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

on

ASSEMBLY BILL NO. 194, entitled "An Act
concerning taxation and supplementing
Title 54 of the Revised Statutes."

before

ASSEMBLY COMMITTEE ON COUNTY AND MUNICIPAL
GOVERNMENT

Held:
Assembly Chamber
State House
Trenton, New Jersey
June 7, 1966

MEMBERS OF COMMITTEE PRESENT:

Assemblyman S. Howard Woodson [Chairman]

Assemblyman Vito A. Albanese

Assemblyman Robert E. Henderson

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ASSEMBLYMAN S. HOWARD WOODSON: [CHAIRMAN] - Ladies and gentlemen, I have the names of the following persons who have indicated a desire to testify this morning. If I do not call your name, would you kindly come forward and sign your name on the sheet so that we will be able to hear all who desire to testify today. John J. Muka, Chairman of the Board of Directors of the Hamilton Citizens Alliance; Mr. James Alloway, Business Administrator, Woodbridge, New Jersey; Mayor Bell of Ridgefield; Jerome Krueger, City Attorney, Linden; Mrs. Christine Burke from Linden; and from the Department of Finance, Jersey City, Lawrence J. Cumise. Have I called the names of all those persons who sent letters in? Oh, in addition, Mr. Bernath of Hamilton Township. If some other names have not been called, will you kindly come forward and sign the register for me, please.

[Additional people sign register to speak.]

I would like to introduce into the record an editorial submitted by Mr. Albanese from the Trenton Times and a letter from the Bergen County Board of Taxation, also a resolution in opposition coming from the Township of Pennsville, and a resolution from the Township Clerk of Hamilton Township.

We are here today to continue public hearing on A 194, which is more commonly known as the Gross Receipts and Franchise Tax Bill, introduced by Mr. Albanese.

The first witness to testify this morning would be Mr. Lawrence J. Cumise, Director of Finance for the City of Jersey City. Is Mr. Cumise present? [No response.] He has not arrived as yet. Is there anyone here who wishes to

Speak in his place from Jersey City?

MEMBER OF AUDIENCE: I am not from Jersey City, but I know he will be here. I wonder if you could hold him for a while.

MR. WOODSON: All right.

From the City of Linden, Mr. Jerome Krueger, City Attorney. Is Mr. Krueger present? [No response.] He isn't here also.

Mr. Pellacani, Tax Collector of the Borough of Ridgefield.

W A L T E R P E L L A C A N I: Chairman Woodson, Members of the General Assembly Committee on County and Municipal Government: Within these chambers many views have been presented during the past public hearing and today, and probably many more views will be expressed outside these walls for some time to come.

With that in mind, I would like to make my comments as brief as possible and to the point.

In order to keep their municipalities beautifully residential many governing bodies have prevented industry, much less electric generating stations, to be built within their boundaries. Under Assembly Bill 194 these same municipalities would financially benefit from such installations.

A 194 does not create any new source of revenue, but simply takes from one municipality and gives to another.

One argument expressed by the proponents of A 194 is that in the case of electric generating stations all the surrounding townspeople also purchase the power and should

share in the gross receipt taxes. All the surrounding towns-people also purchase automobiles, refrigerators, television sets, pharmaceuticals, etc. - why shouldn't they also receive from the municipalities where these products are manufactured a greater share in the taxes received? Yes, I am aware that these municipalities are paying a share of real and personal property taxes to the county, but only about twenty-five per cent of the tax bill. Under A 194 the Borough of Ridgefield would be paying to the county approximately sixty per cent of the money it receives from gross receipt and franchise taxes.

There are twenty-one counties in the State of New Jersey - sixteen have electric generating stations. There are five hundred and seventy municipalities in the State of New Jersey - five hundred and sixty-seven are receiving various amounts of gross receipt taxes - all are receiving franchise taxes.

In conclusion I would like to ask the sponsors of A 194 if they have investigated the immediate and future effects of such legislation on each of the five hundred and seventy municipalities based on 1965 figures?

Thank you for allowing me to express my views on this bill.

MR. WOODSON: Mr. Albanese, do you have any questions on his statement that you'd like to ask?

MR. ALBANESE: I would like to ask Mr. Pellacani: How much does Ridgefield receive in gross receipts taxes?

MR. PELLACANI: Gross receipts?

MR. ALBANESE: Yes.

MR. PELLACANI: About one million nine.

MR. ALBANESE: And how much do you estimate you are going to be paying the county out of that?

MR. PELLACANI: Well, I am at a disadvantage. You already have the figures that were computed by the County Board.

MR. ALBANESE: What prompted me to ask the question is that by the statement you just made, you would be paying 60 per cent of that money to the county. It doesn't quite jibe with the figures I have.

MR. PELLACANI: About \$750,000 more than we are paying now, which would bring our tax bill over a million dollars a year to the county.

MR. ALBANESE: How much are you paying now to the county in taxes?

MR. PELLACANI: How much are we paying now to the county?

MR. ALBANESE: Yes.

MR. PELLACANI: A little over \$300,000.

MR. ALBANESE: You are paying \$300,000 now?

MR. PELLACANI: Right.

MR. ALBANESE: You estimate that if this bill passes, you will be paying the county about \$900,000?

MR. PELLACANI: Over a million.

MR. ALBANESE: Over a million.

MR. PELLACANI: What I had asked was - I mean, a bill of such magnitude which would have such chaotic financial

effects on so many municipalities within the State - have you reviewed these effects on all municipalities?

MR. WOODSON: We will hear from you, Mayor Bell, following this, to give us the figures that Mr. Alito is asking for. Mr. Alito, Mayor Bell says he will be able to give those figures in a much better way.

MR. PELLACANI: These figures that Mr. Albanese has - they are only for one county. Am I correct in assuming that? Well, certainly a bill that would affect the entire state - don't you think the same thing could have been worked up for every county?

MR. ALBANESE: I don't know that it was my responsibility to do that. I think the towns that were affected who seem to feel so strongly about it could have undertaken and should have undertaken the same as I did to find out exactly how it would affect them.

The letter I have says the county tax rate will be dropped by about 3 1/2 points. Is that right, Mr. Woodson?

MR. WOODSON: Yes.

MR. ALBANESE: -- the letter that we put in the record.

MR. PELLACANI: What would the other towns be gaining by this bill in Bergen County?

MR. ALBANESE: It is estimated that a drop in the county tax rate of about 3 1/2 points may well mean 6 or 7 points in the local tax rate in many municipalities.

MR. PELLACANI: I mean, on your chart that you kindly allowed me to look at at the last hearing --

MR. ALBANESE: I didn't allow you to look at it?

MR. PELLACANI: You did. I say you did.

MR. ALBANESE: It wasn't correct, by the way, the last one. This one is correct.

MR. PELLACANI: I realize it wasn't correct. I mean, on the corrected copy - I assume it is corrected now - what, let's say, is a small town of about ten or twelve thousand people - what would they be gaining, other than Ridgefield, I mean? Of course, Ridgefield is losing. Say, Palisades Park, Fairview or Cliffside Park or Fort Lee.

MR. ALBANESE: You are welcome to see this chart here. Rather than picking towns out, I would much rather you look at the chart and satisfy yourself.

MR. PELLACANI: The point I am trying to make is what the other 69 municipalities, let's say, in the case of Bergen County will gain would be so small. In other words, if I remember correctly, I think some towns would only gain five or six thousand dollars.

MR. ALBANESE: Let me say this to you, Mr. Pellacani, in a town with a tax rate of 2.65 or 2.35, 7 or 8 points is a lot of money.

MR. PELLACANI: Well, five or six thousand dollars couldn't mean 7 or 8 points.

MR. ALBANESE: Most mayors would be delighted if they could drop the tax rate 6 or 7 points. I think they could win re-election on that basis. So I wouldn't demean the idea that the tax rate could be dropped in any of the municipalities. The idea that the town tax rate goes down 3 1/2 points, I think is sufficient justification for this bill and Bergen

County is only an example of what no doubt is going to recur and recur in every one of the 21 counties, that the county tax rate will drop appreciably. So it will be felt. It will have an effect. The better sharing of this money only means that those municipalities which have, in my opinion, been getting away with something for years will finally come home and become part of the process of equating the tax burden.

MR. PELLACANI: Well, it is only taking from one and giving to another.

MR. ALBANESE: No. I don't agree that it is taking from one and giving to another. I really believe that --

MR. PELLACANI: There is no new tax created, you agree?

MR. ALBANESE: It is more equitably distributing the taxes so that the cost of government is more equitably distributed.

MR. PELLACANI: In other words, you have only investigated the effects on one county.

MR. ALBANESE: Some other counties --

MR. PELLACANI: In other words, I mean, I am not a legislator - I don't know - but how can you possibly submit a piece of legislation not knowing what the effects are going to be on the entire State? This is State sponsored. This is going to affect every municipality in the State, not only Ridgefield, which you seem to be very concerned with.

MR. ALBANESE: We have also Mercer County here, which took the trouble to equate it. Do you want to include that in the record or has that already been included?

MR. WOODSON: It has already been included.

MR. ALBANESE: So it is not so that it is just one county; several counties in the State have taken the time to do this. I think, Mr. Pellacani, you are pretty learned in this field. If you are so concerned about the bill's effects, I don't see why you wouldn't be interested enough to --

MR. PELLACANI: Well, I didn't write the legislation.

MR. ALBANESE: Well, I took several counties as an example of what could happen. I think that was sufficient to prove my point of view.

MR. PELLACANI: I think each county might work out a lot differently.

MR. WOODSON: May I make this statement before you leave, Mr. Pellacani: The members of this Committee are not sponsors of the bill, only Mr. Albanese.

MR. PELLACANI: I know that.

MR. WOODSON: I want to make that absolutely crystal clear.

Before you leave, sir, would you be able to tell me - in the area of Ridgefield where your utility is located, are you able to locate any other industries on the same plot of ground or in the same general area of the utility? In other words, is the utility at the present moment taking up a sizable tract of land which could have been used for other industrial ratables?

MR. PELLACANI: That's correct.

MR. WOODSON: What would be your estimate --

MR. PELLACANI: I believe our Public Service - and I

think our Assessor or Mayor would bear me out - if I am wrong, they can correct me - I think it's a little over 90 acres or 100 acres of ground Public Service is now occupying. I have been corrected. It is 200 acres. I'm sorry. If Public Service wasn't there, I am sure that we could attract other industry and we certainly could get other ratables.

MR. WOODSON: But because they are there, you are unable to locate any industry in that particular tract.

MR. PELLACANI: That's correct because they own the property and they prohibit anything else from coming in there.

MR. WOODSON: Mr. Henderson has a question.

MR. HENDERSON: As a result of this facility that you have, do you have to furnish unusual services? Does it affect your Fire Department or your Police Department? Are there any extra services that you have to furnish to this industry as a result of this facility in your municipality?

MR. PELLACANI: I am not a member of the Police Department or the Fire Department. I can only guess at the answer, but I would assume it would be the same as any other industry would receive as far as fire protection and police protection are concerned.

MR. HENDERSON: As a result of having this facility, I would be led to believe that you would have to furnish additional services in some capacity. You mentioned one thing that is detrimental and that is because you have this facility, you are deprived of inviting other industry. This is so.

MR. PELLACANI: It is correct because they are occupying

a great deal of prime industrial property that ordinarily would be used for something else, for other industries.

MR. HENDERSON: I would believe that perhaps you have to furnish additional services as a result of having something as good as this.

MR. PELLACANI: Well, as I said before, I am not familiar with the workings of the departments, but I assume, since it is a larger installation, probably the services would be increased.

MR. ALBANESE: I have another question, Mr. Chairman. Ridgefield has quite a lot of industrial ratables, right?

MR. PELLACANI: That's correct.

MR. ALBANESE: It has good-sized industrial ratables?

MR. PELLACANI: That's correct.

MR. ALBANESE: Out of all the industrial ratables in Ridgefield, how much in taxes do you get from all of the industrial ratables combined?

MR. PELLACANI: I'm sorry. I don't have those figures with me.

MR. ALBANESE: You are the tax collector.

MR. PELLACANI: I'm sorry. I still don't remember them.

MR. ALBANESE: I estimate it is around \$700,000 all together, for the whole town. All the taxes you collect from everywhere else only runs around \$785,000.

MR. PELLACANI: You are speaking of real estate taxes.

MR. ALBANESE: I am talking about all the taxes combined from all of the industry and all of the homes and all the personal property; Ridgefield only takes in about

\$785,000. This is your whole town.

MR. PELLACANI: That is because Public Service occupies so much property that we can't attract any more industry. They have probably 80 per cent of all the industrial property within the borough.

MR. ALBANESE: What is the size of Ridgefield?

MR. PELLACANI: In area?

MR. ALBANESE: Yes.

MR. PELLACANI: I think it is about four and one-half square miles.

MR. ALBANESE: Four and one-half square miles.

MR. PELLACANI: About two and one-half miles of it is meadowlands.

MR. ALBANESE: And that is where your industry is.

MR. PELLACANI: That's right.

MR. ALBANESE: What I am pointing out is that all of your industry combined, all of the property combined, in Ridgefield - Ridgefield only takes in \$785,000 - I believe that's the correct figure - in tax moneys as compared to the \$2,000,000 it takes from this one complex, this one item.

MR. PELLACANI: Are you speaking of the budget - I mean the money to be raised by local taxes?

MR. ALBANESE: I am talking about all the money you take in.

MR. PELLACANI: I say Public Service occupies so much of our land that we can't attract more industry and attract more ratables. They have about 200 acres.

MR. ALBANESE: Because they are there you can't attract them?

MR. PELLACANI: No, because they own the property.

MR. ALBANESE: I know, but you are attracting all around Public Service on either side. All the other industrial area is being utilized for industry and industry is coming in.

MR. PELLACANI: I don't follow your point. I don't understand what you are trying to drive at, Mr. Albanese.

MR. ALBANESE: I am just trying to point out that the Public Service Plant is giving you a bounty in itself.

MR. PELLACANI: No more than Ford in Mahwah or any other big industry.

MR. ALBANESE: You have a lot of industry in the borough which is paying nominal costs and their nominal share of taxes. The exclusion of Public Service, if it wasn't there at all, it would not harm Ridgefield. If it never received that \$2,000,000, Ridgefield has enough ratables or enough industry to have a decent tax rate and still be all right.

MR. PELLACANI: But the point remains that Public Service is there and we still have a generating station. It is there and that's the point. And with that in mind, we have based our economy and our financial structure along those lines.

MR. ALBANESE: I know. You built an economy where you are not paying a dime in municipal taxes. That's what you did. You don't pay a dime in municipal taxes.

MR. PELLACANI: You mean we don't raise any money; is that what you mean?

MR. ALBANESE: Right. You only have a school tax.

MR. PELLACANI: And a county tax.

MR. ALBANESE: So you built your economy where the rich get richer and the poor are poorer. That's what this amounts to.

MR. PELLACANI: Your bill amounts to one taking from another. You are robbing Peter to pay Paul. It's the same thing.

MR. ALBANESE: No, you are not. You have not found ways of spending this money and you refuse to share it. That's what I want the record to show.

MR. WOODSON: I think that the record should show also that your point is that if the utility was not located there, you could have located other valuable industrial ratables at that same site and therefore your income would again have been increased by virtue of industrial ratables located there.

MR. PELLACANI: That's right.

MR. WOODSON: Thank you very much.

Mayor Bell, would you care to testify now?

MR. BELL: Yes, sir.

MR. WOODSON: Mayor Bell of Ridgefield.

J O H N H. B E L L: Thank you, Reverend. I just would like to comment briefly and submit this because I have appeared. You gave me the courtesy to appear at the previous meeting.

I wish to express my appreciation for the courtesy shown in forwarding to me a transcript of the proceedings of

the previous hearing held on April 27th.

I would like to note on page 64 of this transcript that a figure of 195,000 acres is mentioned. The correct figure, of course, is 194 acres, a factor which I have referred to later in my statement.

Since the first public hearing, I have received a schedule from the Bergen County Board of Taxation, which body has made a complete series of calculations showing the effect Bill A 194 would have had on all 70 municipalities composing our County of Bergen for the year 1965.

It indicates that the County taxes paid by the Borough of Ridgefield would have increased from \$343,111.53 to \$1,254,699.75. This increase of \$911,588.22 would have been levied on our community with an approximate population of 12,000 people with no additional county services being received in lieu of the vast additional county taxes paid.

Total county taxes paid by all municipalities within our confines amounted to \$21,227,606.22 in 1965 for an average county tax of \$303,251.00 per municipality. Bill A 194 would ask Ridgefield to pay \$1,254,699.75, four times the average paid. Surely we have a gross inequity present in this bill.

As a further comparison, I desire to present the following figures, all compiled by the County Board of Taxation, which indicates the name of the municipality, the county taxes that would have been paid in 1965 if this bill had been in effect, and the estimated population of each of these communities. Ridgefield would have paid, as I said

before, \$1,254,699.75, with a population of 11,700 people. Englewood would have paid \$707,934.30 with a population of 26,700 people. Fair Lawn, \$860,000 with a population of 37,800 people. Hackensack, the county seat, the total taxes would have been \$820,000 with a population of 32,100. Paramus, taxes would have been \$916,000, with a population of 25,800. Ridgewood, \$750,000 with a population of 26,400. Teaneck, \$972,000 with a population of 43,600. Palisades Park with a population of 13,000 would have paid \$289,000. Maywood, with the same population as Ridgefield of 11,700, would have paid \$235,000.

These figures prepared by the County Board of Taxation thus indicate that Ridgefield, a medium-size community, would have a county tax levy totalling more than one and one quarter million dollars. No community in the County of Bergen, regardless of population, would closely approach its levy. This would be true despite the fact that certain municipalities possess twice, three times, and in the case of our largest county municipality, four times our population. In addition, we would pay over five times the levy paid by a community of similar population to Ridgefield's.

In closing, I would also desire to point out the fact that at the present time higher values are placed on our properties than the values placed on properties in surrounding communities. Thus our present county taxes are greater than for similar communities.

I am certain that a study of the complete calculations for all municipalities in the other 20 counties of the State

would also indicate the inequities of Assembly Bill No. 194.

Thank you.

MR. WOODSON: Any questions, Mr. Albanese.

MR. ALBANESE: Yes. You are aware, Mr. Mayor, that Ridgefield pays a tax rate of 75 cents per hundred, correct?

MAYOR BELL: This is a calculation which was made after arrival.

MR. ALBANESE: All we want to do is show disparity, the great disparity that exists between Ridgefield and some of the other municipalities. Cresskill, 2.95; Demarest, 3.47; Dumont, 3.30; East Paterson, 2.38; East Rutherford, 2.35; Glen Rock, 2.77, and so on down; Haworth, 4.15. This is the disparity in the tax rate in Bergen County. And you are trying to tell me, sitting here and testifying, as though Ridgefield is going to be injured as a result of this bill? I don't see it.

MAYOR BELL: This is not the true picture that you are quoting because you are quoting the tax rate and the tax rate is not the only important thing involved. This is one factor. Ridgefield's tax levy as you mentioned before was roughly \$700,000. Actually part of our tax levy is the amount of taxes that are received from the county - from the Public Service. So, therefore, actually our tax levy is \$2,128,000 received plus \$700,000 or about \$2,800,000. It happens that Public Service pays this levy and Public Service is a taxpayer just the same as any other industry within the municipality. You have asked a number of questions of

Mr. Pellacani. Unfortunately he hadn't received this statement from the County Board of Taxation, which I did receive because I contacted them personally. I would say this, in all fairness, that the only way the Committee is going to have a true picture of this entire bill and its effect on the 570 municipalities is for each one of the 21 Boards of Taxation for the 21 counties to do exactly as the County of Bergen Board of Taxation did. I would like to compliment them. I have always been a student of calculations and this is one of the most complete statements, most intricate statements, because it requires a good deal of interpolation because what is changed here for one community affects every other community. I would in all truth say to you that the only way you are going to have -- I don't care what those other statements Mr. Albanese has presented to you, but unless you have a statement like this from each of the 21 counties, you could not come up with a complete answer to all the questions that you could have. This is very fine and I would like to compliment the Bergen County Board of Taxation.

MR. ALBANESE: I just want to add this to the record. Ridgefield has the lowest tax rate out of 70 municipalities in Bergen County with the exception of Teterboro. Even if Ridgefield had to pay the county the excess amount of money that it is complaining about, it still would be able to maintain its tax rate. That is a hard, fast statement. You would still be able to maintain your tax rate, even paying the county a million dollars.

MAYOR BELL: Assemblyman, would you just repeat that?

MR. ALBANESE: My opinion is that you would still be able to retain the 75 cent tax rate, even if you had to pay the county the extra \$600 or \$700 thousand.

MAYOR BELL: The answer to that is that absolutely that is in error, completely in error. I would say very roughly speaking, without going into further calculations, that the average home in Ridgefield, if it paid \$400, under your bill the taxes would go up, taking all these factors into consideration, to a figure over \$1,000.

MR. ALBANESE: How much surplus did you have last year?

MAYOR BELL: The surplus runs around, which we use for normal operations, eight or nine hundred thousand.

MR. ALBANESE: Eight or nine hundred thousand?

MAYOR BELL: That's right, which is purely a bookkeeping entry - purely a bookkeeping entry - just the same as you in the State government here have your surplus figures. It's entirely the same. Our operations are on a pay-as-you-go basis. In addition to this, with the surplus, we have to build up a Sinking Fund Reserve to pay off school bonds which we are obligated to pay, which a lot of communities are also doing.

But I will say that your statement that this new levy by the county would have very little effect is completely in error. You could not have possibly made any calculations with people who know about this because this is entirely in error.

MR. ALBANESE: You are transferring money. You have no

municipal taxes. You have none that you have to levy. You only levy the school tax and you transfer surplus to the schools, to the Sinking Fund, to pay off the bonds.

MAYOR BELL: This is once again only a bookkeeping entry. A tax rate is a tax rate. We have it the same as the other municipalities.

MR. ALBANESE: It is still 75 cents, the lowest of 70 municipalities outside of Teterboro.

MAYOR BELL: Plus what is paid by the Public Service in lieu of the taxes that they ordinarily would have paid.

MR. ALBANESE: The next lowest is \$1.49, believe it or not.

MAYOR BELL: But once again, the tax rate is not the only important factor. The most important thing is the tax dollar. This is what all taxpayers are interested in, the tax dollar, not the tax rate or the assessed valuation. It is the tax dollar that is important. You can make all sorts of calculations based on evaluations, etc., but when the final result is in, what is important is the amount of tax dollars paid by the taxpayer. This is what they are interested in.

MR. WOODSON: Any other questions?

MR. HENDERSON: Mayor Bell, you say the taxes now are \$400. Is this the figure you used, \$400?

MR. ALBANESE: There is nobody paying \$400 in Ridgefield unless you own a hundred thousand dollar mansion.

MR. HENDERSON: What was your \$400 that went up to \$900? Did somebody mention that?

MAYOR BELL: I did. What I did say is this: I took a theoretical example. I would estimate in general in contradiction to what Mr. Albanese said - I would say if this bill had been in effect last year, 1965, a home that would have been paying \$400 or that paid \$400 would have paid a minimum of \$1,000 rather than the \$400 and I can prove that statement.

MR. ALBANESE: Is there anybody paying \$400 tax on a home in Ridgefield?

MEMBER OF AUDIENCE: Oh, yes.

MAYOR BELL: Very certainly, and you know that without asking the question, Mr. Albanese.

MR. HENDERSON: That's why I asked you the question. We hear a lot of figures and a lot of talk. I want to know actually if somebody is paying \$400 taxes in Ridgefield at the present time and the answer is yes. Is that right?

MAYOR BELL: The answer is yes.

MR. HENDERSON: And if this were to be changed, they would pay a thousand dollars.

MAYOR BELL: That is right.

MR. HENDERSON: Thank you very much.

MR. WOODSON: Mayor Bell, you have also suggested that in order to get a very clear picture of the effect of this bill we should get figures from all 21 counties. Is that correct?

MAYOR BELL: That's right, sir.

MR. WOODSON: Thank you, sir.

We will have Mr. Michael Denenberg, Tax Assessor,

Borough of Ridgefield.

M I C H A E L D E N E N B E R G: Rev. Woodson and members of the Committee: At a time when all legislators, municipal officials and citizens are attempting to encourage growth of our State through industrial development and the attraction of business and industry from other areas of the country, we are confronted with a detrimental piece of legislation, namely, Assembly Bill No. 194.

Speaking as the Tax Assessor of the Borough of Ridgefield, I would like to relate the facts of our industrial growth during the short time the Public Service Electric and Gas Company has had a generating station in the Borough.

During the past two years, one of the nation's leading cosmetic companies has built a factory and warehouse, a well-known knitting mill has built a factory and offices and many of our older companies have expanded their facilities. At present one of the world's leading perfume and cosmetic manufacturers is contemplating expansion and the construction of a new structure.

During the past year I have had conferences with representatives of several corporations from the New York area who are interested in construction of plants and warehouses in New Jersey. One of the important factors they intend to take into consideration is the stability of the tax structure.

These new industries have not only benefited Ridgefield, but have in addition benefited both the County of Bergen and the State of New Jersey. Many new jobs have been created,

resulting in additional revenues for the State.

Recently a large mail order firm which would employ an estimated 300 employees had contemplated expanding their operations to our area. This has been postponed for the future, possibly awaiting the outcome of legislation such as A 194.

Assemblyman Albanese, who I believe always has championed the cause of labor, has sponsored A 194, which will act as a detriment to the creation of new jobs in municipalities that have always encouraged industrial development. I do not wish to think of the many workers of the future who will not find employment if A 194 is approved.

Gentlemen, I am reasonably sure that the knitting mill I previously mentioned would have located in one of the southern states had it not been for the tax structure of Ridgefield. To quote the Comptroller of this Corporation, "With the tax structure in Ridgefield we can still remain in New Jersey and be competitive."

Ridgefield is relatively small in area and has approximately 12,000 in population. In Bergen County which has 70 municipalities, only 18 pay more county taxes than we do. If A 194 should be adopted, Ridgefield will be the highest county taxpayer, ranking above Paramus, Teaneck, Englewood, Fair Lawn, Ridgewood and Hackensack. Does this sound fair?

Gentlemen, I believe that the tax advantage derived by the communities not having generating stations will be so small and negligible that their tax rate will not be

affected if A 194 is implemented; however, the financial and economic chaos in the communities having generating stations will be permanent and irrevocable.

In closing, I would like to state that legislation which is harmful to individual communities will be equally harmful to the State as a whole. Attempts to sacrifice the economy and years of planning of certain municipalities for the questionable benefit of other municipalities is morally, if not legally wrong.

Thank you for allowing me to address this Committee.

MR. WOODSON: Any questions?

MR. ALBANESE: No.

MR. HENDERSON: I would like to ask you a question, Mr. Denenberg. You mentioned, if I understood you correctly, that certain industries had shown an interest in locating in your community. Is that right?

MR. DENENBERG: Yes, sir. I have had many conferences in the past year with people from the New York area.

MR. HENDERSON: In the past year?

MR. DENENBERG: Yes, sir.

MR. HENDERSON: And since they were made aware of the proposal of this bill, they have lost interest?

MR. DENENBERG: Yes. I have one case of a firm who would employ approximately 300. I believe they are awaiting the outcome of legislation, this particular piece, and just as a side light, I clipped an article from the paper, "The Record," Wednesday, June 1, where you gentlemen had passed a wonderful piece of legislation. It is headed, "Industry-Lure

Plan passed in the Assembly, 53 to 1." It is the Administration's State Economic Development - Assistance Act.

You are more familiar with it than I am.

Now we in Ridgefield have the people interested in coming in without paying for it. They are willing to develop the meadowlands. They are willing to do the work for they feel that they can remain competitive in a place like Ridgefield. I know of several industries that are contemplating very large expansion projects, which I feel that if A 194 is implemented, to put it in slang, it will go down the drain, because these people are interested in being competitive. They are very tax-dollar conscious. They are willing to pay their fair share. But in business they do have to remain competitive. As I said before, this one new mill that is in town less than a year would have located in a southern state had it not been for Ridgefield. And at a time when you gentlemen are trying to encourage large industry - and I could mention it, it has been in all the papers - the Stock Exchange - you are passing legislation favoring them or you are attempting to or you are favoring it - you turn around and do exactly the opposite with A 194. These businessmen are not fools. They see on one hand you are trying to encourage them to get here and on the other hand once they are here, you are going to hit them on the head.

MR. ALBANESE: Is this your thesis, that we should create tax havens for industry?

MR. DENENBERG: I didn't say a tax haven. Ridgefield is not a tax haven.

MR. ALBANESE: Ridgefield is a tax haven. Absolutely it is a tax haven for industry. I think that is the most immoral thing I have ever heard, the idea that anybody should be allowed not to pay their fair share of the burden of communities surrounding it, the burden of equitable taxation. I remember in the history books they say taxation without representation was the cause of the Revolutionary War. This makes sense. It seems to be that taxes even then were uppermost in people's minds. Yet we have people continually talking about - somebody should get a favorable treatment on taxes, particularly industry. This annoys me no end, the idea that we should create a haven for industries' not paying their taxes.

MR. DENENBERG: I am very surprised you talk that way, Mr. Albanese. You seem to have an animosity for industry. Don't forget that your employees --

MR. ALBANESE: Not at all. I only expect that industries pay like a homeowner or like any other citizen.

MR. DENENBERG: What are these 300 employees going to do if A 194 is passed and this business doesn't come to Ridgefield and decides to move to Delaware or North Carolina? What about the 200 people that are working for this new knitting mill that would have been in North Carolina?

MR. ALBANESE: You are still advancing the theory that unless we kowtow to these people, they can beat us over the head. I don't agree with that. I think that is wrong. You ought to get away from that concept.

MR. DENENBERG: We are not kowtowing to them. They

moved into a situation, - that the only reason they moved in was because Public Service is there. Public Service is there. They find they can be competitive. They shopped around. When you shop around in a discount house, you like to get the best buy for your dollar. Those people shopped around and they found in locating in New Jersey they were able to come to Ridgefield. We are not a tax haven. We pay more than our fair share for our proportion of the population.

MR. ALBANESE: Would Ridgefield house those 300 people? Would Ridgefield provide the schools for those 300 people?

MR. DENENBERG: If we had to.

MR. ALBANESE: That's just it - you wouldn't have to. Every other municipality would have to. So industry will come in and will employ 300 people, you say.

MR. DENENBERG: Yes.

MR. ALBANESE: Yet somebody has to feed and house those people - take care of traffic - give them schools for their children. But Ridgefield should pay or industry which came to Ridgefield and created the problem should avoid its responsibility. I think everything equates itself if you look at it honestly.

MR. DENENBERG: Are you saying industry creates a problem?

MR. ALBANESE: Absolutely.

MR. DENENBERG: Then why are you esteemed gentlemen trying to encourage industry in our wonderful State.

MR. ALBANESE: Industry is just a part of the community and it should be treated no differently than another part of the community. It shouldn't have a preferable treatment.

MR. DENENBERG: As I said before, Mr. Albanese, I tend to think you have an animosity toward industry. To quote you, I asked you if industry creates a problem and you said yes.

MR. ALBANESE: Absolutely. Does it not?

MR. DENENBERG: It creates wonderful problems.

MR. ALBANESE: You think so?

MR. DENENBERG: That's why we are trying to encourage it right now. You gentlemen just passed a bill 53 to 1.

MR. ALBANESE: Pretty soon we'd better start thinking about people. Industry doesn't create any problems? - air pollution? Who creates the problem?

MR. DENENBERG: Well, people work for industry.

MR. ALBANESE: I know that, but that doesn't mean to say industry has to poison us.

MR. DENENBERG: People pay sales tax, Mr. Albanese.

MR. ALBANESE: As I keep telling you, you want to create a situation where industry has it nice and easy and where they are allowed to pollute the air and if you have to get the air cleaned, you have to give them a special break because it is industry - they are creating jobs. The whole thesis is - Don't let them pay.

MR. DENENBERG: Mr. Albanese, these people are going to pay sales tax and all other taxes. These people that

come to New Jersey are going to pay their fair share. As far as I am concerned, they are perfectly welcome to live in my town or any other town and industry attracts these people. You have just passed a piece of legislation called the sales tax. Without people, no one would pay the sales tax, Mr. Albanese.

MR. ALBANESE: The people are paying it. That's right.

MR. DENENBERG: And these people have to work.

MR. ALBANESE: No manufacturing plant will have to pay the sales tax either.

MR. DENENBERG: I am really surprised at you as a union official that you would talk this way, as disparaging as you are against industry - I really am.

MR. ALBANESE: I am trying to answer your concept. You opened the door on it.

MR. DENENBERG: It's very clear.

MR. ALBANESE: Oh, my God, they might not come in. We lose 300 jobs. You brought it up. I don't think that that's the issue here. The issue here that we are talking about today is: Shall we fairly distribute the tax moneys that come from gross receipts? That is the subject under discussion.

MR. DENENBERG: I didn't open it. You gentlemen in this Legislature opened that subject of attracting industry.

MR. ALBANESE: At this hearing here, you brought the matter up.

MR. HENDERSON: May I say something, Mr. Chairman?

MR. WOODSON: Yes, Mr. Henderson.

MR. HENDERSON: I just wanted to say that there's an impression here that somebody doesn't like industry. It isn't me. I like industry. We want all we can get.

MR. DENENBERG: Wonderful.

MR. ALBANESE: So do I.

MR. HENDERSON: I think this is the sentiment of the entire administration. As a matter of fact, I think the Governor was identified with this bill that you are talking about.

MR. DENENBERG: Yes. I didn't read the whole article.

MR. HENDERSON: I wouldn't want the impression to be gathered that we don't like industry. We all like industry. I have been mayor of a city for many years and I know how important industry is to the communities. As I mentioned in the beginning, doesn't the industry bring about some problems? I tried to get that out of somebody, that it does and its an expense to the city to service an industry.

MR. DENENBERG: Yes.

MR. HENDERSON: I don't know who the one vote was - 53 to 1.

MR. DENENBERG: It was Assemblyman William K. Dickey of Camden County.

MR. ALBANESE: A Republican yet.

MR. HENDERSON: I didn't want to get into politics. I live in the hometown of Senator Case and I'm a Democrat.

But I would just like to clear the record on that point, that we do like industry and I don't want anybody to get the impression that we don't like to encourage it. We

know it presents problems and we are always trying to correct them as legislators. And I don't want you to be offended by anything that you hear. This is a research committee. We are trying to find facts and when we can put them all together, we will be in a position to propose some legislation which would not impose a hardship on anybody and when I say this, we are thinking of the community of Ridgefield too. I have heard Mr. Albanese argue many times for the communities throughout the State and I respect him for it. So I think that if you accept some of these things in the wrong vein during a debate or a discussion between you and Mr. Albanese, you both can be forgiven.

MR. DENENBERG: No. I am sure from the way Mr. Albanese voted that he does want to encourage industry or he wouldn't have voted for the various pieces of legislation.

Just getting back to one point, you mentioned about municipal services being increased, it is very true that municipal services are increased. Our Fire Department has to go to the meadows quite often. Public Service owns a little under 200 acres. Our ambulance corps is out there quite a bit. Their people are in a semi-hazardous industry. They have gotten hurt severely. And our Police Department has problems out there of various natures.

MR. HENDERSON: I tried to bring this out in the beginning because I know there are --

MR. DENENBERG: There are many more roads that we have to patrol because of Public Service.

MR. HENDERSON: And I think the impression shouldn't be gathered that this is a committee here this morning that

is trying to penalize Ridgefield. This is a committee looking for information and I think that when all the information is gathered, a proposal will be made to the Assembly as a whole; Mr. Chairman, isn't this true?

MR. WOODSON: That's true.

MR. HENDERSON: I don't want you to feel that we are your enemies and we are trying to cause hardship.--

MR. DENENBERG: Oh, no.

MR. HENDERSON: [Continuing] -- because this is not so. We are neutral as we sit here this morning. We are of a receptive mind. Is that a good way to say it?

MR. WOODSON: I would say at least two of us are neutral. [Laughter]

MR. DENENBERG: I heartily concur with that.

MR. ALBANESE: I resent that.

MR. DENENBERG: The primary point that I was bringing out was that you gentlemen are engaged in legislation to encourage industry and in my estimation this one piece of legislation will discourage it. I didn't only say Ridgefield. I said in areas that have always encouraged industrial growth, that have tax rates commensurate with their industry, that this type of legislation will be detrimental. At the same time you are trying to encourage industry, you are considering a piece that will be detrimental.

MR. HENDERSON: I am glad you brought that bill up. It gave me an opportunity to talk.

MR. DENENBERG: Is that your bill?

MR. HENDERSON: No, it isn't mine, but I am glad you

referred to it.

MR. DENENBERG: The headline struck me as something that seemed to be the opposite of what you are considering now.

MR. WOODSON: Thank you very much, Mr. Denenberg.

MR. DENENBERG: Thank you, sir.

MR. WOODSON: We will hear now from Mr. John J. Muka, Chairman of the Board of Directors of the Hamilton Township Citizens Alliance, after which Mr. John Bernath of Hamilton Township will speak.

J O H N J. M U K A: Thank you, Rev. Woodson. Members of this Committee and ladies and gentlemen: As you know I represent the Hamilton Citizens Alliance of Hamilton Township, Mercer County, New Jersey.

First, may I compliment the Committee for arranging this public hearing and I would also like to add a recommendation that in the future you have public hearings in the evening when more of us can be present. We get an education when we come here.

I also want to express my appreciation for being permitted to be heard on A 194 and its allied repercussions. As I speak, you will recognize I am not an attorney, statistician, mathematician or any other kind of an expert on any other matter. Most of all, I am not a diplomat. I don't believe in sugar coating anything I have to say nor do I express my thoughts prefixed by any apologies. I believe in the truth and the facts of the case. And I find this method a better way of making, quick, clear decisions.

In the case of A 194 the facts alone loudly proclaim that

this push for A 194 should have been terminated the first hour of this public hearing. Our organization, consisting of over 1,000 members, all of which are VIP's, are experts in their own fields. Mr. Albanese, you will recognize them as similar type people to those which you have in your own area and they are voters. These VIP's are also known in their own circles under a burdensome title as taxpayers, expert taxpayers.

I know the word "voter" is pleasing to many ears. Taxpayers are usually called minority groups who go around as a menace to public officials. However, we as voters and taxpayers once a year do elect people into public office as our representatives. We at the time believe the people we do elect, although they are not all brilliant, are intelligent - at least intelligent enough to know that they are representatives and do have some responsibilities to the people. One of these responsibilities is, I am sure, to solve problems, using good sound correct solutions and try not to solve these problems by creating new problems.

Your attempt to push through Assembly Bill 194 does not solve any municipal money problems. We were amazed at the amount of evidence placed before this Committee by a very sincere and large number of representatives who came from all over the state. Actually the case for A 194 was lost in your first hour of these public hearings.

There are some things that stand out clearly, which you seem to ignore or try to bypass. You ignore the fact that 26 years ago wise men recognized the need for having the necessary

public utilities located in our state. The closer these units are located to the needs of the people, the more benefits result. The users enjoy a lower rate for usage as compared to what the rate would be if these utilities were located in another state. To make these benefits possible, somewhere, in some areas, the utility units must locate and somewhere taxpayers in that area must accept them. To encourage inviting these units, the gross receipts tax formula was set up. These taxpayers who live in the communities where the much-needed utilities exist do receive some extra tax relief. They earn this money. Many of the other municipalities prefer green lawns and clean units. Let me give you an example. Even our neighboring municipality, the City of Trenton - and, believe me when I say this, I don't blame them - even the City of Trenton does not want their ratables to be anything but clean units. Trenton once was a great industrial city, but things are being changed now. Industry is moving out. It is being replaced by an urban renewal program. Look at the beautiful complex of State buildings on Trenton's riverfront. If you recall, Trenton said, "Only Hamilton Township has river location for utilities of this type." I have not yet noticed that the Delaware River starts or ends at the borderline of Hamilton Township. In fact, I think if Trenton wanted to be competitive, a public utility would look very nice between the State House buildings and it wouldn't cause anyone any concern at all. But who can blame Trenton for wanting a beautiful city? - not the Hamilton Township residents. In fact, we are in great

sympathy when they are out protesting an elevated highway at this particular point. But why should they put their hands in our pockets to pay for their beauty?

Now let's look at this problem in this way: Twenty-six years ago, this utility tax setup was a good one. Some things have changed. In our utility in Hamilton Township, we have bigger generators, lots more power, greater towers to carry all of these utilities and the power that is needed by the people all over. We get more odors, more fly ash, and our soft coal pile is elevated. It is the longest and the highest in the state. But there hasn't been any changes there. There are no green lawns in front of this building.

Now what I am saying is that the bill is a good one, but our problems with smoke and ash - you tell us, Mr. Albanese, to go to the Commission on Smoke Control. You also tell us that if you don't get this bill through, the money that is available there, the State will eventually get. Well, I think that is a poor approach to this particular problem. Has this Committee or its sponsors or anyone else that is behind this A 194 taken any kind of steps to control our smoke problem, to control our fly ash, to eliminate our soft coal piles and put some green lawns down so we too can enjoy the scenery? Or are we supposed to sit there and try to look through the soft coal pile to see the river? We live in this area. We know what goes on with the utility, but we don't condemn the utility. It is important to us and to the other people.

Now we know that many municipalities have problems.

They all do. They need money for education and other services. We know you gentlemen work hard to try to solve these problems. However, I would like to be in favor of A 194, but we can't solve the problems in this room. So I think that you should add a resolution to A 194, put it on a referendum and say to all the municipalities, "Regardless of your zoning laws, let any utility locate in the area where they think it is economically the best location for them." In this way all of us can share the gross receipts tax.

You even spoke and were talking about the theory of pay your fair share. These municipalities that want this money, shouldn't they provide their fair share of lands for utilities to locate in before all of us start wacking up the pot? Thank you very much.

MR. WOODSON: Thank you very much, Mr. Muka.
Any questions, gentlemen?

MR. ALBANESE: I just want the record first of all to show this fact, that we have taken here the report of the Tax Policy Commission and tried to effectuate their recommendation. Nowhere along the line has there been any suggestion that there was no study involved in arriving at the decision to propose A 194. I know your remarks are caustic. I know your feelings run high. I know most of the people who came here today came to oppose this bill. It is usually the case that it is only those who are against who make all of the comments. I submit that there are a lot of people for it who are not here because usually those who are for it stay home and if you have any experience in

municipal government, you know that. The only people that come out to a public hearing at any time are the opponents of the particular measure. That doesn't always make it wrong.

I submit that there are problems of getting people to understand the bill. I think one of your local papers, if the young lady has it there, in a good editorial recommended that the bill was a good bill - and they seemed to have studied it a little bit. I dare say that all right thinking people feel that there is merit to the idea of apportioning this money in a better fashion than it is now apportioned for the particular reason - and everybody seems to forget this - that in every home, in every industry in any town, including those towns that have this bounty, there is paid a proportionate share of county taxes. But of the total sums of money from the gross receipts taxes, not a dime goes toward county taxes. Now this is the important area of error that exists in the law, the fact that these moneys do not in any way add to the county tax picture. A normal building, a normal industrial building right alongside of this utility pays real estate taxes and would be paying personal property taxes, of which the county gets its full and fair share. But the public utility right alongside of it doesn't pay a dime for their share of county taxes. This is what we are trying to correct. We are talking about personal property taxes. We are not talking about the real estate tax. Let's not get confused. We are talking about the personal property. You can have a hundred million dollars worth of

personal property in a particular utility, yet the county doesn't get a dime nor does the local municipality for that matter.

The purpose of this bill is not to injure. The purpose of this bill is to correct a flaw in the law which allows this to be so and this is all we are trying to do. I can appreciate your sentiments and your feelings and I can appreciate your caustic remarks. You have directed them primarily at me because I am the sponsor of the bill and I don't mind that. But I think we have to get the motive and the purposes clearly outlined so that we understand what we are trying to do here rather than wander off into areas which sometimes are of a personal nature just to evade the purpose of this hearing.

MR. MUKA: Mr. Albanese, let me answer you in this way. You have mentioned one of our local newspapers having an editorial. This doesn't mean necessarily that they are right. That particular newspaper is located in the City of Trenton, not in Hamilton Township. So they have the right to put everything they want in their paper. We buy that newspaper too. We don't agree with their editorial one bit because what is being driven out of this entire area is the spirit of competition. Now these people that you talk about that don't come here and support this bill - these are the complacent type of people. In other words, when there is something going on and a gentleman like myself and others take note of it and we take the time and trouble to come here and protest - certainly if they want something, they should take

the time and trouble to come here too.

Now I don't entirely agree with all of your statements. You seem to ignore one of the factors that I am bringing out. One of the factors that I am bringing out is that I am for A 194. However, I would like to see a resolution added to this particular A 194 that would include all the municipalities with their fancy zoning laws to put aside certain amounts of land where public utilities can locate. I would like to see these municipalities that are crying because they are hurting in all directions, the ones you are trying to satisfy -- I would like them to get into this competitive field and invite this utility into their area so they could be burdened with some of their problems too and see how quickly they are willing to share the utilities tax that you speak of. This is the point I was trying to make.

Are there any more questions?

MR. WOODSON: I believe the major thrust of your point is, Mr. Muka, that many municipalities have zoning regulations which exclude such utilities as we are discussing here today and, therefore, if they were to have zoning regulations which include them, it would be far more equitable.

MR. MUKA: Yes, and I would be very much in favor then of A 194.

MR. WOODSON: Let me once again reiterate - and I recognize that perhaps Mr. Muka was not speaking to the entire Committee when he said "you, gentlemen" from time to time - this Committee is convened for one purpose and one purpose only, although Mr. Albanese is the prime sponsor and

Mr. Fekety is the cosponsor - the Committee is here only to gather facts and we are not here to push A 194. I want that to be crystal clear. I want everyone here to understand it so that there be no mistake about it. In terms of what we are trying to do with regard to air pollution, I think that the entire legislature is concerned about air pollution and we are offering certain pieces of legislation which we hope in the future will be a deterrent to air pollution. I want you to know that we are vitally concerned about that problem. On the other hand, I hope that all of the persons who are going to testify here today will recognize that the Committee is here for only one purpose and that is to gain factual information so that we may come to a justifiable conclusion with regard to the proposal that has been made by Mr. Albanese and Mr. Fekety.

Thank you very much, Mr. Muka.

Ladies and gentlemen, I find it necessary for me to leave. I have an emergency. One of the members of my church was killed and I have to go to a service. I will return as quickly as possible. But I have asked Mr. Henderson to continue with the public hearing and he will call next Mr. John Bernath of Hamilton Township. As soon as it is possible, I will return to the Chair. Thank you very much for your cooperation.

MR. HENDERSON: Mr. John Bernath, please.

J O H N B E R N A T H: Mr. Chairman, members of the Committee, ladies and gentlemen: As tax collector of the Township of Hamilton, I have discarded my prepared text. I

feel that what I had in there would be repetitious. It perhaps would be a lot stronger than what has already been said in opposition to Bill A 194.

Speaking in behalf of myself and the citizens of Hamilton Township in general, which Mr. Muka has so ably spoken for, I feel that having listened to the testimony in the original hearing and also today, somehow or another this bill rather than being one of equity seems to be one of jealousy.

I ask you this, gentlemen, having listened to the arguments presented by the City of Trenton for this bill, I wonder what would their position be if this plant happened to locate up the river two miles more within the City of Trenton. Your answer to that is probably the same as that of everyone else in the room.

I again say to you that perhaps this is one of the things that has come about because the bill was originally set up having in mind the problems that are created with generating plants. Unquestionably people that have a plant in their municipality do benefit. But I wonder - are the neighboring municipalities jealous of the problems that they create? Are they sympathetic toward the problems that they bring? Or is it just the money that is derived that causes the jealousy?

I can only say this, in adding to my concluding remarks, that the bill that is proposed now is supposed to be in regards to the people that are using the service of the generating plant paying their fair share to the county.

Now each and every one of us perhaps know that the services rendered by the Public Service plants do not stop at the border lines of the county nor do they stop at border lines of the State. So based on that assumption, I believe that this bill is unfair and I wish that you gentlemen on the Committee would see that it is not passed. Thank you.

MR. HENDERSON: Just a minute, may I ask you a question, Mr. Bernath?

MR. BERNATH: Yes, sir.

MR. HENDERSON: Mr. Bernath, you mentioned the problems that are entailed as a result of this utility being in Hamilton Township. Would you enumerate some of them for us, please?

MR. BERNATH: Yes, indeed. I think that they have been brought out in previous testimony, but unquestionably the use of the land by Public Service does deprive us of perhaps future industrial sites. It does also bring in additional prospects in the industrial line. That is true. But along with the plant itself there is a problem. Regardless of our attempt to create anti-pollution laws and ordinances, the problem is there occasionally. It is being bettered and remedied every day and we do see a difference. But when the plant first opened up and for a good number of years, we did have to suffer because of problems that it brought about. We do have to spend money to repair the road that services the plant. We do have quite a number of easements through which the high tension lines run in our township and destroy valuable residential land creating an ugly site and creating

an inconvenience to the property owner adjacent to it in regards to television reception. This creates a problem in deciding upon road patterns; we have to run alongside of the easement rather than across it. Unquestionably Hamilton Township has suffered, but we also have gained. But everybody is just looking at the gain and not at the suffering. I think that is the crux of the thing right there. Unquestionably municipalities benefit from a generating plant, but at the same time, don't forget there are innumerable problems that they bring that an ordinary industrial plant does not bring. It does not bring easements through your community with high tension lines. I think on that one basis alone, a municipality should receive extra consideration through the moneys derived from this source, just from that one purpose alone, from the loss of easements for high tension lines, which other industrial plants do not create.

MR. HENDERSON: Thank you.

Do you have any questions, Mr. Albanese?

MR. ALBANESE: No.

MR. HENDERSON: Thank you very much, Mr. Bernath.

Is the Honorable Charles Sandman present?

CHARLES W. SANDMAN, JR.: Mr. Chairman and members of the Committee, I am here as special counsel for Upper Township which is located in Cape May County, for the purpose of opposing Assembly Bill 194. I intend to file a statement with the Committee, but I am not accustomed to reading statements so I am going to narrate on it and make it as brief as possible.

For the sake of brevity, I would like to concur with the remarks made by the people who testified here on April 27th, I believe it was, on behalf of the City of Linden, Jersey City, the City of Kearny and several other places, who all objected to the unfairness of this particular bill.

Now our case is an unusual one. We are certainly not the same as a metropolitan area, which was complained of in Linden or Jersey City or any of the others. Upper Township is the opposite. We have a massive area there. This one township is almost twice the size of all of Hudson County and it has a sparse population. The Bayard England Generating Plant was only built there about five years ago. So we don't have any long experience of having to live with this kind of a plant. However, this particular plant, which Cape May County is very happy to have, incidentally, because it has enhanced the service to all of South Jersey -- The Atlantic City Electric Company has done its best to make it a good-looking plant. It is a sprawling plant which takes up almost all of the northern border of the Township of Upper, which happens to be its most valuable border in that it faces the Great Egg Harbor Bay. The Township itself is entirely rural.

Unlike the rest of Cape May County which has 80 per cent of its entire income coming from the resort trade, this particular township is mainly one of agriculture.

Now the plant was located in this particular spot for a very special reason because from the best information available to us there was no other place in the county where it

could be built. Like the previous gentleman has testified, we not only have in this particular area the plant which takes up the most valuable land for future development, but we also have stretched across its entire length the high tension wires which, of course, have taken away from the value of that particular area also for future development.

Now of the sixteen municipalities in Cape May County, approximately thirteen of those are resort towns and not one of them would want to have this installation within its boundaries. Because of this, the utility has had a detrimental effect on its growth. It is unlikely that any of the area near the Great Egg Harbor Bay where this plant is located will be developed for almost any other use.

Secondly, I would like to point out that Cape May County again is unlike any other county in the State. More than one-third of its total land area is marshland which probably will not be developed in the next hundred years. This municipality also is in that position. Almost one-third of its area is marshland. Now in addition, with this land being taken out of circulation, the township much the same as the rest of New Jersey is confronted with this little thing known as Green Acres. If Green Acres had its way, it would probably make all of Upper Township a county park because they now have applications which seek to take about 20 per cent of the remaining land. And, of course, this township is opposing this in most cases.

Now because of the money that the township receives from this particular revenue, the township has started off

on a large capital investment program. The only area of Upper Township that abuts the Atlantic Ocean is in the vicinity of Strathmere which is probably the worst eroded beach on the eastern seaboard. The investment in that particular area will cost this township over the next ten years approximately two million dollars. For a place that only has 3,000 inhabitants in the wintertime, this has almost no other way to be financed other than the means that the township is now receiving.

Now I was here at your last hearing when I heard some people say that it is unfair to give one place so much and the adjacent places so little or nothing of it and it is unfair and that this should be spread around. Well, I have heard these remarks before on other pieces of legislation.

Now let's take Upper Township's case. Upper Township in 1965 paid county taxes in the amount of \$91,060 to the county. We get all kinds of figures as to what the township will lose if A 194 becomes law. I don't believe the highest figures quite honestly. I am more prone to be on the in-between figure. But the highest figure that has been given to the township that it would probably lose would be approximately \$90,000 a year. In essence this would double the county tax in so far as Upper Township is concerned. Yet at the same time, how much good would it do the remaining fifteen municipalities of Cape May County? In 1965, it had a budget of \$3,538,000. So this particular increase at best, even if I am correct at the \$90,000 figure, and I don't think that is the correct figure - I think it is too high - but

let's use the highest figure for the purpose of how much good it is going to do the other towns. Translated into a tax rate, it would save two cents on the local rate in each of the other municipalities for one year and that is all.

Now Upper Township, much the same as all of the other places in Cape May County and New Jersey, is faced with an extremely difficult fiscal problem in trying to figure out - where do we go from here? Legislation which was signed into law by the Governor in April required that the county tax rates be withheld until sometime in the month of May, even though all of the local budgets were adopted in the month of March, to the end that those particular municipal budgets would reflect the increased school aid coming to the municipalities by virtue of the enactment of the sales tax. Now this to start with is a pretty risky business because at best the figures are only guesses. They are not accurate. Secondly, it is an unrealistic tax reduction for one year because there is no saying how much of it will be there in the following year.

This township, as I said before, has 64 1/2 square miles. It has a fantastic road and bridge problem. I must remind the Committee again that Cape May county is unique in that half of all of its municipalities are islands and those that are not islands are separated by rivers and streams so that we have more bridges by far than any other place in the State. This particular township has a tremendous need for hundreds of miles of new roads and also some new bridges,

which it has contemplated doing in its capital program. But if its capital program is upset by the take-away of some \$90,000, using the high figure again, this particular program cannot happen or at least it cannot happen as quickly as they would like it to. So the enactment of Assembly Bill 194 would impose some hardship, and I mean real hardship, to this small municipality.

Secondly - and here I think I can talk with some degree of experience since I spent ten years in the State Senate - we have this little thing known as Chapter 51. What are we going to do with it? I have always opposed Chapter 51. I think it is one of the worst pieces of legislation ever enacted. I think it should certainly be repealed and replaced as do, I am sure, all the members of this Committee. But over the ten years that I was here we hadn't found any reasonable measure of agreement that we could repeal it with or replace it with. Now I think it is totally misleading to people to say that we are going to do this in 1966. In the ten years I was here from '55 to '66, we weren't able to do it. And I can't see any stroke of magic upon this legislature on it having the ability to do it this year when previous legislatures weren't able to do it in the last ten years. So in this area we have a great deal to worry about because this creates more problems which Mrs. Jeffers especially from Hudson County referred to as one of those things that can create a tremendous amount of chaos in our fiscal condition, and I certainly agree with her.

In addition to all of these things, when the sales tax was passed there were many nice promises made to municipalities, one of which was a great increase in road aid. Now I think that anybody that is going to be honest with the people of this State cannot possibly keep a straight face and tell those people that that aid will be there in 1967. It is a one-shot deal and we have to be honest about it. When that particular aid comes off, which in my opinion has to come off next year unless there is an increased revenue from some other area, then Upper Township's road and bridge plans will be set back a few more years and again Upper Township will have to rely on this particular kind of income to make that kind of public improvement.

I am not going to delve too much into the constitutionality of this act because I think that was very well covered by the gentleman, I think, from Kearny, Mr. McCurrie. I wholeheartedly agree with his position as to the intent of the legislature upon the enactment of the 1938 Act. I wholeheartedly agree with his contention that no county tax board can be forced to put this on the tax roles because in essence it would be taxing something at the county level which under the existing law cannot possibly be taxed at the local level. This certainly poses some strong objection which perhaps the courts would look at more closely.

There are any number of other arguments that have been raised previously which I don't intend to raise again. There is no question as to the intent of the legislature in 1938. This was a tax in lieu of a tax. This is money that was given

to the municipalities in return for their not taxing the tangible personal property of these particular utilities. I can hardly see how that can be disturbed at this late date.

Now much emphasis has been placed upon the Tenth Report of the Tax Policy Commission. Now this doesn't impress me at all because I read all ten of their reports. I have disagreed vigorously with most of their reports and most of the things that they have recommended. At the outset, I can recall back in 1956 when we had the Property Tax Law Revision Commission which was one of the largest commissions the legislature ever appointed - I was a member of it as were many other members of the legislature - we listened to the great things that Chapter 51 was going to do for the State of New Jersey. Then only Senator Musto and myself voted against this proposition. And over the years Chapter 51 has had a very hectic history. I voted with Senator Grossi and co-sponsored with Senator Grossi every one of the delay acts of Chapter 51 for good reason, and this I think is important when we consider this piece of legislation. Chapter 51 had so many built in defects that no one including the Director of Taxation himself, Mr. Kingsley, could possibly tell where the tax shift would go. For this reason, Chapter 51 was delayed one year after the other. In fact, it became so evident that this was dangerous, when it was pointed out that the City of Newark alone would lose some 45 million in ratables if it went into effect in 1964, that it was delayed then for two years.

Now this, I think, has the same kind of an impact. This is not something that can be hastily considered and it is not something that can be passed upon in the closing days of a legislative session.

This, of course, concludes my remarks and this, I think, is the most important thing of all for you gentlemen to consider.

With all of the pressing problems that this legislature will have in the next few weeks, it is utterly impossible for this kind of legislation to receive the kind of consideration it deserves before a vote is taken. You have the massive problem of Federal redistricting, a revision of the Workmen's Compensation Act. You have to meet to submit a referendum question to the people as to the reapportionment of the Legislature. You have to do many other things. Of course, this is an unusual year. Again I am impressing this upon you. This is the first time in thirteen years that this State has had both houses of the Legislature and the Governor under the control of one political party, which means that when this Legislature adjourns by whatever date it chooses, it will adjourn sine die, never again to meet in 1966. Now if this is going to be the short date which the Chief Executive has said it is going to be, June 16th, then, gentlemen, it is utterly impossible to consider this piece of legislation for adoption in this particular legislative year. This legislation can have a serious impact upon the growth of mainly the municipalities affected, but it can also have a tremendous impact upon starting something

that maybe should not have been started.

For these reasons, I humbly request that this Committee report that Assembly Bill 194 is not ready for a vote in the Assembly, should not be voted upon in the Assembly or the Senate in the year 1966. I am aware of the problems that the sponsor has and I feel that he is doing this in good faith. He believes that what he is doing is right. This, I think, deserves more study so that he can pursue the endeavor that he has started and this, gentlemen, he can't possibly do in the next two weeks. Thank you.

[Written statement submitted by Mr. Sandman
can be found starting on page 91 of this transcript.]

MR. HENDERSON: Thank you very much, Mr. Sandman.
Do you have any questions, Mr. Albanese?

MR. ALBANESE: No.

MR. HENDERSON: I don't think you left us any
questions to ask.

Is Mr. Kiefer present?

MR. KIEFER: Yes.

MR. HENDERSON: Before Mr. Kiefer speaks, we will
have a short recess to relieve our stenographers.

[Recess]

MR. ALBANESE: Mr. Chairman, before we resume, I
would like to make a statement. Perhaps it may expedite
the hearing.

As Rev. Woodson said originally, the purpose of
having a public hearing is to explore a situation and get
information. I think that some place along the line I

want to take the position that I am as interested as Rev. Woodson and yourself and as a member of this Legislature it is my intention and purpose to draft a good bill that is not only acceptable, but which will do the job.

I think that we can continue on and on all day here and listen to the agonies of the towns who feel they are going to lose a certain part of their tax revenue as a result of this bill going into effect. I would much rather hear, if there are such suggestions, better ideas on how to do the job - perhaps some suggestions on change in the formula as being more equitable or perhaps, as some have suggested, a delay in the effective date or an apportionment of the effect of this over a period of time. I think if we can delve into things like this, the Committee will have better knowledge to do a job and will be able to better decide. I for one as sponsor of the bill wouldn't hesitate to amend it or withdraw it, if need be, in order to make it a fairer and a better bill. My purpose here is to effectuate some tax reform and toward that goal I would be very, very happy to have the consultation and advice of all the gentlemen sitting in this room.

MR. HENDERSON: Mr. Albanese, would it be in order for me to state that you are looking for information right now? Is that right?

MR. ALBANESE: Right.

MR. HENDERSON: I think everyone is aware of that and I think some good points have been brought up. As a member of the Legislature myself, I would give consideration

to some of the things that you don't have in your bill that have been mentioned today and I know that it would be your feeling that you would incorporate worthwhile suggestions into your bill.

MR. ALBANESE: That is correct.

MR. HENDERSON: All right, now, Mr. Kiefer.

E. H E R B E R T K I E F E R: Members of the Committee, in view of the recent statement, I will cut down my presentation even more than I had planned. First let me say, I represent Holland Township, which is fourth on your list of criminals who are receiving too much money. We are in the County of Hunterdon, and may I intersperse here that the partial member of your Committee mentioned the words, "taxation without representation," which is a sore spot in Hunterdon County right at the present time. We are ably represented in the Assembly and Senate now, we feel, but we are afraid that after reapportionment our voice will be very, very small indeed. So it is a pleasure to have at least a chance to speak on equal terms with Mr. Sandman here today, which brings up the next point.

We hear "one man, one vote." If "one man, one vote" is fair, I suppose maybe "one man, one dollar" is fair or "one man, one share" is fair. I just want to give you a few figures on Holland Township's share that they are paying now in county taxes. It is one of 26 municipalities in the county or 3.85 per cent. In the 1960 census, it had 4.61 per cent of the population. In 1965, it paid 6.29 per cent of the county taxes which is only an average, but

I think it shows that Holland Township is now paying its fair share or more of county taxes, despite the fact that they have, and they are ready to admit, a tax advantage and they have been in a very favorable situation over a number of years.

The point has been made: What good will this do to other municipalities? In Hunterdon County Holland Township is now paying \$118,000 of the county taxes. If 194 went through, they would pay \$336,199 of the county taxes or 17.88 per cent of the taxes in Hunterdon County. This averages out to \$8,717 per municipality of the other 25 that they would benefit roughly, which is probably the cost of the rear end of a fire engine.

I agree with the others, that the advantages to the other municipalities would be far less than the drastic results on the municipalities from whom these moneys would be taken.

The imputed value that would result from this bill in Holland Township is fantastic. We now have ratables of \$24,000,000, which includes \$3,000,000 of real estate tax for this utility. Because of Holland Township's rate and the county equalization tables, the imputed value of Holland's generating plant, Gilbert Station, would be \$750,000,000, which I think is not only fantastic, but unreasonable and completely unrealistic.

I might ask why we pick on this one particular source of revenue of a municipality. Let me just take one example. I had others. Suppose Rum Town in one of our counties had

one hundred bars lining the streets. Some of them are not too far from that. Suppose they charged \$1,000 license fee, and I believe that it has been pointed out that this is not a tax but a license that the utilities are paying. Suppose they had \$100,000 in revenue from these licenses and the dry township next door says the county ought to get a portion of that. So we apply the same kind of a formula and we come up with an imputed value of those liquor businesses of \$15,000,000 to be added to the ratables. It is just as fair as doing it here in connection with the franchise and gross receipts tax. But why shouldn't the other municipalities share in those license fees? I think it is quite obvious when you have a hundred saloons, you have a hundred times the problems of traffic and police protection and so on.

And this brings up a point as to Holland Township that has been mentioned before, but I think we can dramatically show it in Holland Township, that Holland Township is paying for having this generating station there. I brought a map which I can either take back or leave - it's an unwieldy exhibit - a map of Holland Township which shows not in full, but it shows the existing New Jersey Power and Light Company rights of way, the proposed Public Service Electric and Gas Company rights of way in Holland Township, cutting right through the heart of what we consider one of the most beautiful townships in the State. This does not show the maze of towers which emanate from the Holland Township plant. The utilities have 40 miles of

100- to 200-foot rights of way crossing Holland Township, amounting to about 700 acres. We talk about a few hundred acres for the plant, but here is 700 acres taken out of the heart of the municipality affecting in the value of the adjoining lands or nearby lands at least another 700 acres, I would say, of Holland Township's lands.

This is not a hearing on overhead towers. There have been plenty of hearings before the Public Utility Commission and going on in Washington right now, and I think everyone is aware that these are a detriment and they do reduce land values. If it were not for these, these lands near these power lines would have a higher assessed valuation and the township would be getting more ratables from them. This is just the same as keeping out industries. It is reducing the value of the lands over which these power lines go. Right in Hunterdon County, the County Tax Board this past year reduced assessments on appeals of lands near power lines on that specific basis.

I would say that the tax advantage that Holland Township gets from these revenues does little more than equalize the loss in property values from these giants marching over us.

One more point, and that is to put this on a little more personal basis than the other speakers have, what the effect of this would be on the citizens of Holland Township. Certainly they have been getting a tax break up to now. Their rate is only 77 cents. But - and I have represented Holland for a number of years and I have seen this happen -

Holland is way off in the western part of the State on a bulge of the Delaware with no State highway going through it. It is completely rural. It was up to a few years ago. When taxes got so high in other places, people started to come out to Holland Township because of the low tax rate and started buying lands and building homes. An economic survey of Hunterdon County has shown that the average income of Holland Township's families is far below that of the county as a whole. In other words, we have principally farmers and factory workers. They are not millionaires who come out here to escape taxes. They are working people who have bought homes in Holland Township because they could afford a home at a certain price and could afford to pay the taxes. Now you come along and increase that tax rate, we have estimated that in the first year it would double the tax rate. What does this mean to the working man who sets aside so much a month to pay his mortgage and his taxes and insurance? He has gotten his loan based upon his ability to pay and now you add this burden to him and it is the breaking point and he has to lose his home. That is number one.

Number two, what will it do to the farmers in Holland Township and they own probably nine-tenths of the land? The tax advantage that they have had in the low tax rate has attracted developers to the community. A number of them have bought lands. What it has done though for the farmer - and this you can only realize when you are living with these people and working with them - these farmers want

to farm and I think New Jersey wants to keep as many farms as it can. These people want to continue to farm. The profit in farming is getting smaller and smaller as everyone knows unless they get into big operations and these fellows are country farmers. These farmers are now taking advantage of this situation and are able to eke out their existence by the sale now and then of a lot from their farm which will supplement their income and allow them to continue to go on and farm. If 194 goes in and this tax rate goes up, it will completely stifle this type of orderly growth which we are having in Holland Township now. It will eliminate from the farmers their chance of making enough money in any year to keep going. They will have to abandon their farms. When they abandon their farms, you won't have developers coming in or industry to take up the slack. They will have to sell at a sacrifice. Your land values will go down. And what have you done? You have ruined one township to buy the rear end of a fire engine for twenty-five others.

One other thing and then I will quit. The way this bill is drawn, Holland Township's tax rate will act like a yo-yo. The first year the taxes will double. That under the formula would reduce the imputed value of this utility from \$750,000,000 to \$375,000,000. Their values of property will go down because sales reflected in this equalization table will show instead of now 83 per cent, the county says - and we had a revaluation just a few years ago - instead of 83 per cent, we will probably be assessing at 125 per cent. That could reduce your imputed value down to \$200,000,000.

Then where is the advantage to these other municipalities? Two thousand dollars a year - what will it buy? - two tires for the truck.

I agree with all those who have spoken before in opposition to this bill and I agree with the tax assessor from Ridgefield that it would be morally wrong for the legislature to even consider passing this at this time without a great deal more study and without a great deal of revision.

I am sorry I do not have any suggestions, Mr. Albanese, for a fairer bill. I just think you ought to leave it alone. Thank you very much.

MR. HENDERSON: Do you have any questions, Mr. Albanese?

MR. ALBANESE: No.

MR. HENDERSON: Thank you, Mr. Kiefer.

Is Mr. James Ayer here?

MR. AYER: Yes.

MR. HENDERSON: Mr. Ayer is Treasurer of the City of Burlington.

J A M E S A Y R E R: Members of the Committee and ladies and gentlemen: I think that was a very effective presentation by Mr. Kiefer.

I think that the legislature in considering Chapter 51 placed in it a clause known as "save harmless." I think that maybe that is what we should put in A 194, a "save harmless" clause for each of your property owners who will lose the major part of the value of their property because of the

doubling of the tax rate in that one year.

The testimony already given, of course, more than adequately covers most of the effects of this bill, except in the particulars as to how it is going to affect every one of the municipalities in every county. I know you have made a study of some. I think we should continue and have the Law Revision Committee study the whole aspect - the whole State.

I am really here not so much to instruct today as in an attempt to learn how the individual homeowner in Burlington will be compensated for the decrease in value of his home because our property owners will be affected in the same way as the people in Holland Township will be affected. The property values when taxes go up will go down. How do we compensate these people? Will we put in the bill A 194 a "save harmless" clause and pay these people the thousand dollars they lose in the value of their homes?

I have a publication here known as the "Burlington Neighborhood Analysis" which I will leave for your study. I know that you are busy, but with a bill with these ramifications I think you should know what type of communities you are dealing with and what type of people will be affected. I strongly urge that before you recommend that this come out of Committee that you come and visit with us. We would be happy to show you around and you can see the type of people and you can see what effect this is going to have on them. I beg you to come.

I have scratched a couple of notes down as to a

couple of particulars. I have spoken to some realtors and savings bank people and savings and loan representatives. The average value of our homes in Burlington is much less than those in surrounding communities. Also the average length of a mortgage that can be obtained on our homes is half of what the term can be gotten on more modern structures outside of the city. We perhaps build four or five homes a year in Burlington.

I have here a particular case that was given to me by the savings bank of a \$12,600 home on which in the surrounding areas a 30-year FHA mortgage is the common practice. It works out to \$101.31 payment a month. On our home in Burlington - take a round figure, \$10,000, which is probably higher than our average value - the average payment would be \$84 at the present time. I would expect that the township might go down a little. It is possible the county will cut the tax rate with this new revenue. But in the city, the monthly payment will go up \$6, which brings it up to around \$90. Now there is \$10 a month differential between a house in an area that can't be classified as strictly the most esthetically attractive area around versus \$101 in an area where you can have a nice green lawn, your paint job will last a while and that sort of thing. What happens to the \$10,000 house? The man will think twice. Maybe he can afford that extra few bucks if he has got it. What happens? The \$10,000 house is no longer worth \$10,000. It has already gone down because of the extra taxes on it. It will become less attractive.

Once again I must repeat - we should have a "save harmless"

clause in this bill because it affects people who can least afford the effects of paying more taxes.

MR. HENDERSON: Any questions?

MR. ALBANESE: Thank you.

MR. HENDERSON: Thank you, Mr. Ayrer.

Mr. James A. Alloway, Business Administrator of Woodbridge Township.

J A M E S A . A L L O W A Y: I have Mr. Hutt who is our Township Solicitor with me at this meeting.

I have here a prepared statement which I will give in behalf of Mayor Walter Zirpolo, the Mayor of Woodbridge Township.

Gentlemen, we want to express our opposition to Assembly Bill 194. We oppose this bill because the drastic changes advocated could seriously impair the financial structure developed in the past quarter of a century of the municipalities involved without adding materially to the benefits other municipalities would receive from this bill.

To emphasize this point the five municipalities in Middlesex County who are adversely affected by A-194 will have to pay an average of \$127,659 additional taxes to the county, whereas, the twenty municipalities who would be favorably affected would receive a benefit of only \$31,913.

The effect of A-194 would be especially serious in Woodbridge, a municipality of 100,000 people, which has the fourth largest school district in the State. Because of an astronomical population explosion from 27,000 in 1940, when the present gross receipts law was passed, to 100,000 today,

the municipality has been forced to undertake a vast Capital Improvement Program to meet the needs of its citizens required by this increase of more than 370 per cent in population. In education alone, for example, we have spent through bond issues more than 24 million dollars for new school construction since 1958. We have spent millions more for road and sewer construction, and we must spend additional millions in the future or will spend additional millions in the future for secondary sewage treatment facilities, library and public health facilities, recreation sites, as well as numerous other public improvements.

These past expenditures and projected future expenses have been incurred and planned based on the present tax laws which, if changed, could seriously impair the ability of our community and others to meet these obligations. I think you gentlemen are also aware of the adverse effect such a change would have on our present bond ratings, thus forcing our already overburdened homeowners to pay even higher interest rates on future bond issues because it would reduce our ability to pay.

We are one of the few municipalities in the entire State that has a comprehensive, full-time planning staff. Years have been spent by this staff to develop long-range Capital Improvement Programs and valid projections as to our ability to pay for these improvements. In addition, we have committed our community to the federal government in various areas of municipal development. These commitments have been based on existing tax laws.

We oppose passage of A-194 because it will have a harmful effect on our homeowners who already are being smothered by a blanket of rising property taxes. For example, if A-194 were in effect this year, Woodbridge, which already pays 17.5% of the county tax bill, would have to pay Middlesex County an additional \$331,461 in taxes -- or almost 20% of the total county tax bill.

At first glance, A-194 purports to bring about an equal county-wide distribution of gross receipts revenues. However, upon deeper analysis there are other ramifications which can occur if this bill is passed. This bill only includes privately-owned public utilities to be computed in the county equalization table. It ignores the vast number of municipally-owned public utilities and municipal authorities, such as sewer and water authorities which are not now included in the county equalization table, and would not be included under this bill.

For example, in Middlesex County, there are eighteen utilities owned and operated by fourteen municipalities, excluding autonomous authorities such as sewer and water authorities. These utilities generated gross receipts in excess of \$5,000,000 in 1963.

In the entire State of New Jersey there are 272 municipally-operated utilities - this is as of 1963 - which generated total receipts of approximately 64 million dollars. In Middlesex County alone, there are fourteen municipalities which operate these municipally-owned facilities, excluding the autonomous authorities. If these municipally-owned

utilities and municipal utility authorities were included in the equalization table under A-194 as part of the "True Value" of a municipality's wealth, it would revise the apportionment of county taxes among the municipalities.

Gentlemen, we are not here today to urge you to place into A-194 these municipally-owned public utilities. However, we want to stress two points:

1. The unfairness of allowing municipalities to have a municipal utility operation, the value of which is not included in the county equalization table to establish a municipality's share of the county's tax, while at the same time including privately-owned public utilities in a municipality.

2. The very serious concern that a trend could develop throughout the entire State of New Jersey for the acquisition by municipalities of private utilities subject to the regulation of the PUC. The purpose behind such a trend would be to offset the loss by some municipalities of tax dollars due to A-194 because the municipality would have to pay higher taxes to the county. Private utilities, including street, railway, traction, sewerage, water, gas and electric light, heat and power corporations subject to Public Utility regulation would become part of the basis for county taxation under A-194 thereby causing considerable tax loss to the municipality in which these utilities are located.

On the other hand, if the municipality so affected acquires the privately-owned public utility, it can stop the transfer of these tax dollars to the county because publicly-owned utilities are not included under this bill. In Woodbridge,

with an initial annual loss of \$331,500, such an action could be considered. We are sure this is not the intent of A-194 -- to encourage public ownership and acquisition of efficiently and satisfactorily operated private utilities -- for the sole purpose of avoiding payment of county taxes.

The present laws covering the distribution of the public utility gross receipts taxes have been in effect for many years and they have been upheld by the courts as being constitutional and fair.

We believe that more harm than good would result from the passage of A-194 and we urge the defeat of this measure.

Gentlemen, this is the prepared statement of Mayor Walter Zirpolo of Woodbridge.

MR. HENDERSON: Thank you, Mr. Alloway. Is the gentlemen beside you going to speak?

MR. ALLOWAY: No. I have Mr. Stuart Hutt, the Township Solicitor. If there are any questions, possibly he could aid me.

MR. HENDERSON: Do you have any questions, Mr. Albanese?

MR. ALBANESE: No. Thank you very much.

MR. HENDERSON: Now we have Mr. Lawrence J. Cumise, Director of Finance, City Hall, Jersey City, New Jersey. Mr. Cumise.

L A W R E N C E J. C U M I S E: Assemblyman Henderson and Assemblyman Albanese, and ladies and gentlemen: I reiterate what has already been said by the previous witnesses who oppose the passage of A 194 in so far as it applies to cities of the first class.

I should like to make some observations upon the reasoning upon which this legislation is predicated. It is conceded by proponents of this measure that initially when the law was originally enacted, one of the ideas behind allocating the revenues derived from the gross receipts tax to the municipalities where the gross receipts or where the utility was to be established, "would be to make it advantageous for them to have it and thereby, of course, would be an inducement." (Page 3 of the hearings of April 27, 1966.)

This argument in my judgment tends to negate the arguments for passage. Initially the same opportunities were open to many municipalities to accept the construction and maintenance of these generating plants within their borders in return for the yield which would accrue to the accepting municipalities. It is now argued that since the revenues have proven to be larger than the so-called "have-not" municipalities anticipated, that their lack of foresight should now be rewarded by a generous dose of hindsight.

The argument has been made that the proponents of the measure are concerned with taking this money from municipalities who have geared their structural government to the amounts accruing by virtue of this legislation and upon which they have relied over the years, and giving them or allocating them in such a manner that the counties in which the municipalities receiving this gross receipts money are located in order to enable the money to be spread throughout municipalities of the entire county.

It has been pointed out that the tax reduction is

not going to be great and the amount of increase in the cost of county government to the municipalities having the utility is not going to be staggering, as has been suggested. (Page 3 again of the hearing) The justification sought is that it will just be petty piracy. It is the old argument made by people who have failed in life where others have succeeded - that those who have earned the wealth which they have accumulated should share with those who failed to make the effort.

It must be remembered that these plants have now been located and that the municipalities they are in must perform services of police, fire, health, in connection therewith, and that the municipalities have been preparing their municipal budgets relying on these revenues, while their less farsighted neighbors have permitted this situation to go on for years.

While it is true that the 10th report of the Tax Policy Commission did make certain recommendations with regard to Title 54:30A-49, nevertheless the recommendations, to say the least, were not conclusive. It was pointed out in the report, see page 7, "These are the two opposing schools of thought."

It was further pointed out, on page 6, "It is a fact that a relatively small number of municipalities receive a large proportion of the total gross receipts tax; some in amounts which are wholly disproportionate to their total general property tax levies."

It would seem that it is noteworthy that Jersey City

does not appear on the list of municipalities receiving a so-called disproportionate amount of gross receipts tax. It would seem the matter at this stage is by no means ready for legislative action and should require further study. Unquestionably on its face the Legislature intended to reimburse municipalities for the loss of the personal property taxes involved, and in addition wished to induce municipalities to accept the location of these plants. Now to accept a doctrinaire argument which amounts to municipal piracy without further study of a complicated and difficult issue would be unwise and would generate, if I may use that expression, other inequities.

The language of 54:30A-49 is very clear. It reads partially as follows:

"The purpose of this act is to provide a complete scheme and method for the taxation of street railway, traction, sewerage, gas and electric light, heat and power corporations using or occupying the public streets, highways, roads or other public places" etc.

The municipalities who seek to raid treasuries of neighboring municipalities do not propose any correlative responsibility of providing or adding to the services being rendered to these plants by way of police, fire, health, etc. I would respectfully suggest considering the following: That any municipality should be entitled to share in these revenues if they can prove that they can provide in an amount and quality the equivalent of municipal services currently being rendered by the receiving municipality; for

example, a proportionate share of police, fire, hospital, building inspection, electrical inspectors, etc. Thank you very much.

MR. HENDERSON: Thank you, Mr. Cumise. Do you have any questions, Mr. Albanese?

MR. ALBANESE: I have no questions.

MR. WOODSON: Mrs. Christine Burke, of the Linden Taxpayers Association.

M R S. C H R I S T I N E B U R K E: Rev. Woodson, gentlemen of the Committee, ladies and gentlemen: I have a statement to read that has been directed to you by Mr. Potter, who is President of the Linden Taxpayers Association.

John D. Potter, President of the Linden Taxpayers Association, Inc., on behalf of the taxpayers of Linden wishes to object strenuously to Bill A-194 and return it to committee.

We have a population of 42,000 and of that number about 22,000 are voters and taxpayers.

Due to Linden being an industrial city, we are called upon to live under conditions other towns do not want to condone and yet would like to reap the benefits of lower taxes at our expense.

How often do you see these large generating stations located inland? Wherever there is an opportunity to locate near water, it is to their advantage to do so. We have deep water on our eastern boundary and Public Service occupies extremely valuable land which could be used to a

great advantage to our city, namely, a future "Port of Linden" similar to Ports Newark and Elizabeth.

The committee has been questioning vigorously the data presented by Messrs. Lindabury, attorney for Linden Industrial Association; our Honorable Mayor Wrigley; Messrs. Levinson, Kruger, Valvano, Gavan and others. Where is your data that was used in preparing this bill?

It would be well to let the bill remain in committee until data from both proponents and opponents can be analyzed by all parties affected.

We taxpayers in Linden were hit exceedingly hard by the passing of Chapter 51. Most all homeowners' taxes jumped anywhere from 50 to 100 per cent and in some instances we have learned the taxes jumped 150 per cent.

Passage of this bill A-194 would add more taxes instead of relief. What is being done to correct this condition?

With all of these things and others in mind, we oppose vigorously this bill A-194.

Respectfully, John Potter, President.

MR. WOODSON: Thank you very much. Are there any questions? [No response.]

Mr. Queenan of Burlington.

J O H N E. Q U E E N A N: Gentlemen, I am here as a taxpayer of the City of Burlington. I also am an attorney at law. I was born and raised in Burlington. We have one asset and have had one asset in Burlington City and it has been the gross receipts tax.

Our town has a population of approximately 12,000.

We are completely built up and we have nowhere to go. But the municipality over the past years has seen fit to stabilize our tax rate and not increase it over the years other than a slight increase each year. This has attracted numerous retired persons and quite a number of low income persons into our community. This has all been brought about by a feeling of security of this low tax rate.

Now we have nowhere to go if our rates are increased and I have been led to believe our rate will be increased approximately one-third immediately upon the effect of this bill. We are completely built up. We have nowhere to go. We have no room for any more industry. We have two main industries. Number one is Public Service. The other is the U. S. Pipe Foundry.

I have a selfish interest in being here. I built my home based on this stabilized tax rate in Burlington. I also erected an office. The disadvantages of living in a town such as this with a public utility have been very ably covered. I must listen to my wife every morning when she sweeps the soot off the window sills before she can open the windows. I must listen to her complain about the paint, the white trim on my home looking horrible as a result of this condition. I persevere with this because of the tax rate. Actually my tax rate is more than is reflected in the tax ratables as I must paint the trim on my house at least once a year because of this condition. It has been remarked here that I should check with the Pollution Control. Well, this is like fighting City Hall. You can make a complaint

so Public Service will be fined \$100. Their reaction to this is that it would cost them a million dollars, and I believe it would, to correct this condition they have.

So, as I say, I am here purely as a taxpayer with a selfish interest. I have been advised that my taxes will increase one-third. Gentlemen, I only wish to prevail upon you either not to enact this bill or, if you do enact it, make some provision for a small town such as Burlington, which is comprised of low-income persons who will be frightened with regard to this change in our stable tax rate. With a one-third increase, it will depreciate the values because, as I say, it is our prime asset, our stablized and low tax rate. And I thank you gentlemen for listening.

MR. WOODSON: Thank you. Are there any questions?

[No response.]

Mr. Costello of Burlington City also.

H E R M A N T. C O S T E L L O: Thank you. I am here as President of the Common Council of the City of Burlington.

Honorable Chairman, members of the Committee, ladies and gentlemen: First, let me say that Mr. Albanese's comments since reconvening have convinced me that he is sincere in coming up with an equitable and just bill. Unfortunately, I am not here to offer recommendations. But I am not going to burden you with statistics, tax rates and what have you.

I would just like to discuss one or two moral issues that I noted in the transcript. I have read your published transcript of the last public hearing on bill A-194 and I would have to say that the legal and moral aspects of the

bill were covered rather thoroughly.

It is difficult to speak out against this bill and not be repetitious. However, I shall do my best to avoid duplication.

In his comments, Assemblyman Albanese mentioned doing what is fair. Fair for whom? Let's look at both sides of the coin. Is it fair to sacrifice the future of one municipality and ask us now to forget all about our master plan now that we have committed ourselves to thousands of dollars, a plan that the future of Burlington is dependent upon? For what? - a promise of a hope of tax relief at the county level. I must admit on paper it looks good. But let's not be naive, gentlemen. History has taught us what happens when unexpected moneys are poured into political coffers. Promises made at election time for one reason or another just never materialize. They suddenly find themselves on the list of emergencies. Salary increases, wanted or not, are suddenly granted. At this rate we would be fortunate if the county tax rate were to remain unchanged, let alone decreased.

The residents of the other 39 municipalities in Burlington County are well aware of our gross receipts taxes. Still when you question them, would they prefer Burlington with its congestion, soot, disappearing shopping center and its low tax rate or the spacious and suburban atmosphere and somewhat higher tax rate, I don't have to tell you what the answer is. When families move into the county, they will invariably choose areas such as Willingboro with its

open spaces, new schools and shopping center, a planned, ideal community, knowing full well what the taxes will be. Would they consider moving to Burlington? - not on your life. The cry is - live in your dirty old town, but share your gross receipts taxes with us.

The last census shows that those between the ages of 20 and 25, young married couples, are leaving Burlington. These are the ones we hope to attract to Burlington with our master plan. The last census also reveals while our young folks are leaving, those in the 50- and 60-year bracket are increasing and with it the county welfare roll.

It was mentioned at the last meeting that Burlington has 25 per cent of the county welfare roll and the passage of bill A-194 certainly will not help the situation.

Mr. Albanese also spoke of legislators having courage to vote for the passage of Bill 194. In my opinion, to vote yes is not necessarily an indication of courage and could easily be construed as politically motivated in that a yes vote in Burlington County would more likely appeal to the masses. I say it takes greater courage to vote the just and moral way.

I would like to congratulate Assemblyman Gavan and today Mr. Sandman for having the courage to appear here to represent a given municipality in the counties they represent.

Gentlemen, the situation concerning Burlington's future as I have described it is most certainly true. To pass bill A-194 would mean an exodus from Burlington of those that we need most, gentlemen such as Mr. Queenan. Difficult to

believe? Then I invite all members of the Legislature and specifically the sponsors of Bill 194 to come to Burlington to speak to the people and, if this is not convenient, then ask those who represent Burlington County here in Trenton why they would never choose to live in Burlington City.

I would just like to add and reiterate what Mr. Queenan has said, gentlemen, we are saturated. We have no room in which to induce further industry to come to Burlington. We have basically two sources of prime revenue and that is Public Service and U.S. Pipe and Foundry, neither one of which would be considered ideal to have in a growing community. Thank you.

MR. WOODSON: Thank you very much, sir. Any questions? [No response.]

Are there any other persons whose names have not been called who desire to testify? Is there anyone else? Will you come forward, sir. Please give us your name.

R O B E R T E. M A D D O X: My name is Robert E. Maddox, Executive Vice President of Hamilton Civic Association.

I think, Mr. Woodson, that you are aware of my position on this bill because I wrote you a couple of lengthy letters and I don't want to repeat a lot of things that have been said. But I would like to rebut something that Mr. Albanese brought out in questioning. He said in the case of Ridgefield that all they were paying was a school tax and that they weren't bearing their fair share.

Now I don't know the situation in Bergen County, but

I am pretty well aware of what it is in Mercer County. Now Hamilton Township adds 500 students to its school system every year. Will Trenton take its share of the school children as well as their share of the utility tax under A-194?

MR. WOODSON: Is that a question, sir?

MR. MADDOX: Yes. I say would Trenton be willing to accept their share of 500 school children into their school system as well as a share of our gravy bowl that we have?

MR. ALBANESE: I couldn't answer what Trenton would do.

MR. WOODSON: As a former councilman in Trenton, I can answer for you an emphatic no.

MR. MADDOX: That is what I realize. I think this bill is very unfair. For instance, it only applies to certain utilities. It doesn't apply to the other businesses and the other utilities. If it is fair to apply to these certain utilities, then it should be applied to everything.

MR. ALBANESE: I don't think you are on the subject really. You are not on the question itself.

MR. MADDOX: Well, as I understand it, your idea is to have an area-served principle.

MR. ALBANESE: No. My idea - I think I repeated that several times - is that these utilities do not pay personal property taxes in paying their county taxes. I am trying to create a situation whereby the county would be able to achieve some of that revenue.

MR. MADDOX: The question that arises in my mind now - for instance, we have in Hamilton Township the Hamilton Square Water Company which services only areas in Hamilton Township and this would apply to them. Now why should Princeton, Pennington, Hopewell, Trenton share in the utilities from it?

MR. ALBANESE: Because all of those towns share equally in any other ratable that you have in Hamilton Township.

MR. MADDOX: These aren't ratables? They were excluded.

MR. ALBANESE: The gross receipts tax is in lieu of personal property taxes. And if right next door to the utility you are talking about, there is a factory and that factory had machinery, the county would be receiving a fair share of the personal property tax for that machinery. On the other hand, the county doesn't get a dime out of all the tax money which is in lieu of personal property taxes from the utility. This is what we are trying to settle here. This is what we are trying to equate. This is what I am trying to get across.

MR. MADDOX: I know as a taxpayer that my taxes have gone up several times since I moved and I am a life-long resident of the township. I know that the voters in Hamilton Township were asked to accept the Duck Island Plant because of the tax break that they would get. Now you are asking for a change in the ground rules in the middle of the game. That is not fair. Do you agree to that?

MR. ALBANESE: No, I don't.

MR. MADDOX: You don't see that it is?

MR. ALBANESE: No, I don't.

MR. MADDOX: Well, I can't change your mind.

MR. ALBANESE: I am asking for tax reform. That's all.

MR. MADDOX: But I think that you laid bare the nature of your philosophy in the opening remarks you made at the former hearing when you said that the reason why you have presented this, that if the utility tax revenue was not shared now, somebody else like the State would come along and grab it because it is there.

MR. ALBANESE: I said that presented a clear danger, that some day --

MR. MADDOX: Personally, I don't think that way myself.

MR. ALBANESE: I think there is a danger that some day the State may come along or some legislature will come along and instead of a sales tax, pick up 110 million dollars in gross receipts and franchise taxes.

MR. MADDOX: Well, I don't know, I was always taught that you were supposed to do what's right and fair.

MR. ALBANESE: If you look around, you'll see now they are going to repeal Title 51, they'll find other sources of taxation to make up for that money. Maybe they'll be taking the gross receipts taxes.

MR. MADDOX: We realize that Trenton has problems that we don't. But with the sales tax, we'll only be compensated for the raise we would have gotten this year. So our tax rate will stay the same. This is what has been announced in the papers. Trenton will receive a 69 cent bonus. If your measure goes through, they would only get a

small raise compared to that 69-point bonus. Will they be able to solve their problems with that 69-cent bonus? Why not wait until next year and see if that 69-cent bonus solves all the problems in Trenton and then see whether our little drop in the bucket is going to make any difference?

MR. ALBANESE: You are concerned with one town; I am concerned with the whole State.

MR. MADDOX: I know that the problems we have are reflected in the other counties too.

MR. ALBANESE: Trenton should have your problems. I just noticed here you spent about \$750,000 a year cash on the barrel head for public improvements.

MR. MADDOX: That's right.

MR. ALBANESE: Trenton should have such a nice problem.

MR. MADDOX: And as I mentioned, we have 500 school children entering our school system every year and we also serve as a corridor for Trenton traffic, which doesn't appear here, but that has been something that has gone on for many years.

MR. ALBANESE: In 1966 Hamilton Township had to raise a total of \$684,655. This was the amount of taxes which was raised to support a municipal budget. Yet they were able to spend \$775,500 for capital improvements cash on the barrel head because of this bounty.

MR. MADDOX: Are you against paying as you go?

MR. ALBANESE: -- which is far in excess of all the money they had to spend for the municipal budget. This

gives you an idea of what we are trying to correct.

MR. MADDUX: Are you against paying as you go if you can do it?

MR. ALBANESE: What's that, sir?

MR. MADDUX: Are you against paying as you go if you can do it?

MR. ALBANESE: It's a great idea to pay as you go. As I say, Trenton would love to spend half of that annually for capital improvements cash on the barrel head.

MR. MADDUX: The solution for Trenton though is to pick up on this atomic power plant that they are talking about locating in Delaware and they have the riverfront to do it. They can attract it. Why not go out and get a chicken of their own instead of dipping into Hamilton Township's gravy bowl?

I think I made my point clear, Mr. Woodson, in my letter.

MR. WOODSON: Yes, Mr. Maddox.

MR. MADDUX: The three types of municipalities that will get a break from A-194 are, first off, the silk stocking community, which doesn't want to accept industry; secondly, the rural areas which are rapidly disappearing from the scene and which will wind up like Hamilton, we hope, sometime; and the dying city like Trenton. The solution, it seems to me, for these dying cities is that they should go out and rustle up industry. Now I know that back in the '30's Linden was trying to attract industry. They were actively going out and seeking industry. I know that Hamilton has done a job of

going out and seeking industry. I know that Trenton has a lot of troubles that they inherited from former times. But wouldn't a solution be for them to go out and seek income rather than to try to cream off somebody else's.

MR. ALBANESE: What you are trying to do is perpetuate something that is obviously out of proportion. I can't seem to get across to everybody that it is out of proportion. It's disproportionate.

MR. MADDOX: I understand how it strikes you, sir, but the point of it is that this thing is not justified.

MR. WOODSON: Thank you very much, Mr. Maddox.

Thank you very much, ladies and gentlemen. There is only one statement I take issue with; Trenton is not a dying city. It is on its way back now.

MR. MADDOX: We hope that you are right in that, sir. Be that as it may.

MR. WOODSON: We will discuss that a little further a little latter.

I believe that that is all of the testimony today. I don't believe there is anyone else who wishes to testify. I thank you very much for your time today and I can promise you that the Committee on County and Municipal Government will not be rushing into this matter. We are going to study the transcripts and we will give an opportunity to those of you who would desire to study them also to have a copy. In addition to that we will have copies for the members of the Legislature to study.

I recognize that Mr. Albanese is more than anxious to

get under way. But the Chairman of the Committee and, I think, all of us in general are anxious to do the right thing. We are anxious to come up with a justifiable conclusion with regard to the proposals that are listed in A-194. Thank you very much for your presence today.

MR. ALBANESE: Mr. Chairman, you weren't here but I made a statement along similar lines and I am glad to tell these people that we will take judicial note of everything that has been said.

MR. WOODSON: I am very happy that you join with me in those sentiments.

Thank you very much, ladies and gentlemen.

MR. ALBANESE: I would like to thank every one of you for coming down and if the battle was a little heated with Ridgefield, don't let it bother you. That's what happens when we know each other so well. But I wish to thank all of you for coming down. We certainly appreciate the testimony you gave. It was very enlightening to me and I am going to take judicial note of it so we can come up with a conclusion which will be fair and equitable and correct this situation.

MR. HENDERSON: You didn't say you may withdraw the bill, did you, Mr. Albanese?

MR. ALBANESE: Oh, no.

The Evening Times.

"Sharing" Utility Taxes

The news that a \$100 million nuclear generating plant is to be built south of Trenton makes it more important than ever that some reform be made in the state's system of apportioning taxes from public utilities.

Right now Hamilton Township, Burlington City and 12 other municipalities receive large portions of the state public utility gross receipts tax. These payments are made in lieu of the property taxes which the municipalities would otherwise levy on utility installations inside their boundaries (although the size of the payments bears no relationship to the local property tax rate). Happily for the municipalities, however, they are not required to count these installations among their assets on which county tax rates are based.

A bill in Assembly committee, A-194, would change this. It would provide that the municipalities still get the same amount of gross receipts tax money as before; but they would have to count the installations as ratables for the purpose of determining their share of the county tax. Accordingly, their share would go up and the shares of other cities and townships in their county would go down.

This has been a badly misunderstood bill. Many Hamilton Township residents, for instance, think it would call for an unwarranted "sharing" of their revenue from the Public Service generating plant on Duck Island. It would be a sharing only in the sense that Trenton shares with the rest of the county its tax revenue from Colorado Fuel & Iron or that Ewing shares its revenue from Ternstedt. And nobody in Trenton or Ewing considers such an arrangement unfair.

As a matter of fact, it can be argued logically that revenues from the utility plants should, indeed, be "shared" in the real sense of the word, because they are derived from the sale of services throughout the state. But that is not the question here. A-194 is the question. This newspaper, in supporting A-194, suggested a few weeks ago that it be amended so that its impact on municipalities with existing utility plants be spread over a period of years. This still seems a fair and logical proposal to us.

As for the new generating plant, there is a good chance it will be built on Duck Island, too. If that happens, and the present tax law goes unchanged, it would more than double the inequity that now exists; and it would provide a windfall for Hamilton property owners at the expense of every other property owner in Mercer County.

BERGEN COUNTY BOARD OF TAXATION
ADMINISTRATIVE BUILDING
HACKENSACK, N. J.

LOUIS A. D'AGOSTO, PRESIDENT
BENJAMIN GREEN
FRANK C. L. MERRITT
WERNER E. KLEMMER
SAMUEL P. BARTOLETTA
DANTE LEODORI, SECRETARY

May 11, 1966

Re: Imputed Valuations of Gross Receipts and
Franchise Taxes- Bergen County.

Hon. Vito A. Albanese
20 Short Street
Fort Lee, New Jersey

Dear Mr. Albanese:

Enclosed herewith please find two copies of the imputed tax as it effects the valuation of gross receipts and franchise taxes.

You will note from the enclosed work sheet, by virtue of this imputation, the assumed assessed value in Bergen County would increase to \$674,949,939.

This figure, when equalized will increase the true value of the County by \$728,598,671.

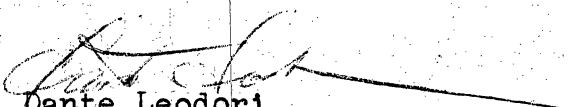
Before the inclusion of gross receipts and franchise taxes, the County Tax Rate for 1965 was .3392522107.

With the inclusion of these assumed taxes, the County Tax Rate would be .3040862335, or a decrease of .0351659772.

You will note from the work sheet the effect it would have on each municipality in Bergen County and the difference, plus or minus, in each municipality.

I must apologize to you at this time, because the original work sheet I submitted to you was erroneous. This is what happens when we try to rush a study of this nature.

Sincerely yours,


Dante Leodori
Secretary

DL:m
Enc.

RESOLUTION ADOPTED BY THE TOWNSHIP COMMITTEE OF THE
TOWNSHIP OF PENNSVILLE

R E S O L U T I O N

WHEREAS, Assembly Bill Number 194, providing that in apportioning County expenses among the Municipalities of the County, the County Board of Taxation shall, for each Municipality, include in the equalization table for the County, the value of the personal property of all public utilities corporations, which are subject to taxation, according to their gross receipts, was introduced on January 31st, 1966, and referred to the Committee on County and Municipal government; and

WHEREAS, the present laws governing such collection and distribution have been in effect for over twenty years and have been upheld by decisions of the highest courts as being constitutional and fair; and

WHEREAS, under the present laws, the municipalities in which gross receipt taxes are collected and distributed by the State of New Jersey and paid to the State in lieu of personal property taxes, which would be paid to the municipalities; and

WHEREAS, the present system has been tested in the Courts and held to be fair, both to the utilities and to the municipalities, as well as in the public interest; and

WHEREAS, the present laws have been accepted by the utilities and municipalities as being equitable to all parties, as well as practical and orderly in manner of assessment, collection and distribution; and

WHEREAS, the municipalities in which Public Utility facilities are located are obliged to provide fire and police protection, as well as service through their public works departments and also sustain the burden which the operation of such facility necessarily brings; and

WHEREAS, public utility facilities are located on lands which, if developed industrially, by the municipalities in which said lands are located, would produce as much, or more than the present allocations of gross receipt taxes; and

WHEREAS, municipalities presently receiving gross receipt taxes have undoubtedly predicated and developed their present municipal and school programs, parks, recreational facilities and other functions, upon the existing laws and bonded indebtedness and financial obligations have been incurred and planned in reliance on such laws and a drastic change therein could seriously impair the financial status of such municipalities; and

WHEREAS, a change in the present laws would necessarily involve all public utility facilities, such as electric companies, gas companies, sewerage, heat and power companies, water companies, etc., and would adversely affect many municipalities which presently receive allocations of gross receipt taxes; and

WHEREAS, the changes resulting from the adoption of said bill could easily cause chaotic financial conditions in many municipalities, without any material benefit to the other municipalities;

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Pennsville, as follows:

1. That the Legislature of the State of New Jersey be and is hereby requested to vote negatively upon the said Assembly Bill Number 194, if and when the same is presented for consideration.
2. That a copy of this Resolution be sent to all members of the Senate and General Assembly of the State of New Jersey.
3. That a copy of this Resolution be sent to the members

of the Legislative Committee of the New Jersey State League of
Municipalities, with a request that said Committee enter its
opposition to said Bill.

TOWNSHIP COMMITTEE
TOWNSHIP OF PENNSVILLE

By: Joshua B. Vincent
Joshua B. Vincent, Chairman

Attest: Jean A. McDonough
Jean A. McDonough, Clerk

The foregoing is a true copy of a resolution adopted by
the Township Committee of the Township of Pennsville, at its
meeting held on the 7th day of April, 1966, at the Municipal
Building, Pennsville, New Jersey.

Jean A. McDonough
Jean A. McDonough, Clerk

RESOLUTION IN OPPOSITION TO ASSEMBLY 194

WHEREAS, A-194 has been introduced in the New Jersey Legislature, and

WHEREAS, said bill would take away a substantial portion of the benefits received by many municipalities throughout the State of New Jersey from Gross Receipts and Franchise Taxes without substituting any source of income in lieu thereof, and

WHEREAS, the effect upon some municipalities would approach the threat of insolvency and upon others would impose a greatly increased burden upon real estate taxes in direct contradiction of the continuing program aimed at obtaining relief for the already overburdened individual home owner, and

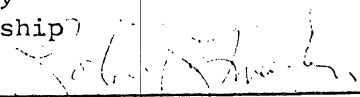
WHEREAS, said bill does not take into consideration the fact that municipalities in which public utilities are located must provide substantial services for, and accept the nuisance factors resulting from such installations without the ability to assess them directly;

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of Hamilton, in the County of Mercer, State of New Jersey, that the said Township of Hamilton is seriously and unalterably opposed to A-194, both in substance and in form and that this opposition represents the united opinion of the 75,000 inhabitants of said Township;

BE IT FURTHER RESOLVED that the Senators and Assemblymen be requested, encouraged and urged to vote against said bill should the opportunity arise; to this end, we call upon the citizens of Hamilton Township to express their opposition to this measure to their elected representatives;

BE IT FURTHER RESOLVED that copies of this Resolution be sent to the Mercer County Representatives and Senator, to the New Jersey State League of Municipalities, and to any and all other interested municipalities and agencies.

I hereby certify the above is a true copy
of a resolution duly adopted by the Township
Committee at a regular meeting held
Februrary 15, 1966


Township Clerk

ASSEMBLY BILL 194

CHARLES W. SANDMAN, JR., representing UPPER
TOWNSHIP as Special Counsel.

Argument presented by Mr. Sandman against the
adoption of Assembly Bill 194 at Public Hearing
on the Bill in the

Assembly Chamber
State House
Trenton, N.J.

June 7, 1966

Mr. Chairman and Members of the Committee, I represent
Upper Township, which is located in Cape May County, for the
purpose of opposing Assembly Bill 194.

For the sake of brevity I would like to support the
objections made on behalf of the City of Linden, Jersey City,
and many of the others who testified at your previous Public
Hearing held on April 22nd, all of whom objected on the unfair-
ness of this bill.

Upper Township is a rather large municipality com-
prising 64 1/2 square miles in Cape May County, having a popula-
tion of approximately 3,000 people. Part of its boundary abuts
on the Atlantic Ocean, which boundary has one of the most
eroded beaches on the Atlantic seaboard. The Township itself is
almost entirely rural. Its most potential area of development
is on its northern boundary which abuts on the shores of the
Great Egg Harbor Bay and it is in this area where the Atlantic
City Electric Company some four or five years ago erected the
Bayard England Generating Station. The electric generating
plant occupies practically all of the Township's frontage on
the Great Egg Harbor Bay. Although the Electric Company has
done everything/^{it}humanly can to make this a good looking plant
for all intents and purposes the mere presence of the plant

spawning over such a large area has taken all of the most valuable area of the Township abutting the Great Egg Harbor Bay off the market for future expansion of every nature.

Unlike some of the others who have objected to the bill on the grounds that the presence of such a plant has caused hardship in the area, we take the position that the plant is a great asset. It gives a far better service than South Jersey had prior to its construction and the owners have done their best to make it first class, but in this case the plant could be built in no other place to serve the needs of the Electric Company, in fact, its construction anywhere else in Cape May County would have faced serious objection from the people since more than 80% of the economy of Cape May County is derived from the resort trade. The plant could hardly be placed in any of the other municipalities.

It is generally accepted throughout the County that Upper Township is entitled to these revenues from the Gross Receipts Tax to offset the development that it could have expected along its boundaries of the Great Egg Harbor Bay had the Electric Plant not been located there.

Upper Township is one of the few places in Cape May County that does not benefit to any great extent from the resort business. The areas within the Township that are located on the Atlantic seaboard are tremendously eroded and for this reason development in that area has been stymied and no appreciable revenue comes from that area to support the Township Government. To the contrary, almost all of Upper Township's revenue comes from direct taxation upon real estate. Because of the monies received from the Gross Receipts Tax Upper Township does have the lowest tax rate in Cape May County. However, this will

soon be offset by a large capital investment that will be needed to protect that area of the Township that abuts the Atlantic Ocean.

The enactment of Assembly Bill 194, from the best information available to us, will approximately double the Township's share of the County Tax. The Township in 1965 had a budget of \$190,164 and from that amount \$91,060 was paid to the County.

The most the Township can lose by virtue of the adoption of Assembly Bill 194, from the best information available to us, is \$90,000, which would, in effect, double the County tax and drastically increase the over-all tax rate of the Township. This would completely disrupt all of the sound planning that the Township has made over the years, or seriously disrupt its financial condition. On the other hand, Cape May County in 1965 had a budget of \$3,538,191. The increase of the \$90,000 from Upper Township even in that particular year would be insignificant in its attempt to alleviate the tax load on the other fifteen municipalities of the County, so in essence Assembly Bill 194 would be tremendously harmful to Upper Township and, on the other hand, make almost no tax alleviation to any of the other municipalities in Cape May County, even if we used the highest figure that can be estimated.

So many of the others who have testified on behalf of the various municipalities have called the attention of this Committee to many changes that are appearing in the tax structure of our State. The effect of all of them at this early date is unknown. The enactment of the Sales Tax, together with hold-off of tax rates as prescribed by legislation that was recently signed into law by the Governor, requires the municipalities to anticipate in tax year 1966 increased revenues in the form of school aid. This, in my opinion, is budgeting at

its worst, since no one knows whether or not the amounts anticipated will ever be received in the amounts set forth.

Secondly, although there are many promises as to a revision of Chapter 51, the Legislature up to this date has failed to enact legislation which will "save harmless" the municipalities in the event that Chapter 51 is repealed.

During the ten years that I served in the State Senate I vigorously opposed Chapter 51 from the beginning and was either the sponsor or a co-sponsor of every one of the delay bills. As Majority Leader of the Senate in 1963 I moved the "freeze" Act against Chapter 51 for the simple reason that no one in the whole State, including the Director of Taxation himself, who could tell what kind of a tax shift ^{we} would have in the event that Chapter 51 went into effect. Although this Division of Taxation today has more tools at its disposal to more accurately predict shift of Chapter 51, it is still my opinion that this is a bad law and should be repealed under a sound method that will give us some idea of where the tax shift will go.

In addition to all of these things, when the sales tax was passed many nice promises were made to the municipalities, one of which was the great increase in road aid, an increase that everyone knows under the present setup cannot last. It is there for one year with absolutely no certainty that it will ever appear again.

Upper Township with its sprawling area of more than 64 1/2 square miles, almost twice the size of all of Hudson County, has road and bridge problems that go into the millions, cannot possibly go forward with a road program it needs under this hodge-podge of suggested taxation.

To add more to the problems of Upper Township, the Green Acres Program, if it had its way, would make the Township into a municipal park and claim almost 20% of all of

the remaining lands. It is to be remembered that Cape May County is different from all other counties in that one-third of its total area is meadow land, not likely to be developed in the next hundred years.

Many arguments can be used against the constitutionality of Assembly Bill 194 and I am not impressed with the fact that the Tenth Report of the Tax Policy Commission recommended the adoption of such an act. The Tax Policy Commission recommended many things in its ten years of existence. Few, if any, were adopted by the Legislature, with the exception of the Sales Tax, which, as everyone knows, I vigorously opposed and still oppose. I think that this Committee should give great weight to testimony presented by representatives of the City of Kearney when they pointed out "You cannot include in the county aggregate personal property which cannot be taxed locally by the municipality."

Mrs. Jeffers, representing Jersey City, when referring to the provisions of Assembly Bill 194, said "Dividing the amount of money received by each taxing district from Gross Receipts and Franchise Taxes during the preceding tax year by the general tax rate of the district for that tax year to obtain and assume the assessed valuation raises many questions."

Then she went on further to say, "The statement has been made in Assembly Bill 194 that the purpose is to include in the County Equalization Table the value of the personal property of the various corporations paying Gross Receipts and Franchise Taxes. . . .The use of any tax rate as a means of obtaining an assumed value is inequitable....It would create a grave injustice to utilize this means of capitalization, since the tax rates in these municipalities would be much higher if this source of revenue were in their tax base."

Mrs. Jeffers also pointed out that since the implementation of Chapter 51 personal property is included for County

tax purposes at 65% of net book value on machinery and equipment, while the formula in A 194 calls for the inclusion of gross receipts restored 100% on the basis of a factor applied solely to real estate. Upon this basis Gross Receipts and Franchise Taxes would be equalized at a higher standard than personal property values.

As to the legal arguments against A 194, I concur with the remarks made by Honorable Robert J. McCurrie, Counsel for the Town of Kearney. He has accurately described the history of the Gross Receipts Tax. With this I think there can be no quarrel, and as he so aptly pointed out, there can be no question as to the legislative intent. The Gross Receipts Tax was for all intents and purposes clearly intended by the Legislature to be a tax in lieu of a tax.

It is obvious that the taxes collected by the Director of Taxation are determined by possible receipts of the utility companies and not by ^{their} personal property values. I wholeheartedly agree with Mr. McCurrie that Assembly Bill 194 cannot possibly compel the County Boards of Taxation to include the value of the personal property of these utility companies in the County Equalization Table when, in fact, a personal property tax assessment has not and cannot be levied against the companies by a local taxing district. It must be pointed out again that the Act of 1938 prohibits the municipality from taxing the personal property of these utilities. That tax was replaced by the Gross Receipts and Franchise Taxes. One of the sponsors of the bill has made many points that the utility company must file an annual report as to its inventory or property, attempting to show that this has a direct relationship to the tax itself. However, Mr. McCurrie again aptly explains that those reports are merely used for apportioning the Gross Receipts Tax and has nothing whatever to do with the tax itself.

Most important of all, Mr. Chairman and Members of the Committee, I would like to point out the greatest danger that we are facing in the implementation of Assembly Bill 194, and in this respect I can speak as a result of ten years of experience in the State Senate. We are here today on June 7, 1966, at a time when this Legislature has many more far important problems than this to consider in these closing days. You must consider Federal redistricting, the replacement of Chapter 51, a revision of the Workmen's Compensation Act, and many other far-reaching problems. I see by the newspapers that the Governor has requested this Legislature to adjourn on June 16, which is only 9 days off. That date can hardly be met since the report of the Constitutional Convention will not be available to the Legislature until that date, and at that time the Legislature will be required to adopt the referendum question that will be submitted to the electorate in the General Election this November.

Speaking from experience in this Legislature, I have seen many bad bills passed in the dying days of a Legislative Session that should never have been passed. It is my further understanding that for the first time in thirteen years one political party controls both Houses of the Legislature; and the Governor's office, meaning that this particular adjournment within the next two weeks will be an adjournment sine die, meaning that this Legislature will not meet again this year unless requested by the Governor. This being the case, it is anticipated that there will be a vigorous effort to pass many bills in the closing days of this Legislature.

Gentlemen, because of the serious impact of this piece of legislation, A. 194, should not be passed in the Legislative year 1966 in any form.

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