

BERGEN COUNTY  
COUNCIL CHAMBERS  
HACKENSACK, NEW JERSEY

PUBLIC HEARING HELD BY THE :  
ASSEMBLY COMMITTEE ON  
TAXATION and THE SENATE :  
REVENUE, FINANCE &  
APPROPRIATIONS on Various :  
Tax Proposals before the  
Legislature :

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JUNE 20, 1974

B E F O R E :

CHAIRMAN FROUDE

ASSEMBLYMAN MacINNES

ASSEMBLYMAN CONTILLO

ASSEMBLYMAN FORAN

ASSEMBLYMAN VREELAND

SENATOR GARRAMONE





1 THE CHAIRMAN: At this time I'd like to  
2 call people to the stand and direct your comments  
3 as quickly as you can. We're going to stay here  
4 until 10:00 o'clock. I do not intend to keep  
5 this session on until midnight or the early hours.  
6 and therefore consider that there are others to  
7 follow.

8 The first person I would like to call is  
9 someone who was here earlier this afternoon and  
10 we did not call her, and this is Rosemary Delino.

11 ROSEMARY DELINO: I'm Rosemary Delino.  
12 I live at 303 21st Avenue in Paterson.

13 Gentlemen, you say a state income tax  
14 for education or proposed income tax for education,  
15 \$560 million for education.

16 Mr. Foran, am I quoting you right?

17 ASSEMBLYMAN FORAN: Yes, I'd like to answer  
18 that. \$550 million figure is that which is  
19 proposed to take all the property tax due to the  
20 Botter decision in which this Legislature is under  
21 a Court Mandate to do something about. The \$550  
22 million is roughly a switch from the property  
23 tax to the education across the state, in Newark,  
24 Bergen County.

25 MS. DELINO: Do you really think that we



1           need this aid in education? I mean, I don't  
2           want--

3           THE CHAIRMAN: Will Assemblyman Foran  
4           answer that?

5           ASSEMBLYMAN FORAN: I'd be very pleased to,  
6           because as a member of the Senator Garramone's  
7           Committee, who has also been here before, I think  
8           it would possibly be done with \$300 million.

9           THE CHAIRMAN: I would prefer really that  
10          you present testimony. I think in all fairness  
11          it ought to be explained accurately. What the  
12          proposal calls for is a \$550 million reduction  
13          in the revenues presently raised by the property  
14          tax for public education by an annual income tax.

15          I want you all to understand that the  
16          income tax in this matter is in the raising of  
17          additional money whatsoever. I see some of you  
18          gasping. Please hear me.

19          The income tax as asked by this lady  
20          is being used to replace \$550 million presently  
21          raised through property tax assessments.

22          Now, if some of you have any other figure  
23          in mind, I can say that in addition, and I have  
24          already said it to you, in addition to this  
25          support of schools, there is also support to the



1           municipal government, the municipal override..  
2           There is \$200 million in that program and there's  
3           also \$200 million of deficit moneys. We have  
4           utilized a surplus to balance the budget this  
5           year so your income tax as processed by the  
6           Governor is to support the replacement of your  
7           property tax for school support and municipal  
8           overburden and to make up for the budgetary  
9           deficit that we were able to accomplish in one  
10          year and we are not able to accomplish the next  
11          year.

12                 Now that happens to be fact. So at that  
13          point, continue, please.

14                 MS. DELINO: Now, what my gripe is  
15          is school aid and I don't particularly think we  
16          need any school aid. I live in Paterson, New  
17          Jersey. We have very good schools. If you don't  
18          add equalization of schools throughout the State,  
19          why should we pay for it? Why should we have to  
20          pay for someone down in Ocean County? Why don't  
21          you use county taxes for that?

22                 THE CHAIRMAN: I assume each and every one  
23          of these questions are to be answered. Mr. MacInnes,  
24          would you want to answer that?

25                 ASSEMBLYMAN MacINNES: You live in Paterson?

1 MS. DELINO: Yes, I do. I was born in  
2 Bergen, right down here.

3 ASSEMBLYMAN MacINNES: I'm sure the  
4 Chairman can advise you what the facts of the  
5 Governor's program on the school aid which will  
6 be received by--

7 MS. DELINO: I don't want any aid. We  
8 have good schools as it is. If you come to my  
9 town and saw the instruments we have and the  
10 money we have to spend who only--for these kids  
11 who only know how to break in homes--

12 THE CHAIRMAN: Ms. Delino, I think what  
13 you're really asking is the justification of the  
14 Botter decision, and our purpose here really  
15 is not to justify the Botter decision.

16 MS. DELINO: No.

17 THE CHAIRMAN: Our purpose is to facilitate  
18 the court order that Judge Botter gave in his  
19 decision. In effect do you understand what he  
20 has done?

21 MS. DELINO: Yes, he--Mr. Foran told me  
22 all about it this afternoon.

23 ASSEMBLYMAN MacINNES: I don't know whether  
24 you think property taxes are too high in the City  
25 of Paterson or not.



1 MS. DELINO: Yes, they are.

2 ASSEMBLYMAN MacINNES: The Governor's  
3 program is designed to reduce the reliance on the  
4 property tax in the City of Paterson for school  
5 purposes and under the Governor's program instead  
6 of receiving a total of \$11 million--excuse me--  
7 under the Governor's program the equalized tax  
8 rate for Paterson would go from \$4.76 per hundred  
9 dollars to \$3.15 per hundred dollars, which is  
10 a substantial reduction.

11 Now, it may not be substantial enough  
12 as far as you're concerned but it is nevertheless  
13 it represents one of the most substantial reduc-  
14 tions which will occur for any municipality in  
15 Passaic County and this is money which subsequently  
16 is being raised by the property tax on homeowners,  
17 industries and the City of Paterson which will  
18 be replaced by dollars in the form of increased  
19 state aid.

20 MS. DELINO: All right. It will probably  
21 be increased in two years. That's all.

22 ASSEMBLYMAN MacINNES: There are people  
23 who share that view and there are other proposals  
24 that are a part of the Governor's package which  
25 the chairman has described, which are designed to

1 prevent the increase in property taxes so that  
2 three years from now the property taxes would not  
3 be at the level they are with income tax proposed  
4 on top of them, and the most important measures  
5 that will hopefully bring about the stabilization  
6 in the property tax and keep it at a level for  
7 people of Paterson included the property limitation  
8 for any individual taxpayer as to the proportion  
9 of his or her income which could go to the property  
10 tax as well as a proposal that there be a six  
11 percent limitation placed on the increase in  
12 county and municipal taxes on an annual basis  
13 and eliminate the increase on school taxes,  
14 which will be voted on if approved by the  
15 Legislature, by the people in November. I think  
16 it's important to separate, if I can--I don't  
17 mean to argue with you but it's important to  
18 separate two parts of this. One is that the  
19 Governor has not promised lower taxes statewide.  
20 In the state of his program deals with removing  
21 from the property tax a part of the burden which  
22 is now borne by that tax. The result will be a  
23 slight increase in the total taxation in the  
24 state.

25 The second part of that is to try and



1 eliminate future increases in the property tax.  
2 We have in New Jersey a very strong home rule  
3 tradition, people have forgot about that. And if  
4 look at where the tax dollars are spent in this  
5 state, more than sixty-five percent are spent  
6 at the local level. They are spent by school  
7 boards, by councils, and by municipalities so  
8 that the great increase that most of us have  
9 experienced in taxes in recent years have been  
10 for increases which have gone for services at  
11 that level and the Governor's proposal attempts  
12 to deal with the great increase that almost all  
13 of us will be experiencing in property taxes in  
14 recent years.

15 MS. DELINO: I don't want to get off  
16 this, I am for education. We ranked third highest  
17 in the nation.

18 ASSEMBLYMAN MacINNES: Right.

19 MS. DELINO: You mean to tell me you could  
20 stand there and tell us that we need more  
21 education? That if we need more quality education,  
22 Gentlemen, I don't know how you guys got there,  
23 you must have knew the right person.

24 ASSEMBLYMAN FORAN: Let's talk about the  
25 Botter decision for just a minute. We have a

1 Superior Court Justice who rendered a decision  
2 on a constitutionality which states that all  
3 the children educated in our public schools  
4 will receive--and this is the key phrase of this  
5 whole thing--a thorough and efficient education.

6 Now, you live in Paterson and myself in  
7 Hunterdon and others around this are very much  
8 concerned with the T and E, thorough and efficient  
9 education and what Judge Botter has done, because  
10 of the various rates in the property level  
11 throughout the state depending upon where you  
12 reside, some children are getting more dollar per  
13 dollar, a better education than other children.  
14 For example, in Hunterdon we have three regional  
15 high schools that pay over \$2,100 per student  
16 per year. Some \$60,000 of a high tax rate, but we  
17 feel we're getting a very thorough and efficient  
18 education. You take the hard core citizens such  
19 as Camden, Trenton, Newark, so forth, the children  
20 down there are not getting the money spent for  
21 education the way that we do in Hunterdon or the  
22 way you do in Paterson.

23 Now, the Judge has taken this position that  
24 under the Constitution of our State each child is  
25 entitled to the same equal opportunity. Therefore,



1 he has struck down a provision that we cannot  
2 rely on property tax to finance our education.  
3 This has been his ruling and is a constitutional  
4 ruling. The leadership of the Assembly last  
5 year appealed his decision to the Supreme Court  
6 and the Supreme Court upheld Judge Botter and said  
7 that he was right and now we're under a mandate  
8 from the Courts. We, the Legislature, both sides,  
9 are under a mandate to do one thing, and that is  
10 to take the reliance away from the property  
11 tax of our schools and come up with a more  
12 equitable distribution of money whether you  
13 in Paterson like it or not or whether I in  
14 Hunterdon like it or not, and this is the problem  
15 that this Committee is dealing with and this is  
16 the problem that the Governor is trying to get  
17 across with his particular program. Senator  
18 Garramone has one of his own and is trying to do  
19 the same thing.

20 We're under a court mandate to do something  
21 about this equalization, where children across  
22 the Nation, whether you like it or not, in Newark  
23 or anyplace else, the court has spoken and if  
24 we don't take action and do something about it,  
25 then I'd have to see the Court tell the Legislature

1           you will do something about it.

2           THE CHAIRMAN: Assemblyman, I'd like to  
3           add this just to sharpen our understanding.

4           The effort at the local level across the  
5           State is unequal. The Judge has stated that that  
6           inequality has to be addressed. Now, hearing  
7           what we mean, there are some people and don't  
8           hold me to the percentage dollar value, I'm  
9           just giving you a concept, the basic idea, there  
10          are some people who have to tax themselves to a  
11          level of approximately \$2 per 100 to achieve  
12          \$900 per pupil for purposes of education.  
13          Here again I see some heads shaking. These  
14          happen to be facts. There are some communities  
15          in which the property taxpayer has to pay around  
16          \$2 per 100 to achieve \$900 for each student.  
17          There are other communities in the state that  
18          for less than \$1 per 100 of property evaluation  
19          can achieve levels of almost \$2,000 per pupil,  
20          and the Judge said that this inequality has got  
21          to stop. What the Governor has proposed, what the  
22          Governor has proposed is that we are guaranteeing  
23          every student in the state \$106,000 of equalized  
24          property value. Unfortunately, we happen to be  
25          conducting a public hearing, I shouldn't say



1           unfortunately. Fortunately, but it's unfortunate  
2           tonight if you don't understand that we recognize  
3           that. Fortunately we are conducting a public  
4           hearing in that part of the state that has a  
5           number of communities that have more than \$106,000  
6           or property value behind each one of their  
7           students.

8                     Now, let me just spell it out one more time.  
9           According to the Governor's program, if your  
10          community is in the \$106,000 of equalized property  
11          value behind each student, you would pay for the  
12          entire cost of education. If your community had  
13          \$53,000 behind each student, fifty percent of the  
14          cost of educating a pupil would be raised at the  
15          local level and fifty percent would be provided  
16          through state moneys.

17                    If you had \$26,000 per 500 of property  
18          tax ratables behind each student, twenty-five  
19          percent would be raised at the local leve and  
20          seventy-five percent would be raised at the state  
21          level.

22                    Remember what I said, you people represent  
23          those communities that have a very favorable tax  
24          picture. We understand and we're asking you,  
25          that's right, we understand, and we're asking you,

1        what are you proposing? What are you proposing?

2        It doesn't do us one bit of good to hear you  
3        say that we don't want any better education  
4        than we have because I am sure you're very proud  
5        of your schools and I know you're just as  
6        compassionate as anybody sitting here at this  
7        table. There's no more compassion here than there,  
8        but we can take you to other parts of the state  
9        and we can show you people who just do not have  
10       this capability.

11                Now, there has been one proposal that  
12       quite frankly is working to the advantage of  
13       about ninety-four percent of the communities  
14       and is unfortunately working to the disadvantage  
15       of about six percent of the communities, and we  
16       are in the heart of those six percent. We want you  
17       to not beat us on the head and tell us that you're  
18       veing hurt. We want you to tell us what you  
19       prefer and what you disagree with in this program.

20                MS. DELINO: Well, as I said, education  
21       I don't go for any more. As far as you say in  
22       other counties they get more money per student,  
23       we should equalize, fine. Now, do I know this  
24       is going to stop? The Governor is not going to  
25       stop. I'm sure he's going to come out with state

1 sales tax proposal after this. I mean, what  
2 is this? Now you are all elected officials,  
3 aren't you? The people elected you. How could  
4 you really sit on those chairs and say you took  
5 those votes to represent the people? Do you  
6 know what it means for a man to pay his mortgage,  
7 on his car, to raise five children, to go shopping  
8 and everything, and now he's going to pay more  
9 money off of us who are going to sit there?  
10 Who are you? The judicial system in the country  
11 stinks. I'm sorry the judicial system stinks.  
12 Would you let a judge tell you something you don't  
13 like? Why should we pay your salaries who go  
14 out of our way and work for some of you, I worked  
15 for many of the politicians. Maybe I got bumps  
16 in my car or things like that but then they  
17 turn around and take more money from our pockets.  
18 I am a future citizen, I am not a senior citizen.  
19 I heard a senior citizen. I am a future, please  
20 look at me as a future, don't look at only  
21 the kids in the school as a future. You keep  
22 looking at them and maybe you better find out  
23 where the pot and stuff is, I don't care who  
24 you talk about.

25 THE CHAIRMAN: I'm just here to say

1 to you that I can go into my community. Frankly  
2 you didn't hear this. This is a public meeting  
3 and it will be conducted as one.

4 I'm just here to represent to you whether  
5 you believe it or not I can pack this room with  
6 citizens who could be just as Ms. Delino is who  
7 are going to benefit because of the tax structure  
8 in their communities. I am telling you that I  
9 can sit before people who have resided in my  
10 own town, who are making \$15,000 a year in taxable  
11 income who are living in \$30,000 homes assessed  
12 and who will save \$50 in this proposal and they're  
13 saying to me that's not very much, and the fellow  
14 sitting alongside of him is making almost \$15,000  
15 in taxable income living in a \$40,000 home who  
16 was saving \$289. And he's saying to me, wait a  
17 minute, that might be a good program.

18 So I'm saying, Ms. Delino, that total,  
19 that the total people that's including the  
20 reduction in property taxes and institution of  
21 an income tax.

22 Now, I'm going to stop talking but I'm  
23 going to say to you, I'm going to say to you  
24 that if you're not willing to keep an open mind  
25 and recognize that this program affects different



1 communities differently, if you're not willing to  
2 recognize the realization of the situation, I can't  
3 quite frankly tell you that the old line politician  
4 and those of us who do consider ourselves  
5 that can play that game. We can sit here very  
6 frankly and we can listen and we can accept all  
7 your ranting and raving and we can leave and then  
8 we can do exactly as we please. We're trying to  
9 operate a government under glass. This afternoon  
10 I thought we had a very, very productive session  
11 because I think the people in the audience accepted  
12 the dialogue. I hope you heard me. I'm not  
13 trying to sell a program. I'm trying to explain  
14 and at the risk of offending all, I say to you,  
15 there are people that would fill an auditorium,  
16 who are opposed to it, who are favoring it and  
17 all I'm asking you to do is recognize that and  
18 please sharpen your comments.

19 MS. DELINO: Mr. Froude, you said this  
20 afternoon was a very fruitful thing. Yes, there  
21 are people who don't have to work and sweat for  
22 their money any more. They are finished working.  
23 I was here too. I had to take a day off. I had  
24 to make sure I was here tonight but these people  
25 don't know that I think these people just finished

1 working and sweating and everything out for  
2 themselves too. They're out for themselves and  
3 I'm not out for myself as are some. I have  
4 driven to Essex County, to Morris County, and I  
5 have even gone down to Atlantic--

6 THE CHAIRMAN: I'm going to make just one  
7 statement. I do not intend to limit speakers,  
8 I will say to you that I have got a list of  
9 thirteen right here. I suspect there will be more  
10 who have come into this chamber. I'm giving you  
11 all fair warning that at 10:00 o'clock I am going  
12 to close these hearings so I'm suggesting to each  
13 one of you that you sharpen your comments, that  
14 you make them as quick as you can and you can  
15 recognize that we have heard the--we have heard  
16 the citizen and we're looking for constructive  
17 ideas, so please be so guided.

18 MS. DELINO: Mr. Froude, I'll tell you one  
19 thing. I think Mr. Foran caught me very nicely  
20 when I said on the county level. I oppose  
21 education because we are ranking pretty high as  
22 it is now. I'd like to answer these people.

23 I have given up my time, my car has gotten  
24 hit at my expense. I got a flat tire out here  
25 today. I am doing this for you people of New Jersey,

1 if you're against it, then you speak, but give  
2 me the right to speak. This is a public hearing.  
3 I have nothing else to say to these people, thank  
4 you very much.

5 THE CHAIRMAN: Mr. Leo Kaughman.

6 MR. KAUFMAN: I come here from Fair Lawn,  
7 New Jersey. I'd like to speak against the tax.  
8 In fact, I'd like to speak against the tax,  
9 against any new tax. I'd like to talk about  
10 economy in government. I think most of you  
11 gentlemen are familiar with the word economy due  
12 men, that's what Mr. Webster calls it and looking  
13 at this estate for the past fifty-some-odd  
14 years I find that we haven't been getting prudent  
15 men. It seems to me that we keep spending more  
16 and more when it comes time for you gentlemen  
17 to vote, I hope you will support alternatives  
18 cutting some of the no-show jobs in Trenton,  
19 getting more efficiency for the people who are  
20 there. Some of your own legislators are brothers  
21 in the legislation down there. They have proposed  
22 certain ways of saving the state money but nothing  
23 has been enacted. I remember way back right after  
24 World War II when we came out of the service and  
25 the Veterans of New Jersey asked for a bonus and

1 we were told they were going to put a new tax  
2 on cigarettes, and this would provide us with a  
3 bonus. You know, New Jersey is one of the three  
4 states in the United States that did not pay a  
5 bonus, but we still had the taxes. You're  
6 familiar, and certainly aware of this. The taxes  
7 have been increased four times under the guise  
8 of support to education. But in the meantime,  
9 our property taxes have more than quadrupled,  
10 in fact I think my tax--when I moved into Fair  
11 Lawn, it was under \$200 and I had to pay over \$350  
12 now. And that's a big chunk out of my income.  
13 I'm under \$19,000 a year. So that's a good part  
14 of my income, that I find that the taxes are just  
15 devouring the people, not only in the state but  
16 we're particularly concerned with this state.

17           Seriously, you men who sit as our represent-  
18 atives had better start representing us or the  
19 communists will take us over if something isn't  
20 done. That's what we are leading to with what's  
21 going on in Washington, they keep giving away what  
22 we have earned. We have earned a certain right  
23 and we're asking our representatives to help us,  
24 that's what they're here for. We're quite  
25 emotional about it because it's our livelihood.



1 Our life savings are going down the drain.  
2 Supporting programs that are just waste. I  
3 recently had to go to Trenton on another matter:  
4 that's how I found out about this here thing.  
5 It's like keeping a secret. Anything negative  
6 is certainly put in the papers but this hearing  
7 wasn't given the proper publicity or you would have  
8 had a hundred times the people that you have here  
9 tonight, but to get back to the tax problem, each  
10 time there seems to be a brainwashing. We're  
11 talking about an income tax now. We just recently  
12 passed a few years ago, before that I remember  
13 they plied us with Bingo to help education and we  
14 got a Lottery to help education. And they added  
15 more taxes on the gasoline and things like that  
16 and now it's an income tax. And you're not even  
17 through with the income tax and we're starting to  
18 get brainwashed with gambling casinos.

19 Where's it all going to end, my friend?  
20 We need help. We can't expect it from any other  
21 source but you fellows. You have got to look into  
22 your own conscience, all of you including the  
23 new Governor who I remember up here in Bergen County.  
24 We're going to economize when we get to Trenton.  
25 There's more people working in Trenton now than

1 ever were working. God help us if we thought that  
2 was bad, but we see no help. We need help. We're  
3 pleading with you. That's why we take the time  
4 off to come in this evening after work.  
5 We're really looking for help. Thank you.

6 THE CHAIRMAN: Thank you very much.

7 ASSEMBLYMAN CONTILLO: I'd just like to  
8 comment. This committee is holding this hearing  
9 in Bergen County. It is the only public hearing  
10 and I for one and the other members of the  
11 committee had to argue for this hearing in Bergen  
12 County. We have it here. We tried very, very  
13 hard to publicize it. The papers did not cooper-  
14 ate. There has been misinformation in the papers.  
15 I for one sent out seventy different telegrams.  
16 I think that men who are on the podium recognize  
17 that the people who came here this evening came here  
18 to be heard by us and that's why we're here, to  
19 hear your thoughts, to get your input into this  
20 matter.

21 SENATOR GARRAMONE: We were here possibly  
22 a month ago and we did have a hearing on your  
23 joint committee which is looking for alternate  
24 ways of funding T & E. I think it's important  
25 to keep in mind that the Legislature has assumed

1 the responsibility of acting in this direction.  
2 They will have alternate plans for the Governor  
3 and this is to be debated in the Senate and in the  
4 Assembly during the summer months.

5 So your comments are taken, your comments  
6 are received, your comments are important.

7 We are not fully committed to the Governor's  
8 program. There are other alternatives on the  
9 horizon. I personally have one but there are  
10 others, so what you have to say we appreciate.

11 THE CHAIRMAN: Thank you, Senator.

12 ASSEMBLYMAN FORAN: Before you call any  
13 more witnesses, one remark was made, how people  
14 work and had to come out for this hearing.

15 I'd just like to let them know that we've  
16 been sitting here basically since this morning  
17 also working for a living, and I drove 85 miles  
18 to be here and I got a two hour drive to get home  
19 when I leave at 10:00 o'clock and I am up here  
20 to try to get some input on the package to meet  
21 the Botter decision from you folks.

22 THE CHAIRMAN: Andrew Veccheschi.

23 MR. VECCHESCHI: Well, I came down here  
24 to listen to you, Vice-Chairman, you came out  
25 with some interesting facts and you enlightened

1 me on various things which I wasn't able to  
2 read in the newspapers and many of the things  
3 that the Vice-Chairman said and you said  
4 enlightened me very much.

5 First of all, I want to tell you who I am.  
6 My name is Andrew Vecheschi. I happen to be  
7 a chemical worker and I live in East Rutherford,  
8 New Jersey. I made an income, gross income  
9 of \$192 a week. I pay taxes. They take out  
10 towards my pension plan. I come out with \$150  
11 take home pay. Out of that \$150 we have what you  
12 call inflation, which I lose six percent of that  
13 in purchasing power. I got \$141 to live with.  
14 Five years ago I moved into East Rutherford and  
15 I paid \$140 a month rent, today I'm paying \$210 a  
16 month rent. In fact, today I work twelve hours,  
17 I look for the opportunity to work overtime.  
18 Fortunately the last couple of weeks I had this  
19 opportunity in order to bring up my take home pay.

20 Also I want to say another important  
21 thing, that you people are familiar with the  
22 members of the Assembly and Congress in Trenton.  
23 We have here in the State of New Jersey another  
24 interesting factor, we have a lot of people  
25 unemployed. New Jersey has the highest unemployment



1 rate in the nation. I work for the Union Oil  
2 Products in East Rutherford. My plant is getting  
3 ready to move out of the area, I understand. I  
4 have been working in this plant for twenty-two  
5 years. I can't start all over again. Taxes are  
6 high. I go to the supermarket, I do the shopping,  
7 things are very high. It's unbelievable what  
8 you're asking for the price and it's hardship  
9 upon the wage earners. It's a hardship upon  
10 people who are on Social Security. We need help  
11 from you people. We need help. I am not against  
12 education. I am in favor of education. Thank  
13 God that I had the opportunity to have an education.  
14 I went through the public school system  
15 and graduated high school, went evenings to  
16 Newark College of Engineering to prepare myself  
17 for the job that I am doing. I remember in 1960  
18 I lived in Livingston, New Jersey, and I attended the  
19 meetings. I happen to be a member of the Democratic  
20 Party. There was a discussion of the sales tax,  
21 it was opposed to the sales tax at that time.  
22 It would be practical to put in a state income  
23 tax. I was against the sales tax. The state  
24 sales tax is very hard on working people. The  
25 burden lies upon the working person. The sales

1 tax is heavy and putting the state income tax  
2 is an awful burden on the people. We need help,  
3 Gentlemen. We look forward to your assistance  
4 to do something for the working wage earner,  
5 people on Social Security and on fixed incomes.

6 The burden is heavy and it's hard for us  
7 to get along with a galloping inflation.  
8 High prices, high rents. I happen to be a member  
9 on the Rent Leveling Board in East Rutherford.  
10 I represent the tenants. I took a majority position.  
11 I was against the Consumer Price Index because  
12 I felt it's outlived its usefulness, because  
13 the Consumer Price Index was to be high. I work  
14 hard. I attend meetings to do something for  
15 the people and for myself. The burden is heavy,  
16 Gentlemen. I'm against the state income tax.  
17 In fact, I'm against the sales tax because it's  
18 too heavy, but we need some type of source of  
19 taxation. Where do we go?

20 We have got to go to people who can afford  
21 to pay these things. I read in the New York Times  
22 and the Wall Street Journal of the enormous  
23 properties these blue collars are acquiring.  
24 Gentlemen, I ask you and I appeal to you for help  
25 for the people of our State of New Jersey.

1           SENATOR GARRAMONE: I'd like to know how  
2 many are in your family? You're a tenant, I  
3 gather. There are how many in your family?

4           MR. VECHESCHI: I am a tenant.

5           SENATOR GARRAMONE: How many are in your  
6 family?

7           MR. VECHESCHI: There's only two of us  
8 to be very honest with you and I'm working on  
9 this income and my wife hasn't worked for quite  
10 some time but she had to go to work in order to  
11 supplement the income.

12          SENATOR GARRAMONE: You have a gross income  
13 of \$173 a week?

14          MR. VECHESCHI: That's the gross.

15          SENATOR GARRAMONE: Have you had a rent  
16 increase?

17          MR. VECHESCHI: Definitely, last month,  
18 fifteen bucks.

19               I came in this establishment five years  
20 ago. I paid \$140 per month. Today I am paying  
21 \$210, and also according to this structure,  
22 that your people are talking about in East  
23 Rutherford, the people were taking a tax of \$2.49  
24 a hundred. With this new set it's going to be  
25 above \$3.69. In fact many ~~at~~ the borough council

1 meeting in East Rutherford, went on record in  
2 East Rutherford against the income tax because  
3 of this particular position.

4 SENATOR GARRAMONE: Would you know what  
5 percentage population are the tenants?

6 MR. VECHECHI: In East Rutherford the  
7 percentage is about 3,000 out of 10,000. We  
8 have 1200 people that are tenants. 1200 people  
9 that are tenants.

10 SENATOR GARRAMONE: I thank you.

11 ASSEMBLYMAN CONTILLO: I'd just like to  
12 make the comment, this gentleman comes from  
13 the Borough of East Rutherford, which is one of  
14 the rich suburban areas that's going to lose  
15 \$74,000 in state aid under the present income  
16 tax allocation program.

17 MR. VECHECHI: May I say something?

18 ASSEMBLYMAN CONTILLO: Yes.

19 MR. VECHECHI: In East Rutherford we have  
20 a big chemical industry called Union Oil Products.  
21 This particular plant is planning to move out  
22 of the area because of the sports complex. We're  
23 right in part of the sports complex and if it  
24 wasn't for the sports complex, the management in  
25 our concern had a ten year program to make chemicals,



1 chemicals that are essential for everyday life.  
2 Many of us in the plant are over fifty-two,  
3 fifty-four years old. We may stay there for  
4 a minimum of two or three more years and we're  
5 going to lose out, we'll get the pension but many  
6 of us won't be able to go on Social Security  
7 because we won't be sixty-two or sixty-five and  
8 it's really a hardship. Gentlemen, we need your  
9 help. I don't want to be a wiseguy, but I'm  
10 telling you people the facts.

11 Thank you.

12 THE CHAIRMAN: Mr. Arnold Mohn.

13 MR. MOHN: I reside at 21 Pennsylvania  
14 Avenue in Montvale. I am sure that I am in  
15 a majority as far as opinions go in relation  
16 to the audience tonight. I say that because I  
17 have for a long time believed that the taxes  
18 and the cost of government for a society should  
19 be paid in only one way and that's on the ability  
20 to pay. I could never understand how we as  
21 reasonable individuals permitted the real estate  
22 tax to be the prime revenue of most of our  
23 government, particularly education. I am not  
24 familiar with any alternative programs. Incident-  
25 ally, that members of the staff of Senate or

1 Assembly have submitted or intend to submit.

2 I have been following the program very closely  
3 and I have not seen in the press any great  
4 information in regard to the alternative programs.  
5 So I'm sorry I can't comment on it.

6 I'm only here tonight to express some  
7 opinions in regards to Governor Byrnes' proposal.

8 I was very much concerned two years ago  
9 when Governor Cahill went through a similar  
10 procedure. We had our meetings here in the  
11 county and it was informative as these are. The  
12 one sad point is these things seem to come up  
13 very hurriedly. Now what we're involved in  
14 the State of New Jersey is major change in our  
15 cost and in paying for government and from some  
16 of the time schedules in regard to the mandate  
17 I am convinced that the time is too short to really  
18 give me who has tried to be analytical on these  
19 road and look down the road to see what reproduction  
20 has come down in sufficient types to do the job  
21 that I would like to do on it and I think you  
22 gentlemen are under pressure, under a time schedule  
23 that I just heard. I think that something has  
24 got to be passed if there's going to be a referral  
25 referendum put on the ballot next November and

1 things are very short. I want to look at this  
2 program this way. Whatever we obtain for education  
3 the court, welfare, and all it takes amounts of  
4 dollars and notwithstanding any changes, what's  
5 going to happen next year or what the comparative  
6 was last year, but just this year. It takes so  
7 many dollars to do what we're doing and we've  
8 been getting it in a certain manner now.

9 Now, this program advocates changes.  
10 Among some of them, an income tax. I read something  
11 recently of what it would cost the people of New  
12 Jersey to pay for the operation of an income  
13 tax bureau. It ran into the millions of dollars  
14 with all the procedures and all the employees  
15 and everything else. Now, this is the way I'm  
16 trying to compare this. I hope you follow me  
17 this way. This is an additional cost that we have  
18 to foot. Some of these things can't be helped  
19 because when these changes are made, why additional  
20 costs will come in but the point is to something  
21 the additional cost for not only an income tax  
22 bureau and all that goes with it. I believe there  
23 would be a bureau set up for real estate tax  
24 controlling business probably, I don't think this  
25 program advocates any real estate tax at this time.

1 Maybe some of the alternatives do and I'm sure  
2 with the operation of the courts, the operation  
3 of the welfare through a state manner. There  
4 are other agencies and bureaus that are going to  
5 come about. So I wouldn't even imagine what  
6 the additional costs which you and I have to pay  
7 and everyone else because of this change. I  
8 don't know what we can do about it but it's  
9 concerning me. Being that I came from Montvale,  
10 I may be not as bad off as the fellow from East  
11 Rutherford but Montvale is termed one of the  
12 affluent areas which most people in Montvale  
13 will be paying for, just for a bit more information,  
14 I called that number which was down in Trenton.  
15 It was a ridiculous setup. It took about two  
16 hours to even get a free line. I hear that's  
17 going to be changed and I was told that it's  
18 going to cost me personally with the facts I  
19 had to give them, \$1200 more a year.

20 Now, none of us like to spend money.  
21 However, I think my presence and my moral feelings  
22 would overshadow the fact that if this education  
23 system can be equalized, I'm willing to pay for  
24 it. I'm in a very small minority when I say that  
25 because most of them are controlled too much by

1           greed. I happen to work in Hoboken. I'm familiar  
2           with Jersey City. I'm involved in Newark to  
3           some degree and I must say that our education  
4           in the town that I come from is no far superior  
5           than these cities, that it's a disgrace and a  
6           while ago Assemblyman Foran said that one of  
7           the alternatives might be on the county level.  
8           I would be much against that if I had my choice,  
9           education would be on a Federal level because  
10          I feel I should be just as responsible in the  
11          children of New Jersey because they are Americans  
12          and part of this country.

13                 I have one question. That might sound a  
14                 little ridiculous, but I have to ask it because  
15                 I am not sure Judge Botter has declared the real  
16                 estate tax unconstitutional for educational  
17                 purposes.

18                 THE CHAIRMAN: No, he has not.

19                 MR. MOHN: Well, that's where he made his  
20                 mistake as far as I am concerned. He should have  
21                 made it unconstitutional.

22                 THE CHAIRMAN: Nor has the Supreme Court  
23                 of the United States.

24                 MR. MOHN: They have made more than  
25                 one mistake. What I'm saying is I think it should

1 be unconstitutional because I see no justification  
2 for it.

3 I cannot buy that the real estate tax  
4 should be involved in any way for paying for  
5 education.. I'll admit to some of the local  
6 areas or paving of roads. You may be for a  
7 little more sodding, a little more road, but  
8 that's very few, but not education.

9 One of the things that the people in my  
10 particular town, and I'm sure in other towns  
11 in the state, are really much against and it  
12 bothers them is we have tried hard to plan  
13 zoning and we played it a way that if we did it  
14 right, we would keep our costs down. Montvale  
15 did it right in that direction but it's just  
16 turning around and backfiring. But one of the  
17 things that bothers me is that the ones who  
18 have tried hard with good thinking and good  
19 planning have to now pay for the mistakes of  
20 management and the waste in some of these  
21 inefficient educational areas. The lack of  
22 Newark and so forth. However, I look at that  
23 as if the Senate comes to me, I'm going to forgive  
24 them so I go back to my original statement, I  
25 feel responsible for trying to state it all the way.

1 I don't think I have anything else except that  
2 you have answered my question, that the Supreme  
3 Court has said that it's constitutional to use  
4 the real estate taxes in any state or all the  
5 states for the purpose of paying for education.

6 THE CHAIRMAN: The question was raised  
7 pertaining to the education. The state was  
8 Texas and the decision was that the property  
9 tax can be used for the support of education.  
10 The Court also hoped that the Legislature would  
11 take the corrective measures to make it more  
12 equitable in funding education.

13 ASSEMBLYMAN MacINNES: The New Jersey  
14 Supreme Court said something a little bit different.  
15 They said that New Jersey may not rely as heavily  
16 as it presently does on local property tax for  
17 financing education. It did not say we may not  
18 rely at all on the local property tax for  
19 financing education. It says that our present  
20 heavy reliances are unconstitutional patterns  
21 and ability to provide the thorough and efficient  
22 education, that was the distinction between  
23 the New Jersey Court decision and the United  
24 States Supreme Court decision.

25 MR. MOHN: I'll accept that as being fact,



1 but I want to know once more what is the logic  
2 and justification for using it in lieu of the  
3 ability to pay. We have heard some people here  
4 talk about their plight, of their distress, such  
5 as the gentleman before me. We have feelings  
6 for him and the like on the ability to pay. This  
7 man would be helped and taken care of. How is it  
8 right to use the real estate tax? I can't under-  
9 stand and I don't know why I'm so stupid in that  
10 regard.

11 THE CHAIRMAN: I would suggest that there's  
12 no stupidity at all. Some of us feel that it might  
13 have been a little foolhardy to propose a tax  
14 program. That's why some of us possibly found it  
15 a little bit difficult to take when animosity  
16 arises in the chamber. There's no reason why the  
17 guaranteed ratable figure could not be reached  
18 to cover all the municipalities if we consider  
19 the situation as you do and put the burden on  
20 some other form of revenue, but just by way of  
21 agreeing with you, I have made that comment.

22 MR. MOHN: I see I have one more remark.  
23 If this program or alternative goes through and  
24 in my particular case when I have been informed  
25 of this particular course that you're going to hit

1 me with, I would think some consideration would  
2 be given to a gainful changeover not to come like  
3 that.

4 In other words, would it not be reasonable  
5 to think of a change over a period of maybe three  
6 to four to five years. Now, the mandate might  
7 not accept that, but I would think some consider-  
8 ation should be given to that because I know in  
9 my particular area where a school system changed  
10 from the basic of paying unratables over to the  
11 basic of per pupil, it was done over a ten year  
12 period.

13 ASSEMBLYMAN CONTILLO: There's something  
14 afoot and Senator Garramone has his alternative  
15 and again that program would be over more than  
16 one year. Possibly two or three. We feel it's  
17 a very real and positive alternative that we're  
18 going to use. Instead of doing it all in a one  
19 year period, it would be done graudally and as  
20 long as I have broken into the conversation, you  
21 know you've made some comments that show you're  
22 human and very generous in your concern for the  
23 other people of this state. But somehow this  
24 plan, this income tax plan has been sold to us  
25 as a plan to raise money for education, but I

1 wondered if you are aware that not only one  
2 dollar of your \$1200 is going to be for education--

3 THE CHAIRMAN: Would you please repeat  
4 that?

5 MR. MOHN: I think I heard but I'm not  
6 sure.

7 ASSEMBLYMAN CONTILLO: I think you have  
8 in a very human way tried to view the problem  
9 of the people of this entire state and so like  
10 some of the rest of us you sense we feel we want  
11 to do what's best and we want to help, but what  
12 I'm saying to you is this, that not one dollar  
13 of the \$1200 that the State of New Jersey is  
14 going to take from you is going for education.

15 THE CHAIRMAN: May I interrupt?

16 ASSEMBLYMAN CONTILLO: You may not.

17 MR. MOHN: Where is it going?

18 ASSEMBLYMAN CONTILLO: It is going to the  
19 cities, the major cities of the state without  
20 any income.

21 ASSEMBLYMAN MacINNES: That's wrong.

22 ASSEMBLYMAN CONTILLO: That's not wrong  
23 because they cannot spend more than a percentile  
24 increase in the education and it's not to take  
25 place until the following year. So not one penny

1 of the additional money is being put into  
2 education. It is merely to reduce the tax rates  
3 in the major cities.

4 THE CHAIRMAN: Now, Paul, as I interpret  
5 that, that is not correct. You made a very  
6 specific statement and your statement was that  
7 the \$1200 of this man's taxed income, I assume  
8 you're talking about, will not go to education  
9 and Assemblyman, your Chairman is aghast at that  
10 statement because I consider it to be not true,  
11 and in terms of increase that first year I can  
12 refer to page 15 of the draft of the Bill and  
13 a few minutes ago I talked about capping the  
14 reduction of the property tax and saying to you  
15 that if the school districts were beyond the  
16 six percentile, I notice how it bores some people  
17 when you get into specifics.

18 ASSEMBLYMAN CONTILLO: Let's be more  
19 specific. You take anyone you want. I'm in  
20 Essex County, the City of Newark is going to  
21 receive an additional \$25 million. Presently  
22 Newark is spending \$1900 per child. Your rich  
23 suburban area is spending \$1400 per child. They're  
24 spending \$300 less than is being spent in Newark  
25 at the present time, but Newark is going to receive

1           \$25 million, none of which is going to go into  
2           education. We spent two hours going over this  
3           the other morning and we got a very clear under-  
4           standing of what it meant.

5           THE CHAIRMAN: Why are you coming up here  
6           and repeating what you said down there, when we  
7           spent two hours doing that?

8           ASSEMBLYMAN MacINNES: Mr. Chairman--

9           THE CHAIRMAN: Assemblyman Contillo, please  
10          complete your statement here, but we'll refute  
11          it down in Trenton, as we have done in Trenton  
12          before.

13          MR. MOHN: If I may still have the floor  
14          for a moment.

15          THE CHAIRMAN: Yes, go ahead.

16          MR. MOHN: I was astounded to hear your  
17          remark and if I thought or if I knew that was  
18          true, I would not be speaking the way I am,  
19          believe me.

20          ASSEMBLYMAN CONTILLO: This is why I men-  
21          tioned it to you.

22          MR. MOHN: That \$1200 is additional, my  
23          real estate tax, my income tax. I'm going to be  
24          \$1200 higher and I told you why I don't object  
25          to it on the understanding that it would go to a

1 place where I work in Hoboken where I personally  
2 know I don't know what they're spending but I  
3 know what the education--

4 ASSEMBLYMAN CONTILLO: They spend \$100  
5 per child, which you spend in a month.

6 MR. MOHN: In Hoboken?

7 ASSEMBLYMAN CONTILLO: That's correct.  
8 They spend \$311.

9 MR. MOHN: Then if the State is going to  
10 control getting out of the money which I don't  
11 know whether they will now, someone better  
12 straighten the thing out. They're not educating  
13 their children properly.

14 ASSEMBLYMAN CONTILLO: The money is going  
15 to reduce the tax rates in the city that are  
16 very high tax rates, that's the thrust and that's  
17 where the tax rate is going.

18 ASSEMBLYMAN MacINNES: Assemblyman Contillo,  
19 they will have plenty of time to debate. I think  
20 it's important though that it be on the record  
21 that if the Governor's program were approved and  
22 the income tax were enacted, it would generate  
23 approximately \$940 million of revenue to the state.  
24 Of that \$940 million, \$550 million would be paid  
25 to the Board of Education for education, not for

1 buying lollipops and not for passing it around,  
2 but for education and the school board would  
3 spend it.

4 Now, it will have the effect of reducing  
5 property taxes. It will have a twin effect.  
6 The statement that it will not go for education  
7 is untrue. The statement that it will reduce  
8 property tax is incomplete. The fact is it  
9 will reduce property taxes by having the state  
10 increase the appropriation of the local school bill  
11 which is paid by the state and it's important  
12 that the record reflect that.

13 MR. MOHN: I'm glad to hear you, because  
14 that's what my understanding is on it, not what  
15 Assemblyman Contillo mentioned earlier.

16 THE CHAIRMAN: I call Dorothy Richardson,  
17 now, to the stand.

18 MS. RICHARDSON: My name is Dorothy  
19 Richardson. I represent the State Wide  
20 Educational Group called CHIC. This is a parent  
21 group and our main interest is in education.  
22 Unfortunately we are now finding ourselves  
23 bound up in a discussion of taxes when I thought  
24 we were supposed to be talking about children.  
25 The Governor's tax program is in a combination



1 and it is most unfair to all of the taxpayers.  
2 It becomes the concept of education has reached  
3 to undreamed heights and very little money is  
4 spent in the way of getting any educational  
5 results. Reduction in property tax is allowed  
6 and should not be allowed to stand. It is allowed  
7 because it is now true for everyone so therefore  
8 it is alive. The very fact, the very fact that  
9 the educational system in Newark, Paterson, New  
10 Brunswick, Camden and all the other city areas  
11 possibly might be at this time hardpressed for  
12 funds has nothing to do with the subject.  
13 The basis of this entire meeting here tonight  
14 is the Botter decision with Justice Weintraub  
15 concurring in the New Jersey Supreme Court and  
16 the purpose of this meeting should be to discuss  
17 education and the funding for it, if we're going  
18 to deal with municipal overburden, then let's  
19 do it. The total amount of money is close to  
20 \$550 million. If you add up what it's going into  
21 every municipality and take away from what they're  
22 taking away from every other municipality, that  
23 is what it is income which means that we're going  
24 to wind up with nothing short of exactly what  
25 we have now, except we're going to be making the

1 same mistakes and spending more money doing it.  
2 Where is the additional money going to come from?  
3 I have before me a copy of the Senate Bill 1256  
4 which is the bill proposed by Wiley and it  
5 mandates additional expenditures for education.

6 Now, if you're telling me that this money  
7 is only going to be redistributed, then I want  
8 to know where is the additional money for  
9 education going to come from and I hope I'm not  
10 going to hear next year that it's going to come  
11 from state wide property tax.

12 For instance, \$13 million is the assessment  
13 necessary to fund the New Bealton Act, that is  
14 the act which is classified for handicapped  
15 children who daydream in school, in addition to  
16 those who have a handicap. \$18 million to  
17 education.

18 811, which mandates that we maintain  
19 the foreign language of the student for as long  
20 as he is in our public school system. The  
21 maintenance of that foreign language is the duty  
22 and privilege of the homes not the school.

23 And \$11 million worth of lunch bill went  
24 through your Assembly and through your Assembly  
25 to buy lunches for children who do not need them.

1 130,000 of them at 32 cents apiece. People  
2 ask where does our Lottery moneys go. I  
3 moneys were supposed to go for education.  
4 T for C, Technology for Children, that program  
5 which local areas get. Local areas such as  
6 Montvale, such as Lincoln Park, and which is not  
7 available in our district because we don't provide  
8 the matching funds which is necessary. Another  
9 reason we don't provide T for C is because I  
10 think it's an abomination. \$38,000 out of the  
11 lottery money was spent on a Teenage Art Festival  
12 that took place on the lawn of the State House  
13 Building a few weeks ago. There was a big sign  
14 up, sponsored by NJEA, and one week later I get  
15 a piece of paper that said that I footed the bill.  
16 If NJEA wants to sponsor Teenage Art Festivals,  
17 if they want to do that, then I suggest that NJEA  
18 pay for them out of the lottery money.

19 We find \$16 million going for additional  
20 college students, whatever that means. I have a  
21 child who is an additional college student in my  
22 home and no-one gave me any part of the \$16 million  
23 that was for open enrollment of students, that's  
24 what it was for. There's a list of them, hundreds  
25 and hundreds addresses of them, low income students.

1 It's on the lottery distribution paper that's  
2 sent out by your state capitol. Partial  
3 capital outlay will be picked up by the state.  
4 That's another bill.

5 Another new bill that we're going to have  
6 to pay.

7 I feel rather embarrassed because I  
8 usually try to have something a little bit  
9 better prepared when I speak. However, I spent  
10 from 10:00 o'clock this morning until half past  
11 4:00 this afternoon in Trenton before the Court  
12 on another educational committee. There's no  
13 sense in education today. We're dealing with the  
14 thing that we're supposed to be dealing with  
15 under the Botter decision and we're supposed to  
16 be talking about education. We're talking about  
17 reducing property taxes, that's what we're talking  
18 about. If you want to talk about reducing  
19 property taxes for poor people who have nowhere  
20 to go, who have a problem maintaining their  
21 homes and this sort of thing, I have no objections,  
22 but when your bill tells me that you are going to  
23 provide \$3½ million for Ridgewood and take money  
24 away from towns like Livingston and East Rutherford,  
25 then I say your bill is wrong and indeed, we must

1           come to the conclusion that we are not interest  
2           then in education but in lowering property tax  
3           so that you here understand a false mandate  
4           you're using the Botter decision because you're  
5           not talking about improving the educational  
6           quality in the state. That happens to be what  
7           people like me talk about.

8                     Just to go on for a while, you are speaking--  
9           you said something about tenants getting twenty  
10          percent--I'm in favor of something for them on  
11          that score, I guess some tenants need some relief.  
12          When you're going to tell me that somebody who  
13          pays no income tax is going to get a refund, I am  
14          going to tell you that that's Socialism. It  
15          happens to be something called a guaranteed annual  
16          wage and something we just as citizens cannot  
17          swallow. Those who do not pay their way should  
18          not get results from it. Now, that's the way it  
19          is in this country. We happen to be in a Republic  
20          built on a capitalistic system. Whenever you're  
21          ready to change, I'm ready to talk about it.

22                    You said something about \$3 per hundred  
23          and I tell you with six percent unemployed, we  
24          cannot afford to have one more plant moved out of  
25          here. We need our industry in New Jersey. We need

1 it if we're going to keep up with our tax  
2 rates because you keep telling us now you're  
3 going to tax our industry so they move the hell  
4 out. Now, that doesn't make any sense at all.  
5 You can talk about guaranteeing the fact and you  
6 gave some figures, a hundred and forty--I'm not  
7 very good at numbers. Unfortunately I was unable  
8 this afternoon to get a copy, however, any law  
9 made by the Legislature can be rescinded, removed,  
10 or anything else by the next Legislature and I  
11 would be willing to put my money on the fact that  
12 the first time you came up \$2 short, we'd have  
13 an increase in that income tax and that might not  
14 happen while you and Mr. Contillo and the other  
15 gentlemen set there and there's such a thing as  
16 new elections and I hope you remember that before  
17 you vote on a new income tax, but such a thing  
18 is a vote. I heard something about Home Rule  
19 traditions. The Home Rule tradition is removed  
20 by this Bill No. 1256 from the Senate. There is  
21 no longer Home Rule in education right now.  
22 We're right now bound by directives from Trenton,  
23 by directives from the Commissioner of Education,  
24 and by every other type of interference from the  
25 state level up to and including curriculum is

1 controlled by the State. The State, I mean, in  
2 one way or the other. It doesn't mean as  
3 when I'm talking about the State of New Jersey.  
4 The State Department of Education. The State Board  
5 of Education. The State Commissioner of the NJEA,  
6 the New Jersey School Boards, none of them make  
7 any difference because they all sit in Trenton  
8 and they all make rules that we have to live by  
9 and they're all wrong because we don't want to  
10 live by their rules any more.

11 In our schools we spend less than that  
12 and we're taxed that way because that's what we  
13 can afford, because in our areas we depend and we  
14 get good fiscal and if we don't get it, we have  
15 a new mayor or a new councilman and that's what  
16 happens in South Bergen where we don't get the  
17 type of representation we want on a local level.

18 Some of the groups that you support are  
19 amusing to take a look at it. The NJEA supports  
20 the income tax. The school enrollment is dropping  
21 every year. They must guarantee to increase the  
22 number of teachers needed in the schools. Either  
23 that or the six percent unemployment is going to  
24 rise by a few teachers, which in my judgment might  
25 be excellent. The New Jersey School Board



1 Association supports the income tax also. They  
2 are hirelings, they work for me. One would not  
3 know it if one went to Trenton but they work for  
4 me, but they're looking at right now their own  
5 interests. Educators also demand that they seek  
6 to insure their own positions. Quite frankly, I  
7 think that the tenor of the whole meeting has  
8 been horrible and I must say that the Senate  
9 Educator Hearings were much better handled,  
10 Senator Manwiley and Assemblyman Bersky handled  
11 a very tight ship.

12 SENATOR SCARDINO: First of all, I want to  
13 tell you that I don't envy the hot seat that  
14 you're sitting in tonight and I know it's a  
15 difficult task that you have and I respect and  
16 admire all of you for devoting your services and  
17 making the effort to be here tonight and I also  
18 would like to say that I serve or still do with  
19 Jack Froude or Assemblyman Froude on the Joint  
20 Education Committee, and I must say that although  
21 we had our differences of opinion, I commend Jack  
22 for his philosophy and his beliefs and I think  
23 it adds a great deal of respect between the two  
24 of us. I would like to just expand the statement  
25 that I made this morning before the Joint

1 Education Committee. I won't follow the whole  
2 thing here because it really doesn't and  
3 it doesn't concede with what this committee is  
4 researching at this point.

5 However, I do follow that there are some  
6 things in the statement that I feel are noteworthy  
7 and should be stated during the course of this  
8 public hearing, so if I seem to jump a little bit  
9 and get vague on anything, I would appreciate  
10 your asking questions and I'll try to answer  
11 everyone from the taxpayer to the Senator and  
12 to the State Department of Education. And  
13 finally to the Legislature, should have something  
14 to say on this subject and that's obvious that  
15 we're having this public hearing just for this  
16 purpose.

17 Now, the committee on page 1 of its report,  
18 the Joint Legislative Report, quotes the form,  
19 the New Jersey Supreme ruled that the state's  
20 school finance laws were unconstitutional because  
21 they failed to assure all students an efficient  
22 educational system. Now, apart from whether or  
23 not the New Jersey Supreme Court in fact meant  
24 that the finance laws were and there was a question  
25 that was asked concerning the meaning of what the

1 term T & E meant, when it was introduced into  
2 the State Constitution in 1875, and we have  
3 learned from the decision in Robertson v. Cahill,  
4 that T & E does not mean that the state is barred  
5 from delegating tax and responsibility to the  
6 local government as the court stated and this  
7 is a quote. It seems that the 1875 law has not  
8 been understood to prohibit the state's use of  
9 local taxes, with local tax responsibility  
10 in discharging the constitutional mandates. It  
11 cannot be said that the 1875 rule was intended  
12 to assure statewide equality among taxpayers.  
13 It is my conviction that what was meant by the  
14 1875 rule as interpreted is that the state has  
15 the obligation of providing each child an equal  
16 opportunity to acquire the necessary, namely  
17 reading, writing and arithmetic necessary to  
18 function as an independent member of society.  
19 All of this has been a lot of history and a great  
20 deal of changes since 1875. This Bill does not  
21 preclude the fact that basic skills are still  
22 defensive and knowledge in part, that only this  
23 basis should be the only significant mandate  
24 on the part of the Department of Education.

25 Now, to skip over a little bit and just

1 to deal in terms of the tax aspect, accepting  
2 for a moment that the constitutional mandate  
3 has been defined, it's now income based upon the  
4 Legislature to assure that this mandate is being  
5 accomplished. The Supreme Court found that this  
6 was not the case and gives for its reason the  
7 following. The trial court found the constitutional  
8 demand and this is a quote, the trial court  
9 found that constitutional demands had not been  
10 met and did so on the basis of discrepancies  
11 and value inputs. Now, the Committee in its  
12 report provided upon this basic principle  
13 in that its position was directed toward the  
14 financial and dollar input basis. I disagree  
15 with this approach because adequately to determine  
16 whether or not success or failure in our school  
17 system bears any correlation to the dollar input.  
18 Initially it was a widespread plea that these  
19 tests which show tremendous disparity in basic  
20 levels of educational achievement between inter-  
21 city school children and contemporaries in the  
22 suburbs.

23 SENATOR GARRAMONE: Senator, is it your  
24 feeling that without the results of those programs  
25 there may not have been the Botter decision?

1           SENATOR SCARDINO: Yes, I'm confident  
2           had he had access to this at the time that he  
3           was deliberating on the case, I think it would  
4           have made a significant difference, absolutely.

5           THE CHAIRMAN: Thank you very much, Senator.

6           I call Miss Emily Deets to the stand.

7           MS. DEETS: I want to say in an attempt  
8           to pass an income tax in New Jersey in order to  
9           centralize education and remove all incentive for  
10          economy in government is not true on the local  
11          scene. Mr. Hughes and Mr. Cahill had tried and  
12          Judge Botter's decision does not order an income  
13          tax. I'm afraid this is not original but I came to  
14          say it and I'll stay to say it.

15          The contention that Botter's orders an  
16          income tax is merely an attempt to buffalo uninformed  
17          citizens who respect the law into believing that  
18          there's no way out. If Judge Botter did order an  
19          income tax, he should be impeached because he has  
20          no authority to order the Legislature to do some-  
21          thing. An income tax, whether the one Mr. Byrnes  
22          proposed was based on another formula is immoral.  
23          Immoral, because it takes from someone who has  
24          for the benefit of someone who does not have,  
25          and because he does not have.

1           It's funny how if you want to keep what  
2           earn, you're not greedy; if you want what  
3           else has, you're greedy. The concept of equalizing  
4           wealth in whatever area and with whatever high  
5           sounding rationalization is Socialism. And I  
6           previously stated I consider Socialism immoral  
7           and I consider it a total failure, though it has  
8           been practiced in other countries. This is  
9           attested to by the fact that American has had  
10          to feed so much of the rest of the world which  
11          we were such a comparatively smaller country.  
12          Socialism is a failure because all incentive  
13          to work is removed. So then why work at all?  
14          As far as Mr. Byrnes' proposal is concerned and  
15          its effect, some of the towns--Paramus because  
16          Paramus more people who learn well. We're being  
17          penalized by sharing some of our ratables and  
18          incomes with similar cities who have driven ratables  
19          out of their ratables by net practice probably  
20          that including high welfare payments.

21                 The cost of education, welfare and right  
22                 in court would escalate. If the control should  
23                 get to Trenton with the same people who are the  
24                 wage earners picking up the tab for new expenses  
25                 and under T & E, I doubt that education would cost

1 less than twice as much as it's costing now.

2 Personally speaking, my husband works very  
3 hard. He served an apprenticeship for four years.  
4 In order to learn a trade to qualify himself to  
5 compete in the labor market and twenty years as  
6 a union craftsman he invested his money and time  
7 so he could get his own business. He's working  
8 harder now than ever before because of these  
9 facts, he's entitled to give his children a better  
10 education than a man who has not applied the same  
11 for his family. And incidentally, the private  
12 school where my son attends, where I consider  
13 his education very thorough and efficient, costs  
14 \$910 a year to educate him. I have no complaints.

15 Gentlemen, your constituents sent you to  
16 office to protect their rights prescribed for  
17 a better life under the Laws of the Republic  
18 not a play Robin Hood and steal from them. America  
19 is a capitalistic society. You defy stabilization  
20 and you defy America.

21 THE CHAIRMAN: Thank you, very much.

22 Thomas J. Koster, please.

23 MR. KOSTER: I'm a member of the Bergen  
24 County Board of Freeholders and I served four  
25 years down in the State Legislature.



1                   Now, number one, I want to thank Senator  
2                   Scardino for coming up here and also Assemb  
3                   Hollenbeck. I would recommend to the Committ  
4                   that if you have any other hearings in Newark  
5                   that instead of having the Assemblyman and  
6                   Senator because this meeting was supposed to be  
7                   for the people, you have them speak on the  
8                   Assembly floor on the State floor, and I wish  
9                   that they would remember how they speak so much  
10                  if and when the bill comes up, they vote in  
11                  accordance with the manner in which they talk.

12                 As far as this income tax thing is concerned,  
13                 I'm against it, and the reason I am against it  
14                 is I don't trust the people down in Trenton.

15                 Now, I said this to Governor Hughes many  
16                 years ago and he came and spoke about the sales  
17                 tax. I asked him, what guaranty do I have as a  
18                 citizen of this township of Teaneck that that  
19                 sales tax is going to do those things that he says.  
20                 I also remember when I was on the Board of  
21                 Education and we were told that the cigarette  
22                 tax was supposed to be strictly for education,  
23                 and if you check the records, you will find that  
24                 we're talking about \$16 million and only about  
25                 \$8 million is to go to education.

1           Then you gave us the cigarette tax, the  
2 sales tax and now you got the lottery.

3           Now, what did they do when they got the  
4 lottery? They said all the money's going to  
5 go to education. If what you say is true, and  
6 I question this, Assemblymen, that this money  
7 is for education, then I say to you and all the  
8 Senators why don't you dedicate these moneys for  
9 education. Then I and the people of this state  
10 would know that you could not divert the funds  
11 and you know and I know that you have one general  
12 pot down there like my wife's spaghetti strainer  
13 and when you shake it, the money goes all over  
14 and you can't keep track of it.

15           When I was in the Assembly, I tried to have  
16 the Tax Department account for every penny that  
17 they had and they couldn't tell me where it went  
18 and the people are getting tired of paying more  
19 money, getting more promises and not getting  
20 that for which we were told.

21           Now, you're not going to change the quality  
22 of the education unless you get rid of some of  
23 those teachers or rent a teacher profession and  
24 you know NJEA is the strongest and most powerful  
25 lobbyist in the State of New Jersey, and you

1 fellows passed a PERK Bill which will be the  
2 cause of your deaths.

3 ASSEMBLYMAN FORAN: Mr. Chairman,  
4 interrupt, please?

5 THE CHAIRMAN: Yes you may.

6 MR. KOSTER: We didn't pass the PERK  
7 Bill, the Assembly passed it.

8 SENATOR GARRAMONE: There are no Senators  
9 that voted for that bill on this Board

10 THE CHAIRMAN: Go ahead on, Freeholder.

11 MR. KOSTER: Now, I don't know whether  
12 you're wrong in your figures or whether I'm wrong.  
13 If my calculations are right, I understood you  
14 to say that the total is \$940 million. I also  
15 thought you said that \$550 million would go to  
16 education. \$200 million to pick up the deficit  
17 and \$200 million to bring back to the municipal-  
18 ities. My question, Gentlemen, is you forget to  
19 give me a figure for the cost of the courts, you  
20 forgot to give me a figure for the welfare project.

21 THE CHAIRMAN: Those figures were included  
22 in the \$200 million, the municipal burden.

23 MR. KOSTER: How much is going to be for  
24 welfare?

25 THE CHAIRMAN: I could total it up for you.

1 I'm not going to take the time now.

2 MR. KOSTER: I happen to know how much  
3 it's going to cost for the court.

4 THE CHAIRMAN: That's fine.

5 MR. KOSTER: We had a conference down in  
6 the New Jersey Association of the Board of  
7 Freeholders. Mr. Finey who is the Courts  
8 Administrator's office told us that it would  
9 cost \$51 million to take over the Courts.

10 THE CHAIRMAN: How much of that is going  
11 to burden county, Freeholder?

12 MR. KOSTER: Bergen County?

13 Well, right now \$5,249,000.

14 THE CHAIRMAN: Isn't Bergen County one of  
15 the towns on that court takeover?

16 MR. KOSTER: Number one, to answer your  
17 question, Assemblyman, Bergen County spent  
18 \$5,245,000 and we were going to give back to the  
19 state \$1,800,000 which we collected in fees.  
20 We would ~~save~~ \$3,425,000 if we took over the court  
21 system but that figure of 61,000 does not reimburse  
22 the people of the County of Bergen for all the  
23 space that you took in this administration building  
24 for the court system. We had to rent a building,  
25 and that \$235,000. We were more or less

1           dispossessed by court directives.

2                   Now, welfare, you haven't given me a  
3           on that. You say it's included and I question it.

4                   THE CHAIRMAN: I'm being advised it  
5           about \$75 million.

6                   MR. KOSTER: For welfare?

7                   ASSEMBLYMAN CONTILLO: In Bergen County  
8           it's \$2,813,000.

9                   MR. KOSTER: Now, let's get back to this  
10          education. I know, and I think if you gentlemen  
11          would check with the records from Essex County,  
12          Hudson County, Camden County, Union County,  
13          especially Newark and Camden and Hudson, they  
14          will tell you that their students graduate  
15          from high schools today who can't read, write or  
16          spell, and Assemblyman Contillo said we're  
17          spending \$7900 per head in Essex County. I  
18          believe that what you should do is to come up  
19          with a definition of an efficient education  
20          forgetting the letter degree and polish and  
21          all that other stuff. If you can't read and write  
22          and spell, you don't have a chance and those  
23          kids in Newark and in Jersey City and in Elizabeth  
24          haven't had a chance and the teachers should be  
25          made to account for what they're supposed to be

1           doing. We had an examination of the school  
2           district, NJEA decided to keep those records private.

3           If you fellows pull boners, it's going to  
4           be publicized and I know that these people and this  
5           gentleman wanted to talk but I don't want to take  
6           his time. There are many people who will not be  
7           given the opportunity to talk and I think that  
8           in fairness to them, you ought to take head counts.  
9           There are about fifty or sixty people here from  
10          Bergen County who are opposed to the Governor's  
11          tax program, no ifs, ands or buts, and you say  
12          it's complex. So complex, you fellows don't even  
13          understand it yourselves.

14          I think that if you're going to come up  
15          with a tax package, you should make it so clear  
16          that any one of us can understand it, and if you  
17          want any additional money and if it should be  
18          for education, you should have the guts to  
19          dedicate the funds.

20          ASSEMBLYMAN FORAN: Tommy, I don't have  
21          any questions because I agree with you and you're  
22          liable to change your bet because down on the  
23          floor, the Assembly, we also want to know where  
24          the money came from.

25          THE CHAIRMAN: Ladies and Gentlemen, I

1 recognize that we're miles and miles away from  
2 Trenton, and I accepted very quietly the  
3 ment of one of your peers who attended a p  
4 hearing down there. I think that in light of  
5 the last couple of political statements, it should  
6 be clear that I was the one who voted against the  
7 last income tax. Assemblyman Foran is the one  
8 who voted for the last income tax, and that our  
9 purpose here tonight again is to discuss the  
10 tax proposals, and I would appreciate you being  
11 quiet and if we can go on to the next speaker,  
12 maybe we can get to even more. I'd like to call  
13 Mr. Merber, please.

14 MR. MERBER: I think that the tax proposal  
15 as submitted thus far is going to be a Franken-  
16 stein. I think it's going to hurt us an awful lot  
17 in the immediate future and in the long run. It's  
18 very complex. It hasn't been thought out  
19 thoroughly. That's the disagreement about the  
20 provisions we're not certain what it's going to  
21 accomplish, what it's meant to accomplish, and  
22 it's supposed to be curing the constitutional  
23 questions, whereas the constitutional question  
24 has nothing to do with money.

25 Now, I want to point out a couple of things

1 that exist today as facts which are warning  
2 signals as something that seems to be on the  
3 verge of happening, that you as our elected  
4 officials should be very conscious of and protect  
5 us because we are the state. The people are the  
6 state. You are our representatives but we are the  
7 state and this is what we want to be represented.

8 Well, I think, I know this enough not to  
9 refer to my notes. In essence, it's the failure  
10 of payments, of mortgage payments on homes has  
11 started to rise very rapidly, so much so that it's  
12 higher now than it's been for many, many, many years.  
13 This means that there are a certain percentage  
14 of people that cannot afford today to pay for the  
15 very basic things in life. This isn't guesswork.  
16 It is statistics. It is introduced partly by the  
17 tremendous rise in the cost of food, of medicine,  
18 of doctor bills, of hospitals, of automobiles,  
19 of transportation costs, of electricity, of gas,  
20 of fuel, of clothing and etcetera, until some of  
21 us are having a very, very difficult time and  
22 some people's income is slipping and there are many  
23 unemployed and this shows the cloud on the horizon  
24 and we're having difficulties today and some nitwit  
25 is coming along trying to put his hand in our



1           pockets and take out more when we can't even pay  
2           for our bread and things.

3           Now, honesty is an important virtue.  
4           The attitudes towards politicians is at a low ebb  
5           today. Here we have a governor running for office,  
6           a number of months ago, saying in the very  
7           pontifical way that he did not see the need for  
8           a state income tax in the foreseeable future and  
9           this is what he said. We elected him. He said  
10          that.

11          Now, six months later after he starts out  
12          with a \$300 million surplus in the budget and  
13          doesn't know how to run the government. Now, his  
14          own opponent calls him a liar. I think that  
15          requires an answer. Did he lie or didn't he lie,  
16          Gentlemen?

17          Now, we come to another important thing, the  
18          figures show two things: Number one, that evidently  
19          the State of New Jersey is allowed the highest  
20          per capita expenditure in education rating behind  
21          the last one. So it shows as an overall picture  
22          that we're trying very hard comparatively to have  
23          a good educational system if we use money as we  
24          do. So we come with clean hands and we also know  
25          for example that the Bergen-Passaic area is the

1 third highest paying per capita income area in the  
2 country.

3 Now, how in the hell high do we have to  
4 prove that we're doing our share? Do we have to  
5 be first? Now, as far as taxes are concerned,  
6 I think that an income tax is just stupid, at  
7 this time. It's going against the needs of the  
8 people who are suffering today and it isn't getting  
9 to the root cause of some of our problems.

10 Now, the petroleum industry as we know  
11 has been conniving and conniving and conniving  
12 and we're all paying through the nose on that.  
13 Now, we got a refinery system in the state and  
14 we got a storage system in the state that is  
15 turning out a lot of money for these fellows.  
16 How about taxing them right there?

17 Now, you wanted suggestions, Gentlemen.  
18 Here is firms that are making all kinds of money,  
19 have got plenty of it, have been a root cause  
20 for some of the work performance of inflation and  
21 they're going scott free and they're sitting--

22 ASSEMBLYMAN CONTILLO: There is a Bill that  
23 is moved out of this taxation on that very subject.

24 MR. MERBER: How about the storage facilities?  
25 Do you know where they store that gasoline?

1 ASSEMBLYMAN CONTILLO: That gasoline is  
2 stored at the refinery in the state.

3 MR. MERBER: Is it likely to pass?

4 Now, there are several other things that  
5 the state is involved in and we know that when  
6 the authorities wanted a sports complex, they got  
7 it, despite the fact that it's costing an awful  
8 lot of money, despite the fact that it's going  
9 to add to the pollution and additional accidents  
10 on the road, etcetera, etcetera, but they wanted it  
11 bad enough and they got it.

12 Now, we got in this state a number of big,  
13 big toll roads and big, big bridges that are  
14 taking in all kinds of money and have been operat-  
15 ing profitably for years and years and years and  
16 if you fellows feel you need the money so badly,  
17 why don't you look to tax them for a source of  
18 income? It's all been sponsored by the state  
19 and permitted by the state. There's one final  
20 point that I want to make. Number one, there's  
21 too much haste in this thing here. This T & E  
22 jazz, it doesn't really go and put over a  
23 tremendous financial burden on the people.  
24 If we feel that some sections are lacking in their  
25 education, it's up to the State Department of

1 Education to straighten it out. Let that be the  
2 deal, to have the lottery money to work with and  
3 several other sources like the tax on cigarettes,  
4 to straighten this thing out. We don't need an  
5 overhaul on our taxes which is going to cost  
6 us a hundred dollars more or two hundred or three  
7 hundred or four hundred or five hundred dollars  
8 more. There's a lot of waste in this state.  
9 How about straightening that thing out? Use the  
10 money equitably and also it is the prime purpose  
11 of your jobs to set a set of priorities out of  
12 Trenton if A, is the most important thing,  
13 and B, is less important, C is less important,  
14 and so on, if you haven't got money for something,  
15 forget about it for the time being. Live with it  
16 within your budget. I have to and you should have  
17 to and I think if a good, clean, honest approach  
18 is taken, we'll get this state out of this for the  
19 people, thank you.

20 THE CHAIRMAN: For the record, would you  
21 mind giving us your home town?

22 MR. MERBER: Paramus.

23 THE CHAIRMAN: I now call Mr. Casimir T.  
24 Lansky.

25 MR. LANSKY: My name is Casimir. I come

1 from Garfield. I'm a mechanic. I have a consid-  
2 erable amount of real estate. I have a consi  
3 able amount of tax free bonds and I have a  
4 considerable amount of corporate preferred stocks  
5 and I have a considerable amount of stock gains.  
6 That has established my position as financial  
7 status position so that thereby you know from  
8 what the category I'm speaking of. Basically  
9 I'm speaking to the effect that the income tax,  
10 the most just and most fairest way to conduct  
11 a community within the borderlines not Paramus,  
12 not Garfield, where I come from. It's a community  
13 as established as the community and anybody who  
14 is opposed to income tax is either too damn greedy  
15 or too damn incompetent. He sticks with parties.  
16 He sticks with parties, but he can't reason for  
17 himself.

18 Now, in 1970 I paid \$56,000 income tax  
19 based on my stocks. If you want evidence, you  
20 send me a letter by registered mail and I'll give  
21 you the evidence.

22 Now, morally I was a criminal, morally I  
23 was a criminal because for what I made on the  
24 stocks I should have at least \$200,000, at least,  
25 but legally I was justified and I'm not a criminal.

1 If youboys, you legislators, you give me the  
2 advantage by putting little loopholes in the  
3 income tax, although this is the fairest and  
4 these boys who oppose income tax only, I don't  
5 mind paying state income tax. I'm not going to  
6 come over here and cry I'm going to pay more.  
7 I know I'm going to pay more, considerably more,  
8 but I'm careful of one thing, that you people gave  
9 these poor older people who worked for years  
10 who have only Social Security to pay for and had  
11 to pay \$900 in taxes. First you're an American  
12 and you have to think like an American, not like  
13 a Party Member, and further, Mr. Contillo, I know  
14 when I pay the income tax, it's going to the  
15 State Treasury and I know it's not going to be  
16 used for education. I know this. Newspapers tell  
17 you that, and I can't see why others can't see that.  
18 You don't tell me that. You know that. It's going  
19 into the State Treasury and as a result, based on  
20 this formula, every student is going to get that  
21 much if there's money left over, you pay it to  
22 pay the Judge, I know that. Don't use that as a  
23 method. Believe me, I tell you the truth and I  
24 could have Internal Revenue, I'm going to take  
25 every advantage of legal loopholes that I could.

1 I believe that every child should have  
2 \$1800 regardless if everybody pays income tax,  
3 why stop at eight percent? If I had to pay  
4 \$30,000 a year, I'm not going to complain.

5 THE CHAIRMAN: Thank you very much.

6 George Koterias.

7 MR. KOTERIAS: I had three papers. Go to  
8 hell, I'm not going to testify in front of this  
9 Committee. It's a farce!

10 THE CHAIRMAN: Thank you, sir.

11 May we hear from Mr. Machairno?

12 MR. MACHAIRNO: I live at 51 Kearny Street  
13 in Lyndhurst, New Jersey. President of the  
14 Lyndhurst Taxpayers' Association. I have made  
15 a few notes tonight and one of the questions I have  
16 for you, Gentlemen, has there been a study made  
17 of the efficiency of the school districts right  
18 now as it stands?

19 THE CHAIRMAN: Not that I know of. We have  
20 got areas, a definitive of the school districts  
21 throughout the state.

22 MR. MACHAIRNO: Yes.

23 THE CHAIRMAN: I think I can answer that  
24 correctly, not a definitive study, that I know of.  
25 We have what we call piecemeal studies that

1 indicate to some degree efficiency or lack of  
2 efficiency.

3 MR. MACHAIRNO: You, Gentlemen, have been  
4 charged by the court decision to first of all come  
5 up with a study of T & E, but I think with the  
6 T & E we must study the system as it now stands  
7 to find where it is lacking, if it lacks something.  
8 Then if it lacks something, we go in and put some  
9 input into it and then come up with a proposal  
10 but I think now as it stands, you men are not  
11 even prepared to vote on the question of T & E.

12 I disagree with the proposal as it now  
13 stands in the great weighted income tax at  
14 one and a half percent on up to eight percent  
15 and stopping at the eight percent level at  
16 \$25,000. Now from 26,000 on up it still is eight  
17 percent. Now, one of the statistics which is  
18 a Federal statistic, that seven percent of the  
19 total Federal moneys collected in the income tax  
20 comes from those people earning \$26,000 and above.  
21 Eighty percent of your tax dollar received from  
22 the Federal government are going into the Federal  
23 moneys is received from those people earning from  
24 1,000 up to \$25,000. This, Gentlemen, isn't  
25 an equity. I would like to bring you back a little



1 bit, maybe to 1967, why we feel today or why  
2 the State Legislature or the Governor feels that  
3 he needs a state income tax. It started back  
4 in 1967 under then Governor Hughes in which  
5 legislation was pushed through, forced down  
6 the people's throat here in Bergen County. This  
7 was a bill to take over the Meadowlands. Suits  
8 had been filed and constitutional questions on  
9 that subject still have not been rendered by any  
10 judge. They're all afraid of it because there  
11 are some \$73,million now in that fund under the  
12 reparation rights and under the State Constitution  
13 that money is dedicated to education. It went  
14 from the Meadowlands--well, this opened the road  
15 to the Sports Authority which is now law and  
16 other authority created an other autonomous body  
17 which you,the Legislators, got no control over.  
18 Does exactly as they please and are not account-  
19 able to the people. Sports Authority, gambling,  
20 state lottery, they're looking to push all the  
21 business for themselves. I say they should let  
22 the business be run by private enterprise. I  
23 don't care if private money makes a profit on  
24 an investment. We want a tax cut, not a tax  
25 increase, not a new tax, not a new program. We

1 want a tax cut. I think we have been very gentle  
2 and polite at public meetings and requesting and  
3 suggesting but I think the time has come where  
4 we've got to demand that you, the Legislators  
5 at the state and at the federal and county levels,  
6 the municipal level, that they say the tax dollar  
7 wage, how they spend it and an income tax wouldn't  
8 be necessary anyway.

9 THE CHAIRMAN: Mrs. Naomi Berlin, please.

10 MRS. BERLIN: My name is Naomi Berlin of  
11 166 Norma Road in Teaneck. I would like to speak  
12 briefly in support of Governor Byrnes' proposal.

13 It has been obvious for some time the  
14 reconstruction of the tax system is encouraged  
15 and Judge Botter's decision has in my opinion  
16 only served to force the Legislature to act.  
17 The great inequities and the financial support of  
18 public education can only be rectified by state  
19 funding and the state income tax is the fairest  
20 way to raise this money. No logical argument has  
21 been put forth against the deterioration of  
22 New Jersey cities being as sent by the '74 property  
23 tax. At the statement that the people with the  
24 low income already pay the highest percentage of  
25 income tax, it is unfair and dangerous, therefore,

1 to continue to place the burden of financing  
2 education, not to mention the expenses of state  
3 funding of welfare and the other services on the  
4 property tax. While the state property would  
5 help to equalize rates among communities, it is  
6 like another property regressive in that it falls  
7 most heavily on those people able to pay it.  
8 The Legislature has now an opportunity to lead  
9 the people of this state to an understanding of  
10 the needs which must be met. We need leadership,  
11 not emotion, to make clear to all that it is  
12 an income tax which will provide sufficient money  
13 in the most equitable way.

14 THE CHAIRMAN: Salvatore Cosoli.

15 MR. COSOLI: My name is Salvatore Cosoli.  
16 I'm a custodian in the Paterson School System.  
17 You make me understand that if a town gets more  
18 money, like Newark's supposed to get more money  
19 than the rich town, that that person's education  
20 will be smarter than a person that's educated in  
21 a rich town, do you think so?

22 THE CHAIRMAN: No.

23 MR. COSOLI: All you fellows went to schools,  
24 didn't you? Youse also seem to be smart, you're  
25 all educated. You all didn't go to the same school,

1 did you? So the person that goes to poor schools  
2 if he wants to. I have been watching the school  
3 system for eighteen years and I have seen poor  
4 schools come out much better than the kids whose  
5 parents have businesses in town. If we're third  
6 highest in paying our taxes or whatever it is  
7 for education, where do we stand? At Education?  
8 If we're third in paying, where do we stand at  
9 paying?

10 THE CHAIRMAN: I don't know what you're  
11 asking.

12 MR. COSOLI: They seem to know. I don't  
13 know. That's why I'm asking. If we're third,  
14 we wouldn't be third too. There wouldn't be  
15 any arguments. It would be all right. Youse all  
16 argued about money to me during the campaign.  
17 I kept in touch with the Governor and I told him  
18 on the campaign, I said if you need money after  
19 election, I said, there's only one way to get it  
20 and you'll make everybody happy and all you  
21 fellows wouldn't happen to be here tonight just  
22 have offtrack betting. So you pick up \$200 million  
23 a year. So what's so bad about that? How come  
24 you fellows haven't talked about that? You got  
25 other gambling places. You have four tracks

1 running. You have the lottery. Now you got your  
2 bingo. Your bingo has been going on for about  
3 twenty years, and it's been picking up at least  
4 \$30 million a year, half of that for expenses.  
5 So where is that going? How much do you really  
6 need? Now, offtrack betting, I think, is my  
7 solution, is everybody's answer and nobody will  
8 get mad, but when you go down to Trenton, you  
9 tell Governor Byrnes that you met Mr. Cosoli up  
10 here. He's got my name on his desk that he writes  
11 that bill with.

12 THE CHAIRMAN: Mr. Dennis Meehan.

13 MR. MEEHAN: I work for the Transport of  
14 New Jersey. I had many things that I wanted to  
15 say but that have been covered by previous  
16 speakers.

17 I agree with some of the pro income tax  
18 speakers. However, if it's not fair to tax in that  
19 method, then you got to punish communities that  
20 put up with problems and factories and high risers  
21 and they pay for services in these communities that  
22 attract jobs and attract people and the other  
23 problem I find with the proposal and I find that  
24 most of the people that are in favor of the income  
25 tax are also in favor of an exclusionary zone and

1 really what we're doing with this program in its  
2 present form is rewarning communities that have  
3 zoned out industry, that have zoned out middle  
4 income people and minority groups and I don't think  
5 that you can support this program and say that  
6 you're not in favor of the exclusionary zoning.  
7 I think one improves the other and you can call  
8 this a tax reform program. You know this is not  
9 the way to reform tax. It is not equitable and  
10 it is not fair and it may drive industry from the  
11 state. Thank you.

12 THE CHAIRMAN: Mr. Frank O'Callign,  
13 Councilman of the Borough of Edgewater.

14 MR. O'CALLIGN: Gentlemen, I was here at  
15 the session that you had about a month ago.  
16 I see Assemblyman Contillo remembers me. What I  
17 would like to do is what you said before, many  
18 things were said already that you know by this  
19 time. It's late and most of the things that  
20 were said I would have said, but I would like to  
21 come out with a few figures on how we see it from  
22 our perspective and how it's actually affecting  
23 Edgewater.

24 The annual per capita income in Edgewater,  
25 and I could only base the 1969 status, was \$4,362.

1 Our population is a little over 5,000 residents.  
2 Now, based on two percent taxation of which I'm  
3 figuring low, the residents of Edgewater would  
4 bear a bare minimum of \$450,000 in state income  
5 tax. Now, this is only 5,000 people, low middle  
6 income. Please keep in mind what the percapita  
7 income for 1969 was and that it has to be higher  
8 now. Also we're presently receiving \$223,987 in  
9 state support. Now based on Brendon Byrnes'  
10 formula we would receive \$87,005 in state support.  
11 That is a total loss of \$141,000 which would have  
12 to be made up through property taxes, and the  
13 affluent areas such as Ridgewood would receive  
14 an additional \$340,000 of state support. Now  
15 I'm not criticizing Ridgewood in any manner, shape  
16 or form, but the average resident of Ridgewood  
17 can much more well afford taxes than we can.  
18 Just a few other examples. In South Hackensack  
19 they'll be receiving a plus of \$1,429,000 on land  
20 is also \$2 million. Here is another point: In  
21 at least 24 cities--

22 THE CHAIRMAN: Councilman, may I interrupt  
23 you? I'm trying to follow you. I agree with you  
24 with South Hackensack. They move about nine  
25 percent.

1 MR. O'CALLIGN: I picked these out at  
2 random. I could have made a mistake.

3 THE CHAIRMAN: Go ahead.

4 MR. O'CALLIGN: I think the point I'm  
5 trying to get across is that there are a lot of  
6 things wrong with this type of taxation.

7 Now, another point I'd like to bring out  
8 in at least 24 cities the budgets are greatly  
9 subsidized by urban aid. Although the average  
10 Edgewater resident is not better off than the  
11 average city resident in New Jersey, we can't  
12 qualify for urban aid because of our size.

13 Now on top of this we stand to lose a bare  
14 minimum of \$600,000 with no improvements at all  
15 to our local school system and this is what I call  
16 an inequity. The Court said that we're being  
17 ordered into giving each student a T & E education.  
18 What makes the state think that Edgewater could  
19 obtain this through their tax formula? You'll  
20 be spending our money on the cities and munici-  
21 palities that are already spending much more money  
22 per student than Edgewater, and we as a low middle  
23 income town strenuously oppose this.

24 ASSEMBLYMAN CONTILLO: I recognize the hour  
25 is late, but there is something I said this



afternoon and I haven't said it tonight but you from Edgewater and Rochelle Park and Paramus and Hackensack--there's a reason for the formula, it's the allocation of the formula that is effective. I am not in favor of the income tax proposal. However, I think it would be a function of this committee regardless of how we feel about it, how the money is raised to direct ourselves to the allocation or how the money is allocated to different communities now. Now, when the money is sent out, nothing is taken into consideration but the fact that in your community, in Paramus, in my community, in all the other communities, they didn't consider the fact that it cost us money to operate these industry ratables for additional police officers or for additional DPW, and so forth and so on and I think the formula has to be factored in some way to give us a grade so that you can say your community doesn't lose \$100,000 and Ridgewood has no industry whatsoever so I think in that sense it would be incumbent upon this committee to recommend a formula reduced to take those things into consideration.

MR. O'CALLIGN: I agree with that if the

1 formula were written so that a low middle income  
2 town such as the Borough of Edgewater would come  
3 out with a plus sign and that may sound selfish  
4 but I think we had one lady before who I think  
5 made a logical statement when she said when you  
6 try to hold onto what you make, then you're  
7 greedy, and I forget the final part of that but  
8 she said something about if you're trying to get  
9 what other people have, you're not greedy.

10 THE CHAIRMAN: Frederick Wearing.

11 MR. WEARING: I supported the income tax  
12 in New Jersey for over a decade. I supported  
13 Governor Hughes' proposal. I supported Governor  
14 Cahill's proposal which I think is in many ways  
15 fairer than Governor Byrnes' proposal and I'd  
16 like to make a couple of comments about it.

17 First of all, it is a question of fairness.  
18 I happen to believe that assessment is a fair  
19 basis upon which to use a judgment, as to how  
20 you should allocate funds. Secondly, and I think  
21 you encourage that type of dishonesty, not about  
22 assessments, I can just see in my own town it  
23 may benefit us to undervalue rather than overvalue.  
24 I think you've got to get around that problem.  
25 There's a second problem there, that the whole

1 history, and I think you are trying to address  
2 this in some ways. There's been a whole history  
3 of efforts which I would describe as Princeton  
4 efforts to solve urban problems and it's like the  
5 present plans. They don't really know anything  
6 about New Jersey. They never had the feel of the  
7 reality of Bergen County, Essex County, and I think  
8 we got to come down to grips with that reality,  
9 but I do believe that there's something to that  
10 point. For example, in the history of New Jersey  
11 over the last ten years, the men have attempted  
12 to use taxes to help cities like Newark and I  
13 support those efforts so I don't think they were  
14 wrong. I don't know how you're going to factor  
15 that insofar as what's real value and what isn't.  
16 I think you got to address---they have to be  
17 rectified and not just appropriated.

18 Therefore, I think you got to take this  
19 opportunity to really end something that is  
20 fair, not doing something that sort of gets by.  
21 I think Weintraub said Botter's reason is wrong.  
22 Weintraub really said we don't know what a T & E  
23 case is. Somebody ought to decide so we can  
24 decide who is getting badly treated and who is  
25 being well treated. I think I know my way around

1 Trenton and I know my way around Princeton and  
2 I can tell you that I tried for several weeks  
3 to get some information about what's proposed.  
4 I understand that some of them haven't even been  
5 prepared. I called several times asking people  
6 for copies. If you can't get information to people  
7 who read those documents knowledgeably, then I  
8 don't think you could sell that package.

9 I think there's a problem about the  
10 definition as I read it on T & E in the Wiley  
11 report. I think there is a gross hurry in this  
12 thing.

13 ASSEMBLYMAN MacINNES: I just wanted to  
14 thank you a very thoughtful statement. I'd like  
15 to clarify the use of assessments for distribution.  
16 This is the problem that I have been working on for  
17 the past four months on this debate.

18 Directly of course regardless of the  
19 assessment practices and how much they lack in  
20 uniformity in a particular town or between towns,  
21 the status, its equilization which is based on  
22 experience is supposed to remove the differences  
23 there and of course that doesn't always work out  
24 very well. You're wondering, since you appear  
25 knowledgeable on that, and something that the

1 people have not had any discussion in that  
2 regard.

3 MR. WEARING: I think it's difficult and  
4 I think I could work something out but I  
5 think you ought to look at the experience of  
6 the recent financial aid packages in Washington  
7 for college students which President Nixon  
8 put through, the basis on that in the grants.  
9 There's some varying to it, then. In an issue  
10 here he tried to allude what was the basis for it  
11 and how you got financial aid. The consequence  
12 therefore was the fact that New Jersey students  
13 got almost very little money in this present year.

14 THE CHAIRMAN: Thank you.

15 Assemblyman Robert P. Hollenbeck.

16 ASSEMBLYMAN HOLLENBECK: Mr. Chairman,  
17 Members of the Committee: We would like to  
18 provide our feelings on the State Government's  
19 efforts, thus far, to meet the mandate required  
20 by Robinson v. Cahill and the Botter decision.  
21 We feel that the citizens of New Jersey hold  
22 elected officials at what is probably the lowest  
23 esteem in history. For varying reasons, the  
24 public feels that it has been betrayed so many  
25 times that they are now at the point where they

1 have no faith in any proposal before them.

2 We have all been inundated by messages  
3 from our constituents from all over the state,  
4 both by mail and telephone conversations:

5 One, their opposition to a state income tax; two,  
6 their concern over the extreme waste and lack  
7 of efficiency in government, and three, their  
8 feelings of complete frustration in facing  
9 the hardships involved in providing for their  
10 families the bare necessities for survival  
11 during these days of inflation.

12 Knowing the feelings and the plight of  
13 the citizens of our state, we answer them only with  
14 proposals for tax reform. The Botter decision  
15 did not state that we were required to restructure  
16 the whole system of taxation in New Jersey. The  
17 people of our state are almost totally opposed to  
18 such action. And yet we are presented with  
19 programs and proposals which would alter the  
20 state's entire system of taxation, and transfer  
21 up to \$2 billion in taxpayers' money. While we  
22 see these programs, we see little concern  
23 on the part of those who have proposed them of  
24 the effects they will have on the people all  
25 over the state.

1           New Jersey is now funding education with  
2           over \$600 million in school aid. We are  
3           second or third highest in spending per student  
4           in the nation. Yet, we are given proposals to  
5           increase spending to up to 100 percent of  
6           educational costs, which would make us the  
7           highest in the nation. Under the Governor's  
8           plan, we must find the state's schools with an  
9           additional \$550 million and to 50 percent funding.

10           However, under the plan that is proposed,  
11           too many school districts around the state would  
12           receive less aid, therefore, we are asked to  
13           sweeten the pot in the form of municipal  
14           overburden program that would cost \$200 million.  
15           The cost of reform now has been increased to  
16           \$750 million.

17           However, still too many would be hurt, so  
18           we see that in the proposed bill on thorough and  
19           efficient, that the state will be required to  
20           pay one hundred percent of school transportation  
21           costs. This will increase the price of reform  
22           another \$22 million. And lastly we are told  
23           that the Legislature will have to raise moneys  
24           to close a projected state revenue gap. To close  
25           that projected gap will take another \$300 million

1 in taxpayers' money. In total, we are faced  
2 with programs prompted by a small mandate  
3 that should have cost \$550 million, but instead  
4 will cost the taxpayers of New Jersey \$1.1 million.  
5 There can be no wonder why citizens are upset.

6 We have heard of alternative proposals, such  
7 as one that concerns a statewide classified  
8 property tax. Programs which would cost as much as  
9 \$1.9 million. Are we really going to consider  
10 such programs? Programs where the property taxes  
11 in over 130 communities will be raised. Programs  
12 where no-one would want industry in their  
13 community, where each community would ask itself,  
14 why have industry if it will not help with the tax  
15 rate. Programs that will in fact chase even  
16 more industry out of the state. Are we saying  
17 that New Jersey does not need industry? Isn't our  
18 unemployment rate, which is the highest in the  
19 nation, high enough? Are we really going to  
20 consider such programs? How can we wonder  
21 why the citizens are up in arms when they see  
22 such little concern over the way their money  
23 is raised and the ways in which their money is  
24 thrown around.

25 The citizens of New Jersey were promised



1 property tax reforms when the sales tax was  
2 increased to five percent, but they did not  
3 receive it. They were led to believe that a  
4 state lottery would relieve the property tax  
5 and they were deceived. And we believe that  
6 in this current package of proposals, programs  
7 and plans, that they are being deceived again.

8 Where does it say in the court decision  
9 that we should have equal property taxes for  
10 each community throughout the state? Where  
11 does it say that we must provide for one hundred  
12 percent of the state's school transportation  
13 costs? Where does it say that we must go  
14 to fifty percent funding in order to satisfy the  
15 court's decision? What are we trying to do?  
16 Become a Socialistic state, taking the incentives  
17 to work out of our people? We believe there are too  
18 many Robin Hood complexes around, except they  
19 cannot get enough money from the rich, so they  
20 go to the available money, and tax the middle  
21 man, the average working man.

22 We wonder why the state's percentage of  
23 school funding can't be lowered to forty-five  
24 percent? If this were done, that \$550 million  
25 program would drop to a \$350 million program.

1           Could we fund only forty-two percent of the  
2           cost and satisfy the court's decision?

3           Nobody has answered these questions but if these  
4           actions are possible, we could cut millions off  
5           the proposed programs. There is the possibility  
6           of the Legislature removing the words  
7           thorough and efficient and thereby cutting the  
8           projected need for funds to zero dollars as  
9           compared to \$1.9 billion.

10           The Senate and Assembly created a joint  
11           legislative committee to report back to the  
12           Legislature on various alternatives. They have  
13           held hearings all over the state and yet the  
14           entire Legislature is jumping before even  
15           seeing this report on their plans and proposals.

16           I'm appalled and we are appalled as  
17           legislators that we are having public hearings  
18           on probably the most important item to come  
19           before this session, and as of today, we have  
20           not received the printed copies of the tax plans  
21           that you are holding public hearings on today.

22           We have heard that there are proposals in  
23           the committee reports on methods to raise funds  
24           without an income tax or any statewide property  
25           tax. Before we act, we must demand that we see,

1 hear and study all such proposals. We have  
2 heard nothing about the fiscal inefficiencies  
3 of our state's educational systems. We are not  
4 sure that the only demands in these matters are  
5 for tax reform, before we act we must demand that  
6 there is first and foremost budgetary reform.

7 Because, Gentlemen, if there is any  
8 danger in enacting another wasteful and deceitful  
9 tax of our citizens' money, then we just might  
10 as well end this discussion and move the  
11 constitutional referendum question on the removal  
12 from the State Constitution the words "thorough and  
13 efficient."

14 THE CHAIRMAN: Thank you.

15 This public hearing is now closed.

16 Thank you very much for coming.

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4 I, Michele Henley, a Shorthand Reporter  
5 of the State of New Jersey, certify that the  
6 foregoing is a true and accurate transcript of  
7 proceedings.  
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*Michele Henley*  
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