priorities for Council program. Staff was empowered to promote intensified educational and demonstrative efforts which would dramatize alternative solutions for the many problems which was producing crisis in the nation and plaguing the wholesome growth of people and many cities and municipalities.

We became increasingly aware of the fiscal burdens confronting a city like East Orange, for example, which was earnestly trying to fulfill its legal and moral responsibilities to provide adequate services to all of its residents.

We were equally aware of the growing demands on the State to assume similar responsibilities on a state level if the pressures of taxation were to be relieved by the individuals, municipalities and counties in the State.

I therefore feel that tax-free institutions such as churches and others within the State should bear the cost of direct services to them such as garbage collection or other direct services that the community provides.

Such costs might be termed user service charges which could be worked out within the various municipalities in line with guidelines which could be suggested by the State.

The potential for the New Jersey Council of Churches to receive the necessary money for paying such user service charges is far greater than many of the small and struggling church and non-profit organizations who would also be required to pay such fees. The principle of equity and the allied considerations would have to be taken into account by tax accessors if such a plan was adopted.

The More Basic Question

We recognize the need for the State and the municipalities to secure large blocks of resources which would more adequately secure the services that are urgently needed for all the citizens of our state. We feel that this need can best be met, not by increasing property taxes, or even "user service charges", but by a State Income Tax which would fall equally upon all the people in proportion to their ability to pay, based upon their income. Our Trenton Office Program staff has applied itself to a most recent research on the matter. The following are excerpts from a report* on a rationale for a state personal income tax which we recently sent to our member church bodies for study and comment to you for serious consideration:

"We are convinced that the present tax structure of this State is the root cause of many oppressive inequities. The paramount feature of our tax framework, and a dominant contributor to those inequities, is the property tax. The property tax has traditionally been the most significant source of revenue at the local level. In 1961, dependence upon this source of revenue accounted for 13% to 70% of the total tax revenues of the individual states and their respective governments. The average state derived 46% of its revenues from the property tax. In contrast, New Jersey ranked second highest in the nation and acquired 66% of its revenues from the property tax."

* See Exhibit B - "A Study Document - New Jersey Trenton Office, etc."

With such an unusually high level of dependence among our local governments on property taxation, any regressivity in the structure of the tax will result in financial burdens on the low-income sectors of our citizenry."

"We intend to demonstrate here that our property taxes are regressive, especially at the lower income levels. They are regressive because of 1) short-run inelastic housing consumption patterns, 2) disparities in rates of taxation between the suburbs and central cities, and 3) regressive assessment practices in many of our cities."

"In its effects on individuals, the property tax on housing is similar to taxes on consumption such as excise and sales taxes. The property tax represents a sales or excise tax of nearly 24% of the rental value and most of this burden falls on either the tenants or owner-occupants. An excise tax of this magnitude has substantial effects on the consumption of housing. It reduces expenditures for housing because it reduces the disposable income of the consumer. In addition, it causes a substitution effect that encourages the consumer to reduce his expenditures on housing in favor of other goods that are relatively less expensive. Given the immensity of the property tax nationwide, and especially in New Jersey, its elimination would represent a major step toward upgrading the quality of housing which can be afforded by the poor and the near-poor."

"Substantial evidence exists at the national level to the effect that the property tax is regressive over most of the income range and acutely regressive for families with annual incomes of less than \$5000. Furthermore, to the extent members of low income groups are concentrated in central cities with high property tax rates, regressivity is multiplied. For families occupying rental housing, the incidence of the property tax is severely regressive throughout the entire income range. By supplementing 1960 census data with other sources, Netzer was able to determine the incidence of property taxation by income."

See Exhibit B,P.2)

"Another significant cause of regressivity is the enormous discrepancy between property taxation rates in central cities and suburbs. Since low-income groups tend to be concentrated in cities with higher property tax rates and middle--and high--income groups are increasingly concentrated in suburban rings with lower effective property tax rates, low-income groups have to pay proportionately more. Netzer found, for example, that the effective tax rate of that portion of Essex County which excludes Newark is only 51% of Newark's rate . . . " (See Exhibit B, p.3)

"The final major cause of regressivity in taxation is regressive assessment practices. Regressive assessment results from underassessment of high-valued relative to low-valued property. There is a tendency for assessors to under-value the more expensive homes, especially if turnover on the market is sufficiently infrequent to provide little guidance. Moreover, there is an additional incentive to err on the safe side since owners of more expensive property are more inclined to go to court if necessary to contest assessments."

"An examination of sales-assessment ratios for New Jersey's ten largest cities indicates that a serious assessment bias against low-income properties still exists and is, in some of the cities, a very substantial cause of regressive taxation. This pattern can be very burdensome indeed for members of low-income groups. For example, the owner of a \$7500 home in Newark is assessed on the average of 100.4% of its market value. This seems fair enough since the legal assessment level for the County is 100% of true value, but this is almost 50% higher than the average level of assessment for all residential property in the city. Thus, the low-income owner of this inexpensive piece of property pays, in effect, a 50% surcharge on his property tax while, by the same analysis, the owner of a \$35,000 house receives a 12% discount....

"The cumulative effect of these numerous regressive tendencies redound to make the property tax inequitable and unsuitable for our society. Hence, it is our conviction that for the legislature to condone these inequities, by its continued inaction, is to violate the basic principles affirmed by the churches of this state."

"Furthermore, we wish to remark that for the legislature to seriously entertain plans for the extension or expansion of the property tax would serve to further entrench this unjust tax. Moreover, we believe that to promote additional entrenchment of this inequitable tax would not only be unethical, but would in effect be comparable to endorsing a criminal act against the poor and near-poor suffering under these inequities."

Consequently, we solicit "the legislature to enact the necessary legislation to shift this State's dependency away from the property tax to other forms of taxation. The shift away from the property tax could take place by transferring functions and expenditures to higher levels of government which do not rely on the property tax for revenue. We believe this is especially needed in New Jersey where State government has traditionally played only a minor role relative to local government and, as a result, property taxes are approaching confiscatory levels in many of the cities."

We are "convinced that the shift away from the property tax can best be carried out by replacing it with alternative forms of taxation. Income taxes, sales taxes, land-value incremental taxes, and user charges are all - if carefully structured - considerably less regressive than the property tax and have fewer negative economic characteristics. The solution to this problem preferred by the Council of Churches is a shift to the income tax. We believe this tax to be the most equitable and the simplest to implement."

This we feel is a far more fundamental challenge to the Commission than its present effort to find ways to secure revenue from religious and other non-profit, public-serving organizations.

Thank you for your patience and attention to what the New Jersey Council of Churches has to share with your Commission.

ASSEMBLYMAN APY: Rev. Shaw, I take it then that in so far as the Council has a position relative to real property taxes as such and the existing exemptions, it is not recommending any change from the present exemptions. The main thrust here is a suggested change of the tax base.

REV. SHAW: That is true, except the suggestion that possibly certain services that are rendered to churches and other institutions, such as garbage collection and possibly police and fire, might still be something that might be added.

ASSEMBLYMAN APY: To what extent would the Council react to the situations created by a church that exists in Municipality A, but where two-thirds or three-fourths or one-half of its members come from Municipality B, the fact that Municipality A is therefore bearing the total burden of the tax exemption of that church?

REV. SHAW: I really can't answer the question. How any one particular church would feel about this, I don't know. This is a statement which we are making, as much an educational statement to the churches as it is for your benefit, and this is a platform in which we can do this because we in the Council are trying to come to grips within that body of the kind of directions that we hope to educate not only the Legislature, but the churches themselves in responsibility. But we are also saying very definitely that taxing of the churches is simply taking away money that is used for public services which may have to be found by other taxes to replace it if the church didn't do this.

ASSEMBLYMAN APY: This is true of the broad program.

REV. SHAW: This is the broad program, this program that

our Catholic brethren have portrayed and I am sure the Jewish community can match the same thing, and the Protestants do it, although they are not as organized in a way - it is fragmented more - but these services to the youth and many other areas of our communities. It would simply take money out of their ability to do many of these things.

ASSEMBLYMAN APY: Well, what about the situation as far as your own tax exempt status of your own building is concerned, as far as the people in East Orange are concerned? You have an office that serves the entire State of New Jersey.

REV. SHAW: That's right.

ASSEMBLYMAN APY: Now from their point of view, isn't it true that even though the over-all purpose is such that they would recognize it, wouldn't it be fairer for them to say, "All right, if the Council of Churches can afford to support a building in our town, some contribution should be made by some formula rather than have us underwrite the cost of the entire State Council of Churches program to that extent"?

REV. SHAW: I said in here what I thought ought to be done, that there ought to be some direct services payment probably.

ASSEMBLYMAN APY: What did you have in mind by direct services? Maybe that would amplify it. Were you encompassing fire, police, snow plowing of the roads, those sorts of things, the cost of the municipal building and what have you?

REV. SHAW: Yes, but not the school costs. We don't produce any children in our office building.

ASSEMBLYMAN APY: So to the extent perhaps that a formula

were devised that said, all right, you would pay the municipal portion of the tax rate - this is just an example - that that might have in it a certain fairness as far as the people of the City of East Orange were concerned and you would not argue strenuously in objection along that line.

REV. SHAW: I am saying for us, whether we paid it or not, wouldn't make enough difference in our budget in the total work to be important. But cumulatively across the State if every church were taxed in this way, then this would mean that much less money could go to purposes outside of their building in servicing the community in which they are.

ASSEMBLYMAN APY: Thank you very much. Unless Mr. Keats has any more questions, we thank you for coming and you have left with us the other exhibit that incorporates the study and the report of the Council.

REV. SHAW: That's right.

ASSEMBLYMAN APY: Thank you very much, sir.

Mayor John F. Monica, City of Orange. It is nice to have you here and we are glad you were able to stay with us long enough.

M A Y O R J O H N F. M O N I C A: Thank you very much.

We have prepared through our Director of Finance and also our assessor, Sol Solky, myself, and the Assistant Assessor, certain points which we would like to bring before this Commission. As you well know, most of the facts which we will bring out have already been brought out and are going to be repetitious. But for the sake of making it known what our

position is and what our plight is, I will run through this very briefly.

ASSEMBLYMAN APY: I note that there are specific recommendations.

MAYOR MONICA: That's right.

ASSEMBLYMAN APY: This is really appreciated. This is what we want.

MAYOR MONICA: Our City of Orange is only two miles square, one mile wide and two miles long. It is an odd-shaped situation. We have approximately \$130 million in taxable ratables, of which \$26 1/2, close to \$27 million, of it is non-tax producing. Also not included in this is the swath cut by the East-West Freeway, that is Route 280, which wiped off our books approximately \$2 1/3 million worth of property.

Now we have certain specifics. In connection with parsonages, under Section 54:4-3.6 of the New Jersey Statutes, we recommend that one parsonage building instead of two for each church, synagogue, etc., be exempted. The church or synagogue should be located in the municipality in which the exemption is granted.

-- that the parsonage be exempted to the extent of \$35,000 of valuation. My assessor and I differed on this. I thought it should be less. He thought \$35,000 was more equitable. It was originally \$5,000, then increased to \$25,000 and now it is unlimited.

The parsonage must be for a church or synagogue located in the community. We have parsonages for churches and synagogues,

particularly 306 Elmwynd Drive.- it is assessed at \$33,800 - and 270 Elmwynd Drive, assessed at \$46,100, a total of approximately \$80,000. The synagogue is not located in our community.

The statute should be amended to limit exemption of land to 5 acres for all buildings or to a certain number of acres deemed to be necessary for their proper use. The court's decision permitting 5 acres per building is unreasonable and this can go on ad infinitum and rather than 5 acres, which I think was the intent of the Legislature, now it could be 25 and 30 if it so multiplies itself.

Now in reference to the Young Men's Christian Association, the Young Women's Christian Association and the Metcalf Memorial Foundation in our community, we direct your attention to Section 54:4-3.24 of the New Jersey Revised Statutes. These exemptions are on properties on Main Street, our most valuable locations, and they service Orange, West Orange, South Orange, East Orange, Bloomfield and other West Essex communities. Some plan should be worked out so that the communities served by these organizations, the county, the State, or the membership shall contribute to the City of Orange some sort of payment so as to alleviate the complete burden now carried by the citizens of Orange.

The Young Women's Christian Association is now enlarging itself. They intend to spend close to a million some odd dollars and they are taking further valuable properties on Main Street. Now when I asked about the membership, the fraction of the membership is very negligible so far as citizens of Orange are concerned.

So we become the service community for all other communities surrounding us. This we feel is certainly not justifiable. It is certainly not proper for our taxpayers to undertake this burden.

Private schools should contribute something to our community. The City of Orange has a fashionable girls' school known as Beards. That is the Beards School which someone here testified that he represented. It is located in Orange and the cost to Orange is more than \$1,000,000 in ratables. It can be safely said that 95 per cent of the enrollment is from without the City of Orange, but only the Orange taxpayer is affected. This is a private school charging a high tuition rate and paying large salaries to administrators and teachers. Surely some legislation could be planned to relieve Orange from subsidizing this school for persons outside the city.

Now something should be said here, and it is not indicated here, regarding parochial schools. My feeling is that as long as parochial schools have a truly academic program on a full certified basis by the State Board of Education, they should have some exemption. For us to tax them and if they went out of the business of education, would cast another heavy burden upon our community. We have offhand three or four parochial schools, three large ones. Now although they do service outside communities, they do service some of our children. If we were to receive those children and put them in our schools, we would have another crisis facing us. We would have to build more buildings. Somehow or other they can educate a child much cheaper than we in the city. As one of

the Fathers said before, they pay less for their teachers and so on. They have clergy that are helping them, nuns, and so on, and they do come up with a cost per pupil much, much less than we can under the public school system.

Now the Hospital Center of the Oranges, this hospital has grown from the compact Orange Memorial Hospital to its present and still growing greatness. Still the taxpayers carry the burden of having this hospital within our two square miles and 75 per cent of the patients using the facilities come from Essex County and outside the city. It might be interesting to note that the per diem rates for indigent or welfare patients of the City of Orange are being increased by the Medical Center for 1969. To specifically refer to this, we were paying approximately \$42 last year. We were getting some sort of a break for our indigent patients. This year they are going to charge us at the same rate as they would a private patient going in there and the same as other communities. But still the burden is all ours, of complete fire protection, police protection, the service for the roads, etc. It is all ours. This area which is now a vast area, and they have bought up some of our valuable property, is all tax free and it is not available for us to develop.

In addition to that, going back to this 5 acre minimum, they are now buying parking lots and they charge you to park. Still under our present system, they are tax free. But if you want to go there and spend a day, you must spend 35 or 40 cents to park your car. Yet so far as the citizens of Orange are concerned, this is not serving us.

Now the Word of Life Fellowship, Inc., 91 Main Street in Orange, is assessed for \$87,000 and was denied a tax exemption by the Orange City Assessor. After 5 years of litigation, the Appellate Division of the Superior Court of New Jersey decided that this property should be tax exempt.

The said organization is not associated with any church. It operates a retail store selling religious books, recordings, medals, pictures and party items. It is undenied that they operate for profit. The members of the corporation are paid substantial salaries, provided with homes and cars. Some of the profits are used for the T.V. and radio broadcast of religious commentaries. They operate a summer camp in New York State for which they charge rates comparable to privately-owned camps.

Legislation should be passed completely eliminating the granting of exemptions to private incorporators who have found themselves a good source of income at the expense of our taxpayers.

The statutory exemptions for senior citizens, veterans and widows of veterans should not be considered for increase by the Legislature under any circumstances.

Going back to the Word of Life, after the 5 years of litigation, we are getting a small portion in lieu of taxes that we have finally adjusted downward I guess. It is sort of a compromise situation. It is very, very minimal, but this took us 5 years.

ASSEMBLYMAN APY: Did they offer to make that payment and is this before or after you filed an appeal to the Supreme

Court?

MAYOR MONICA: After the appeal - after it was decided. It is very, very minimal. It doesn't even amount to the services that we would render a smaller institution.

Now our suggestions are as follows:

1. Each non-resident user of the Hospital facilities should pay an extra cost over and above the per diem cost of the hospital, to be paid to the City of Orange. This cost could be borne by the patient or the community in which the patient resides.

2. YWCA - YMCA. Non-resident members using the Orange facilities should pay a higher membership fee than local residents. The amount over and above the regular membership fee shall be paid over to the City of Orange as a partial reimbursement for the exempt facility being in the city.

3. A study be made to determine what percentage of patients using the hospital facilities are non-residents of Orange as compared to Orange patients and that a formula be worked out to establish a compulsory contribution from those communities now using the facilities who now pay nothing for services rendered by these Orange tax exempt properties.

4. To total all tax exempt properties in the County of Essex and each municipality to pay its proportionate share percentagewise towards the same, to be determined by the County Tax Board based on population, the same to commence as of October 1st of each tax year.

There are many areas here about which I would not be speaking years ago, such as the Legion. I was the County

Commander of the American Legion. At that time I would have taken their position. But now as the Mayor of a community which is being depressed by a tax rate, the third highest in Essex County, and being unable to salvage itself and going deeper and deeper, I feel that these recommendations are minimal and something should be done with our real estate tax situation, mainly in the exemption area, so that we can distribute our service taxwise to all the citizens who use it, not only to our own citizens who are now burdened. It should be distributed evenly in some manner, some way.

We have attempted in some minute manner to indicate some of the inequities. This is far from the solution to the problem, but these are thoughts which this Commission, I believe, was formulated to study.

I, myself, had another pet theory - I spoke to Senator Waldor some year and a half ago - that perhaps there should be a standard set by area, by population, by the amount of total exemption, giving banking credit - and perhaps the State should put at the end of each year so many millions of dollars into this bank and we strike a level. Taking the standard throughout the State, if you hit a certain level, all those below that could withdraw from the bank, but those above that could take so many units and bank it in a proportionate way so that this money could be used for public buildings or public roads or for sewage facilities, etc. But you can come up with many, many theories. The fact remains something has to be done and I think this Commission is a step in the right direction. Thank you.

ASSEMBLYMAN APY: May I ask you a couple of questions directed specifically to your suggestions. Your suggestion number 3, if I understand it, would work along the following lines: You would in the City of Orange submit a tax bill to the hospital and then in turn the hospital would be reimbursed for payment to you by a compulsory payment from the surrounding municipalities, based upon the percentage of residents that came from those municipalities. Is that what you would propose?

MAYOR MONICA: That's correct.

ASSEMBLYMAN APY: In other words, legislation that would be along the line that says that each municipality would have to contribute for an assessed amount of the cost of its patients' care in a hospital in another municipality?

MAYOR MONICA: In a formula so rendered so it would be equitable to everybody concerned and encompassing those services rendered by our municipality.

ASSEMBLYMAN APY: I am asking you this because I know that the assessor from Long Branch is here and he is going to testify next. You might be interested to hear what he has to say in this regard. I don't know what he is going to say, but I know it is an area he is concerned about.

Your suggestion number 4 though, does that not presuppose that the various exempt properties are rendering a service within Essex County. For example, Rev. Shaw's organization goes beyond the county lines. So to that extent that formula might not apply.

MAYOR MONICA: That's right; it might not.

ASSEMBLYMAN APY: By the same token to the extent that a particular facility, such as a hospital, only covers four or five towns in a county, it wouldn't apply in the reverse.

MAYOR MONICA: No, it might not. As you know, all laws lead to certain inequities and for us to say that we are going to come up with the utopian theory or law, would be far beyond any human possibility.

ASSEMBLYMAN APY: I wasn't suggesting it by way of criticism. I was trying to see if I understood what you were driving at. As I said originally, we appreciate some specific suggestions here concerning how to handle these things. You have made none in regard to the private schools, but I assume you would suggest something along the line simply of their making payments and getting it from the sources of their income, whatever that may be.

MAYOR MONICA: Yes. Just to bring it to a conclusion, surely some legislation could be planned to relieve Orange from subsidizing the schools for persons outside the city - some similar formula or type of legislation.

MR. KEATS: Of course, in suggestion number 1 you say each patient of a hospital facility would pay an extra cost over and above the per diem cost of the hospital that would be given to your community. This means that every person who is coming from outside the community is paying for those services an additional cost.

MAYOR MONICA: That would be one system or they could tax the community in relationship to the number of patients.

MR. KEATS: You wouldn't want that concurrently though.

MAYOR MONICA: No.

MR. KEATS: It would be a double tax.

MAYOR MONICA: One or the other. It would be one of those situations.

MR. KEATS: In the case of welfare recipients who are patients and come from other communities, don't the communities contribute in some way to the hospital?

MAYOR MONICA: Well, they would pay their share. You see we pay on a per diem basis for all our indigents. Now with the facility being in Orange, they are asking us for the same amount of per diem rate as they charge a private citizen, period. There is no difference. Where do we come off when they are taking our services and still charging us the same dollar rate?

MR. KEATS: One other question: You didn't mention it, but, of course, the Catholic Church does have parsonages, but not in the same context.

MAYOR MONICA: Usually a parsonage for a Catholic Church is right alongside the church.

MR. KEATS: And this amount of money, \$35,000, wouldn't begin to cover a parsonage.

MAYOR MONICA: My assessor was more generous than I was. I would say less than that. I still say that a \$35,000 parsonage is ample.

MR. COTTON: I take it from your feeling expressed in these statements here that you don't consider the hospital to be a community asset for your community necessarily, that it is more of a liability.

MAYOR MONICA: Perhaps at one time it was an asset. But now it has enlarged itself. It has become the hospital center of the Oranges. Now it is going from the one building that it had. It has built three or four additions. It is still buying more property. We have practically a whole block going from Henry Street to Central Avenue - all of Central Avenue - down through Center Street and bordering on Essex Avenue, tax exempt. You have churches. You have schools.

MR. COTTON: But providing high-class and increasingly improved medical service to the people of your community too, I assume.

MAYOR MONICA: Yes.

MR. COTTON: And the money for the building of this hospital, where does this come from?

MAYOR MONICA: It comes from contributions by different individuals, from endowments, by, I guess, the money they make from ---

MR. COTTON: From all the communities around?

MAYOR MONICA: Surely.

MR. COTTON: How were you reacting to Mr. Shaw's proposal here as to how to meet the great maze of problems here with respect to property taxes?

MAYOR MONICA: You mean, like paying for services rendered?

MR. COTTON: No. Instead of complicating this property tax business, which is a very complicated thing now, and even making it more complicated with all these other little side taxes that you pay on people who come from outside, simply

switching it over onto an income tax basis.

MAYOR MONICA: This at the moment I would not like to answer. You are in an area now besides and beyond real estate taxes. To comment on that, I would have to have time to give it a little more thought to generate my idea.

ASSEMBLYMAN APY: You sound like a member of the Legislature right now.

MAYOR MONICA: There is one more theory we might discuss a little. You might be able to grade these different property exemptions or tax-exempt institutions A, B, C and D on their degree of charitableness or service to the community. Perhaps in A category you could assess them 10 per cent of the actual and true valuation and B would maybe pay 12 per cent and C 15 per cent and the others 20 per cent of their assessed valuation, depending on their service and charitableness to the community. This way it would give the community a chance to recoup.

MR. KEATS: It would solve your problem entirely if we just eliminated the exemption for parsonages, wouldn't it?

MAYOR MONICA: That would be one, yes. But you see that is another theory, another approach. Of course, that might be full of inequities too.

MR. COTTON: How do you deal with - I mean as far as the State is concerned or whoever is responsible for the freeway that cuts off a lot of your ratables, how is this dealt with?

MAYOR MONICA: It is just not dealt with. It is just wiped out, period.

MR. COTTON: Ought not there be some kind of a proposal on this?

MAYOR MONICA: This area we are not able to develop.

MR. COTTON: How much in ratables did you lose?

MAYOR MONICA: About two and one-half million dollars.

ASSEMBLYMAN APY: You have the eroding tax base problem.

MAYOR MONICA: Oh, yes.

ASSEMBLYMAN APY: Well, we thank you very much for coming and for juggling your schedule to be able to stick with us today.

Next is William Stender, Assessor, Long Branch.

W I L L I A M S T E N D E R: Gentlemen, before I read this prepared text, I want to thank you for the opportunity to come here and congratulate you people on your patience and in undertaking a task that has been long overdue.

My written statement is all based on facts in the City of Long Branch, but the same thing applies all the way through.

The total valuation on real property in the City of Long Branch is \$149,860,975, of which \$25,844,875 is exempt properties or 17.25 per cent of the total.

In the above-mentioned figure of exempt properties are:

The Home for the Chronic Sick, \$181,950

Monmouth Medical Center, \$7,464,250

At the present time, the Monmouth Medical Center recently completed an extensive care unit. As of now it has not been assessed, but it is in the neighborhood of \$2,000,000 and they are constructing a new building for which they have taken

out a building permit for \$1,868,000. So you can appreciate in another year, we in Long Branch will have very close to \$12,000,000 worth of hospital facilities that are exempt from taxation.

We are well aware these hospitals are a vital necessity, but it is a certain fact they service the entire county and not only the municipality in which they are located.

In Monmouth County we have three major hospitals which are as follows:

In Red Bank, the Riverview Hospital valued at \$2,046,400.

In Neptune Township, the Jersey Shore Medical Center, valued at \$6,709,800.

In Long Branch, the Monmouth Medical Center, at \$12,000,000.

The total tax loss to the three municipalities is in excess of \$1,000,000, while 53 communities are receiving the service.

It is my understanding that your committee is looking for some answers to these inequities as above mentioned. Being in a community that is financially hurt by these situations, we have to be very concerned.

In order to correct part of this condition, I would like to offer for your consideration that the counties reimburse the municipalities for the tax dollars lost by virtue of having hospitals in their municipalities and throw this complete cost in the county tax budget and the county rate, to be paid for by all the municipalities receiving the service.

ASSEMBLYMAN APY: Let me thank you and ask you a couple

of questions along the line of what you have here.

First I notice you have Riverview in at two million and I am wondering if that may not be just a figure that is taken off the books from some time ago because with their recent expansion programs, it would seem to me that they might very well be considerably above that.

MR. STENDER: That's a figure I got from Ed Longinson.

ASSEMBLYMAN APY: Is that an updated figure?

MR. STENDER: I don't know how updated it is.

ASSEMBLYMAN APY: It seems to me the wing they just put up last year was a million-dollar wing.

MR. STENDER: I would assume the Jersey Shore in Neptune and I know that the Monmouth Medical are updated figures.

ASSEMBLYMAN APY: Now in reference to your solution and your suggested formula, would you propose that the hospitals be taxed at 100 per cent the same as a private home or would you propose that they be taxed only, say, for the municipal portion of the budget?

MR. STENDER: As you well know - I think you are familiar with Monmouth Medical Center, coming from that area - they are like all hospitals buying property up left and right. Where they hurt us in addition to this, they are paying exorbitant prices for properties. A \$17,000 house, they will pay \$35,000 for it. In the end it hurts us in our sales study. In other words, where we get hurt again is in school aid. Our county tax apportionment figures hurt. They will buy a house for \$35,000 and keep somebody in the house for a year and you can't

throw it out as an unusable sale; it is still in the same use as it was before.

One of the Monsignors that was here said he only knows of one nursing home that was bought. Now Monmouth Medical Center just put up what they call an extensive care unit. Jersey Shore built an extensive care unit. These are in competition with the nursing homes that are real good ratables to a municipality. If this thing continues, what is going to happen to the nursing homes eventually? You are not going to get this ratable.

ASSEMBLYMAN APY: Let me go back, if I can, and try to clarify this. In terms of the taxes that are to be charged by the municipality, would you in effect be looking to pick up indirectly from the county moneys that would help your school budget, for example, or would you be satisfied with an assessment based on a formula that excluded schools?

MR. STENDER: A formula excluding schools, I think would be very adequate because all the other services are part of municipal government.

ASSEMBLYMAN APY: Am I not correct in the Monmouth Medical situation that they also own a piece of property which is income-producing in part and which is used by them in part but which is on the tax rolls? I am referring to the building across the street which I think is a combination office and there may be a couple of stores in it and they also use part of it.

MR. STENDER: They had two complexes down there that had been exempt up until the past year. They have an office building

for medical arts. I have been the assessor in Long Branch for two and one-half years and apparently nobody has taken the gamble of putting it on the books. They have a garden apartment that they rent out to graduate nurses and doctors. They collect some rents on it. Nobody assessed it; it was always exempt. I took a chance and put it on the books for two years and they stipulated on paying it.

ASSEMBLYMAN APY: In other words, they didn't file an appeal and they are paying taxes on those?

MR. STENDER: That's right. They are actually income-producing properties. They never should have been in the exempt category.

ASSEMBLYMAN APY: So what you are saying really is that that portion of it illustrates a situation which may exist around the State where the assessors are not carrying out and assessing perhaps as they should be.

MR. STENDER: Well, as an assessor I would not say that. I have heard enough of that today.

ASSEMBLYMAN APY: I'm sorry. I didn't want to put words in your mouth. I think the newspaper reporters are probably tired by now anyway and went home.

I think that that covers, Mr. Stender the questions that I had, except for this one observation: The formula that you have suggested of passing it on to the county might apply for Monmouth County. However, what about the situation where you have a hospital in Essex that serves people right across the county line in Bergen or vice versa or in adjacent counties where they come into Mercer County hospitals from Middlesex,

Monmouth and the adjacent counties?

MR. STENDER: In general the hospital prefers county people. I was told this by a hospital authority. I know there are situations where patients from bordering towns may go to a hospital. But this is just in the way of a starting thought anyhow. You have a big problem ahead and I know it.

ASSEMBLYMAN APY: Perhaps we should ask Mr. Owen who is doing a study for us for the hospitals on the derivation of patients to indicate to us how this formula would work out as a practical matter if it were used for the hospitals.

MR. COTTON: That's right.

ASSEMBLYMAN APY: He could apply that very quickly probably because the patient study will indicate towns and he can allocate it by counties.

We thank you very much, sir, for being with us today.

Mr. Biunno.

F E R D I N A N D J. B I U N N O: Mr. Chairman, I thank you for this opportunity to appear before you to make this statement.

I appear before your Commission on behalf of the Mayor of the City of Newark, Hugh J. Addonizio, to place before you informational data pertaining to tax exempt properties in the city so that your Commission and members of our legislative bodies and all of the general public may have a full picture of the tax exempt property situation as it exists in our city, particularly with respect to the impact in terms of tax dollars lost.

Since the monies to be raised by the city by taxation must come from the land tax base, as prescribed by law, we must initially again emphasize the fact that this tax base is continually and rapidly decreasing. Of our land area of approximately 15,085 acres, a total of 9200 acres is within the exempt property category and non-assessable, leaving a balance of 5,900 acres of assessable property. Just pause to consider for a moment, at least 61 per cent of the land area from which our city should derive tax income dollars is tax exempt property and the remaining 39 per cent or less of the land area is called upon to carry the burden of taxation which should be borne by all. It is not at all difficult to understand why our property tax rates are constantly spiralling and becoming so confiscatory when the full facts are known.

I will read into the record at this time the resume which we have had prepared setting forth the various existing exemption categories, assessed values and tax dollar losses resulting therefrom. In referring to the assessed values in each category, it must be borne in mind that most of these computations are based upon old assessments which have not been updated on our books of tax assessments since the properties fell within the exempt categories

We will refer, if you will, to the first attachment entitled "City of Newark Exemptions for the year 1969," and which indicates our projected rate of \$8.32 which appears rather firm. It indicates in the various numbers of items in each category - for example, the first one in Federal Housing, 808, with a taxable value of \$158,272,300, representing a tax

dollar loss of \$13,168,230.

Our next would be in Public Properties. I might say that we haven't prepared nor will we submit a detailed list of each and every property that is exempt in the City of Newark because it would require many, many pages, all of which are available up at the Essex County Board of Taxation if anyone would care to look at it. Our first one in that category would be the United States where we have a taxable value of \$17,231,300, representing a tax dollar loss of \$1,433,619.

ASSEMBLYMAN APY: May I interrupt you just for a second. Your tax dollar loss there in that entire column, may I ask you if it is merely an application of your existing rate to your taxable value column figures. In other words, you have not taken these figures, added them and then recomputed what your rate would be were they in your total assessed base?

MR. BIUNNO: No. If you were to include these within our assessed base, that \$8.32 figure which you see here projected as being our 1959 rate, which will undoubtedly be that rate, will drop approximately to four dollars and somewhere between fifty and sixty cents per hundred.

ASSEMBLYMAN APY: That answers the question.

MR. BIUNNO: You have now here a proportion that would give you a reduction of just about half in your tax rate.

So far as the State of New Jersey is concerned, the value runs from \$5,461,300. The tax dollar loss is \$454,355.

The County of Essex, \$37,461,200 - tax dollar loss, \$3,116,755.

ASSEMBLYMAN APY: You know I am going to interrupt you and suggest at this point for purposes of expediency inasmuch as the entire table is going to be incorporated in our record and I am the last one here, that I can scan it and you can go on with your statement and I can go back and relate your statement to any additional questions that I might have. All right?

MR. BIUNNO: Very well. We can consider then that that and the other are read into the record. I do have another one, I might add, however, which I will have to read. It will not be as lengthy. We have just had this completed and therefore I haven't had an opportunity to get it typed and reduced in size to incorporate it here. But I will have that done later.

ASSEMBLYMAN APY: You could do that either by reading it in or by your supplementing it at a later date by mail directly to us, at which point it could be incorporated in the printed transcript.

MR. BIUNNO: It isn't too long so I will read it and then supply it.

ASSEMBLYMAN APY: Either way.

MR. BIUNNO: Of course, I must emphasize to you with respect to this that what this city needs is the \$48 million in loss tax income represented by the sum total of all of these exempt property classes.

Yes, this city needs these and many more millions if it is to do the job necessary to protect its people from crime and fire, to provide adequately for its poor and underprivileged, to protect the health and welfare of all of its citizens, to

educate and train its younger generations so that they may face the future well equipped and confident of their ability to progress in life, and further to provide the many, many other services mandated by law to be performed by the municipal government of this city.

Although I do not believe it will serve any useful purpose to sit with you at this time and discuss specific recommendations as they may be applied to or affect the exempt classifications, I am willing and prepared to do so. In our opinion, however, the plight of our city will not permit the luxury of continued studies and discussions in so far as exempt categories are concerned. What this city needs, and what this city requires, is immediate action, not further discussion on this limited subject by the Legislature or the Senate, either to provide the needed funds for our municipal operations, or to enact enabling legislation which will free the city from the shackles of ancient and archaic land-tax base taxation for operating purposes.

Some of the aspects on which immediate action could be taken which would be of great benefit, particularly to the City of Newark, are as follows:

1. Immediate amendment of the provisions fixing percentages in Revised Statutes 54:4-2.1 as to State lands and, as well, revision of the provisions of R. S. 54:4.5 and R. S. 40:37-101.6 so as to eliminate the inequities created by the establishment of arbitrary percentage or acreage limitations. Such elimination would create equal applicability

of the legislation to all in the same class throughout the State.

2. Immediate revision of the provisions of R.S. 54:11D-7 with respect to equalized valuation of personal property which arbitrarily and without justification applies a real estate sales ratio for the purpose of equalizing valuation of personal property.

3. Immediate adoption of a homestead exemption law which would give some relief to homeowners and provide a degree of rollback of the overwhelming tax burden which has been placed upon them.

4. Legislation to permit the imposition of a "head tax" at our airport.

5. Legislation which will permit local governing bodies to broaden their tax base so as to impose either wage tax or sales tax for revenue purposes.

6. Payments to local municipalities for tax losses sustained on public housing projects to the extent of the difference between the amount presently being paid and the amount realizable in taxes if the same were subject to full local taxation.

7. Revision of the state school aid formula in accordance with the recommendations proposed by Mayor Addonizio dated January, 1968, to resolve Newark's tax crisis.

Now, before I conclude, I would like to get into the record this other informational data with respect to exemptions. All of these classes which we have enumerated in our statement - and you will note that the second sheet attached to it shows

an increase, if I recall correctly, of \$144 million in the last ten years in exempt categories in the City of Newark and that represents an increase - it's \$144,629,900 - and that represents a tax loss of \$12,033,000 to the city. That is in the short span of ten years without a single step to remedy the situation having been taken.

Now when we study Newark and its position with respect to tax exempt property, we want to take it into consideration with the rest of the cities or towns within the county. Our studies indicate that the Town of Belleville has a total of \$27,872,400 in tax exempt property. Belleville carries 2.6 per cent of the total county exempt category.

Bloomfield has a total of \$34,934,200 for a total percentage of 3.4 with respect to the whole county.

Caldwell, \$12,198,700, 1.1 per cent.

Cedar Grove, \$44,678,500, a percentage of 4.2.

East Orange, \$63,480,400. The per cent is 5.9.

Essex Fells, \$5,149,200 - .5 per cent.

Fairfield, \$3,626,500 - .3 per cent.

Glen Ridge, \$8,022,800 - .8 per cent.

Irvington, \$35,252,500 - 3.4 per cent.

Livingston, \$23,915,590 - 2.2 per cent.

Maplewood, \$25,787,800 - 2.4 per cent.

Millburn, \$28,221,400 - 2.6 per cent.

Montclair, \$47,951,100 - 4.5 per cent.

North Caldwell, \$12,720,100 - 1.2 per cent.

Nutley, \$22,297,600 - 2.1 per cent.

Orange, \$26,272,500 - 2.4 per cent.

Roseland, \$2,333,100 - .2 per cent.

South Orange, \$32,441,400 - 3 per cent.

Verona, \$17,005,700 - 1.6 per cent.

West Caldwell, \$11,829,900 - 1.1 per cent.

West Orange, \$33,506,300 - 3.1 per cent.

And far in the rear, bringing up the end of the parade is the much criticized City of Newark, with a mere \$549,631,100, 51.4 per cent of the county tax exempt load and probably more than 10 per cent of the entire amount of the State and we haven't finished our compilations yet. We will be happy to submit them. Is it any wonder that Newark has a tax rate which is not only the highest in the State, but practically the highest in the country for a city of its size and that we cry and plead and beg for immediate relief? And we haven't as yet gotten it.

I trust you will excuse the fact that I expanded beyond the scope of this Committee's function. We felt that we must again bring these matters to the attention both of this Commission and, as I said, to the entire Legislature and to the general public. These facts have not seen the light of day to the full extent required.

ASSEMBLYMAN APY: Let me say I understand why Newark wants to take advantage of every opportunity it can to talk to a member of the Legislature.

You say you have 51 per cent, I think, of the total exempt property in the county. What is the percentage though of the valuation vis-a-vis the rest of the county?

MR. BIUNNO: We are talking in terms of --

ASSEMBLYMAN APY: That is your exempt property?

MR. BIUNNO: Right.

ASSEMBLYMAN APY: In other words, 51 per cent of the exempt property in the county is located in Newark. What percentage of the total county property is located in Newark? 10 per cent? 20 per cent?

MR. BIUNNO: I would have to check outside to determine. I don't recall the total county assessable property at the moment. We were on, in so far as taxable property is concerned, approximately 1.3 billion, which is a decline incidentally.

ASSEMBLYMAN APY: That would be less than half of the total in the county?

MR. BIUNNO: I would say yes.

ASSEMBLYMAN APY: Now in your increase table, which is the second table that you have here, the increase of exempt properties over this ten-year period, is that increase figure that you have given us based upon a change of valuation on your part, an arithmetical change of the value of the properties, or is the increase in exemptions based upon additional properties going off the rolls?

MR. BIUNNO: The first column, which is headed "1960 Value Multiplied by 2," has two figures, the upper being the 1960 actual book figure on our tax rolls and the lower, the computation by doubling it in order to arrive at 100 per cent, which is the figure that was fixed as the percentage of valuation for the year '63 by the County Tax Board. Now these are actual

increases in the exempt properties by properties either falling within these categories and going off the tax rolls ---

ASSEMBLYMAN APY: Right. But, for example, take churches and charities, you have a figure of some \$40 million. The actual total number of exempt properties may not have increased, the number of units that are exempt, over that 10-year period.

MR. BIUNNO: I would say it would also be due to an increase in some of the units.

ASSEMBLYMAN APY: That is not reflected here?

MR. BIUNNO: No, it is not.

ASSEMBLYMAN APY: One of our problems is the continual increase, as was testified about the hospital that is buying up land around it. These figures in this particular breakdown would not indicate the extent that has happened in Newark over that 10-year period.

MR. BIUNNO: Well, it couldn't very well. We could, of course, apply it. Take, for example, mention was made of a hospital -- Incidentally before I finish, I want to make a correction in the record of a statement made by a prior speaker with respect to it. Where you are talking of the City of Orange in terms of a hospital expansion that encompasses one block - when we deal with the City of Newark, for example, we take into consideration the fact that the College of Medicine is taking approximately 70 acres, encompassing 17 or 18 blocks.

ASSEMBLYMAN APY: Somebody pointed out the city was happy to get the college there though.

MR. BIUNNO: This is the correction that I want to make as to the reason that was advanced. It was not on the basis of what it might attract. To say that it was, indicates an unawareness of the situation that exists in the City of Newark.

ASSEMBLYMAN APY: In other words, it was there in order to provide services.

MR. BIUNNO: We went after the College of Medicine and Dentistry for the purpose of having it located in the City of Newark due to the fact that we do not have the physicians to service our community, particularly in the ghetto areas and in the poor areas.

I might say I served as Acting Director of Newark City Hospital for nine months. I am quite familiar with the situation. I have appeared with the Mayor, for example, before the Essex County Medical Society on this very same problem and there have been any number of doctors who have moved from the environs of some of our ghetto areas to the more lucrative and probably greener pastures of the suburban and rural communities and our people have been left without the service that they may need and as a result some effort had to be made, and it certainly could not be better located than in an area of approximately 150,000 people where you might have one doctor for every ten or twenty thousand families that are located therein and for families, the greatest majority of whom, can't afford the services of a doctor. I think you had some publication on the number of families on welfare on the county tax rolls that are carried and that does not include approximately 2600 cases that we have on our city welfare.

ASSEMBLYMAN APY: Let me ask you another question about another portion of your statement. On page 2 you allude to the fact, as to the assessed values in each category, in referring to them, it must be borne in mind that most of these computations are based upon old assessments. To what extent would you say - could you give me a percentage guess or estimate - to what extent would an updating of these computations results in a change in the figure?

MR. BIUNNO: I wouldn't hesitate to say to you that in my opinion if these were revised and brought up to date that you would have at least a 50 per cent increase in the taxable value figure that you have here before you. That would be a minimal guesstimate on my part. You will have to bear in mind that many of these items, individual items, that are included in the various categories have been long-standing items, figures that were fixed many years ago and were never in any way brought up to date because it was senseless to spend effort and time in work on evaluating a property from which you weren't going to get any tax benefit.

ASSEMBLYMAN APY: Right. This is the situation throughout the State, of course. Just one other question that comes to my mind and it does not directly relate to our Commission, but it does relate to your Suggestion Number 1 on page 4 as to steps that can be taken. May I ask if the suggestion which you have there is directed at the legislation that is now pending by Assemblyman Fiore? I don't have the bill number.

MR. BIUNNO: We have been in touch with the Assemblyman for the purpose of getting some action on these particular categories. It is with respect to it.

ASSEMBLYMAN APY: To his bill?

MR. BIUNNO: Yes, definitely, and particularly with respect to those and in my opinion it is something that no one should question doing. As you know they fix an arbitrary percentage of 9 per cent and there is no rhyme or reason behind it. Actually if we go into the past history on these, we find it was done solely for the purpose of giving some benefit to some municipalities and if you refer to the study that was made by the Commission--

ASSEMBLYMAN APY: The Woodson Commission.

MR. BIUNNO: [Continuing] -- on that subject - there was mention made of it - the same recommendation was made. We have discussed this at length time and again. We are all in accord with this. However, if you eliminate the percentage, then everybody gets equal treatment. It doesn't necessarily mean we are all going to get the money from the State because it is done on a billing basis and we get paid within the category of what is appropriated by the Legislature.

But of particular concern and attention - and I might say that I feel very strongly with respect to this one - is Item Number 2. Here we have a situation where by virtue of sales which occur in a municipality, and I am referring to real estate sales, a ratio was fixed by the State, that ratio was binding upon the municipality, and then it is applied to personal property. Now in my years of experience, and I served for two as tax assessor of the City of Newark, and four in this particular category, I have never as yet heard any expert attempt to justify or relate this sales ratio of estate to personal property and

actually and in fact, it is not a valid basis. It is something that should be challenged and it very shortly shall be if Newark has anything to do with it.

ASSEMBLYMAN APY: I am going to pass that and the other recommendations up at this time because I do recognize they go beyond what we are covering and I want to get the last folks out of here before Midnight and I don't think that I have anything else specific to pursue. I think that the figures that you have given us, the general statement, substantiates what is general knowledge as far as the city is concerned. We appreciate your coming down and giving it to us this afternoon.

MR. BIUNNO: May I make one more suggestion before I end, and that is to urge the adoption of a policy of no further increases either in classes of exempt categories or in benefits by virtue of exemptions unless the Legislature will undertake to reimburse municipalities for the total losses sustained in each category. It might be very helpful to us.

ASSEMBLYMAN APY: Yes, sir. Thank you, Mr. Biunno.

MR. BIUNNO: Thank you.

[Tables submitted by Mr. Biunno can be found starting on page 272 of this transcript.]

ASSEMBLYMAN APY: Mrs. Yahnel.

MR. BIUNNO: Mr. Chairman, I would like to leave with you a copy of our Mayor's recommendations after a study that was made and presented in 1967. We are going to update that as far as the figures are concerned, if you don't have it.

ASSEMBLYMAN APY: I don't know that I do have this

particular one. I will keep it and make it part of the file.

M R S. Y A R N E L: I am Mrs. Yarnel, the tax analyst for Middlesex County Board of taxation.

I am going to limit what I have to say to just the brief essentials of three points I would like to make.

One is that in Middlesex County we do not exempt fraternal organizations. They all pay taxes on all their buildings and they are spreading and building more buildings and they don't go out of business.

We do not take "in lieu" taxes from the Boy Scouts. The Boy Scouts have a museum and grounds around it and they have a huge warehouse - this is the National Boy Scouts - and Administration Building and they are exempt for 10 acres of land. They own 110. They are paying taxes on 100 acres. They undoubtedly contribute to the Fire Department and First Aid because they are both volunteers. We in Middlesex feel it is only fair to our other citizens to see that everyone pays according to the law. We can't change the law, but we do strictly uphold the law. And if a hospital has a parking lot where they charge a fee, we charge them taxes on that too.

Now the other thing I wanted to do is urge you not to go for "in lieu" taxes. It is the school budgets that are being voted down and the schools that really need the money and once you put your foot into letting somebody not pay school taxes, every industry in the State can say they don't produce children. Every commercial building can say the same thing. We have these elderly complexes, some of them very, very expensive ones, in Middlesex County and they aren't raising

children either and the people that are sending their children to private schools also would like to be exempt from the school tax. So if you go into that area, you are just opening the way for a tremendous amount of problems.

ASSEMBLYMAN APY: That is a very interesting observation, Mrs. Yahnel. Nobody else has flagged it for us and, of course, where we have used that, I think we have used it as an illustration. In other words, we have used the municipal cost as a basis for comparison. Suppose we were to say that for the exempt organization we were to take the total base and then give them an exemption of 90 per cent. Then as we went up to 100 per cent and then took 10 per cent of it and then applied the total rate, you wouldn't have that problem, would you? You would still give them the exemption, but you wouldn't be doing it on the theory that they don't contribute to school costs.

MRS.YAHNEL: I don't quite get that. You mean, something like a parsonage or a church would just have a 10 per cent value on their building?

ASSEMBLYMAN APY: Yes.

MRS.YAHNEL: I would rather not discuss that because I haven't really considered those forms of exemptions which were illegal. I am just considering and have considered the fringe organizations which some municipalities are exempting in some counties, which we do not permit in our county, and I have heard them say they can't get along and they would go out of business and they do so much good work. But we find that they don't. They continue and they expand.

ASSEMBLYMAN APY: Would you say that this is as a result

of the County Tax Board keeping pressure on or the local assessors doing their job.

MRS. YAHNEL: It is a combined effort. But the idea is that they must submit to us when they submit their tax rolls a list of the exempt property and we go over it and if we find something on there that doesn't belong there, we call them in and tell them to remove it. We frequently have people move in - as you know Middlesex County has become rapidly a suburban area where it formerly was rural - and we get people from these counties where they have had the exemption and they come in, for instance, the Women's Club, and say, "We never paid taxes on our Women's Clubs. We never paid taxes on our Elks." We show them the law as it is and say, "You do here. We are sorry if the other people don't insist on it."

ASSEMBLYMAN APY: Let me ask you this: - It is very encouraging to know one county is doing it right and I am sure Mr. Wilson if he were here would be encouraged to.

MRS. YAHNEL: He is well aware of it.

ASSEMBLYMAN APY: May I ask you: Do you recommend any changes be made in the general exemption categories or don't you feel you want to get into that?

MRS. YAHNEL: I said that I would limit it to the few points. The one thing that stands out and I have noted here is the mobile homes which somehow or other got exempt and all portable buildings for that matter. But the mobile homes somehow got tax exempt without anybody realizing it because when the Business Replacement Tax was put in in place of Chapter 51, mobile homes were considered personal property not used in

business. Now your new section on personal property limits taxation to telephone and wireless services. There is that expressed phrase in the statute, itself, and by reason of this we have in one municipality of our county three of these huge trailer courts. They have become a way of life to a good many people. Their children have gone through school and they go to high school and get married. Many of them have been there for 20 years or more. The average trailer park will not allow anyone in it without a two-year lease.

ASSEMBLYMAN APY: And they pay only on the land and not the trailer.

MRS. YAHNEL: The trailer camp owner pays for the land and any of the improvements that he owns. But there are mobile homes that are completely tax exempt. In some municipalities they have put through a license fee for them, but that doesn't in any way pay for the school costs where they have three or four busloads of children going from one trailer camp.

ASSEMBLYMAN APY: Let me ask you about the specific area that we are concerned with, such as, churches, charitable institutions and cemeteries and, for example, the five-acre limitation. Do you have any specific recommendations as far as that is concerned?

MRS. YAHNEL: As far as the five acres?

ASSEMBLYMAN APY: As far as any of these areas are concerned.

MRS. YAHNEL: Certainly I would not permit more than the five acres and what we do in our county is to limit it to the reasonable use required for the building not to exceed the five

acres. I believe there is a case on that. But that is our interpretation. So with, for example, the Rutgers buildings where they have enough to exempt the whole City of New Brunswick if you gave them five acres for each building, they are not given that tax exempt.

ASSEMBLYMAN APY: Fine. Well, we thank you very much. You have been a long and patient visitor with us these last two weeks and I am glad you stayed long enough to have a chance to present your testimony to us.

MRS. YAHNEL: I had intended to submit a statement, but that Boy Scout thing got me very annoyed. We like to be strict about things like that.

ASSEMBLYMAN APY: If you want to supplement what you have said at a later date with a written statement, we would be happy to include it into the record at a later date.

MRS. YAHNEL: I probably will.

ASSEMBLYMAN APY: Fine. Thank you.

Mr. Perkins.

R O B E R T P E R K I N S, JR.: Mr. Chairman, I wonder to save time since it is so late if I could more or less skip most of my statement and just hit a few high points and then you can ask some questions.

ASSEMBLYMAN APY: You can do as you see fit. Would you please start out by giving us your qualifications and association, we can go on from there.

MR. PERKINS: I am Robert Perkins, Jr. and I represent Wildlife Preserves, Incorporated, which is a non-profit, eleemosynary, educational corporation that deals in considerable measure in the preservation of areas of open land primarily,

tracts of land that are valuable for conservation and particularly because of the kinds of habitat they have.

We have in New Jersey scattered throughout the State, including a substantial amount of acreage in Essex County, approximately 7,000 acres. I say approximately because some of it is subject to question as to the acreage because of the submerged land problem. Of this 7,000 acres, I should estimate perhaps 3,000 acres is within 25 miles of Times Square. So it is in a section of the State that is close to the urban areas.

Now we pay full taxes on everything we own without any exemption of any kind and I can say that the reason that we have done anything in New Jersey -- I believe we probably own more land than all the other non-profit conservation organizations combined. Most organizations will not have anything to do with projects in New Jersey -- I can mention a number of them -- simply because of the tax problem in New Jersey. Not only is there no provision for exemption of such lands, but the tax rate is much higher. We own land in some other states where we could get exemption and we choose to pay the taxes because the communities are not well off and we want to contribute and the taxes are so ridiculously small compared to New Jersey that it almost looks like a joke when they send a tax bill compared to what we are used to in New Jersey.

I can say definitely that we will not keep up our operations if the present situation continues. There is no question about it. I would say probably within the last five years when a number of policies of the State began to become particularly a problem, and the taxation is only one of them --

the other primary one being the attitude toward condemnation -- The interpretation that the courts have given to condemnation is such that even though we use our lands for public use, they may be condemned by any entity having the power of eminent domain for the smallest advantage, no matter how great the disadvantage to us, without considering any weighing of the public interest. We carried this to the Supreme Court and that was their decision.

The reason we came into New Jersey was because it had some obvious need. It also had more high-quality wetlands for one thing than any other state in the east in an absolute, not a percentage basis, except Florida. It also is the most densely populated state. It has a lot of problems that seemed to need private effort that were not being handled by any governmental agency. By "governmental," I mean state, local, county or even Federal. I would say that in the last five years probably there have been, certainly several millions of dollars that would otherwise have been invested in New Jersey, almost all of it coming from contributions outside the State, that were not put into the State of New Jersey because of primarily the two things - the taxation problem and the problem of the attitude towards condemnation.

Now you asked me about financial and philosophical - I think I will just go quickly through that.

ASSEMBLYMAN APY: Let me suggest this at this point. Inasmuch as you do anticipate supplementing with a formal statement, let me just see if I have you pegged in the right context.

MR. PERKINS: All right.

ASSEMBLYMAN APY: We have had testimony from a couple of groups, such as the Watershed Association, which is concerned --

MR. PERKINS: Paul Van Wegen.

ASSEMBLYMAN APY: He testified and this afternoon Mr. Goodenough testified for the Upper Raritan Watershed Association. Now their thrust is within the area of conservation, the development by private corporations given exempt status of their lands for watershed purposes. Would I be correct in by analogy saying that your area is the same, however, you are more concerned with wildlife?

MR. PERKINS: Well, wildlife in a very broad sense. I would say we are primarily involved with areas of open land, but generally with the emphasis on areas that have not just wildlife but areas of habitat that are particularly valuable.

ASSEMBLYMAN APY: You are generally familiar with the way these other groups operate?

MR. PERKINS: Yes. I wouldn't compare us too much with the Watershed Association. Our emphasis is a bit different. For example, I think every one of our projects but one, the overwhelming majority of our acreage, is all in areas that are slated for acquisition under Green Acres and most of them have been approved for acquisition but they have run out of funds.

ASSEMBLYMAN APY: You would not object if they were acquired by Green Acres; this would be an effectuation of your purposes?

MR. PERKINS: No, we wouldn't particularly. We had anticipated actually - I don't want to get into all this - giving a considerable amount of our land to the State, but there are

some lands that should be continued to be operated privately for various reasons.

ASSEMBLYMAN APY: Now let's assume that you can justify the general theory - in other words, that what you are doing is for the good of the State in terms of preserving these lands for conservation purposes in the broad sense and that you are carrying out a function that the State isn't carrying out and would not carry out, you are doing it by private business.

MR. PERKINS: If I could I would like to amend that. I would say that probably we are doing something that if we don't do it, the State is going to have to do it and probably will do it at the exact lands that we have, but they will pay a much higher price than we paid.

ASSEMBLYMAN APY: You are ahead of them.

MR. PERKINS: To give you one example, in one of our areas where we have 1600 acres, they bought 200 acres and they paid \$1,100,000 for it. So you can just imagine what is going to happen. And most of these contracts were made three years ago. Now if we either abandon that land or sell it for some other purpose which we could do if we just get so disgusted - there are no present plans, I may say, to do that - by the time they come to buy it, they won't be buying it as open land, they will be buying it as land that is subdivided, that the owner has all sorts of experts come in and testify, "Well, we have this and that economic use." Of course, it is a very different situation. So the cost to them is going to be really pretty vast in terms of the money that they have for this purpose. When you talk about a billion dollars as I heard the City of

ASSEMBLYMAN APY: I think basically you are in the same ball park.

MR. PERKINS: Oh, yes, certainly. I don't think they have considered this problem though of what happens on condemnation if you restrict the value of your land. For example, one of the problems comes up in connection with a gift to the State or a gift to some entity with a reversion clause in it. If they choose to, they can condemn out the reversionary remainder for a nominal fee under the law of most states. And so far as I know it is sort of an unsettled area. Therefore, the whole fee is lost for practically nothing and used for -- We have some land I am sure is being eyed for a regional garbage dump and this is not the purpose of most of our contributors and most of our contributors have come actually from outside the State because they believe these areas to be of importance in a regional way.

ASSEMBLYMAN APY: Let me suggest that you try to develop it along the line that I have outlined. There is Mr. Goodenough's statement which he gave today. I don't have a copy of the other.

MR. PERKINS: I have Mr. Van Wegen's.

ASSEMBLYMAN APY: And you have Mr. Van Wegen's. So if you put the two together - you don't have the benefit of our questions and what we asked them to develop, but it is along the lines I have just indicated to you - I think that way you can submit it to us and we will make it part of the record.

MR. PERKINS: I might just mention one situation that has come up. There has been talk about hardships to municipalities and this idea of "in lieu" payment which I know the Commissioner of Conservation has been talking about. I think it comes to

this philosophical idea - the community should not be paid for something where they don't incur any expenses. In other words, if they are not providing services, why should they get paid for it? For example, if a community divides up into two parts, they don't expect to get "in lieu" payments for all the vast area of ratables which they have lost in half of the community. But if half is taken for a park which actually benefits the community and gives higher ratables on the edge, then they scream and want payment. This is somewhat of an illogical situation to say the least.

ASSEMBLYMAN APY: Right. Well, I think that probably covers it. We have cut you short I know to some extent, but you didn't have to wait all day like some of the others.

MR. PERKINS: No and I am delighted.

ASSEMBLYMAN APY: So we thank you for coming in and send it into us and we will make it part of the record and if we need to get back to you, we will.

MR. PERKINS: Right. You said something about having hearings in Trenton.

ASSEMBLYMAN APY: We don't have a date yet for that. If you want, we will make a specific note to let you know.

MR. PERKINS: I have no particular desire to testify further. I can give you the statement and I was thinking if there was any important area, I could come down or you could send me a written question. Would that fit in with your format?

ASSEMBLYMAN APY: That we might do and it may not be for a number of months because that may be the length of time it is going to take us to work on it.

Thank you very much.

MR. PERKINS: I compliment you for your patience in staying so long. I can see the disadvantage of being Chairman.

ASSEMBLYMAN APY: The meeting is adjourned.

[Hearing Adjourned]

THE FOLLOWING EXHIBITS WERE SUBMITTED BY E. G. LYONS, AMERICAN LEGION:

American Legion Posts are exempt from the payment of Federal Income Tax under the provisions of Section 501(c)(4) of the Internal Revenue Code of 1954, as amended and by virtue of an original group ruling dated March 14, 1946. Listed below is a copy of that ruling:

Office of
Commissioner of Internal Revenue

TREASURY DEPARTMENT
Washington 25
March 14, 1946

Refer to IT: P: T: L
MAP

The American Legion
c/o Donald G. Glascoff, National Adjutant
National Headquarters
Indianapolis 6, Indiana

Gentlemen:

Reference is made to the information submitted for use in determining the status of the departments and posts under your jurisdiction for Federal income tax purposes.

In Bureau ruling dated February 26, 1934 it was held that you are entitled to exemption from Federal income tax under the provisions of Section 103(8) of the Revenue Act of 1932 and corresponding provisions of prior revenue acts. Such ruling was affirmed July 8, 1938 under the Revenue Act of 1936 and is applicable under the provisions of Section 101(8) of the Revenue Act of 1938 and the Internal Revenue Code.

Based upon the evidence presented, it is held that your departments and posts appearing on the lists submitted with an affidavit dated February 27, 1946 of your National Adjutant are entitled to exemption from Federal income tax under the provisions of Section 101(8) of the Internal Revenue Code and corresponding provisions of prior revenue acts.

Accordingly, your departments and posts appearing on the lists submitted will not be required to file income tax returns unless there is a change in their character, purposes or method of operation. Any such changes should be reported immediately to this Bureau in order that their effect upon the exempt status of the departments and posts under your jurisdiction may be determined.

You should furnish the Bureau annually, on the calendar year basis, lists in quadruplicate showing only the names, numbers and addresses of any new departments and posts which were chartered by you during the calendar year and the names, numbers and addresses of any departments and posts which for any reason have ceased to exist. Such annual lists should be accompanied by a statement sworn to by one of your principal officers as to whether the information heretofore submitted by you and on which this ruling is based is applicable in all respects to the departments and posts appearing on the lists and should be forwarded so as to reach this office not later than February 15 of the following year.

Contributions made to you and your departments and posts are deductible by the donors in arriving at their taxable net income in the manner and to the extent provided by Section 23(o) and (q) of the Internal Revenue Code, as amended.

However, under Section 54(f), as added to the Internal Revenue Code by Section 117 of the Revenue Act of 1943, you and your departments and posts are required to file annually information returns on Form 990 (Revised May 1944) with the Collector of Internal Revenue for the respective districts in which located so long as the exemption remains in effect. This form may be obtained from the Collector and is required to be filed on or before the fifteenth day of the fifth month following the close of the respective accounting periods. Your departments may file annually in addition to a separate annual return, a group return on Form 990 for two or more local posts which are affiliated with such department. Group returns on Form 990 shall be filed in accordance with the regulations promulgated under this income tax chapter of the Internal Revenue Code and the instruction on Form 990 and shall be considered the return of each of the local posts included therein.

The Collectors of Internal Revenue for the districts in which you and your departments and posts are located are being advised of this action.

By direction of the Commissioner.

255

/s/-

Very truly yours,
E. I. McLarney
Acting Deputy Commissioner

THE AMERICAN LEGION
DEPARTMENT OF NEW JERSEY
DEPARTMENT SERVICE OFFICER

C O P Y

VETERANS ADMINISTRATION
REGIONAL OFFICE
NEWARK, NEW JERSEY 07102

JANUARY 18, 1969

REPORT OF THE DEPARTMENT SERVICE OFFICER - 7/15/68 - 1/10/69

Mr. Commander, and my Comrades, the members of the Executive Committee:

Following is the report of your Department Service Officer for the above period:

BROADCAST OVER STATION WSOU: Due to illness, the broadcast on Veterans Benefits by your Department Service Officer over Station WSOU, scheduled for December 10, 1968, was cancelled. A new date and time has been arranged for Tuesday evening, January 21, 1969, between 10:00 and 11:00 P.M. As a reminder, Station WSOU is located at Seton Hall College, South Orange, N. J., and operates on 89.5 FM covering a 60-mile radius involving Bergen, Essex, Morris, Hudson and Union Counties. Please tune in.

CAUTION URGED IN CONVERTING SGLI: Servicemen being discharged are alerted to the conversion privileges of their Servicemen's Group Life Insurance within 120 days following separation. However, there are individuals who secure lists of former Servicemen improperly, and contact them under the guise of being an official agent who has been sent to convert their insurance. The Government has no insurance agents, and no single commercial agent or company has as exclusive right to do this. Also, some non-participating companies are mailing literature offering a "SGLI Replacement Policy." They are not legally authorized to handle conversions under this program. All this suggests that recently discharged Veterans should be cautioned to exercise care in selecting an Insurance Company - apply to one of the participating companies (through an agent in his community), and pay the initial premium within the 120-day period. Otherwise, it will be too late to convert.

Members of the Department Executive Committee are further urged to bring this matter to the attention of their Post Commanders and members at County meetings.

"BILL" KELLER TESTIMONIAL LUNCHEON: A Farewell luncheon honoring "Bill" Keller, who served as Adjudication Officer, Newark Regional Office for almost 25 years, and retired on December 31, 1968, will be held at the Military Park Hotel in Newark, on Friday, January 24, at 11:45 A.M. A number of Legionnaires will attend this luncheon, during which time Mr. Keller will be presented with a "Certificate of Appreciation" awarded by our National Rehabilitation Commission.

STATISTICS: For the period will be found on the reverse.

Respectfully submitted,

Thaddeus J. Gnidziejko,
Department Service Officer

STATISTICS - Department Service Office - 7/15/68 - 1/10/69

	Previously Reported	: 12/1/68- 1/10/69	: Total To Date
Mail Received from Posts, etc.	3542	: 1061	: 4603
Mail Sent to Posts, etc.	4469	: 1328	: 5797
Mail Received from Veterans Administration	4809	: 1604	: 6413
Mail Sent to Veterans Administration	3128	: 865	: 3993
Interviews: At Office	1146	: 401	: 1547
At East Orange Hospital	247	: 57	: 304
Rating, Medical, Rehab. & Adm. Contacts	1849	: 424	: 2273
Claims Folders Reviewed	1555	: 496	: 2051
Loans Guaranty Contacts	17	: 6	: 23
Telephone Calls, Incoming & Outgoing	3431	: 1128	: 4559
Forms #23-22 - Power of Attorney	567	: 155	: 722
Forms #21-526 - Service-Connected Compensation	63	: 17	: 80
Forms #21-526 - Non-Service Connected Pension	68	: 12	: 80
Forms #21-530 - Burial Allowance	43	: 17	: 60
Forms #21-534 - Widow's Benefits	173	: 48	: 221
Forms #21-535 - Dependent Parent Benefits	6	: 0	: 6
Forms #10-P-10- Hospitalization	16	: 3	: 19
Forms #10-2827- Outpatient Treatment	41	: 8	: 49
Forms #1-9 - Appeal	12	: 1	: 13
Forms #21E-1990- Education and Training	78	: 15	: 93
Appeals Conducted	11	: 0	: 11
Reversals of Rating Board Decisions	29	: 8	: 37

Recovery on Claims

Previously Report - \$74,960.00

12/1 - 1/10 18,450.00

Total to Date \$93,410.00

THE AMERICAN LEGION
DEPARTMENT OF NEW JERSEY

WAR MEMORIAL BUILDING
TRENTON, N. J. 08608
1 9 6 9

Historical Story #50-1 for use with Anniversary Newspaper

Supplement in conjunction with American Legion 50th Anniversary

SUBJECT: The Cathedral Of The Air

THE AMERICAN LEGION BUILDS A RUMOR INTO REALITY

The year was 1928 and a rumor reached the office of Department Commander Herbert H. Blizzard that religious services at the U. S. Naval Air Station at Lakehurst were handicapped due to lack of facilities and furnishings. His meeting with the then station Chaplain, Commander William W. Edel, brought out the fact that while things were not quite as bad as described, they were far from ideal.

Commander Blizzard decided, and the American Legion State Executive Committee agreed, that a memorial chapel should be erected to the men who lost their lives in the Air Service. With this decision, a massive program supported by every Post and Auxiliary Unit in the State of New Jersey was launched.

Funds for the chapel were collected through the use of thousands of signatures pages in loose leaf form, distributed to every Post and Unit in the Department of New Jersey. A contractor from Pennsylvania, and incidentally, a Past Department Commander of Pennsylvania, agreed to build the chapel at cost. Architect Paul Phillippe Cret, famous for his designs of battle monuments, agreed to design the building.

1932 saw the culmination of this drive when the over \$70,000.00 needed was in hand and ground breaking ceremonies took place on June 26 of that year. The building was constructed rapidly and its style was typical of the church architecture of the regions of France through which the A. E. F. fought in 1917 and 1918. The walls are of stone, with fine timber trusses for the roof.

The American Legion Memorial Chapel Association, which was set up to handle

THE CATHEDRAL OF THE AIR (Cont'd.)

the entire drive and construction, arranged for the cornerstone laying on November 6, 1932. Dr. Samuel Loveman of the Toms River Post, who was then President of the Association, arranged for an impressive ceremony. The speaker for the occasion was none other than the Secretary of the Navy, the Honorable Charles Francis Adams. The Chief of the U.S. Navy Chaplain Corps, Rev. Sidney K. Evans gave the prayer.

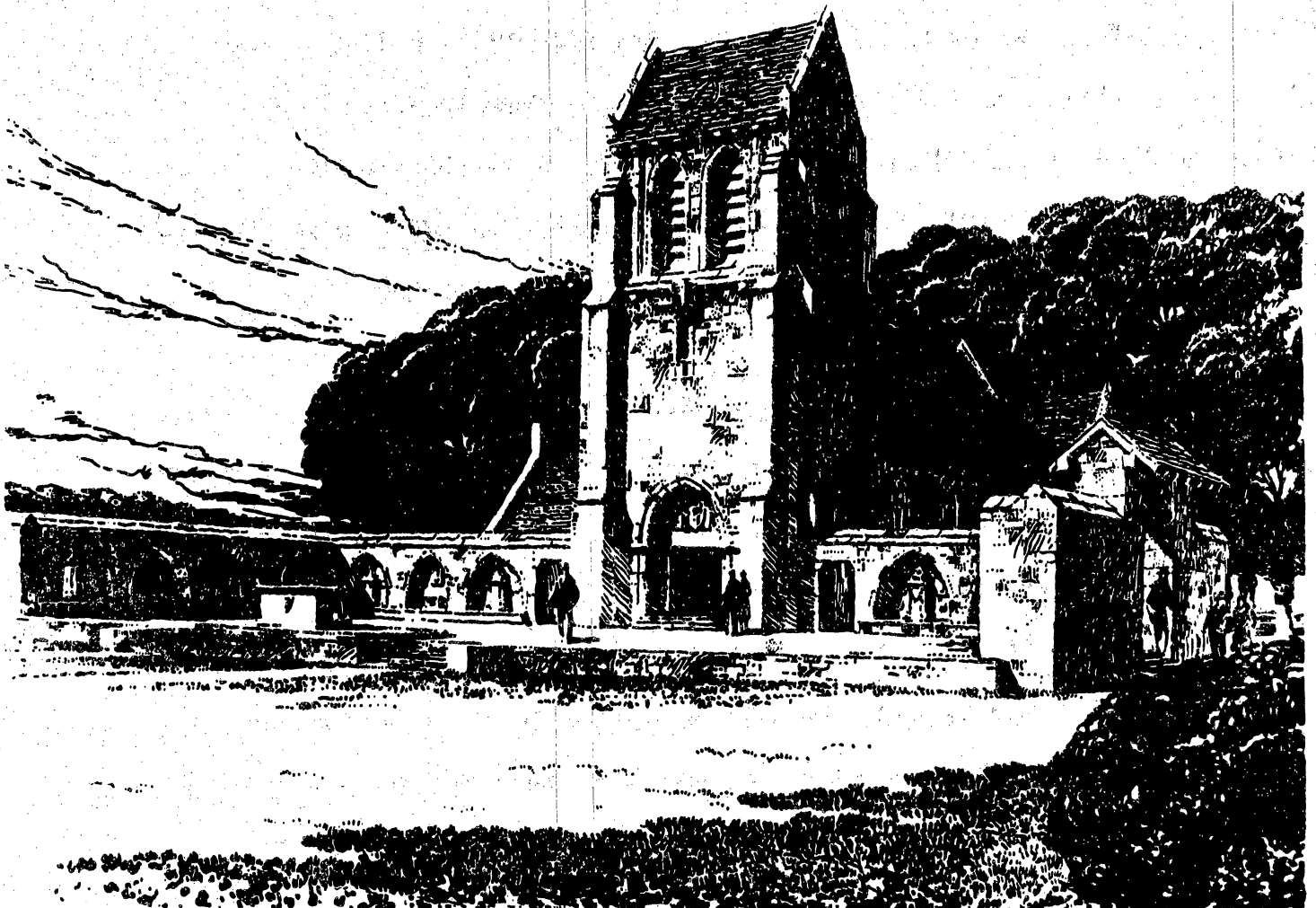
The chapel was completed shortly thereafter, but due to the depression and a curtailment of personnel at Lakehurst, further work on the interior was brought to a stand-still. With the enlargement of the Armed Forces in 1939, greater activity began at Lakehurst and completion of the chapel became essential.

The American Legion Memorial Chapel Association began an active campaign to place the pews and other necessary furnishings. Stained glass windows were installed in the Nave, Chancel, small chapel and the Narthex. Choir stalls, Forecourt, landscaping, bells, special doors, Alter, Lectern and other furnishings were finally in place and on Sunday, October 26, 1947 the American Legion officially turned over the Cathedral of the Air to the Navy.

The 25th Anniversary of the Cathedral of the Air was commemorated on October 27, 1957 with special ceremonies conducted by the U.S. Naval Air Station, Lakehurst, N. J. The speaker, on this occasion was The Rev. Dr. William W. Edel, President of Dickinson College, Carlisle, Pa., who was the station Chaplain at the time that Department Commander Herbert Blizzard conceived the idea back in 1928.

The stained glass windows in the Chapel weave together religious symbolisms together with a wreath of aviation legend and history. This makes these windows unique and particularly appropriate in a Chapel given as a memorial to men of the air services. Visitors are welcome during normal visiting hours.

The Cathedral of the Air



United States Naval Air Station, Lakehurst, N. J.

BUILT IN 1932 BY THE AMERICAN LEGION, DEPARTMENT OF NEW JERSEY,
AS A MEMORIAL CHAPEL HONORING THOSE WHO HAVE GIVEN THEIR LIVES
IN THE AIR SERVICES OF THEIR COUNTRY.

GIVEN INTO NAVY CUSTODY IN 1947

THE AMERICAN LEGION
DEPARTMENT OF NEW JERSEY

WAR MEMORIAL BUILDING
TRENTON, N. J. 08608
1 9 6 9

Historical Story #50-2 for use with Anniversary Newspaper
Supplement in conjunction with American Legion 50th Anniversary
SUBJECT: East Orange V. A. Hospital

NEW JERSEY GETS MEDICAL V. A. HOSPITAL

The first major casualties were starting to return in 1943 when the American Legion State Rehabilitation Chairman, William G. McKinley sounded the alarm at the State Convention that New Jersey was in desperate need of a Medical facility in the heavy metropolitan area to service these cases.

The 1944 Department Commander, R. Graham Huntington, adopted this program as a major mandate of his administration. Armed with actuarial studies, projections of demand into 1973, and other studies, Commander Huntington, Department President Mrs. Harry Kellerman (presently serving as State Secretary-Treasurer of the American Legion Auxiliary) and members of the special study committee met with Congressman Gordon Canfield of Passaic County and the entire New Jersey Congressional delegation to discuss the matter, and review other information that would be required. Subsequent to this meeting, two other meetings were held in Washington under the arrangements of Senator Albert Hawkes. The net result of these series of meetings was an agreement by every one of New Jersey's congressional leaders that the project was a must. Each one agreed to specific tasks in approaching congress and success was achieved with the passage of the appropriation and allocation for the Hospital.

Senator Hawkes took the proposal to General Frank Hines, then Administrator of Veterans Affairs, and shortly thereafter to General Omar Bradley, who succeeded General Hines. These conferences resulted in the V. A. initiating procedure to fix the location of the hospital, purchase the ground and institute the engineering and architectural surveys.

Late in 1945, General Paul Hawley, Chief Medical Director of the Veterans
(continued)

NEW JERSEY GETS MEDICAL V.A. HOSPITAL. (Cont'd.)

Administration came to Newark to survey available sites and to assure the availability of medical and surgical specialists in the Newark area. These specialists were, indeed available and the present site, known as the Bamberger Estate, was purchased.

The firm of Ziegler Childs and Paulsen was commissioned as Architects and from their drafting boards emerged the present thirteen story 1,000 bed hospital. Ground was broken in March 1948, with Major General Carl R. Gray, the Administrator of Veterans Affairs, and Governor Alfred E. Driscoll, of New Jersey, as the principal officials.

The Dedication of the hospital was held on October 12, 1952, and was attended by the entire New Jersey Congressional delegation, in addition to many local and state people prominent in their respective fields. Of coincidence was the fact that the State Commander at the Dedication was William C. Doyle, who presently is serving as the first National Commander of the American Legion from New Jersey.

Numerous Directors have continually kept the hospital abreast of the times and its present director, Mr. Rueben Cohen runs this fine V. A. Installation at peak efficiency. The late William Grund, Service Officer for the State Legion during this entire period, was very active in the entire project, and as a tribute to him, the Auditorium on the third floor is named after him.

The Hospital stands today as a monument to the dedication of the American Legion and its members, sanctified by the service it performs, the suffering it alleviates, and the lives it saves. Today, on any night, an observer can see volunteers from dozens of veteran, fraternal and service organizations entering the hospital to present ward parties, shows, and dances, all aimed at cheering the patients and hastening their recovery. We, of the American Legion, are proud of this accomplishment as we look back on our fifty years of service to God and Country.

THE AMERICAN LEGION
DEPARTMENT OF NEW JERSEY

WAR MEMORIAL BUILDING
TRENTON, N. J. 08608

Newspaper Release #50-3 to be used in conjunction with a 50th Anniversary Newspaper Supplement.

Subject: Lyons V. A. Hospital Amphitheatre

REHABILITATION MOVES OUTDOORS AT LYONS

While on an official visit to the Veterans Administration Hospital at Lyons, New Jersey, late in 1953, American Legion State Commander Raymond G. Clyons, of Hudson County, was informed by the hospital manager that there was a need at the hospital of larger facilities for special entertainment for the rehabilitation of the veterans confined there. Thus, the idea to sponsor the building of an American Legion and American Legion Auxiliary outdoor Amphitheatre at Lyons as a memorial to our comrades who gave their lives in World War I, World War II and the Korean Conflict, was born.

In March, 1954, the State Executive Committee approved the project and made plans to start a fund campaign. Posts and Units throughout the State were asked to pledge an amount that could be paid in three annual installments. Arthur Mazowiecki, of Passaic County, was appointed Chairman and in June of that year, he, State Service William "Bill" Grund, and Architect George F. Axt, of Englewood, went to Lyons to pick the site and plan the design of the Amphitheatre. The cost would be in the area of \$75,000.00.

In 1955, State Commander Mazowiecki, due to his election, stepped down as Chairman and appointed Warren R. Davies, of Union County, to carry on the program. April of 1955 saw the approval of the Veterans Administration for the proposed amphitheatre. Ground was broken in July of 1955 and, due to soaring construction costs, the original anticipated cost was exceeded by \$50,000.00 and the contract was signed to construct the outdoor entertainment center for \$125,000.00. Financing plans had to be revised and a statewide campaign was reorganized for other contributions to the fund. A serious construction delay was encountered but with the full cooperation of the hospital in certain construction changes, the program got underway.

Many area radio stations cooperated with The American Legion in publicizing the project. Stations from Morristown, Trenton, New Brunswick, WAAT in South Jersey and Television Channel 13 assisted the program with reports of the project.

The Summer of 1958 saw the construction rapidly coming to a completion and on September 6, 1958 the Amphitheatre was officially dedicated by the then State Commander, Warren Davies, of Union County. Dr. Arvin E. Trollinger, Manager at Lyons V. A. Hospital, accepted the building on behalf of the Veterans Administration.

The building is erected in a natural setting only a few hundred yards from the Administration Building and other principal buildings. Parking facilities are provided for visitors and it has a seating capacity of 2,500. It is complete with a projection room for motion pictures and stage spot lighting, comfort rooms, utility rooms, and dressing rooms for stage performers. The stage is 50 feet deep and 80 feet wide and the seating is of the channel frame park bench type.

Many shows, band concerts, motion pictures and other type of entertainment have been presented from its stage to the almost 1,800 patients that are stationed at this V. A. Installation. The benefits obtained through this rehabilitation program to these Neuro-psychiatric patients has been tremendous. Through this program, we have helped many of these patients to a more rapid recovery and return to their families and communities.

Just another reason why we are so proud as we look back on our fifty years of existence as we mark our 50th Anniversary.

THE AMERICAN LEGION
DEPARTMENT CHILD WELFARE REPORT
Department of NEW JERSEY

True copy of Report covering the 12-month period of June 1, 1967 through May 31, 1968, as submitted to the National Headquarters of The American Legion, based on 44% of New Jersey posts reporting.

MONEY SPENT AND AID GIVEN

Direct Aid:

Money given to needy families with children	\$ 10,832.02
Value of goods given (food, clothing, etc.)	<u>42,064.77</u>
Total Direct Aid to Needy Children	<u>\$ 52,896.79</u>

Cash Contributions to:

American Legion Child Welfare Foundation(Nat'l.A.L.)	\$ 535.00
Community Funds	2,983.00
The National Foundation(March of Dimes)	1,555.65
Mental Health Association	549.00
Crippled Children Society	3,718.50
Retarded Children Association	1,767.00
Red Cross	2,114.00
Other organizations helping children	<u>7,701.32</u>
Total Cash Contributions	<u>\$ 20,923.47</u>

<u>Cost of parties, gifts, similar "extras"</u>	<u>\$ 62,465.55</u>
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Miscellaneous:

Cost of any other child welfare activities	<u>\$118,384.12</u>
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CHILDREN HELPED

Direct Aid:

No. needy children helped by cash grants	517
No. needy children given food, clothing, etc.	<u>1,661</u>
Total Number Children Directly Aided	<u>2,178</u>

Extras:

No. of children given parties, gifts, similar "extras"	<u>57,323</u>
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Miscellaneous

No. children reached through other activities	<u>28,953</u>
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Help from Other Sources(Families helped to get aid from):

Public Welfare Departments	107
Veterans Administration	453
Old Age & Survivors Insurance	78
State Veterans' Relief	15
Other Agencies	<u>60</u>
Total Families Helped to Obtain Outside Aid	<u>713</u>

\$600.00 secured from National Headquarters by the Department from the National Child Welfare Fund, through request of John Dolak Post 446, Alpha, N.J., for a family whose son needed the life saving kidney machine.

(Cont'd.)

THE AMERICAN LEGION AUXILIARY
DEPARTMENT CHILD WELFARE REPORT

Department of New Jersey

Taken from Annual American Legion National Child Welfare Commission Report of activities for the 12-month period of June 1, 1967 through May 31, 1968, based on 100% of the Auxiliary Units in New Jersey reporting.

Direct aid for Food, Clothing, Medical Care and other necessities	\$ 30,343.89
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Contributions to Child Welfare Agencies	7,635.50
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Other Child Welfare Expenditures, such as cost of parties, gifts and miscellaneous	18,683.75
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Total -American Legion Posts (44% reporting) -	\$254,669.93
Auxiliary Units (100% reporting)-----	<u>56,663.14</u>
Total-----	\$311,333.07

Supplement Report on
American Legion Activities

Since all posts are autonomous bodies, with jurisdiction over their own programs, we, at the Department level, must present these facts based on general knowledge we have concerning The American Legion Posts and their activities in the communities of the State of New Jersey. An analysis of these many programs will point to the fact that the voluntary manpower, services and cash expended by Legion posts far exceed the property tax relief, in service and welfare for their communities.

About 15% of the New Jersey Legion posts do not own property and approximately 10% of the posts pay taxes on real estate which are not being used exclusively for the purpose of American Legion activities.

AMERICANISM AND NATIONAL SECURITY

1. There are some Legion posts that make their post homes available to the community for public classrooms where there are classroom shortages.
2. A post in Roebling, New Jersey, which unfortunately was gutted by a tragic fire in December of 1968, up until the time it burned down, housed the community's public library on post premises
3. In some communities, posts, with the cooperation of other agencies in the community, conduct classes for the education of the foreign born, preparing them for citizenship. At the swearing-in ceremonies, Legion posts present the new citizens with copies of the United States Constitution, small American Flags and/or flag booklets.
4. Posts purchase a scholarship booklet (NEED A LIFT?) published by the Legion's National Americanism Commission, which contains a wealth of scholarship information and they present these individually or in bulk to the schools and libraries in their community. Some posts have their own scholarship programs.

5. There are posts that operate and maintain ambulance and first-aid services for the community at no cost to the community.
6. Posts have built parks and maintain them, athletic fields, war memorials, donated flag poles and flags to the community at their own expense.
7. Posts sponsor high school oratorical contests, purchasing plaques and medals for the winners at an approximate cost of \$3,000 plus an undeterminable number of cash awards. (At the Department level the State finalists receive: 1st place, a \$500 scholarship; 2nd place, \$250 scholarship; 3rd place, \$100 scholarship; 4th and 5th place \$25.00 each. Each contestant receives a Department Citation and the first place winner receives a State Trophy).
8. 640 American Legion School Award Medals were presented during 1968 (at a cost of \$2.50 each) to outstanding boy and girl students in their community.
9. Posts sponsor Safety Essay Contests in the 4th, 5th and 6th grades, with over a thousand children participating in the State and were awarded an undeterminable number of prizes (medals, plaques, citations, cash) at the community and county levels. (State Award to finalists: \$100 bond, first place; \$75 bond, second place; \$50 bond, third place, and cash awards of \$10.00 each to four honorable mention winners. Each finalist receives citation and first place winner receives a Department Plaque and a trophy from the posts in Bergen County).
10. 105 boy scout troops are sponsored by American Legion Posts in New Jersey. The posts present the troops with American Flag, often absorb the cost of the boy scout banner, make post home available for troop meetings and underwrite financially many boy scout projects. The several posts in Salem County underwrote a boy scout program whereby 30 messages were taped by relatives of servicemen stationed abroad and the tapes were sent by Explorer Post 200.
11. Posts sponsor boys in the Boys' State Program at an approximate cost of \$50,000.

12. New Jersey posts sponsor 110 baseball teams at an approximate cost of \$1,000 each.
13. A \$200 bond is presented each year to the first place winner of the Governor's Committee to Employ the Handicapped Essay Contest "Ability Counts."
14. Many posts sponsor and/or co-sponsor Little League Baseball and Basketball Teams, conduct team dances at the post home for the youngsters in their community, hold Christmas Parties, Easter Programs, etc., for the youngsters.
15. American Legion posts co-sponsor some 87 Junior and Senior Drum and Bugle Corps, bands, drill teams, color guards, etc. In all cases the units must have an American Legion banner of the post that sponsors them and the cost of approximately \$175 for the banner is borne by the post; plus, in many instances, the post donates an American Flag, makes the post home facilities available for use by these units for meetings, rehearsals. In some cases the posts purchase the uniforms. (The Department gives \$4,000 in prizes and awards to winning units in each group).
16. In many instances The American Legion Post Home is the community headquarters for the Civil Defense Program, Red Cross, Senior Citizens, etc.
17. Posts conduct parades, memorial services and other programs for patriotic holidays.
18. Posts operate their own blood banks in the community and/or cooperate with other agencies such as the Red Cross and local hospitals as volunteers.
19. Two years ago Legion posts and Auxiliary units contributed \$110,000 for 150,000 gifts which were sent to the boys in Vietnam at Christmastime, and \$25,000 of which was donated to the Vietnam Relief Fund.

CHILD WELFARE

Submitted herewith is report of expenditures by the posts, with only 44% of the posts responding. (Auxiliary Report added separately)

(Child Welfare)

American Legion posts are now being urged to use their post facilities, in cooperation with the New Jersey State Commission for the Blind, and conduct a pre-school vision testing program, for the purpose of detecting "Amblyopia," or "Lazy eye blindness." The Flemington Post 159 in the Hunterdon County is the first in New Jersey to have started the program and as a result 10 children in that community were found to need corrective measures. At this time we have no count of how many other posts have adopted the program.

REHABILITATION

1. Posts conduct and contribute funds and services for the entertainment of hospitalized veterans in the two soldiers homes, the two V.A. Hospitals, Walson Army Hospital, and for the patients in the five State hospitals. In addition, many conduct programs for the patients in their local hospitals. Sometimes the program involves taking the patients to their Post Homes for a picnic or dinner.
2. Post Service Officers are available in the community to help veterans, widows and orphans in processing their claims with the Veterans Administration. This aid is not limited to members.
3. Posts are now in the process of contacting the returning Vietnam Veterans, with a view towards assisting them in service work, helping them get adjusted to civilian life and encouraging the young men to continue on with their education.

The statistical report of the Department Service Office is submitted.
(Does not include the service work performance at the local post level).

These are, I am sure, but a small portion of the programs in which The American Legion Posts in New Jersey participate for their community, State and Nation.

SUBMITTED BY

Very Rev. Msgr. Raymond J. Pollard

February 26, 1969

	Alexian Brothers	Holy Name	St. Elizabeth	St. Francis	St. James	St. Mary Hoboken	St. Mary Orange	St. Michael	St. Vincent	TOTAL
In-Patient	6,327	11,424	11,339	6,567	8,012	10,378	6,566	12,980	3,980	77,573
Out-Patient	29,200	58,981	32,800	15,626	23,957	19,312	6,242	73,534	3,354	263,006
Total Patient Days	63,023	105,300	98,000	77,256	66,966	94,547	69,462	117,512	32,682	724,748

N.B. These figures do not include newborns or newborn days.

CITY OF NEWARK EXEMPTIONS FOR THE YEAR 1969RATE 832

<u>NO. OF ITEMS</u>		<u>TAXABLE VALUE</u>	<u>TAX DOLLAR LOSS</u>
808	Federal Housing	158,272,300.	13,168,230
1300	<u>Public Properties:</u>		
	1. U.S.A.	17,231,300.	1,433,619
	2. State of New Jersey	5,461,300.	454,355
	3. County of Essex	37,461,200.	3,116,755
	4. City of Newark	84,379,600.	7,020,333
	5. Port Authority	56,387,000.	4,691,398
163	Public Schools	90,997,800.	7,570,950
55	All Other Schools		
	1. Parochial	9,719,100.	808,621
	2. Private	463,000.	38,522
	3. Colleges	16,234,300.	1,351,669
678	<u>Churches & Charties:</u>		
	1. Charities	10,546,000.	877,427
	2. Hospitals	22,919,900.	1,906,861
	3. Churches	50,819,700.	4,228,141
124	Cemeteries & Graveyards	<u>7,295,000.</u>	<u>606,944</u>
	Grand Total	568,187,500.	\$ 47,273,825
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4852	Senior Citizens X\$80.		388,160.
5619	Veterans X\$50.		280,950.
8	Paraplegics (etx.)	140,000.	11,648
106	Parsonage Exemptions	1,124,200.	<u>93,533</u>
			48,048,116
		272	

EXEMPT PROPERTIES
10 Year Comparison Summary - 1960-1969

Exemption Class	1960 Value x 2	1969 Value	Increase	Decrease
Public Property	128,732,600 257,465,200	200,920,400	56,544,800	
Churches and Charities	40,064,400 80,128,800	84,285,600	4,156,800	
Public School Properties	39,755,700 79,511,400	90,997,800	11,486,400	
Other School Properties	6,331,600 12,663,200	26,416,400	13,753,200	
Federal Housing	49,791,800 99,583,600	158,272,300	58,688,700	
Cemeteries & graveyards	4,351,200 8,702,400	7,295,000		1,407,400

Totals

\$144,629,900 \$1,407,400

\$ 12,033,207
TAX DOLLARS

THE FOLLOWING EXHIBITS WERE SUBMITTED BY PRENTICE C. HORNE,
President, New Jersey Association of Independent Schools:

As indicated, the attached is a listing of schools with their locations, the tuition ranges of the school's day pupils and the costs of local education for those communities in which the schools are located. It is a summary of those figures which are available to us. Certain boarding schools have been omitted since their situations are not comparable to those of a day school and the local public schools.

Also, figures were not available from certain Boards of Education. Tuition figures seemed not far out of line with the public school per capita costs.

School	1968-69 Tuition Range	Type	Municipality	Available Range of Per Capita Cost of Municipality
Beard	525 - 1300	Girls Bdg. & Day K-12	Orange	619 - 914
Brookside	600 - 1000	Coed-Day K-6	Montclair	743
Dwight	825 - 1925	Girls-Day K-12	Englewood	1169 - 1362
Elizabeth Morrow	700 - 950	Coed-Day K-6	Englewood	762
Englewood	1250 - 1500	Boys-Day 7-12	Englewood	1169 - 1362
Far Brook	475 - 1250	Coed-Day K-9	Livingston	812
Far Hills Country Day	600 - 1370	Coed-Day K-9	Far Hills	
Gill	600 - 1200	Coed-Day K-8 Girls-Day 9-12	Bernardsville	
Hartridge	650 - 1400	Girls-Day K-12	Plainfield	726
Hun	1700	Boys-Bdg. & Day 9-12	Princeton Twnshp	915
Kent Place	550 - 1450	Girls-Day K-12	Summit	773

School	1968-69 Tuition Range	Type	Municipality	Available Range of Per Capita Cost of Municipality
Kimberley	550 - 1400	Girls-Day K-12	Montclair	743 - 1025
Montclair	1425 - 1500	Boys-Day 9-12	Montclair	1025
Moorestown Friends	475 - 1000	Coed-Day K-12	Moorestown	948
Morristown	1450	Boys-Bdg. & Day 8-12	Morristown	985
Newark Academy	1375 - 1500	Boys-Day 4-12	Livingston	812
Passaic Collegiate	450 - 1050	Coed-Day K-12	Passaic	540 - 920 - 860
Pingry	1200 - 1600	Boys-Day 4-12	Hillside	613 - 794
Princeton Day	900 - 1700	Coed-Day K-12	Princeton Twnshp	915
Rumson Country Day	725 - 1300	Coed-Day K-9	Rumson	687
Rutgers Prep	1000 - 1300	Coed-Day K-12	Somerset	594 - 706
Short Hills Country Day	500 - 1200	Coed-Day K-9	Millburn	785
St. Bernards	1500	Boys-Day 7-12	Gladstone	
St. Mary's Hall (Doane Academy)	500 - 1075	Coed-Day K-12	Burlington	805
Stevens	865 - 1090	Coed-Day 7-12	Hoboken	
Vail-Deane	550 - 1200	Coed-Day K-3 Girls-Day 4-12 276	Elizabeth	638

School	1968-69 Tuition Range	Type	Municipality	Available Range of Per Capita Cost of Municipality
Wardlaw	650 - 1400	Boys-Day K-12	Plainfield	726
Wilson	595 - 1125	Coed-Day K-12	Mountain Lakes	684 - 1083
Peck	550 - 1100	Coed-Day K-9	Morristown	773 - 985
Prospect Hill	675 - 1225	Girls-Day K-12	Newark	629

NEW JERSEY ASSOCIATION OF INDEPENDENT SCHOOLS
COST SAVINGS BY MUNICIPALITIES

Municipality	School Name	Type	Total Enrollmt.	Enrollmt. from Municipality	Public School Most Recent Per Capita Cost	Columns 5 x 6
Bernardsville	Gill	Coed-Day K-8 Girls Day 9-12	276	160	669	\$107,040
Blairstown	Blair	Boys-Bdg. 9-12	360	15	799	11,985
Burlington	St. Mary's Hall (Doane Acad.)	Coed-Day K-12	352	13	805	10,465
Elizabeth	Vail-Deane	Coed-Day K-12	190	58	639	37,062
Englewood	Dwight	Girls-Day N-12	432	180	1362	245,160
Englewood	Elizabeth Morrow	Coed-Day K-6	450	237	1362	322,794
Englewood	Englewood	Boys-Day 7-12	301	99	1362	134,838
Far Hills	Far Hills Country Day	Coed-Day K-9	306	83	915	75,945
Gladstone	St. Bernards	Boys-Day 7-12	120	1	765	765
Hightstown	Peddie	Boys-Bdg. 8-12	409	40	903	36,120

Municipality	School Name	Type	Total Enrollmt.	Enrollmt. from Municipality	Public School Most Recent Per Capita Cost	Columns 5 x 6
Hillside	Pingry	Boys-Day 4-12	560	25	795	19,875
Hoboken	Stevens	Coed-Day 7-12	115	8	561	4,488
Lawrenceville	Lawrenceville	Boys-Bdg. 8-12	649	26	1041	27,066
Livingston	Far Brook	Coed-Day K-9	201	20	812	16,240
Livingston	Newark Ac.	Boys-Day 4-12	437	40	812	32,480
Millburn	Short Hills Country Day	Coed-Day K-9	291	180	786	141,480
Montclair	Brookside	Coed-Day K-6	187	126	1026	129,276
Montclair	Kimberley	Girls-Day K-12	310	179	1026	183,654
Montclair	Montclair	Boys-Day 9-12	350	160	1026	164,160
Moorestown	Moorestown Frds.	Coed-Day K-12	611	150	949	142,350
Morristown	Morristown	Boys-Bdg. & Day 8-12	193	38	985	37,430

Municipality	School Name	Type	Total Enrollmt.	Enrollmt. from Municipality	Public School Most Recent Per Capita Cost	Columns 5 x 6
Mountain Lakes	Wilson	Coed-Day K-12	167	9	1083	9,747
Newark	Prospect Hill	Girls-Day K-12	147	83	629	52,207
Orange	Beard	Girls-Bdg. & Day K-12	240	34	915	31,110
Passaic	Passaic Colleg.	Coed-Day K-12	269	32	920	29,440
Pennington	Pennington	Boys-Bdg. & Day 8-12	254	78	855	66,690
Plainfield	Hartridge	Girls-Day K-12	275	159	726	115,434
Plainfield	Wardlaw	Boys-Day K-12	294	130	726	94,380
Princeton Twnshp.	Hun	Boys-Bdg. & Day 9-12	281	54	915	49,410
Princeton Twnshp.	Princeton Day	Coed-Day K-12	762	456	915	417,240
Rumson	Rumson Country Day	Coed-Day K-9	334	140	687	96,180
Some rset	Rutgers Prep	Coed-Day K-12	454	125	706	88,250
Summit	Kent Place	Girls-Day K-12	519	133	774	102,942

NEW JERSEY ASSOCIATION OF INDEPENDENT SCHOOLS

MEMBER SCHOOLS

BOYS DAY SCHOOLS

Doane Academy
Riverbank
Burlington, New Jersey 08016
DU 6-3500
Mr. William M. Williams
Headmaster

Englewood School for Boys
34 North Woodland Street
Englewood, New Jersey 07632
LO 9-8170
Mr. Roger G. Cooley
Headmaster

Montclair Academy
Montclair, New Jersey 07042
PI 6-9800
Mr. Philip L. Anderson
Headmaster

Morristown School
Whippany Road
Morristown, New Jersey 07960
JE 9-3032
Mr. Thompson Grant
Headmaster

Newark Academy
91 South Orange Avenue
Livingston, New Jersey 07039
992-7000
Mr. Edward Standish Bradford, Jr.
Headmaster

The Pingry School
215 North Avenue
Hillside, New Jersey 07205
EL 5-6990
Mr. Charles B. Atwater
Headmaster

St. Bernard's School
Gladstone, New Jersey 07934
234-1264
Rev. Henry A. Tilghman
Headmaster

The Wardlaw Country Day School
1030 Central Avenue
Plainfield, New Jersey 07060
757-3242
Mr. Prentice C. Horne
Headmaster

BOYS BOARDING SCHOOLS

Blair Academy
Blairstown, New Jersey 07825
362-6121
Mr. James M. Howard, Jr.
Headmaster

The Hun School of Princeton
Edgerstoune Road
Princeton, New Jersey 08540
609-WA 1-7600
Dr. Paul R. Chesebro
Headmaster

The Lawrenceville School
Lawrenceville, New Jersey 08532
609-896-0138
Mr. Bruce McClellan
Headmaster

The Peddie School
Hightstown, New Jersey 08520
609-448-0155
Mr. Albert L. Kerr
Headmaster

The Pennington School
Pennington, New Jersey 08534
609-737-1840
Mr. Charles R. Smyth
Headmaster

CO-EDUCATIONAL SCHOOLS

The Brookside School
234 Orange Road
Montclair, New Jersey 07042
744-6295
Mrs. Martha C. Johnson
Headmistress

The Chapin School
Mercer Road at Province Line Rd.
Princeton, New Jersey 08540
924-2449
Mrs. Margaret Ann Young
Headmistress

The Elizabeth Morrow School
435 Lydecker Street
Englewood, New Jersey 07631
LO 8-5566
Miss Constance Chilton
Headmistress

Far Brook School
52 Great Hills Road
Short Hills, New Jersey 07078
DR 9-3442
Mrs. Winifred S. Moore
Headmistress

Far Hills Country Day School
Far Hills, New Jersey 07931
766-0622
Mr. Chalmere Handy
Headmaster

The Gill School
Claremont Road
Bernardsville, New Jersey 07924
766-2404
Mr. John Wright
Headmaster

Moorestown Friends' School
Pages Lane
Moorestown, New Jersey 08057
BE 5-2900
Mr. Merrill L. Hiatt
Headmaster

Passaic Collegiate School
Kent Court
Passaic, New Jersey 07055
PR 7-1714
Mr. John Clarke Lathrop
Headmaster

The Peck School
247 South Street
Morristown, New Jersey 07960
539-8660
Mr. Thomas M. Green, III
Headmaster

Princeton Day School
The Great Road
Princeton, New Jersey 08540
924-6700
Mr. Douglas McClure
Headmaster

The Rumson Country Day School
Bellevue Avenue
Rumson, New Jersey 07760
842-0527
Mr. Theodore K. Tishler
Headmaster

Rutgers Preparatory School
Eastern Avenue
Somerset, New Jersey 08873
KI 5-5600
Dr. David M. Heinlein
Headmaster

The Short Hills Country Day School
Country Day Drive
Short Hills, New Jersey 07078
DR 9-4550
Mr. John Carroll Murphy
Headmaster

Stevens Academy
266 Fifth Street
Hoboken, New Jersey 07030
OL 9-0946
Mr. Howard H. Bennett
Acting Headmaster

The Wilson School
271 Boulevard
Mountain Lakes, New Jersey 07046
DE 4-0181
Mr. Robert Crane Cooke
Headmaster

GIRLS DAY SCHOOLS

The Beard School
560 Berkeley Avenue
Orange, New Jersey 07050
OR 3-7132
Miss Edith M. Sutherland
Headmistress

Dwight School
315 East Palisade Avenue
Englewood, New Jersey 07631
LO 9-9500
Mrs. Margery Hanson
Headmistress

The Hartridge School
Plainfield Avenue
Plainfield, New Jersey 07060
PL 6-0035
Mrs. David Cayer
Headmistress

Kent Place School
42 Norwood Avenue
Summit, New Jersey 07901
273-0900
Mr. Macdonald Halsey
Headmaster

The Kimberly School
201 Valley Road
Montclair, New Jersey 07042
PI 6-3600
Dr. Richard K. Loveland
Headmaster

Prospect Hill Country Day School
344-346 Mt. Prospect Avenue
Newark, New Jersey 07104
HU 2-4207
Mrs. Edward P. Hooper
Headmistress

The Vail-Deane School
618 Salem Avenue
Elizabeth, New Jersey 07208
351-3141
Mr. Edward W. Hathaway
Headmaster

GIRLS BOARDING SCHOOLS

Purnell School
Pottersville, New Jersey 07979
439-2122
Mr. Lyttleton B. P. Gould, Jr.
Headmaster

St. Mary's Hall
Riverbank
Burlington, New Jersey 08016
609-DU 6-3500
Mrs. Thomas W. Slater
Principal

NEW JERSEY ASSOCIATION OF INDEPENDENT SCHOOLS

Miscellaneous Information

Total number of students enrolled
(37 schools) 11,481

Total amount of scholarship aid awarded
in 1967-1968 (35 schools) \$874,291

Total value of school plant, including
land and buildings (35 schools) \$42,946,704

Total excess of expenses over income
(excluding gifts) for 1967-1968
(35 schools). This amount for current
operating expenses must be raised by
soliciting contributions on an annual
basis. \$ 1,117,904

Number of schools currently engaged in
actively soliciting funds for endowment
purposes, as distinguished from annual
giving and/or building funds 11