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Public Hearing

before

ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT,
AGRICULTURE AND TOURISM COMMITTEE

ASSEMBLY BILL No. 893

(Provides for reduced sales tax imposition
in certain counties)

LOCATION: Salem County Courthouse
92 Market Street
Salem, New Jersey

DATE: April 2, 1992
10:35 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Frank LoBiondo, Chairman
Assemblyman Jose F. Sosa
Assemblyman Joseph J. Roberts, Jr.



ALSO PRESENT:

Assemblywoman Mary Virginia Weber

Edward Westreich
Office of Legislative Services
Aide, Assembly Economic and Community Development,
Agriculture and Tourism Committee

New Jersey State Library

Hearing Recorded and Transcribed by

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New Jersey State Legislature
ASSEMBLY ECONOMIC AND COMMUNITY DEVELOPMENT,
AGRICULTURE AND TOURISM COMMITTEE
LEGISLATIVE OFFICE BUILDING, CN-068
TRENTON, NEW JERSEY 08625-0068
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NOTICE OF PUBLIC HEARING

The Assembly Economic and Community Development, Agriculture and Tourism Committee will hold a public hearing on **Thursday, April 2, 1992 at 10:30 am** in the **Salem County Courthouse, 92 Market Street, Salem, New Jersey** to take testimony concerning the following bill:

A-893	Provides for reduced sales tax imposition in
Stuhltrager/	certain counties.
Collins	

The public may address comments and questions to Edward Westreich, Aide to the Committee, and persons wishing to testify should contact Sharon Constantini, secretary at (609) 984-7381. Those persons presenting written testimony should provide 10 copies to the committee on the day of the hearing.

Issued 3/23/92

ASSEMBLY, No. 893

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

INTRODUCED FEBRUARY 13, 1992

By Assemblymen STUHLTRAGER and COLLINS

1 AN ACT concerning the rate of taxation under the sales and use
2 tax in certain counties, supplementing P.L.1966, c.30
3 (C.54:32B-1 et seq.).
4

5 BE IT ENACTED by the Senate and General Assembly of the
6 State of New Jersey:

7 1. Receipts of retail sales, except retail sales of motor
8 vehicles, of alcoholic beverages as defined in the "Alcoholic
9 beverage tax law," R.S.54:41-1 et seq., and cigarettes as defined
10 in the "Cigarette Tax Act," P.L.1948, c.65 (C.54:40A-1 et seq.),
11 made by a vendor from a place of business regularly operated by
12 the vendor for the purpose of making retail sales, in which county
13 is situated an entrance to an interstate bridge or tunnel
14 connecting New Jersey with a state that does not impose a retail
15 sales and use tax or imposes a retail sales and use tax at a rate at
16 least five percentage points lower than the rate in this State, are
17 exempt to the extent of 50% of the tax imposed under the "Sales
18 and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.). The State
19 Treasurer shall annually designate the county or counties in which
20 this exemption shall apply.

21 2. This act shall take effect immediately.
22
23

24 STATEMENT
25

26 This bill provides a 50% sales and use tax exemption in certain
27 counties in the State in which there are situated an entrance to
28 an interstate bridge or tunnel connecting New Jersey with a state
29 that does not impose a sales and use tax or imposes a sales and
30 use tax at a rate at least five percentage points lower than the
31 rate in this State. Retail establishments in these counties will
32 collect the State sales and use tax at one-half of the New Jersey
33 sales tax rate of 7%. One of the purposes of this bill is to remove
34 a severe border price differential that results in a disadvantage
35 to local retail enterprises which compete with nearby retailers
36 located in a state without a sales tax. This sales tax exemption
37 should result in maintaining the local economic base, preserving
38 retail establishments, and retaining jobs and sales tax revenue in
39 this State.
40
41
42

43
44 Provides for reduced sales tax imposition in certain counties.

TABLE OF CONTENTS

	<u>Page</u>
Assemblyman Jack Collins District 3	1
Assemblyman Gary W. Stuhltrager District 3	2
Patricia D. Knobloch Salem County Economic Development Director	8
Sue H. Wallen Executive Director Salem County Chamber of Commerce	14
Tom Haaf C&H TV, and Vice President New Jersey Retail Merchants' Association	17
Harold Smick Smick Lumber Co. Quinton, New Jersey	20
Gary Remster Skip's Highway Furniture Woodstown, New Jersey	22
John M. Lake, Jr. Freeholder Director Salem County New Jersey	24
David Birchmire Deepwater Lumber Pennsville, New Jersey	25
Gloria Jennings Radio Station Owner Salem, New Jersey	26
George E. Reed Mayor Pennsville, New Jersey	28
Henry McBride Store Manager J.C. Penney Co. Salem, New Jersey	29

TABLE OF CONTENTS (continued)

	<u>Page</u>
Russell L. Gardiner Gardiner's Men and Ladies Store Salem, New Jersey	30
Louise Willis Concerned Citizen	31
Robert D. Johnson President City Council Salem, New Jersey	34
Gerry Genova Supermarket Owner	36
Henry Chamberlain Deputy Mayor Pittsgrove Township, New Jersey	37
Al Falciani Furniture and appliance store owner Rosenhayn, New Jersey	38
Henry Mayerfeld Mayerfeld Supply Co. Norma, New Jersey	39
Curt Harker Museum Curator Salem County Historical Society	40
Mel Kornbluh Tandems East Bridgeton, New Jersey	41
Gilda T. Gill Freeholder Salem County, New Jersey	43
Jane Williams Concerned Citizen Pittsgrove Township, New Jersey	44
Linda Smith Concerned Citizen Pittsgrove Township, New Jersey	45
Joseph Bracale Concerned Citizen Penns Grove, New Jersey	46

TABLE OF CONTENTS (continued)

Page

APPENDIX:

Study submitted by Patricia D. Knobloch	1x
Township Resolution submitted by Pittsgrove Township	12x
Advertisements from <u>The New York Times</u> and the <u>Today's Sunbeam</u>	13x

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ASSEMBLYMAN FRANK A. LoBIONDO, (Chairman): Good morning, everyone. Thank you for coming. This is the Assembly Economic, Community Development, Tourism and Agriculture Committee. We're very happy to be here in Salem this morning.

With us this morning we have Assemblywoman Weber. We have Assemblyman Sosa and Assemblyman Roberts, who are en route and on their way. Two other members of the Committee are involved with another committee meeting this morning, and that's Assemblyman Singer, Assemblyman Corodemus, and Assemblyman Geist. Let me assure you that I, as Chair of the Committee, will be reporting back to each of the members, the testimony and what we're hearing today. Also, we have the Office of Legislative Services that is with us this morning, and the microphones that you see are not for amplification, but for recording. So all testimony will be recorded. The Committee will be receiving transcripts which will be made available to anyone who requests from the legislative side of it, and we will have an ample opportunity to review the comments, even after today, to pick up the fine points that we may miss during the testimony.

With that, we'll get started. I would like to welcome Assemblyman Collins to sort of kick things off.

A S S E M B L Y M A N J A C K C O L L I N S: Thank you, Mr. Chairman. I would like to welcome you, Assemblywoman Weber, and I look forward to the arrival of Assemblymen Sosa and Roberts. I very much appreciate you coming here to hear testimony on the bill sponsored by Assemblyman Stuhltrager and myself because these people, who will be speaking to you today, and the many others who will maybe not speak but who are here today, and maybe not be able to even come, are very aware of what we feel has happened to Salem County over the last few years particularly, with the imbalance of our sales tax -- the New Jersey sales tax -- and what's going on across the river in the State of Delaware. You'll hear testimony today from people

who are right in the action, so to speak, of business and economic growth in our community -- our county, which is a unique county. It is the least densely populated county in the State, yet it is one of the larger counties. We are not a county of big businesses; we are small businesses. If I may use the term, mom and pop businesses. This imbalance, this unlevel playing field that we have with the State of Delaware, is something that has really hurt us, and hurt the people of Salem County, particularly.

Again, I thank you for taking your time, and the rest of the members. As I understand from being a chairman on previous committees, that the transcripts that will be developed from the testimony here today, will go a long way in sharing not just with those who are here at this moment and who will arrive, but other members of the Assembly Committee, and of course, all Assembly members. I thank you sincerely, Mr. Chairman, for coming here today.

ASSEMBLYMAN LoBIONDO: Thank you, Assemblyman. Assemblyman Stuhltrager?

A S S E M B L Y M A N G A R Y W. S T U H L T R A G E R:
Thank you, Assemblyman. Like Jack, let me thank you for coming here. So often we have our meetings, as you well know, in Trenton. And from time to time, some local people have an opportunity to come up and provide input, but only when we come down right into a district that is directly affected can you get the kind of broad input that you are going to get here today. I thank you not only for ourselves, but primarily for those who are going to have an opportunity to testify.

I guess it was two years ago in June of 1990 when we were there and debated the increase in the sales tax, going from 6 percent to 7 percent. Yourself, Assemblyman Collins, and I voted against that increase, and I'm sure there were a number of reasons that went into our thinking during that time. But it gave me -- and as Jack, you, and I, all sitting

together there had an opportunity to talk during the debate -- one of the things that became more and more apparent was not only the detrimental effect, in our opinion, of raising the tax from 6 percent to 7 percent, but for those of us who are representing Salem County -- Jack and myself in particular and you, a neighboring area -- our competition wasn't with another county. Our competition, in effect, is with another state, and that state has no sales tax. I was thinking as we sat there that for sure, there were people who were already -- when the sales tax was 6 percent, and before that when it was 5 percent, and going back 25 years when it began -- there have been people who have always, no doubt, taken advantage of an opportunity to save a few dollars, and in some cases more than a few dollars, by going across the river.

This latest increase just highlighted what was already happening. If you go back historically in Salem County, the population today of 65,000 hasn't changed in 20 years. And we like the way things are in Salem County in many, many ways. Our efforts in this bill should not be interpreted-- We don't want to change too dramatically in terms of our way of life. But at the same time, if we're going to keep our children, and their children, and the quality of life that we do have, we're going to have to have opportunity here for them. This bill is an effort in that direction.

I think the Committee, the full Assembly, and the Legislature has an opportunity to dramatically change the future, for in this case, Salem County. You know we deal with a lot of legislation. Some of it is very, very significant; some is less so. This is very, very significant for Salem County. In a nutshell, this would make Salem County have a sales tax rate of 50 percent of whatever the New Jersey sales tax rate is. Assuming we roll it back to 6 percent, which is a very good assumption in my opinion, then the sales tax here would be 3 percent.

What will that mean for Salem County? Well, what I think it will mean is that we will keep our business -- dollars that are earned in the State of New Jersey, in New Jersey. No longer will the people feel, and legitimately so-- I was just on the radio down the street, and there is no criticism of a consumer who has chosen to go across and shop in the State of Delaware. I think the people will vote with their feet, in an economic sense, and they will take advantage of that opportunity. The burden is on us, as a State of New Jersey, to keep them here, to give them reason to be here, and this bill will give that reason. It will reduce the incentive. For sure, some people will still see an advantage at 3 percent, but the number of people who will avail themselves of that opportunity will be far less than what we have here today.

What we have seen, and it was in the paper, and you are going to hear testimony from a number of business people throughout Salem County here today -- and I don't want this Committee to get the impression that we are simply looking for special interest legislation that will benefit just Salem County; that we are, in effect, whining about our tough situation-- We have empirical data. The Chamber of Commerce will present information that will establish that we will benefit not just in Salem County, but the State of New Jersey will be a beneficiary in this case.

I know Assemblyman Collins will speak in a moment about some distinctions between Urban Enterprise Zones and what we are intending here, and I will leave that to him. The only distinction that I will make is this; that is, we are not taking business from other parts of New Jersey. A hundred dollars that gets spent in Salem County would not have been spent in Cumberland County, or Gloucester County, or Burlington County. That hundred dollars would have been spent in Delaware. And that \$3, or \$3.50 currently, that we would get in sales tax would have gone not here; they would have simply spent that hundred dollars across the river.

What effect does that have in terms of a ripple effect? Money in the local economy, jobs. The person who is working; they are paying income tax. The business owner; they are taxed on their income. The opportunity for entrepreneurs to even establish businesses. One very telling thing that I had mentioned, but it reminded me when I read this article yesterday in the paper, and the Committee can see: "Delaware a favorite with local shoppers." (witness displays headline) But one of the very telling things is, we don't have a record store. We don't have a secular book store. What that tells me is, the small business person says, "It's not worth the risk."

Every business is a risk. I know the Chairman is a businessman in his own right. Every business is a risk, and we're willing to take that risk if we feel that we can fairly and evenly compete. But if I'm looking to open up, in this case a record store or a book store-- And they're small priced items. You know, CDs are what: I guess \$10, \$12, \$15? A hardback book, \$20, \$25. We're not talking here big-ticket, or even middle-ticket items -- small items. But if I'm a business person, and I think people are buying these type of products in the course of their travels in a mall or a shopping center across the river, I'm not going to take that risk here.

So we're not only losing the big-ticket items that immediately come to people's minds when they say, "Well, we're going to buy a refrigerator. We're going to buy a big screen TV. We're going to buy something else of magnitude." We all understand that. But I think we are losing far, far more than that. We're losing the incidental purchases, the person who, on a Saturday afternoon or a Friday night is just going out and is going to shop, not for anything, perhaps, in particular. But their natural modus operandi now is to take the drive to the shopping center that is across the river. We don't even provide the opportunities, let alone the chance to save money.

We can compete in Salem County. Our business people are good. They are competitive. They have managed to stay in business because they have cut to the bone their own profit margins. We will compete with anybody, but we think this will give us an opportunity to do even better.

And for the State of New Jersey, we are not going to lose revenue. The fiscal notes are rather inconclusive. It's hard to identify exactly where the sales tax money is coming from. It's hard to know how many people are going to be buying in Salem County that are otherwise going across the river. But I can assure you that in my estimation, anyway, the amount of dollars that are going out-of-state will now stay in Salem County, and offset that reduction from seven to three-and-a-half, or six to three, and more than make up for it, not just in sales tax, but the ripple effect of jobs, income taxes, and the entrepreneurs that are establishing entities here in Salem County.

So I thank you for coming. You're going to hear a lot of good information today, Mr. Chairman, and I know that your Committee will take that all into consideration. I hope we pass this bill and get us an opportunity to have a vote in the full Assembly on it.

ASSEMBLYMAN LoBIONDO: Thank you, Assemblyman. I'd just like to welcome Assemblyman Roberts. Thank you for joining us this morning.

ASSEMBLYMAN ROBERTS: Thank you, Mr. Chairman. My pleasure.

ASSEMBLYMAN LoBIONDO: Assemblyman Collins?

ASSEMBLYMAN COLLINS: I, too, would like to welcome the Assemblyman to Salem County. I know he has been here many times, and it's great to have you here, Joe. Thank you.

Mr. Chairman, if I may move from the representative of Salem County in the Third District, and put on my Trenton hat, so to speak -- that of being the Assembly Majority Leader. I'd

like to do that, because I want to bring to this discussion today something that, in all reality we will have to deal with, if not today as we hopefully move this from your Committee to the Appropriations Committee, to the floor of the Assembly, and then move on through the Senate, and then hopefully to get the concurrence of the Governor.

you are from
Cumberland County as a home base. And Assemblywoman Weber is from Gloucester, and Assemblyman Roberts is from Camden. As Gary said, this is not a piece of legislation that pits one county or area against another. This is, and we have information that we will share with you today-- The battle is to our west, not to the north or south or east.

Some have said, "Well, we have Urban Enterprise Zones. Is this an Urban Enterprise Zone?" No, not at all, because we don't feel that Salem County and its unique situation is tied to the Urban Enterprise Zone legislation that we have had, basically, for the last decade, which very honestly is represented by Gary and I in Bridgeton, you in Millville, Vineland, and Assemblyman Roberts in Camden. That particular piece of legislation, as we all know, has much more to it than ours. It deals with corporate tax breaks, employment benefits, workmen's compensation benefits, and so on and so forth; a program that has proven to be successful.

Ours is somewhat different. It deals with one item, the sales tax and retail activity, and right now would affect one county in the State, Salem. But in future days, it could affect other counties the way the bill is written with regard to the sales tax differential tied to other states -- not other communities, but other states -- which are connected to New Jersey by a bridge or tunnel. It could bring in our central counties with Pennsylvania, the northern counties with New York State. It's not there now, but it will give the protections for New Jersey that Gary has just stated.

I understand that though we all care about New Jersey, and Gary and I are particularly concerned about Salem County in this case, you have your areas of representation. We will show today, I hope, and in the ongoing discussion, that this will benefit all of New Jersey in the long run. And we feel -- and it's a word that I know many of us in the Legislature cringe when we hear, the word "fair" -- but it's a matter of fairness. And as we all know, we hear fair 10 times a day on every single issue. But we feel that this piece of legislation, far separate from the Urban Enterprise Zone legislation, is one that deals with -- I will say it -- fairness to our business people and the citizens of Salem County, and we feel, in the long run, will benefit New Jersey.

Again, I thank you very much for coming here today, for the other members of the Legislature. I look forward to the testimony and the continuing discussion of this in the future.

ASSEMBLYMAN LoBIONDO: Thank you very much, Assemblyman Collins. It was very well put.

We'll now go into the list of people who have signed up, first. Then if your name isn't on here from signing up ahead of time, once we get through this list, then I'll open it up to anyone else.

First I'd like to call on Patricia Knobloch, the Salem County Economic Development Director.

P A T R I C I A D. K N O B L O C H: This isn't a microphone? I hope you'll be able to hear me?

ASSEMBLYMAN LoBIONDO: It's for recording purposes. You need to speak into it, but it won't amplify your voice.

MS. KNOBLOCH. Okay. Thank you for the opportunity to speak before the Committee today. My name is Patricia D. Knobloch. I am the Director of Economic Development for Salem County. My office is responsible for two major initiatives:

The attraction of new business to the county, and the retention and expansion of existing businesses. My comments today will focus on the commercial retail sector.

There are many factors related to the attraction of commercial development to an area, including the availability of transportation systems and the traffic that is generated by those systems, developable land, disposable income of residents, and the economic conditions in the area. When one looks at Salem County you find an excellent transportation network that includes I-295 and the New Jersey Turnpike, a large volume of vehicular traffic that is generated by the Delaware Memorial Bridge, large tracts of developable land along the I-295 corridor, a very stable economy, and a work force that earns the sixth highest private sector wage in the State of New Jersey. To place that ranking in perspective, of all of the southern New Jersey counties, the next highest ranking for private sector wage is Burlington County, at number 13.

Based on the above, one would expect to see a retail trade sector that has experienced growth and development similar to the growth that has occurred in neighboring Gloucester, Atlantic, and Cumberland Counties. But a look at the retail sector in Salem County paints quite a different picture. Salem County is the only county in the State that has lost retail establishments during the decade between 1979 and 1989, with a decrease of 4.2 percent. The figures that I am using are all the latest figures that are available, throughout this report.

During the same time period the State of New Jersey saw an increase of 21.3 percent in retail establishments. Gloucester County saw a 32.9 percent increase, Cumberland saw a 4.5 percent increase, and Atlantic a 31.1 percent increase.

Per capita sales in Salem County are also much lower than in the State of New Jersey and in neighboring counties. Between 1987 and 1990, per capita sales in Salem County were

41.2 percent lower than the State of New Jersey, 37 percent lower than Gloucester County, and 31.3 percent lower than Cumberland County.

The question here is: Do Salem County residents have different purchasing habits than their neighboring counties, or are they shopping elsewhere?

What is happening in Salem County? We already know that our work force earns a higher wage, on average, than the rest of the eight southern counties. Let's look at some of the other related statistics referring to shopping patterns.

One very effective way to measure buying potential is to look at the effective buying income of a community. Effective buying income is defined as personal income less personal tax and nontax payments. The figure is commonly referred to as, "disposable personal income." It is a bulk measurement of market potential, and indicates a general ability to buy. It's normally a figure that is used by companies that are looking at an area in terms of market study to see, if, in fact, there is a viable market there for retail.

Out of the 21 counties in New Jersey, the effective buying income in Salem County ranks number 11 in 1990, number 11 in 1989, number 10 in 1988, and number 11 in 1987. But retail sales ranked 21 for all four years.

What was the EBI for our neighbors, Gloucester and Cumberland, during the same time period? Gloucester County: number 12 in 1990, retail sales number 11; number 13 in 1989, retail sales, number 15; number 17 in 1988, retail sales number 15; number 16 in 1987, retail sales number 15. Cumberland's EBI rank is number 18 out of 21 for all four years. Retail sales ranked at 16, 16, 17, and 17 respectively for those four years.

The EBI and retail sales ranking are usually closely correlated, and in the case of Gloucester and Cumberland, they are. Only Salem County's EBI and retail sales rankings are incompatible.

It also doesn't appear that high unemployment can be cited for our low retail sales and lack of retail growth. From 1987 to 1991 Salem County's unemployment rate averaged 5.2 percent. Gloucester County averaged 5.1 percent during that same time period. Cumberland County averaged 8.2 percent, but still had higher per capita sales, and the State was 4.7 percent.

So what is the answer to this problem? I think that we need to look westward. What does no other county in the State of New Jersey have in common with Salem County? No one else borders the State of Delaware.

Delaware is the home of the zero percent sales tax. It's where the retail sector has flourished over the last 10 to 15 years. Delaware, where the State Tourism Office efforts proudly proclaim, "No sales tax here." "Buy it, take it, and it's tax free."

Where do Salem County residents shop? We commissioned a market survey to find out. A license plate survey was conducted in December of 1991, and a shoppers survey was conducted in February of 1992. A New Jersey license plate survey was conducted in Delaware at various shopping locations. Fifty percent of the New Jersey cars were from Salem County. Nine percent were from Cumberland, and ten percent were from Gloucester. The remainder were from the rest of the New Jersey counties.

A shopper's survey was conducted at the K-Mart in the Ames Shopping Center, in Pennsville Township in February. Shoppers were questioned on where they would go to buy certain goods. All the shoppers were Salem County residents. Respondents were given a wide range of shopping locations to choose from, including Salem County, the Deptford Mall in Gloucester, downtown Vineland, the remainder of Cumberland County, and the State of Delaware.

What did we find out? Except for food, over 45 percent of the respondents who purchased goods said they would go to Delaware. The more expensive the class of goods, the higher the percentage of respondents indicated they would shop in Delaware for that item. Sixty-two point five percent shop in Delaware for toys. Sixty-six point two percent shop in Delaware for sporting goods. Sixty-six point two percent shop in Delaware for jewelry. Seventy-five percent shop in Delaware for clothing. Seventy-five point three percent shop in Delaware for furniture. Seventy-seven point one percent shop in Delaware for electronics. And 83 percent shop in Delaware for large appliances. Only 5.7 percent of the respondents shop elsewhere in New Jersey, outside of Salem County or Delaware. This should allay the fears of those other New Jersey communities that think that a sales tax break will have a negative impact on their retail sector. Only convenience goods such as food, stationery, and small appliances are purchased in Salem County at this time.

The findings of this survey correlate with the survey of county merchants that we conducted in June of 1991. We analyzed the sales tax data from 1989 to 1990, when the increase came into effect -- the additional 1 percent -- and the first four months of 1991. There was a 7.13 percent decrease in sales from 1989 to 1990 for all respondents, and we had a 30 percent response for a mail survey.

To place that figure into perspective, during that same time period, there was a 9.12 percent increase in sales in the Cumberland UEZs, and this was in the midst of a recession and very high unemployment in Cumberland County.

Sales in the first four months of 1991 continued to decline at a rate of 13.7 percent. Clearly, the impact of the Delaware sales tax policy is causing a slow death to the retail sector of Salem County. I do not see the Competitive Business

Zone legislation as boosting new commercial growth, but providing a more stable environment for the existing retail community.

The major concern of Salem County retailers today is just staying in business. Today we are talking about business retention, ensuring that the small service oriented Salem County retailers can keep their doors open for another day.

On a final note, the State should consider the lost tax revenue that these Delaware based purchases have caused. Using Salem County per capita figures, and using the per capita figures on average for the State and the difference, I'm assuming that the difference is being spent elsewhere, and that elsewhere is in Delaware.

Taking an average figure: For 1990 approximately \$95 million was spent in Delaware by Salem County residents. If all these items were taxable items, at 7 percent, this represents \$6.6 million that was lost by the State of New Jersey in terms of sales tax revenue. I encourage this Committee to seriously look at this legislation and try to help us out.

I have a report that I would like to also give to the Committee, that outlines all the information I provided in more detail. In addition, I had received a fax from a resident of Pittsgrove Township. He asked if I could read it to the Committee because he couldn't be here today.

This is a statement from Dr. Richard A. Michelfelder. As I said, he is a resident of Pittsgrove Township. His home mailing address is Rural Route 6, Box 514A, Centerton, New Jersey.

"I am testifying as a resident of Salem County as a professional economist. I have testified on numerous occasions before Federal and State agencies on economic and financial issues. I have a Ph.D. degree in economics from Fordham University, and am an adjunct professor of economics and

finance at Monmouth College. Additionally, I provide economic analysis services to a major New Jersey corporation at which I am employed. My position may not reflect the views of the institutions with which I am affiliated.

"My position is as follows: Salem County businesses face a competitive disadvantage with businesses located in the surrounding Urban Enterprise Zones, namely: Vineland, Bridgeton, Millville, and the State of Delaware, all of which are easily commutable from Salem County. Although I have not quantified the extent of the economic detriment of the sales tax bias against the Salem County economy, I strongly believe that it is a significant detriment to the County's economic vitality.

"As a concerned citizen and professional economist, I urge Governor Florio, the Senate, and the Assembly, to approve the proposed legislation, and help Salem County pull itself out of its economic doldrums by its bootstraps. In order to do this, the county needs to compete on a level playing field, which is currently tilted against it."

I also have some copies here of ads that are placed in The New York Times by the State of Delaware, for people to come to visit Delaware. As I mentioned, their major attraction is, no sales tax here. Thank you.

ASSEMBLYMAN LoBIONDO: Thank you very much. Sue Wallen, the President of Salem County Chamber of Commerce?

SUE H. WALLEN: Hello. My name is Sue Wallen. I'm the Executive Director of both the Chamber of Commerce of the greater Salem area, and Stand Up For Salem, Incorporated. The Chamber is a 121-year-old business organization committed to the advancement of agricultural, commercial, financial, industrial, civic, and general interests of the City of Salem and neighboring municipalities. Stand Up For Salem is a 501 (C) 3, nonprofit corporation, dedicated to the betterment and

the revitalization of Salem. Salem County corporations fund Stand Up For Salem here in an effort to maintain and improve the economic and community climate of the City of Salem.

The Chamber, and Stand Up For Salem, are very interested in the issue of a reduced sales tax for Salem County. In fact, Stand Up For Salem paid for the marketing research project that has supplied the County Economic Development Office with the data it needs, and has just given to you, to demonstrate the consistent shopping habits of the Salem County residents traveling consistently to Delaware.

I have been the Executive Director of both of these organizations for only six months. But during those past months I have concentrated my efforts on learning about the area, the residents, and the people who live and work and have businesses in this county. In fact, I'm kind of unique because I have had the luxury of being able to talk to hundreds of residents, business owners, and people within this county.

What have I learned? I've learned that this county, itself, defies the economic and statistical data. Yes, we are the only county that has lost retail establishments in the decade of '79 to '89, and per capita sales are lower here than anywhere in the State and nearby counties. In fact, in the last few years, many retail establishments have closed right here within the City of Salem.

I did just a little experiment. I sat down, and within the time span of about an hour, talking to two other people, I came up with just a quick list of the retail businesses that have closed here within the city, and just on the outside city limits:

Jack's Men and Boys Store, Hoffman's Shoes, Bargain World, Mark's Shoe Store, Slopey's Jewelry Store, Morton's TV, Bear Optical, Carol's Fashions, Bob's Seafood, Gazebo Restaurant, Green Dragon Art Shop, Carmella's Pizza, Hassler's Tires, Sowers Furniture, Dominos Pizza, 7-Eleven, Maryland

Dress Outlet, Cooper's Furniture is all but closed, Sneakin' Around, Agway, Salem Auto Mall, Chamberlain's Furniture is up for sale, and of course, the most recent is the Acme Market.

This recent closing of Acme has thrown this community into a tailspin, to say the least.

The list is staggering, and I haven't even touched the other communities such as Pennsville or Woodstown. I didn't even go beyond, per se, the City of Salem.

Small retail businesses in this country today make up 80 percent of the retail industry, which totals \$2 trillion in sales annually. The retail industry in this country employs over 20 million people. Salem County would like to be part of those statistics. However, every small business owner knows that staying alive in today's economy and high tech world is an ongoing challenge. The economies of scale of large retailers makes success hard enough. But how can a small retailer here in Salem County compete if he or she goes into the marketplace with an obvious disadvantage?

Salem County is willing to compete, but the environment in which it operates must be equalized to allow true competition. Just a quick trip across the bridge exists a state that aggressively markets its no sales tax policy. It is not a coincidence that Salem County is the only county in the State that borders Delaware, and the only county that has consistently lost retail establishments. The numbers and the research prove that the dollars exist here in Salem County, but those dollars are not only being lost to Salem County, but they are being lost to the State, as well. One can only imagine the ripple effect of those dollars if they were spent here instead of in Delaware.

So what have the people of Salem County told me in the past six months? They say that they want to live here, they want to work here, they want to do business here. They like it here, and they are committed to the life that their ancestors

began here. But unfortunately, unless everyone remotely connected to this county begins right now to make some changes, this historic city and this county is in jeopardy. Sales tax reduction for Salem County is just the first step.

Thank you.

ASSEMBLYMAN LoBIONDO: Thank you very much, Sue.

Tom Haaf?

T O M H A A F: Thank you, Mr. Chairman and Committee members, for the opportunity to testify today. I'm Tom Haaf. I'm Vice President of the New Jersey Retail Merchants' Association, but I'm also a small businessman here in Salem County, located in Woodstown.

I brought with me a little visual aid, here. I don't want you to think that I'm here to bury New Jersey business with the top of this coffin. At least not yet, or at least I hope not. However, I brought this lid, really, to stress a point that really surrounds this whole issue, and what this bill is about.

It shows the recent nails that have been attempting to seal the fate of New Jersey businesses. And realize, if you will, we now have numerous viruses which are affecting and making New Jersey business sick.

Mr. Chairman, as you see here, we have a nail for increased permit fees, higher insurance rates, noncompetitive regulations, largest tax increase in history, telecommunication tax, double vehicle fees -- many of which I know you, as a businessman, are very familiar with, so I don't have to point them out. Yesterday, I think it was very appropriate, being April Fool's Day, but we went and became the nations' first and highest minimum wage state. It's just one more thing that makes New Jersey business noncompetitive. And I think that's what this issue is all about -- competition.

And that is what this bill, that I urge you to support and release from Committee, and allow the full Assembly to vote

on, is about also, and that's competition. And you will see the biggest spike up here in the corner is noncompetitive sales tax.

Now, I'll just say this: Everybody always says business is of the rich. But let me just say to you this, business is what provides jobs. Business is what provides a tremendous amount of the tax base for New Jersey's economy. And that is what's suffering here.

The key is competition. I'm asking that you consider pulling that one spike out, which would help make retail business survive in Salem County.

Now recently -- last year -- one Assemblyman stated, "The sales tax increase from 6 percent to 7 percent wasn't affecting retail business. It didn't have any effect on what people were going to buy in New Jersey." I don't know who he was talking to because I've talked to -- and I think you will talk to, and see many businesses here today -- that will tell you that it has affected retail business. However, it has affected retail business in Salem County more greatly than it has in other counties and other areas. If you don't believe me, ask some of the retailers who sell furniture, appliances -- such as I do. Ask those farm supply places that sell tractors, those individuals who sell lawn mowers, those items that give a 7 percent discount when they drive across a 75 cent bridge. They'll tell you that it has made a difference.

Now you have heard, today, some facts and figures. And a lot of times people can make facts, or numbers, into what they want them to be. But I can tell you this: I'll tell you a little bit about my business. I do warranty service business for a lot of companies. Sixty-eight percent of my warranty repairs are done on merchandise purchased out of the State of New Jersey. That tells me something.

Just last fall, I had to laugh, but it wasn't easy laughing. I drove across the bridge myself, going north on

I-95, towards Wilmington. Right on the right, there are a number of billboards in a marsh area, there, as you go, before you enter the city. There is a billboard on the right that said, in the biggest and boldest letters you want to see, "No sales tax in Delaware. We want your business." Guess who put that up? It was the Delaware State Economic Department.

I think that's telling us something, and that's my purpose here gentlemen and Madam Assemblywoman. New Jersey government doesn't want New Jersey business to be successful, I believe. They don't want us to be competitive, because if they did, they would give us the tools necessary.

In just this week's paper, it said New Jersey is in its fourth straight decline in jobs. It didn't seem to concern the minimum wage bill going in yesterday.

You don't think sales tax makes a difference? I show you another advertisement. This happens to be from a New Jersey business. It says, "First ever, 'Do Not Pay the Sales Tax Sale.'" Now granted, that's an illegal ad, and I hope you won't prosecute this individual because I have it with me. But that's what we're up against. We can't compete against a tool such as the sales tax. It's an advertising tool that the State of Delaware is able to use to make retail business flourish, and we just ask you that you make us competitive.

I'm want to just leave you with this one last word. Everybody talks about Japan versus America these days. I'd like you to think of New Jersey as little America, because Delaware is Japan to the retail industry here in Salem County. You know, New Jersey business has a high export tax on it, the only difference is, we call it the sales tax, and Delaware has no import tax.

Thank you very much.

ASSEMBLYMAN LoBIONDO: Thank you very much.

Harold Smick, of Smick Lumber?

Excuse me, before you get started, Harold. We welcome Assemblyman Sosa. We thank you for joining us.

ASSEMBLYMAN SOSA: My apologies, Mr. Chairman, for being late. I ended up pretty close to Delaware, with some directions.

ASSEMBLYMAN COLLINS: Chastise the Majority Leader for those directions.

ASSEMBLYMAN LoBIONDO: It's a good thing you didn't cross over.

ASSEMBLYMAN SOSA: And I didn't purchase anything in Delaware, so--

ASSEMBLYMAN LoBIONDO: Okay. Well, we'll let you stay then.

ASSEMBLYMAN SOSA: Thank you.

ASSEMBLYMAN LoBIONDO: Harold, go ahead.

H A R O L D S M I C K: Assemblymen, and Chairman Frank LoBiondo, members of the New Jersey Assembly Committee, Assemblyman Gary Stuhltrager, and Assemblyman Jack Collins, ladies and gentlemen: I appreciate the opportunity to testify very briefly today to you. We're grateful for your coming down to Salem to listen to some of our problems.

I'm Harold Smick from Smick Lumber in Quinton, New Jersey, just three miles east of Salem. We're a family owned business with 24 employees. We were founded in 1906, and today the fourth generation of the family is active in the business.

Ever since the first sales tax was placed in New Jersey back in July 1, 1966, which was 3 percent, we have been affected in our small family business. And then, as you know, the tax increased from 3 percent to 5 percent on March 1, 1970. And then in 1983, on July 1, it was raised to 6 percent. Since we are already in a recession in our industry, as many of the people here in the room are today, the increase of the sales tax from 6 percent to 7 percent on July 1 of 1990 really intensified the recession. As I've told some of the State officials, it is a second recession. We're already in a recession nationwide, but this made it a second recession all at one time.

We have struggled to increase our sales, and I must admit here, publicly, today, that our sales have declined in the recession, beginning in 1990 with the implementation of the 7 percent sales tax. In order to get the economy turned around, as many of the people in the audience know, we have just put up a brand-new hardware store and office complex of 12,000 square feet, in an attempt to turn the economy around. We realize that alone is not going to solve our problems with the sales tax.

For years we have been sending a monthly report to the State of Delaware on any sales that we do make in the State of Delaware. It's a very small tax that we must pay, like a mercantile tax. But yet there is no reciprocal agreement between the State of Delaware, and New Jersey, as we small business people believe there should be. In other words, there is no way that they are making any attempt to check on those people who are bringing in taxable merchandise into the State of New Jersey, which has no tax on it when purchased in the State of Delaware. We believe that there should be some kind of agreement between the two states, as there are in many states throughout the nation, because there are three states in the nation that do not have a sales tax. In some of those instances -- in two of them, I believe -- they do have an agreement between the two states.

Ladies and gentlemen, we find it very difficult to survive successfully. And at Smick Lumber, despite the erection of a brand-new 12,000 square foot store just-- The official opening is just this week, and we believe we have to make a decision somewhere down the line in the future if we're going to survive successfully. We actually believe we have choices. One would be to try to struggle to live here. Another would be to purchase ground in Delaware and eventually put up a business in Delaware, or merge with a company in

Delaware, or purchase a company, or be purchased by a company in Delaware. We have eight acres at our site which would be a good satellite area, but I do not see how we can long survive.

We do appreciate your attempt in the Assembly and the Senate to bring the sales tax back from 7 percent to 6 percent, which we are hoping will be done on July 1 of this year. But that alone is not going to solve our problem. The damage has been done. In a recession the people find it's more important than ever to save the 7 percent -- or the 6 percent that's coming. We used to not feel that. In times of prosperity we found that the people would still come in and buy. Our business increased every year from 1966 up until 1990. But unless we can get some sales tax relief, we wonder how much longer we will survive in Quinton as a viable retail establishment.

Again, I want to thank you for coming down to listen to our problems, and we do appreciate whatever you can do for us, because we do have limited time to continue as a retail dealer in Salem County. Our yard is located just 11 miles from the base of the Delaware Memorial Bridge. A lot of people will travel, even after the sales tax drops to 6 percent. They did it. Hundreds of people traveled to Delaware even when it was 6 percent. They will continue to do that, and we would hope that you can come to our rescue and help us to survive by giving us a break on having, maybe, a half of that sales tax rate of 6 percent.

I thank you for letting me testify. Thank you.

ASSEMBLYMAN LOBIONDO: Thank you very much.

I'd like to call on Gary Remster?

G A R Y R E M S T E R: Good morning, Mr. Chairman and distinguished members of this Committee. My name is Gary Remster, and I'm Operations Manager for Skip's Wayside Furniture in Woodstown, approximately seven miles from the City

of Salem. We are a family owned and operated retail furniture store, and have remained at the same location for a little more than 40 years.

I come before you today in support of Assembly Bill No. 893. Our store and its location has become a competitive disadvantage. We are located only 10 miles from the Delaware state line, and to which the closest furniture store in Delaware is approximately one mile from that point.

As you may know, furniture is a big-ticket item which means when we sell a \$1000 sofa, we are required to charge the consumer \$70 in sales tax on top of the price of that sofa. If that customer travels approximately 12 miles to the State of Delaware, he or she can purchase that same \$1000 sofa and not pay the \$70. That \$70 to some people could be a week's worth of groceries or a month's worth of electric.

Some people would say just to reduce the price of the sofa by \$70, but in today's economy of very slim profit margins and skyrocketing cost of insurance and idiotic regulations, this is almost impossible to do and still keep your business out of the red. Now under the same circumstances, if you were to travel 20 miles to the south of our store to the Urban Enterprise Zone of Bridgeton, Vineland, and Millville -- which is in your district, Mr. Chairman -- that same consumer can also purchase the same sofa for \$1000, and only pay \$35 in sales tax instead of \$70. In today's economy, people will travel a long way to save as much money as possible.

So as you can see, in our particular situation, our problem lies on two borders, not just one. There are many in this room who have the same problem, and as all of us here today agree, that our problem is not a small one. I urge you, all of you, to support this bill, and get it passed as soon as possible. There are many of us in this room today that are not going to last much longer unless something is done.

Thank you for your time and your consideration.

ASSEMBLYMAN LOBIONDO: Thank you, Gary.

I'd like to call on Salem County Freeholder Director, Jack Lake?

F R E E H O L D E R D I R. J O H N M. L A K E, JR.: I am Jack Lake, Salem County Freeholder Director. Assemblyman LoBiondo, I would certainly like to thank you and your Committee for holding this meeting here today -- and a special thanks to Assemblymen Collins and Stuhltrager for spearheading this effort.

I can't embellish on the testimony that you have heard from the retailers, and I'm sure you'll hear some more. They present a fine argument. And I think as Assemblyman Collins pointed out, Salem County is unique in being the only county so close to the State of Delaware, where they have the zero sales tax.

I know I feel a twinge in my conscience the times that I do cross the bridge, if my wife wants to do some kind of shopping in Delaware. I think, especially as an officeholder, I'm obligated to do my shopping in Salem County. As most of the retailers here today know, I do. They see me in their stores.

But we can't blame the consumer for trying to save that \$70 that was just mentioned. That's a large item to a lot of people. And that goes on and on everyday. We can't blame the retailer. If you and I were to open a business today, and we had our choice of where to put that establishment, I think our choice would be clear. We would go where we could sell it the cheapest and still make a good profit, and so we would go across the bridge into Delaware. So the retailers that leave, I feel bad about it, but I can't blame them. We have to blame the system.

You people today are listening to the testimony to hopefully help in some way change that so that we can build up

retail businesses in Salem County and help the consumers at the same time. I firmly believe that it will also help the State, at the same time. I think that money will stay in the State.

Thanks again very much.

ASSEMBLYMAN LoBIONDO: Director, thank you very much.

David Birchmire?

DAVID BIRCHMIRE: Good morning, Chairperson. My name is Dave Birchmire. I'm also in the lumber business like my good friend, Harold Smick. My family owns Deepwater Lumber in Pennsville. We are one half mile from the base of the bridge.

One point that I would like to hit on. We are running a sale circular at this time, and we had an occurrence this morning when a customer came in and we have a Makita saw on sale for \$110. The gentleman came in and said, "Dave, you have a very good price on that saw, but can you do any better?" I said, "We're working real tight on sale items. We hardly make any money on them. It's a promotional type of item." He said, "Well, I can go to Delaware and save 7 percent right off the top." I said, "Sir, I do not even make 7 percent on that saw."

If we could have that 3 percent or 3 1/2 percent, sometimes we could split the margins and I could keep the customer in New Jersey, and keep our business flourishing and keep our economy going in Pennsville.

What I've noticed, being in the lumber business, a lot of small-ticket items, we get sales for. But the companies come by, and the contractors, they go by, and they'll stop in to pick up nails or paint or something low-end, and the large-ticket items, they'll just go right over to Delaware. There's an 84 Lumber about a half a mile from the one side of the bridge, which all that Delaware has is a zero percent sales tax.

What my understanding is, I was up-- I had the pleasure to go to Trenton, I guess, back in the spring, with Senator Zane. I testified at the Senate Select Subcommittee, I

believe it was, and I think it was maybe onto deaf ears, where I explained to the committee members there how less would be more on sales tax. They did not understand where I believe our businesses, along with Smick's Lumber and a few other ones that sell high ticket items, we would actually give the State coffers more money in revenue, in sales tax, at 3 percent or 3 1/2 percent than the 7 percent that we're giving you guys now, because our businesses would flourish so much more, along with employment. Right now we've cut back a little bit. If we weren't an established business, which is a second generation type deal, I'm not sure we would be in business. You know, that's a sad state of affairs for a company that has been in business since 1936.

We desperately need help. All of Pennsville does. I think all of Salem County does. What people don't realize is that, it's not only the sales tax. In fact, I'm not trying to be repetitious, but I'm a little nervous talking up here. If people travel to Delaware, they'll also eat in Delaware. What money they save on sales tax, it hurts our restaurants, it hurts our book stores, our record stores; the whole deal. It's like a package, where people make one trip to save their sales tax, and that money they spend over there, instead of spending it in New Jersey, where it should be spent.

Basically, that's all I have to say. I hope you consider our request for this very much. Thank you for having me up here this morning.

ASSEMBLYMAN LoBIONDO: Thank you.

Gloria Jennings?

G L O R I A J E N N I N G S: Good morning. I'd like to thank the Chairman, Assemblyman LoBiondo, for conducting this meeting here, and the Assemblywoman and the Assemblymen who join you on this Committee. I think it's gracious of you to come here so you can hear the people from Salem County, the

business community, and all those who will testify on behalf of the legislation proposed by Assemblyman Gary Stuhltrager and Assemblyman Jack Collins.

I would like to represent to you what I have been hearing as owner, president, and general manager of the local radio stations. I am representing the listeners who are not here today, but who have told me -- and the business community has told us -- how much advantage there would be if the 3 percent sales tax was to come about. I serve on the Greater Salem Chamber of Commerce, and their efforts have been towards a reduction -- legislation that would bring it about.

In addition to that, we have four salespeople who are out on the road everyday, Monday through Friday, talking to the business community, and the input we're getting is the drastic effect the sales tax has on their business. That in turn reflects on our business. I am also a small business person, small business in that we're the local radio stations; it is not a large radio station. We compete with the Wilmington market also. So in addition to having the Salem County advertisers, we also have Delaware advertisers.

We have noticed quite a reduction and loss of business, and loss of revenue to our station. In addition to what disadvantage the local business people have here, it reflects on our business, too, on our revenue. And it has drastically impacted on the radio station. We're having to struggle during this recession, and also the fact that we have the competition from across the bridge. And I see as an advertiser, and hear as an advertiser, that receiving and selling advertising, that they are -- they, the Wilmington, Delaware business community -- advertising no sales tax. They have expanded their marketing to billboards. I have seen them, as Tom Haaf has testified that he has seen where they boast, "No Sales Tax." The commercials that we get from the Wilmington, Delaware area, and we have to sell advertising to

Delaware as well as New Jersey businesses because of the loss of business in New Jersey. I wish we could say that we would only, solely sell advertising to the Salem County area. That would be great for us, but the revenue isn't there. I have seen the commercials come in, boasting no sales tax, and it impacts on every aspect of business in this community.

So I urge the Committee-- I thank very much our Assemblymen, Jack Collins and Gary Stuhltrager, for their effort. I'd also like to commend the Greater Salem Chamber of Commerce for their effort -- Pat Knobloch, our Economic Development Director -- for the facts she has discussed this morning. They are so supportive of our need for a reduction in the sales tax.

I wish you success again. Thank you for being here.

ASSEMBLYMAN LOBIONDO: Gloria, thank you very much.

I'd like to call on Mayor George Reed of Pennsville?

M A Y O R G E O R G E E. R E E D: I thank you for inviting me here. I represent the Township of Pennsville and the Township Committee. All you need do is take a walk through our two major department stores in Pennsville, and you'll recognize a difference. You'll see that there are no high ticket items there. You'll see no refrigerators. You'll see no console TVs. You'll see no riding lawn mowers. High ticket items, people buy those across the river. Sears and Roebucks, I think, is the only store in Pennsville that carries those items. We recently lost two appliance stores in Pennsville due to the fact that they can't compete with the business across the river.

The Township Committee is definitely in support of this bill, and would do everything possible to see that it gets enacted. In 1990 a group of merchants from Pennsville came to our Township Committee meeting and they requested help -- our assistance -- in getting Pennsville declared an Urban Enterprise Zone. So the Committee agreed.

We wrote a letter to the State Division of Taxation, and this letter -- I've showed it to Assemblyman Collins -- and the reply came back two months later denying our request. But it went on to explain to Pennsville why the request was denied, and that Pennsville didn't qualify to be an Urban Enterprise Zone. But the last paragraph of the letter was comical. It said, "Furthermore, if the residents of Pennsville wish to participate, or wish to gain the use of a 3 percent sales tax, all they need do is to drive to Bridgeton or drive to Vineland." The Committee felt that if they had taken the time -- the Division of Taxation -- if they had taken the time to look at a map and to see where Pennsville was, they would have never put that last paragraph in that letter, because people in Pennsville are not going to drive 25 miles to Vineland or 25 miles to Bridgeton. They're going two miles across the river. They don't care about the 75 cent toll each way. They're going over there, and they're going to save big dollars on their high ticket items because they don't have to pay the 7 percent tax.

Thank you again for inviting me. I certainly hope that the testimony you are going to hear today will help you in your effort to provide us with this relief that we so desperately need in this county. Thank you very much.

ASSEMBLYMAN LoBIONDO: Thank you, Mayor. Unfortunately, I think a lot of the problems in the State of New Jersey are a result of bureaucrats, probably similar to the ones who wrote the letter to you, that just don't understand the real world. That's one of the problems that we're facing, and testimony, such as we're hearing today, will go a long way toward helping us bring them back to reality.

MAYOR REED: I agree. Thank you again.

ASSEMBLYMAN LoBIONDO: Henry McBride?

H E N R Y M c B R I D E: My name is Henry McBride. I'm Store Manager of the local J.C. Penney store in downtown Salem. Since 1985 we've experienced moderate, profitable

growth in our taxable item business, mainly through our catalog. Since June of 1990, we've lost-- In 1990 we lost 6 percent in sales of taxable items -- taxable item merchandise. In 1991 we lost almost 20 percent in taxable item sales. Through 1992 -- February and March -- we are down 6 percent on top of those figures. Our business is suffering, and I personally feel that this reduction in sales tax will be a boon to Salem and Salem County, and as a merchant in Salem County, we need all the business we can get. Thank you very much.

ASSEMBLYMAN LoBIONDO: Thank you.

Russ Gardiner?

R U S S E L L L. G A R D I N E R: Russ Gardiner, just retired, the first of April.

ASSEMBLYMAN LoBIONDO: Congratulations.

MR. GARDINER: Gardiner's Men and Ladies Store.

ASSEMBLYMAN SOSA: You're not fooling us, are you?

MR. GARDINER: No. Gardiner's Men and Ladies Store, right across the street, 20 years. I started with Gardiner's Men and Boys' Clothing. Expanded in the shop across the street to Gardiner's Little People, for young kids and all. That closed up within a short time because it wasn't feasible with taxable items, on furniture and things like that.

Now I just closed the store out of all the men's wear. It's been reopened as a ladies' wear. We're losing all the young fellows, and all the men, going to Delaware shopping. Even though there is no sales tax on clothing, people do not understand that in this area. They still believe there's a sales tax on clothing, and they are going over there.

I just-- Rather than have a closed store, I backed this girl for me for eight years for \$30,000 to keep this store open, because if I close it, I'm going to have another empty building. Thank you.

ASSEMBLYMAN LoBIONDO: Thank you. Louise Willis?

L O U I S E W I L L I S: Good morning, Committee members. I'm presenting as a consumer, and I'm going to present my side: Why we should keep our merchants here.

I am a teacher. I'm presently at Temple University on scholarship. My situation is a little bit different, since I live about 15 miles north of Salem. However, I have been indoctrinated by my neighbors who say, "Oh, go to Delaware." So I have traveled to Delaware several times.

But one day as I was going through Woodstown, I saw C&H TV had a big sale, and I stopped. I compared prices. I compared prices with competitors, and guess what? I made my purchase. We're all so very interested in services. You get immediate service, almost instant service, from C&H TV.

My neighbors have also said, "We must go to the restaurants in Delaware." I think one of the most beautiful restaurants we have -- and I'm not being paid for this, incidentally -- is the Riverview Inn. I even take my friends there for breakfast/brunch. What an easy way to entertain, and it's very inexpensive. Also, they have a marvelous lunch special.

I was very disappointed when Mr. Gardiner went out of business. He was just here. We used to buy many of our clothes there, not only for my husband, but for me.

These are the little extra things that you get. The personal things that you got at Gardiner's. Mrs. Gardiner altered your clothes. And guess what? I learned many pointers on how to alter clothes.

Back in my area, near Elmer, we have a fabric store in Elmer, which I think is a necessity. And if you have observed, many -- almost all -- fabric stores are now going out of business. We also have a grist mill near where I live, where I can purchase freshly ground whole wheat flour, and as you know, many of us are into bread making, with our bread making machines.

How about our farmers? Where do we purchase our produce? We should get it from our local farmers, and not imported. When I go to my local farmer I'll say, "What pesticides did you use?" When we purchase it here we know that we're not going to be-- It will not be sprayed with DDT. But DDT is still sold to other countries.

Many times in the summer you can get surplus of food and practically get it for nothing. Have you explored the possibility of canning or freezing your food? If you don't know these things, we have a free service here in Salem County -- the Extension Service. Learn how.

My little grandson looks forward to the fact that we can go to the local farm and pick cherries and blueberries. He loves climbing the trees.

Yesterday I was reading the paper and I saw that there was a need for a secular bookstore. I want to give a plug to a service that we have in Salem County. They stop: the local County Bookmobile. They stop at our house. Can you believe that? My husband was ill and they noticed that he wasn't coming. So they said, "Well, we'll stop at your house." I got about \$30 worth of magazines, which I can borrow for two weeks. This is money that I don't have to spend.

The one thing that I want to stress here, and of course, my object here is to seek, and ye shall find. I'm learning about a lot of little merchants, and all of these merchants that I have mentioned are mom and pop businesses. Their children are even now in their business. We need these mom and pop merchants. We need them desperately.

The one thing that I want to mention, in essence, with the County Bookmobile, is that we are the only county that does not have a county library. I believe that I'm right. We need this desperately. We are not as densely populated as other counties.

I graduated from Woodstown High School back in the Dark Ages, and where I live in Monroeville the facilities for a library have not really increased that much. And if it were not for the Glassboro College Library, I would be very, very lost.

I would like to make one mention, and I will ask permission if I can do this? I want to refer-- We were up testifying on Monday, and I remember you. We were testifying Monday at Trenton. There was a recycling bill, and also a clean communities bill. I saw you, Jack Collins. You came in and you went out. (laughter)

We arrived there at 2:00--

ASSEMBLYMAN COLLINS: Louise, clear that point there. I was hurriedly doing a lot of different things.

MS. WILLIS: Oh, I know you were.

ASSEMBLYMAN COLLINS: Okay.

MS. WILLIS: Sorry about that.

ASSEMBLYMAN COLLINS: Make sure you make that point very clear, Louise.

MS. WILLIS: But see, I don't want to take you to task. I would like to take the Chairman of that Committee to task.

ASSEMBLYMAN LoBIONDO: Louise, excuse me just a minute. I appreciate the point you are trying to make, but really we're trying to focus on the competitive business zone, and the Salem aspect.

MS. WILLIS: All right.

ASSEMBLYMAN LoBIONDO: And while these things are important, we really sort of need to focus on this.

MS. WILLIS: I wanted to bring out a point, and I will not belabor it. But we found out the Chairman had not even read the bill. I hope that our committeemen have read the bill, or have become familiar with it. Thank you.

ASSEMBLYMAN LoBIONDO: Thank you. Bob Johnson?

C O U N C I L M A N R O B E R T D. J O H N S O N:
Members of the Committee, my name is Bob Johnson. I am currently the President of Salem City Council. For several years we have, as Council, voiced to our congressmen and women and State Senators that it's desperately needed -- the 3 percent sales tax would help us. But after listening to some of the other people's testimony, I think I'll come at it with a little different approach, just to keep from being monotonous. I started out in the Salem downtown district 40 years ago. I was 12-years-old and I washed windows for 16 stores. I don't think there are 16 stores there now.

When you people finish up here today, if you care to-- I work for -- downtown -- Parker's Jewelry Store, directly across the street. If you would come over there, I'll be glad to take you on a tour around the town now, and show you the deterioration of our downtown district.

Over the years-- I spent 17 years in J.C. Penney Company. I've been transferred around different parts of the country with Penney. Then I had an occasion a few years ago to spend three years managing jewelry departments on Kirkwood Highway in Bradlees, and for Service Merchandise. I can assure you, from firsthand experience, that a great majority of my customers on Kirkwood Highway were from Salem County. These people would go over there and they would make no bones about it. They're there to save the sales tax.

I can say that the customers over there-- This was when the sales tax was even lower than the 6 percent. It's almost a tradition to go over to Delaware from here. From Salem it's 12 minutes to the bridge, 12 more minutes to the major shopping centers, which are the Christiana Mall and the Kirkwood Highway. They thrive over there. They don't have the unemployment problem that we have.

I truly believe that if we could get the sales tax down to 3 percent, you would not lose revenue from this because I think that more people would stay here and shop here and they

would buy larger ticket items here. And I think that the increase in the 3 percent sales tax would probably come very close to offsetting what you would lose by cutting it.

I also think this would be a great shot in the arm to the existing businesses that are in Salem County. I think it would encourage new business to come here. Again, as Chairman of Economic and Community Development in the City of Salem, which is another one of my jobs, the people that we try to fill the empty stores with, as they come to us, one of the things we keep saying is, "We'd like to get this sales tax lower. It would be an enticement to come and locate in your community."

Another thing that I have done in my life is to spend eight years on the city school board. I've watched the decline in the enrollment of our school system. This is because of the housing. This is because of the overall taxes that you pay on housing. The Salem High School used to have about 1400 students. Right now we have less than 700 students. I'm not saying the sales tax is completely to blame. I'm saying you would have more people relocate in Salem. I think they would buy more homes and property. I think this would instill some pride in New Jersey and some pride in the community. And I think that this is a great step towards keeping people from going to Delaware. I can tell you, from three years over in Delaware, that a tremendous amount of people shop there.

Actually, it's about 22 minutes from here. And when you live in Pennsville and Penns Grove-- Penns Grove is a town I haven't heard represented yet today, but they're in worse shape than Salem. I don't even want to say that to have Penns Grove upset with me. I'm saying, as far as the stores or downtown districts -- very deteriorated, because they are right by the bridge.

I thank you people very much for coming down. Thank you for your attention, and I hope you can expedite this and get this through as soon as possible.

ASSEMBLYMAN LoBIONDO: Thank you. Gerry Genova?

G E R R Y G E N O V A: Here.

ASSEMBLYMAN LoBIONDO: I didn't see you behind the pole there, Gerry.

MR. GENOVA: Thank you for calling me up, Mr. Chairman. The only thing is that I want to bring out is that, whatever has been said, has really been said by everyone. There's not much more that I can add to it. However, one point that I want to bring out is that all these people are in the retail--

ASSEMBLYMAN LoBIONDO: Gerry, excuse me. You have to sit down and speak into the microphone.

MR. GENOVA: Oh. I speak better when I stand up.
(laughter)

ASSEMBLYMAN LoBIONDO: I know. You can still use your hands. If you want to hold the microphone and stand up, you can.

MR. GENOVA: I want to bring out a point though. All these people who are here are in the retail business, and they come in contact with the public. (laughter) Now listen to me. They come in contact with the public, and the public is the ones they talk to about their legislators. They're the ones who can put you guys on Madison Avenue, or down the tubes.

So believe me, we're the people that talk about all of our legislators.

ASSEMBLYMAN LoBIONDO: Well, that's a perspective we hadn't considered. Thank you for reminding us. (laughter)

MR. GENOVA: I thought I'd bring that point up.

ASSEMBLYMAN LoBIONDO: Okay.

MR. GENOVA: Thank you for having me.

ASSEMBLYMAN COLLINS: That was good, Mr. Chairman. I liked that.

ASSEMBLYMAN LoBIONDO: I've learned from you, Assemblyman.

Henry Chamberlain?

D E P U T Y M A Y O R H E N R Y C H A M B E R L A I N:
Hi. My name is Henry Chamberlain. I'm Deputy Mayor of Pittsgrove Township. I brought with me today a resolution, which I believe you have there in your hands. The Township of Pittsgrove would appreciate your attention and your interest to Mr. Collins' bill. Mr. Collins is from our home district.

Let me offer a slightly different perspective to what you have heard so far, although we also support the information that you have been given. We're the very most eastern township in Salem. We are adjacent to Vineland and Bridgeton, and very conveniently to Millville, Cumberland Mall, Urban Enterprise Zones, and without reducing the impact of Mr. Collins' bill, we do have a very convenient option to shop at Cumberland Mall and the Urban Enterprise Zones in Cumberland County. That is true.

Let me also make the point, though, that it is common in our township for people to work in both Pennsylvania and Delaware, and on this side of Salem County. And we have very ready access to any of the facilities on either side of the river. As a matter of fact, from my home it is 15 miles to the Cumberland Mall, and 30 miles to Delaware, over the bridge. The price is 15 miles and a buck and a half, and I have full access to all of the facilities in Delaware.

It's common knowledge in my township that many people group their purchases, especially for the larger purchases, and make the trip. BJ's and Silo are common terms. We receive, regularly, in our mail, the advertisements from 84 Lumber -- which Mr. Smick and so forth has mentioned -- and predominantly noted on the back is there is an 84 Lumber at Naamans Road on the other side in Delaware, a very convenient location. I receive, weekly, thick, large, extensive brochures from Boscov. Boscov does exist in Pleasantville, but it also exists very conveniently over on Route 202 in Delaware.

Observe the design and the location of the malls. They are not low rent discount places. Go to Christiana Mall sometime if you can afford it. It's a very exclusive boutique

type mall. If you observe who is there, you will find the parking lots loaded. I think that my point is that we need an incentive in this county, and in this area to build up and support the small businesses and the large businesses who create the jobs, which we all are looking for and are concerned about. At least reduce the disincentive that currently exists.

The people whom I represent are not large businessmen. Many of them are here. I hope many of them will get up and speak in support of their own small businesses. They are one and two people businesses. They are the backbone of the local neighborhoods. They are here today because they got the word. The message was circulated, and I wish I had been responsible for that, too.

The other thing that I would point out to you is, they are here in the middle of the day when it is their business time hours. One of the points that they have already mentioned to me was it would be much better for them to have this kind of a session in the evening. Thank you.

ASSEMBLYMAN LoBIONDO: Thank you. Al Falciani?

A L F A L C I A N I: Thank you, Mr. Chairman and Committee members. My name is Al Falciani. I own a retail furniture and appliance store over by Rainbow Lake, which is in Pittsgrove Township. I think everyone here has already stated our case. Salem County is in a position where we're going down for the third time. If something isn't done, what is going to happen to the tax base in Salem County, when there is no more small business?

On the way over here I was discussing this morning, I have been looking at a building in one of the Enterprise Zones. Immediately, tomorrow, if I signed a lease or a purchase agreement, that Zone would give me in the neighborhood of \$15,000 for making the move. On the other side of the coin, my company is paying \$128,000 to the State a year in sales tax revenue. Who would benefit more, the State with the \$128,000,

or the City of Vineland, Bridgeton, or Millville, with \$64,000, and who would appreciate me more? Right now I've got the feeling that the Enterprise Zone people would appreciate me more. They're giving me something for going there, Salem County is giving me nothing for staying. Thank you.

ASSEMBLYMAN LOBIONDO: Thank you. Henry Mayerfeld?

H E N R Y M A Y E R F E L D: My name is Henry Mayerfeld. I represent Mayerfeld Supply Company. We have a business on Route 540, in Norma, on the lower end of Salem County. We are faced with, basically, the same problems as you have heard this morning.

Mr. Chairman, I'd like to call to your attention, since your family is in the trucking business, that when the sales tax was raised to 7 percent, they also tried to tax the big trucks. The effect that that had on it, everybody went out-of-state to buy them, and it was repealed and it was taken away. That is exactly what is transpiring to all of Salem County. Everybody here can afford the \$1.50 to ride across the bridge for big-ticket items.

Just to bring out a few of those big-ticket items in our Salem County area: We supply materials for pole barns to farmers. Farming in Salem County is a big-ticket item. We just got done pricing out a pole barn. The price of that pole barn was \$15,118. Of that, if we were to sell it, \$1058.26 would have to be charged for sales tax. If we had a 3 1/2 percent sales tax it would be \$529.13. This gentleman told me, for \$500 he'll take the ride across the Delaware and buy his material. And there is no question in my mind, there are five pole barns that are now under construction in Salem County -- this happens to be a smaller one -- that material did come from Delaware. We don't have any other thing that we can do except be competitive, and if competitiveness is the sales tax, we can't stay in business.

One of the other things that we don't have in Salem County, and since we're right next to Vineland, and this same thing that transpires-- This same person could have went right into Vineland and saved that 3 1/2 percent, but he said to himself, for \$500, it's not even three hours worth of work, he'll drive over to Delaware to pick up the material.

The people that have the 3 1/2 percent sales tax advertise accordingly. This was in the Vineland paper last night. There were people who were up here today who spoke about furniture, big-ticket items, refrigerators, couches, whatever it is. This company here is advertising 3 1/2 percent sales tax. It's another sales item that we do not have the advantage of using.

Mr. Chairman I wish that you would give us this real consideration. Bring it up to Committee and move it along so we can stay in business, that we can continue paying our taxes in the Salem County area, and support whatever goes on in Salem County.

I appreciate you time. Thank you.

ASSEMBLYMAN LoBIONDO: Thank you. Curt Harker?

C U R T H A R K E R: Good morning. I wanted to speak to you about a competitive business zone for Salem County benefiting the tourism infrastructure growth. I'd like to read from my prepared statement.

I am Curt Harker, a resident of Salem County and Museum Curator at the Salem County Historical Society. I serve on various historical preservation committees, County Cultural and Heritage Commission, Co-Chair the County Fire Museum, and am a member of Friends of Cultural Understanding of Salem, Preservation of Salem, Preservation of New Jersey, and the National Trust.

John Fenwick, founder of Salem and Cumberland counties in 1675 would never approve of the present reversal of fortune plaguing this area he colonized as Fenwick's Colony.

Bridges figure strongly in Salem County history. While American troops starved at Valley Forge in 1778, George Washington sent General Wayne to purchase food and supplies from Salem County. This angered the British who later attacked Salem County and marched to Quinton's Bridge. Farmer Andrew Bacon stopped the murderous advance of the pillaging British troops when his ax truck chopped down the draw of the bridge, thereby collapsing it.

Today in 1992 the draw of the Delaware Memorial Bridge is wide open, allowing the uncompensated loss from Salem County merchants' cash registers into the State of Delaware. We can't ax down the bridge, but the competitive business zone would be a simple, strong economic tool to motivate local residents to buy local goods, thereby strengthening local merchants' bottom lines.

One benefit of financially stronger local merchants would be the expansion of businesses that support the tourism infrastructure. County historical and natural resources abound, such as this Courthouse dating from 1735, State and National Historical Register neighborhoods, beautifully preserved farms, and pristine waterways providing millions of migrating birds haven. Salem County is waiting to be discovered by tourists, who will love what we offer, but also want the small shops, restaurants, antique stores, and visitors' centers that will complement our rich heritage. Your legislative action can reverse the Delaware Memorial Bridge's depletion of Salem County economic resources to allow long-term tourism infrastructure building, and make the bridge a welcome gateway to strong revenue generating tourism in Fenwick's Colony.

Thank you.

ASSEMBLYMAN LoBIONDO: Thank you. Mel Kornbluh?

M E L K O R N B L U H: Good morning, Mr. Chairman and distinguished guests. I would like to thank you, first of all, for the opportunity of speaking on the subject.

I operate a business in Salem County, and a business in Cumberland County. My business in Salem County is not my primary source of income, although I do benefit from the business in Salem County. I sell tandem bicycles, which probably none of you really need. But I do a lot of business out-of-state. I draw a lot of people from Delaware, and I'm forced to give 7 percent of my profit up every time they cross the line. The first question that they ask me is if I have a current model in stock, is, "Do I have to pay sales tax?"

The other situation that we're running into is, we're getting people coming from New York and Connecticut, driving seven hours, believe it or not, to buy bicycles because they have a higher percentage of sales tax there. In New York it's 8 3/4s.

The situation also with mail order; I think that has not been addressed, also, that that draws away from the sales tax. You have mail order catalogs. I just heard recently that 25 percent of all retail sales are from mail order catalogs, so this area is losing -- Salem County -- is losing sales to mail order catalogs -- also losing sales tax.

A very key issue, I think, that no one has really discussed is, everyone is saying that business is migrating over to Delaware. How about if we got some of that business from Delaware to come over to here? What are we doing to bring the people over here? We're sending a very clear message: Don't come across the bridge. Incidentally, the cheapest bridge to cross is the Delaware. If you go down to Route 13, the first major -- across the bridge-- You only have to look on that strip. It is flourishing. Drive through downtown Salem; it's a ghost town, and it's a very sad thing. The man who stood on the steps and ate the first tomato in the State of New Jersey and declared it nonpoisonous, he probably would be shaking his head right now. This business area is poisoned by a sales tax that is unfair. You have sandwiched Salem County

in between an Urban Enterprise Zone and a zone where business is flourishing because there is no tax. Something has to be done. Thank you very much.

ASSEMBLYMAN LOBIONDO: Thank you, Mel.

That completes the list that I had of people who had signed up. Are there other individuals who would like to testify who have not signed up -- have not had an opportunity? Yes, please come forward. Could you please identify yourself for the record?

F R E E H O L D E R G I L D A T. G I L L: Yes. I am Freeholder Gilda T. Gill, Salem County Freeholder. I welcome you to Salem County, and I thank you for being here and for giving us the opportunity to testify. However, I'm not testifying as a Freeholder. I heard a comment earlier regarding the Borough of Penns Grove, and as a lifetime resident of the Borough of Penns Grove, I think it's important that I give some comments regarding how the sales tax affects Penns Grove.

Penns Grove receives and is eligible for a great deal of funding because it is a distressed city. It is a depressed area. If you ride through Penns Grove, you see nothing but boarded up buildings -- businesses -- which had to close up for various reasons. Certainly, one of those reasons was the sales tax. There are developers. There are people who are interested in buying in Penns Grove and starting a business because real estate is cheap because of the area. However, once they do a market survey and talk to the people, they realize that those people, do, in fact, go across the bridge to Delaware to buy. Penns Grove is very close to the bridge.

I thought it was important that I indicate as a resident -- as a private citizen -- that I would certainly like to see this legislation be adopted. It's vital to the Borough of Penns Grove, and of course, it's vital to the entire Salem County community.

Thank you for the opportunity to speak.

ASSEMBLYMAN LoBIONDO: Thank you.

Yes, ma'am.

J A N E W I L L I A M S: Hi.

ASSEMBLYMAN LoBIONDO: Hello.

MS. WILLIAMS: I'm Jane Williams from Pittsgrove Township. What everybody says is quite the truth, except we have Salem going over to Delaware. We're next to you. That's nice; you're a nice guy. But we're a bunch of people just trying to make a living. We're not asking for anything. Just leave us alone, and we'll make our own way.

Why we keep trying puzzles me. Me, for one, I have two businesses in this township. Comparing records, in one business I actually sent \$3.15 sales tax in last month, compared to hundreds of dollars before.

I also went to Trenton with three other people who are here. They listened to us, and they passed it. Then I guess they put it in the closet someplace. We had three out of five votes in favor of lowering the sales tax. We haven't heard a thing.

We keep trying and trying, and we're getting nowhere. You're not going to like this. The word is discrimination. We're being discriminated against trying to make a living. We pay our taxes. We pay our property tax. We pay everything we're told to pay. But how much can we pay? Sales tax will help us if it were lowered.

We don't sell a lot of things that Delaware sells, or Vineland, Millville, and Bridgeton. The little things we sell-- Like he said, we're mom and pop. I'm me. I'm only trying to make a living. It's crazy, because I could quit and let the State pay me and relax. But we're stubborn, and we just want to keep on going because we're neighbors, we're friends, we're family. But we can't even stick together because we're being taxed too much.

There's the young kids-- They have to go someplace else because it's easier to go to your town than stay in his own town to make a living. He can't keep mom and pop's operation going for the sake of family because he can't make it.

I, myself, work 12 hours a day. Don't ask me why because I'm constantly sitting down writing out reports for taxes of some kind. I'd rather be fixing the screens, or doing somebody's plumbing -- that's what I do.

We just want to be fair and we want to pay our share, but make our share the same as yours. Thank you.

ASSEMBLYMAN LoBIONDO: Thank you.

L I N D A S M I T H: Hi. Thank you for listening. I'm Linda Smith. I'm not a businesswoman. I'm a resident. I'm a teacher, and I'm a mother in Pittsgrove Township. My husband is the President of the Economic Development Committee in Pittsgrove that has only had three meetings. We're just trying to start to get something together.

When we went looking to see what the economic things were in Pittsgrove, we found that it was even hard to find who the businesses were, because, as Jane said, we are mom and pop type of businesses.

There are 107 mom and pop businesses that Jane knows off the top of her head. Those people are the people who make up my community. This isn't affecting just businessmen. It's not about people getting rich. It's about our community and our identity and our children. Without the people who make the mom and pop stores, we lose a lot of flavor and a lot of dignity to the people who live in my town. We don't want to lose that. We want to encourage it, and we want to prosper. But when you have to pay more to do it here, why bother?

I mean, business people are not stupid people. Why are they going to come here, and why are they going to stay here if they know for a fact that 15 minutes down the road you only have to pay half, and 25 minutes down the road, you can

pay none? It really hurts us. We want to keep what we have, but you're kind of making it a little hard, and we would appreciate any help you could have; not just for the business people, but for the entire community, because that's what this is about: being proud of who you are and doing the best with what you have.

Thanks for listening.

ASSEMBLYMAN LoBIONDO: Thank you. Yes, sir?

J O S E P H B R A C A L E: Good morning ladies and gentlemen. My name is Joe Bracale. I'm a consumer in Salem County. I was a former Mayor of Penns Grove for eight years. An elected official, an appointed official, a former businessman, and I struggle with the State tax, living in Salem County all of my life. As a businessman I struggle with the State tax. As an elected official I struggled to try to bring a town back that suffered very greatly from the State sales tax, along with other things.

When I was Mayor of Penns Grove, it was already too late, because things had started to develop with the opening of the bridge to Delaware. When that bridge opened, the decline started. That's not the sole reason, but it's a big part of it. I think what you're doing is good. I want to add my voice to the voices of those that you have already heard in hopes that something can be done to reduce this State tax.

Thank you very much.

ASSEMBLYMAN LoBIONDO: Thank you.

Is there anyone else?

ASSEMBLYMAN COLLINS: Mr. Chairman, I have a-- A gentleman had to leave. I'd like to read his statement, if I may. I happened to be standing in the back, and this gentleman asked if I would either hand this to you-- But I think it would be appropriate to read it and put it on the record.

"My name is Steve Harrell, and I own and operate a Radio Shack franchise in Woodstown, New Jersey. It is a well-known fact that most people shop for major purchases in

Delaware to save the sales tax. I probably see more out-of-state purchases of electronic equipment than most other retailers, because I sell the items that hook up to this type of equipment. There are, consistently, people coming in the store with owners' manuals for televisions and VCRs that were bought out-of-state, wanting me to sell them the correct hookups and tell them how to operate it. People don't make a secret out of where they bought the items. To Salem Countians, it is just a fact of life.

"Also on a regular basis I have people coming in asking questions about Tandy Computers. If I did not sell the computer, I will inquire as to where it was bought. The response is usually, 'In Delaware, to save the sales tax.' Even though I discount the computers to beat the sales tax, they still go to Delaware. I still offer support with the hopes that they will buy things such as paper, diskettes, surge protectors, and other miscellaneous supplies. If I can make a living selling accessories for those items, just think what could happen if I could sell more of the items themselves? Perhaps I would have need for another employee or two."

Mr. Chairman, if I may, since there is no more testimony: Again, I want to thank not just you, but Assemblywoman Weber, Assemblyman Roberts, and the lost Assemblyman, Assemblyman Sosa. I very much appreciate all of you coming, the staff, and OLS for recording this hearing. I can't help but close by really being somewhat buoyant as to what testimony you've heard today, because I've served on committees where we have gone to hearings, and as I said earlier, I understand that we all represent our own districts, as well as the State of New Jersey. But I think you've seen and heard today that this particular piece of legislation -- which I surely hope that your Committee will soon act on, Mr. Chairman, when you feel it's appropriate, if you feel you have enough information, or we're willing to give you more. And I'm

sure some of these people will come to Trenton on the day you may put it up for a vote and more discussion. But I assure you -- and you've seen it here -- this is not a competition among various communities, various counties. It's really a matter of survival with us in a New Jersey county in competition with a state -- a state that has to do what it has to do. We do not knock Delaware. As you have heard today, everyone understands why people would do it; we're consumers. But it is just an unlevel field. Any help you can give us by moving this bill and helping it through the process, we would appreciate. I believe sincerely -- and I think you heard some of the numbers here today -- it will really help New Jersey.

Again, on behalf of all who testified, those who haven't-- We have many other businesses here, tire businesses, small businesses, mom and pop stores, as we've heard -- we all feel that this is something that would bring parity to our competition with the State of Delaware. Again, I thank you very much, and I appreciate all of your time and efforts in being here.

ASSEMBLYMAN LoBIONDO: Thank you, Assemblyman. Are there any comments from any of the Committee members? Assemblyman Roberts?

ASSEMBLYMAN ROBERTS: Mr. Chairman, thank you. I want to congratulate Assemblyman Collins and Assemblyman Stuhltrager who are sponsoring this bill, and giving us the opportunity to consider this issue. They have taken what appears to be a very creative approach to solving what it is clear from the testimony today, is a very real problem.

I found the testimony to be extremely valuable, and I want to thank everyone who took the time to be here today. It's not often that we get the opportunity to leave Trenton and have public meetings on the road, as they say. But it gives us a real good opportunity to see firsthand some serious problems we face in this State. Clearly all wisdom doesn't reside in

Trenton, and there would be those who suggest that very little wisdom at all resides in Trenton. But it's good to have the opportunity to hear from people who are affected by policy and by issues that are considered by the Legislature.

I found particularly compelling the data that, I think, the first witness presented. If you look at where Salem County ranks in terms of its spendable income, and then you compare that to retail sales, the numbers are really out of whack, if you will. That shows, I think, very clearly that the dollars are here but they are being spent elsewhere, and it's clear to me, at least, from that information, that they are not being spent in neighboring counties; they are being spent in a neighboring state.

So this is an issue that I think we really need to confront, and I appreciate the opportunity to do that. You know, there are a lot of advantages to the approach that is being recommended, and clearly the Committee will be in a position to consider it in a little more detail. But I want to thank you all for your testimony today. It was very helpful to me. I appreciate it.

Thank you, Mr. Chairman.

ASSEMBLYWOMAN WEBER: As a visitor to this group I thank you, also, for your information. I would like to point out that in Gloucester County, we are well aware of people going over to Delaware to purchase, and that was brought home very vividly this past summer. So we are certainly in sympathy with the problem that you have. However, I think it's far more drastic than it is in Gloucester County, because you're just too close to Delaware. You feel the impact much greater.

I'd also like to point out, for your edification-- I have to come to the defense of the Chairman of the Solid Waste Committee. I think you misunderstood his statement. That was the third time we discussed that bill. We had had changes added to it each time, and I think when he mentioned the fact,

something about reading it, he was referring to an addition he wanted in there, but he hadn't seen it. He overlooked it. I don't think it was a case that the man did not know what was in the bill.

ASSEMBLYMAN LoBIONDO: Assemblyman Sosa?

ASSEMBLYMAN SOSA: Thank you, Mr. Chairman. I am, indeed, very pleased to have finally shown up here. (laughter) But it gave me an opportunity to visit what I consider to be a very beautiful part of the State. There's nothing like farm country.

It's also an opportunity for me to get a very strong perspective from the people in this very important county, as to the impact of the lack of a sales tax in Delaware. In fact, when I was campaigning last year in Burlington County, many times the people who we would visit with, and knock on doors, and chat with, would volunteer that they -- this is Burlington County -- would go to Delaware to purchase their items, as a result of the increase of the State sales tax to 7 percent. Having been given the privilege of being a co-sponsor on the sales tax repeal, I'm certainly sensitive to what the sales tax means to people and certainly what it means to you folks here.

It's also going to be my charge to meet with Assemblyman Collins and Assemblyman Stuhltrager to get a much better perspective than even what we got today about the fiscal impact on you as business people and as residents of this community, so that when it comes time for us to decide on this as Committee members and also as members of the General Assembly, that we do right, certainly, by the people of Salem County, but also by the people of all of the State of New Jersey. I think it really goes beyond Salem County, as well -- this issue of level playing fields. It does have an effect on surrounding communities and surrounding counties. We want to make sure that we deliberate as well as we can with the proper input from the community -- people like yourselves -- but also

amongst ourselves in a bipartisan fashion so that we, again, can do as well as we can in a very deliberative way for the people of New Jersey so that you're not hurt any more than you have been. Thank you, Mr. Chairman.

ASSEMBLYMAN LoBIONDO: Thank you.

I, too, would like to join with my colleagues in thanking all those who took the time to be here today, to thank you for the very professional and pertinent testimony on this issue that allows us to have the information that we need to be able to move forward. Let me assure you that although this was the first sort of public step in the process, that there has been a lot of work done behind the scenes, and Assemblyman Collins and Assemblyman Stuhltrager have been lobbying for this very important issue for a long time. We have had many private discussions. I have had a number of discussions with residents and business owners from Salem County, personally, before this. I think this was extremely helpful in getting us the information that we need to move this forward and take it to the next level.

So again, I want to thank everyone. Have a very good day.

(HEARING CONCLUDED)

APPENDIX



County of Salem
Department of Economic Development

96-98 Market Street
Salem, New Jersey 08079

PATRICIA DIMATTEO KNOBLOCH
Director

April 2, 1992

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RETAIL GROWTH IN SALEM COUNTY:
A REPORT ON THE IMPACT OF SALES TAX ON THE RETAIL SECTOR

One of the most pressing concerns of the Salem County business community is the impact of the State's sales tax on commercial and retail establishments. Salem County finds itself in a very unique position in that the State of Delaware, which borders the County to the west, has no sales tax and the Urban Enterprise Zones in Bridgeton and Millville-Vineland border the County to the east. But it is the lure of the tax-free State of Delaware that has had a serious impact on the ability of our retail establishments to attract and keep customers. To delineate the problem, the Salem County Department of Economic Development examined the following areas:

1. Growth in retail establishments;
2. Per capita expenditures for retail sales;
3. Effective buying income potential; and
4. Sales tax revenue

In addition, a marketing study was commissioned by the Greater Salem Chamber of Commerce to examine the shopping habits of Salem County residents as they relate to the State of Delaware.

1. Growth in Retail Establishments

A look at historic trends for the retail industry in Salem County illustrates the negative impact of the no-sales tax policy of the State of Delaware. Retail trade had a marked decrease in the number of establishments from 1979 to 1989, declining by 4.2%. Salem County was the only county in the State to experience a decrease in the number of retail establishments during this time period. Overall, the State experienced an increase of 21.3% in retail establishments during the same time period (Refer to Table I for County and State growth rates).

2. Per Capita Expenditures for Retail Sales

Expenditures for retail purchases also illustrate that per capita retail sales in the County are much lower than in neighboring, similar counties and in the State as a whole. Per capita retail sales were 44.5% higher in 1987 in the State as compared to Salem County, 47.4% higher in 1988, 30.7% higher in 1989, and 42.3% higher in 1990. Per capita sales in 1987 were 41.8% higher in Gloucester County, 42.7% higher in 1988, 33.7% higher in 1989, and 29.7% higher in 1990. Per capita sales were 34.9% higher in 1987 in Cumberland County, 36.2% higher in 1988, 24.0% higher in 1989, and 30.2% higher in 1990. It should be noted that Cumberland County's per capita income is lower than Salem County's. These figures indicate that a large percentage of Salem County residents are making retail purchases outside of the County.

TABLE II

PER CAPITA EXPENDITURES - RETAIL SALES

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Salem	\$3,827	\$4,022	\$5,420	\$5,764
Gloucester	6,582	7,020	8,175	8,213
Cumberland	5,884	6,305	7,139	7,504
New Jersey	6,906	7,660	7,827	8,205

Source: Sales and Marketing Management,
1988, 1989, 1990, 1991

3. Effective Buying Income Potential

A comparison of the effective buying income of Salem County residents with neighboring counties further illustrates the buying patterns of Salem County residents. Effective Buying Income (EBI) is defined as personal income less personal tax and non-tax payments. The figure is commonly referred to as "disposable personal income". It is a bulk measurement of market potential and indicates the general ability to buy. The EBI in Salem County ranked No. 11 in 1990, No. 11 in 1989, No. 10 in 1988, and No. 11 in 1987. Retail sales ranked No. 21 for all four years. This data clearly shows that the market potential of Salem County is not being tapped by the local retail market. As a comparison, we also examined the EBI ranking and retail sales ranking for the neighboring counties of Gloucester and Cumberland. These closely matched their market potential.

TABLE III

EBI AND RETAIL SALES

	<u>1990</u>	<u>Rank in State</u>
Salem EBI	\$ 37,465	11
Retail Sales	376,386 (000)	21
Gloucester EIB	35,388	12
Retail Sales	1,889,691 (000)	11
Cumberland EBI	28,848	18
Retail Sales	1,035,984 (000)	16
New Jersey EBI	39,083	
	<u>1989</u>	
Salem EBI	36,087	11
Retail Sales	365,850 (000)	21
Gloucester EBI	33,297	13
Retail Sales	1,800,303 (000)	15
Cumberland EBI	27,115	18
Retail Sales	1,010,897 (000)	16
New Jersey	36,201	

2X

TABLE III
(continued)

EBI AND RETAIL SALES

	<u>1988</u>	<u>Rank in State</u>
Salem EBI	44,614	10
Retail Sales	267,111 (000)	21
Gloucester EBI	38,114	17
Retail Sales	1,318,108	15
Cumberland EBI	23,694	18
Retail Sales	871,736 (000)	17
New Jersey EBI	45,010	
	<u>1987</u>	
Salem EBI	43,813	11
Retail Sales	250,304 (000)	21
Gloucester EBI	38,523	16
Retail Sales	1,401,889	15
Cumberland EBI	34,926	18
Retail Sales	809,731 (000)	17
New Jersey EBI	41,388	

Source: Sales and Marketing Management
1988, 1989, 1990, 1991

4. SALES TAX REVENUE - SURVEY RESULTS

A total of 354 Salem County retail businesses were mailed a sales/tax questionnaire, requesting tax information for 1989, 1990, and the first four months of 1991. A total of 105 businesses returned the questionnaire, representing a 29.6% return.

To gauge the effect of the 1% increase in the State's sales tax in July, 1990, tax and sales revenue from July to December of 1989 were compared with the same time period in 1990.

For all businesses responding, there was a 7.13% decrease in sales from 1989 to 1990. During this same time period, the UEZ cities of Vineland-Millville and Bridgeton in neighboring Cumberland County saw an increase of 9.12% in retail sales.

Retail businesses that experienced large decreases in sales included furniture stores (-19.91%); hardware and lumber stores (-25.53%); and automobile sales (new, used and parts) at -11.09%.

3x

An analysis of data for the first four months of 1990 and 1991 indicates that sales revenue has continued to decline at a rate of 13.7% for Salem County businesses. Cumberland County businesses in the UEZ have seen a decline of 7.4% in sales during this same time period due primarily to the recession and the high unemployment rate in Cumberland County.

Clearly, the impact of the sales tax increase caused an additional weakening of the retail sector of Salem County. When combined with the negative effects of the State of Delaware's tax policies, the retail sector is struggling for survival. Relief in the form of sale tax abatement is critical for this sector.

TABLE I

NUMBER OF RETAIL ESTABLISHMENTS AND RATE OF GROWTH

1979 - 1989

<u>County</u>	<u>1979</u>	<u>1989</u>	<u>% Change</u>
Atlantic	1,403	1,839	31.1
Bergen	5,169	6,100	18.0
Burlington	1,605	2,108	31.3
Camden	2,513	2,914	15.9
Cape May	748	1,241	65.9
Cumberland	759	793	4.5
Essex	4,230	4,398	3.9
Gloucester	947	1,259	32.9
Hudson	2,917	3,364	15.3
Hunterdon	507	732	44.3
Mercer	1,698	2,033	19.7
Middlesex	2,955	3,805	28.7
Monmouth	2,923	3,826	30.8
Morris	2,318	2,947	27.1
Ocean	1,753	2,437	39.0
Passaic	2,413	2,606	7.9
Salem	308	295	(-4.2)
Somerset	1,146	1,590	38.7
Sussex	543	728	34.1
Union	2,931	3,198	9.1
Warren	487	648	33.1
New Jersey	40,275	48,864	21.3

Source: County Business Patterns 1989
U.S. Bureau of the Census

5. SALEM COUNTY SHOPPING STUDY

Studies were conducted by Buchanan Research and Consulting, Inc. concerning the shopping habits of residents of Salem County, New Jersey. Salem County is the only county in New Jersey that borders on the State of Delaware, and that is part of the Wilmington, Delaware, metropolitan area. Since there is no sales tax in the State of Delaware, and New Jersey's sales tax was recently raised to 7%, the surveys were particularly concerned with determining the degree to which Salem County residents were shopping in Delaware - particularly for higher order goods.

Two surveys were conducted. First, license plates of automobiles at major shopping centers in Delaware were recorded to determine how many shoppers were from Salem County. Second, intercept interviewing at Salem County strip shopping centers was conducted, with each respondent asked about where he would shop for various kinds of goods.

These surveys augment the economic analysis previously prepared by the County - which address the impact of shopping behavior on the county. The two surveys described here were undertaken in order to confirm and verify - through observation and inquiry - the fact that Salem County residents shop for taxable goods in areas outside the County.

In the first study, license plates were counted through sampling at major shopping centers in the area. The county assisted in identifying the residential location of the owners of cars with New Jersey license plates from the sample. Then, the license plate data was broken down by geographic area.

The license plate audit was conducted on November 29, 1991, and December 1, 1991 (the "Black Friday" shopping weekend). Also, it should be noted that on November 29, "an accident involving a truck carrying liquid propane caused massive traffic problems in northern Delaware" (Philadelphia Inquirer, 11-30-1991, page 2-B).

The major effect of this accident was a very large traffic jam on the Delaware Memorial Bridge, essentially the only route from the New Jersey part of the market area into Delaware. Although some traffic was getting through, and the alternate Commodore Barry Bridge was traffic-free, this factor should be kept in mind when analyzing the data presented.

The license plate survey indicated that, of the cars licensed in New Jersey, 50% were registered in Salem County. Additionally, 9% were from Gloucester County and 10% were from Cumberland County. The remaining cars were registered throughout the rest of the State. BJ's, a wholesale discounter, was a major shopping attraction for out-of-staters, with 12% of the shoppers from Salem County. Salem County provided the bulk of New Jersey's presence at BJ's.

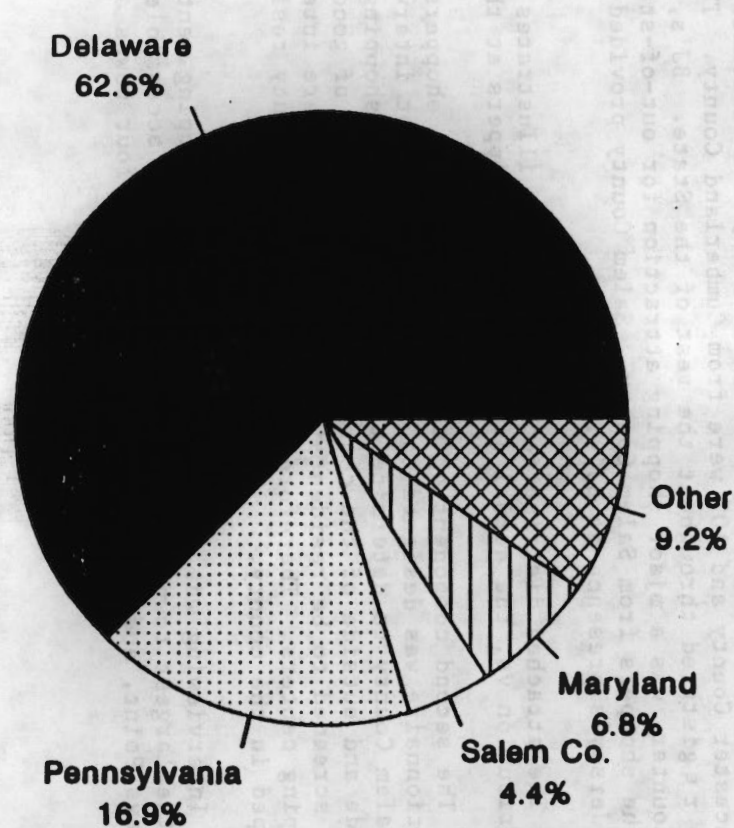
The attached distribution chart for BJ's illustrates the expected distribution vs. the actual distribution of shoppers at this location.

The second component of the study involved a shoppers' survey. A questionnaire was designed to be used for intercept interviewing of shoppers in Salem County to determine the stated degree of shopping that occurred inside and outside of the county for various types of goods. Respondents were screened to be residents of the county, and were interviewed at area shopping centers. Therefore, respondents were county residents who also shopped in the county.

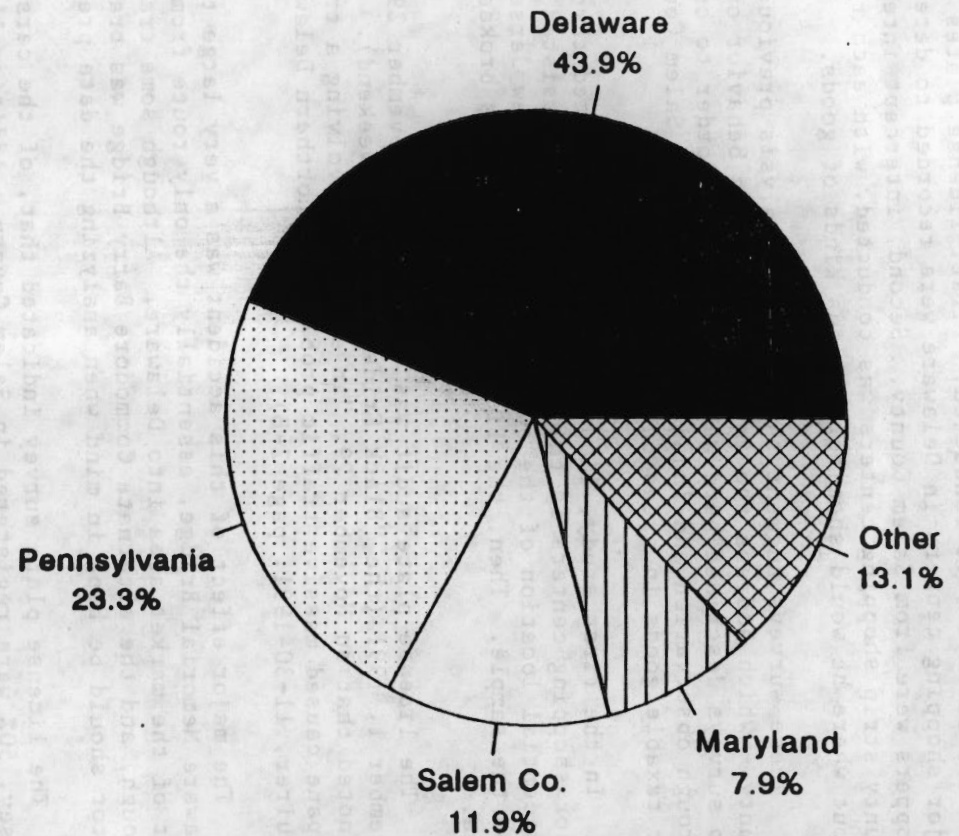
Interviewing was conducted at two strip shopping centers in Pennsville, NJ, the largest town in Salem County and easily accessible from Penns Grove, Carneys Point, and Salem, NJ. Together these four towns account for half

5x

BJs Wholesale Club: Expected vs. Actual License Plate Count 12/01/91



Expected Distribution



Actual Distribution

the population of the county. One strip center was the K-Mart/Acme Center at the north end of Pennsville, and the other was the Ames/Superfresh Center at the south end of Pennsville. Interviews were completed over the weekend of February 1, 1992. The rate of participation was 68 percent.

Respondents were handed an "Area Description Card", showing eight possible shopping destinations and a "Don't Buy" category. For each of ten categories of goods, the respondent was asked to indicate where he would go to buy a good from the category.

The respondent answers verify a high degree of shopping in Delaware for the goods categories in question. For food and clothing, a low order good category, 86% of respondents indicate that they would shop in Salem County, while 14% indicate that they would shop in Delaware. These percentages nearly reverse themselves, however, for the expensive high order goods categories. For example, only 15% of respondents would shop for large appliances in Salem County, while 83% would shop in Delaware.

The findings for all ten goods categories are shown on the following three exhibits.

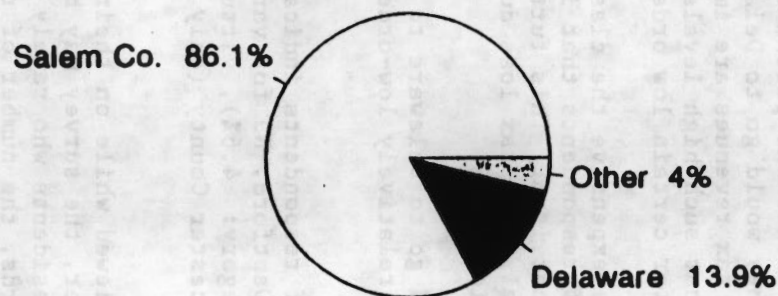
These shopping patterns by goods categories are summarized on the following chart, and are shown in rank order from the goods category with the lowest incidence of Delaware shopping to the goods category with the highest incidence of Delaware shopping. This pattern suggest strongly that the more expensive the good, the more likely it would be purchased in Delaware.

The major conclusions of the shoppers' survey are:

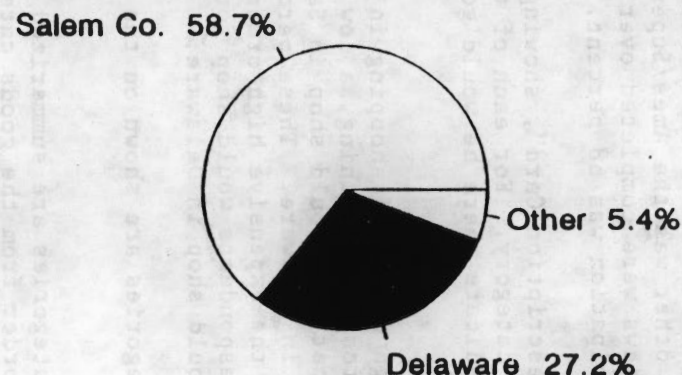
1. Except for food, over 45% of respondents who purchase goods in any other goods category say they would go to Delaware. This shows clearly that potential tax revenues are impacted by these patterns to the degree that such high levels of out-of-state shopping occur even for certain low order goods.
2. Almost without exception, the more expensive the class of good, the higher the percentage of respondents that indicated they would shop in Delaware for that item. This further verifies a high degree of potential sales tax loss due to this pattern, as base purchase prices rise.
3. 75% of respondents said they would go to Delaware to buy clothing, a high percentage for a relatively low-order good.
4. Although a significant minority of respondents indicated they would go to the Deptford Mall in Deptford, NJ for various goods (average for a non-food category: 4.6%), virtually no one shopped anywhere else in Gloucester County (only two total answers).
5. Since all respondents were interviewed while on their way to shop in a Salem County strip center, the survey may be under-representing those Salem County residents who rarely buy anything in the county. In other words, the number of respondents who shop outside of the county is expectedly higher - considering that 100% of respondents in this sample were doing at least some Salem County shopping due to the location of the interviewing.

Low Order Goods

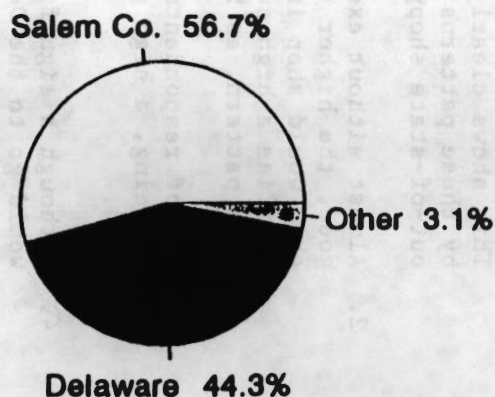
Destination of Salem Shoppers who Buy Goods from Category



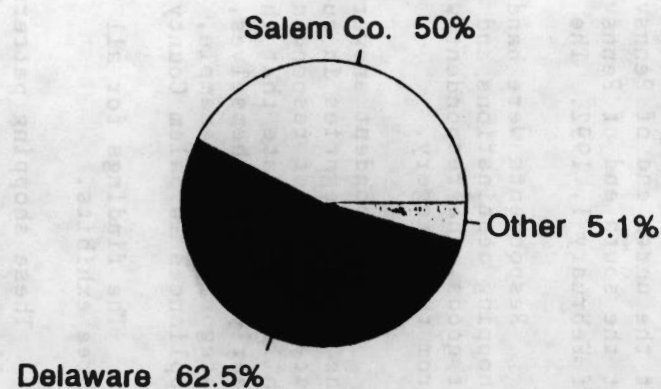
Food and Groceries



Books, Stationery



Small Appliances

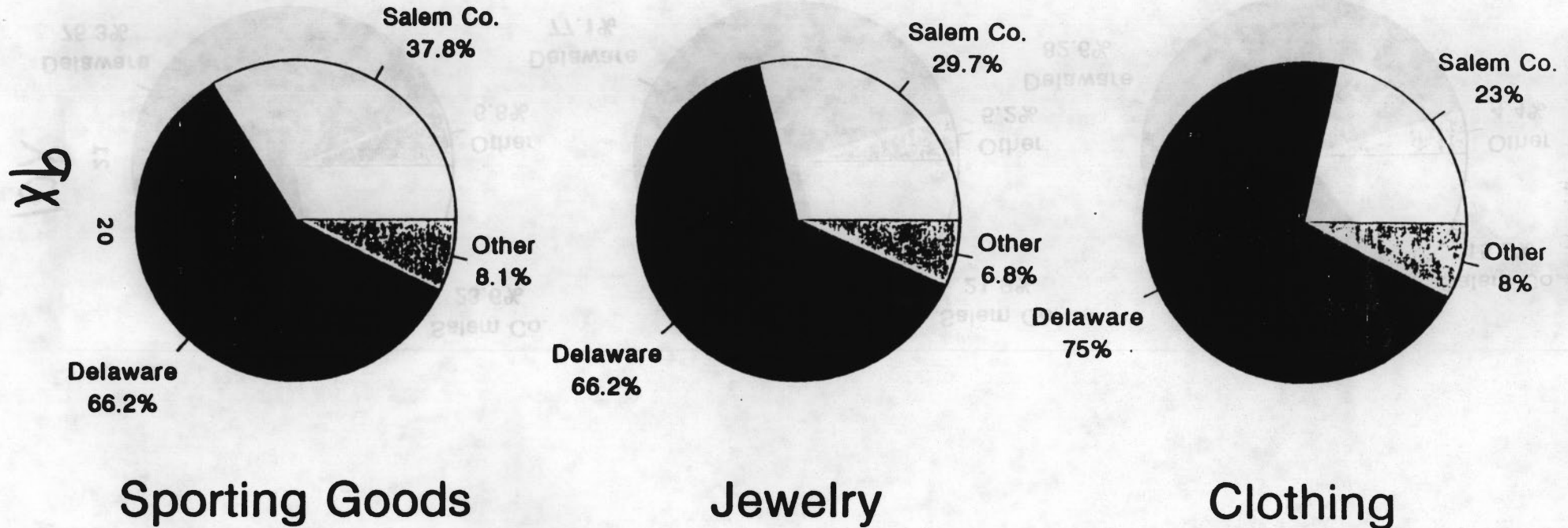


Toys

Note: Percentages may not sum to 100 due to multiple choices from a respondent

Middle Order Goods

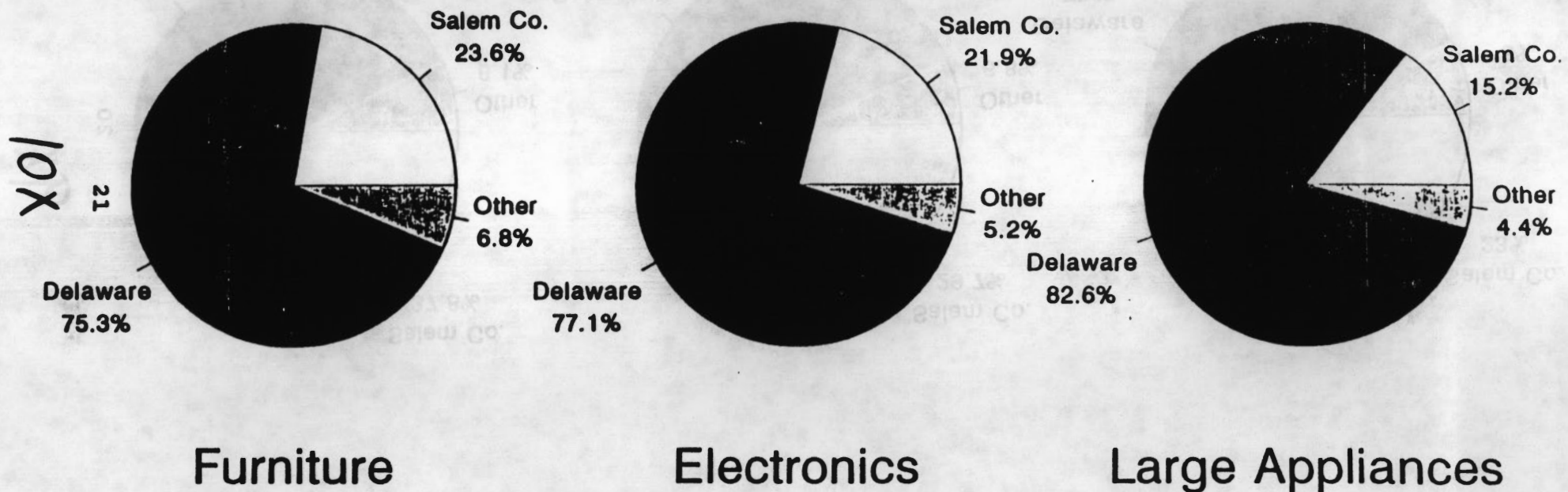
Destination of Salem Shoppers who Buy Goods from Category



Note: Percentages may not sum to 100 due to multiple choices from a respondent

High Order Goods

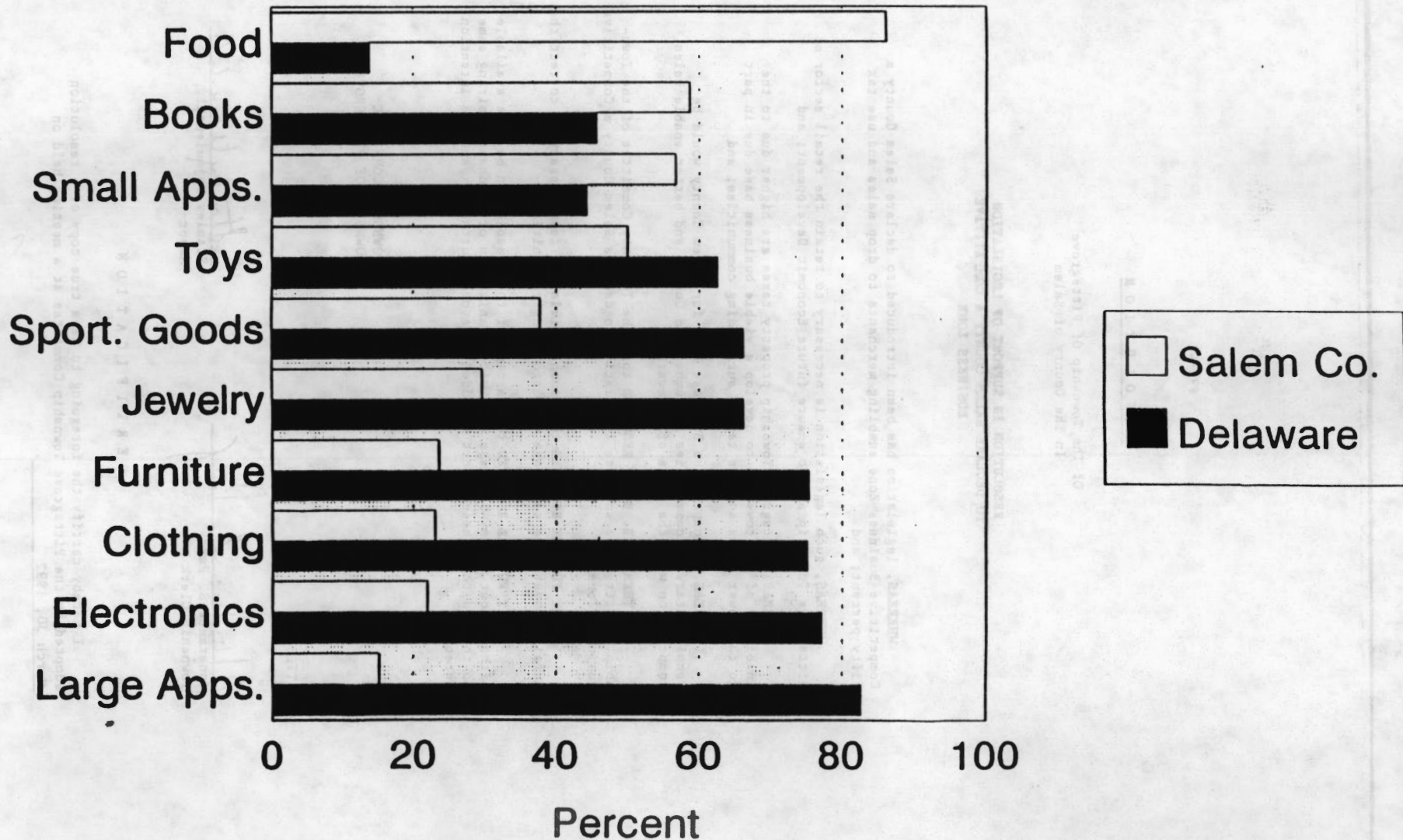
Destination of Salem Shoppers who Buy Goods from Category



Note: Percentages may not sum to 100 due to multiple choices from a respondent

Shopping by Goods Category

Salem County vs. Delaware



#92-41

RESOLUTION

Of The Township Of Pittsgrove
In The County of Salem

**RESOLUTION IN SUPPORT OF LEGISLATION
TO DECLARE SALEM COUNTY A COMPETITIVE
BUSINESS ZONE**

WHEREAS, legislation has been introduced to declare Salem County a Competitive Business Zone enabling merchants to drop sales and use tax fifty percent; and

WHEREAS, such legislation is necessary to retain the retail sector of Pittsgrove Township and to ensure future Economic Development; and

WHEREAS, Pittsgrove Township property taxes are higher due to the inability of the township to develop a viable business base due in part to the lower sales and use tax of surrounding communities; and

WHEREAS, a Competitive Business Zone for Salem County would be complimentary to communities of Cumberland County and better enable sales competition with the State of Delaware:

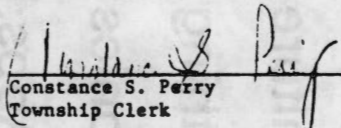
NOW THEREFORE, BE IT RESOLVED that the Township Committee of the Township of Pittsgrove supports legislation to declare Salem County a Competitive Business Zone,

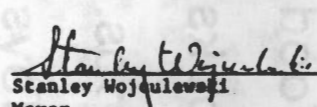
BE IT FURTHER RESOLVED that such legislation is necessary to correct the unfair competitive advantage of surrounding communities,

BE IT FURTHER RESOLVED that a copy of this Resolution be made available without cost to any business or civic organization or merchant desiring same, to the end that their effort be added hereto to further expand the intention hereof.

TOWNSHIP COMMITTEE
TOWNSHIP OF PITTSRGROVE

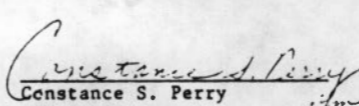
ATTEST:


Constance S. Perry
Township Clerk

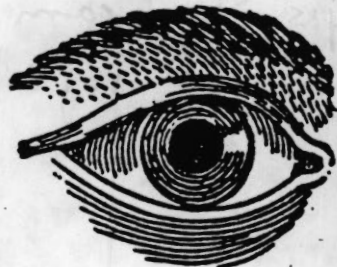

Stanley Wojcukowski
Mayor

CERTIFICATION

I hereby certify the foregoing to be a true copy of a resolution adopted by the Pittsgrove Township Committee at a meeting held on March 30, 1992.


Constance S. Perry
Township Clerk

12X



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