

TENTH REPORT
OF THE
COMMISSION ON
STATE TAX POLICY



*Increased State Aid to Public Schools
and Distribution of the Cost of Ex-
panding Public Services.*

1963

New Jersey State Library

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COMMISSION ON STATE TAX POLICY

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- PUBLIC HEARING, DECEMBER 14, 1949, Assembly Chamber, State House, Trenton, New Jersey. (Trenton, N. J.: 1950.)
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- NINTH REPORT, *The General Property Tax in 1958; Toward a Balanced Tax Structure.* (Trenton, N. J.: February, 1958.)
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STATE OF NEW JERSEY
TENTH REPORT
of the
**COMMISSION ON
STATE TAX POLICY**

*Increased State aid to public schools
and distribution of the cost of expand-
ing public services.*

Submitted to the Governor and the Legislature
of the State of New Jersey
January 10, 1963

TRENTON, NEW JERSEY
1963

STATE OF NEW JERSEY
COMMISSION ON STATE TAX POLICY

[*Laws of 1945, Ch. 157, as amended*]

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Bernardsville

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LETTER OF TRANSMITTAL

January 10, 1963.

*His Excellency Governor Richard J. Hughes and the
Honorable Members of the Senate and General Assembly:*

The Commission submits herewith its Tenth Report, in response to Joint Resolutions of the Legislature, No. 6 of 1961 and No. 5 of 1962.

The Commission expresses its deep appreciation of the invaluable assistance which it received from the Advisory Committee appointed by the Governor in connection with the present report. The Advisory Committee members included officials and leaders from banking, industry, labor, agriculture, newspaper publishing, public schools, county government, municipal government and citizen organizations. Their varying backgrounds and points of view added much to the breadth of the approach to the problem. Their participation makes this report unique in the Commission's history, because of the extent to which citizens were thus directly involved in the development and analysis of the problems before the Commission. It should be noted, however, that the Advisory Committee did not participate in the final decisions of the Commission or in the preparation of this report, so that the recommendations are those of the Commission alone.

The Advisory Committee was composed of the following:

LLOYD W. ASHBY
Ridgewood

KARL E. METZGER
Metuchen

MRS. JOHN R. CLARK
Nutley

SYDNEY E. MARGOLIN
Morristown

WILLIAM L. HEARNE
Ridgewood

KINGSBURY S. NICKERSON
Short Hills

BEN Z. LEUCHTER
Vineland

FRANKLIN C. NIXON
Vincentown

GUSTAV O. LIENHARD
Metuchen

SOL STETIN
Paterson

DR. ROBERT E. WATSON
Cranford

The Commission also acknowledges with thanks the assistance generously given by numerous officials and employees of the three branches of the State Government, and in particular the detailed help and information received from the Education and Treasury Departments.

The Commission also thanks the private citizens, the organizations and the experts who testified at public hearings and submitted suggestions and data, showing the deep interest of the people of the state in a sound public school system and a sound revenue policy.

Last, but most important, the Commission acknowledges its great indebtedness to Dr. William Miller of Princeton, its Staff Director, and his office associates, and to Aaron K. Neeld of Trenton, Consultant, former State Treasurer as well as former State Director of Taxation.

An additional statement by Mr. Davis and a minority statement by Assemblyman Matthews follow this letter.

Respectfully submitted,

ARCHIBALD S. ALEXANDER, *Chairman*

DAVID L. YUNICH, *Vice-Chairman*

C. MALCOLM DAVIS

WAYNE DUMONT, JR.

JAMES KERNEY, JR.

ELMER M. MATTHEWS

JOHN E. TOOLAN

ADDITIONAL STATEMENT

by C. MALCOLM DAVIS

I have signed the Report of the Commission because there are certain recommendations therein to which I do subscribe. However, I am not in agreement with the recommendation regarding school aid.

I believe New Jersey students should receive an above-average education. Based on the fact that New Jersey is third in the United States in the amount expended per pupil on education it seems clear that, if cost is the determining factor, New Jersey children are well educated. It was also contended by many of those who appeared before the Commission, and similar statements are made in the Report, that real estate in New Jersey is over-taxed and that, therefore, there should be a broad-based State tax to relieve local taxation. The question of over-taxation is a relative term, and I do not believe that in most municipalities the tax level has reached that point. In fact, I think that the concern of the taxpayer and the voter has resulted in more interest in local government and budgets which should lead to better government.

Many of those who were before the Commission stated that the homeowner was over-taxed and that the broad-based State tax would reach residents of the State who are not property owners. This, of course, is not a correct assumption because every resident of the State, be he tenant or landlord, pays real estate taxes directly or indirectly. Although the imposition of a broad-based tax at the State level would temporarily relieve the local real estate tax, I am convinced that the relief would be short-lived because of the resulting additional demands that will be made immediately on the local level. This change in method of taxation and increased distribution for school aid can only result in a substantial increase in the taxes paid by the residents of New Jersey. I believe taxation is more economical at the local rather than State level and that the taxpayer will have a greater interest and participation in government if this burden continues to be borne by the municipalities. I recognize that there are a certain limited number of municipalities in the State which must have additional subsidization of education, but they are few and do not require the expenditure of funds of the size proposed in the Report of the Commission.

I also recognize, however, that there are increasing needs in State Government for additional funds for functions that can be performed only at the State level. If existing revenues are inadequate for this purpose, I would advocate the passage of a sales tax of a size to support the budget.

C. MALCOLM DAVIS

MINORITY STATEMENT

by ELMER M. MATTHEWS

The task assigned to this Commission by the Legislature was a vast one. The original resolution, JR 6 of 1961 focused our attention upon State financial assistance for the public schools of the State and more particularly, the equity and adequacy of the existing formula for calculating and distributing State aid to school districts. The additional task assigned to us by JR 5 of 1962, though singularly important in its own right, relies to a great extent upon the validity of the decisions made under the original resolution. Succinctly, it is the validity of those decisions that I question in this additional statement.

At or near the conclusion of our research into the effectiveness of the existing school aid formulae, it became the apparent considered judgment of the Commission that the present State aid formula no longer accomplishes the established purposes of State aid for schools. This is true for a plethora of reasons as outlined in the Report. At the risk of over-simplification it is so in my personal judgment because the formula itself is defective and no amount of shuffling of that formula will reach the desired result. The stimulus for the legislative request that we examine the formula was and is the unending spiral of property taxation. This was the stimulus in 1954 and the panacea presented then did not solve the problem. It is submitted that the panacea proposed in this Report is the same prescription with an increased dosage that again will not effectively solve the problem. It would be crass to say that the recommendations of the Commission would not be of great help in some areas of the State, and, because of the broad geographic differences between these areas one cannot be accused of provincialism in being opposed to the recommendations. It is my feeling, however, that the changed formula will have little, beyond momentary, effect on the property tax spiral; will have little, beyond temporary, effect on the varying tax efforts of our municipalities; and will play no part in a final solution of our property tax problem.

I do not feel that any adjustment of the formula as presently constituted can lead us to an effective solution. I regard the increase in the foundation program as salutary but hardly the key to the problems of the local districts. It is almost as though we are treating the foundation program as a freshet, to match the swollen spiral of inflation that is but a part of the problem. Any adjustment in the minimum aid provision

upward would be in the nature of pump priming and any adjustment downward is considered impolitic. Variants in the local fair share approach the problem but do violence to the problems of many districts both in the suburban and old cities group.

In this Report my colleagues have recommended the method of financing the increased aid called for by the formula upon which they have decided. As a member of the Commission I entered into that discussion and expressed my preference as recorded and reasoned in this Report. I do not feel, however, for the reasons stated above, that the adoption of a broad-based program is wise or provident until we are face to face with a solution to our property tax problem. Precipitous action in that regard might take away from us for all time an effective method of putting into effect a reasoned solution of our State's most pressing problem.

With respect to the questions as presented by the second legislative resolution, I find myself substantially in agreement with, however, a few severe limitations. I share the opinion of my colleagues that the tax on business inventory is burdensome and difficult. An attempt to place inventory in its proper perspective in the property tax picture was made in Chapter 51 of the Laws of 1960. The Legislature in its wisdom has twice postponed the effective date of this law. It is my opinion that Chapter 51 should be allowed to go into effect so that there can be made a judgment as to its reasonableness and an effective measurement of the extent of business inventory. Any other course, it seems to me, is leaping in the dark.

Additionally, the machinery of replacement, though novel and equitable on its face, would not do equity to the districts that have relied on such taxation over the years and would reward those districts that have not availed themselves of this method of taxation. One of the most distressing features of inventory taxation in New Jersey has been its effectiveness as a lure by some municipalities who clandestinely or patently offer freedom from it as a reward for relocation. The proposed machinery of replacement would entitle these municipalities to a share of the State's replacement money based on the size of their commercial ratables diminishing the proportionate share of those municipalities that have complied with the law.

Again, it appears to me that this is another example of the tendency of our statute law to further erode the municipal taxing base and cast more and more of a burden on the remaining ratables—which all too often is the residential property owner.

Still further example of the tendency to whittle away at the property tax base is the proposed treatment of second-class railroad property. This

problem is more pointed in the case of railroad property because of the prevalent malady in the industry as outlined in the Report. Perhaps the solution proposed is the only effective one. The idea, however, of a substantial portion of the budgets of six municipalities, four in Hudson, one in Essex and one in Union (See Table 52, page 115) being subject to the largesse of the Legislature each year gives one pause.

It is relatively easy to be "against" and more difficult to be "for." I respect the considered and objective judgment of my colleagues on the Commission who have arrived at a viewpoint opposite to my own.

In this short statement I have attempted to point out the principal divergences of opinion between myself and the Commission. There are other areas in the Report where my approach would be slightly different but I am sure that this is in the nature of a study of this type. In the final analysis it is for the Legislature and the Executive to make the ultimate decision.

ELMER M. MATTHEWS

SUMMARY OF THE REPORT

SCOPE OF THE RECOMMENDATIONS

This Report is made in response to two major and inter-related requests made of the Commission by Joint Resolutions of the Legislature. The first is as to the adequacy of the present program of State aid to the public school districts and how increased State aid should be provided. The second request is for a "comprehensive re-examination of the entire State and local tax structure" and for recommendations for changes which would insure a fair distribution of the over-all costs between the State and its political subdivisions and between individual residents and business.

I

THE TAX CLIMATE

The total burden of State and local taxes in New Jersey is moderate on a per capita basis when compared to other states, and is low, relative to personal income, as compared to other states.

Despite a policy of "no new taxes," the property tax increased \$511,000,000 between 1951 and 1961, while non-property taxes (which were adopted as long ago as 1931) increased \$279,000,000 over the same period.

Over the past five years, the policy of "no new taxes" has had even less success, with an average increase of \$60,000,000 a year in total property tax collections so that the 1962 total was more than 50% greater than the 1957 total.

The State-local revenue system is now more heavily dependent upon taxation of real and personal property than it was five years ago. The burden of rising costs of government, for lack of any new non-property tax source, has borne more heavily upon real and personal property of individuals and business than ever before.

The average home owner in New Jersey and particularly in its larger cities, has not profited, in comparison with residents in other large cities of America, from this State's policy of avoiding central financing to the extent practiced in many other states. This has only resulted in concentrating the tax burden locally, where it is supported primarily by property taxes.

It is unrealistic to assume that property taxes can be reduced, or even held at or near their present level, or that State expenditures may be

maintained at their present level, without some form of new or increased non-property taxes. New Jersey has long been proud of the taxes it does not have; but the price it has paid is a growing burden of property taxes for the support of local governments within the State.

New Jersey now has the highest per capita general property tax burden in the United States. This results in a maldistribution of the burden of the cost of State and local government, as between the State and the local taxpayer. The Commission finds that the local property tax burden is unduly heavy, having reached the point at which in many municipalities it cannot be increased, despite the need for certain services not now provided, and that it is a deterrent to business and unfair to homeowners.

The Commission therefore recommends:

That the State follow a general policy of increasing State aid to local governments in the established programs, for the purpose of reducing the proportion of the total State and local government costs borne by the local taxpayer.

II

SCHOOL AID

The Commission believes that the average public school in New Jersey is of good quality and adequately financed, though in many cases only with an excessive burden of local property taxes.

The Commission finds that in at least three types of school districts, the minimum standards which should prevail are not attained, principally because to do so would involve unacceptably heavy local taxation. These school districts are (1) those in which there has been an extremely rapid growth in the number of pupils, without a corresponding increase in rates, (2) most of the older city districts, particularly where the neighborhood is run down but the school population high, and (3) many rural districts which contain only farming or residential property, inadequate to raise the necessary local taxes for adequate school support. The Commission concludes that as to these types of districts, which generally have a relatively low true value of taxable property per pupil enrolled in the public schools, the only possibility of improvement is by increasing State aid.

In general, an increase in State aid will tend to improve the ratio between State and local tax sources and to relieve the local property tax burden which is required to support adequate public schools and other local services.

The Commission therefore recommends increased State aid totaling \$84.2 million for fiscal 1963-1964 (see Table 38, page 76) as follows:

(1) *An increase in the State aid for current expenses.* At present aid is not adequate in the light of school costs, particularly for districts with low valuations per pupil. The present aid formula should accordingly be changed to provide a foundation program aid of \$350 (instead of the present \$200) per pupil, with a local fair share of 8 mills (instead of the present 5 mills) per dollar of equalized valuations. The present minimum aid of \$50 per pupil should remain unchanged. For the fiscal year 1963-1964, this increased aid is estimated at \$64.3 million.

(2) *An increase in the State aid program for school buildings and other capital purposes.* This aid is presently inadequate in the case of school districts with relatively low valuations per pupil. The aid formula should therefore be increased from the present \$30 to \$45 per pupil enrolled, with a local fair share increase from $\frac{1}{2}$ to $\frac{3}{4}$ of a mill per dollar of equalized valuation. For fiscal year 1963-1964, this increased aid is estimated to be \$8.3 million.

(3) *The use of current enrollment figures for both operating and capital aid, instead of the figures for one or two years prior to the period in which the aid is paid, as at present.* This change would be of particular help to the "rapid growth" school districts, and would result in the most equitable use of the pupil count as a factor in the aid formula. This change would increase the cost to the State for fiscal year 1963-1964 by \$11.6 million (\$6.3 for current expense and \$5.3 million for building aid).

III

PERSONAL PROPERTY TAXES

The Commission finds that the taxation of tangible personal property in New Jersey remains inequitable and capricious as pointed out in previous Commission reports. The tax on inventories is costly to administer soundly, due to the fluctuation in value and volume during any year, and in any case, such a tax ad valorem is grossly inequitable because of the large variations in the turnover and profit margin of inventories among different industries. The tax on machinery and equipment is not equitably administered at present, and if carried out in accordance with the present law, would involve a very serious added tax burden on business.

The Commission concludes that the possibility of sudden increase in personal property assessments and the absence of such a tax in Delaware, Pennsylvania and New York make for a poor business climate in New Jersey.

The Commission therefore recommends:

(1) That the tax on business inventories be repealed and that the tax on machinery and equipment be standardized on the basis of a flat valuation of 50% of cost to the taxpayer without further depreciation, and with assessment at a ratio one-half the ratio of the common level of real estate in the district.

(2) That the State pay to the municipalities the sum of \$40,000,000 annually to replace the approximately \$40,000,000 in taxes currently received from local taxation of inventories, distributing this sum in the proportion which the tax raised from commercial and industrial real estate in each taxing district bears to the total taxes raised from such property in the State each year.

(3) That the State raise revenues for the purpose of providing most of the funds for the foregoing payments by an increase in the present corporate net income tax to 5%, and conversion of the present net worth tax to a minimum alternative, so that each corporation will pay whichever is greater. It is estimated that this change, if currently in effect, would produce additional annual revenue of \$30,000,000.

(4) That in order to fit telephone and telegraph companies into the new system, they be covered by the public utilities gross receipts tax, on their intrastate business, in lieu of taxation of their machinery and equipment under the new system.

IV

SPECIAL TAX PROBLEMS

Farm Taxation

Partially as a result of the heavy reliance upon property taxation in this State, farming is more heavily taxed in New Jersey than in comparable states. However, since the adoption of J. R. 5 (1962), Governor Hughes has appointed a special citizens' committee to study the farm tax problem and advise him as to possible solutions. In view of this fact the Commission is of the opinion that it should leave disposition of this particular tax problem to the Governor's special committee.

Railroads

As a first step toward a rational solution of the railroad tax problem *the Commission recommends* that all railroad taxes be for State use and that the State provide replacement revenue for the municipalities to save them harmless as a result of this change in tax policy. The replacement revenue could be derived partially from the continued taxation of railroads and partially from any new tax source which the State may adopt.

Gross Receipts Tax

The Commission recommends that an imputed ratable value be placed on each district's share of the public utility gross receipts tax (which is in lieu of a personal property tax). Such imputed value shall be included in the district's net valuation taxable upon which county taxes are apportioned, so as to cure a serious inequity in the present law.

V

STATE FISCAL OUTLOOK

A conservative forecast of the cost of existing State expenditure programs, and of the revenues from existing tax and other sources, for the next ten years, demonstrates that large additional revenues over and above present revenue sources, and regardless of any recommendations of this Commission, will be required. During the fiscal years 1963-64 through 1971-72, it has been estimated that the State will need \$570,000,000 more than would be produced by present taxes. (See Table 53, Page 125.) For the next three fiscal years alone, these required additional revenues will average \$40,000,000 annually just to maintain existing expenditure programs. In addition, pressing needs for expansion of State colleges and university facilities to accommodate the tide of applications from the youth of New Jersey, and other worthy proposals, reviewed in the Report, for new or increased State services and aids to local governments, would require large additional annual tax revenues. It has been estimated that "minimum additional State services" and "minimum additional State aids" (Table 55, Page 127), excluding the recommendations of this Report, would require increased State tax revenues in 1963-64 (over and above the amounts budgeted for 1962-63) of \$117,380,000 with highway and other capital outlays on a pay-as-you-go basis, or \$84,380,000 with a bond issue for such capital purposes.

The Commission recommends that the State adopt revenue sources which will permit a reasonable freedom of choice in considering necessary increases in State aid to local governments or new services that the people may wish the State itself to furnish.

VI

THE REVENUE PROGRAM

(1) Since the State will soon require substantial additional revenues, averaging at least \$40,000,000 annually before the end of the decade, to continue present services and State aid to local governments at present

levels, and will need an additional \$84,000,000 annually to finance the increased State aid to public schools recommended in this Report, and an additional \$10,000,000 annually for replacement payments to the municipalities for the present taxes on inventories (over and above the increase in corporate net income taxes), the present revenue structure is clearly inadequate.

(2) The Commission therefore finds that it would be in the State's best interest to develop tax sources which can yield at least \$150,000,000 annually. The Commission does not believe that these revenues can be soundly obtained except by a broad-based tax. Although some members of the Commission believe a personal income tax to be preferable to a sales tax, since a majority consider a sales tax preferable, *the Commission unanimously recommends¹ that the State raise the funds required for the essential purposes of this Report by levying a sales tax, with sales of food and prescription medicine exempt.*

¹ Except as stated in Assemblyman Matthews' Minority Statement.



**TENTH REPORT OF THE
COMMISSION ON STATE TAX POLICY**

**INCREASED STATE AID TO PUBLIC SCHOOLS AND DISTRIBUTION OF
THE COST OF EXPANDING PUBLIC SERVICES**

INTRODUCTION

“The Commission on State Tax Policy is hereby directed to undertake . . .

“a re-examination of the means of providing increased State financial assistance for the public schools of the State and a special study in depth of the adequacy of the existing program of State aid to school districts to meet the expanding needs of the public school system throughout the State . . .”

*Joint Resolution No. 6
Approved June 2, 1961*

“a comprehensive re-examination of the entire State and local tax structure and of the tax resources of the State and its political subdivisions to determine to what extent the existing tax structure should be modified or otherwise changed to insure a fair and equitable distribution of the costs of governmental services between the State and its political subdivisions and among the residents of the State and the business, industrial and commercial enterprises carried on therein . . .”

*Joint Resolution No. 5
Approved April 3, 1962*

These directives defined the scope of the present report.

The Commission reorganized on February 13, 1962 upon the appointment of C. Malcolm Davis and David L. Yunch by Governor Hughes to fill the vacancies created by the resignation of their predecessors, Dr. John F. Sly of Princeton and W. Paul Stillman of the National State Bank of Newark. Dr. Sly as Chairman of the Commission and Mr. Stillman as Vice-Chairman had rendered the State distinguished service for the full seventeen years of the existence of the Commission.

At about the same time, Governor Hughes appointed a Tax Advisory Committee to assist the Commission by bringing it a broad cross-section of informed public opinion in connection with the comprehensive review called for by the Joint Resolutions. The Governor described the functions of the Advisory Committee as follows:

“The Advisory Committee will be expected to sit with the permanent members of the Tax Policy Commission and hear the views that will be presented at the public hearings. Then, as in a Tax Convention, the Advisory Committee, within its membership and

with Chairman Alexander, would discuss the views expressed at the hearings, as well as its own ideas, and consider them jointly with the Tax Policy Commission. The responsibility for filing a final report, however, rests with the Tax Policy Commission by force of the resolution. It is my hope, and I believe the hope of many other people in this state, that the Commission's final report will be of real help in enabling this state to solve the difficulties which it will face in the next few decades."

The members of the Advisory Committee in fact sat with the Commission at public hearings and at subsequent meetings, both formal and informal, and at the conclusion of their work spent three days giving the Commission their views on all the more important questions involved in this report.

The Commission has also had, of course, the benefit of consultation with and substantial staff work by the State's chief fiscal officers and by officials and staff of other state departments, as well as of the legislative and judicial branches of the State Government.

PUBLIC HEARINGS

On April 10, 1962, the Commission announced that public hearings would be held in the Assembly Chamber in the State House beginning at 10:00 A. M. on Wednesday, April 25, and continuing with appropriate recesses for the balance of that week and on subsequent dates, if necessary. Eighty-four individuals or groups were heard, as listed in Appendix B, at this series of hearings, which ended on the afternoon of the third day, there being no further persons who wished to appear at that time.

A full transcript of the hearings was printed and distributed to the members of the Legislature, the Governor and other interested officials and organizations, and to the press. Copies are on file in the State Library.

Another public hearing was held on June 21 for eight additional persons or groups who had asked to be heard. They are also listed in Appendix B. A similar transcript was made, distributed and filed. Subsequently, various organizations submitted supplementary statements which were also studied by the Commission.

The response of officials, organizations and the general public was widespread and testified to the considerable interest and knowledge throughout the State concerning governmental and fiscal matters.

At the hearings in April and June, views were expressed by 15 representatives of civic and citizen organizations, 9 representatives of business, 37 educators, school officials and board members, and representatives of organizations supporting schools, 3 representatives of highway users, 2 representatives of agriculture, 2 representatives of railroads, 10 repre-

sentatives of county and local government, 4 State officials, 7 individuals stating particular tax positions and 2 land-use and development planners, a total of 91.

The views expressed were various and frequently at variance with one another. They ranged from the opinion that all taxes from the federal to the local level are too high, and that the solution is greater economy, including reduced State aid to public schools, to views supporting a great number of new services and one or more new taxes to pay for them.

There was a general consensus that the local property tax burden is extremely heavy, and represents an unduly high proportion of the total tax collections by the state and local governments. There was also general agreement that maximum availability of opportunities for employment is essential for the State's future well-being, and that unduly heavy taxation of business or great uncertainty as to the tax burden on employers would therefore be damaging to the State.

There was urgent testimony from representatives of the farmers of the State, who felt that the high level of local property taxation was a strong factor in reducing active farming in the State. It was said that local taxes, as well as other expenditures, had increased at a much greater rate than farm income, with the local tax portion of the burden being a fixed obligation over which the farmer had no control. The plight of farmers in New Jersey and the extent to which farming was decreasing, despite the favorable soil and climate, were brought out forcefully at a farm convention held in Trenton on July 27, 1962 and in appearances by Secretary of Agriculture Alampi and others before the Commission and Advisory Committee at an informal hearing held on September 13, 1962. The farm representatives suggested a variety of remedial steps, including elimination of taxation on farm personal property and classification of real property, by constitutional amendment if necessary, so that it would be assessed in accordance with its value when used in farming rather than its market value if free for use for other purposes.

It was suggested that some of the exemptions and loopholes be eliminated from the present tax system, including the exemption as to goods claimed to be in public warehouses which are not in fact public. On the other hand, in order to ease the burden on owners of small homes, a homestead exemption was suggested.

It was suggested that assessments should be made at the county level, at a regional level or by the State, instead of locally as at present. It was said that it is impossible to assess tangible personal property at its true value, and suggestions ranged from total elimination of personal property taxation to elimination or reduction of taxes on certain classes of per-

sonal property—the class usually depending on the witness, and exemption being suggested either for business personalty, farm machinery and equipment, liquor inventory, inventories generally or productive machinery in the hands of business.

Dissatisfaction was expressed at the handling of exempt local property and of payments in lieu of taxes on local property, with respect to the apportionment of county and other costs between municipalities.

The particularly heavy burden of local property taxation, and its inadequate yield, were stressed as to fast-growing residential communities having few or no business ratables, cities having blighted areas, railroads, farmers, and business real estate (compared to residential property).

Among the needs for which more revenues were suggested were the public school system, including the regular operating budget, capital construction and specialized needs such as classes for the handicapped. Increase in the total amount required for State aid was recommended, as were elimination of the time lag in the enrollment figures used as the basis for State aid, a built-in adjustment for increasing costs of the foundation program, weighting the formula to provide proportionately greater aid for districts having lower ratables per pupil and State grants for the purpose of encouraging consolidation of school districts.

Increased State expenditures for higher education, adult education, transportation, including commuter railroads and State and local highways, higher salaries for State employees, assumption of all court costs by the State, together with expenses of related correctional institutions, increased State share of the cost of health and welfare expenditures by county and local governments, and increased State financing for urban renewal and recreational and similar facilities, were also urged upon the Commission.

A great variety of new sources of revenue were suggested, including taxes on beer, soft drinks, cigars and smoking and chewing tobacco, a lottery, off-track betting, site tax, vehicular taxes, recording and transfer taxes, escheat, Turnpike surplus, tax on door-to-door selling agents, as well as a personal income tax, an increased corporation income tax, an income tax on unincorporated business and a general sales tax, with varying exemptions. It was claimed that the present cigarette tax should be lowered, on the ground that New Jersey retailers are losing business to neighboring states where the tax is lower.

There was testimony that the income tax is a preferable form to a sales tax, and vice versa. There was testimony that both forms of broad-based tax are unnecessary, and testimony that both should be used. It was suggested that taxes be collected on a county-wide basis, and redistributed

by the county under a formula which would in effect distribute the benefits of the business ratables in accordance with the needs of the municipalities, instead of in accordance with the present geographical location of the business.

A form of real estate tax which would place little or no burden on improvements and a relatively greater burden on the land itself, whether vacant or used, was suggested as a substitute for the present system, on the basis that it would encourage development of vacant land and renovation of older buildings.

With respect to Chapter 51 of the Laws of 1960, there were proposals to abandon it altogether, to amend it or to let it become effective without further change or postponement.

There were proposals that the Commission on State Tax Policy investigate the efficiency and necessity of present State expenditures, before making any recommendations. There were proposals for a tax convention, one such proposal including a suggestion that such a convention should consider the propriety and necessity of expenditures before acting on tax problems.

All the suggestions made have received consideration, and for the most part they are dealt with subsequently in this report.

A number of informal hearings were held subsequent to the public hearings, at the convenience of those wishing to appear, and a number of meetings were held between the Commission and the Advisory Committee and experts, including State officials. A list of individuals and organizations who appeared before, submitted studies to, or were consulted by, the Commission appears in Appendix B.

LINES OF INQUIRY

Throughout their work, four lines of inquiry were pursued by the Commission and the Advisory Committee:

1. The adequacy of current amounts and methods of allocation of State aid for public schools.
2. The scope of State expenditures and revenues estimated by the three branches of the government covering the ensuing ten years, including:
 - a. Anticipated costs of providing the existing level of State services;
 - b. Anticipated yields from existing revenue sources;
 - c. Estimated costs of providing certain new or additional services for which a demand or need has been asserted.

3. The possibility of replacing State and local taxes which appear to be subject to criticism on the grounds of inequity; and

4. The need, merits and feasibility of various revenue proposals made by the public and of other possible revenue sources not currently used in New Jersey.

From the date of their appointment, the members of the Advisory Committee met regularly with the members and staff of the Commission, both at the public hearings and at the other meetings of the Commission. The final meeting of the Advisory Committee with the Commission was held on September 30, 1962. Each member of the Advisory Committee was asked his or her opinion on all the major questions which it appeared the current report of the Commission would have to cover. The views of all the members of the Advisory Committee on these policy questions were made known to all the members of the Commission.

The Advisory Committee members have thus contributed importantly to the deliberations of the Commission; this report, however, is the responsibility of the Commission itself, and should not be considered as necessarily representing the views of the Advisory Committee.

FISCAL ENVIRONMENT

This report is being written during a period marked by contrast with the past and a forecast of large changes in the future. The State's population increased from 4,160,165 in 1940 to 6,066,782 in 1960, almost 50% in two decades. At the end of this period, the purchasing power of the dollar was approximately half what it was at the beginning. At the same time, new and better public services have been undertaken, at both State and local levels.

The State budget increased from \$176,000,000 in fiscal year 1951-52 to just under \$472,000,000 in the fiscal year 1961-62, \$77,000,000 of the rise being for State aid to local public schools, and \$30,000,000 more for the State's contribution to the Teachers' Pension and Annuity Fund. Nevertheless, from 1952 to 1962 local tax collections for school purposes have increased from \$185,000,000 to \$481,000,000.

During the same decade, State revenues have fallen short of expenditures by some \$25,000,000 reducing the estimated surplus to \$2,672,214 as of June 30, 1963. In view of the provision of Section II, paragraph 3 of Article VIII of the State Constitution, which prohibits the creation without referendum of outstanding debt of more than 1% of the general appropriation law for any year, and with the surplus being in danger of exhaustion, the process of spending more than the State is receiving cannot be continued for long.

Some of the inadequacies of the methods of raising revenues for State and local governments in New Jersey have been pointed out in prior Commission reports, including the following:

1. Heavy reliance on local property taxation, with State-collected revenues providing a smaller proportion of the support of the public school system than in most states.
2. Inadequate methods of assessment of local taxes, based on methods and areas for the most part established in colonial times.
3. Uncertainty and inequity in the taxation of tangible personal property.
4. Heavy reliance on excise taxes and motor vehicle fees for State revenue.

There have been some improvements, however, over the past fifteen years. The more significant of these were:

1. Abolition of taxation of intangible personal property.
2. Improvement in the quality of local assessment of real estate.
3. Provision of better remedies by the courts and Legislature for those who were unfairly assessed as compared to others in a like position.
4. Assumption by the State Government of a greater share of the cost of the public school system, through increased State aid and adoption of a new formula, subsequent to the Commission's *Seventh Report* published in 1954 and its *Eighth Report* published in 1955.

A common theme connects these seemingly unrelated events. It is the theme of State-local relations; the effect of State policy on local tax burdens; and the effect of local revenue requirements on State finance. This report is geared to a comprehensive consideration of these inter-related factors.

SPECIAL PROBLEMS NOT COVERED

1. *Study of efficiency and economy in State and local governments and the public school system.*

The Commission was urged by some witnesses at the public hearings to examine the efficiency and economy with which the State, county and municipal governments and the local public schools are now being operated, prior to making this report in response to the 1961 and 1962 Joint Resolutions. The Commission concludes that such action would be beyond its statutory authority and beyond the scope of the tasks

assigned to it by the Joint Resolutions, as well as impossible to accomplish within the time available.

It is clear, of course, that revenues and expenditures are two sides of the same coin, and that the revenues must be tailored to meet the expenditures, as well as *vice versa*. But the Commission does not understand that it is thought of or should serve as a "Little Hoover Commission"; accordingly, this report does not evaluate the present expenditure programs, except so far as State aid to the public schools is concerned.

The Commission recognizes that continual review of governmental programs and of their cost and efficiency is essential. There are many controls presently in effect. In the case of local governments, an informed electorate can exercise much control over programs and expenditures. At State level, the electorate has many opportunities to express its wishes at the conclusion of the gubernatorial and legislative campaigns. Annually, the Legislature carefully reviews the State's budget. There is a small unit in the office of the State Budget Director, which performs some of the functions of management study. In addition, an advisory committee was constituted by the Governor in June, 1962, consisting of three prominent citizens of the State who have no connection with its government and three State department heads. The committee is expected to report early in 1963 its views as to the economy and efficiency of the State Government.

In view of the recommendations in this report of the Commission, it is particularly appropriate that the citizens of the State receive every possible reassurance as to the wisdom and skill with which tax moneys are being spent. It may well be that in addition to the report of the special Committee appointed by the Governor last year, it would be appropriate to reinforce the special unit in the office of the Budget Director, and in addition to give serious consideration to the creation of a permanent Commission, perhaps constituted somewhat like the Commission on State Tax Policy, which would have the duty of continuing re-examination of, and making of public reports on, the efficiency and economy of the State Government's operations. It may also be that the same Commission or a similar one should cover the operations of county and local governments.

2. New or increased State services and aid, other than to the public schools.

Information was received by the Commission, as will appear below in Part V of this report, about a number of programs which have been proposed involving increased State expenditures, for new or for increased State services and aids.

The Commission concludes that it is beyond the scope of the tasks assigned to it by the 1961 and 1962 Joint Resolutions of the Legislature to evaluate and recommend for or against these proposals. Strong cases were made for many of them, and indeed it is difficult to see how the State can refrain, for instance, from increasing the capacity of State-supported institutions of higher education and the capacity of a number of correctional and other institutions under the jurisdiction of the Department of Institutions and Agencies, or from increasing the aid to counties and local governments for purposes such as highways. But the Commission was only requested to, and only does make specific recommendations with respect to increased State aid to the public schools. In presenting in Part V below the cost estimates for some of the increased or new services or aid which have been proposed, the Commission therefore expresses neither approval nor disapproval.

3. *Payments in lieu of local taxes.*

There was ample evidence before the Commission that the current pattern, or lack of it, in the making of payments to local governments or school districts by organizations which have the right or claim to total or partial exemption, is a subject which needs prompt study and remedial action.

The Federal Government, the State Government, various authorities and a wide variety of charitable, educational and religious organizations are involved. Some payments in lieu of taxes are covered by Federal or State statute, some by custom and some by bargaining. A rational solution of this problem, giving due weight both to the local government and school needs and to the encouragement of worthwhile ventures, should be sought; and those in similar situations should be similarly treated.

4. *Evolution of county and local jurisdictions.*

The view was expressed to the Commission by a number of experts that the geographical and governmental limitations which were determined in the State in colonial times or soon thereafter, have not been adequately adapted to current conditions. In a number of counties, municipal services are furnished in accordance with geographical boundaries which insure inefficiency or lack of economy in the provision of the services. In some instances county lines contribute further to the unsatisfactory result.

There is now statutory authority for consolidation of municipalities, but in general the voters have not availed themselves of this opportunity to increase efficiency and decrease expenditures. There is also statutory authority for the rendering of services on a consolidated basis by one

or more municipalities, but here again there has not been substantial progress.

The Commission concludes that this subject is beyond the scope of the task assigned to it, but recommends that it receive urgent attention from the Governor, the Legislature and the people.

5. *Excess of payments from New Jersey to the Federal Government.*

New Jersey receives the smallest proportionate return of any of the states, in the form of Federal aid and other payments for the benefit of the State, out of tax moneys paid by New Jersey taxpayers to the Federal Government (See Appendix Tables 3, 4 and 5).

It may be anticipated that New Jersey, whose residents have the seventh highest per capita income of all the states and the District of Columbia, will pay a higher per capita share of Federal Government costs than a less wealthy State. But the Commission concludes that greater proportionate benefits could with justice be obtained by New Jersey than at present. The Commission therefore recommends that this matter, beyond the scope of the present report, be the subject of intensive study and remedial action by the Governor and the Legislature.

PART I

THE PRESENT TAX CLIMATE

The distribution of the current tax burden of State and local government in New Jersey is largely the product of historical accident, and essentially the result of heavy reliance upon the taxation of property. The history of how this came to be has been related and analyzed in previous reports of the Commission, particularly the Fifth Report, *Taxation and Public Policy in New Jersey* (1950); Sixth Report, *The General Property Tax in New Jersey; A Century of Inequities* (1953); and most recently in the Ninth Report, *The General Property Tax in 1958; Toward a Balanced Tax Structure* (1958). Certain of the conclusions of these prior studies have been re-emphasized by the course of events over the past five years.

Despite a policy of "no new taxes", the property tax increased \$511,000,000 between 1951 and 1961, while nonproperty taxes increased \$279,000,000 over the same period.

Over the past five years, the policy of "no new taxes" has had even less success, with an average increase of sixty million dollars a year in total property tax collections so that the 1962 total was more than 50% greater than the 1957 total.

It has sometimes been claimed that this \$60 million dollar annual increase in property tax collections comes from growth of new ratables and does not indicate any real increase in burden on established property owners. Chart 1 shows that this claim cannot be justified. The tax levy has increased at a much more rapid rate than the tax base has grown in the past five years. Table 1 shows, moreover, that the equalized general tax rate (equivalent tax levy at full valuation on a given piece of property) *has more than doubled in many municipalities and has increased an average of 42% for all taxing districts.*

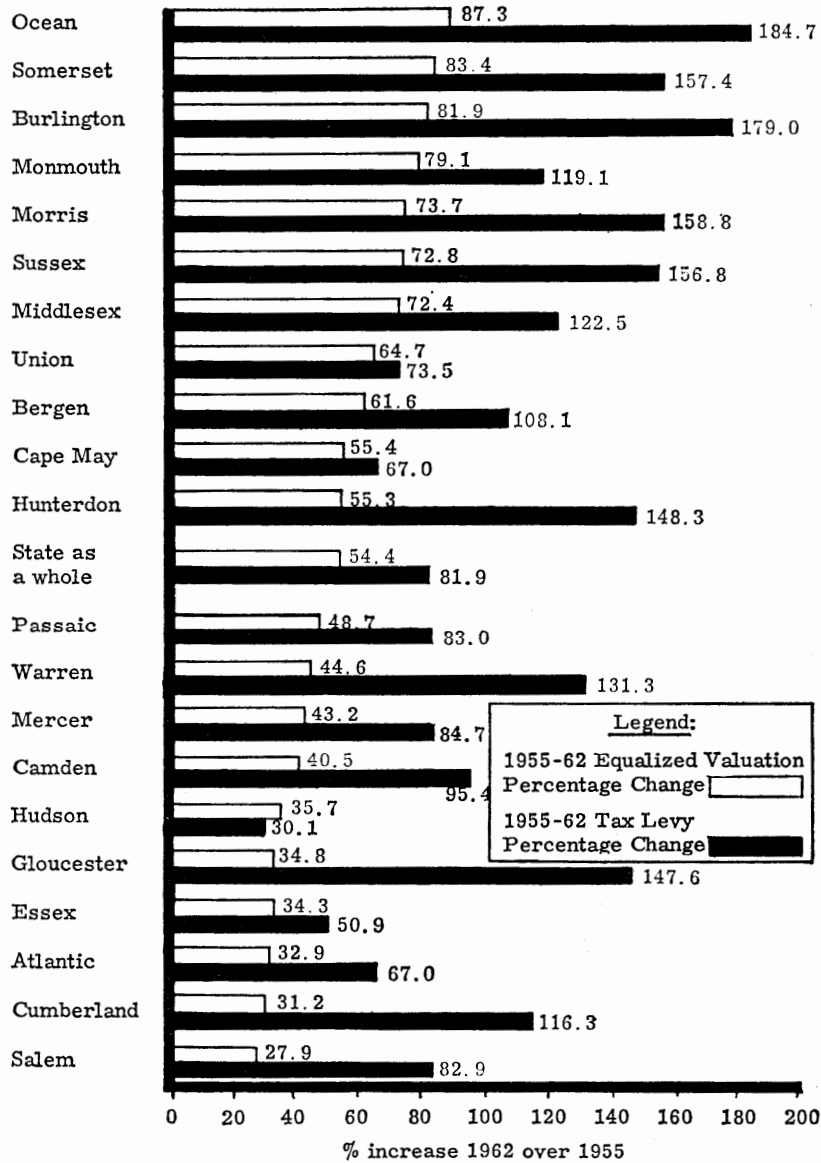
Since 1957, against this background of startling increases in property taxation throughout the State, conditions have changed in four significant ways:

First, stimulated by the Ninth Report, the Legislature passed and the Governor approved Chapter 51 of the Laws of 1960, which was intended to meet the requirements of the decision of the Supreme Court in *Switz v. Middletown Township*, 23 N. J. 580 (1957), but subsequently the

Chart 1

Comparison of Change in Equalized Valuations and Tax Levies
1955 - 1962, by Counties

(Counties ranked in order of % increase in Equalized Valuation)



Source: Annual Report of the Division of Taxation in the Department of the Treasury, 1955, pp. 207-229, and p. 204; and Table of Equalized Valuations, 1962.

Table 1
PERCENTAGE CHANGE IN EQUALIZED TOTAL MUNICIPAL TAX RATES
By County Average, 1962 Over 1956

County	Percentage Increase or (Decrease)		
	Low	Average	High
Atlantic*	NA	NA	NA
Bergen	(47.40%)	22.23%	71.94%
Burlington	(3.86)	45.72	98.79
Camden	(20.09)	50.66	156.47
Cape May	(11.62)	22.12	99.38
Cumberland	16.12	79.37	129.76
Essex	(4.85)	26.62	77.78
Gloucester	11.11	75.47	183.33
Hudson	(44.59)	(.62)	16.80
Hunterdon	26.70	62.34	150.00
Mercer	(4.37)	28.81	56.49
Middlesex	4.47	31.73	83.50
Monmouth	(18.29)	34.31	446.31
Morris	1.83	59.70	562.07
Ocean	3.91	50.75	169.70
Passaic	2.55	20.61	70.59
Salem	22.60	68.44	107.14
Somerset	(8.72)	29.20	67.88
Sussex	(2.44)	44.63	106.64
Union	(17.43)	18.72	64.08
Warren	22.96	81.99	215.52
State	(47.40%)	42.37%	562.07%

* Data for Atlantic County not available.
Source: Division of Taxation, Department of the Treasury.

effective date of this enactment was twice postponed so that it will not take effect until the tax year beginning January 1, 1964. Meanwhile the validity of the statute has been upheld by the Supreme Court in the second case of *Switz v. Kingsley*, 37 N. J. 566 (1962).

Second, both political parties have finally dropped the “no new tax” planks from their respective platforms. Thus for the first time in its history, the Commission is no longer subject to the political conditions which have in the past confined it to recommendations which could achieve only such measure of tax equity as was possible within the framework of the property tax and the selective nonproperty taxes which were not barred by the party platform planks.

Third, the past five years have been marked as a period of disturbing uncertainty in State and local tax policy—uncertainty whether Chapter 51 would ever be permitted to take effect; whether the new freedom from party platform commitments would mean any tax relief for real estate through the use of nonproperty taxes; whether the State would be able to balance its own budget without recourse to a string of miscellaneous nuisance taxes and increases in existing rates; whether the long campaign

for increased State aid for schools would be frustrated by disagreement over the source of revenue to finance it; whether business would be faced with a large, erratic and discriminatory increase in its property taxes, through "tax lightning"; and whether the essential services of State and local governments would be impaired while waiting for a resolution of the tax problem.

Fourth, while the solution was marking time, the problem became more acute over the past five years than ever before—New Jersey State and local taxes increased by more than 50%; taxes on business increased by 48.62% and taxes on individuals increased by 60.25% (See Table 2).

Table 2
TAXES UPON SPECIFIC GROUPS OF TAXPAYERS
Calendar Years 1956 and 1961

	Amount (in \$000's)		Percent of Total Revenue	Percent of Total Revenue	Percent Change
	1956	1961	1956	1961	1956-1961
<i>Taxes Upon Business</i>					
Real Estate	\$191,060	\$275,924	20.95%	20.07%	44.42%
Personal Property	61,549	89,920	6.75	6.54	46.09
Public Utility	51,845	76,683	5.68	5.58	47.91
Railroad	18,627	18,232	2.04	1.33	-2.12
Corporation and Insurance ...	38,552	77,116	4.23	5.61	100.03
Banks and Financial Business	3,354	4,548	.37	.33	35.60
Outdoor Advertising	88	145	.01	.01	64.77
Boxing and Wrestling	20	34	.002	.002	70.00
Total	\$365,095	\$542,602	40.03%	39.47%	48.62%
<i>Taxes Upon Individuals</i>					
Real Estate (res.)	\$283,796	\$480,088	31.12%	34.92%	69.17%
Pers. Prop. (household)	13,568	19,002	1.49	1.38	40.05
Less Vet. Exemptions	-13,437	-22,697	-1.47	-1.65	68.91
Cigarettes	30,622	56,075	3.36	4.08	83.12
Alcoholic Beverages	19,672	22,575	2.16	1.64	14.76
Pari-Mutuel Racing	23,798	25,309	2.61	1.84	6.35
Inheritance	17,378	22,051	1.91	1.60	26.89
Sales Tax (Atlantic City)	1,585	1,733	.17	.13	9.34
Poll Tax	31	21	.003	.002	-32.26
Total	\$377,013	\$604,157	41.34%	43.95%	60.25%
<i>Taxes Upon Vehicles and Drivers</i>					
Gasoline	\$70,307	\$111,210	7.71%	8.09%	58.18%
Vehicle and Driver Licenses ..	70,673	74,958	7.75	5.45	6.06
Total	\$140,980	\$186,168	15.46%	13.54%	32.05%
<i>Taxes Upon Farms and Vacant Land</i>					
Farm Real Estate	\$9,010	\$14,290	.99%	1.04%	58.60%
Farm Personal Property	1,013	1,197	.11	.09	18.16
Vacant Land	18,884	26,251	2.07	1.91	39.01
Total	\$28,907	\$41,738	3.17%	3.04%	44.39%
Total—All Taxes	\$911,995	\$1,374,665	100%	100%	50.73%

Source: Division of Taxation, Department of the Treasury.

The State-local revenue system is now more heavily dependent upon taxation of real and personal property than it was five years ago. The burden of rising costs of

government, for lack of any new nonproperty tax source, has fallen more heavily upon real and personal property of individuals and business than ever before.

It is unrealistic to assume that property taxes can be reduced, or even held at or near their present level, or that State expenditures may be maintained at their present level, without some form of new or increased nonproperty taxes. New Jersey has long been proud of the taxes it does not have; but the price it has paid is a growing burden on real and personal property for the support of local governments within the State.

These are facts which the State must face if it is to remove the cloud of indecision, uncertainty, and inequity which now marks our taxing system.

COMPARISONS WITH OTHER STATES

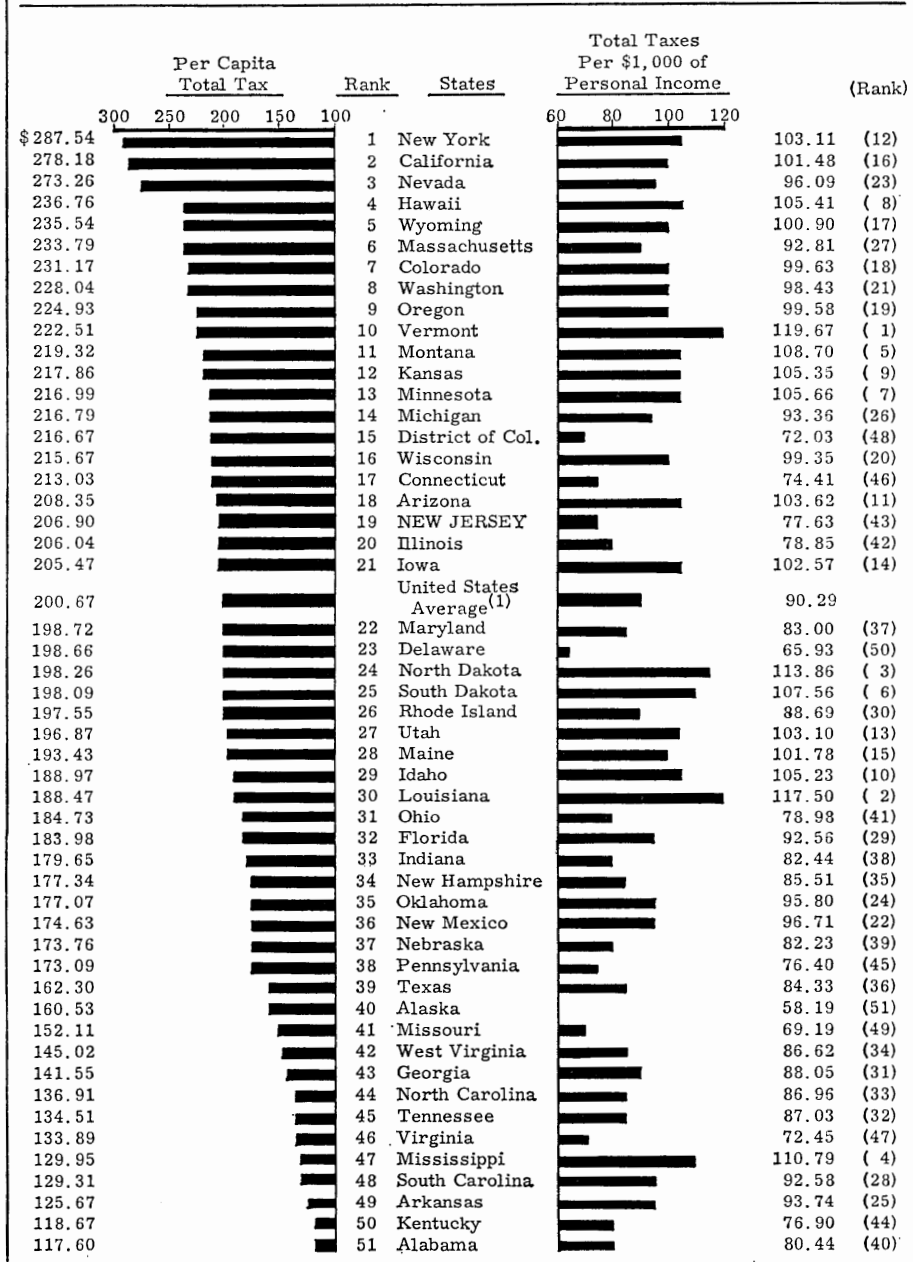
One way to test the need for a change of direction in a State's tax policy is to compare the results of its taxing system with those achieved by other comparable states. Perhaps the most revealing from the taxpaying standpoint, is a comparison of the combined burdens of taxation for State and local government among the states as shown in Chart 2. This Chart shows that on a per capita basis, the United States average was \$200.67 and the New Jersey figure was \$206.90, a measure by which this State ranked 19th among the 50 states and the District of Columbia.

As shown on the same Chart, this tax burden amounted to an average of \$90.29 per \$1,000 of personal income for the United States as a whole, and \$77.63 for New Jersey. New Jersey ranked 43rd among the 50 states and the District of Columbia in 1960.

The total burden of State and local taxes in New Jersey is moderate on a per capita basis when compared to other states, and is low, relative to personal income, as compared to other states.

New Jersey has long boasted of the lowest per capita State tax collections in the Nation. As shown in Table 3, this State still occupied such a favorable position in 1961, ranking 50th among the states in taxes levied for State purposes alone. Table 4 shows, however, that this favorable ranking is achieved by the State Government providing the smallest percentage of any of the states of the total State-local tax revenues in 1960. New Jersey has not boasted, moreover, that it has the highest per capita property taxes of any State in the United States. (Table 5.) In 1960, the table shows that New Jersey raised \$134.10 per capita in property taxes, while Massachusetts raised \$136.25 per capita, but late 1961 data (published by the Bureau of the Census in November, 1962) places New Jersey at the top.

Chart 2
Comparative Burden of State and Local Taxes
Per Capita and Per \$1,000 of Personal Income
1960



¹ "Total State Taxes" include general sales, corporate and individual income, death and gift, severance and all of the selective sales taxes and the various license taxes such as motor vehicle registration and operator license fees, hunting and fishing licenses, etc.

Table 3
PER CAPITA STATE TAXES
1961

State	Per Capita Total State Taxes ¹	Rank
50-State Average	\$104.60	....
Hawaii	201.22	1
Delaware	168.06	2
Washington	164.49	3
Nevada	160.63	4
Louisiana	139.36	5
California	136.83	6
Alaska	134.92	7
New Mexico	126.40	8
Arizona	126.04	9
Colorado	123.43	10
New York	122.52	11
Wyoming	121.98	12
Michigan	121.85	13
Oklahoma	120.83	14
Vermont	116.28	15
Maryland	112.63	16
Utah	111.43	17
Oregon	111.19	18
Minnesota	110.37	19
Rhode Island	109.93	20
Wisconsin	109.70	21
Pennsylvania	105.38	22
North Carolina	103.91	23
Idaho	102.11	24
Florida	101.20	25
Montana	100.73	26
West Virginia	100.41	27
Massachusetts	100.39	28
South Carolina	99.33	29
Georgia	98.63	30
Kentucky	97.97	31
Kansas	97.69	32
North Dakota	97.37	33
Iowa	96.50	34
Connecticut	96.11	35
Arkansas	91.99	36
Maine	90.80	37
Mississippi	88.43	38
Ohio	88.19	39
Tennessee	86.13	40
Illinois	85.23	41
Indiana	85.21	42
Virginia	84.81	43
Alabama	84.64	44
Texas	82.43	45
South Dakota	82.08	46
Missouri	77.86	47
New Hampshire	69.57	48
Nebraska	65.91	49
NEW JERSEY	61.77	50

Source: U. S. Bureau of the Census, *Compendium of State Government Finances in 1961*, Table 35, p. 51.

¹ "Total State Taxes" include general sales, corporate and individual income, death and gift, severance and all of the selective sales taxes and the various license taxes such as motor vehicle registration and operator license fees, hunting and fishing licenses, etc.

Table 4
STATE GOVERNMENT PERCENTAGE OF TOTAL STATE-LOCAL
GOVERNMENTS' TAX REVENUE
1960

State	Percentage	Rank
United States Average	50.0%	....
Hawaii	81.7	1
Delaware	79.4	2
South Carolina	76.1	3
Alaska	74.0	4
New Mexico	73.6	5
Louisiana	73.5	6
North Carolina	73.5	7
Alabama	71.1	8
Washington	70.0	9
Arkansas	70.4	10
Mississippi	68.6	11
West Virginia	66.9	12
Oklahoma	66.7	13
Georgia	66.0	14
Tennessee	63.4	15
Kentucky	63.2	16
Arizona	60.1	17
Nevada	57.1	18
Utah	56.9	19
Florida	56.7	20
Maryland	55.5	21
Virginia	54.8	22
Idaho	54.4	23
Michigan	53.7	24
Wyoming	53.1	25
Pennsylvania	52.6	26
Oregon	52.2	27
Rhode Island	50.9	28
Texas	50.8	29
Vermont	50.0	30
Wisconsin	49.9	31
Ohio	48.5	32
North Dakota	48.4	33
California	48.2	34
Indiana	47.5	35
Missouri	47.5	36
Colorado	47.4	37
Minnesota	47.4	38
Iowa	46.9	39
Maine	46.1	40
Connecticut	43.9	41
Montana	43.6	42
Kansas	43.5	43
Massachusetts	40.7	44
New York	40.5	45
Illinois	40.1	46
South Dakota	39.2	47
New Hampshire	38.7	48
Nebraska	37.1	49
NEW JERSEY	28.9	50

Source: U. S. Bureau of the Census, *Governmental Finances in 1960*, Table 21, p. 36.

Table 5
PER CAPITA PROPERTY TAX OF STATE-LOCAL GOVERNMENTS
1960

State	Per Capita Property Tax	Rank ¹
United States Average ¹	\$ 91.15	....
Massachusetts	136.75	1
NEW JERSEY	134.10	2
California	133.38	3
New York	131.81	4
Montana	125.96	5
Wyoming	124.90	6
Kansas	123.51	7
Nebraska	120.16	8
Colorado	119.00	9
Connecticut	118.68	10
Minnesota	117.45	11
Wisconsin	113.95	12
South Dakota	113.20	13
New Hampshire	111.82	14
Iowa	108.84	15
Illinois	108.60	16
Vermont	108.44	17
Michigan	105.58	18
Maine	105.34	19
North Dakota	105.05	20
Oregon	103.67	21
Ohio	90.49	22
Rhode Island	95.22	23
Indiana	95.81	24
Nevada	97.57	25
Arizona	97.04	26
Maryland	83.34	27
Idaho	87.93	28
Utah	87.61	29
Texas	78.32	30
District of Columbia	77.82	31
Florida	68.30	32
Missouri	67.93	33
Washington	67.59	34
Pennsylvania	60.94	35
Oklahoma	56.54	36
Virginia	50.90	37
West Virginia	43.92	38
Louisiana	43.64	39
Tennessee	43.52	40
New Mexico	43.42	41
Georgia	42.77	42
Kentucky	41.91	43
Delaware	41.87	44
North Carolina	37.32	45
Mississippi	35.83	46
Arkansas	34.96	47
Alaska	31.58	48
Hawaii	31.46	49
South Carolina	28.68	50
Alabama	23.16	51

Source: U. S. Bureau of the Census, *Governmental Finances in 1960*, Table 14, p. 26.

¹ Including the District of Columbia.

Such taxes are but one side of the coin while expenditures are the other. New Jersey's favorable ranking in State tax comparison (as distinguished from local property taxes) is naturally reflected in the following rankings on the expenditure side:¹

<i>Per Capita</i>	<i>Rank</i>
State general expenditures for highways (Appendix Table 10)	50
Per capita State expenditures for public schools (Appendix Table 12)	43
Per capita State expenditures for higher education (Appendix Table 14)	47
Per capita State expenditures for education (public schools and higher education) (Appendix Table 13) ..	47

When State and local expenditures are combined, New Jersey assumes a more moderate ranking:

<i>Per Capita</i>	<i>Rank</i>
Direct general expenditures of State-local governments (Appendix Table 7)	35
Direct general expenditures of State-local governments for highways (Appendix Table 8)	50
Direct general expenditures of State-local governments for public welfare (Appendix Table 9)	47
Direct general expenditures of State-local governments for education (Appendix Table 11)	27

HOW THE TAX BURDEN IS DISTRIBUTED IN NEW JERSEY

The effect of the tax system of State and local governments is to distribute the cost of government among groups and individuals within groups of taxpayers. The percentage of the cost borne by each group and individual will thus vary according to the types of taxes which are levied. It is the purpose of a sound tax system to make the distribution as equitable as possible.

In New Jersey in 1961, as shown in Table 2, about 40% of all taxes, property and nonproperty, was borne by business, and 44% by individuals not in business. The balance, 13.5% carried by motor vehicle owners and drivers, and 3% by farms and vacant land, cannot be allocated as between business and nonbusiness sources. The way specific taxes contribute to these results is also shown in the same Table.

As shown in Table 2, real estate taxpayers provided 55% of the total State and local revenues in 1961 (20% business and 35% individuals). The only other taxpayers who provided more than 5% of the total tax revenue were personal property taxpayers (approximately 8%), public utilities (5.58%), miscellaneous corporations (5.61%) and highway users (13.54%).

¹ Wherever State and local comparisons are shown, the District of Columbia is included in the ranking.

FAMILY TAX BURDEN IN LARGE CITIES

The great influence of the property tax in determining the comparative tax burden of typical families in various cities is shown in a recent study prepared by the Department of General Administration, Finance Office of the District of Columbia. The study compares the aggregate State and local tax burden of a family of four, owning a home and a car, at selected income levels, in each of the 21 largest cities in the United States. That study, supplemented by calculations for the six largest cities in New Jersey (Trenton, Camden, Newark, Jersey City, Paterson and Elizabeth) shows that even though residents of the New Jersey cities pay neither a sales tax nor an income tax, the total tax payable by a family in the median city among the six New Jersey cities is higher than the total tax payable by a family of comparable income level in the median city among the 21 largest cities of the United States. The figures are as follows:

<i>Income</i>	<i>21 Cities Including D. C.</i>			<i>Six New Jersey Cities</i>		
	<i>Low Tax</i>	<i>Median Tax</i>	<i>High Tax</i>	<i>Low</i>	<i>Median</i>	<i>High</i>
\$5,000	\$124	\$296	\$594	\$380	\$548	\$624
7,500	153	376	726	421	603	697
10,000	227	525	1,006	566	803	938
15,000	296	848	1,550	837	1,200	1,389

Source: Department of General Administration Finance Office, July, 1962 (District of Columbia).
N. J. Division of Taxation, estimates for six largest New Jersey cities.

Table 6 shows that the disadvantage in New Jersey is due primarily to the burden of the property tax.

It may be concluded that the average home owner in New Jersey and particularly in its larger cities, has not profited, in comparison with residents in other large cities of America, from this State's policy of avoiding new taxes at the State level. The result has been rather to concentrate the tax burden locally upon real and personal property.

Excessive property taxation bears most harshly upon the young home owner and the retired home owner, whose incomes may not be equal to their shelter needs. It is indeed incongruous that New Jersey should pursue its past policy of being a "property tax state" at the same time that it adopts property tax exemption policies for veterans and senior citizens. It is equally strange that the State and local governments should be concerned with policies to induce the development and location of industries in this State, and yet should disregard the advice of business spokesmen that steps must be taken to correct the unsound condition in the taxation of personal property used in business.

Table 6

ESTIMATED TAX BURDEN IN THE 21 LARGEST CITIES OF THE UNITED STATES AND THE SIX LARGEST CITIES IN NEW JERSEY
(Family of Four Owning a Residence and a Car)

City*	Taxes Paid by \$7,500 Income Family					Taxes Paid by \$15,000 Income Family					Rank
	Income ¹	Property ²	Sales ³	Auto Tags ⁴	Totals	Income ¹	Property ²	Sales ³	Auto Tags ⁴	Totals	
Boston	\$95	\$605	...	\$26	\$726	\$266	\$1,210	...	\$72	\$1,548	2
TRENTON .....	...	682	...	15	697	...	1,364	...	25	1,389	4
CAMDEN .....	...	620	...	15	635	...	1,242	...	25	1,267	5
NEWARK .....	...	614	...	15	629	...	1,228	...	25	1,253	6
Milwaukee	185	350	56	16	607	723	700	111	16	1,550	1
JERSEY CITY .....	...	561	...	15	576	...	1,122	...	25	1,147	8
Detroit	75	306	161	12	554	...	611	275	14	1,050	10
New York City	109	352	74	18	553	543	705	168	22	1,438	3
Philadelphia	122	318	98	10	548	244	636	200	10	1,090	9
Baltimore	114	346	66	15	541	339	692	130	23	1,184	7
PATERSON .....	...	472	...	15	487	...	944	...	25	969	13
St. Louis	123	224	82	11	440	382	467	143	25	1,017	11
Chicago .....	...	254	155	26	435	...	507	264	52	823	18
ELIZABETH (Median) .....	...	406	...	15	421	...	812	...	25	837	17
Washington, D. C.	94	206	88	32	420	310	412	168	32	922	14
San Diego	26	247	95	23	391	146	493	197	41	877	15
Los Angeles	26	232	95	23	376	146	464	197	41	848	16
Cincinnati	75	208	67	10	360	150	416	140	10	716	20
San Francisco	26	203	95	23	347	146	405	197	41	789	19
Buffalo	109	192	22	18	341	543	384	44	22	993	12
Seattle .....	...	144	157	18	319	...	288	288	36	612	22
Pittsburgh	75	126	98	10	309	150	254	200	10	614	21
Cleveland .....	...	204	67	10	281	...	409	140	10	559	24
New Orleans	1	129	115	3	248	112	259	201	3	575	23
San Antonio .....	...	120	44	19	183	...	240	93	22	355	25
Houston .....	...	115	44	19	178	...	231	93	22	346	26
Dallas .....	...	90	44	19	153	...	181	93	22	296	27

* Ranked by total taxes for family with \$7,500 income.

Source: Finance Office, Department of General Administration, District of Columbia (July, 1962). New Jersey cities added by the Division of Taxation, Department of the Treasury.

The major direct taxes, namely, sales, income, real and personal property, and motor vehicle registration are calculated for a family of four in each of the jurisdictions under the following assumptions:

¹ Applicable exemptions, deductions and income tax rates in each jurisdiction were applied at each assumed income level.

² Property tax rates adjusted to account for local assessing practices in each jurisdiction were applied to values assumed for each income level as follows:

Family Income Level	Residences (Market Value)	Personal Property (Assessed Value)
\$5,000	\$13,500	\$700
7,500	15,000	1,000
10,000	20,000	1,600
15,000	30,000	2,500

³ Sales taxes were computed by a uniform expenditure formula applied to each income level.

⁴ All applicable motor vehicle registration fees were used.

It is clear from what has already been observed that the property tax burden is the result of many factors. There is a direct connection between the taxes that the State levies and collects for distribution to local governments and the amount of property taxes that local governments must raise themselves. The various services of State and local government and the taxes levied to support them are interrelated, and methods and policies with respect to tax relief for property or for any other tax base can be soundly adopted only in consideration of the various interrelated factors. In the Parts of this Report which follow, these factors are developed and conclusions and recommendations evolved in this total context.

EFFECT ON LAND USE

It is evident that the future development of the State will depend in a considerable measure upon the use of its land. If there is inadequate planning or inability to execute proper plans, the State, with its high population density and its corridor position between New York and the South and West, could become a crazy quilt of inefficient planning and zoning, with manufacturing, business, transportation, residences, public buildings and parks placed in a mutually destructive hodge-podge.

At the present time, much of the planning and zoning in New Jersey might be called "fiscal zoning," that is, the result of municipal decisions on questions of land use regulation mostly with an eye to the attraction of nonresidential ratables, rather than to the ultimate aim of a better community and the more efficient use of total land resources. This sort of zoning is forced upon municipalities if they must raise a very high proportion of the funds required for necessary services, including schools, from the local property tax.¹

It would seem imperative to make it possible for municipalities which hold the legal authority to decide the future use of land, to plan such use without undue pressure from the scramble for ratables. A better balanced distribution of the local-State tax burden, by shifting a larger share to the State Government (where it can be efficiently supported by nonproperty taxes), should help to attain this result.

FAIR AND EQUITABLE ASSESSMENTS

The current level of the property tax on business is, of course, only one phase of the over-all property tax factor. Other parts of the total State-local tax structure must be weighed along with the property tax. A property tax, even though relatively light, may still be objectionable to business because it is unpredictable. Or, even though relatively heavy,

¹ See Regional Plan Association, *Spread City* (New York: Bulletin 100, September, 1962).

it may not be objectionable because most of the uncertainties commonly found in this type of tax have been removed.

It is important that the property owner be secure in the feeling that if he is ever faced with what he believes to be a discriminatory assessment—an assessment above the common level of other assessments in the district—there is always available to him a plain, speedy, adequate and inexpensive remedy in the courts. This he clearly has in New Jersey (*In re Appeals of Kents 2124 Atlantic Avenue, Inc.*, 34 N. J. 21, 1961), not only as to real property assessments but also as to business personal property assessments (*City of Passaic v. Botany Mills, Inc.*, 72 N. J. Super. 449, App. Div., 1962). The relatively modest cost of a discrimination appeal is made possible in this State by the rulings of the Supreme Court in such cases to the effect that the property owner need not, by difficult, costly and often unobtainable proof, establish the common level of assessment of other real property in the taxing district. Instead he may rely on the assessment-sales ratios which are officially promulgated annually. Most states cannot provide this highly desirable protection against discriminatory assessment practices because of the absence of judicially approved sales-assessment ratio programs functioning on an annual basis.

EFFECT ON BUSINESS INVESTMENT

Finally, what is the most intangible but perhaps the most significant result of the present property tax environment is its effect upon the “economic climate” for industrial development. The Commission is convinced, as were many of those who testified before it, that it will be desirable for all the citizens of the State to have the employment opportunities which will exist in New Jersey if business finds the State to be one in which it is attractive to locate or expand. This applies as well to manufacturing, research, service and financial concerns.

The present tax environment in New Jersey, which of course varies in different localities, may detract from its advantages for industrial location and expansion in at least three ways:

First, heavy local taxation of property means a heavy fixed charge on business capital investments—and this tends to discourage industries requiring substantial investment in real and personal property, particularly the latter;

Second, the present law and practice are so far apart in the assessment of business personalty—inventories and machinery and equipment—that any assessor is free to impose a sudden, sharp and erratic increase in assessed value of the personal property of a business taxpayer, and still be within the legal standard of full value. While the courts, as already

noted, have developed a safeguard against individual discrimination, they do not protect against arbitrary shifts in the tax burden from one class of property to another. This situation is like that described in previous reports as the danger of "tax lightning," although Chapter 51 of the Laws of 1960 would (if permitted to go into effect) cure this situation.

Third, the State corporate taxes also tend to bear more heavily upon businesses with substantial capital investment, than it does on other businesses. This results from the combined effect of the corporate income tax (at 1¾%) and the net worth tax (at 2 mills per dollar of stockholders' equity).

If New Jersey is to achieve its maximum potential economic growth, it is evident that these deterrents to capital investment should be eliminated. The Commission would caution, however, that the remedy must not be more expensive than the illness. This State ranks favorably in total tax burden, as already noted; it is the maldistribution of that burden that is the nub of our problem. In general, therefore, any program of tax reform should emphasize a favorable economic climate for business investment and the growth of jobs and wages; but it must also be consistent with a fair distribution of the burden of raising revenues required for services of State and local government which are themselves essential to a prosperous economy.

PART II

STATE AID FOR SCHOOLS

THE CURRENT ENVIRONMENT

“The Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the education of all the children in the State between the ages of five and 18 years.” This constitutional mandate is reflected in the established policy of State aid for schools in New Jersey. State aid has become an ingrained part of our State-local fiscal system, and is a major assumption of our public school system. There are good reasons for this situation, reasons which will appear more fully in this Part of the Report. This is not to assert, however, that there is not a broad area of choice in the adaptation of policy to the need, and in the evaluation of facts to determine the need. While this range of choice was evident in the Commission’s hearings, it is significant that except in one or two cases there was no real divergence between the taxpaying and the tax spending spokesmen on this essential point: *That some increase in State aid for schools is necessary and desirable*—and the Commission concurs.

THE TASK OF PUBLIC EDUCATION

It has been estimated that by 1970 New Jersey will have a 75% greater population than it had in 1940, and a 50% greater population than it had in 1950. As shown in Table 7, the State’s population in 1970 is expected to be 20% greater than it was in 1960. Currently, about 17% of the State’s population is enrolled in the public schools. This accounted for 1,014,693 pupils in 1960. Of most significance, this represented an increase of 50% in the number of pupils in school as compared with enrollment in 1950, and the forecast for the next decade, 1960-1970, is for the addition of an even greater number of pupils to the public school system, which will represent a 39.8% increase over the level already reached in 1960. (Tables 7 and 8.)

While the State has already experienced a decade of unprecedented growth in the school system over the period 1950-1960, it is apparent that we must be prepared for a similar growth in number of pupils over the decade 1960-1970. On a State-wide basis, it is estimated that we will be adding an average of 40,000 pupils per year through 1970, and will continue to grow in enrollment at three-quarters that annual rate through the following decade.

Table 7
NEW JERSEY PUBLIC SCHOOL ENROLLMENT AND THE STATE POPULATION
1940 - 1980

Year	State Population ¹		Public School Enrollment ²		Public School Enrollment as a % of Population
	Total	% Change for Decade	Total	% Change for Decade	
1940	4,160,165	+ 2.9%	716,527	-10.5%	17.2%
1950	4,835,329	+16.2	674,915	- 5.8	14.0
1960	6,066,782	+25.5	1,014,693	+50.2	16.7
1970	7,266,785	+19.8	1,419,000	+39.8	19.5
1980	8,514,850	+17.2	1,721,000	+21.3	20.2

Sources: Bureau of the Census, *U. S. Census of Population, 1960*; Department of Conservation and Economic Development, *Long Range Population Projections* (Research Report No. 118, Trenton, 1961); Bureau of Research, Department of Education, *Administrative Problems in New Jersey Public School Districts* (Report No. 239, Trenton, April, 1962).

For footnotes, see page 81.

Table 8
ESTIMATED ENROLLMENTS
New Jersey Public School Districts
1961 - 1980

Sept. 30	K-8	Enrollment 9-12	Handicapped	Totals*
1961	802,175	287,314	14,209	1,103,698
1962	830,000	311,000	16,000	1,157,000
1963	858,000	331,000	17,000	1,206,000
1964	887,000	338,000	19,000	1,244,000
1965	911,000	343,000	19,000	1,273,000
1966	935,000	354,000	21,000	1,310,000
1967	959,000	365,000	22,000	1,345,000
1968	980,000	381,000	24,000	1,384,000
1969	1,002,000	393,000	24,000	1,419,000
1970	1,019,000	408,000	26,000	1,453,000
1971	1,034,000	426,000	27,000	1,487,000
1972	1,052,000	439,000	29,000	1,520,000
1973	1,070,000	450,000	29,000	1,550,000
1974	1,090,000	457,000	32,000	1,579,000
1975	1,108,000	463,000	32,000	1,604,000
1976	1,128,000	470,000	34,000	1,632,000
1977	1,148,000	478,000	35,000	1,661,000
1978	1,168,000	487,000	37,000	1,692,000
1979	1,188,000	495,000	38,000	1,721,000
1980	1,208,000	505,000	40,000	1,753,000

* Because of rounding, all totals may not be exact.

Source: Bureau of Research, Department of Education, *Administrative Problems in New Jersey Public School Districts, 1961-62* (Report No. 239, Trenton, April, 1962), p. ix.

GOALS, COSTS AND TAXES

New Jersey has, in general, high standards of quality in public school education, as befits a State which is among the leaders in the nation in personal incomes, industry, and standards of living. As among the states, according to data compiled by the National Education Association,

the average current expenditure per pupil by the public schools in New Jersey in 1959-60 was exceeded only by Alaska, California and New York, and the average teacher's salary paid in New Jersey during the year 1961-62 was exceeded only in Alaska, California, Connecticut, Illinois, Michigan and New York.¹

This State has some of the best school districts in the nation. It also has some of the substandard districts as shown by the Commission's studies. The average figures are notable, but they should not be permitted to conceal the fact that they are derived from a composite of high, low and medium grade school districts, whereas a given class of youngsters is to be found only in a specific school district which is unconcerned with the average.

The extent to which average figures do not disclose the true picture in individual school districts is shown in Table 9. For example, as shown by that Table, in 1960-61 the median school district was spending \$412.38 per pupil in "day school costs," while 20% of the districts were under \$350.00 per pupil. It is this low 20% of the districts which present the most serious problems of inadequate finance and inadequate schooling.

Table 9
DAY SCHOOL COSTS PER PUPIL

Point	1954-55	1958-59	1959-60*	1960-61
80th Percentile	\$314.99	\$441.29	\$458.04	\$493.89
60th Percentile	278.32	393.46	414.31	437.45
MEDIAN	262.80	373.67	391.86	412.38
40th Percentile	248.56	354.57	371.17	391.14
20th Percentile	222.85	315.48	331.78	350.00

Notes: *Definition of Day School Expenditures changed this year and the new definition has been employed since then.
The percentiles used here were calculated by the New Jersey Education Association in their Bulletins 56-6, 61-2 and 62-2.

In order to provide the median cost educational program, the taxpayers of the various school districts must make an extremely unequal sacrifice under the present financial system. The districts with greater wealth tend to provide the school programs which have greater cost, but there is a very substantial group of districts of average or less than average wealth which are making greater than average sacrifice by the local property taxpayer in order to provide better school programs. (See Table 10). Table 11 shows how the total school cost per pupil (as compared with "day school costs" which exclude debt service) and the equalized school tax rates in the various school districts are distributed

¹ National Education Association, *Financing the Public Schools 1960-1970* (Washington: Special Project on School Finance, 1962) p. 146 and p. 123.

Table 10
COSTS PER PUPIL AND EQUALIZED VALUATION
By District Groups, 1960-61

Equalized Valuation Per Pupil in ADE ¹² (to nearest \$000)	Total School Costs per Pupil in TAE ⁹ (to nearest \$10)											Totals
	\$300	350	400	450	500	550	600	650	700	750	800	
	to 340	to 390	to 440	to 490	to 540	to 590	to 640	to 690	to 740	to 790	& over	
Under \$5,000 .....	..	..	1	2	..	1	..	..	..	..	..	4
\$5- 9,000 .....	..	5	..	..	..	..	..	..	..	..	..	5
10-14,000	4	18	17	7	2	1	..	1	..	..	..	50
15-19,000	5	16	24	6	6	3	1	..	..	..	..	61
20-24,000	2	12	26	20	13	4	1	..	..	..	..	78
25-29,000	2	8	14	29	29	11	3	..	..	..	..	96
30-34,000	2	2	10	15	29	14	5	2	1	1	1g	82
35-39,000 .....	..	1	1	10	4	13	10	2	1	..	..	42
40-44,000 .....	..	2	6	3	7	7	2	3	1	..	..	31
45-49,000 .....	..	..	3	2	2	7	5	4	..	2	1h	26
50-54,000 .....	..	..	..	..	1	1	4	3	1	..	..	10
55-59,000 .....	..	..	..	1	2	1	1	1	..	..	..	6
60-64,000 .....	..	..	..	..	1	2	1	..	1	..	2i	7
65-69,000 .....	..	..	..	1	2	..	2	2	..	..	..	7
70-74,000 .....	..	..	..	..	..	..	..	..	1	..	..	1
75-79,000 .....	..	..	..	..	..	..	2	..	1	..	..	3
80-84,000 .....	..	..	1	1	..	..	..	..	..	1	..	3
85-89,000 .....	..	..	..	..	1	..	..	..	..	..	..	1
90-94,000 .....	..	..	..	..	..	..	..	1	1	..	..	2
95-99,000 .....	..	..	..	..	1	..	..	..	..	..	..	1
100,000 and over ..	..	2	3	4	2	3	1	4	2	1	1j	23
Totals ¹³	15	66	106	101	102	68	38	23	10	5	5	539

Sources: Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1961*; Department of Education, *Tenth Annual Report of the Commissioner of Education (1960-61)*.

For footnotes, see page 81.

throughout the State. In 1960-61 the median total cost per pupil was \$486.59. As shown in Table 11, in order to provide education of this level of cost, some 101 school districts experienced tax rates ranging from as low as \$.24 per \$100 of equalized valuation to as high as \$2.94 per \$100. Even in the lowest cost programs, as shown in the same Table, some districts had to use tax rates at least twice those in other districts, because of the relative differences in the taxable valuations available to support public schools in the various taxing districts.

Despite the high rank of New Jersey in average annual cost per pupil, there are many school districts in the State which fall below the minimum necessary for an adequate school. There are also many in which the taxpayers are forced to make excessive sacrifices to provide an acceptable educational program.

LARGE AND SMALL DISTRICTS

An analysis of the school districts of the State by size of pupil enrollments also shows that costs per pupil are essentially unrelated to the size of the district. As shown in Table 12, more than half the districts had fewer than 1,250 pupils in 1960-61, and in this group the cost per pupil

Table 11
COSTS PER PUPIL AND EQUALIZED SCHOOL TAX RATES
By District Groups, 1960-61

Costs per Pupil in Total Avg. Enrollment ³ (nearest \$10)	Equalized School Tax Rates ⁹ (to nearest \$.10)												Totals	
	.00 to .24	.25 to .49	.50 to .74	.75 to .99	1.00 to 1.24	1.25 to 1.49	1.50 to 1.74	1.75 to 1.99	2.00 to 2.24	2.25 to 2.49	2.50 to 2.74	2.75 to 2.99		3.00 or more
\$300-340 .....	..	..	..	..	6	3	2	3	1	..	..	..	..	15
350-390 .....	..	2	1	1	6	9	31	9	5	2	..	..	..	66
400-440 .....	..	3	2	4	9	20	25	21	14	5	..	1	2a	106
450-490	1	3	1	3	11	20	36	10	7	5	4	..	..	101
500-540 .....	..	2	1	4	11	11	40	17	9	3	2	1	1b	102
550-590	2	1	..	2	8	15	18	10	6	2	2	1	1c	68
600-640 .....	..	1	..	3	8	5	14	4	1	..	2	..	..	38
650-690	1	1	2	2	5	4	4	1	2	..	..	..	1d	23
700-740 .....	..	..	2	2	..	2	3	..	..	1	..	..	..	10
750-790 .....	..	..	..	1	1	1	1	1	..	..	..	..	..	5
800 or more ⁵ ..	1	..	1	..	..	1	2	..	..	..	..	..	..	5
Totals ¹⁷ ..	5	13	10	22	22	89	176	76	45	18	10	3	5	539
<i>Regional High Schools⁷</i>														
\$550-590 .....	..	..	1	..	..	..	..	..	..	..	..	..	..	1
600-640 .....	..	..	1	..	..	1	..	..	..	..	..	..	..	2
650-690 .....	..	..	2	..	..	1	..	..	..	..	..	..	..	3
700-740 .....	..	..	3	2	1	..	1	..	..	..	..	..	..	7
750-790 .....	..	..	4	..	1	..	..	..	..	..	..	..	..	5
800-840 .....	..	..	2	..	..	..	..	1	..	..	..	..	..	3
850-890 .....	..	1	3	..	..	..	..	..	..	..	..	..	..	4
900-940 .....	..	..	..	..	..	..	..	..	..	..	..	..	..	..
950-990 .....	..	1	3	..	..	..	..	..	..	..	..	..	..	4
1,000 or more ⁸ ..	..	..	1	..	..	..	1	..	..	..	..	..	..	2
Totals ...	..	2	20	2	2	2	2	1	..	..	..	..	..	31

Sources: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61); New Jersey Education Association, *Basic Statistical Data of New Jersey School Districts* (Bulletin No. 61-2, Trenton, July, 1961).

For footnotes, see page 81.

ranged all the way from \$300 to more than \$800. Among the largest districts in the State, the variation was also marked although less extensive; that is, the 39 districts with between 5,000 and 10,000 pupils ranged in cost per pupil between \$300 and \$690, and the seven districts with between 10,000 and 25,000 pupils ranged between \$350 and \$590, while the two districts having 25,000 or more pupils were both in the \$500 to \$540 bracket. But this latter cost bracket also included 100 other districts ranging in size down to less than 250 pupils.

A similar analysis shows that high and low tax rates are no respecters of size. While the median school tax rate (computed to equalized value) lay between \$1.50 and \$1.74 per hundred in 1960-61, there were some 176 districts with school tax rates in this range and they included the smallest as well as the largest school districts in the State. It is notable, however, that the 10% of the school districts having the highest school tax rates were concentrated among the smaller population classes, as shown in Table 13.

Table 12
COSTS PER PUPIL AND DISTRICT SIZE
By District Groups, 1960-61

Costs per Pupil in Total Average Enrollment ² (to nearest \$10)	Enrollment Group ⁴										Totals
	1	2	3	4	5	6	7	8	9	10	
	0 to 249	250 to 499	500 to 1,249	1,250 to 1,899	1,900 to 2,499	2,500 to 3,499	3,500 to 4,999	5,000 to 9,999	10,000 to 24,999	25,000 or more	
\$300-340	2	3	4	4	....	1	....	1	....	....	15
350-390	10	10	26	5	3	3	3	5	1	....	66
400-440	11	20	36	14	9	5	4	4	3	....	106
450-490	22	12	26	10	7	10	8	5	1	....	101
500-540	9	18	29	15	10	3	3	12	1	2	102
550-590	8	12	23	7	6	3	2	6	1	....	68
600-640	2	8	9	6	2	4	2	5	....	....	38
650-690	7	2	4	5	1	1	2	1	....	....	23
700-740	3	4	1	....	1	1	....	....	....	....	10
750-790	3	1	....	....	1	....	....	....	....	....	5
800 or more ⁵ ..	....	2	1	1	1	....	....	....	....	....	5
Totals⁶	77	92	159	67	41	31	24	39	7	2	539
<i>Regional High Schools⁷</i>											
\$550-590 .....	....	....	....	1	....	....	....	....	....	....	1
600-640 .....	....	....	1	....	1	....	....	....	....	....	2
650-690 .....	....	....	1	1	1	....	....	....	....	....	3
700-740 .....	....	1	4	2	....	....	....	....	....	....	7
750-790 .....	....	....	3	2	....	....	....	....	....	....	5
800-840 .....	....	....	1	1	....	1	....	....	....	....	3
850-890 .....	....	....	4	....	....	....	....	....	....	....	4
900-940 .....	....	....	....	....	....	....	....	....	....	....	....
950-990 .....	....	1	3	....	....	....	....	....	....	....	4
1,000 or more ⁸ ..	....	1	1	....	....	....	....	....	....	....	2
Totals .....	....	3	18	7	2	1	....	....	....	....	31

Source: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

These school tax rates are a major part of the total tax rate in all municipalities. The median school tax rate was 61% of the total tax rate in 1962 among all taxing districts. Among the 53 taxing districts having 5,000 pupils or more in 1962, the median school tax rate was 50% of the total local tax rate.¹ A graphic view of the increasing percentage of the local tax dollar which is being taken for local school purposes is shown in Chart 3. For example, the Chart shows that in 1956 there were only five districts in which the school tax rate was as much as 80% to 85% of the total tax rate, whereas in 1962 there were 20 such districts. The same trend in the other percentage groups is shown by the longer bars rising into the upper tax rate brackets over the period 1956-62.

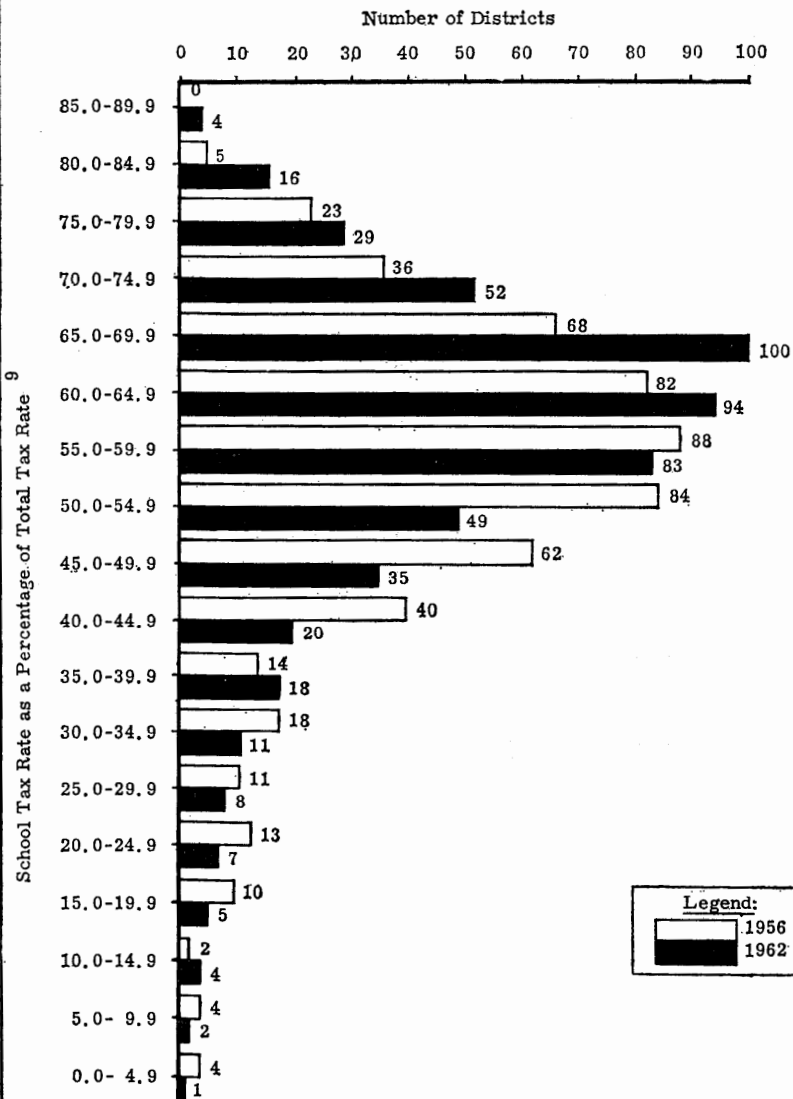
¹ New Jersey Education Association, *Basic Statistical Data of New Jersey School Districts* (Trenton: Bulletin No. 62-2, June, 1962), p. 12.

Table 13
SCHOOL DISTRICT SIZE AND EQUALIZED SCHOOL TAX RATES
By Enrollment, 1960-61

Enrollment Groups [†]	Equalized School Tax Rates ⁹ (to nearest \$.10)														Totals
	.00 to .24	.25 to .49	.50 to .74	.75 to .99	1.00 to 1.24	1.25 to 1.49	1.50 to 1.74	1.75 to 1.99	2.00 to 2.24	2.25 to 2.49	2.50 to 2.74	2.75 to 2.99	3.00 or more		
1. 0- 249	4	9	4	4	11	9	14	8	6	3	3	1	1 ^b	77	
2. 250- 499	1	4	6	10	11	23	14	9	8	3	1	2 ^e	92	
3. 500- 1,249	1	3	....	4	16	30	53	29	16	3	3	....	1 ^c	159
4. 1,250- 1,899	1	4	10	8	30	6	5	1	1	1	....	67	
5. 1,900- 2,499	1	7	5	20	2	4	1	....	....	1 ^f	41	
6. 2,500- 3,499	3	9	10	6	2	1	....	....	....	31	
7. 3,500- 4,999	1	....	5	4	7	6	1	....	....	....	....	24	
8. 5,000- 9,999	2	5	13	13	3	2	1	....	....	....	39	
9. 10,000-24,999	1	....	....	5	1	....	....	....	....	....	7	
10. 25,000 or more	1	1	....	....	....	....	....	2	
Totals ¹⁷	5	13	10	22	67	89	176	76	45	18	10	3	5	539	
<i>Regional High Schools¹⁰</i>															
2.	1	1	....	....	....	1	....	....	....	....	....	....	3	
3.	1	12	1	1	1	1	1	....	....	....	....	....	18	
4.	5	1	1	....	....	....	....	....	....	....	....	7	
5.	1	....	....	1	....	....	....	....	....	....	....	2	
6.	1	....	....	....	....	....	....	....	....	....	....	1	
Totals	2	20	2	2	2	2	1	....	....	....	....	....	31	

Sources: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61); New Jersey Education Association, *Basic Statistical Data of New Jersey School Districts* (Bulletin No. 61-2, Trenton, July, 1961).
For footnotes, see page 81.

Chart 3
SCHOOL TAX RATES AS A PERCENTAGE OF TOTAL LOCAL TAX RATES
 Distribution of Districts on Equalized Basis
 1956 and 1962



Sources: New Jersey Education Association, Basic Statistical Data of New Jersey School Districts, 1956 (Bulletin No. 56-6, Trenton, September, 1956); and Ibid, 1962 (Bulletin No. 62-2, Trenton, June, 1962).

For footnotes, see page 81.

Although it may be assumed that school boards and their constituents are just as anxious as anyone else to hold down unnecessary costs and tax rates, Table 14 shows that over the short space of five years, since the present State aid formula first went into effect, the median cost per pupil of operating the public schools rose 52%, while the median taxable valuation per pupil was growing only 8%. The reasons why costs have risen more than taxable valuations are partly inflation, partly the consequences of very rapid growth, and partly the costs of increasing teachers' salaries, new buildings, smaller class sizes and other increases in the standards of public education. All factors are obviously not present in all districts, but their combined effect is apparent in the over-all view.

Table 14
DISTRIBUTION OF SIGNIFICANT FRACTIONS OF THE SCHOOL DISTRICTS,
BY SELECTED MEASURES, 1955-56 AND 1960-61

Factor	Fraction of Total Number of Districts					
	1955-1956			1960-1961		
	1/3	1/2	2/3	1/3	1/2	2/3
Equal. Val./ADE. ¹²	\$21,332	\$25,996	\$30,358	\$23,490	\$28,107	\$33,510
Costs/TAE. ³	\$296.06	\$319.65	\$348.15	\$440.96	\$486.59	\$531.25
Equal. School Tax Rates ⁹	\$.94	\$1.06	\$1.19	\$1.41	\$1.58	\$1.71
Housing Costs/TAE. ¹⁴	\$16.48	\$27.40	\$37.86	\$38.25	\$58.43	\$82.78

For footnotes, see page 81.

RELATIVE TAX RATE INCREASES BY DISTRICT

One of the most striking facts of the present State aid question is the extent to which property tax rates for school purposes have increased over the short space of 5 years, 1956-1961. The substantial increase in the total amount raised from the property tax has already been noted; what is even more significant is the extent to which the average State-wide experience is greatly exceeded by many individual school districts.

As shown in Table 15, 34 of the next to the highest 10% of the school districts on the basis of equalized valuation per pupil experienced increases of up to 50% in the equalized tax rate for school purposes between 1956 and 1961. Among these high valuation school districts, moreover, there were 3 with tax rate increases between 51% and 75%, 2 between 76% and 100%, and 4 in which the equalized tax rate in 1961 was more than double the tax rate in 1956.

Among the next to the lowest 10% of school districts, based on the equalized valuation per pupil, the increase in tax rates between 1956 and 1961 was even heavier. As shown in Table 15, 16 districts had increases

Table 15
TRENDS IN SCHOOL TAX RATES IN HIGH AND LOW VALUATION DISTRICTS
1956 - 1961
(Selected Districts Ranked According to Equalized Valuation)

District Group	1961 as a % of 1956 Equalized School Tax Rate										Total No.	
	100% or Below	101-125	126-150	151-175	176-200	201-225	226-250	251-275	276-300	301-325		
Lows—2nd Percentile ²⁸ (Range: \$14,250-\$17,500)	..	3	5	10	16	8	8	3	..	..	1	54
Highs—9th Percentile ²⁹ (Range: \$42,500-\$54,000)	..	11	14	20	3	2	3	..	..	..	1	54

Sources: New Jersey Education Association, *Basic Statistical Data of New Jersey School Districts, 1956* (Bulletin 56-6, Trenton, September, 1956); and *Ibid.*, 1961 (Bulletin 61-2, Trenton, July, 1961).

For footnotes, see page 81.

between 51% and 75%, 8 between 76% and 100% and 12 had equalized tax rates which in 1961 were more than double the 1956 rate.

Tax rates for schools have increased more sharply in the districts less able to support increased taxation.

A simple analysis of the trend of tax rates, even excluding the extremes of the top and bottom 10% of the districts in equalized valuation, shows clearly that the property tax levies required to support education have increased so rapidly in the short space of 5 years as to raise a genuine question as to the soundness of the present method of financing public schools.

TEACHING COSTS AND CLASS SIZE

The principal factors which determine the cost per pupil of an educational program are teachers' salaries and class size. State-wide, instructional costs (which are mainly teachers' salaries) accounted for an average of 74% of the operating expenses of the public schools in 1960-61. The average size of elementary school classes was 26.3 pupils in the same year. An analysis of the operating expenses, by school district, shows substantial variation in these two factors among the districts.

Teachers' salaries have long been a principal focus of attention in connection with studies of the quality of public education. Inadequate salaries have been deemed to be the cause of a shortage of qualified teachers and of a high rate of job turnover among employed teachers. Both conditions are considered to be detrimental to the quality of education. In any event, teacher salaries must be an essential part of any consideration of school finance in view of the fact that 74% of day school cost is allocated for instructional purposes. (See Table 16.)

Table 16
INSTRUCTIONAL COSTS AS A PERCENTAGE OF DAY SCHOOL AND
TOTAL COSTS AMONG THE DENSE DISTRICTS
1960-61

District ²⁴	County	Instructional Costs ²⁶	Day School Expenditures ²⁶	Inst. Cost % of Day School Expenditures	Total Cost ²²	Inst. Cost/Total Cost
Newark	Essex	\$20,359,833.00	\$26,949,469.90	75.55%	\$32,349,597.00	62.94%
East Orange	Essex	3,435,331.45	4,662,226.27	73.68	5,373,381.02	63.93
Irvington	Essex	2,668,689.88	3,476,081.31	76.77	4,074,330.70	65.50
Orange	Essex	1,563,294.50	2,095,837.34	74.59	2,295,212.68	68.11
Jersey City	Hudson	10,196,356.30	14,619,693.21	69.74	16,302,155.14	62.55
Bayonne	Hudson	2,960,470.24	4,041,530.55	73.25	4,398,876.54	67.30
W. New York	Hudson	1,695,906.08	2,220,675.26	76.37	2,410,623.80	70.35
Union City	Hudson	2,378,675.10	3,236,779.15	73.49	3,574,644.44	66.54
Hoboken	Hudson	2,440,623.29	3,189,915.77	76.51	3,511,629.54	69.50
Guttenberg	Hudson	132,256.68	180,072.19	73.45	290,967.69	45.45
Weehawken	Hudson	918,932.21	1,233,618.52	74.49	1,310,439.55	70.12
East Newark	Hudson	49,080.15	72,027.41	68.14	100,052.54	49.05
Paterson	Passaic	6,896,041.19	9,188,947.21	75.05	9,802,507.76	70.35
Passaic	Passaic	2,625,366.76	3,531,253.64	74.35	4,086,275.97	64.25
Camden	Camden	4,442,990.46	6,043,158.85	73.52	6,729,629.65	66.02
Trenton	Mercer	4,941,570.19	6,840,975.93	72.23	7,593,813.95	65.07
Elizabeth	Union	4,781,421.24	6,711,675.31	71.24	7,478,104.84	63.94
Winfield	Union	141,451.45	212,342.38	66.61	297,713.10	47.51
Cliffside Pk.	Bergen	850,559.73	1,172,459.09	72.54	1,260,411.76	67.48
Garfield	Bergen	1,141,150.77	1,584,103.58	72.04	1,800,991.47	63.36
Group Totals		\$74,620,000.67	\$101,262,842.87	73.69%	\$115,041,359.14	64.86%
State Totals		\$331,157,499.11	\$447,151,391.45	74.06%	\$549,387,781.31	60.28%

Sources: Department of Conservation and Economic Development, *Population Characteristics in New Jersey* (Report No. 125, Trenton, November, 1961); and Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

In general, teachers' salaries are prescribed by a "salary guide" which sets forth the salary the district will pay for teachers with specified training and years of service. While the guide itself does not indicate how many teachers are at any step in the salary schedule in the district, it is a useful indicator of the general level of salaries established by the school district. Actual average salaries are compiled and published annually by the New Jersey Education Association. For purposes of the present study, both the salary guides and average salaries paid have been used as a measure of comparison among school districts.

The basic nature of some 450 odd salary guides used throughout the State is shown in Table 17. In the 1956-57 school year, almost a third of the districts used the State-established minimum of \$3,000 per year and only one district had a minimum as high as \$4,000 for the four-year preparation teacher. Even more striking, over a third of the districts used a maximum salary of \$5,100 in their guides for the four-year preparation teacher. Only one district went as high as \$7,500 for its maximum in the guide.

Six years later, in 1962, the salary situation has changed radically. As shown in Table 17 also, only one district is paying less than \$3,900 for the beginning teacher who has four years of training. The bulk of the districts are now offering teachers of this training level between \$4,300 and \$4,800 minimum. The maximums have also risen sharply. Only 18 districts pay \$6,100 or less as the maximum for teachers at the four-year training level. One district offers more than \$10,500 for this maximum. Similarly, the five-year training level maximums have risen noticeably. The maximum is \$6,500 or less in only 16 districts, and one district goes as high as \$11,100.

There is a discernible correlation between higher equalized valuation per pupil and higher average teachers' salaries. (See Table 18.) While the lowest teachers' salaries are paid by school districts with the smallest enrollments, the medium and larger districts have widely varying teacher salary guides. (See Table 19.)

In general, the ten counties comprising the nine in the inner ring of the New York metropolitan area and Mercer County, have decidedly higher salary guides than Sussex, Warren and Hunterdon in north Jersey and all of the counties in south Jersey. (See Map 1.)

As might be expected, districts with the programs of higher cost per student tend to have the higher teacher salary guides, although the correlation is not as close as might be assumed for the reason that cost per pupil reflects class size as much as teaching cost, and total cost includes items of transportation and debt service in varying degrees which are unrelated to teacher salaries. (See Table 20.)

Table 18
AVERAGE TEACHER SALARIES AND EQUALIZED VALUATIONS
1962

Equalized Valuation Per Pupil in ADE (to nearest \$000) ¹²	Average Teacher Salary ²⁵													Totals
	No Teachers	Less Than \$5,000	\$5,000- 5,199	\$5,200- 5,399	\$5,400- 5,599	\$5,600- 5,799	\$5,800- 5,999	\$6,000- 6,199	\$6,200- 6,399	\$6,400- 6,599	\$6,600- 6,799	\$6,800- 6,999	\$7,000 and Over	
Less than \$5,000	1	1	1	....	....	....	....	....	....	1	....	....	....	4
5,000- 9,000	2	....	1	1	1	....	....	....	....	....	....	....	....	5
10,000-14,000	6	11	7	5	6	4	6	1	3	1	....	....	....	50
15,000-19,000	9	2	4	2	5	13	5	9	7	4	1	....	....	61
20,000-24,000	10	3	4	11	9	14	6	11	5	2	2	1	....	78
25,000-29,000	2	3	4	11	8	3	17	12	9	7	10	6	4	96
30,000-34,000	3	....	2	2	13	9	5	10	9	10	9	3	7	82
35,000-39,000	5	....	....	1	4	....	4	5	7	2	8	1	5	42
40,000-44,000	5	2	....	1	....	2	3	2	5	5	....	1	5	31
45,000-49,000	5	1	....	....	2	1	....	2	5	2	3	2	3	26
50,000-54,000	1	1	....	....	....	1	....	....	1	1	1	2	2	10
55,000-59,000	1	....	....	....	2	....	....	....	....	....	1	1	1	6
60,000-64,000	1	1	....	....	....	....	1	1	....	2	....	....	1	7
65,000-69,000	1	....	....	....	2	....	1	....	1	....	1	....	1	7
70,000-74,000 .....	....	....	....	....	....	....	....	....	....	1	....	....	....	1
75,000-79,000	1	....	....	....	....	....	....	....	....	1	....	....	1	3
80,000-84,000 .....	....	....	....	....	....	....	....	1	....	1	....	1	....	3
85,000-89,000 .....	....	....	....	1	....	....	....	....	....	....	....	....	....	1
90,000-94,000 .....	....	....	....	....	....	1	1	....	....	....	....	....	....	2
95,000-99,000	1	....	....	....	....	....	....	....	....	....	....	....	....	1
\$100,000 and over	9	....	2	1	....	2	1	....	1	2	3	....	2	23
Totals	63	25	25	36	52	50	50	54	53	42	39	18	32	539

Sources: Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1961*; and New Jersey Education Association, *New Jersey Teacher Salaries, 1962-63* (Bulletin No. 62-4, Trenton, October, 1962).

For footnotes, see page 81.

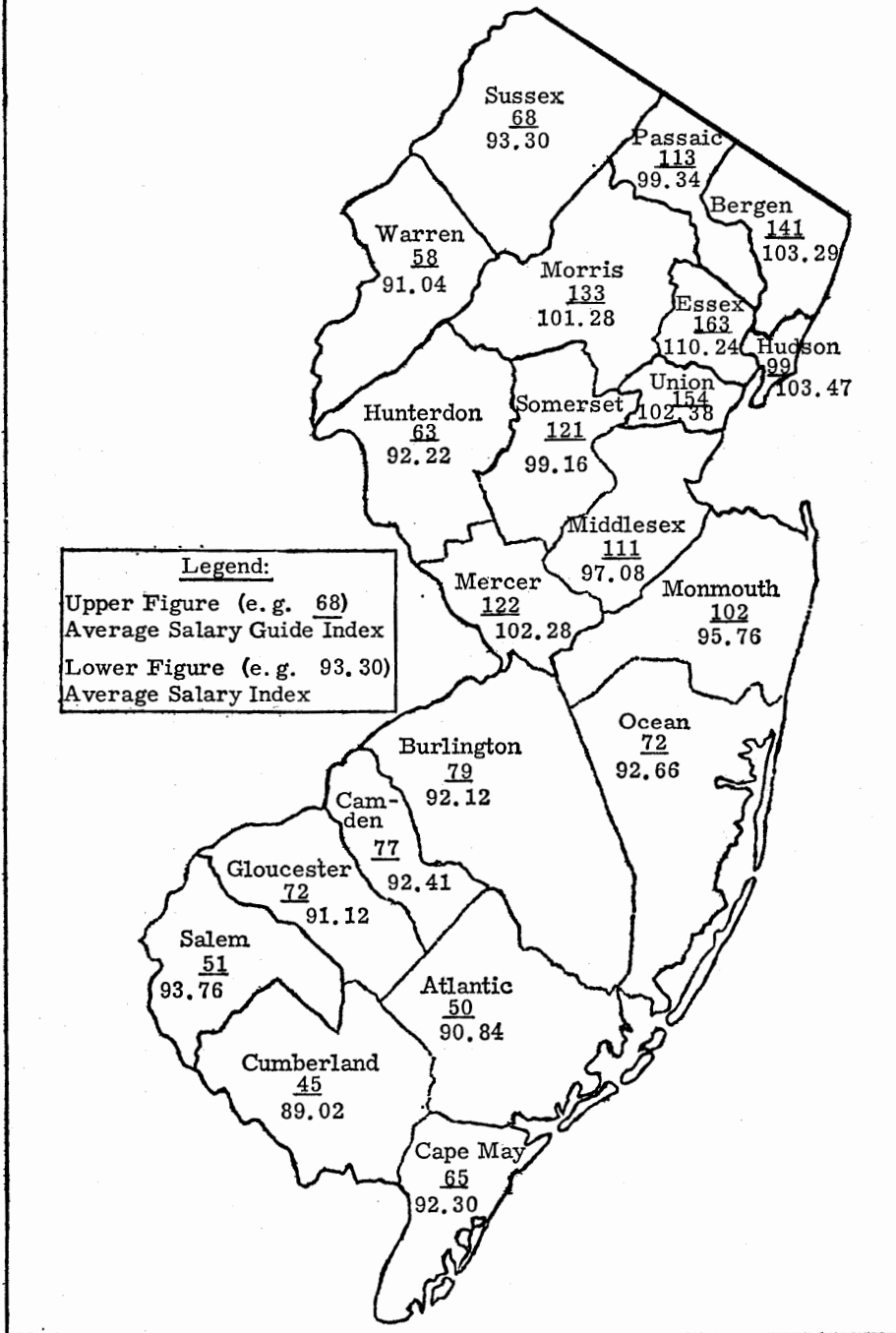
Table 19
SCHOOL DISTRICT SIZE AND TEACHER SALARY GUIDES
By Enrollment, 1960-61

Enrollment Groups ⁴	Teacher Salary Guide Index Number ¹¹																		Totals
	No Info.	33	42	50	58	67	75	83	92	100	108	117	125	133	142	150	158	167	
1. 0- 249	36	26	3	1	2	2	2	....	....	1	1	1	....	1	1	....	....	....	77
2. 250- 499	11	29	1	7	4	6	7	4	2	3	4	1	1	4	2	2	....	4	92
3. 500- 1,249	14	15	2	9	6	15	7	14	6	13	10	12	6	8	3	12	4	3	159
4. 1,250- 1,899 .....	....	3	1	3	1	6	2	5	2	6	3	6	3	5	5	4	6	6	67
5. 1,900- 2,499 .....	....	....	....	....	1	....	2	5	1	2	5	4	1	3	6	4	4	3	41
6. 2,500- 3,499	1	....	....	....	2	2	1	....	2	5	3	2	....	1	2	2	4	4	31
7. 3,500- 4,999	1	....	....	1	....	1	2	1	....	....	3	1	2	2	1	3	3	3	24
8. 5,000- 9,999 .....	....	....	....	....	....	1	....	2	2	3	1	3	2	....	4	3	8	10	39
9. 10,000-24,999 .....	....	....	....	....	....	....	....	....	....	2	....	1	....	1	3	....	....	....	7
10. 25,000 or more .....	....	....	....	....	....	....	....	....	....	....	....	....	....	1	....	....	....	1	2
Totals⁶	63	73	7	21	16	33	23	31	15	35	30	31	15	26	27	30	29	34	539
<i>Regional High Schools⁷</i>																			
2. ....	....	....	....	....	....	....	....	1	2	....	....	....	....	....	....	....	....	....	3
3.	3	....	....	....	1	1	1	....	....	3	2	....	....	....	2	1	1	3	18
4. ....	....	....	....	....	....	....	....	....	....	1	....	....	1	1	1	....	....	3	7
5. ....	....	....	....	....	....	....	....	1	....	....	1	....	....	....	....	....	....	....	2
6. ....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	1	....	1
Totals	3	....	....	....	1	1	1	2	2	4	3	....	1	1	3	1	2	6	31

Sources: New Jersey Education Association, *New Jersey Teacher Salary Guides, 1961-62* (Bulletin No. 61-3, Trenton, August, 1961); Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Map 1
 Index of Average Teacher Salaries and Salary Guides
 By Counties 1961-62
 (State Average = 100)



Legend:
 Upper Figure (e.g. 68)
 Average Salary Guide Index
 Lower Figure (e.g. 93.30)
 Average Salary Index

Table 20
COSTS PER PUPIL AND TEACHER SALARY GUIDES
By District Groups, 1960-61

Costs per Pupil in Total Average Enrollment ³ (to nearest \$10)	Teacher Salary Guide Index Numbers ¹¹																	Totals		
	No Info.	33	42	50	58	67	75	83	92	100	108	117	125	133	142	150	158		167	
\$300-340	1	5	2	2	....	2	....	....	....	2	....	1	....	....	....	....	....	....	15	
350-390	9	17	3	3	5	4	5	6	4	2	2	2	2	1	....	....	....	....	1	66
400-440	15	16	....	10	3	14	6	14	1	10	7	2	3	1	2	1	1	....	....	106
450-490	21	11	1	....	6	5	3	3	4	6	9	8	3	8	4	2	3	4	....	101
500-540	7	9	....	3	2	5	4	4	5	7	6	8	4	6	9	10	8	5	....	102
550-590	5	7	....	2	....	2	4	3	1	2	5	6	1	4	6	5	7	8	....	68
600-640	1	2	....	....	....	....	1	1	....	3	1	....	....	4	2	6	7	10	....	38
650-690	4	4	....	....	....	....	....	....	....	1	....	3	1	....	1	4	2	3	....	23
700-740 .....	....	1	1	1	....	1	....	....	....	....	....	1	1	1	1	....	1	1	....	10
750-790 .....	....	1	....	....	....	....	....	....	....	....	....	....	....	1	1	1	....	....	....	5
800 or more ⁵ .....	....	....	....	....	....	....	....	....	....	2	....	....	....	....	1	1	....	....	....	5
Totals⁶	63	73	7	21	16	33	23	31	15	35	30	31	15	26	27	30	29	34	539	
<i>Regional High Schools⁷</i>																				
\$550-590 .....	....	....	....	....	....	....	....	....	....	1	....	....	....	....	....	....	....	....	....	1
600-640 .....	....	....	....	....	....	....	....	....	....	....	2	....	....	....	....	....	....	....	....	2
650-690 .....	....	....	....	....	....	....	....	1	....	1	....	....	....	1	....	....	....	....	....	3
700-740 .....	....	....	....	....	1	....	....	1	....	....	1	....	1	....	2	....	....	1	....	7
750-790 .....	....	....	....	....	....	1	....	....	....	1	....	....	....	....	....	....	....	....	....	3
800-840 .....	....	....	....	....	....	....	1	....	....	....	....	....	....	....	....	....	....	1	....	1
850-890	1	....	....	....	....	....	....	....	....	1	....	....	....	....	1	....	....	....	....	1
900-940 .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
950-990	2	....	....	....	....	....	....	....	1	....	....	....	....	....	....	....	1	....	....	4
1,000 or more ⁸ .....	....	....	....	....	....	....	....	....	1	....	....	....	....	....	....	....	....	....	....	1
Totals	3	....	....	....	1	1	1	2	2	4	3	....	1	1	3	1	2	6	31	

Sources: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61); New Jersey Education Association, *New Jersey Teacher Salary Guides, 1961-62* (Bulletin No. 61-3, Trenton, August, 1961).

For footnotes, see page 81.

The analysis made for the present study justifies the conclusion that significant changes have occurred over the past 6 years in the teachers' salary situation. The findings include:

1. There is no strong correlation between relatively low teachers' salaries and higher than average teacher turnover rates (see Table 21 and Chart 4).

2. The salary guides for 1962-63 show a marked improvement in the level and range of teacher salaries being offered by the school districts of the State as compared with school year 1956-57. (See Table 14.)

3. Teacher turnover rates were substantially reduced during the school year 1961-62, as compared with such rates 6 years ago (see Chart 5), and employment in the teaching profession has generally assumed a much more stable attitude, particularly as compared with private employment in industries where a large percentage of the personnel is female.

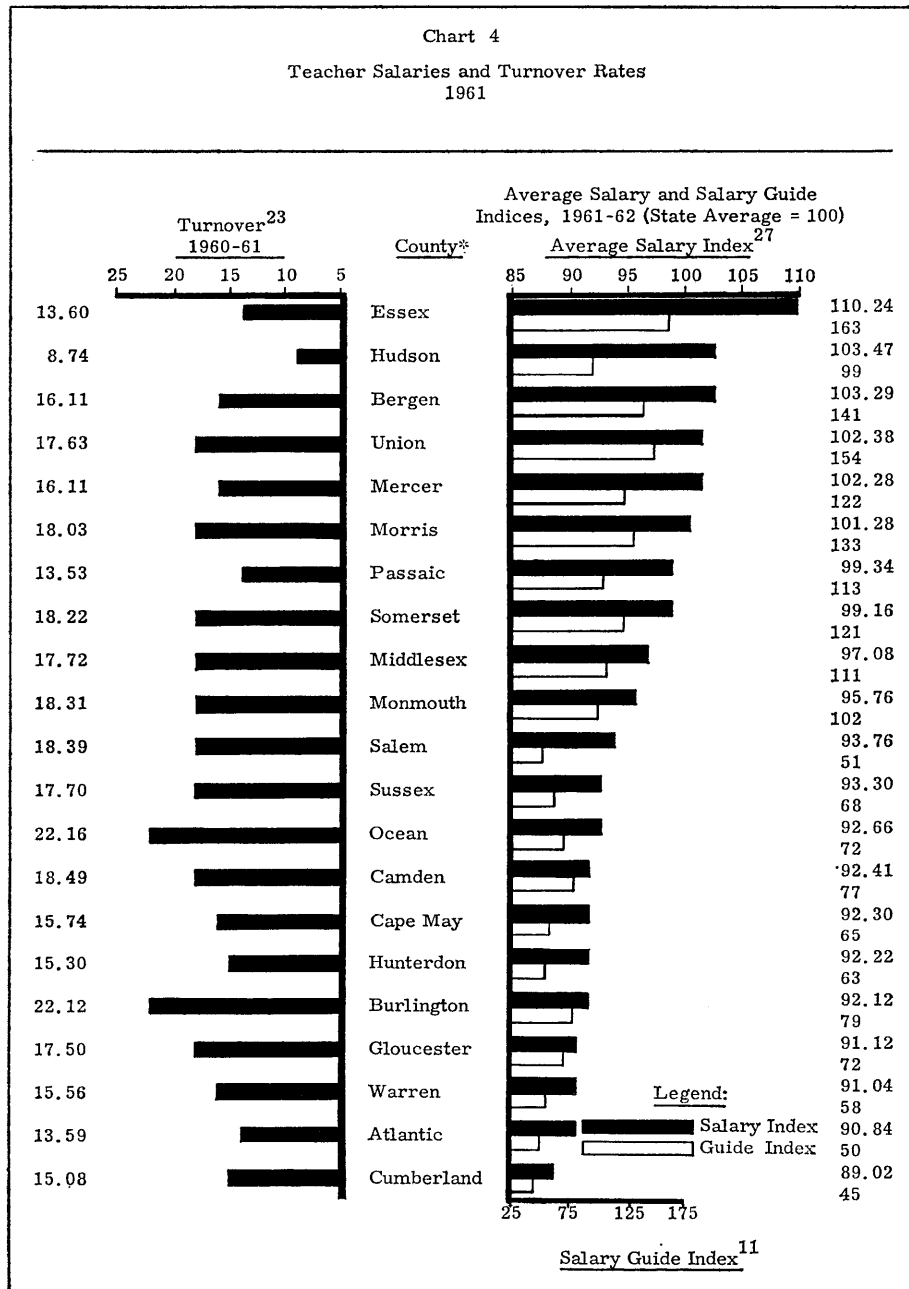
Table 21
COMPARISON OF AVERAGE TEACHER SALARIES AND
TEACHER TURNOVER RATES BY COUNTIES
1956 - 1961

County	1955-56 Turnover ²⁵	1956-57 Salary Guide Index ¹¹	1956-57 Avg. Salary Index ²⁷	1960-61 Turnover ²⁵	1961-62 Salary Guide Index ¹¹	1961-62 Avg. Salary Index ²⁷
Atlantic	18.30	60	89.04	13.59	50	90.84
Bergen	16.64	137	99.04	16.11	141	103.29
Burlington	22.19	70	86.91	22.12	79	92.12
Camden	19.33	72	87.32	18.49	77	92.41
Cape May	15.56	64	89.18	15.74	65	92.30
Cumberland	18.84	41	86.70	15.08	45	89.02
Essex	15.77	173	116.60	13.60	163	110.24
Gloucester	22.00	64	86.93	17.50	72	91.12
Hudson	9.21	136	107.95	8.74	99	103.47
Hunterdon	20.79	54	83.09	15.30	63	92.22
Mercer	13.81	116	101.66	16.11	122	102.28
Middlesex	16.27	120	95.14	17.72	111	97.08
Monmouth	20.03	87	91.48	18.31	102	95.76
Morris	17.02	136	97.09	18.03	133	101.28
Ocean	20.23	80	90.66	22.16	72	92.66
Passaic	12.72	139	100.98	13.53	113	99.34
Salem	20.36	68	87.79	18.39	51	93.76
Somerset	18.84	110	98.26	18.22	121	99.16
Sussex	18.98	61	85.49	17.70	68	93.30
Union	14.87	157	104.94	17.63	154	102.38
Warren	14.09	49	82.93	15.56	58	91.04
State Average	16.21	100	100.00	16.08	100	100.00

Sources: Turnover rates calculated from data on new teachers employed and the total number employed supplied by the Bureau of Research, Department of Education; New Jersey Education Association, *New Jersey Teacher Salaries and Salary Guides, 1956-57* (Bulletin No. 56-8, Trenton, October, 1956); *New Jersey Teacher Salaries, 1961-62* (Bulletin No. 61-4, Trenton, October, 1961); and *New Jersey Teacher Salary Guides, 1961-62* (Bulletin No. 61-3, Trenton, August, 1961).

For footnotes, see page 81.

Chart 4
Teacher Salaries and Turnover Rates
1961

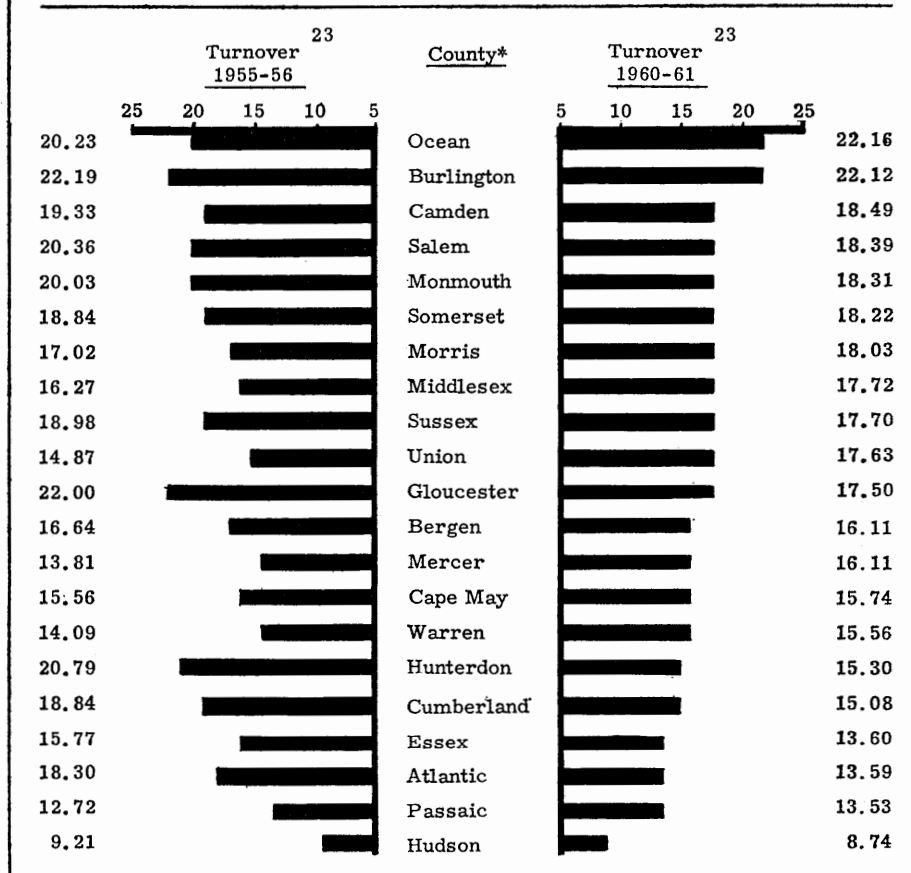


* Counties ranked according to teacher salary Index

Source: Turnover rates calculated from data on new teachers employed and the total number employed supplied by the Bureau of Research, Department of Education; and New Jersey Education Association, *New Jersey Teacher Salary Guides, 1961-62* (Bulletin No. 61 - 3, Trenton, August, 1961), and *New Jersey Teacher Salaries 1961-62* (Bulletin No. 61 - 4, Trenton, October, 1961).

For footnotes, see page 81.

Chart 5
Teacher Turnover Rates
1955-56 and 1960-61, by Counties



*Counties ranked by 1960-61 turnover rate.

Source: Turnover rates calculated from data on new teachers employed and the total number employed supplied by the Bureau of Research, Department of Education.

For footnotes, see page 81.

The marked improvement in the teachers' salary situation generally is, of course, one reason for the substantial rise in per pupil cost and property tax rates. Without necessarily drawing any conclusion as to the adequacy of present salary levels generally, it should be observed that there is even less variation among the districts when average salaries paid are compared rather than salary guides. The reason for this narrowing of the range is that the average length of employment of teachers in many school districts will place them in the higher steps of the salary

guide. Those school districts which have sought to remain competitive, moreover, have in many instances achieved a proper salary level at the price of an excessive property tax rate.

Table 22
COMPARISON OF SCHOOL COSTS AND CLASS SIZE
1960 - 61
(Selected Districts Ranked According to Costs Per Pupil)

District Group	Average Size of Elementary School Class (to nearest pupil) (State average 26.3)														Totals		
	19 or Below	20	21	22	23	24	25	26	27	28	29	30	31	32		33 or More	
Lows—2nd Percentile³⁰ (Range: \$412-\$392)	...	1	..	..	1	1	2	2	9	9	11	2	5	2	5	2	52*
Highs—9th Percentile³¹ (Range: \$632-\$565)	...	3	3	7	5	6	11	4	9	2	2	1	..	1	..	..	54

* Two districts did not operate schools in 1961. Their pupils were sent to other districts.
 Source: Class sizes taken from New Jersey Education Association, *Basic Statistical Data of New Jersey School Districts* (Bulletin No. 61-2, Trenton, July, 1961).

For footnotes, see page 81.

CLASS SIZE

The influence of class size on the average per pupil cost is even greater than that of teachers' salaries. As shown in Table 22, there is a strong correlation between lower than average class size in elementary schools and higher than average cost per pupil. The table shows that in the next to the lowest 10% of districts on a cost basis only 7 out of 52 school districts had class sizes of less than 26; whereas in the next to the highest 10% of school districts on a cost basis, all but 15 of the 54 school districts had average class sizes of less than 26.

In brief, low per pupil cost does not necessarily mean low teachers' salaries. It may well mean overcrowded classes which produce a low per pupil cost and also a low quality of education, even though adequately paid and prepared teachers may be employed by the district. One of the principal functions of State aid for schools is to relieve the excessive pressure on the local property taxes which most often accounts for either underpaid teachers or overcrowded classes or both.

SCHOOL BUILDINGS AND COSTS

The impact of rising school enrollments is apparent in the large volume of school construction which has been undertaken over the past ten years. The annual dollar volume of school building and other capital outlays is shown in Table 23.

Table 23
CAPITAL EXPENDITURES AND DEBT SERVICE
1954 - 1962

Year Ending June 30	Capital Expenditures*	Debt Service	Total Capital Expenditures and Debt Service	
			Amount	Per Pupil in ADE
1954	\$53,993,176	\$19,492,714	\$ 73,485,890	\$ 97.00
1955	84,814,357	23,042,585	107,856,942	135.58
1956	96,311,629	25,944,847	122,256,476	147.04
1957	116,072,873	31,206,007	147,278,880	168.55
1958	111,320,629	38,531,696	149,852,325	163.38
1959	86,780,627	48,989,682	135,770,309	140.56
1960	116,780,088	54,291,313	171,071,401	168.56
1961	100,109,429	58,764,816	158,874,245	150.51
1962	105,000,000	63,372,266	168,372,266	152.55

* Includes expenditures made from improvement authorizations and for budgeted capital outlays.
Source: Department of Education.

Table 24
COSTS PER PUPIL AND DEBT SERVICE COSTS
By District Groups, 1960-61

Costs per Pupil in Total Average Enrollment ³ (to nearest \$10)	Debt Service as a Percentage of Total School Costs ¹⁵ (to nearest %)									Totals
	0	3	6	9	12	15	18	21	24	
	to 2	to 5	to 8	to 11	to 14	to 17	to 20	to 23	to 26	
\$300-340	1	2	6	2	1	2	1	....	....	15
350-390	13	21	14	6	5	6	1	....	....	66
400-440	16	15	25	19	20	9	2	....	....	106
450-490	16	13	19	14	24	9	5	....	....	100 ^k
500-540	5	18	16	19	18	14	6	5	1	102
550-590	5	3	10	13	21	10	4	1	1	68
600-640	1	1	5	8	5	10	6	1	1	38
650-690	4	....	1	4	4	3	3	2	2	23
700-740	2	....	....	1	3	3	....	1	....	10
750-790 .....	....	....	1	....	2	....	....	1	1	5
800 or more ⁵ .....	....	....	....	....	2	....	....	2	....	4 ^k
Totals ⁶	63	73	97	86	105	66	28	13	6	537

Regional High Schools⁷

\$550-590 .....	....	....	....	....	....	....	....	1	....	1
600-640 .....	....	....	....	....	....	2	....	....	....	2
650-690 .....	....	....	....	....	....	....	2	1	....	3
700-740 .....	....	....	....	....	4	2	1	....	....	7
750-790 .....	....	....	....	....	....	1	1	3	....	5
800-840 .....	....	....	....	....	....	....	3	....	....	3
850-890 .....	....	....	....	....	1	....	....	1	1	3 ^l
900-940 .....	....	....	....	....	....	....	....	....	....	....
950-990 .....	....	....	....	....	....	....	....	1	1	2 ^l
1,000 or more ⁸ .....	....	....	....	....	....	....	1	1	....	2
Totals .....	....	....	....	....	5	5	8	8	2	28

Source: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Table 25
SCHOOL DISTRICT SIZE AND DEBT SERVICE COSTS
By Enrollment, 1960-61

Enrollment Groups ⁴	Debt Service as a Percentage of Total Costs ¹⁵ (to nearest %)										Totals
	0% to 2	3 to 5	6 to 8	9 to 11	12 to 14	15 to 17	18 to 20	21 to 23	24 to 26	27 or more	
1. 0- 249	38	3	9	8	9	4	2	2	2	..	77
2. 250- 499	11	14	16	8	19	13	5	3	3	..	92
3. 500- 1,249	6	29	33	24	30	24	10	2	..	1k	159
4. 1,250- 1,899	4	11	13	11	13	7	5	3	..	..	67
5. 1,900- 2,499 .....	..	7	6	9	11	5	1	2	..	..	41
6. 2,500- 3,499	3	2	5	8	6	4	3	..	..	..	31
7. 3,500- 4,999	1	2	3	5	9	3	1	..	..	..	24
8. 5,000- 9,999 .....	..	4	7	12	7	6	1	1	1	..	39
9. 10,000-24,999 .....	..	1	3	1	1	..	..	..	..	1k	7
10. 25,000 or more ..	..	..	2	..	..	..	..	..	..	..	2
Totals ⁶	63	73	97	86	105	66	28	13	6	2	539
<i>Regional High Schools¹⁰</i>											
2. ....	..	..	..	..	..	1	1	..	..	11	3
3. ....	..	..	..	..	4	3	2	5	2	21	18
4. ....	..	..	..	..	1	..	3	3	..	..	7
5. ....	..	..	..	..	..	1	1	..	..	..	2
6. ....	..	..	..	..	..	..	1	..	..	..	1
Totals .....	..	..	..	..	5	5	8	8	2	3	31

Source: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Outstanding school debt has increased from \$190,746,591 to \$865,000,000 over the period 1952-62, and it is estimated that it will rise to \$1.1 billion by 1967.¹ The magnitude of these changes in the capital accounts of the school districts of the State reflects not only the inflationary costs of building but also the increasing costs of borrowing. Debt service charges, which formerly could be expected to run 10% or less of the average cost per student, have risen to the point where 113 districts had annual debt service charges in 1960-61 which amounted to 15% or more of their total cost per student. (See Table 24.)

An analysis of debt service charges according to the size of the school district shows that the largest districts have relatively smaller percentages of their total costs allocated to debt service. (See Table 25.) This is to be expected, if only for the reason that the larger cities have not been building new schools to replace their old and worn-out structures at anything like the rate of school building which has been forced upon rapidly growing districts. Except for this limited generalization, however, it is quite apparent from Table 25 that high debt service ratios to total cost occur in school districts from the smallest up to those having 10,000 pupils, and are more frequent in rapidly growing areas.

¹ Figures on school debt supplied by the Department of Education.

In summary, rising school enrollments, rising costs per pupil for both teachers' salaries and debt service as well as other items, and a failure of taxable valuations to keep pace with rising needs, have caused soaring local property tax rates for school purposes. This has restricted the educational programs offered by substantial numbers of school districts and has created voter resistance to reasonable school building referenda in other districts. It has also contributed to an imbalance in the State and local tax structure, causing unprecedented burdens on the property of home owners and business.

FINANCIAL SUPPORT OF PUBLIC SCHOOLS

The policy of State participation in the cost of operating the public schools may be traced to the constitutional provision for free public education. This recognition of State responsibility has never been construed to negate local responsibility, but has been accepted as an affirmation of a State-local responsibility for the support of public schools. The difficulty is that there is no theoretical guide line for the division of the responsibility between the State and the school districts.

The Constitution leaves it entirely to legislative discretion as to the manner in which the guaranteed educational program is to be achieved and financed. The minimum that can be contemplated, however, is a shared responsibility for finance under broad legislative standards.

Inherent in the State-local relationship is the long-standing commitment of New Jersey to local self-government. Despite the strong element of State-wide interest in education, therefore, the service has long been administered under locally chosen boards of education which determine expenditure policy within a broad framework of State policy. With such local self-government, there must necessarily go local responsibility for financing, at least in substantial part. Moreover, there is no reason to assume that a locally chosen board of education will not be at least as tax conscious as any other legislative body.

New Jersey has long placed primary emphasis on the local element of responsibility. Based on interstate comparisons, 50 states and Washington, D. C., provide an average of 52.5% of public school revenues from the property tax. New Jersey ranks 8th with 72.97% of public school funds from the property tax.¹ This is one principal reason why New Jersey ranks as the State with the highest average per capita property tax in the nation, and raises a greater percentage of general revenue of State and local government from the general property tax than any other State. (See Table 5, page 19, and Table 26.)

¹ U. S. Department of Health, Education and Welfare, *Revenue Programs for the Public Schools in the United States, 1959-60* (Washington: Government Printing Office, 1961), p. 7.

Table 26
PERCENT OF PROPERTY TAX TO TOTAL STATE AND LOCAL GENERAL REVENUE
1957

State	Percent	Rank
Continental U. S. Average	33.7	---
NEW JERSEY	52.3	1
Nebraska	50.3	2
New Hampshire	48.7	3
Massachusetts	48.4	4
Kansas	43.3	5
Illinois	42.5	6
Indiana	42.4	7
Wisconsin	41.7	8
Connecticut	41.5	9
Rhode Island	39.8	10
Montana	39.7	11
South Dakota	39.4	12
New York	38.8	13
Maine	38.5	14
Minnesota	38.3	15
Iowa	37.7	16
Ohio	36.5	17
California	35.8	18
Michigan	35.6	19
Colorado	35.4	20
Vermont	34.8	21
Idaho	34.3	22
North Dakota	34.1	23
Maryland	32.6	24
Arizona	32.3	25
Missouri	32.0	26
Texas	31.7	27
Utah	31.2	28
Oregon	30.7	29
Wyoming	28.8	30
Pennsylvania	27.3	31
District of Columbia	27.1	32
Kentucky	25.7	33
Florida	25.6	34
Nevada	23.1	35
Virginia	23.0	36
Washington	21.0	37
Tennessee	20.7	38
Oklahoma	20.0	39
Georgia	20.0	40
West Virginia	18.9	41
North Carolina	18.6	42
Mississippi	18.6	43
Arkansas	17.6	44
South Carolina	16.0	45
Delaware	15.7	46
Louisiana	13.7	47
Alabama	12.6	48
New Mexico	12.4	49

Source: U. S. Bureau of the Census, *Compendium of Government Finances*, Vol. III, No. 5, 1957 Census of Governments, Table 25, p. 35.

When we examine the implications within the school districts of this broad policy of relying so heavily on the property tax for support of State and local government, certain significant facts stand out:

1. When the school districts are ranked according to equalized taxable valuation per pupil the median was \$25,996 per pupil in 1956 and \$28,107 in 1961; and the largest districts tend to cluster close to the median. (See Table 14, page 35, Table 27 and Chart 6.)

2. There is a general correlation between expenditure per pupil and equalized taxable valuation per pupil. As a rule, the districts with high equalized valuations spend more per pupil. (Table 10, page 30.)

3. Although the wealthier districts spend more per pupil, their taxable valuations permit them to have lower effective tax rates on equalized value. (Table 28.)

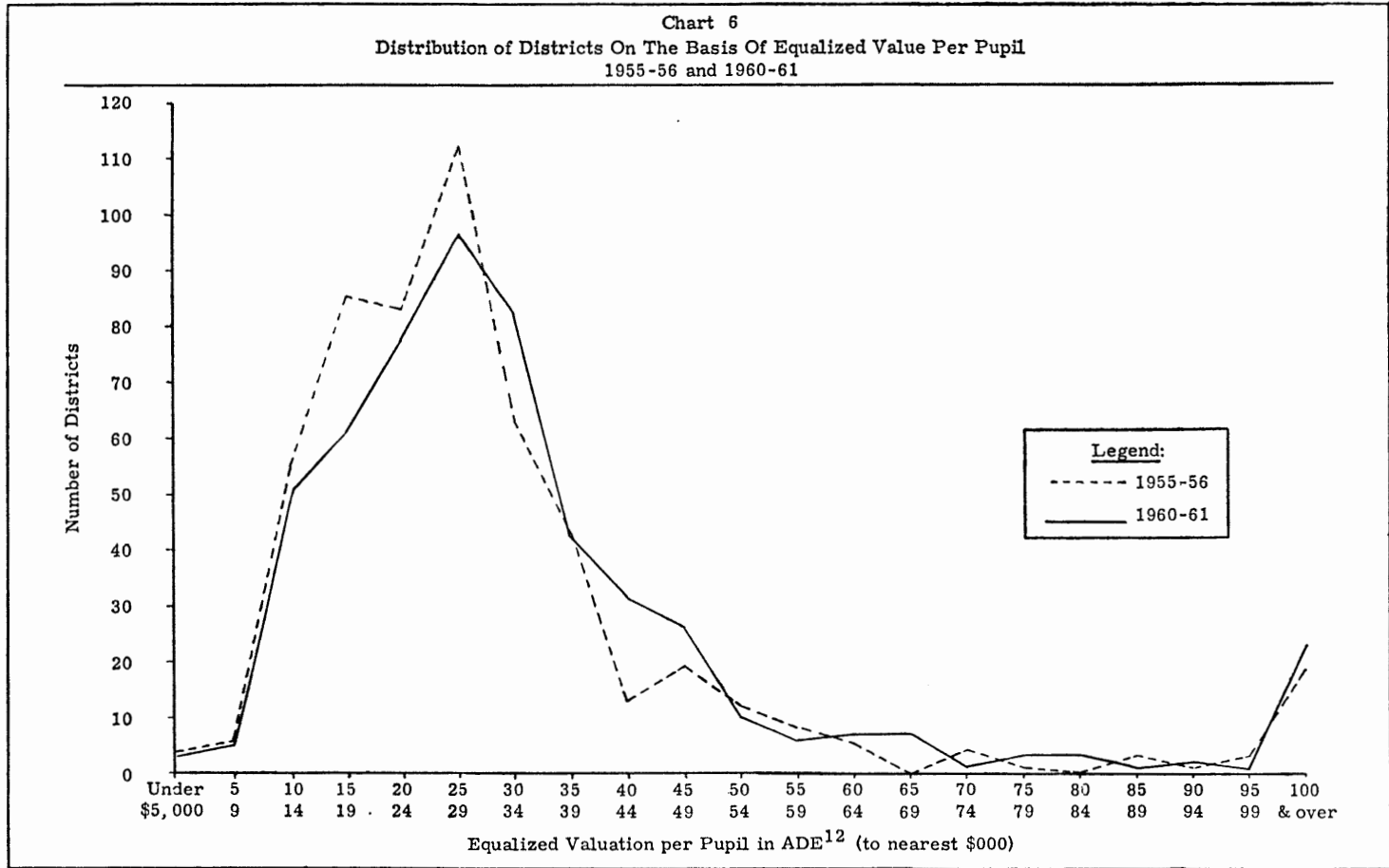
4. The districts differ more widely as to equalized value than as to school costs; and low tax rates are achieved only by high value districts, regardless of the amount spent.

Table 27
SCHOOL SIZE AND EQUALIZED VALUATION
By District Groups, 1960-61

Equalized Valuation Per Pupil in ADE ¹ (nearest \$000)	Enrollment Group ⁴										Totals
	1	2	3	4	5	6	7	8	9	10	
	0 to 249	250 to 499	500 to 1,249	1,250 to 1,899	1,900 to 2,499	2,500 to 3,499	3,500 to 4,999	5,000 to 9,999	10,000 to 24,999	25,000 or more	
Under \$5,000....	1	1	2	....	....	....	....	....	....	....	4
\$5- 9,000 .....	....	....	4	....	....	....	1	....	....	....	5
10-14,000	9	15	18	4	2	2	....	....	....	....	50
15-19,000	9	13	17	7	5	4	4	1	1	....	61
20-24,000	10	18	23	11	5	1	4	4	1	1	78
25-29,000	7	5	36	7	11	11	5	10	3	1	96
30-34,000	5	10	23	18	8	7	1	9	1	....	82
35-39,000	4	3	8	7	2	4	4	10	....	....	42
40-44,000	4	4	12	5	2	....	1	2	1	....	31
45-49,000	4	4	7	3	3	2	1	2	....	....	26
50-54,000	1	2	3	1	1	....	2	....	....	....	10
55-59,000	1	2	....	2	1	....	....	....	....	....	6
60-64,000 .....	....	4	1	1	....	....	....	1	....	....	7
65-69,000	2	2	....	1	1	....	1	....	....	....	7
70-74,000 .....	....	1	....	....	....	....	....	....	....	....	1
75-79,000 .....	....	2	1	....	....	....	....	....	....	....	3
80-84,000	2	1	....	....	....	....	....	....	....	....	3
85-89,000 .....	....	....	1	....	....	....	....	....	....	....	1
90-94,000	2	....	....	....	....	....	....	....	....	....	2
95-99,000	1	....	....	....	....	....	....	....	....	....	1
100,000 and over	15	5	3	....	....	....	....	....	....	....	23
Totals ⁶	77	92	159	67	41	31	24	39	7	2	539

Sources: Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1961*; Department of Education, *Tenth Annual Report of the Commissioner of Education (1960-61)*.

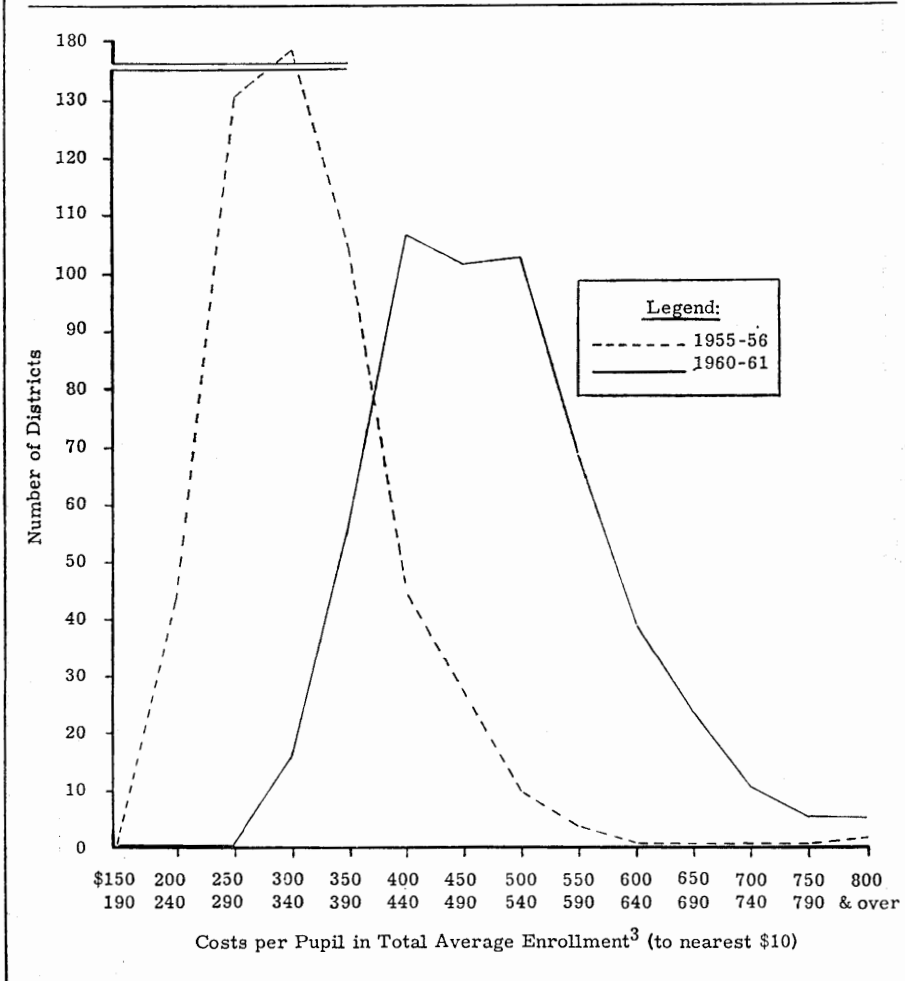
For footnotes, see page 81.



Sources: Department of Education, Fifth Annual Report of the Commissioner of Education (1955-56), and Tenth Annual Report of the Commissioner of Education (1959-61); Department of the Treasury, Table of Equalized Valuations, 1956 and Ibid., 1961.

For footnotes, see page 81.

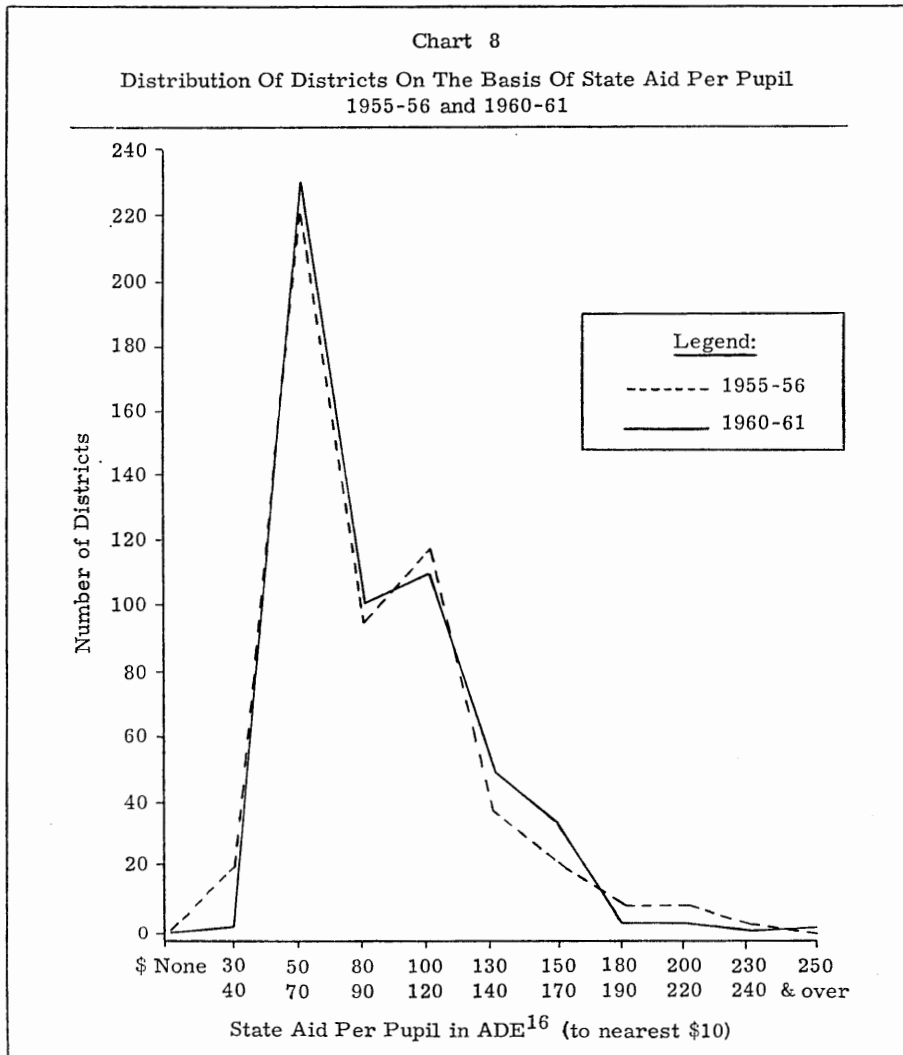
Chart 7
 Distribution Of Districts On The Basis Of Total Costs Per Pupil
 1955-56 and 1960-61



Sources: Department of Education, Fifth Annual Report of the Commissioner of Education (1955-56), and Tenth Annual Report of the Commissioner of Education (1960-61).

For footnotes, see page 81.

5. The expenditure per pupil has risen sharply (See Table 29 and Chart 7), but since State aid per pupil has changed very little between 1955-56 and 1960-61 (See Table 30 and Chart 8), and costs have risen faster than equalized valua-



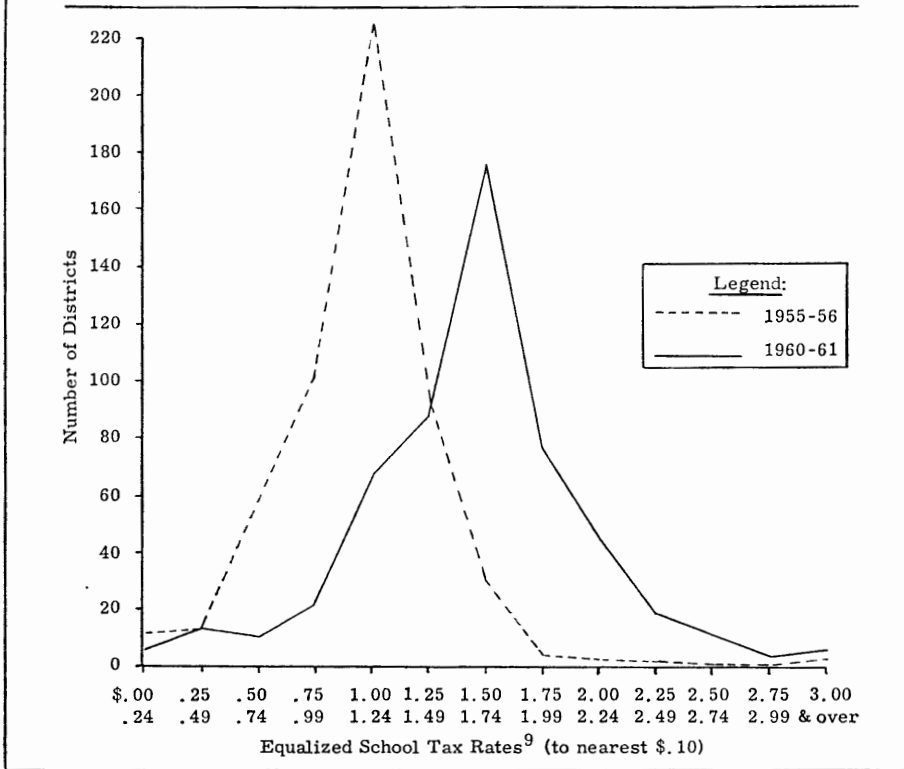
Sources: Department of Education, Fifth Annual Report of the Commissioner of Education (1955-56), and Tenth Annual Report of the Commissioner of Education (1960-61).

For footnotes, see page 81.

tions, the local property taxpayer has had to carry the increased burden. Table 31 and Chart 9 show that this is true by reference to equalized school tax rates.

6. School tax rates have become an increasing proportion of total tax rates. (Chart 3, page 34.)

Chart 9
Distribution Of Districts On The Basis Of Equalized School Tax Rates
1955-56 and 1960-61



Sources: New Jersey Education Association, Basic Statistical Data of New Jersey School Districts, 1956 (Bulletin No. 56-6, Trenton, September, 1956), and Ibid., 1961 (Bulletin No. 61-2, Trenton, July, 1961).

For footnotes, see page 81.

The Conclusions Are These:

- (1) New Jersey has achieved its high rank in per pupil expenditures among the states at the cost of high local property taxes.
- (2) There is a great disparity among the school districts, in the local taxpayers' burden required to carry any given level of school expenditures.
- (3) The school districts with high valuations per pupil are able to provide educational programs of good quality without the heavy property taxes required in the below average valuation districts to provide even modest educational programs.
- (4) The great disparity in per pupil equalized valuations among the various school districts means that the quality of public school education available to any group

Table 28
EQUALIZED SCHOOL TAX RATES AND EQUALIZED VALUATION
By District Groups, 1960-61

Equalized Valuation Per Pupil in ADE ¹² (nearest \$000)	Equalized School Tax Rates ⁹ (to nearest \$.10)													Totals
	\$.00 to .24	.25 to .49	.50 to .74	.75 to .99	1.00 to 1.24	1.25 to 1.49	1.50 to 1.74	1.75 to 1.99	2.00 to 2.24	2.25 to 2.49	2.50 to 2.74	2.75 to 2.99	3.00 over	
Under \$5,000 ..	1	..	..	..	..	..	..	..	1	..	..	..	2m	4
\$5- 9,000	1	..	..	1	1	1	1	..	..	..	..	5
10-14,000	2	9	13	10	9	2	2	3n	50
15-19,000	3	5	18	15	9	7	3	1	..	61
20-24,000	1	9	36	16	11	1	4	..	..	78
25-29,000	4	17	46	22	6	..	1	..	..	96
30-34,000	1	..	..	1	13	19	38	4	5	1	..	..	..	82
35-39,000	1	5	13	19	3	1	..	..	..	..	42
40-44,000	3	12	11	4	..	1	..	..	..	..	31
45-49,000	1	1	12	8	3	1	..	..	..	..	..	26
50-54,000	1	6	2	1	..	..	..	..	..	..	10
55-59,000	3	2	1	..	..	..	..	..	..	..	6
60-64,000	1	3	1	1	1	..	..	..	..	..	7
65-69,000	3	4	..	..	..	..	..	..	..	..	7
70-74,000	1	..	..	..	..	..	..	..	..	..	1
75-79,000	3	..	..	..	..	..	..	..	..	..	3
80-84,000	1	1	1	..	..	..	..	..	..	..	..	3
85-89,000	1	..	..	..	..	..	..	..	..	..	1
90-94,000	2	..	..	..	..	..	..	..	..	..	..	2
95-99,000	1	..	..	..	..	..	..	..	..	..	..	..	1
100,000 and over	3	12	5	2	1	..	..	..	..	..	..	..	..	23
Totals ¹⁷ ..	5	13	10	22	67	89	176	76	45	18	10	3	5	539

Sources: Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1961*; New Jersey Education Association, *Basic Statistical Data of New Jersey School Districts* (Bulletin No. 61-2, Trenton, July, 1961).

For footnotes, see page 81.

Table 29
DISTRIBUTION OF DISTRICTS ON THE BASIS OF TOTAL COST PER PUPIL
1955-56 and 1960-61

Costs per Pupil in Total Average Enrollment ³ (to nearest \$10)	1955-56			1960-61		
	Number of Districts	Percent of Total	Cumulative Percentage	Number of Districts	Percent of Total	Cumulative Percentage
\$150-190	1	.19%	.19%	..	..	..
200-240	44	8.16	8.35	..	..	..
250-290	130	24.12	32.47	..	..	..
300-340	178	33.02	65.49	15	2.78%	2.78%
350-390	103	19.11	84.60	66	12.24	15.02
400-440	44	8.16	92.76	106	19.66	34.68
450-490	26	4.82	97.58	101	18.74	53.42
500-540	9	1.67	99.25	102	18.92	72.34
550-590	3	.56	99.81	68	12.62	84.96
600-640 .....	..	..	..	38	7.05	92.01
650-690 .....	..	..	..	23	4.27	96.28
700-740 .....	..	..	..	10	1.86	98.14
750-790 .....	..	..	..	5	.93	99.07
800 or more	1	.19	100.00%	5	.93	100.00%
Totals ¹³	539	100.00%	.....	539	100.00%	.....

Sources: Department of Education, *Fifth Annual Report of the Commissioner of Education* (1955-56), and *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Table 30
DISTRIBUTION OF DISTRICTS ON THE BASIS OF STATE AID PER PUPIL
1955-56 and 1960-61

State Aid per Pupil in ADE ¹⁶ (to nearest \$10)	1955-56			1960-61		
	Number of Districts	Percent of Total	Cumulative Percentage	Number of Districts	Percent of Total	Cumulative Percentage
None	1 ^o	.19	.19	.....	.....	.....
\$30- 40	21	3.90	4.09	2	.37	.37
50- 70	221	41.00	45.09	231	42.86	43.23
80- 90	96	17.81	62.90	102	18.92	62.15
100-120	118	21.89	84.79	111	20.59	82.74
130-140	38	7.05	91.84	50	9.28	92.02
150-170	22	4.08	95.92	34	6.30	98.32
180-190	9	1.67	97.59	3	.56	98.88
200-220	9	1.67	99.26	3	.56	99.44
230-240	3	.55	99.81	1	.19	99.63
Over 250	1	.19	100.00	2	.37	100.00
Totals¹³	539	100.00	.....	539	100.00	.....

Sources: Department of Education, *Fifth Annual Report of the Commissioner of Education* (1955-56); and *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Table 31
DISTRIBUTION OF DISTRICTS ON THE BASIS OF EQUALIZED SCHOOL TAX RATES
1955-56 and 1960-61

Equalized School Tax Rates ⁹ (to nearest \$.10)	1955-56			1960-61		
	Number of Districts	Percent of Total	Cumulative Percentage	Number of Districts	Percent of Total	Cumulative Percentage
\$.00- .24	11	2.04	2.04	5	.93	.93
.25- .49	13	2.41	4.45	13	2.41	3.34
.50- .74	57	10.58	15.03	10	1.86	5.20
.75- .99	102	18.92	33.95	22	4.08	9.28
1.00-1.24	224	41.56	75.51	67	12.43	21.71
1.25-1.49	93	17.25	92.76	89	16.51	38.22
1.50-1.74	30	5.57	98.33	176	32.65	70.87
1.75-1.99	4	.74	99.07	76	14.10	84.97
2.00-2.24	2	.37	99.44	45	8.34	93.31
2.25-2.49	1	.19	99.63	18	3.34	96.65
2.50-2.74 .....	.....	.....	99.63	10	1.86	98.51
2.75-2.99 .....	.....	.....	99.63	3	.56	99.07
Over 3.00	2	.37	100.00	5	.93	100.00
Totals¹⁷	539	100.00	.....	539	100.00	.....

Sources: New Jersey Education Association, *Basic Statistical Data of New Jersey School Districts* (Bulletin No. 56-6, Trenton, September, 1956); and *Basic Statistical Data of New Jersey School Districts* (Bulletin No. 61-2, Trenton, July, 1961).

For footnotes, see page 81.

of pupils, and the equalized tax rate required to provide it, are the result of the fortuitous locations of taxable ratables rather than of any considered State or municipal policy.

PRESENT STATE AID FOR SCHOOLS

New Jersey is firmly committed to a policy of State aid for schools. Joint Resolution No. 6 (1961) directs the Commission to pass upon the adequacy of the present program, and to re-examine "the means of providing increased state financial assistance for the public schools." Accordingly, the Commission has tested the present program of State aid, as measured by its success in achieving the two principal purposes of State aid:

First, to assure each school district in the State the fiscal capacity to provide at least a satisfactory minimum educational opportunity for its pupils, so that no school child shall be deprived of an adequate education for lack of local tax ratables to support it; and

Second, to provide for better balance in the tax structure through the distribution of State-collected nonproperty tax revenues in order to reduce the share of the burden which local property taxpayers carry in supporting public schools.

The present formula was adopted by the Legislature as Chapter 85, Laws of 1954, following publication of the *Seventh Report of the Commission on State Tax Policy* in 1954. As a result, State aid for current expense rose from \$36.8 million in fiscal year 1954-55 to \$62.1 million in the next year. It has now risen, so far as operating expenses alone are concerned, to \$88.6 million for fiscal year 1962-63. In both cases the figures do not include either building aid or teacher pension fund contributions by the State.

State aid for local school building construction was first provided by Chapters 8 and 9, Laws of 1956, after the publication of the Commission's *Eighth Report* in 1955. This amounted to \$10.7 million in the first fiscal year (1956-57), and it will amount to \$15.9 million in fiscal year 1962-63. School district expenditures for capital outlay and debt service have increased from \$37.1 million in fiscal year 1956-57 to \$73.1 million in fiscal year 1961-62. (See Table 32.)

The State's sharing in the school district costs, through all types of State aid including State payments to the teachers' pension and annuity fund, has ranged as follows:

<i>Fiscal Year Ending June 30th</i>	<i>%</i>
1950	18.57
1955	18.45
1957	26.61
1959	24.86
1962	22.76

Table 32
COMPARISON OF STATE AID REVENUES TO SCHOOL DISTRICT EXPENDITURES
New Jersey School Districts, 1954-1962

Year Ending 6/30	Day School Expenditures	State Current Expense Aid	Percentage of Current Exp. Aid to Day School Exp.	Housing Costs			Percentage of Building Aid to Housing Costs
				Capital Outlay Budget	Debt Service	State Building Aid	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1954	\$213,648,802	\$26,640,168	12.46%	\$5,470,635	\$19,492,714	-----	-----
1955	239,553,765	36,790,347	15.36	3,608,596	23,042,585	-----	-----
1956	269,961,696	62,055,850	22.99	4,259,454	25,944,847	-----	-----
1957	301,987,519	66,253,128	21.94	5,862,488	31,206,007	\$10,699,063	28.86%
1958	344,138,945	70,099,458	20.37	7,312,523	38,531,695	13,502,772	29.45
1959	380,889,512	72,499,405	19.03	6,395,445	48,989,682	13,863,966	25.03
1960	418,268,786	75,959,982	18.16	8,601,793	54,291,313	14,431,986	22.95
1961	455,516,244	80,466,588	17.66	9,298,548	58,764,816	15,190,515	22.32
1962 (Est.)	499,516,244	83,698,434	16.76	9,800,000	63,372,266	15,713,422	21.47

Year Ending 6/30	Total Costs Including T.P.A.F.*	Total State Aid Including T.P.A.F.*	Percentage of State Aid to Total Costs	State Appropriation Teachers' Pension and Annuity Fund	Percentage of Pension Contribution to Total State Aid
(9)	(10)	(11)	(12)	(13)	(14)
1954	\$254,634,505	\$40,725,112	16.00%	\$13,751,989	33.75%
1955	282,576,509	52,146,804	18.45	15,297,982	29.34
1956	316,740,073	77,418,216	24.44	15,296,741	19.76
1957	357,999,527	95,275,033	26.61	18,251,904	19.16
1958	412,898,880	105,859,208	25.64	22,179,935	20.95
1959	467,588,752	116,229,519	24.86	29,725,572	25.57
1960	517,791,834	125,263,607	24.19	34,552,973	27.58
1961	561,311,676	131,258,432	23.38	35,269,496	26.87
1962 (Est.)	615,541,712	140,143,774	22.76	40,425,468	28.85

* Teachers' Pension and Annuity Fund.

Source: Division of Business and Finance, Department of Education.

Table 33
BUDGET CLASSIFICATION OF STATE AID TO SCHOOL DISTRICTS
Selected Years

Item	1955-56	1959-60	1962-63
Average daily public school enrollment	760,824	1,015,628	1,148,000
Special classes*	435	911	1,137
Pupils transported*	161,878	242,936	289,900
Funds Involved in Apportionments:			
Formula aid	\$56,177,086.25	\$65,787,473	\$74,103,729
Transportation aid	4,745,298.44	7,438,461	9,509,016
Atypical pupil aid	1,238,619.51	2,561,698	3,629,557
Building aid		14,431,986	15,961,853
Emergency aid	350,000.00	172,850	350,000
Industrial schools, evening vocational, foreign-born	240,000.00	388,065	493,742
Library aid			1,400,000
Emotionally and socially mal-adjusted			907,843
Totals	\$63,144,914.20	\$90,780,533	\$106,355,740

* Two years prior to apportionment.

The scope of the present State aid program may be illustrated by a summary of the significant figures taken from Governors' budget messages as shown in Table 33.

The present formula was designed to distribute State aid to the school districts in proportion to their need, except for a guarantee of a minimum amount of aid. At the time the formula was adopted, it was determined that a minimum educational offering could not be provided for less than \$200 per pupil. This sum was accordingly adopted as the "foundation program." It was determined that each district could fairly be expected to contribute from its own funds the equivalent of five mills per dollar of equalized full valuation of taxable property in the district, plus 25% of certain nonproperty taxes which the State shares with local governments. These are together designated the "local fair share." The amount of State aid is then determined as the sum of \$200 times the average daily enrollment of pupils in the district less its local fair share.

As to districts in which the subtraction of the local fair share from the foundation program would produce little or no State aid, the law provides for annual minimum aid of \$50 per pupil in average daily enrollment.

The formula for State aid for school building needs was designed on the same general principle as the current expense aid formula, that is, to assist the school districts in an inverse relationship to their financial capability as measured by equalized valuations. The foundation program for building aid is \$30 per pupil in average daily enrollment, and the local fair share is 1/2 mill per dollar of equalized valuation. There is no minimum aid. As a result of the combination of factors in each formula, any school district which has an equalized valuation of more than \$30,000 per pupil

would receive the minimum foundation aid of \$50 per pupil (disregarding the shared taxes factor in the local fair share); and any district having an equalized valuation of \$60,000 or more will receive no building aid under the present formula.

School building aid funds are credited to the school districts each year. A district may withdraw this aid money to meet debt service charges, or to pay for the acquisition of land, new buildings, major reconstruction and addition projects, or for other capital outlays from the current budget. In any year in which a district's expenditures of this type are less than the amount of building aid credited to it, the district may accumulate the excess aid of that year in a State reserve fund which may be drawn upon in future years. In practice, most school districts have substantially greater "housing costs" annually than may be provided from State building aid funds, as shown in Table 34. The median district in 1961 had a housing cost expenditure of \$58.43 per pupil.

Table 34
CAPITAL AID AND EQUALIZED VALUATION
By District Groups, 1960-61

Equalized Valuation per Pupil in ADE ¹² (nearest \$000)	Capital Aid as a Percentage of Housing Costs ²⁰ (to nearest percent)											Totals
	0%	10	20	30	40	50	60	70	80	90	100	
	to 9	to 19	to 29	to 39	to 49	to 59	to 69	to 79	to 89	to 99	and over	
Under \$5,000	1	1	..	..	..	1	..	..	..	..	1p	4
\$5- 9,000 .....	..	..	1	..	1	1	1	..	..	..	1q	5
10-14,000	9	5	1	11	7	5	1	4	4	..	3r	50
15-19,000	2	9	13	7	3	8	9	5	1	3	1s	61
20-24,000	9	15	20	12	9	7	2	2	1	1	..	78
25-29,000	7	32	27	11	8	5	3	1	1	..	1t	96
30-34,000	12	32	20	10	4	4	..	..	..	..	..	82
35-39,000	11	19	5	3	3	..	..	1	..	..	..	42
40-44,000	12	10	5	3	1	..	..	..	..	..	..	31
45-49,000	16	6	3	1	..	..	..	..	..	..	..	26
50-54,000	6	3	..	1	..	..	..	..	..	..	..	10
55-59,000	6	..	..	..	..	..	..	..	..	..	..	6
60-64,000	6	1	..	..	..	..	..	..	..	..	..	7
65-69,000	6	1	..	..	..	..	..	..	..	..	..	7
70-74,000	1	..	..	..	..	..	..	..	..	..	..	1
75-79,000	3	..	..	..	..	..	..	..	..	..	..	3
80-84,000	2	1	..	..	..	..	..	..	..	..	..	3
85-89,000	1	..	..	..	..	..	..	..	..	..	..	1
90-94,000	2	..	..	..	..	..	..	..	..	..	..	2
95-99,000	1	..	..	..	..	..	..	..	..	..	..	1
100,000 and over ..	23	..	..	..	..	..	..	..	..	..	..	23
Totals ¹³	136	135	95	59	36	31	16	13	7	4	7	539

Sources: Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1961*; and Department of Education, *Tenth Annual Report of the Commissioner of Education (1960-61)*.

For footnotes, see page 81.

The manner in which building aid funds are distributed as between the school districts and the State Reserve Fund may be illustrated as follows for 1961-62:

1. 1961-62 Appropriation	
(a) Distributed to districts	\$15,189,000
(b) Transferred to reserve fund	472,000
Total	\$15,661,000
2. Cumulative balance in Building Trust Fund as of June 30, 1962	\$1,760,000

THE ADEQUACY OF THE PRESENT FORMULA

The Commission has applied various measures of the adequacy of the present formulas to achieve the purposes of State aid for schools. Whatever test is used, however, the results are the same: the present formulas are grossly inadequate to carry out any reasonable policy of State aid.

A comparison of the median total cost per pupil of \$319.65 in 1955-56 with the median of \$486.59 in 1960-61, shows that the fixed foundation program of \$200 per pupil has fallen seriously out of line. (See Table 14, page 35.)

In view of the fact that a fifth of the school districts spent less than \$223 per pupil for day school costs in 1954-55, but the low fifth could be found only below \$400 in 1961, the foundation program is no longer realistic even as to school districts offering a minimum program. (See Table 9, page 29.)

Nor is the building aid formula any longer in keeping with current costs. Median housing costs per pupil were \$27.40 a year when the present formula went into effect but they rose to \$58.43 per year in 1960-61. These changed conditions are in no way reflected in payments under the present program which are based upon \$30 per pupil (less the local fair share).

Effective school tax rates on equalized valuation of property rose 50% between 1955 and 1960, while State aid under the foundation formula increased only 23% from \$56 million for fiscal 1956 to \$69 million for 1961. The disparity is even greater than shown by the median experience when it is considered that the high tax rates in the low wealth districts have gotten higher and their need for aid has increased, even as the high wealth districts have been able to maintain fairly stable effective tax rates over the past six years.

In effect, the State has shared in the rising costs of public schools over the past six years to the extent that increases were attributable to increased enrollments, but the State has not shared in the major increases in cost per pupil which have occurred above the \$200 foundation program.

SPECIAL PROBLEMS OF DENSITY AND SPARSENESS

The Commission has also examined the special problems of high density, low density, rapid growth and district reorganization under the present State aid formulas. It is quite apparent that there are substantial problems in these areas, both within and without the structure of school finance.

Some of the Commission's findings in these areas are contained in the Tables which appear in the Appendix. Essentially, however, the problems of public education in the densely populated areas reach much deeper than school finance,¹ while in the sparsely settled areas inadequate fiscal capability is a major factor.

The situation of the "Old Central Cities" has been simply and ably presented to the Commission by the Newark Bureau of Municipal Research, in the following statement:

"The observations are limited to fifteen selected municipalities. These are arranged in three groups of five each. The purpose of the selection and arrangement is to present the "reasonable extremes" of three varieties of situation that the present method of State-aid should cover. Reference to the table on the following page will show that the first group is the "Old Central Cities" of the core area. These are the cities plagued with physical deterioration, loss of industry and acute social problems. They have the highest tax rates in the State. The second group is called the "Suburban High Value" municipalities. These are very wealthy units, not the exceptional extremes, but units having valuations per pupil about twice the State median. The third group is designated the "Rural Low Value" municipalities. These units are admittedly "poor" in the sense that their valuations per pupil are in four cases out of five substantially less than half the State median.

"The Old Central Cities reflect towering tax rates. The total rate in four of them is more than twice the State median. School rates well above the State median contribute to this result. To offer programs at an average level of \$470 per pupil these cities must rely heavily on the local tax.

"A comparison of the Old Cities to the Suburban High Value municipalities is instructive. In the latter, the level of rates is markedly lower. Total rates are less than half on the average and school rates are correspondingly low. Additionally, the suburban group enjoys the advantage reflected in a program costing approximately \$100 more per pupil. The State-aid per pupil approximates an average of \$60, a figure roughly sixty per cent of the Old Cities' average. This fact suggests that the present aid formula helps districts that are well able to help themselves. Comparatively, the tax effort for the Suburban group is far below that required of the other groups.

"In the Rural Low Value group, the school rates are the arresting feature. These rates are higher here than those of the Old Cities; they are on the average twice as great as the school rates of the Suburban Group. This greater effort produces a program reflected by expenditures per pupil of some \$350. This compares unfavorably with an average of roughly \$550 for the Suburban group and \$470 in the Old Cities. The total tax effort of the Rural group exceeds that of the Suburban group and the obvious cause is the weight of the school tax. However, the total burden in the Rural group is far below that of the Old Cities.

"The limited evidence suggests that the present school-aid formula does not contribute adequately to the broad adjustment function State-aid should serve. This is to say that the distribution of the State-local tax burden is now producing widely varying tax efforts. The plight of the Old Cities is apparent.

¹ See James B. Conant, *Slums and Suburbs* (N. Y., 1961).

Table 35
TAX RATES AND OTHER DATA FOR SELECTED SCHOOL DISTRICTS IN NEW JERSEY
Newark Bureau of Municipal Research

Types of Municipality	Tax Rates Full Value 1962		State-Aid Per Pupil 1961-62	Total Expenditures Per Wtd. Pupil 1960-61	Equalized Valuations Per Pupil 1960-61
	Total	Schools			
Old Central Cities					
Hoboken	\$8.09	\$2.64	\$127.50	\$468.45	\$17,106
Jersey City	6.56	1.86*	80.28	466.14	26,750
Union City	6.51	2.26	116.88	476.18	20,856
Newark	5.54	1.97	90.89	455.46	22,439
Paterson	4.40	1.97	106.70	403.31	21,000
Suburban High Value					
Millburn	2.43	1.17	61.43	620.42	65,283
Summit	2.16	1.27	58.86	560.31	50,468
Union	1.86	1.05	62.14	497.00	49,188
Linden	1.80	.90	57.66	511.25	62,275
Fort Lee	1.76	.85	57.75	529.40	69,492
Rural Low Values					
Millstone	4.13	2.29	199.26	418.20	11,658
Downe	3.17	2.58	179.15	321.86	10,081
Oldsman	3.10	2.30	176.81	332.34	11,821
Upper Pittsgrove	2.90	2.23	179.78	344.15	10,142
Hainesport	2.90	2.33	155.60	380.26	14,400
State Median	2.67	1.62	.....	438.60	28,314

* Adjusted to full year.

Source: New Jersey Education Association, *Basic Statistical Data*, 1962.

Their total tax rates are strikingly higher than Suburbia's; they are substantially higher than the Rural group's. The Rural group's valuation disadvantage is not adequately met. It is apparent that the study of school-aid must be conducted within the framework of the larger problem of general adjustment of the State-local burden."

To the extent that the problems of sparse and dense districts are related to inadequate fiscal capacity, the Commission's recommendations will be as helpful to these special situations as they will be to school districts in general. Beyond this, special study is required to isolate those elements of program, costs and State-local fiscal relations which are particularly related to these special problem areas. In order to provide for such studies, it is recommended that the Emergency Fund of the Commissioner of Education be increased to \$250,000 annually, to be used for special studies, pilot projects and assistance for districts having special problems.

RAPID GROWTH

State aid for schools at present is paid and received in any school year based upon calculations derived from enrollments of preceding school years (see Appendix, Table 36). The "State Aid Act of 1954" (N. J. S. A. 18:10-29.42) specifically provides that on or before September 15 of each school year, the Commissioner shall make his final determination of the payments to be made under this act for said school year, except county aid, transportation aid and aid for atypical children, upon the basis of the average daily enrollment of the preceding school year.

In effect, therefore, the aid received by a school district during the school year 1963-64 will be measured by the number of pupils it had in average daily enrollment during the preceding school year 1962-63, and by the equalized valuation it had as of October 1, 1962. Under the building aid law, the time lag is even greater—average enrollments of the second prior year are used. This lead time between the calculation of aid and the payment of aid was built into the present law for these purposes:

1. It affords the Commissioner of Education the data and time needed to estimate for the Governor and Legislature, for use in the State budget adopted in the spring of each year, the amount of aid that will be required to be paid during the State's ensuing fiscal year (July 1 to June 30).
2. It also permits the Commissioner to certify to each school district, for use in the school district budget made in February for the following school year or the then current calendar year, the amount of aid it may anticipate in such budget.

The Commissioner of Education, however, has assured this Commission that the time lag is not essential to the calculation and payment of State aid; and the Budget Director concurs that it is not required in the State budget process.

The lead time allocated for calculation of aid has significant disadvantages, moreover, for rapid growth districts. These are:

1. Such districts are faced with the necessity of budgeting in February for a foreseeable increased enrollment during the next school year, regardless of the operation of the State aid formula.
2. The built-in time lag in the present formula prevents the rapid growth district from counting a substantial number of pupils for State aid even though the district must count them for its school budget purposes.
3. While it may be said that the formula is only a device for the equitable distribution among the school districts of a given total of State aid moneys and therefore need not be tied

Table 36
ENROLLMENT COMPARISONS IN RAPID GROWTH DISTRICTS

District ⁸²	County	ADE 1961-62	Enrollment 9/30/62	% ADE is of September Enrollment
Levittown	Burlington	4446.0	5257	84.57%
Pahaquarry	Warren	11.2	13	86.15
North Hanover	Burlington	2010.7	2271	88.54
Tavistock	Camden	2.0	2	100.00
Raritan	Monmouth	3975.0	4220	94.19
Oakland	Bergen	2108.6	2117	99.60
Englewood Cliffs	Bergen	686.0	790	86.84
Medford Lakes	Burlington	708.5	764	92.74
Mantoloking	Ocean	22.0	24	91.67
Brick	Ocean	4037.9	4499	89.75
Cinnaminson	Burlington	1963.4	2347	83.66
Berkeley	Ocean	726.4	780	93.13
Upper Saddle River	Bergen	1023.7	1178	86.90
Cherry Hill	Camden	7557.4	8183	92.35
Madison	Middlesex	6532.0	7146	91.41
South Brunswick	Middlesex	2580.7	2999	86.05
East Brunswick	Middlesex	5762.0	6452	89.30
River Vale	Bergen	1215.6	1362	89.25
Edgewater Park	Burlington	812.2	930	87.33
Holmdel	Monmouth	727.4	814	89.36
Gloucester Township	Camden	2925.4	3233	90.48
Manchester	Ocean	544.1	653	83.32
Evesham	Burlington	993.6	1188	83.64
Rumson	Monmouth	779.0	852	91.43
Westampton	Burlington	356.7	381	93.62
Totals		52,407.5	58455	89.65%
State Totals		1,106,421.8	1,164,580	95.01%

Source: Department of Education.
For footnotes, see page 81.

to an actual count of pupils in the year in which the State aid moneys will be spent, in the case of rapid growth districts the difference in the amount of aid is so substantial that it means that any given foundation program will be the equivalent in a rapid growth district of a much reduced program with reference to the current year's enrollment.

4. As shown in Table 36, the difference between the September 30, 1962 enrollment and the ADE of the school year 1961-62 was sufficiently great in a group of rapid growth districts that a number of them will receive under the present time lag calculation less than 85% of the aid they would have received if the September 30, 1962 enrollment had been used. These variations may be compared with the average lag of 5% in the aid payable for all districts in the State on the basis of the previous year's ADE rather than the current year's September 30 enrollment figure.

The Commission concludes that the situation in the rapid growth districts created by the use of a pupil count

which is not current requires the elimination for all districts of the time lag in the pupil counts under both current expense and building aid formulas.

PROPOSED REVISION

The Commission has concluded, for the reasons already stated, that the present State aid formula no longer accomplishes the established purposes of State aid for schools. It is not that the type of formula itself has been found defective, but rather that the elements of the formula, which measure the amount of aid, have become inadequate. The Commission has also examined alternative formulas, such as the one adopted by the State of New York in 1962, which has both theoretical advantages and disadvantages. The benefits of retaining the basic structure of the present formula, however, clearly outweigh any possible theoretical advantages of the New York formula at this time. (See Appendix Table 37 for summary of New York formula.)

The principal difficulty is to arrive at a rational new basis of cost sharing between the State and the school districts. As a point of beginning, the Commission accepts without question the desirability of local control of schools, subject only to the minimum standards required by the State in such matters as teachers' certification, budget and accounting controls, building safety, etc. But there is no absolute standard for determining the proportion of total local school costs to be paid by the State, on the one hand, and by the local taxpayers on the other. Whatever the State-wide average sharing basis may be, moreover, it must be recognized that under any formula which is based upon the principle of equal educational opportunity the State will share proportionately more as to those below average in tax ratables and less as to those above average in tax ratables.

In some states, it has been stated as a workable rule that the State should pay an average of 40% of the total bill for public schools and the local taxpayer should pay the remaining 60% (disregarding relatively insignificant Federal aids). This approximates the national average.¹ For example, during the fiscal year ended June 30, 1960, New York State provided 42.6% of total school revenues and Pennsylvania and Michigan each provided about 45% from State collected taxes. As shown in Table 37, some states were considerably below the national average, including New Jersey, which provided only 24% from State sources.

It is certainly clear that a State share as high as 40% would represent a drastic shift in policy in New Jersey. It would move this State from among the lowest ranks in State aid to among the higher ranks. The Commis-

¹ National Education Association, *Financing the Public Schools, 1960-1970* (Washington: Special Project on School Finance, 1962), p. 137.

Table 37
COMPARISON OF SCHOOL REVENUE SOURCES
NEW JERSEY AND OTHER SELECTED STATES HAVING A SIMILAR FOUNDATION PROGRAM
1959-60

States ¹	Per Pupil Expenditure ²		Total School Revenues ³	Federal Sources	% of Total	State Sources	% of Total	Intermediate District Sources	% of Total	Local District Sources	% of Total
	Amount	Rank Among 50 States									
New York	\$553.00	2	\$1,520,701	\$33,602	2.2%	\$647,715	42.6%	\$15,802	1.0%	\$823,582	54.2%
NEW JERSEY	494.00	3	537,367	12,636	2.4	127,730	23.8	2,778	0.5	394,222	73.3
California	471.38	4	1,789,170	86,268	4.8	707,902	39.6	15,000	0.8	980,000	54.8
Illinois	437.74	7	700,101	21,109	3.0	208,992	29.9	.....	....	470,000	67.1
Oregon	435.00	8	183,102	5,286	2.9	53,793	29.4	46,453	25.4	77,570	42.3
Pennsylvania	405.97	12	833,608	24,750	3.0	382,798	45.9	460	0.1	425,600	51.0
Michigan	405.10	13	722,895	18,868	2.6	327,026	45.2	2,000	0.3	375,000	51.9
Rhode Island	402.00	15	56,031	3,011	5.4	12,197	21.8	.....	....	40,823	72.8
Minnesota	401.00	16	314,025	9,903	3.2	121,216	38.6	12,133	3.9	170,773	54.3
Massachusetts	385.00	20	297,267	15,040	5.1	82,227	27.7	.....	....	200,000	67.2
Iowa	380.00	22	226,744	8,112	3.6	24,978	11.0	2,500	1.1	191,155	84.3
Ohio	366.00	24	775,280	24,955	3.2	212,325	27.4	.....	....	538,000	69.4
Indiana	357.00	26	373,067	11,377	3.0	108,691	29.1	11,000	2.9	242,000	65.0
New Hampshire	344.00	29	40,798	2,513	6.2	3,546	8.7	.....	....	34,739	85.1
Missouri	340.00	30	278,044	12,679	4.6	85,539	30.8	521	0.2	179,304	64.4
Vermont	317.00	35	27,398	1,075	3.9	8,822	32.2	.....	....	17,500	63.9
Virginia	256.07	41	240,669	25,669	10.7	91,666	38.1	.....	....	123,334	51.2

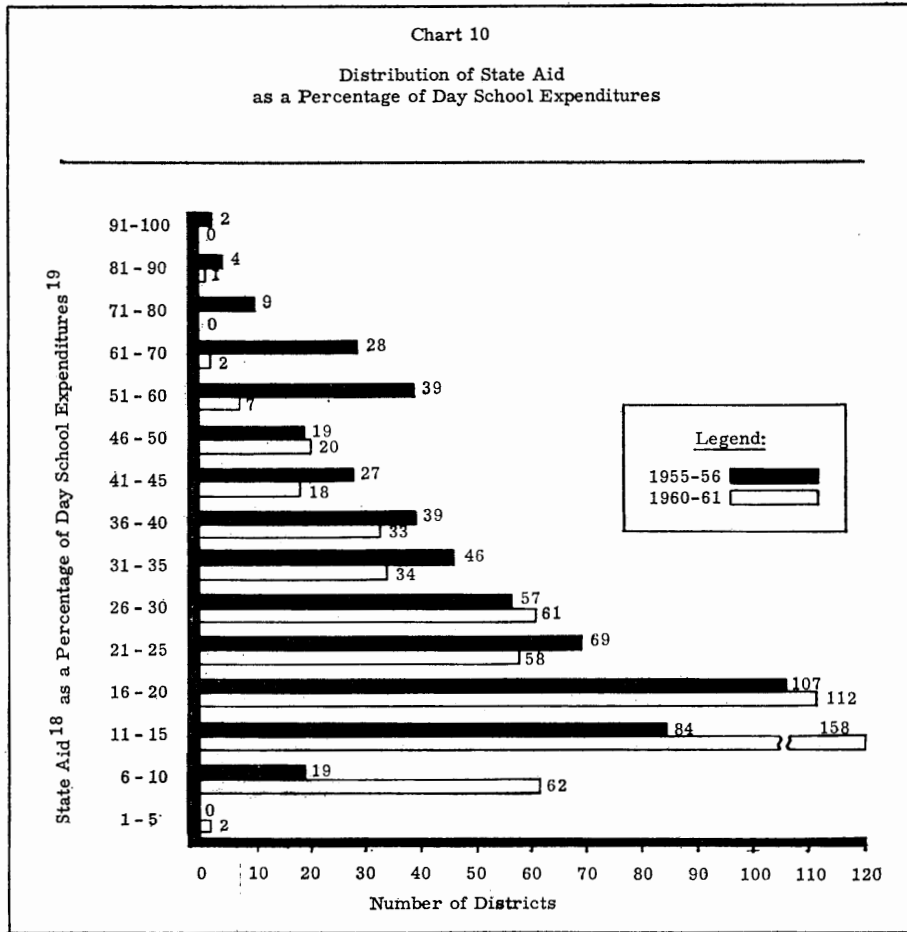
¹ Listed in order of per pupil expenditures.

² As defined and reported by the National Education Association.

³ Includes funds for current expenses, capital outlays, and debt service.

Sources: U. S. Department of Health, Education and Welfare, *Revenue Programs for the Public Schools in the United States, 1959-60* (Washington: Government Printing Office, 1961), pp. 19-68, National Education Association, *Estimate of School Statistics, 1960-61* (Washington: Research Report 1960-R15, 1960), p. 30.

Chart 10
 Distribution of State Aid
 as a Percentage of Day School Expenditures



Sources: Department of Education, Fifth Annual Report of the Commissioner of Education, (1955-56); and Tenth Annual Report of the Commissioner of Education, (1960-61).

For footnotes, see page 81.

sion has not been persuaded that such a change is either necessary or desirable.

It is much more important to know where the aid goes, that is to which school districts, than it is to calculate or determine the percentage of aggregate school costs in the State which is borne by State funds. This is well illustrated by New Jersey's experience under the present law. For example, when State aid for current expenses reached its peak as a percentage of day school expenditures, 22.99% in the fiscal year ending 1956, there were 19 districts which received between 6% and 10% of their

expenditures in the form of such State aid, and there were 9 districts which received between 71% and 80% of such expenditures from the State. (See Chart 10.) Five years later, in the fiscal year ending in 1961, when the percentage of State current expense aid (see Table 32, Col. 4) had dropped to 17.7%, the whole scale was lower but there were still one district in the bracket between 81% and 90%, 2 between 61% and 70%, and 7 between 51% and 60% in State current expense aid. (See Chart 10.)

The interstate comparisons of State aid percentages are also affected by the fact that New Jersey school districts have one of the highest average per pupil expenditures. Accordingly a given amount of State aid in New Jersey will appear as a smaller percentage of the total amount spent by the schools.

Regardless of State aid, the tax rates required to raise the local share of educational costs will continue to vary substantially among the taxing districts because of two controlling factors: the amount spent per pupil and the relative equalized valuation per pupil. The extent of such variation in 1960-61 is shown in Table 10 (page 30). Since the variations in equalized valuations per pupil are much greater (from \$5,000 per pupil to over \$100,000 per pupil) than the variations in cost per pupil (\$300 to \$650 includes all but a few districts), there is little that a poor school district can do with its own resources to make its tax rate appear reasonable as compared with the average school district.

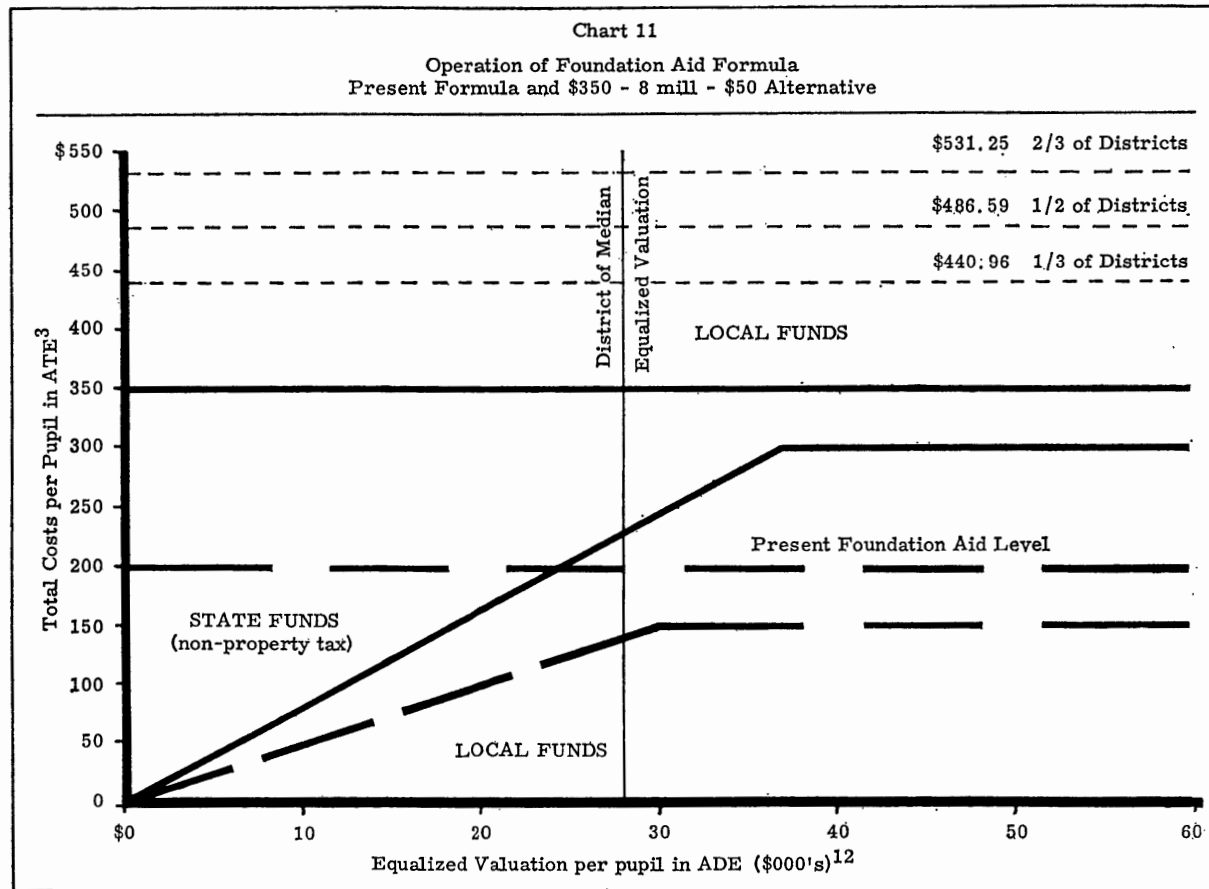
In brief, to effectuate the established State aid policy in terms which are realistically related to current conditions, two steps are required:

First, to increase the foundation program from \$200 to a level reasonably related to the minimum cost at which school districts are able to provide a satisfactory level of education; and

Second, to adjust the local fair share in such manner as to give relatively greater help to the districts with low equalized valuation per pupil—since these districts are relatively unable to provide the minimum satisfactory level of education with a reasonable tax rate.

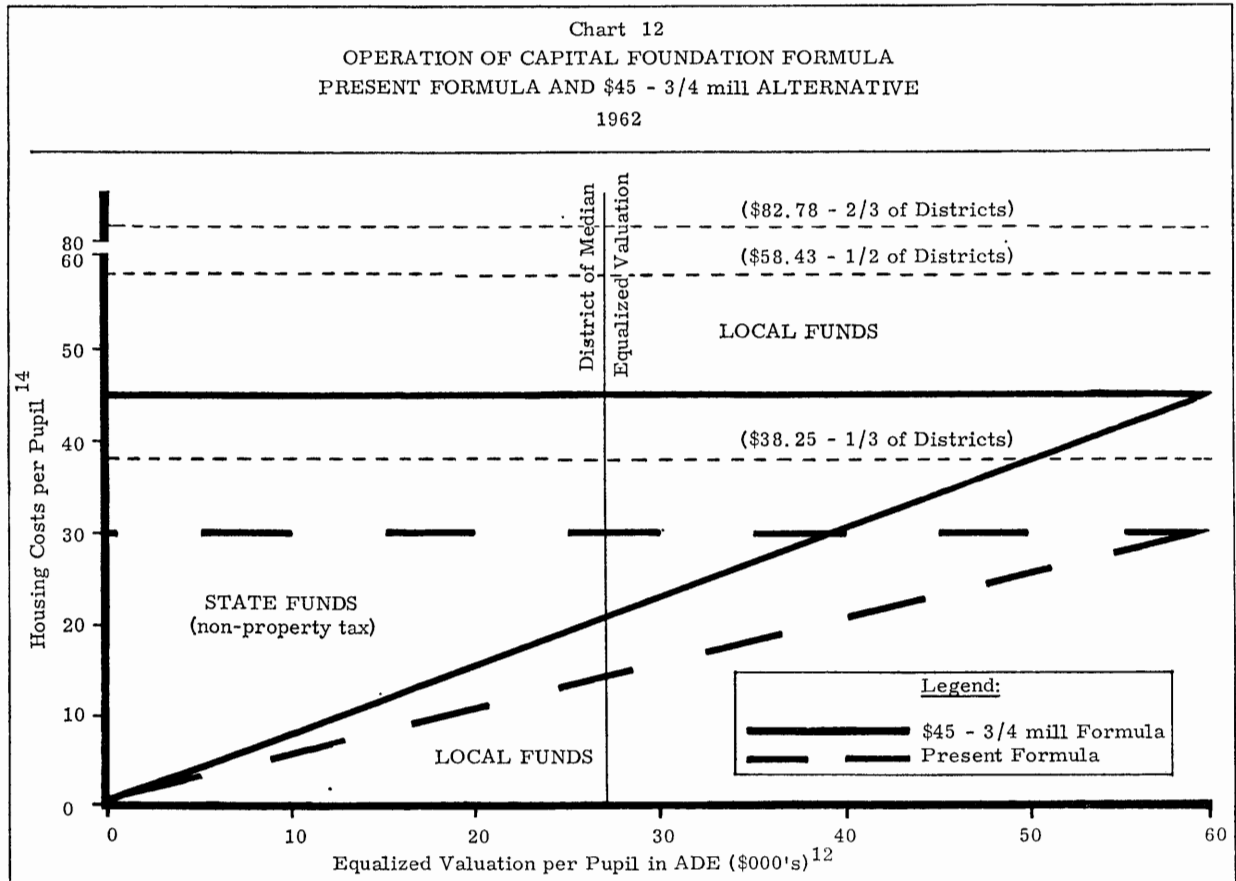
To achieve these goals, the Commission recommends the following changes in the present formula, as represented in Charts 11 and 12:

(1) The increase in the foundation program should be comparable to the increase in the average cost of providing a public school education since the present program was first adopted in 1954. It is estimated that for the school year 1962-63 the median cost per pupil for current expense will be about \$470, as compared with \$262.80 for the 1954-55 school year (See Table 9, Page



Source: Department of Education, Tenth Annual Report of the Commissioner of Education (1960-61).

For footnotes, see page 81.



Source: Department of Education, Tenth Annual Report of the Commissioner of Education (1960-61).

For footnotes, see page 81.

29), an increase of 80%. A comparable adjustment in the foundation program taking into account other increases in building aid and in the counting of pupils for current aid, justifies a new foundation program of \$350 per pupil.

(2) The extent of the State's sharing in the foundation program should be so adjusted, by modification of the local fair share requirement, that the bulk of the funds go to the districts with below average capability for supporting education through local taxation; but the adjustment should also keep reasonably low the number of districts that receive the flat grant of \$50 per pupil. These two somewhat inconsistent goals can be accomplished with reasonable accommodation to each of them by establishing the local fair share at 8 mills per dollar of equalized valuation plus 25% of shared taxes, plus Federal aid received.

(3) The minimum aid, presently \$50 per pupil, which will go to districts having an equalized valuation per pupil of \$37,500 or more, should not be increased, since these districts are not only substantially above average in equalized valuations, but they generally do not have the excessive local property tax rates which have been observed in the less fortunate school districts and municipalities. They are also now providing generally satisfactory school programs.

(4) In order to provide some relief particularly related to the special needs of districts with major school building replacement programs, the foundation program of building aid should also be increased. To maintain a relationship to school housing costs comparable to that which existed when the present program was first adopted, would require building aid based upon a capital foundation program of \$45 per pupil.

(5) In building aid, as in the current expense aid, the extra funds should be directed as much as possible to the districts having the least taxing capability of their own, and an increase of 50% in the foundation program from \$30 to \$45 justifies an increase in the local share by 50% from $\frac{1}{2}$ mill to $\frac{3}{4}$ of a mill per dollar of equalized valuation, to accomplish this purpose.

(6) To adjust the foundation formula to an era of rapid growth, the time lag in counting pupils should be eliminated for calculation of aid, and credit should be allowed for the full enrollment of the current year.

(7) Other forms of State aid, including transportation, atypical classes, evening and vocational schools, and the 10-year premium for regionalization (a re-

duction of the local share by 2 mills for the first five, and 1 mill for the second five years) should be continued in their present form, since the Commission has found no evidence that there is a need to increase them.

(8) In order to place the two forms of district reorganization on the same basis, consolidation of school districts approved by the Commissioner, under standards which will encourage the elimination of inefficient school districts, should receive the same premium as presently provided to encourage regionalization of school districts where needed.

COSTS AND BENEFITS OF THE NEW PROGRAM

There is something to be said in theory for and against the general proposition of central financing of local government—that is, State aid from taxes collected by the State Government for the purpose of turning over the proceeds to the local government where the decisions as to spending will be made. Under our present system of local school districts, however, a district which has many pupils and relatively little capability of raising local property taxes must be aided in some way if the education of the children is not to suffer. Experience has proved that adequate State aid is the only way.

The proposed new program, summarized in Table 38, would update State aid for schools in New Jersey in a manner which is realistic, moderate, and efficient in its use of State funds. It would assist districts in accordance with need. Its benefits and costs may be detailed as follows:

Current Expense Aid

It would provide additional State aid for current expense of \$67.4 million annually, estimated on the basis of 1962-63 enrollments and valuations, with a built-in increase of \$3.2 million estimated for the school year 1963-1964. This would result in an average increase in State current expense aid, as shown in Table 39, of 90.75%, with no county receiving an increase of less than 53%, the greatest increase amounting to 112%, and the largest proportionate increases going to the districts with the lowest taxable valuations per pupil.

Building Aid

Building aid would be increased from \$15.9 million to \$27.6 million annually, based on 1962-1963 estimates, with a built-in increase of \$1.9 million estimated for 1963-64. As shown on Table 40 and Chart 11, this increased aid would be distributed throughout the State, and all districts now receiving building aid would realize an increase, with the largest proportionate increases going to the districts with the lowest taxable valuations per pupil.

Table 38

SUMMARY OF PROPOSED CHANGES IN STATE AID FOR SCHOOLS
Fiscal Years 1963 and 1964

Item	Estimated Additional Aid Over Present Formulas	
	1962-63 (millions)	1963-64 (millions)
1. Increase in foundation program from \$200 per pupil to \$350, and increase in local fair share from 5 mills to 8 mills per dollar upon equalized valuation (plus 25% of shared taxes, as at present, plus Federal aid received)	\$60	\$64.3
2. Eliminate the present one-year time lag in counting pupils for aid purposes so that aid received is based upon current pupil enrollments	\$7.4	\$6.3
3. Retain minimum foundation aid at \$50 per pupil	none	none
4. Increase in capital foundation program from \$30 per pupil to \$45, and increase in local fair share from 1/2 mill to 3/4 mill per dollar upon equalized valuation	\$8.0	\$8.3
5. Eliminate the present two-year time lag in counting pupils for capital aid purposes so that building aid is based upon current pupil enrollments	\$3.7	\$5.3
6. Bonus in local fair shares of new regional and consolidated school districts by reduction of 2 mills first five years and 1 mill second five years to be continued	none	none
7. All other State aid programs (transportation, atypical pupils, evening vocational, evening school for foreign-born, library, and emergency) continued as at present	none	none
Total Estimated Additional Aid	\$79.1	\$84.2

Table 39
ANALYSIS OF \$350 - 8 MILL - \$50 FOUNDATION AID FORMULA
By Counties, 1962-63

County	Present Formula	\$350-8-\$50 Formula	% Increase	No. Min. Aid. Dist. \$350-8-\$50 Formula
Atlantic	\$2,022,394	\$3,477,161	71.93%	6
Bergen	7,623,535	11,681,717	53.23	30
Burlington	4,497,911	9,420,655	109.45	1
Camden	6,043,551	12,037,763	99.18	2
Cape May	481,200	743,357	54.48	12
Cumberland	2,263,353	4,559,226	101.44	0
Essex	8,548,711	16,547,783	93.57	6
Gloucester	3,233,255	6,487,318	100.64	1
Hudson	4,537,612	9,082,778	100.17	5
Hunterdon	928,030	1,651,396	77.95	4
Mercer	2,378,032	4,446,801	87.00	4
Middlesex	5,757,293	12,149,443	111.03	6
Monmouth	6,040,440	11,844,683	96.09	17
Morris	3,427,456	6,505,060	89.79	11
Ocean	1,533,817	2,686,304	75.14	15
Passaic	4,470,207	8,627,710	93.00	5
Salem	1,677,175	2,943,634	75.51	1
Somerset	1,920,530	3,952,243	105.79	7
Sussex	765,727	1,581,436	106.53	7
Union	5,060,044	8,994,012	77.75	7
Warren	1,083,832	2,297,931	112.02	2
State Totals	\$74,294,105	\$141,718,411	90.75%	149

Note: The present formula calculations are based upon September 30, 1961 enrollment figures and October, 1961 valuations. They reflect the manner in which aid for the 1962-63 school year is calculated under the present formula. The calculations for the \$350-8-\$50 formula utilize September, 1962 enrollment data and October, 1962 valuations and reflect the way in which aid for the 1962-63 school year would be calculated under the recommended changes.

Combined Programs

Had the combined programs been in effect over the fiscal year ending June 30, 1962, the percentage of State aid to total school costs would have been increased from 22.7% to 33%.

Property Tax Relief

Important property tax relief will be available to the overtaxed school districts which have been struggling to maintain a decent standard of public schools on an inadequate local tax base. The amounts of additional State aid for each district are shown in the Compendium Table.

Minimum Aid

The excessive number of districts on minimum aid under the present formula (285, or more than 1/2 of all the school districts) would be cor-

Table 40
AMOUNT OF CAPITAL AID
By Counties, 1962-63
(\$45-¾ mill Formula)

County	Enrollment Sept. 30, 1962	Foundation Program (\$45 x ADE)	Local Fair Share (¾ mill x 1962 Equalized Valuation)	Amount of Aid*
Atlantic	28,533	\$1,283,985	\$639,697	\$652,557
Bergen	147,925	6,656,625	4,035,678	2,687,578
Burlington	50,811	2,286,495	694,949	1,591,546
Camden	73,360	3,301,200	1,178,883	2,123,509
Cape May	8,150	366,750	421,715	104,029
Cumberland	23,095	1,039,275	304,590	734,685
Essex	157,186	7,073,370	3,359,340	3,723,410
Gloucester	32,957	1,483,065	470,536	1,023,667
Hudson	77,694	3,496,230	1,720,934	1,782,303
Hunterdon	12,939	582,255	275,094	307,161
Mercer	45,660	2,054,700	1,022,836	1,043,011
Middlesex	98,694	4,441,230	1,939,380	2,503,022
Monmouth	75,011	3,375,495	1,385,359	2,031,856
Morris	59,656	2,684,520	1,355,905	1,333,991
Ocean	27,181	1,223,145	777,373	545,360
Passaic	72,246	3,251,070	1,571,460	1,679,610
Salem	14,465	650,925	197,319	453,606
Somerset	33,878	1,524,510	736,576	793,809
Sussex	12,557	565,065	278,723	286,342
Union	97,764	4,399,380	2,573,176	1,831,697
Warren	13,471	606,195	215,168	391,663
Totals	1,163,233	\$52,345,485	\$25,154,691	\$27,624,412

* Exclusive of minimum aid districts.

Source: Division of Business and Finance, Department of Education; and Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1962.*

rected by the new formula. As shown in Table 39, the minimum aid districts would be reduced to 149 out of 566, and more than 1/2 of them would be concentrated in five counties having exceptionally high valuation districts or very low pupil densities because they are summer resort areas.

Under the present formula, without regard to the shared tax factor, all school districts having \$30,000 or more in equalized valuation per pupil are minimum aid districts and receive a flat \$50 per pupil in State aid for current expenses, whereas under the proposed new formula, all districts between \$30,000 and \$37,500 in equalized valuation per pupil will become equalization districts and thereby be entitled to some increase over the present \$50 per pupil; i.e., the \$30,000 per pupil district which now receives a flat \$50 per pupil in aid will receive \$110 per pupil in aid under the new formula; and the districts having \$35,000 per pupil in equalized valuation which now also receive \$50 per pupil in aid will receive \$70 per pupil under the new formula; but a relatively poor district having

Table 41
ILLUSTRATION OF THE OPERATION OF ALTERNATIVE STATE AID FORMULAS

Formulas:

A=Present formula (\$200 foundation program—5 mill local fair share—\$50 minimum aid).

B=Proposed formula \$350 foundation program—8 mill local fair share—\$50 minimum aid.

All figures on a per pupil basis.

District	A	B	% Increase B Over A
Hopewell, Cumberland County			
Equal. Val./ADE.—\$14,456			
Foundation Program	\$200.00	\$350.00	.....
Local Fair Share*	72.28	115.65	.....
	\$127.72	\$234.35	83.49%
Asbury Park, Monmouth County			
Equal. Val./ADE.—\$28,532			
Foundation Program	\$200.00	\$350.00	.....
Local Fair Share*	142.66	228.26	.....
	\$57.34	\$121.74	112.31%
Bayonne, Hudson County			
Equal. Val./ADE.—\$35,671			
Foundation Program	\$200.00	\$350.00	.....
Local Fair Share*	178.36	285.37	.....
	\$50.00	\$64.63	29.26%
Union, Union County			
Equal. Val./ADE.—\$49,188			
Foundation Program	\$200.00	\$350.00	.....
Local Fair Share*	245.94	393.50	.....
	\$50.00	\$50.00	0.00%

* Exclusive of shared taxes.

\$15,000 per pupil in equalized valuation, which receives \$125 per pupil in aid under the present formula, would receive \$230 per pupil in aid under the proposal. Sample calculations to show these effects in four typical school districts are shown in Table 41.

Rapid Growth

The elimination of the time lag in counting current pupil enrollments for State aid will remove a major inequity as to rapid growth districts, and will mean an additional \$11.1 million in aid to all districts combined, under the proposed program.

Tax Balance

The program would provide needed balance in the tax structure. This should help save local property from the present burden of absorbing most

of the annual increase in costs of education under the inadequacies of the present formula.

These recommendations would bring the school aid formula abreast of the times; would provide opportunities for property tax relief where it is needed most; and would assure all children in the State of at least a minimum acceptable education to the extent of the funds required for its support.

The proposed new program is not offered as a panacea. It would still be necessary for local school boards to exert every effort to convert the new funds into relief for local taxpayers or correction of deficiencies in local school systems. There should be room for both. It will also be necessary for the State to find ways and means of financing the new proposal—a subject which is covered in the last chapter of this report.

EFFECTIVE DATE OF THE PROPOSAL

Any change in school aid which could be voted by the Legislature during its annual meeting in the Spring of 1963 would present a problem of timing its effective date, since school budgets are adopted in February for the following school year. One obvious alternative is to defer the effective date to the school year 1964-65. This would permit a bad local tax situation to worsen. A better alternative would be to make the program effective for the school year 1963-64; and this could be done by authorizing each county tax board to reduce the local tax levy by the amount of new aid provided. The county boards could act at any time after the school budgets are adopted provided the new legislation is passed before the general tax rates must be struck. Under this alternative taxpayers in every district receiving additional aid would be guaranteed a first year property tax reduction in direct proportion to such additional aid.

The Commission recommends that the new program be made effective for the school year 1963-1964, with appropriate provision for automatic reduction in property taxes for 1963 by the amount of additional school aid provided. This could be accomplished only if the Legislature is able to act soon enough to enable the county boards of taxation to adjust the general property tax rate and for the State Department of the Treasury to collect the necessary revenues.

FOOTNOTES TO TABLES IN PART II

Numbered Footnotes

¹ Population estimates for 1970 and 1980 were made by the Department of Conservation and Economic Development.

² Total enrollment in full-time public elementary and secondary schools as of a specific date for each school year shown. Estimates for 1969-70 and 1979-80 were made by the Bureau of Research, Department of Education.

³ Total school cost includes all operating expenses, capital outlays and debt service expenditures. It excludes expenditures made from improvement authorizations. The Total Average Enrollment (TAE) which is used to determine the unit cost per pupil to the district, is the aggregate daily enrollment of pupils attending public schools of the district, regardless of the place of residence. District residents who attend regional high schools or the schools of another district to which the district of residence pays tuition are also included in the TAE (for per pupil unit cost purposes only in this report; the Department of Education uses this concept for other reporting).

⁴ School districts were assigned to enrollment groups on the basis of average daily enrollments (excluding pupils attending regional high schools).

⁵ District	County	Equal. Val./ADE	Costs/TAE
Morris Township	Morris	\$48,059	\$803.15
Mahwah	Bergen	60,223	822.33
Boonton Township	Morris	59,629	852.60
Long Beach Island	Ocean	170,139	922.33
Holland	Hunterdon	31,010	1,023.43

⁶ Pine Valley Borough in Camden County had no pupils in 1955-56 or 1960-61 and is not included.

⁷ Regional high schools (35 in 1960-61) have been eliminated from the first section of the table by feeding back their pupils, costs and State aid revenues to the constituent school districts. For information purposes, regional high schools are shown as a separate group. Four regional high schools (Mainland in Atlantic County, Henry Hudson, Shore and Monmouth in Monmouth County) are not included in this table. All were administrative entities in 1960-61, but they did not actually teach pupils during that year and the bulk of their costs, if any, resulted from debt service requirements.

⁸ These regional high schools are:

School	County	Costs/TAE
Rumson-Fair Haven	Monmouth	\$999.20
South Hunterdon	Hunterdon	1,072.76

⁹ As computed by the New Jersey Education Association.

¹⁰ Four regional high schools (Mainland in Atlantic County, and Henry Hudson, Shore, and Monmouth in Monmouth County) are not included in this table. All were administrative entities in 1960-61, but they did not actually teach pupils during that year.

¹¹ To determine the salary guide index, the maximum and minimum salary guides for each reporting district for four-year and five-year training levels were ranked in quintiles. Point values from 1 to 5 were assigned to each quintile. The points for the maximums and minimums of each district which were assigned in this way were totaled, maximum possible score being 20. All scores were then expressed as percentages, in index number form, of the average score for all reporting districts. The statewide average score (which is represented by the index number 100) was 12.00 in 1961-62 and 11.08 in 1956-57.

¹² The equalized valuations used here were certified by the Division of Taxation of the Department of the Treasury on October 2, 1961 or October 1, 1956. Average Daily Enrollment (ADE) is the average daily number of pupils who were resident in the district and were enrolled either in the district's schools in 1960-61, or a regional high

school of which the district is a constituent or in another school district to which the district of residence paid tuition.

¹³ Pine Valley Borough in Camden County had no students and is not included in this table. Regional high school (35 in 1960-61) have been eliminated from the above calculations by feeding back their pupils, costs and State aid revenues to the constituent school districts.

¹⁴ Housing cost is the sum of the debt service and capital outlay expenditures made by a district. It includes Chapter VI debt service payments. The Total Average Enrollment (TAE) is the aggregate daily enrollment of pupils attending public schools of the district, regardless of the place of residence. District residents who attend regional high schools or the schools of another district to which the district of residence pays tuition are also included in the TAE (for per pupil unit cost purposes only in this report; the Department of Education uses this concept for other reporting).

¹⁵ Debt service includes principal and interest expenditures, whether made for school district or Chapter VI debt. Total school costs include all operating expenses, capital outlays and debt service expenditures. It excludes expenditures made from improvement authorizations. For these calculations debt service and total expenditures of regional high schools were fed back to the constituent districts.

¹⁶ State aid in these calculations includes all aid applicable to day school expenditures: formula aid, transportation aid, atypical pupil aid, and emergency aid (when not used to support programs presented by the Department of Education). It excludes building aid, evening vocational aid and evening school for foreign-born aid. Federal aid for current expenses to three "impacted" districts (North Hanover and Pemberton in Burlington County and Eatontown in Monmouth County) is included in the state aid figures to those districts. State aid given to regional high schools and pupils enrolled in them have been apportioned back to the constituent districts. Average Daily Enrollment (ADE) is the average daily number of pupils who were resident in the district and were enrolled either in the district's schools, or a regional high school of which the district is a constituent, or in another school district to which the district of residence paid tuition.

¹⁷ Pine Valley Borough, Camden County and regional high schools have been excluded from these calculations. The tax rates used here reflect the amount levied by constituent districts for both regional high school and district school purposes.

¹⁸ State aid in these calculations includes all aid applicable to day school expenditures: formula aid, transportation aid, atypical pupil aid, and emergency aid (when not used to support programs presented by the Department of Education). It excludes building aid, evening vocational aid and evening school for foreign-born aid. Federal aid for current expenses to three "impacted" districts (North Hanover and Pemberton in Burlington County and Eatontown in Monmouth County) is included in the State aid figures for those districts.

¹⁹ The definition of day school expenditures utilized by the Department of Education changed between 1955-56 and 1960-61; the 1955-56 definition was used in making these calculations.

²⁰ Capital aid is the "building aid allowance" received by the district which may be utilized for debt service, capital outlay expenditures or net additions to the district's capital reserve fund. Housing cost is the sum of the debt service and capital outlay expenditures made by the district, including Chapter VI debt service payments.

²¹ Housing cost is the sum of the debt service and capital outlay expenditures made by the district, including Chapter VI debt service payments.

²² Total school cost includes all operating expenses, capital outlays and debt service expenditures. It excludes expenditures made from improvement authorizations.

²³ Teacher turnover rate is the number of new teachers employed as replacements for every 100 teachers employed (exclusive of teachers employed due to changes in enrollment).

²⁴ The 19 most densely populated school districts in the state (as measured in terms of persons per square mile in 1960) are included in this group. Elizabeth was added to these 19 in order to include all of the largest cities in the analysis.

²⁵ As calculated and reported by the New Jersey Education Association.

²⁶ As defined and reported by the Department of Education.

²⁷ The average teacher salary index is determined by dividing the average teacher salary in the county by the average teacher salary. The resulting percentage is expressed in index number form with the State average assigned index number 100.

²⁸ Second 54 districts from the bottom when all 539 districts are ranked according to 1960-61 equalized valuation per pupil in average daily enrollment.

²⁹ Second 54 districts from the top, same ranking method as in footnote 28.

³⁰ Second 54 districts from the bottom when all 539 districts are ranked according to 1960-61 total costs per pupil in total average enrollment.

³¹ Second 54 districts from the top, same ranking method as in footnote 30.

³² The 25 districts with the greatest percentage change in average daily enrollment (ADE) between 1955-56 and 1960-61.

³³ These figures include State contributions to teacher retirement systems.

Lettered Footnotes

<i>District</i>	<i>County</i>	<i>Equal Val./ADE</i>	<i>Total Costs/TAE</i>	<i>Equal. School Tax Rate</i>
a. Howell Twp.	Monmouth	\$10,396	\$433.80	\$3.13
Audubon Park	Camden	4,404	442.97	4.97
b. Victory Gardens	Morris	11,201	525.93	3.47
c. Winfield Twp.	Union	2,832	580.45	13.88
d. Lambertville	Hunterdon	12,937	684.47	3.57
e. Audubon Park	Camden	4,404	442.97	4.97
Lambertville	Hunterdon	12,937	684.47	3.57
f. Howell	Monmouth	10,396	433.80	3.13
g. Holland Twp.	Hunterdon	31,010	1,023.43	....
h. Morris Twp.	Morris	48,059	803.15	....
i. Mahwah	Bergen	60,223	822.33	....
Boonton Twp.	Morris	59,629	852.60	....
j. Long Beach Island	Ocean	170,139	922.33	....

k. In addition to the districts distributed within the range of this table, Woodbridge Township, Middlesex County (equalized valuation per pupil in ADE of \$26,611 and costs per pupil in TAE of \$487), had debt service outlays which were 27% of total costs. Holland Township, Hunterdon County (equalized valuation per pupil in ADE of \$31,010 and costs per pupil in TAE of \$1,023), had debt service outlays, primarily principal, which were 40% of total costs.

l. In addition to the regional high schools distributed in this table, the following schools had debt service expenditures as a percentage of total costs which lay outside the above range.

<i>Regional H. S.</i>	<i>County</i>	<i>No. Pupils</i>	<i>Total Costs/TAE</i>	<i>Debt Service/Total Costs</i>
Manchester	Passaic	720	\$865.00	31%
Delaware Valley	Hunterdon	435	980.00	33
Lakeland	Passaic	525	963.00	32

<i>District</i>	<i>County</i>	<i>Equal Val./ADE</i>	<i>Total Costs/TAE</i>	<i>Equal. School Tax Rate</i>
m. Audubon Park	Camden	\$4,404	\$442.97	\$4.97
Winfield Twp.	Union	2,832	580.45	13.88
n. Howell Twp.	Monmouth	10,396	433.80	3.13
Victory Gardens	Morris	11,201	525.93	3.47
Lambertville	Hunterdon	12,937	684.47	3.57

o. Tavistock Borough, Camden County, had one student in 1955-56 and received no State aid.

<i>District</i>	<i>County</i>	<i>Equal. Val./ ADE</i>	<i>Capital Aid/ Housing Costs</i>	<i>Total Costs/ TAE</i>
p. Winfield	Union	\$2,832	142%	\$580.45
q. Commercial	Cumberland	8,887	104	345.77
r. Downe	Cumberland	10,081	112	363.96
Greenwich	Cumberland	12,061	111	372.88
Elsinboro	Salem	12,188	159	369.99
s. Bloomsbury	Hunterdon	18,013	310	330.38
t. Allamuchy	Warren	25,139	181	415.34

u. Pemberton Township, Burlington County (equalized valuation per pupil of \$6,850 and total cost per pupil of \$371.81) had State aid per pupil of \$291.00. This figure includes Federal aid to this "impacted" area.

v. Eatontown Borough, Monmouth County (equalized valuation per pupil of \$17,139 and total cost per pupil of \$419.81) had State aid per pupil of \$298.00. This figure includes Federal aid to this "impacted" area.

w. West Amwell Township, Hunterdon County (equalized valuation per pupil of \$46,656 and total cost per pupil of \$791.24) had housing costs which were 45% of total costs.

x. Holland Township, Hunterdon County (equalized valuation per pupil of \$31,010 and total cost per pupil of \$1,023.43) had housing costs which were 46% of total costs.

y. South Hunterdon Regional High School, Hunterdon County (total cost per pupil of \$1,072.76) had housing costs which were 45% of total costs.

PART III

TAXATION OF PERSONAL PROPERTY

A recurrent theme of the Public Hearings, supplemented by special presentations to the Commission, has been to “do something about tangible personal property”—and this despite the fact that Chapter 51, Laws of 1960, was adopted over two years ago for this very purpose. To understand this apparent contradiction of fact, it is necessary to refer to the history in New Jersey on the subject of taxation of personal property generally, as well as on the particular phase of current concern, that is, inventories of raw materials, work in process, semi-finished goods and finished goods, and machinery and equipment used in business.

The subject of taxation of personal property used in business has been under review for more than 50 years. Nineteen years ago (March 29, 1944) the Legislature created the predecessor of this Commission, the Commission on the Taxation of Intangible Personal Property, which, in submitting its report to the Governor and the Legislature the following year, made these observations:

“ . . . It must be remembered that no industrial State has done so little in the past fifty years to bring its tax structure into line with its social, economic and political development as has New Jersey. Were the proposals of the Commission to receive favorable action by the Legislature, it would be the *first* State-wide tax adjustment affecting business generally since the enactment of the capital stock tax in 1884; it would be the *first* step toward modernizing a tax structure that developed under a simple agrarian economy and remains substantially unchanged today; it would be the *first* attempt to give long-term guidance to a tax policy which might in the next decade develop a program which more nearly fits the activities and responsibilities of a great industrial State.” (pp. xii, xiii.)

Among other things, the Intangibles Commission submitted three major recommendations for legislative action: (p. xiv.)

First, That intangible personal property be removed from taxation under the general property tax laws;

Second, That a corporation business tax be adopted in lieu of the local taxation of intangibles;

Third, That a permanent legislative Commission on State Tax Policy be established to report annually on necessary and timely adjustments in the State and local tax structure.

All three recommendations were promptly enacted by the Legislature. (Chapters 157, 162 and 163, Laws of 1945.) Chapter 163, Laws of 1945,

which completely exempted intangible personal property from taxation under the general property tax laws, was the first major change in the State's property tax structure.

Meanwhile, the Commission's report related the problem of taxation of intangibles to the taxation of tangible personal property of business, noting: (p. 85.)

“ . . . The question of the taxation of tangible personal property used in business, is as vital as the question of intangibles. Though neither as extreme nor as drastic as the intangible problem 'tax lightning' is a real hazard on business personalty and has the additional danger of being more widespread, more consistently and more continuously applied and equally subject to abuse and discrimination.”

This Commission, in its *Second Report*, submitted March 24, 1947, specifically dealt with the taxation of tangible personal property.¹ It observed that at that time the local tax on all tangible personal property totaled \$35 million— “. . . the largest of the problems the Commission has undertaken.” (p. ix.) The Commission, describing the then existing situation with respect to the tangible personal property tax as intolerable, cautioned that “. . . the longer the present situation is permitted to continue the more difficult the readjustment will become.” (p. ix.)

The hazard of “tax lightning” justified this observation. This graphic phrase was coined to describe the hazard which hangs over the head of business so long as the assessment of business tangible personalty is far below the legal standard, and an assessor is free to make a sharp, sudden and unpredictable increase in a taxpayer's assessment without violating the legal standard. As the Commission stated: (pp. xi, xii.)

“The difference between the potential tax of \$100,000,000 which legally could have been assessed to business under the present law and the actual tax of \$28,000,000 represents the measure of potential 'tax lightning' inherent in our present system. That is, as municipalities feel the pressure for added tax revenues, they may turn, and in some cases have turned to sharp increases in assessments on business tangibles, assessments which are either sudden reversals of former policy or arbitrary impositions on selected taxpayers. So long as these assessments do not exceed true value the taxpayer has no effective remedy, and may even be subject to the 'omitted property' provisions of the law which permit the added assessments to be made retroactive for two years. This is what is meant by 'tax lightning.' ”

These observations are as true today as they were then. In the area below the “common level,” the threat of tax lightning now hangs over

¹ Second Report of the Commission on State Tax Policy (1947)—*The Taxation of Tangible Personal Property and the Corporation Business Tax Act (1945)*. The First Report of the Commission, filed February 28, 1946, while recognizing that the local taxation of business tangible personal property, household goods and farm stock and machinery posed serious problems, dealt principally with the tax treatment of moneyed capital in competition with national banks.

business tangible personal property, especially inventories and machinery and equipment, as it formerly did over business intangibles.

After fully reviewing the tax policy questions involved, the inequities of administration, the basic differences between inventories and machinery and equipment for ad valorem tax purposes, the aggregate of local tax revenue involved, the revenue replacement difficulties, and related problems, the Commission made three basic recommendations in its Second Report:

1. That machinery and equipment should retain its taxable status but should be State-assessed at true value, which should be presumed to be book value but not less than 20 per cent of cost so long as it remains in use; that such property should be taxed at one-half the local general property tax rate, but not in excess of the previous year's average State rate; and that the resulting State-assessed tax collections be returned to the respective municipalities in which the property is located; (p. xiv.)
2. That business inventories be eliminated from the local property tax base and in lieu thereof there be adopted a general business excise tax (this not being a "new tax" to which both political parties were officially opposed) at the rate of 2/10 of 1 per cent of the value of goods produced in New Jersey by manufacturers and on the gross volume of business in the State as to all others; the net proceeds of which would be "returned to the respective municipalities in which the . . . business giving rise to the tax is located." (pp. xvi, xvii.)
3. That the taxation of household goods be completely abandoned, with provision for an optional occupancy tax locally assessed; but that farm personalty continue subject to the general property tax. (p. xviii.)

These recommendations were not well received by either the business community or by the Legislature at that time.

In its *Fifth Report*, the Commission nevertheless added these words of caution:

" . . . The personal property tax problem will get worse, not better. This was the prediction in 1947 and it is a fact in 1950. The Commission believes it is the province of the Legislature to choose among the various acceptable alternative solutions which have been described. We urge only that the future economic well being of the State, to the extent that it may be influenced by the location of new industry requiring substantial capital investment in machinery and equipment and business inventories, demands that the erratic, unsound and grossly inequitable tax on business personal property be recognized as an economic rather than as a political problem and that it be eliminated without further delay." (p. 71.)

The Commission coupled this observation with a catalogue of several alternative methods to remove the hazards of "tax lightning" from the field of business personalty, but it was still impossible to reach a level of legislative agreement on an action program, particularly any replacement revenue.

It was not until the *Ninth Report* that the Commission returned to a comprehensive review of personal property taxation. Noting that “a reform of the method of taxing personal property used in business could improve the attraction of this State for industrial location and employment,” the Commission made two alternative recommendations:

1. Under alternative one, machinery and equipment would be assessed at 40 per cent and inventories at 10 per cent of book value;
 2. Under alternative two, machinery and equipment would be assessed at 40 per cent of book value; inventories would be exempt.
- (pp. xxi, xxii.)

As to alternative two, there was a further recommendation for a business income tax to provide replacement revenue to the municipalities to offset the revenue loss which would result from the exemption of inventories and household goods; the replacement fund to be distributed on the basis of the ratio of the municipality’s property tax levy to the total property tax levy of the preceding year. (p. xxiv.) Under either alternative, the recommendation was for State assessment of business personal property with certification of assessed values back to the municipalities.

As pointed out by the Commission at that time:

“. . . Vagaries of personal property assessments have been so compounded by tax growth as to render the position of this important class of property untenable. Recognition that assessment of personal property in general—and business inventories in particular—at any uniform ratio applicable to real estate offers the prospect of doing serious harm to New Jersey’s business position has created an environment in which alternative tax methods seem attractive enough to challenge the ‘no new tax’ tradition.” (p. 10.)

Subsequent to the filing of the Commission’s *Ninth Report* on February 21, 1958, bills to implement its recommendations were introduced in the Legislature. Extensive public hearings were held before Legislative Committees on these and subsequent bills in 1958, 1959 and 1960, along with several Legislative Committee meetings on the various proposals for change in the laws governing the local assessment of real and personal property.

Governor Robert B. Meyner in his annual message to the Legislature in 1960 recommended, among other changes, that instead of the assessment of real and personal property at a uniform State-wide percentage of full value, each county be authorized to choose its own assessment ratio and that inventories of raw materials, work in process, small tools and supplies be exempted.

Following the extended legislative consideration of the Commission’s recommendations and Governor Meyner’s proposed changes, a plan for the taxation of real and personal property was finally incorporated into Assembly Bill No. 198 of the 1960 Legislative Session.

After further hearings and some amendments A-198 (1960) finally became Chapter 51, Laws of 1960, effective June 15, 1960, but applicable for the first time in the tax year 1962.

Chapter 51 provides, among other things, that

(1) "True value" shall be the standard of value of real property and that its taxable value shall be that percentage of true value as shall be established by each county board of taxation; provided the declared percentage shall be not less than 20 per cent or higher than 100 per cent and at a multiple of 10 per cent; (Secs. 1 and 2.)

(2) The standard of value according to which tangible personal property used in business shall be assessed shall be its fair value; presumed to be the net book value thereof as shown by the books and records of the taxpayer; the taxable value for other than inventories shall be that percentage of fair value as represents the common level of assessment of real property in the taxing district; (Secs. 4, 5 and 8.)

(3) Business inventories shall be valued according to the average fair value thereof during the year and assessed at $\frac{1}{4}$ of such common level; (Secs. 6 and 8.)

(4) Farm machinery, live stock, crops, etc., shall be assessed at $\frac{1}{4}$ the percentage level established for real property in the county, or the level applicable to inventories in the taxing district, whichever is lower; (Sec. 8.)

Chapter 51, as originally enacted, was to have been applicable to real and personal property taxes payable in 1962. Its constitutionality has been upheld¹ in the second Switz case (*Switz v. Kingsley*, 37 N. J. 566, 1962), but its application has been postponed twice; first, by Chapter 17, Laws of 1961 which advanced the effective date to the tax year 1963; second, by Chapter 20, Laws of 1962 which makes 1964 the first year of operation.

Change in the property tax has been achieved with the greatest of difficulty. Whatever the future course of Chapter 51, one thing is quite clear—the road to change in the property tax laws of New Jersey is a long and tedious one to travel. The recommendations for change, as made in the *Ninth Report of the Commission* have been on the road to implementation for four years and are still in a state of uncertainty.

These are the circumstances under which the Commission is now directed to suggest the extent to which "the existing tax structure should be modified or otherwise changed to insure a fair and equitable distribution of the costs of governmental services between the State and its political subdivisions and among the residents of the State and the business, industrial and commercial enterprises carried on therein . . ." (J. R. 5, 1962.) On the one hand, there is an extensive history of major dependence upon the property tax for the support of county, school and local governments—a tax which has warded off many suggestions for

¹ Except as to classification for purposes of assessment of acreage in agricultural use.

change—and on the other hand an extensive revision of the property tax law which has legislative and executive approval, but which twice has been postponed.

RE-EXAMINATION OF BUSINESS PERSONALTY TAXATION

The Commission, aware of the fact that the administration of an ad valorem tax on business personal property on an equitable basis is very difficult, and further being fully cognizant of the many problems encountered by the Legislature in the process of enacting Chapter 51, Laws of 1960, and of the two legislative postponements of its effective date since its adoption, has again very carefully reviewed the whole question of taxation of this class of property. Various approaches to improvement of the present legislation respecting the taxation of tangible personal property have been considered: complete exemption; revision of the fractional basis of assessment; allowing Chapter 51 to go into effect as it is, or with changes.

The ever-present deterrents to elimination of any part of taxable personal property from the local tax base continue to be the sizable sums involved and the effect which such exclusion of this class of property would have on State and local finances. Never was there any thought of just exempting inventories or machinery and equipment, or both, without more. Always it was accepted as a fiscal necessity that municipalities could not absorb the loss of tax revenue resulting from the exemption of either of these classes of property, nor could the answer be found in the automatic shift of this part of the local tax burden to real property. Replacement revenue from the State to the municipalities to offset tax revenue loss was understood as a necessary part of any over-all solution to the problem. This in turn posed the problem as to the source of State funds for replacement purposes.

RELATIVE IMPORTANCE OF PERSONALTY

For several years New Jersey has ranked second from the top—Massachusetts being first—in per capita property taxes. In 1961, however, it moved into the number one position.¹ Although New Jersey relies heavily upon the property tax for total State-local tax revenue, its relative dependence upon tangible personal property taxes is somewhat less than in several other states. Delaware, New York and Pennsylvania report no personal property taxes, but the other 47 states and the District of Columbia do tax such property and generally look to this part of the tax base for a proportionately greater share of total general property taxes than

¹ U. S. Bureau of the Census, *Governmental Finances in 1961*, Table 19, p. 42, as revised by "Correction Notice" of November 19, 1962.

does New Jersey. In 1961, the ratio of personal property assessments to total general property tax assessments in New Jersey was 11.5%, while the national average was 15.9%.¹

Because of the elimination, in 1962, of all household goods and personal effects valuations from the New Jersey general tax base, the ratio of personal property taxes to total property taxes is now less than in 1961. Under the permissive provisions of Chapter 51, Laws of 1960, 508 districts have elected to eliminate the taxation of household goods and personal effects; 60 districts continue to tax such personal property pursuant to the specific conditions imposed by Chapter 51. Under that act, if a district elects, by ordinance, to continue the taxation of such property, the amount of the tax is determined by applying the district's previous year's general tax rate to the assessed valuation of the household goods, the resulting tax being treated as miscellaneous revenue of the municipality. The assessed value of the property, while reported to the County Board of Taxation, is not considered a part of the net valuation taxable of the municipality for the apportionment of county taxes, nor is it taken into account in determining the local fair share for State school aid purposes.

The size of the problem of change in New Jersey is indicated by the amount of tax levies by class of property, shown in Table 42. The Table shows that in 1962 \$94.7 million was levied on business and farm personalty. The amounts involved in personal property may be summarized as follows:

	Assessed Valuation (Millions)	Tax (Millions)
Business inventories	\$468.5	\$40.3
All other business personal	632.8	53.3
Farm personal	12.1	1.1
	\$1,113.4	\$94.7

New Jersey general property taxes on business and farm personal property, in 1962, totaled \$94.7 million or 9.75% of total general property taxes of \$971.2 million.

ALTERNATIVE TREATMENT

The reasons for abandoning the old method of taxing business personalty, as part of the general property tax, are as compelling today as they were fifteen years ago, as detailed in the previous Reports of the Commission referred to above. In fact, a re-examination of the question has shown that the condition has worsened, the amounts combined have

¹ U. S. Bureau of the Census, *1962 Census of Governments*, "Assessed Values for Property Taxation," Table 1, p. 15.

Table 42
GENERAL PROPERTY TAXES IN NEW JERSEY
By Type of Property, 1962

Type of Property	Total General Property Taxes		Total General Property Taxes on Business Property ¹	
	Amount	Percent of Total	Amount	Percent of Total
1. Inventory	\$40,256,271	4.14%	\$40,256,271	9.83%
2. Machinery, Equipment, etc.	53,305,240	5.49	53,305,240	13.02
3. Total Business Personal	\$93,561,511	9.63%	\$93,561,511	22.85%
4. Farm Personal	1,124,825	0.12	1,124,825	0.27
5. Total Business and Farm Personal	\$94,686,336	9.75%	\$94,686,336	23.13%
6. Commercial Real Property	\$148,370,385	15.27%	\$148,370,385	36.24%
7. Industrial Real Property	98,918,861	10.19	98,918,861	24.16
8. Total Business Real Property	\$247,289,246	25.46%	\$247,289,246	60.40%
9. Farm Real Property	15,231,200	1.57	15,231,200	3.72
10. Total Business and Farm Real Property	\$262,520,446	27.03%	\$262,520,446	64.13%
11. Apartments	52,170,221	5.37	52,170,221	12.74
12. Total Business, Farm and Apartment Real Property	\$314,690,667	32.40%	\$314,690,667	76.87%
13. Total Business, Farm and Apartment Real and Personal Property	\$409,377,003	42.15%	\$409,377,003	100.00%
14. Vacant Land	30,112,965	3.10	.....	.....
15. Residential Real Property	(544,939,417)	.....	.....	.....
16. Less: Senior Citizen Exemptions ...	(-7,955,563)	.....	.....	.....
17. Net Residential Real Property	536,983,854	55.29	.....	.....
18. Class II Railroad	14,906,439	1.53	.....	.....
19. Personal Property (Other than Household)	14,262	.....	.....	.....
20. Total Gross Tax	\$991,394,523	102.07%	.....	.....
21. Less: Veteran Exemption	-20,220,166	-2.07	.....	.....
22. Total Net Tax	\$971,174,357	100.00%	.....	.....

¹ Including taxes on farm real and personal property and apartments.
Source: Division of Taxation, Department of the Treasury.

become larger, and the need for reform even greater. As the special committee on Personal Property Taxation of the National Tax Association reported in 1953:

“The classical theoretical basis of the taxation of property ad valorem as applied to tangible personal property used in business has become vague and generally unsatisfactory; it is based on fundamental assumptions which are no longer applicable to the present-day economy.

“On theoretical, equitable, and administrative grounds, the taxation of merchants’ and manufacturers’ inventories ad valorem is a sore spot in existing taxation of business personalty. In the case of household goods and automobiles, there is precedent for the exemption of tangible personal property and, with respect to automobiles, the substitution of in-lieu taxes. It has been contended that similar exemptions should be granted to inventories and like property. Inventories are movable and subject to control for tax-minimization purposes. Due to the economic nature of inventories, they make, even when accurately appraised, an undesirable subject of ad valorem taxation from the standpoint of equity and equality

of treatment. These characteristics make the burden of ad valorem taxation an uneven one when applied to the particular case. This situation calls for either special treatment within the property tax framework or the adoption of in-lieu taxation.”¹

COMPLETE EXEMPTION IMPRACTICAL

An obvious alternative is to propose that business tangible personalty be completely exempt from taxation. There are some plausible arguments favoring such a course:

New York, Pennsylvania and Delaware do not tax business personalty as such, but it should be noted that in practice much machinery and equipment is classified as real estate in these three states and thus enters into the property tax base.

A complete exemption would be an attractive inducement to industry to locate in New Jersey—if replacement taxes did not offset this competitive advantage.

The personal property tax has been badly administered throughout the State, and not assessed at all in some municipalities; exemption would be the simplest way of equalizing the situation.

Other, more compelling reasons lead to the conclusion that complete exemption of business personalty is neither necessary nor desirable, as the Commission stated in its *Ninth Report* (pp. 112-113). While conditions have changed since that report was prepared five years ago, as discussed in Part I of this report, the essential policy choice remains the same. Machinery and equipment must be retained in some form as part of the local tax base for these reasons:

First, the emerging nature of modern industry is requiring a greater and greater share of capital investment in equipment rather than in buildings, and a tax proportional to capital values which did not include the equipment would thus contain an inherent inequity;

Second, the amount of the replacement required would be so large, upwards of \$94 million for all business personalty (including \$19 million of telephone and telegraph public utility property), that it would pose an excessive problem of replacement revenues to the municipalities;

Third, to exempt machinery and equipment, as well as inventories, from local assessment, would eliminate practically 27% of the commercial and industrial property tax, and would subject business real estate and residential real estate to the entire local impact of future increases in local revenue needs not met from the substitute taxes;

Fourth, there are substantial economic differences between inventories (current assets) and machinery and equipment (depreciable assets) which justify the exemption of the former from property taxation without necessarily exempting the latter.

¹ National Tax Association *Proceedings of the 46th Annual Conference* (1953), pp. 365, 366-367.

In the nearly five years which have passed since the *Ninth Report* the problem has become even more difficult to deal with because of the sheer weight of the numbers. This hard fact was recognized by the Commission 15 years ago when it said in its *Second Report* that “. . . the longer the present situation [respecting the taxation of business tangibles] is permitted to continue the more difficult the readjustment will become.” (p. ix.)

It is now a \$94.7 million problem, even excluding the household goods tax, as compared with \$71.3 million in 1955; \$49.0 million in 1950; and \$34.7 million in 1946. (See Table 43.)

Table 43
RELATIONSHIP BETWEEN PERSONAL PROPERTY TAXES AND TOTAL PROPERTY TAXES
STATE OF NEW JERSEY, SELECTED YEARS
(Amounts in Millions)

Year	Total Property Tax	Personal Property Tax				Personal Property Tax as % of Total			
		Business	Household	Farm	Total	Business	Household	Farm	Total
1962 ..	\$971.2	\$93.6	...	\$1.1	\$94.7	9.64%	...	.11%	9.75%
1955 ..	533.9	57.9	\$12.3	.9	71.1	10.84	2.30%	.17	13.32
1950 ..	368.7	40.7	7.6	.7	49.0	11.04	2.06	.19	13.29
1946 ..	266.6	28.6	5.6	.5	34.7	10.73	2.10	.19	13.02

Source: Division of Taxation, Department of the Treasury.

The Commission renews its recommendation that complete exemption of business personal property is not a feasible solution to the problem of “tax lightning” on such property.

EFFECT OF CHAPTER 51

The enactment of Chapter 51, Laws of 1960 incorporates certain basic principles of personal property taxation from Alternative 1 of the *Ninth Report*. These principles include:

- A. Conversion of the general property tax to a classified property tax, with fractional assessment of personalty;
- B. The use of book values to determine fair value of business personalty;
- C. Increased State supervision of the assessment process as a step toward uniformity of practice throughout the State.

The present study confirms the soundness of these principles. All of the pressures which forced postponements in the effective date of Chapter 51 are not fully understood, but it is probable that taxpayer compliance

problems arising under the reporting requirements for business inventories and other business personal property and the fear of business that these classes of business tangibles might be burdened with heavy additional taxes were factors which contributed substantially to the demand for delay. All efforts to improve the local taxation of business personal property have always been hampered by the absence of firm statistics on the extent of possible tax shifts from one class of property to another under the various proposals for change. For most business taxpayers Chapter 51 meant accurate reporting of business personal property for the first time. For those who had not been paying local taxes on such property it meant in effect a new tax, and for those who were paying taxes it carried the possibility of more taxes.

EXEMPTION OF INVENTORIES

The principal objections to Chapter 51 can be eliminated by exempting business inventories and retaining machinery and equipment on the tax rolls with some modifications in the treatment of this type of property now provided by Chapter 51.

As the Commission has previously emphasized, particularly in the *Ninth* and *Fifth Reports* where the matter is fully documented, there are basic economic differences between machinery and equipment, on the one hand, and business inventories on the other, which justify different treatment for the purposes of property taxation:

First, both taxing authorities and business generally recognize the difference between fixed assets and current assets. Inventory as a current asset is constantly fluctuating in amount and in character as between inventory and accounts receivable or cash, as distinguished from machinery, equipment, furniture and fixtures, which are fixed in their location and character. Inventories are mobile and are consumption goods, whereas other classes of business personal property are relatively fixed in location and are production goods. These are significant differences from the viewpoint of property taxation.

Second, as among industries, the turn-over ratio of inventories varies greatly. In some industries it may turn over twice a year whereas in others it may turn over twelve times or more. In some businesses such sales may be very profitable while in others the margin may be small. The volume of inventory is sometimes controllable and sometimes not. It is neither logical nor practical to tax all inventories in the same way, or to try to tax inventories and machinery and equipment without distinction between them. If inventories were exempt from property taxation, moreover, they could enter into the tax system through income taxation.

The Commission recommends that inventories should be exempted from the general property tax, and that the local revenues from this source, estimated at \$40 million annually, be replaced by the State out of State-collected taxes. For this purpose, a State replacement tax will be required; its nature and distribution are discussed below.

TAXATION OF MACHINERY AND EQUIPMENT

A decision to exempt inventories and leave machinery and equipment within the property tax base in some modified form still leaves much to be determined. As already noted, adequate data are not available—and can not be made available until after a tax law is enacted—to measure accurately the dollars and cents effect of any proposed change, particularly upon a municipal basis.

As a matter of policy, therefore, the Commission has proceeded to consider the question largely on the basis that it is sufficient to achieve a solution sound in principle. The principles are these:

First, the fractional assessment of machinery and equipment should be designed to produce—at least on a State-wide basis—approximately the same share of the local tax base as is now contributed by this class of property.

Second, there should be a fixed relationship between the assessment ratios for real estate and for machinery and equipment—a principle which is part of Chapter 51.

Third, there should be a certain, objective and verifiable method of determining the value of machinery and equipment for tax purposes, a principle also contained in Chapter 51.

TELEPHONE AND TELEGRAPH COMPANY PERSONALTY

Telephone and telegraph companies are the only major public utilities which are subject to the local general property tax on their machinery and equipment. All of the other utilities pay a gross receipts tax in lieu of this property tax. Special treatment of the machinery and equipment of business generally, without due consideration of the experience of these utility companies could have an untoward effect. The New Jersey Bell Telephone Company pays about \$19,000,000 in personal property taxes to the various municipalities of the State, on machinery and equipment having a book value of \$700,000,000. This annual levy which is based on an assessment of approximately one-third of the book value is undoubtedly far above the level of taxation that is applied to business personalty generally.

The Commission does not propose that the new program should result in a marked decrease in the tax paid by the Telephone Company. Since

it is impractical to cover these public utilities with any proposal fitted to the conditions of business generally, only two alternatives remain:

1) To leave telephone and telegraph company personalty under the general property tax—this would be undesirable in that the result would be a special property tax on these companies; or

2) To cover these utilities in a manner similar to the other public utilities, under the gross receipts tax, on intrastate business, in lieu of a property tax on machinery and equipment —this would provide approximately \$17,000,000 in tax according to last year's gross receipts, but these receipts have been rising annually and it is quite likely that by 1964 the gross receipts tax would equal or exceed the present property tax.

The Commission recommends that all telephone and telegraph companies be placed under the public utilities gross receipts tax, on their intrastate business, in lieu of any property tax on their machinery and equipment. This would reduce the machinery and equipment replacement problem from \$54.4 million to \$35.4 million.

FAIR VALUATION OF MACHINERY AND EQUIPMENT

The magnitude and complexities of the assessor's tasks with respect to the valuation and assessment of business tangible personal property are clearly evident. In determining the current fair market value of each item of machinery, equipment and other business tangible the assessor is confronted with the problems of establishing original cost, the amount of accrued depreciation and obsolescence, economic and functional, and the effect of economic change on present-day values. The assessor, generally, is not capable of performing these tasks, but even if he were, he does not have the staff and equipment to apply any such procedure in the development of the annual tax roll.

So long as the appraisal of business machinery and equipment is related to the fair market value standard for assessment purposes there will be gross inequality in the administration of the tax and in the burden of the tax among taxpayers and among taxing districts. The Commission accepted this premise when it recommended in its *Ninth Report* (1958) that "book value" be the basis of assessment of business personal property other than inventories.¹

The Legislature spelled this out more precisely in Chapter 51, sections 4 and 5 as follows:

"4. The standard of value according to which tangible personal property used in business shall be assessed shall be the fair value thereof.

¹ *Ninth Report of the Commission on State Tax Policy*, pp. 103, 106.

5. The fair value of tangible personal property used in business shall be presumed to be the net book value thereof as shown on the books and records of the person assessed as of the listing date; provided that the Director of the Division of Taxation may promulgate uniform rules and regulations for the determination and reporting of costs, depreciation, and net book value of such property as he may find necessary to provide for fair and equal assessment . . . ; and provided that so long as any depreciable property shall remain in use or be held for use its fair value shall be presumed to be not less than 20% of its original cost to the person assessed as shown by his said books and records, unless otherwise provided in said uniform rules and regulations.”

By regulation the Director of Taxation provided that “net book value,” as used in Chapter 51, means “depreciated value of such property as reported to the Internal Revenue Service for Federal Income Tax Purposes, . . . adjusted . . . for additional depreciation, additions and disposals.” (Reg. 16:12-3, 140.) The Regulations also provide that “net book value” shall in no case reflect accelerated depreciation or additional first year depreciation allowable under sections 168 and 179 of the Internal Revenue Code, and shall in no instance be less than 20 per cent of original cost of any depreciable asset in use or held for use. Including these adjustments and limitations, net book value as reflected by the books and records of the taxpayer would be the standard of value for assessment purposes. The newly promulgated Federal depreciation guides would, of course, introduce an additional complication in the determination of values for local property tax purposes.

The use of depreciated book values as developed for Federal tax purposes does not have the simplicity and advantages in practice which may appear at first thought. It has already been noted that there are a great variety of complications in determining values on this basis in order to treat all taxpayers alike for local tax purposes. Moreover, taxpayers do not report for Federal purposes the various properties according to their location or according to specific depreciation by item. The Commission has accordingly sought a simpler method of using book values.

One of the proposals for the purpose of simplification, made by the State Association of Municipal Assessors, was to use original cost as carried on the books adjusted so as to reflect the average depreciation, and to retain that value so determined year after year so long as the item is in use. According to the Statistics of Income published by the Internal Revenue Service, it appears that the cumulative depreciation carried on the books of industry as a whole approximates 50% of cost. The valuation of machinery and equipment at 50% of its cost would thus approximate the

average result for industry as a whole of using the complex and contentious depreciation schedules now available.

An advantage of using the proposal of the Assessors Association is that it would encourage industry to invest in new equipment for the reason that such equipment would be valued for local purposes as if it were half depreciated, even when new. Another advantage of this proposal is that it would avoid annual revaluation of assets required under the provisions of Chapter 51.

For these reasons, the Commission recommends that:

The fair value of machinery and equipment shall be determined at ½ the original cost to the taxpayer, and this value shall be continued from year to year so long as the item is in use or held for use.

ASSESSED VALUATION OF MACHINERY AND EQUIPMENT

In order to establish the proper level for assessed values of machinery and equipment, a survey was made of the book value of business real estate and of both classes of personal property in a large sample of corporations operating in New Jersey. The survey included data for 233 corporations compiled by the Division of Taxation and the results of a questionnaire covering 686 corporations compiled by the New Jersey State Chamber of Commerce. (Tables 44 and 45.)

Table 45 shows that book values of real estate represent about 30% of the tangible assets of manufacturing companies, 30% of wholesalers', and 15% of retailers'. The book values of inventories according to the same Table represent 40% of the tangible assets of manufacturers, 60% of wholesalers, and 60% of retailers, with an over-all average of approximately 40%. The book values of machinery and equipment similarly represent 30% of tangible assets of manufacturers, 10% for wholesalers, 25% for retailers, with an over-all average of approximately 30%. It is significant, as shown in the Table, that the percentages for machinery and equipment and for real estate are practically the same.

It is apparent that taxation of machinery and equipment on the principle that the total contribution to the tax base from this source shall continue on a State-wide average at its present level can be accomplished only if a given book value of machinery and equipment maintains, in the assessment process, approximately the present relationship to a given book value of real estate. From a tax dollar standpoint, this relationship is expressed as of 1962 in the ratio of \$247,000,000 to \$53,000,000, the amounts of tax levied, respectively, on commercial and industrial real estate and on machinery and equipment. By this standard, the new system

Table 44

RELATIONSHIP OF BOOK VALUE OF REAL PROPERTY TO PERSONAL PROPERTY OF 233 CORPORATIONS OPERATING IN NEW JERSEY
 By Industry Group, 1961
 (Amounts in Millions)

Type of Property	205 Manufacturing Corporations		10 Wholesale Corporations		18 Retail Corporations		All Corporations	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Real Property:								
Land	\$66.6	3.0%	\$0.9	3.3%	\$3.0	2.5%	\$70.5	3.0%
Buildings	605.6	28.0	10.0	37.1	18.4	15.4	634.0	27.4
Total	\$672.2	31.0	\$10.9	40.4	\$21.4	17.9	\$704.5	30.4
Personal Property:								
Machinery and Equipment	\$569.6	26.3	\$2.6	9.6	\$32.7	27.3	\$604.9	26.1
Inventory	927.0	42.7	13.5	50.0	65.5	54.8	1,006.0	43.4
Total	\$1,496.6	69.0	\$16.1	59.6	\$98.2	82.1	\$1,610.9	69.6
Total Real and Personal Property	\$2,168.8	100.0	\$27.0	100.0	\$119.6	100.0	\$2,315.4	100.00

Source: Division of Taxation, Department of the Treasury.

Table 45

COMPARISON OF SURVEYS BY STATE CHAMBER OF COMMERCE AND TAX POLICY COMMISSION OF PERCENTAGES OF BOOK VALUES OF REAL PROPERTY AND PERSONAL PROPERTY OF CORPORATIONS OPERATING IN NEW JERSEY, BY INDUSTRY GROUP AND BY TYPE OF PROPERTY

Industry Group	Real Property		Machinery, Equipment, etc.		Inventory		Total Personal		Total Real and Personal
	Chamber of Commerce	Commission	Chamber of Commerce	Commission	Chamber of Commerce	Commission	Chamber of Commerce	Commission	
Manufacturing	29.0%	31.0%	30.1%	26.3%	40.9%	42.7%	71.0%	69.0%	100.0%
Wholesale	20.8	40.4	10.1	9.6	69.1	50.0	79.2	59.6	100.00
Retail	14.5	17.9	24.6	27.3	60.9	54.8	85.5	82.1	100.00
All Corporations Combined..	28.6	30.4	29.9	26.1	41.6	43.4	71.4	69.6	100.00

Source: New Jersey State Chamber of Commerce and Division of Taxation, Department of the Treasury.

Table 46
DEPRECIABLE ASSETS (CORPORATIONS-PARTNERSHIPS)—NATIONAL BASIS
(Selected Industrial Groups)

Industry Classifications ¹	Depreciable Assets (In Billions)	Depreciation (In Billions)	Net Value (In Billions)
Corporations: (1960-61)			
Construction	\$5.4	\$2.9	\$2.5
Manufacturing	169.9	84.3	85.6
Wholesale-Retail	25.2	11.5	13.7
Services	14.3	6.0	8.3
Partnerships: (1959-60)			
Construction	1.1	0.5	0.6
Manufacturing	1.5	0.7	0.8
Wholesale-Retail	3.3	1.5	1.8
Services	2.6	1.0	1.6
Total	\$223.3	\$108.4	\$114.9

Source: Internal Revenue Service, *Statistics of Income*, 1960-61, 1959-1960.

¹ The "All Industrial Group" figures have not been used because some of the groups either are not common to New Jersey, their machinery and equipment assets would not be taxable in New Jersey or the proportion of machinery and equipment values to structure values is low.

should result in an assessment of machinery and equipment which is roughly 1/4 the assessed value of business real estate.

To arrive at the intended result, it is necessary to make some judgment as to the ratio of book values of real estate to the market value of real estate. An economic analysis of all available data shows that the average book value is approximately 50% of the average market value. It is on this basis that it may be concluded that an assessment of machinery and equipment at 1/2 the common level for real estate would produce approximately the same relative yield as at present. A summary of the calculations based upon asset values shown in Table 46, follows:

**ESTIMATE OF YIELD OF TAX ON MACHINERY AND EQUIPMENT ON BASIS OF
50 PER CENT OF ORIGINAL COST × 50 PER CENT OF COMMON LEVEL OF
ASSESSMENT OF REAL PROPERTY × AVERAGE STATE TAX RATE**

	(In Millions)
Depreciable Asset Valuations ¹	\$223,300
Structure Valuations ²	111,650
Machinery and Equipment Valuations ²	111,650
Machinery and Equipment Valuations in New Jersey ³	4,466
Fair Value of Machinery and Equipment in New Jersey ⁴	2,233
Assessed Value of Machinery and Equipment in New Jersey ⁵	411
Estimated 1962 Tax ⁶	31

¹ Assumed to be original cost.

² Assumed that Depreciable Asset Valuations are 50% structures; 50% machinery and equipment.

³ A 4% allocation factor has been used.

⁴ 50% of original cost.

⁵ 50% of common level of assessment of real property (36.8% State Average Real Property Assessment Ratio × 50% × \$2,233 million).

⁶ Average State Tax Rate \$7.60 per \$100 × \$411 million.

It is believed that the estimated 1962 tax yield of \$31 million is on the conservative side because no estimate of machinery and equipment valuations of sole proprietorships has been included in the estimate and some of the industrial groups which have been completely excluded from the calculations would have some machinery and equipment valuations which would be taxable in New Jersey. It is also to be noted that an average State Tax Rate of \$7.60 per \$100 of assessed valuation has been used, although the average rate in 1962 on machinery and equipment only was \$8.42 per \$100. Using this rate the yield would be \$34.6 million. Also it is probable that the 4% allocation factor is conservative.¹

The amount to be raised from the taxation of machinery and equipment, if telephone and telegraph companies are taxed under the Public Utility Gross Receipts Tax Act, as recommended on p. 97 will be approximately \$35.4 million (\$54.4 million tax presently on machinery and equipment less \$19 million paid by the Bell Telephone Company) .

Because of the absence of firm figures on the book value of machinery and equipment in New Jersey there must of necessity be some speculation as to yield of any specific formula for the taxation of such property; nevertheless it seems reasonably probable that the formula proposed by the Commission will produce at least \$35 million currently in property taxes on this class of property.

The Commission recommends that machinery and equipment be valued on the basis of its fair value, which shall be deemed to be ½ of original cost, and that the assessed value shall be determined by applying to the fair value ½ the “common level” of assessment of real property in the taxing district and that such assessed value be subject to the general property tax rate of the district.

REPLACEMENT OF INVENTORIES REVENUE

Since many municipalities depend substantially upon inventory tax revenues for the support of local, school and county services, the elimination of this tax source would cause a substantial shift in the local tax burden to real estate and remaining personal property. The Commission has accordingly considered it necessary to couple the exemption of inventories with a revenue replacement program.

Table 42 would indicate that 1962 taxes on inventories totaled \$40.3 million, on machinery and equipment \$53.3 million, and on farm personal property \$1.1 million for a total of \$94.7 million. Actually, each of these figures is an approximation. Even the total of \$94.7 million is in doubt because of differences in treatment, district by district, of business

¹ See footnote 3 at bottom of p. 102.

machinery and equipment which in one instance may have been assessed as part of the real property while in another as personal property. The separate figures for inventories and machinery and equipment are definitely approximations. Sixty districts of the State report assessments in only one of these two business personal property classifications. It is possible, of course, that only one or the other classification of such property was present in some of the districts, but it seems reasonably clear that in many districts a composite figure was reported under one of the classifications—generally under all other tangible personal property used in business—with no indication as to what part of the total tax is on inventories and what part is on machinery and equipment. In many districts, even where assessments have been reported under each heading, there is reason to suspect that the division has been made on an arbitrary basis. Then there is the fairly widespread practice of either ignoring both commercial and industrial inventories entirely for assessment purposes, or assessing them at a relatively low ratio when compared with assessments on other classes of taxable property.

In the larger taxing districts, taxes on business inventories provide a substantial part of the total business property tax revenue, while in some districts the inventory tax is small or there is no tax on this class of property. On a county basis the range of the ratio of inventory taxes to aggregate taxes on all business property, real and personal, exclusive of apartment buildings, is very substantial.

PER CENT OF INVENTORY TAX TO
TOTAL BUSINESS PROPERTY TAX—BY COUNTY, 1962

<i>County</i>	<i>Per Cent Inventory Tax to Total Business Property Tax</i>	<i>County</i>	<i>Per Cent Inventory Tax to Total Business Property Tax</i>
Atlantic	1.4	Mercer	13.7
Bergen	11.1	Middlesex	11.8
Burlington	9.3	Monmouth	8.5
Camden	14.5	Morris	7.9
Cape May	6.9	Ocean	4.9
Cumberland	9.3	Passaic	13.7
Essex	13.4	Salem	6.0
Gloucester	12.0	Somerset	15.7
Hudson	11.6	Sussex	18.3
Hunterdon	11.5	Union	12.8
		Warren	11.2
Unweighted Average			10.7
Weighted Average			11.8

On an individual district basis the range is even greater—running all the way from nothing in many districts to more than 40% in a few districts. In the larger municipalities the range is much narrower but there is still substantial variation.

LARGER DISTRICT RATIOS OF INVENTORY TAX
TO TOTAL TAX ON ALL BUSINESS PROPERTY
(EXCLUSIVE OF APARTMENTS)

<i>District</i>	<i>Per Cent Inventory Tax to Total Business Property Tax</i>	<i>District</i>	<i>Per Cent Inventory Tax to Total Business Property Tax</i>
Atlantic City	0.02	Asbury Park	12.94
Hackensack	21.46	Morristown	8.51
Camden	22.17	Passaic	18.98
Newark	13.91	Paterson	9.91
Jersey City	13.62*	Elizabeth	8.86
Trenton	13.52	Plainfield	9.52
New Brunswick	11.23		

* Based upon arbitrary 50-50 allocation of lump-sum reported figures between inventory and machinery and equipment tax.

The wide variation in the degree to which the municipalities depend upon the business personal property tax has been recognized by the Commission over many years as evidenced by the following quotation from its *Fifth Report* (1950) :

“Experience throughout the State shows that there has been the greatest disparity among municipalities in the extent of their use and enforcement of the personal property tax.

“An analysis of the experience of individual taxpayers, moreover, shows a disgraceful degree of inequality and inequity in the application of the tax not only among municipalities but even within the same municipality.” (p. 64.)

Preparation of legislation which would exclude business inventories from the local property tax base is a relatively simple operation, but legislation to provide for the replacement by the State of revenues lost by the municipalities as a result of the exemption of business inventories is a far different and more difficult problem to resolve. In the first place, it is clear from what has been said that it is impossible from available statistical data to determine, with reasonable accuracy, the amount of municipal revenue which is to be replaced, either by total or by individual municipalities. While far from what might be desired, it appears necessary under the circumstances to assume that approximately \$40 million of replacement revenue should be provided by the State for allocation to the municipalities to ease their revenue loss from the exemption of inventories.

In view of the looseness of the basic figures, it is neither possible nor necessary to replace inventory revenues dollar for dollar, but a total of \$40,000,000 (as of 1962) should be returned to the municipalities on a rational basis.

A simple save-harmless method of replacement, under which each municipality each year in the future would receive in State-provided replacement revenue what it reported it received in 1962 from the property tax on inventories, was considered unsatisfactory by the Commission. This approach would be inadequate in that it would not take into account in the annual apportionment whatever changes might have occurred in the taxing district's business property ratables in the course of the year. Districts losing business ratables in the future would get no less, and districts gaining business ratables would get no more than they received in 1962 from inventory taxes. There would also be the question as to what should be done in those districts reporting no inventory tax revenue, either because the district was not assessing inventories or, although assessing them, made no attempt to separate assessments as between inventories and other business personal property.

To give some recognition to future change in the business ratables factor, the Commission recommends that the annual replacement fund of approximately \$40 million be apportioned among the 567 taxing districts in the same relationship that taxes on commercial and industrial real property within the district bear to the State total of such taxes.

It is recognized that application of this formula will allocate to some districts more than they are presently deriving from the taxation of inventories while other districts will receive less than they are now collecting. This comes about, as previously mentioned, because of the wide differences among the taxing districts in their dependence upon inventory taxes as a source of municipal revenue. In other instances, the increase or decrease will be more apparent than real because assessment and tax statistics on business personal property have not been adequately and accurately reported.

The results of application of this formula are reflected in the Compendium Table. As indicated by that Table, those districts which receive less in replacement revenue than they formerly collected from inventory taxes will derive some offsetting benefit as a result of the elimination of inventory valuations from the net valuation taxable on which county taxes are apportioned. Also of considerable importance to those districts which have been relying heavily on inventory taxes is the fact that inventory valuations will be eliminated from the local fair share base in the determination of State school aid, both operating and capital. To provide for a somewhat better allocation, the Commission also recommends that commercial and industrial valuations be adjusted by the elimination of hotel and motel valuations (which do not contribute to inventory in a manner comparable to trade and manufacturing). It is not possible at

this time to reflect accurately the effect of this adjustment because hotel and motel rates are not separately reported, but these changes have been estimated in part and included in the Table.

This replacement formula is the best that has been devised to date for dealing with the problem under the prevailing conditions. It is sound in principle and any rough spots in its application will be more than compensated for by the total program proposed by the Commission. (See Compendium Table.) Over the long run, the formula may be expected to work equitably. The new revenue sources at the State level required to provide the annual replacement fund will be discussed later in this report.

PART IV

SPECIAL PROPERTY TAX PROBLEMS

FARM TAXATION

A request for special treatment in the taxation of farm lands developed early in the hearings before the Legislative Committee studying the alternative recommendations of the *Ninth Report* of the Commission. Under each of the two alternative proposals of the *Ninth Report*, the Commission recommended that the standard for valuing *all* taxable real property for local tax purposes should be its market value as of the assessing date and that the State-wide standards of assessment of *all* such property should be 50 percent of the market value. There was no recommendation for special tax treatment of any specific classification of real property because of the provision of Article VIII, Section 1 of the 1947 Constitution that

“* * * All real property assessed and taxed locally or by the State for allotment and payment to taxing districts shall be assessed according to the same standard of value; and such real property shall be taxed at the general tax rate of the taxing district in which the property is situated, for the use of such taxing district.”

The Commission has always viewed this provision as a mandate against classification of real property for local tax purposes.

A-198 (1960) was finally amended before enactment as Chapter 51, Laws of 1960, to include the following provision respecting the valuation of agricultural lands for tax purposes:

“* * * In the assessment of acreage which is actively devoted to agricultural use, such value shall not be deemed to include prospective value for subdivisions or non-agricultural use. * * *”
(C. 51, L. 1960, sec. 23, amending R. S. 54:4-1.)

The effect of this provision was to preclude the local assessor from using all of the indicia of value customarily relied upon in the appraisal of real property.

The New Jersey Supreme Court on June 26, 1962, in the case of *Switz v. Kingsley*, 37 N. J. 566 upheld a ruling of the Superior Court in the same case (69 N. J. Super. 27, Law. Div. 1961) to the effect that the foregoing provision for special tax treatment of farm lands was invalid because in violation of Article VIII, Sec. 1 of the Constitution requiring that all real property “shall be assessed according to the same standard of value.”

Representatives of the New Jersey State Grange and the New Jersey Farm Bureau appeared before the Commission and the Tax Advisory Committee at a public hearing in Trenton on April 27, 1962 and again in Newark on September 13, 1962. They presented the adverse effects of the mounting property tax burden on the farmers of New Jersey. Both groups especially emphasized the claims that property taxes per acre of farm land "have increased faster in New Jersey" than in competing states; that within the State, per capita property taxes have increased more rapidly in rural areas than in urban areas; that property taxes per acre and per farm are higher in New Jersey than in every other state in the Nation; and that the burden of the property tax on the farmer is greater than on the rest of the population because the level of farm income is low.

Both farm groups expressed the view that if agriculture is to survive in New Jersey, the property tax burden on farm lands must be eased. It is not economically possible, it was said, to continue acreage in agricultural use if it is to be valued for property tax purposes at its "highest and best" use: *e.g.*, industrial, commercial or residential development. While mentioning several possible approaches to a solution of the farm tax problem, including agricultural zoning, tax deferral and a general tax act provision that all real property, regardless of classification, be valued for tax purposes solely on the basis of its actual current use, without regard to a "higher and better" potential use, it was the belief of these two groups that the most satisfactory solution would be an amendment of Article VIII of the Constitution to include the specific provision of Chapter 51, relating to the valuation of acreage in actual agricultural use which was declared invalid by the Supreme Court in the *Switz* Case.

On the broad tax policy, both groups urged the Commission to recommend: 1) A 3 percent sales tax with food, prescription drugs, raw materials used in manufacture and those items already subject to New Jersey selective sales taxes, exempt—subject to the over-all condition, however, that the major portion of the revenue from such a tax be used to increase State aid to local schools; 2) Some form of curb on local property tax increases; 3) Elimination of the property tax on inventories; 4) A curb on the granting of property tax exemptions; and 5) Adequate State financial support when the Legislature imposes mandatory spending programs on county, school and municipal governments. And finally there was a suggestion that the Commission give careful thought to the merits of a State capital gains tax on sales of tangible and intangible property.

The testimony of these farm organizations has been most helpful to the Commission and has very ably directed attention to a serious problem of agricultural interests in this State. However, since the adoption of J. R. 5 (1962), Governor Hughes has appointed a special citizens' committee to

study the farm tax problem and advise him as to possible solutions. In view of this fact the Commission is of the opinion that it should leave disposition of this particular tax question to the Governor's special committee.

RAILROAD TAXATION

The railroad tax problem has long been acute because of the heavy property tax burden generally in parts of the State where railroad property is concentrated. To emphasize this problem, a representative of the Central Railroad of New Jersey testified before the Commission and the Tax Advisory Committee at a public hearing on April 26, 1962 and subsequently two statements were filed on behalf of the Associated Railroads of New Jersey comprising the ten major railroad systems operating in the State.¹

These presentations stressed the serious financial plight of these railroads, said to be much worse now than during the 1932 Depression; their heavy and mounting operating losses, especially from commuter and passenger service; the abandonment of substantial trackage and acreage of railroad property in New Jersey because of taxes; the heavy burden of New Jersey property taxes as compared with other states; the composite systems deficit of \$64 million in 1961; and a drop in the composite working capital of these roads from \$42 million as of December 31, 1959 to a deficit of \$66 million on June 30, 1961. In emphasizing the importance of the railroad industry to the general economy of the State and the heavy dependence of industry and business upon the railroads, it was pointed out that the roads in 1946 employed 40,000 persons within New Jersey, while in 1960 the number had dropped to 21,000, although total payrolls had moved up from \$110 million in 1946 to \$123 million in 1960, and that the railroads move more than 100,000 commuters daily and transport about 11 million tons of freight originating here and 31 million tons terminating here.

The railroad spokesmen (like the New Jersey farmers) pointed out that railroads require large real property holdings in the performance of their transportation services, but derive low earnings per acre from their use, and that neither industry can survive if their properties are valued for tax purposes on the basis of potential industrial or commercial uses. In fact, they alleged even a worse position than the farmers in that they are a regulated utility and therefore not free to capitalize on a profitable sale of operating property or to abandon unprofitable operating property.

¹ New Jersey Commission on State Tax Policy, *Public Hearings on New Jersey's Tax Problems* (April 27, 1962), Vol. III, p. 1A., and Vol. IV, pp. 9-37.

On behalf of the railroads it was urged that:

- 1) Railroad properties be valued in the light of their actual use and earning capacity.
- 2) Obsolete railroad structures should not be valued on a reproduction cost basis, because they would not be reproduced in their present design or size.
- 3) Waterfront land assessments should be revalued and reduced.
- 4) The principle of the *Kents* Case should be applied in making the initial assessments on railroad property by the Director of Taxation.
- 5) The State tax on Class I and Class III railroad properties should be eliminated.
- 6) All passenger facilities, whether in Classes I, II or III, should be exempted because they do not produce a profit, but are maintained only as a public service.
- 7) All Class II real property should be removed from local taxation and taxed at the State level for State use at a fixed tax rate to produce approximately \$7.5 million annually.
- 8) Replacement revenue should be provided by the State and apportioned back to the municipalities in lieu of the Class II tax they presently receive.

The subject of railroad taxation has been examined and re-examined by several legislative commissions and committees over a period of many years. In fact the subject is not new to this Commission since its *Third Report* (1948) was entitled *The Taxation of New Jersey Railroads*.

Article VIII, Section 1 of the 1947 Constitution providing that all real property taxed by the State for allotment and payment to taxing districts "shall be taxed at the general tax rate of the taxing district in which the property is situated, for the use of such taxing district," required revision of the 1941 Railroad Tax Act¹ since that act provided for the taxation of all Class II railroad property at a flat rate of 3% even though the tax was for allotment and payment to the municipalities in which such property was located.

At that time the Commission, after fully reviewing the taxation of railroads operating in New Jersey, stated:

"* * * that the economic condition of the railroads as a group, or at least those railroads which serve New Jersey, and the comparative tax burden imposed in other states, would normally warrant a reduction in the railroad tax imposed in this State. A reduction cannot be recommended, however, at a time when all other property owners are being required to increase their contributions to the cost of government, and at a time when the State is faced with the need for additional new revenue. By the same token, it is a much better time, when the revenue structure is being revised, to take advantage of the opportunity to adjust State finances to declining railroad tax revenues."²

¹ Chapter 291, Laws of 1941 (R. S. 54:19-1, *et seq.*)

² *Third Report of the Commission on State Tax Policy* (1948), *The Taxation of New Jersey Railroads*, p. 24.

In examining more closely the economic position of the railroads, the Commission made the following observations, which have become more acute in the intervening years:

“* * * Railroad taxpaying capacity is largely dependent upon general economic conditions. Two special factors are noticeable: The first is that the ratio of operating expenses to operating revenues has been steadily rising in the railroad industry during the past few years prior to 1947; and the second is that changes in fuels and in the character of our industrial economy and the direct effect of competition have caused a continuing diversion of traffic from the railroads to other forms of transportation, some of which enjoy competitive advantages of lower taxation and even of government subsidy. * * *” (p. 26.)

It is quite clear that since 1948 there has been no improvement in the economic status of the railroads. Quite the reverse, competition from air and highway carriers has increased, rail traffic has declined, railroad operating ratios have worsened, and railroad deficits have become the rule rather than the exception.

Table 47 is a statement of system profit or loss results for 1959, 1960 and 1961 of the major railroad systems operating in New Jersey as reported by the Associated Railroads of New Jersey. System working capital in 1945, 1959, 1960 and 1961 of these railroads as reported by the Associated Railroads is shown in Table 48.

Table 47
NEW JERSEY RAILROADS
System Net Income or (Deficit)
(1959 - 1961)

System	1959	1960	1961
Jersey Central	(\$2,855,987)	(\$4,292,037)	(\$7,093,028)
Erie	(5,684,887)	.....	.....
Lackawanna	(4,334,883)	.....	.....
Erie-Lackawanna	(10,019,770)	(19,995,614)	(26,488,759)
Lehigh & Hudson	102,974	95,147	127,068
Lehigh Valley	(2,402,114)	(3,240,185)	(8,320,287)
N. J. & N. Y.	(82,806)	(9,203)	35,718
New York Central	8,402,968	1,038,253	(12,549,048)
Susquehanna	(588,354)	(402,514)	(394,280)
Pennsylvania	7,267,135	(7,819,112)	3,515,586
Penn-Reading	(6,275,327)	(6,454,146)	(6,357,770)
Reading Co.	1,847,575	1,154,904	(6,257,113)
Totals	(\$4,603,706)	(\$39,924,507)	(\$63,781,913)

Source: Associated Railroads of New Jersey.

Table 48
NEW JERSEY RAILROADS
Working Capital 1945 - 1961 *

	Dec. 31, 1945	Dec. 31, 1959	Dec. 31, 1960	June 30, 1961
Jersey Central	\$8,375,119	\$6,251,515	\$4,682,654	\$206,542
Erie	22,033,286	3,645,695	.....	.....
Lackawanna	9,958,818	10,908,659 ¹	.....	.....
Erie-Lackawanna	31,992,104	14,554,354	3,772,799	(4,219,741)
Lehigh & Hudson	846,820	406,609	511,949	629,889
Lehigh Valley	11,520,453	3,586,292	1,348,141 ²	(1,832,720)
N. J. & N. Y.	(1,898,098)	(215,565)	(161,798)	(159,498)
New York Central	141,450,639	14,748,840	12,198,535	(33,576,704)
Susquehanna	1,845,047	(689,575)	(278,168)	(465,175)
Pennsylvania	156,239,920	5,431,503	2,428,615	(22,997,138)
Penn-Reading	(2,633,406)	(5,983,211)	(3,030,683)	(3,627,196)
Reading	14,634,957	3,451,402	4,068,851	(435,666)
Combined Total	\$362,383,565	\$41,542,164	\$25,540,895	(\$66,477,407)

Note: Figures in parenthesis () are deficits.

* Includes materials and supplies and debt due within one year.

¹ Includes sale of Nickel Plate stock in 1959 for \$20,000,000.

² Includes sale of Black Tom explosion claims for \$1,000,000.

Source: Associated Railroads of New Jersey.

Property and franchise taxes assessed against all railroads operating in New Jersey for 1960 totaled \$18.4 million; for 1961, \$18.2 million; and for 1962, \$17.4 million. These totals included "Class II" railroad property taxes for the same periods, all of which are apportioned to the municipalities in which such property is located, in the following amounts: 1960, \$15.6 million; 1961, \$15.7 million, and 1962, \$14.9 million. (See Tables 49 and 50.)

Table 49
NEW JERSEY RAILROAD TAXES
1960-1962

Year	Property Taxes			Franchise Tax For State Uses	Total Railroad Tax
	State Uses (Classes I-III)	Local Uses (Class II)	Total (Classes I-II-III)		
1960	\$2,527,338	\$15,567,035	\$18,094,373	\$318,230	\$18,412,604
1961	2,393,775	15,230,611	18,124,386	107,445	18,231,831
1962	2,401,112	14,909,027	17,310,139	129,857	17,439,996

Source: Division of Taxation, Department of the Treasury.

Table 50
RAILROAD TAX BASE, 1962

Tax Base	Assessed Val.	% of Total Val.	Tax for State Use	% of Total Tax	Tax for Local Use	% of Total Tax
Classes I and III ...	\$292,804,225	67.22%	\$2,401,112	13.77%	.....	.....
Class II	142,793,091	32.78	.....	.....	\$14,909,027	85.49%
Franchise .....	.....	.....	129,857	.74	.....	.....
Totals	\$435,597,316	100.00%	\$2,530,968	14.51%	\$14,909,027	85.49%

Source: Division of Taxation, Department of the Treasury.

Table 51
DISTRIBUTION OF 1962 RAILROAD TAXES, BY COUNTIES

County and District	Class II Valuations			Class II Taxes		
	County and District	% County to Total	% District to County	County and District	% County to Total	% District to County
Hudson County	\$106,843,910	74.82%	....	\$11,415,272	76.57%	....
Jersey City	67,431,749	....	63.11%	7,679,128	....	67.27%
Weehawken	16,349,392	....	15.30	1,331,985	....	11.67
Hoboken	9,590,663	....	8.98	1,103,214	....	9.66
West New York	6,906,501	....	6.46	793,902	....	6.96
Other Districts	6,565,605	....	6.15	507,043	....	4.44
Essex County	13,290,765	9.31	....	1,391,607	9.33	....
Newark ¹	11,829,859	....	89.01%	1,270,527	....	91.30%
Other Districts	1,460,906	....	10.99	121,080	....	8.70
Middlesex County	4,552,321	3.19	....	528,980	3.55	....
Woodbridge ²	621,279	....	13.65%	115,247	....	21.79%
South Amboy	1,519,552	....	33.38	161,832	....	30.59
Perth Amboy	740,823	....	16.27	80,083	....	15.14
Other Districts	1,670,667	....	36.70	171,818	....	32.48
Union County	5,049,247	3.54	....	471,447	3.16	....
Elizabeth	3,104,827	....	61.49%	300,547	....	63.75%
Other Districts	1,944,420	....	38.51	170,900	....	36.25
Camden County	2,402,630	1.68	....	201,735	1.35	....
Camden City	2,290,235	....	95.32%	191,464	....	94.91%
Other Districts	112,395	....	4.68	10,271	....	5.09
5 Counties	\$132,138,873	92.54%	....	\$14,009,041	93.96%	....
16 Counties	10,654,218	7.46	....	899,986	6.04	....
21 Counties	\$142,793,091	100.00%	....	\$14,909,027	100.00%	....

¹ After reduction to conform to 50% ratio.
² 15% ratio.

Table 51 shows that in excess of 93% of the 1962 Class II tax was shared by the municipalities in 5 of the 21 counties. The extent of the concentration of Class II railroad property is further illustrated by the fact that the municipalities of Hudson County, in the same year, had 75% of the total valuation and received 77% of the total Class II tax.

Jersey City's share of the 1962 Class II Tax was \$7,679,128 or 52% of the total tax. As shown in Table 52, 84% of the Class II tax for 1962 went to six municipalities. Four of these were in Hudson County, one in Essex County and one in Union County. The great dependence of a few

Table 52
CONCENTRATION OF CLASS II RAILROAD VALUATIONS AND TAX BY MUNICIPALITY, 1962

District	Class II Valuations		Class II Tax	
	Amount	% of Total	Amount	% of Total
Jersey City (Hudson)	\$67,431,749	47.22%	\$7,679,128	51.51%
Weehawken (Hudson)	16,349,392	11.45	1,331,985	8.93
Newark (Essex)	11,829,859	8.28	1,270,527	8.52
Hoboken (Hudson)	9,590,663	6.72	1,103,214	7.40
West New York (Hudson)	6,906,501	4.84	793,902	5.32
Elizabeth (Union)	3,104,827	2.17	300,547	2.02
Totals	\$115,212,991	80.68%	\$12,479,303	83.70%
Totals for State	\$142,793,091	100.00%	\$14,909,027	100.00%

municipalities on this tax is indicated by the further fact that in Weehawken the assessed valuation of Class II railroad property in 1962 constituted 43% of the total ratables of the district, and in Jersey City 15%. State-wide there were four districts where the assessed valuation of such property comprised more than 10% of the aggregate local ratables as shown by the following table:

Municipality	Class II Valuation	Total Ratables of Municipality	% of Total Ratables
Weehawken	\$16,349,392	\$37,648,924	43.43%
Jersey City	67,431,749	464,220,054	14.53
West New York	6,906,501	56,288,376	12.27
Hoboken	9,590,663	80,993,463	11.84

It is quite evident that many municipalities rely heavily upon the receipt each year of Class II railroad taxes for the support of their budgets. The dependence in a few of the districts is so great that withdrawal of Class II taxes as a source of municipal revenue would clearly be disastrous. Actually, there does not appear to be any sound reason why those municipalities with large concentrations of Class II property should be called upon to subsidize the railroads, the other districts of the State, or for that matter the rest of the country, which must depend upon the terminal facilities of these major railroad systems, located in these districts. For this reason, any thought of eliminating or reducing this Class II tax definitely requires some form of replacement revenue for the districts affected.

Actual withdrawal or curtailment of commuter services by some railroads and the threat of other roads to do so has emphasized the seriousness of the commuter problem. Recognizing the fact that the railroads should not be required to subsidize commuter traffic—at least not to the extent that they have been doing in the face of heavy operating losses—the State has initiated a policy of partial subsidization of commuter traffic costs within the State of those railroads heavily involved with this type of transportation. This takes the form of a contract between the State and the railroad under which the latter agrees to maintain a stipulated level of commuter service for a specified period in consideration of a cash payment by the State.

Under this program there is at least the novel situation of the State buying commuter service on the one hand and taking a part of the consideration back by taxation on the other hand. This is not to suggest incompatibility in the operation of the two parts of the plan. It is recognized that partial subsidization of commuter service cannot be accomplished solely by adjustments in the railroads' tax liability. Thus it may well be desirable that both approaches to the handling of the problem be available to the State as the subsidy plan progresses.

Adjustments in the tax law would be difficult, if not impossible, so long as the Class II tax goes back to the municipalities. Aggregate Class II taxes have remained relatively stationary over the past few years:

	<i>Class II Tax</i> <i>(millions)</i>
1962	\$14.9
1961	15.7
1960	15.5
1959	14.9
1958	15.0
1957	14.5
1956	14.3

While the trend has been slightly upward, there is always the possibility of reduction in the over-all amount of this tax under equalization programs and the ruling of the Supreme Court in the *Kents* Case.

If all railroad taxes were assessed and collected by the State for the use of the State, adjustments in this part of the total tax from time to time, as circumstances might require, could be made by the Legislature with a minimum of fiscal dislocation. Such a step would require that the State provide replacement revenue in the amount of the Class II tax payable to the municipalities in the year of change. So far as the municipalities are concerned, this would in effect freeze for the future the amount of this replacement revenue. On balance, local government would give up the doubtful possibility of valuation and tax rate increases, but would be protected against the possibilities of valuation decreases in this class of property, and would acquire the benefit of certainty of amount from the replacement revenue.

As a first step toward a rational solution of the railroad tax problem the Commission recommends that all railroad taxes be for State use and that the State provide replacement revenue for the municipalities to save them harmless as a result of this change in tax policy. The replacement revenue could be derived partially from the continued taxation of railroads and partially from any new tax source which the State may adopt.

This recommended change in tax policy raises some difficult adjustment problems which the Commission, because of lack of time, cannot resolve in this report. The effect of elimination of Class II valuations on the annual apportionment of county costs, and the annual determination of the amount of the local share in State aid formulas, raise questions which must be considered; but it is believed that the transition problems would be soluble once the railroad tax is released from its ties with local finance. If the recommendations are acceptable in principle they can be remanded to the Commission for further study and report.

PUBLIC UTILITY GROSS RECEIPTS TAX

For a long time there has been complaint by many municipalities of the manner in which the public utility gross receipts tax is apportioned among the taxing districts. This tax is in lieu of the tangible personal property tax and is imposed under Chapter 5, Laws of 1940, as amended (N. J. S. A. 54:30A-49 *et seq.*) at the rate of 7½ percent of the gross receipts of street railway, sewer, water, traction, gas and electric light, heat and power companies, from their business over, on, in, through or from their lines, mains, etc., in this State. The only public utilities not now covered by Chapter 5 are the telephone and telegraph companies, whose tangible personal property continues to be taxable locally.

The gross receipts tax is State-assessed and apportioned back to the taxing districts according to the proportion which the scheduled value of property of the taxpayer located in each taxing district bears to the total scheduled value of property of the taxpayer in the State. The value of scheduled property is itemized in the statute for each type of utility property and the aggregate gross receipts tax, less State administrative costs, is apportioned back to the respective taxing districts of the State in which such property is located on the basis of these scheduled property values.

The annual yield of this tax is substantial and has been increasing at a surprising rate, as shown below:

<i>Year</i>	<i>Gross Receipts Tax (in millions)</i>
1940	\$ 6.4
1950	14.4
1955	26.3
1956	28.3
1957	31.3
1958	33.8
1959	36.3
1960	39.2
1961	42.0
1962	48.4

These increases are primarily attributable to three factors:

- (1) The tremendous growth in population and public utility services during this 22-year period.
- (2) Increases in the rate of the tax over the years, until the rate was stabilized at 7.5% in 1958.
- (3) The addition in 1961 of water companies to the group of utilities covered by the act caused the above-average increase in 1962 over 1961.

Like the utility franchise tax, the utility gross receipts tax, which is assessed at the rate of 5 percent of allocated gross receipts of all public utilities operating in the State, is for local use. Both taxes are State-assessed, but no part of either tax is retained by the State, except a relatively nominal sum to reimburse the State for administrative costs. Both taxes appear to be acceptable to the taxpayers and to the municipalities, but it has been strongly urged that the method of sharing the proceeds of the gross receipts tax by the municipalities works inequitably among the districts.

It is a fact that a relatively small number of municipalities receive a large proportion of the total gross receipts tax; some in amounts which are wholly disproportionate to their total general property tax levies. The following list covers a few of these municipalities and relates their share of the 1962 gross receipts tax to their local property taxes in 1962.

<i>Municipality</i>	<i>Gross Receipts Tax</i>	<i>Property Tax</i>	<i>Gross Receipts as a % of Property Tax</i>
1. Holland Twp. (Hunterdon)	\$465,699	\$96,309	483.5%
2. Ridgefield Boro. (Bergen)	1,999,428	738,188	271.0
3. Burlington City (Burlington)	1,685,045	654,189	257.6
4. Upper Twp. (Cape May)	284,588	271,925	104.6
5. East Hanover Twp. (Morris)	430,485	692,735	62.1
6. South Amboy (Middlesex)	375,083	693,937	54.1
7. Harrison (Hudson)	1,142,418	2,484,408	46.0
8. Lower Penns Neck Twp. (Salem) ..	857,295	2,145,757	40.0
9. Sayreville (Middlesex)	1,114,457	2,866,157	38.9
10. Kearney (Hudson)	2,110,196	5,917,163	35.7
11. Hamilton Twp. (Mercer)	2,583,895	7,697,723	33.6
12. Linden (Union)	1,810,085	8,152,056	22.2
13. Edison (Middlesex)	1,113,866	6,379,988	17.5
14. Woodbridge (Middlesex)	1,960,463	11,240,833	17.4

Heavy gross receipts tax collections occur in these municipalities because large public utility installations are located there, principally electric generating stations and other large units in the distribution system. Since the apportionment of gross receipts taxes is on the basis of unit values of scheduled property on private property as well as on public rights of way, and since the unit values of these large generating and substation installations are high in proportion to the unit values of other scheduled property, mostly on public rights of way, it necessarily follows that those districts with generating and substation units receive a high percentage of the total gross receipts tax.

It is claimed that the tax has always been considered as a tax in lieu of the local property tax on the tangible personal property of those utilities included within the gross receipts tax act, and for that reason the formula for the apportionment of these taxes was intended, at the time of its adoption and ever since, to be a reimbursement to the municipalities for the

loss of property taxes on this class of public utility company personal property. This argument fails to recognize, however, that State law now feeds the utility tax revenue into the municipal coffers regardless of the local tax rate whereas any local taxation of any other property would be limited to the general property tax rate.

There is considerable support for the claim that utility gross receipts are derived from the sale of services throughout the State—that the utility customer provides the utility income—and, therefore, that this tax should be distributed among the municipalities in a way which provides a more even sharing. This means, in substance, that the base of the tax is the utility revenue derived from customers, not the generating station and distribution equipment, and, therefore, that the distribution should be on the basis of people rather than property.

These are the two opposing schools of thought. They have been urged ever since the adoption of the present apportionment formula more than twenty years ago. Without attempting to decide which one carries more weight, it is quite clear that there is a factor in the present apportionment procedure which is inequitable and which should be revised. So long as the tangible personal property of these utilities remained subject to local property taxation, the assessed value of such property was part of a district's ratables and entered into the valuations upon which county taxes were apportioned. Upon the adoption of the gross receipts tax these ratables went off the local tax rolls and no longer formed a part of the net valuation taxable for county tax apportionment purposes. As a result those districts with large utility installations not only received a large share of the gross receipts tax but also were freed of sizable payments to the county in support of the cost of county government. The gross receipts tax in lieu of a property tax is part of the wealth of a district, as much as real and personal property tax ratables, and there is no apparent reason why they should not provide a basis for the assumption of county costs.

To overcome the effect of this double benefit—a major share of the gross receipts tax and avoidance of a fair share of the county tax—the Commission recommends that an imputed ratable value be placed upon each district's share of the gross receipts tax and that such imputed value be included in the district's net valuation taxable upon which county taxes are apportioned.

To give effect to this recommendation the Commission further recommends that such imputed value be determined:

(1) By capitalizing the amount of the gross receipts tax received by the district on the basis of the general property tax rate of the district for the preceding tax year; and

(2) By equalizing such capitalized value at the average assessment ratio of the district as determined by the Director of Taxation on the preceding October 1 for school aid purposes.

This procedure will result in a wider and fairer distribution of the effect of the gross receipts tax among the municipalities. The results of the application of such a procedure, on the basis of 1962 figures, are shown in the Compendium Table, column 8. The reported figures indicate the amount by which each district's share of the cost of county government would have been increased or decreased if the procedure had been in operation.

CONCLUSION

These special problems of property taxation suggest the pervasive influence of the property tax in State and local finance. Other matters of equally broad implication, such as questions in the administration of the property tax, have been reserved for future reports.



PART V

STATE FISCAL OUTLOOK

GENERAL REQUIREMENTS

The broad nature of the inquiries addressed to the Commission by the Legislature in the 1961 and 1962 Joint Resolutions emphasizes the interdependence of the various aspects of the State and local fiscal situation. As stated in the Introduction to this Report, the Commission accordingly found it necessary to consider estimates of the State Government's aggregate future expenditures and revenue needs. Additional State aid to the public schools and personal property tax changes must fit into the State's over-all fiscal needs and capabilities; and so must the Commission's recommendations as to how to "insure a fair and equitable distribution of the costs of governmental services between the State and its political subdivisions and among the residents of the State and the business, industrial and commercial enterprises carried on therein." (1962 Joint Resolution.)

Estimates for the coming ten years of the cost of continuing present State services and State aids at current levels, and forecasts of State revenues from present taxes and other sources, were provided, at the Commission's request, by Budget Director Abram M. Vermeulen. These estimates are based upon projections and analyses of the appropriate department and agency heads in the Executive Branch and by the Administrative Office of the Courts and by the Office of Legislative Budget and Finance Director, for the Judicial and Legislative branches respectively. The results for all three branches have been consolidated and appear in Appendix Tables 38A, 38B and 38C, as submitted in the report of Director Vermeulen, received by the Commission in June, 1962.

These forecasts of the 10-year cost of existing expenditure programs and of revenues from present tax and other sources now used by the State, demonstrate that additional revenues, over and above present revenue sources and regardless of any recommendations of the Commission will be required, as shown in Table 53.

HIGHER EDUCATION ALTERNATIVES

If the State were to provide \$125,000,000 for capital construction by 1970 for State-supported higher education, according to Director Ver-

meulen, additional revenues would be required to meet the additional deficits, as shown in Appendix Table 40. No final action has been taken on the Strayer report; and question has been raised as to whether the number of students which the report contemplates can be accommodated with necessary buildings at the minimum cost figures given in the report.¹

The annual deficit would be greater if the construction program is financed on a pay-as-you-go basis rather than on a bond issue basis, although total expenditures, including interest, would be greater with a bond issue. These alternative requirements added to those shown in Table 53, are recapitulated in Table 54.

REQUIREMENTS OF PARTS II AND III OF THIS REPORT

In addition to the foregoing, the recommendations of the Commission for State school aid increases (Part II of this Report) and for State aid to replace municipal property tax collections from business inventories (Part III of this Report) would require for fiscal 1963-1964:

<i>Purpose</i>	<i>Increases of</i>	
State school aid for operating expenses		
(a) New Formula	\$64,300,000	
(b) Elimination of time lag in pupil count	6,300,000	
	<hr/>	\$70,600,000
State school aid for capital construction		
(a) New Formula	8,300,000	
(b) Elimination of time lag in pupil count	5,300,000	
	<hr/>	13,600,000
Replacement for personal property tax on inventory	40,000,000	
Less net additional revenue from corporation taxes	30,000,000	
	<hr/>	\$10,000,000
		<hr/>
		\$94,200,000

This Commission believes that future increases in State aid requirements under the proposed new formulas will probably be offset by normal growth in the proposed revenue sources.

POSSIBLE ADDITIONAL SERVICES AND AIDS

In response to a further request from the Commission, Director Vermeulen, under date of September 12, 1962, submitted cost estimates of certain new State services and State aids, or increased levels thereof, which have been proposed as necessary or desirable by various private and official bodies. Any of such increases would only occur if existing legislation were altered or new legislation enacted providing for these new or increased services or aids. (Director Vermeulen's submission of

¹ The recommendation in the report of Dr. George D. Strayer and Dr. Charles R. Kelly to the State Board of Education, dated April, 1962, was for buildings which they estimated would cost a minimum of \$134,322,269.

Table 53
ADDITIONAL REVENUES REQUIRED TO FINANCE EXISTING
STATE SERVICES AND AIDS
STATE OF NEW JERSEY, 1963-1972

Fiscal Year Ending June 30,	Increase Required Over Prior Year	Cumulative Annual Increase Required Over Fiscal 1963
1963 .....	.....	.....
1964	\$25,000,000	\$25,000,000
1965	15,000,000	40,000,000
1966	15,000,000	55,000,000
1967 .....	.....	55,000,000
1968	5,000,000	60,000,000
1969	10,000,000	70,000,000
1970	10,000,000	80,000,000
1971	10,000,000	90,000,000
1972	5,000,000	95,000,000
Aggregate Increases Over Fiscal 1963 Required 1963-72		\$570,000,000

Source: Division of Budget and Accounting, Department of the Treasury, June, 1962.

the estimates, of course, should not imply that he necessarily concurs that they are needed.) In addition, estimates for the first three items in Table 55 were derived from testimony by Highway Commissioner Dwight R. G. Palmer. A summary of these estimates appears in Table 55.

If the estimates appearing in Tables 53, 54, and 55 above are combined with the Commission's recommendations for additional State aid to public schools and for replacement of municipal revenues from taxation of business inventories under the property tax, the additional revenues required would be as shown in Table 56 for the fiscal year ending June 30, 1964.

The Commission has not been authorized or directed by the Legislature to evaluate the need for any additional expenditures, except in the case of State aid to the public schools. It is clear, however, that *all* services for which a reasonable need exists cannot possibly be paid for without taxes of unbearable weight; but the Commission was impressed by the apparent urgency of some of the needs in addition to State aid for schools, namely:

First, as shown in Part I, the present distribution of the total State and local tax burden is so unduly heavy on the local property taxpayer, that increased State aid to local governments in fields other than schools would be desirable to lighten the property tax load;

Second, State aid to local highways and roads has remained constant at about \$17,000,000 a year since the fiscal year 1953, while State expenditures for highways from its own revenues have more than doubled (and

Table 54
EFFECT OF ALTERNATIVE MEANS OF FINANCING HIGHER EDUCATION
CAPITAL COSTS ON STATE REVENUE NEEDS
STATE OF NEW JERSEY, 1963-1972

A
Providing funds for State services and aid at present levels and
for higher education construction on pay-as-you-go basis.

Fiscal Year Ending June 30,	Increase Required Over Prior Year	Cumulative Annual Increase Required Over Fiscal 1963
1963 .....	.....	.....
1964	\$50,000,000	\$50,000,000
1965	15,000,000	65,000,000
1966	15,000,000	80,000,000
1967 .....	.....	80,000,000
1968	5,000,000	85,000,000
1969 .....	.....	85,000,000
1970 .....	.....	85,000,000
1971 .....	.....	85,000,000
1972 .....	.....	85,000,000
Aggregate Increases Over Fiscal 1963 Required 1963-1972		\$700,000,000

B
Providing funds for State services and aid at present levels and
for higher education construction by \$125,000,000 bond issue.

Fiscal Year Ending June 30,	Increase Required Over Prior Year	Cumulative Annual Increase Required Over Fiscal 1963
1963 .....	.....	.....
1964	\$25,000,000	\$25,000,000
1965	15,000,000	40,000,000
1966	15,000,000	55,000,000
1967	5,000,000	60,000,000
1968	5,000,000	65,000,000
1969	10,000,000	75,000,000
1970	15,000,000	90,000,000
1971	15,000,000	105,000,000
1972	5,000,000	110,000,000
Aggregate Increases Over Fiscal 1963 Required 1963-1972		\$625,000,000

(It is of course apparent that additional expenditures for interest and principal in connection with the bond issue would be required in subsequent years.)
Source: Division of Budget and Accounting, Department of the Treasury.

Federal funds received and spent by the State have also greatly increased), and the need for local road improvements to serve rising traffic demands has increased markedly during a period when other local government costs and tax rates have more than doubled;

Third, it appears likely that better local mental health services and clinics would not only prevent or lessen mental illness for many citizens, but also thereby reduce the cost of hospital and other care for mental patients, but most communities will not or cannot finance these services without increased grants-in-aid.

Table 55
STATE OF NEW JERSEY
SUMMARY OF ESTIMATES OF ANNUAL COSTS OF SUPPLEMENTAL
STATE EXPENDITURE PROGRAMS

Pay-As-You-Go		Purpose S—State-provided Service L—State Aid to Counties and Municipalities	Bond Issue	
Minimum	Maximum		Minimum	Maximum
\$60,000,000	\$63,000,000	S—Highway	\$30,000,000	\$30,000,000
7,000,000	28,000,000	S—Railroads	7,000,000	28,000,000
5,000,000	39,200,000	L—Local Highway	5,000,000	39,200,000
13,700,000*	14,000,000*	L—Local Welfare	13,700,000*	14,000,000*
1,500,000	4,500,000*	L—Kerr-Mills	1,500,000	4,500,000*
1,330,000	5,000,000*	L—Mental Health	1,330,000	5,000,000*
4,000,000	4,000,000	S—Police Pension	4,000,000	4,000,000
2,200,000	4,100,000	L—Local Health	2,200,000	4,100,000
15,000,000	15,000,000	L—Water and Sewage	15,000,000	15,000,000
7,500,000	10,000,000	S—I. & A. and Other Capital ...	4,500,000	6,000,000
150,000	150,000	S—Urban Department	150,000	150,000
<u>\$117,380,000</u>	<u>\$186,950,000</u>		<u>\$84,380,000</u>	<u>\$149,950,000</u>
<i>Summary, by State and Local Use</i>				
\$38,730,000	\$81,800,000	Local Aid from State	\$38,730,000	\$81,800,000
78,650,000	105,150,000	State Level Services	45,650,000	68,150,000
<u>\$117,380,000</u>	<u>\$186,950,000</u>		<u>\$84,380,000</u>	<u>\$149,950,000</u>

* Assuming State's share 75%, county or municipal 25%.
Source: Division of Budget and Accounting, Department of the Treasury and State Highway Department.

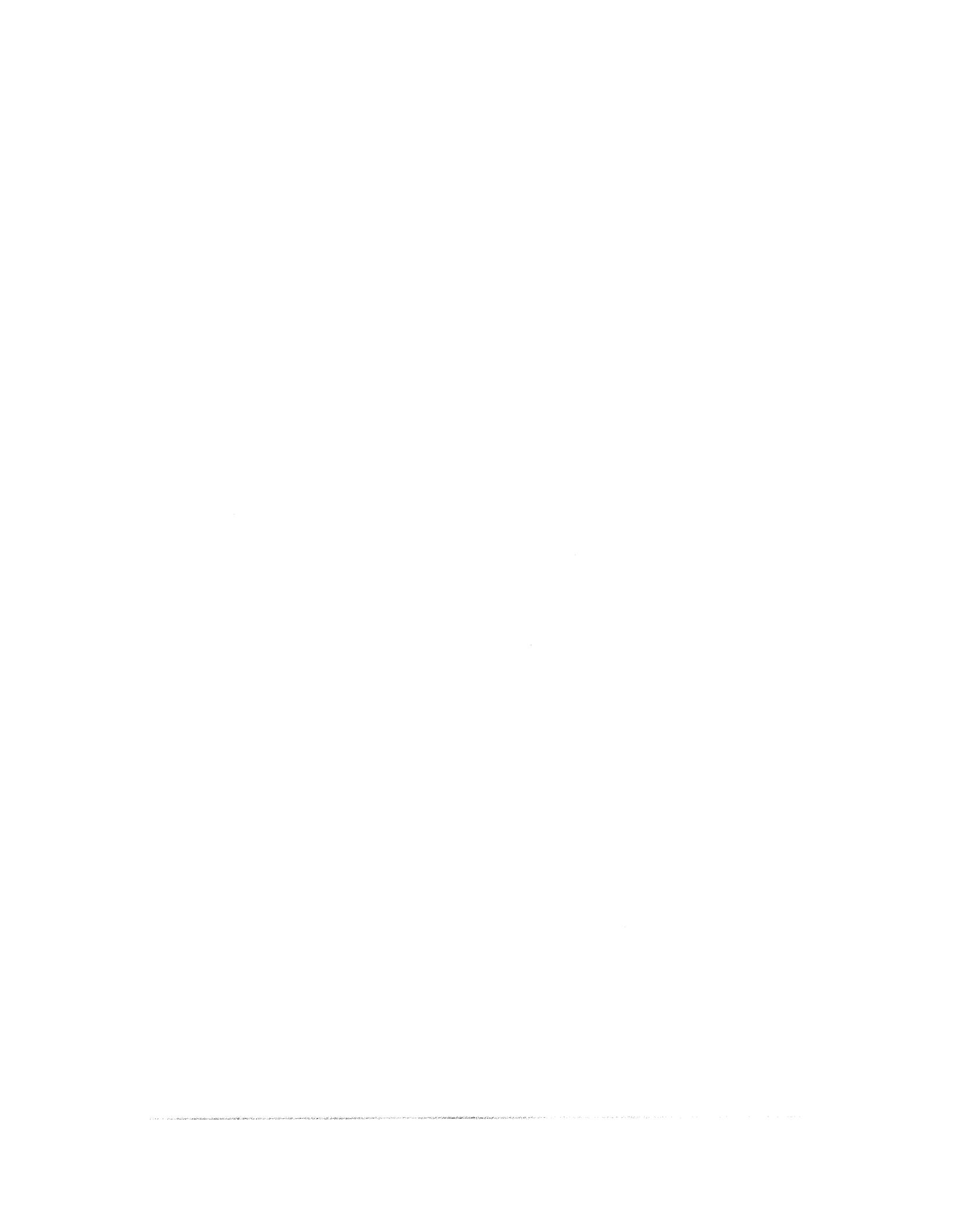
Table 56
COMBINED ESTIMATED INCREASES REQUIRED FOR 1963-1964
OVER FISCAL YEAR 1962-1963

Purpose	Pay-as-you-go	Bond Issue
Present level of services	\$25,000,000	\$25,000,000
Strayer report for higher education	25,000,000	.....
Increased State aid to public schools	84,200,000	84,200,000
Net personal property tax replacement	10,000,000	10,000,000
Table 55 "minimum" additional State aid	38,730,000	38,730,000
Table 55 "minimum" State level services	78,650,000	45,650,000
Totals	\$261,580,000	\$203,580,000

(Estimates of increased revenues that might be needed would vary during subsequent fiscal years as is apparent from Tables 53, 54 and 55.)

Source: Division of Budget and Accounting, Department of the Treasury.

The Commission therefore concludes that it should recommend a source or sources of revenue sufficiently flexible to permit the State, should its government so decide, to increase present State services and State aids in addition to State school aid.



PART VI

THE REVENUE PROGRAM

This report must now turn to the problem of sources of additional revenue which would be required to finance the Commission's recommendations for increased State aid to school districts, reform in the taxation of business personalty and redistribution of the costs of governmental services. It should be apparent that there is no quick, cheap or agreeable solution to the revenue problems of New Jersey if this State is to meet its responsibilities.

Additional State revenues of \$164,000,000 annually will be required, beginning in fiscal year 1963-1964, for the following purposes:

Additional school aid	\$84,000,000
Replacement of personal property tax on inventories	40,000,000
Required to balance budget at present level of State services and aid (average July 1, 1963 to July 1, 1966)	40,000,000
	\$164,000,000

If the Strayer Report recommendations for increased State support for higher education are adopted, a further cost for the decade is estimated as follows:

	<i>Pay-as-you-go</i>	<i>Bond Issue</i>
1962-1963	None	None
1963-1964	\$25,000,000	None
1964-1965	25,000,000	None
1965-1966	25,000,000	None
1966-1967	25,000,000	\$5,000,000
1967-1968	25,000,000	5,000,000
1968-1969	None	5,000,000
1969-1970	None	10,000,000
1970-1971	None	15,000,000
1971-1972	None	15,000,000
	\$125,000,000	\$55,000,000

(If this program is supported by a bond issue, there will of course be continued expenditures for debt service after fiscal year 1971-1972.)

If the Governor and the Legislature adopt any of the other possible programs reviewed in Part V, the additional revenue requirements could range from a very small amount to somewhat over \$100,000,000 annually in addition to the \$164,000,000 and the higher education costs referred to above.

The Commission concludes that it should propose a revenue structure which will permit the State Government to have the capability of financing not only the requirements of this Report, but also such further programs as the Governor and the Legislature may deem essential.

EXPANSION OF EXISTING SOURCES OF REVENUE

Replacement of Inventories Yield by Increase in Corporate Income Tax

The problem of financing the \$40,000,000 (1962 estimate) required to replace the local revenues from taxation of business inventories as proposed in Part III, carries a different emphasis from the general revenue needs. It is generally recognized that such replacement must come primarily from taxation of business, just as the benefit of the change would accrue primarily to business.

Any change in business taxation, however, must take into account the competitive tax burdens of other comparable states. As shown in Table 58, the present corporate net income tax rate of 1¾% is exceptionally low, except for the fact that New Jersey corporations also pay a 2-mill net worth tax which in the aggregate amounts to another 2% of corporate income (see Table 57) for a total of 3¾%. If the net income rate were increased to 5%, a rate which is less than in New York and Pennsylvania, and the net worth tax were made a minimum alternative, rather than the additional tax it now is, the estimated increased yield would be \$30,000,000 annually (See Table 57). With this change, the net annual effect of these changes on business would be as follows:

Elimination of local property tax on inventories	\$40,000,000
Increase in corporate tax	30,000,000
	<hr/>
Balance to be raised	\$10,000,000

In effect, corporate business would pay either the 5% income tax or the 2-mill net worth tax, whichever is greater, but not both as at present. In addition to this elimination of the net worth tax as a separate tax, and the exemption of business inventories from the local property tax, the recommendations of Part III of this Report would stabilize local taxation of machinery and equipment. The combined effect of these steps would assure New Jersey of a favorable tax climate for the development of business and employment opportunities, as compared with taxation of business in neighboring states.

The Commission recommends that the corporate income tax rate be increased to 5%, and the net worth tax be converted to an alternative minimum franchise tax, to provide funds for replacement of the local property tax on business inventories.

Table 57
ESTIMATED ANNUAL INCREASE IN CORPORATION TAXES IF INCOME TAX RATE
IS INCREASED FROM PRESENT 1¾ TO 5% AND NET WORTH AND NET INCOME
TAXES ARE PLACED ON AN ALTERNATIVE BASIS, WHICHEVER IS GREATER

Tax	Actual (1961)	Proposed	Increase + Decrease —
		(Amounts in Millions)	
Net Worth Tax	\$28.1	\$12.3	—\$15.8
Net Income Tax	24.5	67.7	+ 43.2
Total	\$52.6	\$80.0	+\$27.4
Adjusted for 90% coverage	5.2	8.0	+ 2.7
Total	\$57.8	\$88.0	+\$30.1

Source: Department of Treasury, Division of Taxation. The estimate is based on a survey of nearly 76,000 corporations, which it is estimated paid about 90 percent of the corporate net worth and net income taxes in 1961. Accordingly a 10 percent addition to survey figures was made to reflect total taxes, actual and proposed. The decrease in net worth tax reflects the effect of the proposal that the higher of the two taxes be paid rather than both as at present. It must be understood that these estimates are based upon the corporate income level in 1960 and are subject to change as economic levels change.

Before considering any new taxes, the Commission has carefully examined each of the existing taxes (See Table 59) to determine whether any of them, either alone or in combination, could provide the remaining required revenues.

Motor Fuels Tax. This is now the largest single source of the State Government's revenues, and during the current fiscal year is expected to yield \$124,500,000 at the current rate of 6c per gallon, which became effective on June 1, 1961, the third increase of 1c per gallon in seven years. Prior to 1954 the rate was only half the present 6c. The present Federal tax of 4c per gallon, added to the State tax, places a total excise tax burden of 10c per gallon on purchases in New Jersey. In addition to this burden factor, many dealers in the State would be adversely affected if New Jersey motor fuels tax rates exceeded those of neighboring states. Although it is estimated that a further increase of 1c per gallon would raise \$20,000,000 annually.

**The Commission finds that it would not be sound
public policy at this time to increase the motor fuels
tax.**

Corporation Taxes. The State's second largest present source of revenue is from corporations and insurance premiums. The yield of all such taxes for the fiscal year ending June 30, 1963 is estimated at \$89,100,000. This sum is composed of the following:

Tax on domestic and foreign insurance	\$19,600,000
Corporation net income tax at 1¾% of the corporate net income allocated to New Jersey	\$32,500,000
Graduated corporate net worth tax on the net worth allocated to New Jersey, at the rate of 2 mills on the first \$100,000,000 of such net worth	\$37,000,000
Total	\$89,100,000

Table 58
CORPORATION INCOME TAXES

State	Year (a) Adopted	1960 Population	Rates (b) %*	Net Worth Tax	Federal Tax Deductible	Collections-1961	
						Income (\$'000's)	Franchise (\$'000's)
Alabama	1933	3,266,740	3%		Yes	\$8,801	\$8,786m
Alaska	1949	226,167	c		No	1,450	.....
Arizona	1933	1,302,161	1-5		Yes	6,074	.....
Arkansas	1929	1,786,272	1-5		No	10,831	.....
California	1929	15,717,204	5.5		No	273,361	.....
Colorado	1937	1,753,947	5		No	18,555	.....
Connecticut	1915	2,535,234	5	f	No	30,792	.....
Delaware	1957	446,292	5		No	6,741	12,123n
District of Columbia	1939	763,956	5		No	.....	.....
Florida	.....	4,951,560	..		.....	.....	.....
Georgia	1929	3,943,116	4		No	24,445	.....
Hawaii	1901	632,772	5-5.5		No	5,826	.....
Idaho	1931	667,191	9.5		Yes	5,493	.....
Illinois	.....	10,081,158	..		.....	.....	.....
Indiana	.....	4,662,498	..		.....	.....	.....
Iowa	1934	2,757,537	3		Yes	4,559	.....
Kansas	1933	2,178,611	3.5		Yes	8,637	.....
Kentucky	1936	3,038,156	5-7		Yes	22,612	.....
Louisiana	1934	3,257,022	4		Yes	17,325	14,116o
Maine	.....	969,265	..		.....	.....	.....
Maryland	1937	3,100,689	5		No	20,498	.....
Massachusetts	1919	5,148,578	6.765	g	Yes	34,756	71,566p
Michigan	.....	7,823,194	..		.....	.....	.....
Minnesota	1933	3,413,864	10.23		Yes	37,186	.....
Mississippi	1921	2,178,141	2-5		No	12,518	3,352q
Missouri	1917	4,319,813	2		Yes	12,000	6,021r
Montana	1917	674,767	4.5		No	4,679	.....
Nebraska	.....	1,411,330	..		.....	.....	.....
Nevada	.....	285,278	..		.....	.....	.....
New Hampshire	.....	606,921	..		.....	.....	.....
NEW JERSEY	1958	6,066,782	1.75	e	No	26,350	33,386s
New Mexico	1933	951,023	3		Yes	k	.....
New York	1917	16,782,304	5.5	h	No	279,057	.....
North Carolina	1921	4,556,155	6		No	54,833	8,410t
North Dakota	1919	632,446	3-6		Yes	1,512	.....
Ohio	.....	9,706,397	..		.....	.....	.....
Oklahoma	1931	2,328,284	4		Yes	14,676	3,323u
Oregon	1929	1,768,687	6		No	20,930	.....
Pennsylvania	1935	11,319,366	6		No	154,343	57,169v
Rhode Island	1947	859,488	6	i	No	8,858	.....
South Carolina	1922	2,382,594	5		No	21,369	.....
South Dakota	.....	680,514	..		.....	4701	.....
Tennessee	1923	3,567,089	3.75		No	21,093	7,998w
Texas	.....	9,579,677	..		.....	.....	.....
Utah	1931	890,627	4	j	Yes	6,305	.....
Vermont	1931	389,881	5		No	2,274	.....
Virginia	1915	3,966,949	5		No	28,736	.....
Washington	.....	2,853,214	..		.....	.....	.....
West Virginia	.....	1,860,421	..		.....	.....	.....
Wisconsin	1911	3,951,777	2-7		Yes	56,942	.....
Wyoming	.....	330,066	..		.....	.....	.....
United States	37d	179,323,175				\$1,264,887	\$226,250

Source: The Advisory Commission on Intergovernmental Relations, *Tax Overlapping in the United States, 1961* (Washington: M-11, September, 1961).

For footnotes, see page 151.

* As of April 1, 1962.

Table 59
MAJOR STATE TAX REVENUES
1950 - 1963

Tax Sources ¹ (in \$000's)														
Year*	Motor Fuels	Corporations				Total	Motor Vehicles	Cigarette	Inheritance	Racing	Beverage	Railroad	Commuter	Totals
		Net Worth	Net Income	Dom. Ins.	For. Ins.									
1963a..	\$124,500	\$(37,000)	\$(32,500)	\$(600)	\$(19,000)	\$89,100	\$82,253	\$63,000	\$26,000	\$25,200	\$24,000	\$2,500	\$ 6,000	\$442,553
1962a..	123,000 ^b	(34,000)	(26,400)	(600)	(17,000)	78,000	78,227	61,000	21,000	25,200	24,000	2,700	12,000	425,127
1961...	100,211	(33,390)	(26,338)	(723)	(16,623)	77,074	74,992	47,669 ^f	24,676	25,338	22,193	2,635	....	374,788
1960...	98,488	(31,784)	(27,163)	(671)	(15,424)	75,042	71,284	41,073	20,621	25,069	21,431	3,024	....	356,032
1959...	92,468 ^c	(28,874) ^e	(18,326) ^g	(962)	(14,402)	62,564	67,935	37,951	20,622	23,662	20,002	3,150	....	328,354
1958...	70,157	(28,349)	.....	(657)	(13,698)	42,704	62,862	35,488	18,667	24,790	19,139	3,558	....	277,365
1957...	70,698	(26,569)	.....	(706)	(12,716)	39,991	62,282	33,977	16,674	23,596	19,723	4,418	....	271,359
1956...	69,432	(24,552)	.....	(757)	(11,903)	37,212	54,333 ^h	23,844	16,534	22,913	18,828	4,312	....	247,408
1955...	63,257 ^d	(21,574) ^f	.....	(906)	(11,137)	33,617	57,351 ⁱ	19,500	12,795	22,708	17,526	4,033	....	230,787
1954...	44,426	(10,347)	.....	(853)	(10,600)	21,800	52,152	20,173	11,350	21,045	17,540	4,815	....	193,301
1953...	41,098	(10,404)	.....	(1,012)	(9,504)	20,920	47,753	19,974	11,250	18,682	16,691	4,787	....	181,155
1952...	39,655	(9,841)	.....	(745)	(7,492)	18,078	45,033	19,350	12,487	15,612	15,892	4,500	....	170,607
1951...	36,696	(9,918)	.....	(921)	(6,479)	17,318	43,192 ⁱ	18,653	9,270	12,324	18,195	4,645	....	160,293
1950...	32,819	(8,240)	.....	(785)	(5,946)	14,971	35,631	18,001	9,139	11,814	14,620	3,959	....	140,954

* State Fiscal Years Ending June 30.

Sources: State Budget Messages.

For footnotes, see page 152.

The corporate net income and net worth taxes have already been considered. For many years the State has followed the policy of taxing insurance and annuity premiums at rates which are generally standard throughout the United States. To make any substantial change in this tax would disturb this policy, and would jeopardize the reciprocity afforded New Jersey companies in other states.

No change is recommended in the miscellaneous insurance corporation taxes.

Motor Vehicle Fees. It is estimated that these will amount to \$82,252,583 during the current fiscal year. This is thus the third largest source of the State's revenue. An indication of the burden which the State already places upon motor vehicle owners is the fact that only two other states rely on highway user revenues for a greater proportion of their income. (See Table 60.)

The Commission understands that studies are made from time to time by the Division of Motor Vehicles on the existing motor vehicle fee structure. Such studies may indicate the advisability of some alteration or increase in the fees currently charged. Apart from new truck taxes, however, a feasible increase in motor vehicle fees should yield only a relatively small amount, probably under \$5,000,000 per year, in view of the competitive situation of New Jersey compared to its neighboring states and of the heavy share of the total State revenues already borne by motor vehicle owners, when motor fuels taxes as well as fees are considered.

The Commission therefore does not recommend any increase in motor vehicle fees at this time.

Cigarette Tax. It is estimated that this tax will yield \$63,000,000 this fiscal year. New Jersey at present imposes an excise tax of 7c per standard pack. There was a 1c increase in January, 1961 and a second 1c increase in May, 1961. The Federal tax is 8c per pack, making a total excise tax of 15c per standard pack on sales in New Jersey.

The New Jersey rate is higher than that of neighboring states, the Delaware and New York rates being 5c and the Pennsylvania rate 6c per standard pack. (See Table 61.) An increase of a further 1c per pack should yield somewhat over \$8,000,000 annually, assuming no substantial diversion of sales to other states.

In view of the cigarette tax rates in neighboring states, the two recent increases and the present total of the State and Federal taxes, which equals 50% of the sales price, the Commission does not recommend any further cigarette tax increase.

Table 60
PERCENTAGE DISTRIBUTION OF STATE TAX COLLECTIONS BY MAJOR SOURCE
AND STATE, FISCAL YEAR 1960
(Excludes Unemployment Compensation Tax Collections)

State	Totals*	Pers'l Income	Corp'n Income	Gen'l Sale or Gross Receipt	Highway User ¹	Tobacco and Alcohol ²	Property	Other
Alabama	100%	10.0%	3.5%	32.6%	28.0%	9.5%	4.8%	11.6%
Alaska	100	32.8	6.2	....	21.1	13.9	2.0a	23.9
Arizona	100	6.1	4.1	38.9	21.4	4.5	17.3	7.8
Arkansas	100	6.2	5.6	34.5	33.6	9.6	0.2	10.2
California	100	11.6	11.3	33.7	22.3	5.9	5.9	9.4
Colorado	100	17.9	5.6	26.1	28.3	3.5	5.5	13.0
Connecticut	100	....	12.9	32.5	26.6	8.9	....	19.1
Delaware	100	37.3	10.6	....	18.1	5.6	2.6b	25.9
Florida	100	....	....	32.8	34.3	10.8	3.6	18.5
Georgia	100	9.9	6.4	39.6	27.6	11.0	0.3	5.1
Hawaii	100	23.1	4.5	50.0	11.7	4.2	....	6.4
Idaho	100	29.3	8.4	....	35.9	8.2	3.7	14.5
Illinois	100	....	....	44.8	29.5	9.8	0.1	15.7
Indiana	100	....	....	47.3	34.8	8.7c	2.5	6.6
Iowa	100	13.8	1.4	30.4	40.1	5.6	1.4	7.3
Kansas	100	11.6	4.1	35.5	30.0	6.9	3.8	8.1
Kentucky	100	22.6	8.9	....	33.0	12.3	7.5	15.7
Louisiana	100	2.7	4.0	19.5	17.0	10.6	3.3	42.8
Maine	100	....	....	31.4	37.8	10.6	1.9	18.3
Maryland	100	24.7	5.9	21.6	23.9	5.8	3.5	14.5
Massachusetts	100	30.9	5.8d	....	20.4	13.3	0.1	29.5
Michigan	100	....	....	39.5	24.1	8.7	5.7	22.0
Minnesota	100	25.3	11.3	....	28.5	10.3	6.4	18.2
Mississippi	100	3.9	6.9	36.9	27.7	7.9	2.3	14.3
Missouri	100	12.0	3.2	38.0	27.1	5.9	3.6	10.2
Montana	100	16.5	7.2	....	32.7	16.4	9.6	17.5
Nebraska	100	....	....	....	49.2	9.7	29.8	11.2
Nevada	100	....	....	28.8	31.3	6.1	4.1	29.8
New Hampshire	100	3.8e	....	....	48.9	13.0	5.7	28.6
NEW JERSEY	100	....	7.5	....	46.3	17.3	0.7	28.2
New Mexico	100	5.8f	h	33.2	29.6	5.6	6.7	19.1
New York	100	38.5	13.1	....	18.2	10.2	0.2	19.7
North Carolina	100	20.0	11.2	19.2	28.5	3.6	2.4	15.2
North Dakota	100	7.9	2.3	26.1	35.8	11.1	5.3	11.5
Ohio	100	....	....	30.4	36.0	12.2	5.3	16.1
Oklahoma	100	6.1	4.4	20.4	35.2	10.4	....	23.5
Oregon	100	45.4	10.8	....	32.6	1.0	a, g	10.2
Pennsylvania	100	....	13.8	32.0	23.4	11.4	0.2	19.3
Rhode Island	100	....	9.8	28.6	26.0	10.6	....	25.0
South Carolina	100	13.4	8.0	28.8	26.0	12.1	0.4	11.4
South Dakota	100	....	0.7	29.7	40.0	11.8	g	17.8
Tennessee	100	1.7e	7.0	34.4	34.2	8.5	g	14.1
Texas	100	....	....	....	34.3	15.4	4.7	45.6
Utah	100	16.2	5.6	28.5	27.3	3.2	8.1	11.1
Vermont	100	26.1	5.1	....	37.1	17.6	0.8	13.3
Virginia	100	26.5	10.9	....	34.4	3.2	4.5	20.5
Washington	100	....	....	56.8	18.3	7.1	7.4	10.5
West Virginia	100	....	....	47.2	30.0	7.4	g	15.2
Wisconsin	100	32.7	13.8	....	27.1	8.5	7.1	10.7
Wyoming	100	....	....	29.6	38.8	5.6	16.3	9.7
Average (Wgt'd.)	100%	12.2%	6.5%	23.8%	27.2%	9.2%	3.4%	17.6%

* Because of rounding all totals may not be exact.
For footnotes, see page 152.

Source: Computed by the Tax Foundation from U. S. Department of Commerce data, as reported in Tax Foundation, Inc., *Retail Sales and Individual Income Taxes in State Tax Structures* (Project Note No. 48, January, 1962), Table No. 4, page 14.

Inheritance taxes. The yield of this tax in the current fiscal year was originally estimated at \$26,000,000. Subsequent to the making of this estimate the Legislature substantially increased the tax rates on transfers to collaterals, non-relatives, brothers, sisters, *et als.*, and provided for modest rate increases on transfers to husband, wife, children and other

lineals (Chapter 15, Laws of 1962). The motivating reason for these rate changes was to provide additional State revenue for shore storm damage purposes, although the increases are not for a temporary period. At the same time the Legislature also provided complete exemption for all transfers to churches, hospitals, religious, benevolent and charitable organizations. (Chapter 61, Laws of 1962.) The State's fiscal officers estimate that the net effect of these changes will be an increase in annual revenue from this source of between \$2 and \$3 million after the exemptions become effective. In 1961, New Jersey, while ranking 8th among the states in population and personal income, ranked 6th in death and gift tax collections. In fact, its collections for that year, totaling \$24.7 million, were nearly twice those of Ohio and Texas, each with a population 50 percent greater than New Jersey.

In view of this State's present relatively high rates in this field of taxation, and recognizing that the Federal Government has largely pre-empted this tax source, the Commission concludes that New Jersey should not look for a greater yield from this tax through inheritance tax rate increases.

Racing. Revenues for the current fiscal year were estimated at \$25,200,000, prior to the extension of the season authorized by the Legislature in consequence of the storm disaster in the spring of 1962. There had been only one change in the rate of the pari-mutuel tax since 1950, a slight increase in 1954, until 1962. Then for 1962 only the State's share went up to 7½% in the case of pari-mutuel pools not exceeding \$40,000,000 and up to 8½% in the case of pools exceeding this amount.

It has been suggested to the Commission that there are several possibilities of additional revenue from racing: first, a further increase in the pari-mutuel tax rate; second, an increase in the number of tracks; and, third, an increase in the length of the racing season, perhaps coupled with night racing.

As to an increase at this time in the pari-mutuel tax rate at the flat tracks, the Commission believes there is doubt as to whether any substantial increase in revenue would result, in view of the competition to the New Jersey tracks offered by those of neighboring states. Such an increase might rather tend, over a period of years, to decrease the total yield or at least to reduce the gradual increase which has been occurring. Much of the volume of betting, subject to the tax, is done by individuals who follow racing and betting odds very closely. They are sensitive to the effect of a larger State take, which would increase the over-all odds against their winning. The experience of New York may be cited. It increased the State's take above its neighboring states, and while the latter were

Table 61
STATE CIGARETTE TAXES

State	Tax Rate 1961 ¹ (cents per standard pack)	Year Adopted ²	Collections		Per Capita Yield per 1 cent of tax 1960 ⁵
			1960 ³ (\$'000's)	1961 ⁴ (\$'000's)	
Alabama	\$ 6	1935	\$16,663	\$18,274	\$.84
Alaska	8	1949	1,223	1,394	1.50
Arizona	2	1935	3,495	3,735	1.23
Arkansas	6	1929	8,823	9,399	.86
California	3	1959	63,860	65,485	1.40
Colorado	..	....	.....	.....	....
Connecticut	5	1935	10,992	11,922	1.49
Delaware	5	1943	2,007	2,210	1.60
District of Columbia	2	1949	.....	.....	1.90
Florida	5	1943	9,252	9,888	1.34
Georgia	5	1937	19,827	20,830	NA ⁿ
Hawaii	3½ ^a	1939	1,971	2,248	NA ⁿ
Idaho	6	1945	3,248	3,260	.95
Illinois	4b	1941	49,320	43,064	1.33
Indiana	3	1947	16,646	17,237	1.21
Iowa	4	1921	11,489	11,748	1.05
Kansas	4	1927	8,756	9,118	1.04
Kentucky	2½ ^c	1936	9,693	8,605	1.10
Louisiana	8	1932	26,743	27,470	.98
Maine	6	1941	6,551	6,859	1.40
Maryland	6	1958	10,940	10,810	1.23
Massachusetts	6	1939	39,168	41,115	1.32
Michigan	5d	1947	53,801	63,636	1.24
Minnesota	7	1947	21,047	22,788	1.08
Mississippi	6	1932	10,950	11,350	.72
Missouri	4e	1955	10,888	13,160	1.31
Montana	8f	1947	5,870	6,139	1.13
Nebraska	4	1947	5,962	6,417	1.11
Nevada	7	1947	1,586	1,486	2.01
New Hampshire	3g	1939	4,100	4,373	NA ⁿ
NEW JERSEY	7h	1948	40,817	47,710	1.39 ^o
New Mexico	8	1943	4,630	4,790	1.02
New York	5	1939	119,188	128,703	1.42
North Carolina	..	....	.....	.....	....
North Dakota	6	1927	3,543	3,672	.95
Ohio	5	1931	60,147	61,630	1.28
Oklahoma	7	1933	13,839	14,752	1.12
Oregon	..	....	.....	.....	....
Pennsylvania	6f	1937	63,495	65,968	1.14
Rhode Island	6i	1939	5,043	7,102	1.40
South Carolina	5	1923	11,473	11,860	.86
South Dakota	5	1923	3,222	3,409	.97
Tennessee	5	1925	17,447	18,648	.95
Texas	8j	1931	83,900	91,450	1.10
Utah	4	1923	2,295	2,395	.67
Vermont	7	1937	3,392	3,639	1.25
Virginia	3k	1960	.....	14,103	.. ^p
Washington	7l	1935	18,132	19,196	1.03
West Virginia	6m	1947	9,511	9,569	1.02
Wisconsin	6	1939	21,208	22,000	1.10
Wyoming	4	1951	1,705	1,743	1.32
Totals and Nat'l Average	48	48	\$918,758	\$986,350	\$1.32

Sources: See numbered footnotes.
For footnotes, see page 153.

experiencing increased revenues, on a stable take, New York actually experienced a sufficient decrease in betting to decrease the revenues.

The situation is somewhat different with respect to harness racing. It is possible that a small increase in revenue could be obtained by increasing the tax rate to the level now in effect as to flat tracks.

The Racing Commission estimates that the additional racing days authorized for 1962 under the disaster emergency program, if continued

in subsequent years, but with a somewhat rearranged schedule for the different tracks, might yield as much as \$4,000,000 more annually. The advisability of such a move should be carefully considered in connection with the entire racing picture, when final results for 1962 are known.

Additional tracks have been proposed. If night harness racing were authorized and there were three tracks, appropriately located throughout the State, and each having a 50-day season, the Racing Commission has estimated that as much as \$20,000,000 a year might be obtained in additional revenue.

If a fourth flat track with a 50-day program were authorized in the New York metropolitan area, the Racing Commission estimates further revenue of up to \$10,000,000.

In considering the possibility of additional State revenues from racing, the Commission on State Tax Policy concludes that there are many considerations which are outside its competence. It is conceivable that a gross increase in revenues of approximately \$34,000,000 annually might be obtained; but there would be substantial additional State expenditures involved, due to the transportation and highway problems incident to a new track, particularly in the northern part of the State. It is also difficult to estimate the dilution of attendance and betting among a larger number of tracks; and there are important policy and political considerations involved, whether with new tracks or with night racing.

The Commission concludes that before any change in the racing situation is made, the foregoing considerations and others should be carefully evaluated. The Commission therefore makes no recommendation.

Beverage Taxes. It is estimated that these taxes will yield \$24,000,000 in the current fiscal year. They are levied at the following rates:

	<i>Rate per gallon</i>
Beer	\$.03-1/3
Liquors	1.50
Wines	0.10
Vermouth	0.15
Sparkling Wines	0.40

The only increase which has occurred in these rates since the enactment of the Alcoholic Beverage Tax Law at the end of prohibition was in 1947, when the rate on liquors was raised from \$1.00 to \$1.50 per gallon.

It is estimated that the following increased rates would produce additional revenues totaling \$15,200,000:

	<i>Rate per gallon</i>	<i>Additional Yield (In millions)</i>
Beer	\$0.10	\$ 8.0
Liquors	2.00	6.0
Vermouth and all wines	0.25	1.2
	<hr/>	<hr/>
		\$15.2

In New York beer and liquor taxes are at the same rates as in New Jersey. Pennsylvania controls the sale of distilled spirits through State Stores, so that the equivalent of the New Jersey tax is included in the Pennsylvania sale price, but the beer tax rate in that State is \$0.08 per gallon.

Nation-wide, 13 of the 32 non-monopoly states tax liquor at \$2.00 or higher per gallon. The rates range from a high of \$4.00 per gallon in Alaska to \$1.00 in Georgia on distilled spirits. Many of the states also apply general sales tax rates to the retail sale of liquor and beer. In Massachusetts the rate on liquor is \$2.25 per gallon and in Connecticut and Rhode Island, \$2.00, plus in each a general sales tax at the retail level of 3 percent.

Beer tax rates range from \$0.25 and over in 8 states to a low of \$0.03 in two states. Connecticut, Delaware and Massachusetts rates are \$0.06 $\frac{2}{3}$ per gallon; New Hampshire, \$0.097; Vermont, \$0.20; Florida, \$0.24; Rhode Island, \$0.048; Oklahoma, \$0.322; Texas, \$0.139; Ohio, \$0.08. Michigan has just raised its tax on beer approximately 5 times, from \$0.04 to \$0.21 $\frac{1}{3}$ per gallon.

The Commission therefore concludes that were it not for the unfavorable competitive effects of lower taxes in New York an increase in the alcoholic beverage tax rates could be considered, but would not take care of the revenue requirements of this Report.

Other Present Revenue Sources. The remainder of the State's revenues, estimated to be approximately \$60,000,000 in the current fiscal year, are composed of revenues for services rendered in institutions and for education totaling over \$21,000,000, \$6,000,000 from the present emergency transportation tax, and other miscellaneous items. The Commission does not believe that these sources can produce appreciable further revenue, except from normal growth.

In the normal course of its operations, the State Government from time to time examines its various revenue sources and considers changes therein, whether for the purpose of obtaining additional income or for the purpose of improving the equity of the tax burden

or the efficiency of collection. The views expressed by the Commission on the present possibilities of increased revenue from present sources will not, therefore, necessarily apply to the situation as it may exist in the future.

MISCELLANEOUS NEW SOURCES OF REVENUE

Tobacco Products Tax. A tax on cigars, smoking and chewing tobacco and snuff has been suggested. This would have an estimated yield of \$3,000,000 a year, at a rate of 15% of the manufacturer's wholesale prices (the rate formerly in effect in New York). The Commission does not believe that the yield from this tax would be very satisfactory, in view of the collection and compliance costs and difficulties. It would also tend to place New Jersey business dealing in cigars, tobacco and snuff at a competitive disadvantage with dealers in neighboring states. A similar New York tax was repealed in 1961.

The Commission does not recommend any additional tobacco tax.

Soft Drinks Tax. It is estimated that this tax, at 1c per 12 ounce bottle (the rate applicable in the few states having this tax) would yield approximately \$8,000,000 annually. Such a tax is in effect in none of the neighboring states. It would result in an anomaly, since it would tax soft drinks at a higher rate than even an increased beer tax at 10c per gallon. The yield would not be substantial from the point of view of the revenue needs and there would be problems connected with compliance and collection.

The Commission therefore does not recommend a soft drinks tax.

Realty Transfer Tax. It has been estimated that this source of revenue would yield \$10,000,000 annually at the rate of 1% of sale price. Its disadvantage is that of any tax on turnover of capital. It should be easy to enforce, since a real property transfer, in order to be recorded with the county clerk's office, would be required to have proof of payment of the tax.

The Commission does not recommend a further tax with respect to real property, which is already overburdened.

Mortgage Recording Tax. This tax could not be adopted in addition to a realty transfer tax, in the opinion of the Commission. The estimated yield is \$4,500,000 annually, if the tax were imposed at 0.5% of debt secured. It would also be easy to enforce.

The Commission does not recommend such a further indirect burden on already overburdened real property.

Truck Tax (Weight-Distance). The matter of imposing a fair share of the tax burden on trucks has been receiving increasing attention from the states in recent years, as the number, size and weight of trucks have increased and as the need for revenues for highway-building purposes has grown.

In addition to motor fuel taxes and license fees, such as now imposed by New Jersey, there are two other principal forms of taxing trucks. The first of these is a weight-distance tax, such as now in effect in New York. The second is a motor fuels use tax, against which is credited the tax paid on motor fuels purchased within the state.

A state like New Jersey, which does not impose a motor fuels use tax, is at a serious competitive disadvantage with states which impose such a tax, since trucking fleets will naturally purchase gasoline, for credit against the fuels use tax, in a state which imposes it.

The Commission estimates that a weight-distance tax at the same rates as now imposed in New York would yield up to \$15,000,000 annually. In its *Fifth Report*, published in 1950, the Commission recommended imposition of this type of tax, but legislation to implement that recommendation received little support.

The Commission renews its recommendation that it would be equitable to obtain additional revenue from trucks. Subject to the results of studies by the Division of Motor Vehicles, the State could impose a motor fuels use tax to require the trucking industry to provide a fairer allocation of motor fuel purchases to New Jersey; or the State could impose a weight-distance tax at the New York rates. Neither course of action would produce more than \$15,000,000 annually.

Property Tax on Motor Vehicles. Connecticut has such a tax, on the basis of inclusion of vehicles as taxable personal property. If taxed in New Jersey at present local property rates, motor vehicles would yield on the order of \$100,000,000 annually.

The Commission does not favor any increased taxes on personal property, including motor vehicles. A local property tax on motor vehicles would add to the relative burden of local property taxation, which, as explained elsewhere in this Report, the Commission finds is already too high. Such a tax would run contrary to the Commission's recommendations to shift a portion of the total tax burden from the local property to non-property sources.

The Commission finds that the existing burden on motor vehicle owners from fees and motor fuel taxes is already high on private passenger vehicles by comparison with other forms of taxation. If a tax on motor vehicles as personal property were adopted, it should in equity be accompanied by a substantial reduction in one or both of the other burdens on vehicle owners.

Meals and Room Tax. Some states tax one or both meal and room charges made in hotels and similar public places. A tax at the Massachusetts rate on meals costing over a dollar, at 5%, would yield about \$9,000,000 annually in New Jersey. The room tax at 4% (the Pennsylvania rate) would yield about \$1,500,000 annually in New Jersey. If imposed, the tax would raise difficulties for any municipality, such as Atlantic City, now levying a special local tax. States which impose such a tax of course exclude these items from any general or retail sales tax.

The Commission concludes that meals or room charges should not be singled out for a sales tax and would not provide a significant amount of revenue. If there were a general sales tax, no separate excise tax on meals or rooms would be advisable.

Off-Track Betting. The Commission was urged to give serious consideration to State-run or -supervised off-track betting. Very high estimates were offered of the possible yield. It was also urged that illegal off-track betting and bookmaking, a considerable law enforcement problem at the present time, would be diminished if off-track betting were authorized. On the other hand, it was urged that the State should not make it easier for its citizens to gamble, and thus perhaps to waste funds badly needed for necessities of life.

The Commission studied the record on this subject in New Zealand, where according to the report of the Totalisator Agency Board,¹ a state-operated system permits honest off-track betting, through the use of post offices, the telephone and the telegram. There is doubt as to what decrease in illegal gambling occurred as compared to the situation when all off-track betting was illegal. The New Zealand experience does indicate that legalized off-track betting should not seriously diminish on-track betting or the revenues of the tracks themselves.

It is difficult to estimate the probable yield to New Jersey of legalized off-track betting, since there are many differences between this State and the country of New Zealand. The net yield to the government of New Zealand in fiscal year 1956-1957 was slightly over 2,000,000 pounds. New

¹ Totalisator Agency Board, *History and Operation of Off-Course Betting in New Zealand* (Wellington, New Zealand: The Board, August, 1958).

Zealand then had a population of somewhat over 2,000,000, compared to a little under 6,000,000 population in New Jersey. The New Zealand pound is worth about \$2.78. Thus, if the yield per capita were the same in New Jersey as in New Zealand, as is doubtful, the annual revenue to the State would be around \$15,000,000.

Because of the many non-fiscal considerations involved, the Commission does not make a recommendation on this form of revenue. If the Governor and the Legislature determine that there are no social, law-enforcement, political or other reasons against legalized off-track betting, the Commission recommends that the matter be intensively studied before any concrete proposal is made.

State Lottery. It was also suggested to the Commission that a State lottery would yield very substantial sums. The Commission has studied the past history of lotteries in the United States, and found that they have not been satisfactory revenue-raising devices, at least in recent times. Furthermore, Federal laws prohibit the use of the mail for the purpose of a lottery, making the operation of such a scheme very difficult.

The Commission therefore does not recommend a State lottery as a source of revenue.

Public Utility Excise Tax. It has been proposed that the State levy a public utility excise tax, which would have an annual yield of \$7,500,000 per 1% of tax. The tax would be collected for the State by the public utilities when they collect their own bills.

The Commission does not favor additional selective excise taxes. The selection of public utility buyers for a special sales tax measured by the purchase price of public utility services would, even if levied at a high enough rate to produce substantial income, remain unsatisfactory from the point of view of equitable distribution of the tax burden. If a general retail sales tax were adopted, payments to public utilities could then be included.

The Commission does not recommend a special public utility excise tax.

Unincorporated Business Net Income Tax. It is estimated that this tax would yield \$2,500,000 per 1% of tax. It would appear that if this tax were imposed, the rate should be the same as the tax on corporate net income. If the latter were raised to 5%, as the Commission recommends, a 5% tax on unincorporated business net income is estimated to yield \$12,500,000 annually. From the point of view of equity, it is difficult to justify taxing corporate net income but not taxing unincorporated busi-

ness net income. On the other hand, it would be inequitable to tax unincorporated business net income and not individual net income.

The Commission does not recommend a tax on unincorporated business net income in the absence of a personal net income tax.

Surplus Turnpike and Highway Authority Revenues. There have been frequent suggestions for a number of years that a way could be found to tap surplus revenues of the New Jersey Turnpike or the Garden State Parkway, or both, for general State use.

Based upon the judgment of Highway Commissioner Palmer and other State officials, the Commission does not believe that revenues from these sources will be available before 1970. The Garden State Parkway is not currently producing a sufficient excess over net operating expenses to provide funds beyond what are required for debt service charges and construction costs. The Turnpike excess, though substantial, will largely be required for construction and improvement costs and debt retirement until around 1970; and in order to secure approval of the bondholders to divert Turnpike funds to State purposes, it is probable that a pledge of State credit would be necessary to replace Turnpike bonds, requiring a referendum. Any such use of Turnpike revenues, in any case, would require at least some provision for the Turnpike debt service from the State Treasury, until such time as all Turnpike bonds are retired.

The Commission therefore concludes that at least for the ensuing decade the Turnpike and Highway authorities would not provide a feasible source of general State revenues.

SUMMARY AS TO EXISTING AND MISCELLANEOUS NEW SOURCES OF REVENUE

The Commission concludes that any available combination of increases in present taxes and miscellaneous new taxes described above, would be inadequate to finance the recommendations of this report. Such a combination might suffice to balance the coming State budgets, but only to offset the revenue deficit resulting from continuation of present State services and aids to local governments. This would provide nothing additional for higher education, road aid, or other aids to local governments, and, of course, would not support the State aid to public schools and property tax replacement recommended in this report.

The Commission therefore recommends that the State adopt a broad-based tax as the only adequate source of the additional revenue which is essential to enable the State to discharge its obligations to its citizens.

BROAD-BASED TAXES

The views of those who testified before and communicated with the Commission differed materially on the question of a broad-based tax. Some opposed any such tax, either on the ground that greater economy and efficiency in State and local government could make it unnecessary to raise additional revenue, or on the ground that if additional revenue were required, it should be raised by a combination of increases in existing taxes and imposition of miscellaneous new taxes. Others, who recognized the need of additional State revenues, whether for increased State school aid, for new services, for replacement of existing taxes, or to relieve the local real estate tax burden, favored one or the other or both broad-based taxes, the sales tax and the personal income tax.

A sales tax would yield between \$55 and \$60 million per 1% of tax with food and prescription drugs exempt. The annual yield of this tax with a 3% rate is estimated to be \$165,000,000 to \$180,000,000.

An individual net income tax, with the same exemptions and rates as in the present New York law, would raise \$275,000,000 annually, and at half the New York rates, approximately \$137,500,000.

Either an income tax or a sales tax could provide large revenues at relatively low tax rates. The sales tax yield is somewhat more stable over the economic cycle. While both tax yields tend to rise and fall with changes in the gross national product, the income tax falls off more than the sales tax with a decline in the gross national product and rises more than the latter when the gross national product rises. The arguments for and against these two taxes and all of the relevant data have been fully compiled by the Tax Foundation Inc., a non-profit organization engaged in research and citizen education on government spending and taxation.¹ The cited study points out that "the element of comparison which causes most debate is the relative fairness of the two taxes." The issue of "fairness," however, also depends upon the weight to be given to the various qualitative arguments, on the one hand, and the specific provisions of each tax, on the other. Finally, the comparison will obviously be affected by the measure of "fairness" which is used. If the measure is the percentage of the tax to the total income of the taxpayer there will be a difference if disposable income (that is, income after payroll and Federal taxes) is used rather than the taxpayer's income before such taxes.

Whether a sales tax is regressive as compared to an income tax depends upon the exemptions built into each tax and upon the degree of graduation in the rate structure of the income tax (sales taxes being levied at a flat rate). When housing costs, food, and certain basic services are exempt

¹ Tax Foundation, *Retail Sales and Individual Income Taxes in State Tax Structures* (Project Note No. 48, 1962).

under a sales tax, the effect upon lower income groups is greatly moderated. When an income tax is levied at a flat rate or with only mild graduation, and the exemptions are small, its distribution of the tax burden might not vary materially from the effect of the sales tax with substantial exemptions. For purposes of illustration Table 62 shows how the annual tax liability of a typical family (married couple with two children) would compare under the New York income tax (in 1961) and under the Ohio 3% sales tax. While the differences in tax liability are due in part to the fact, already noted, that an income tax in New Jersey at the New York rates would produce substantially more in total revenue for the State than would be produced by a 3% sales tax with food exempt, the table also shows the extreme progression of the Federal income tax, and that the sales tax itself is roughly proportional to the income of the great majority of the taxpayers.

Table 62
COMPARATIVE TAX LIABILITIES OF A TYPICAL FAMILY
UNDER SALES AND INCOME TAXES
(married couple, two children)

Net Income Before Personal Exemptions and After All Deductions	INCOME TAX		SALES TAX	
	New York Income Tax ¹	Federal Income Tax	Ohio State (Residents' Average Payment)	Federal Income Tax
\$3,000	-----	\$120	\$35	\$120
5,000	\$40	510	62	504
8,000	140	1,075	90	1,081
10,000	245	1,540	119	1,560
15,000	560	2,730	164	2,810

Source: Sales tax, U. S. Internal Revenue Service, *State Sales Tax Deduction Guidelines*; State and Federal income taxes, Tax Foundation, *Retail Sales and Individual Income Taxes in State Tax Structures*.

¹ It has been estimated that an income tax of the New York type would raise \$275,000,000 whereas a sales tax of the Ohio type would raise from \$165,000,000 to \$180,000,000 in New Jersey. This partly accounts for the difference in absolute amounts for each tax at each income level.

In considering which of the broad-based taxes to recommend, the Commission has also considered the following arguments among others with respect to the sales and the personal income tax:

The Sales Tax.

1. A sales tax with limited exemptions is truly broad based, and its effect will also vary at different income levels, particularly when rent, food and services are exempt.

2. The sales tax is easier to pay than the income tax in that it is paid in small and frequent installments, so as to be relatively imperceptible, and it does not require the taxpayer to undergo the trouble and paper work of an income tax.

3. A sales tax is readily adaptable for a municipal supplement to yield funds to relieve real estate.

4. The heavy progressive rates of the Federal income tax, and payroll withholding to collect it, have largely pre-empted the income tax field.

5. Since 1940 of the 16 states which have adopted broad-based taxes, all but 2 (Alaska and West Virginia) have adopted the sales tax (Table 63). Neighboring areas having a sales tax include New York City and Pennsylvania.

6. An appreciable amount of revenue could be collected from out-of-State residents, in view of the substantial number of visitors to New Jersey for recreation and holidays and of the nature of the State as a corridor for traffic between the North and East and the South and West.

7. A State sales tax would be deductible in computing income subject to the Federal income tax, provided the taxpayer itemizes deductions instead of using the standard deduction. The Bureau of Internal Revenue furnishes appropriate deduction guides for residents of each state having a sales tax.

8. The collection costs appear to come to between 1 and $1\frac{1}{2}\%$ of collections, although precise figures are difficult to obtain and there are considerable variations among the states.

The Personal Net Income Tax

1. The burden of the tax falls more in accordance with the ability to pay than the sales tax; and the tax is payable only if income is received, whereas a sales tax will have to be paid, regardless of the taxpayer's financial condition, if he is to buy things that result in a taxable sale.

2. The burden of collecting the tax would not be placed on sellers and their employees, as would be the case with a sales tax. If, as is the case with the New York tax, the return is based on the Federal return, with the same exemptions, the taxpayer's bookkeeping problem would not be serious.

3. Of the three neighboring states, New York and Delaware impose personal income taxes, and some Pennsylvania municipalities, including Philadelphia, impose wage taxes on New Jersey residents.

4. If New Jersey had a personal income tax, some revenue would be obtained from residents of other states working in New Jersey; but as to New Yorkers this would merely replace the existing "commuters income tax" (Laws of 1961, Ch. 32, the constitutionality of which has not yet been tested).

5. A personal income tax would be deductible in computing income tax subject to the Federal income taxes, provided the taxpayer itemizes

Table 63
DATES OF ADOPTION OF INDIVIDUAL AND CORPORATION INCOME TAX
AND GENERAL SALES TAX LAWS

	Income Taxes ¹		General Sales ¹
	Individual	Corporation	
Alabama	1933	1933	1936
Alaska	1949	1949	....
Arizona	1933	1933	1933
Arkansas	1929	1929	1935
California	1935	1929	1933
Colorado	1937	1937	1935
Connecticut .....	....	1915	1947
Delaware	1917	1957	....
District of Columbia	1939	1939	1947
Florida .....	....	....	1949
Georgia	1929	1929	1951
Hawaii	1901	1901	1935
Idaho	1931	1931	....
Illinois .....	....	....	1933
Indiana .....	....	....	1933
Iowa	1934	1934	1933
Kansas	1933	1933	1937
Kentucky	1936	1936	1960
Louisiana	1934	1934	1938
Maine .....	....	....	1951
Maryland	1937	1937	1947
Massachusetts	1916	1919	....
Michigan .....	....	....	1933
Minnesota	1933	1933	....
Mississippi	1912	1921	1932
Missouri	1917	1917	1934
Montana	1933	1917	....
Nebraska .....	....	....	....
Nevada .....	....	....	1955
New Hampshire	1923 ^a	....	....
NEW JERSEY .....	....	1958	....
New Mexico	1933	1933	1933
New York	1919	1917	....
North Carolina	1921	1921	1933
North Dakota	1919	1919	1935
Ohio .....	....	....	1934
Oklahoma	1915	1931	1933
Oregon	1930	1929	....
Pennsylvania .....	....	1935	1953
Rhode Island .....	....	1947	1947
South Carolina	1922	1922	1951
South Dakota .....	....	....	1933
Tennessee	1931 ^a	1923	1947
Texas .....	....	....	1961
Utah	1931	1931	1933
Vermont	1931	1931	....
Virginia	1916	1915	....
Washington .....	....	....	1933
West Virginia	1961	....	1933
Wisconsin	1911	1911	1962
Wyoming .....	....	....	1935
Total²	35	37	38

Source: Advisory Commission on Intergovernmental Relations, *Tax Overlapping in the United States, 1961* (Washington: M-11, September, 1961), Table 5, pp. 14-15.

For footnotes, see page 153.

deductions instead of using the standard deduction. The aggregate reduction in Federal income tax payable would probably be greater if there were a New Jersey income tax than if there were a New Jersey retail sales tax because of the effect of progressive rates of State and Federal taxes on high income bracket taxpayers.

6. It would probably be easier to raise or lower, by small or large increments, the income tax rate than the sales tax rate. New York has raised its income tax rates a number of times and on occasions lowered them.

7. A personal income tax, accompanied by an unincorporated business net income tax, would create greater equity between different classes of taxpayers than exists at present, or than would exist if a sales tax were imposed.

8. A personal income tax and an unincorporated business net income tax could raise considerably more revenue, without being imposed at rates exceeding those in other states, than a retail sales tax at rates comparable to those of other states.

9. The cost of collection is even more difficult to estimate than with the retail sales tax. In Wisconsin, administrative costs are estimated at between 1 and 1½% of collections. In New York State, administrative costs were 2% of 1960's revenue, but costs included other taxes.

All the members of the Commission, except Assemblyman Matthews (for reasons stated elsewhere in this Report), believe that no satisfactory solution for the State's revenue requirements can be found except by adoption of a broad-based tax, in view of the need for additional State aid and for changes in the taxation of personal property, and of the importance of reallocating some of the tax burden from the local taxpayer to a non-property tax base.

Because a good many people in the State favor the income tax and oppose the sales tax, or favor the sales tax and oppose the income tax, for reasons of principle, the Commission considered whether a combination of the two might be advisable. The Commission does not recommend the imposition of both, at relatively lower rates, in lieu of the one or the other, since this would develop too large a tax system for present needs. The cost of collection of the two would be a much higher proportion of any given yield than if only one were being collected, and the trouble and cost to taxpayers of compliance would be considerably greater with both.

The preference of four members of the Commission (Senator Dumont and Messrs. Toolan, Kerney and Davis) is for a sales tax. The preference of two members of the Commission (Messrs. Alexander and Yunich) is for a personal income tax. Assemblyman Matthews would prefer to have

the State seek increased revenues it may require from sources other than a broad-based tax, but if there is to be a broad-based tax, his preference is the personal income tax.

Since all the Commission members are in agreement that only one broad-based tax should be proposed, they unanimously recommend the tax which a majority of their number consider preferable, a sales tax with food and prescription medicines exempt.¹

¹ Subject, of course, to Assemblyman Matthews' Minority Statement.

FOOTNOTES TO TABLES IN PART VI

FOOTNOTES FOR TABLE 58

a. The Federal Government imposed the first corporation income tax in 1909. Wisconsin followed in 1911.

b. Tax rate frequency distribution for the 37 states which impose corporation net income taxes:

Rate (%) ¹	Number of States	
1.75	1	New Jersey
2.0	1	Missouri
3.0	3	
3.5	1	
3.75	1	
4.0	4	
4.5	1	
5.0	10	incl. Conn., Dela., Md., D. C.
5.5	4	incl. N. Y.
6.0	5	incl. Penna., R. I.
6.765	1	
7.0	2	
9.36	1	Alaska—adjusted rate
9.5	1	Idaho
10.23	1	Minnesota
	—	
	37 ²	

¹ For states with graduated rates, the highest bracket is shown.

² Including District of Columbia.

c. 18% of corporation's Federal income tax liability.

d. Including District of Columbia.

e. In addition to the net income tax each corporation pays a net worth tax at the following rates on allocated net worth:

2 mills per dollar on first \$100,000,000.

4/10 mill per dollar on second \$100,000,000.

3/10 mill per dollar on third \$100,000,000.

2/10 mill per dollar on excess of \$100,000,000.

f. Alternative tax base: 2.5 mills per dollar of net worth if that produces greater tax.

g. All corporations pay additional tax of \$6.15 on each \$1,000 of taxable corporate excess or on taxable Massachusetts tangibles whichever is greater.

h. If greater, a 1 mill tax on each dollar of business and investment capital.

i. Alternative tax of \$.40 per \$100 on corporate excess, if greater.

j. Alternative tax: 1/20 of 1% of value of tangible property within State, if greater.

k. Corporation income taxes tabulated with individual income taxes.

l. South Dakota tax applicable only to financial institutions.

m. Alabama—Franchise tax on domestic corporations at rate of \$2.50 on each \$1,000 of its capital stock. (Title 51, sec. 347). Franchise tax on foreign corporations at rate of \$2.50 on each \$1,000 of the corporation's capital employed in the State. (Title 51, sec. 348.) Franchise taxes are in addition to corporation income tax. (See Title 51, sec. 373.)

n. Delaware—Capital stock tax at graduated rates—maximum tax \$50,000.

o. Louisiana—Capital stock, surplus, undivided profits and borrowed capital subject to tax at \$1.50 per \$1,000.

p. Massachusetts—Corporate excess is taxed in addition to tax on corporate income.

q. Mississippi—Capital stock, surplus and undivided profits are taxed at rate of \$2.00 per \$1,000 in addition to corporation income tax.

r. Missouri—1/2 of 1% of par value of shares outstanding and surplus in addition to corporation income tax.

- s. New Jersey—Net worth tax at graduated rates in addition to corporation income tax.
- t. North Carolina—Capital stock, surplus and undivided profits tax at the rate of \$1.50 per \$1,000 of value, in addition to corporation income tax.
- u. Oklahoma—Capital stock, surplus and undivided profits tax at rate of \$1.25 per \$1,000 of value in addition to corporation income tax.
- v. Pennsylvania—Tax at rate of 5 mills per dollar of actual value of whole capital stock of all kinds, in addition to income tax.
- w. Tennessee—Tax at rate of \$.15 per \$100 of value of capital stock, surplus and undivided profits in addition to corporation income tax.

FOOTNOTES FOR TABLE 59

- ¹ Available for support of the State Budget.
- a. Estimates from State Budget Messages.
- Tax Rate Increases:
 - b. Motor fuels tax rate increased from 5 cents to 6 cents per gallon, effective June 1, 1961 (Chap. 37, Laws of 1961).
 - c. Motor fuels tax rate increased from 4 cents to 5 cents per gallon, effective July 1, 1958 (Chap. 62, Laws of 1958).
 - d. Motor fuels tax rate increased from 3 cents to 4 cents per gallon, effective July 1, 1954 (Chap. 109, Laws of 1954).
 - e. Apportionment of Corporation Business Tax as between Net Worth and Net Income Taxes estimated for Fiscal 1959.
 - f. Corporation net worth tax rate increased from 8/10 of mill to 2 mills (.0008 to .002) effective January 1, 1955 (Chap. 88, Laws of 1954).
 - g. Tax of 1¼% on corporate net income effective for tax year beginning January 1, 1959. Only receipts from January 1, 1959 to June 30, 1959 included in the revenue for this fiscal year (Chap. 63, Laws of 1958).
 - h. Reduction in revenue for this fiscal year due to change in method of motor vehicle registrations under mail-in-stagger system of handling registrations.
 - i. Motor Vehicles:
 - Commercial vehicle registration fees increased, effective January 1, 1951 (Chap. 142, Laws of 1950).
 - Passenger vehicle registration fees increased, effective March 1, 1956 (Chap. 8, Laws of 1955).
 - j. Cigarette tax rate increased from 5 cents to 6 cents per pack effective January 6, 1961; further rate increase from 6 cents to 7 cents per pack effective May 23, 1961

FOOTNOTES FOR TABLE 60

- ¹ Includes motor fuel sales and motor vehicle and operators' licenses.
 - ² Includes alcoholic beverage sales and licenses and tobacco sales.
 - a. Back taxes only.
 - b. Tax for State board unit schools.
 - c. Includes related tobacco license tax.
 - d. Excludes corporation excise taxes measured in part by net income and included in "Other."
 - e. On interest and dividend income only.
 - f. Corporation income taxes included under individual income taxes.
 - g. Less than 0.1 per cent.
- Source: Computed by Tax Foundation from U. S. Department of Commerce data, as reported in Tax Foundation, Inc., *Retail Sales and Individual Income Taxes in State Tax Structures* (Project Note No. 48, January, 1962), Table No. 4, page 14.

FOOTNOTES FOR TABLE 61

¹ The Advisory Commission on Intergovernmental Relations, *Tax Overlapping in the United States, 1961* (M-11, September, 1961) Table 52, p. 92.

² *Ibid.*, Table 5, p. 15.

³ U. S. Bureau of the Census, *State Tax Collections in 1960* (G-SF60-No. 3), Table 4, p. 6. For fiscal years ending in 1960. Figures include all tobacco products tax revenues.

⁴ U. S. Bureau of the Census, *State Tax Collections in 1961* (G-SF61-No. 3), Table 4, p. 6. For fiscal years ending in 1961. Figures include all tobacco products tax revenues.

⁵ National Tobacco Tax Association, *Comparative Cigarette Tax Collections, . . . , by States for 1960* (RM-368, September, 1961).

a. Statutory rate is 20% of wholesale price.

b. Illinois rate changes: increase 3¢ to 4¢, August 1, 1959; reduction 4¢ to 3¢, June 8, 1960; increase 3¢ to 4¢, May 1, 1961.

c. Kentucky rate changes: increase 2¢ to 3¢, July 1, 1954; reduction 3¢ to 2½¢, July 1, 1960.

d. Michigan rate changes: increase 5¢ to 6¢, February 1, 1960; reduction 6¢ to 5¢, July 1, 1961.

e. Missouri rate change: increase 2¢ to 4¢, May 1, 1961.

f. Includes additional temporary taxes until veterans' bonus bonds are retired: Montana, 3¢; Pennsylvania, 1¢.

g. Statutory rate is 15% of retail price.

h. New Jersey rate changes: increase 5¢ to 6¢, January 6, 1961; increase 6¢ to 7¢, May 23, 1961.

i. Rhode Island rate change: increase 5¢ to 6¢, June 1, 1960.

j. Texas rate change: increase 5¢ to 6¢, September 1, 1959.

k. Effective for the period August 1, 1960 through June 30, 1962.

l. Washington rate change: increase 6¢ to 7¢, April 15, 1961.

m. Includes temporary increase of 2¢ scheduled to expire June 30, 1962.

n. Not available because taxes on other tobacco products could not be segregated from total tobacco products taxes.

o. *Per Capita Yields per 1 cent of tax, 1955-1960*

State	1960	1959	1958	1957	1956	1955
New Jersey . .	\$1.39 (.05)	\$1.32 (.05)	\$1.27 (.05)	\$1.23 (.05)	\$1.23 (.05)	\$1.24 (.03)
New York . .	1.42 (.05)	1.40 (.03)	1.38 (.03)	1.31 (.03)	1.29 (.03)	1.24 (.03)
Pennsylvania	1.14 (.06)	1.13 (.05)	1.10 (.05)	1.03 (.05)	0.96 (.05)	1.04 (.05)
Connecticut	1.49 (.03)	1.41 (.03)	1.42 (.03)	1.39 (.03)	1.34 (.03)	1.31 (.03)
Maryland . . .	1.23 (.03)	1.18 (.03)	.....	.....	.....	.....
Delaware . . .	1.60 (.03)	1.50 (.03)	1.33 (.03)	1.31 (.03)	1.31 (.03)	1.28 (.03)

D. Cigarette tax not adopted until August 1, 1960.

FOOTNOTES FOR TABLE 63

¹ States imposing a tax on

Individual and Corporation Income and General Sales	23
Individual and Corporation Income only	10
General Sales only	11
Corporation Income and General Sales (Connecticut)	
(Pennsylvania)	
(Rhode Island)	3
Corporation Income (New Jersey)	1
Individual Income and General Sales (West Virginia)	1
Individual Income (New Hampshire)	1
None (Nebraska)	1

513

² Including District of Columbia.

a. Income from Stocks and Bonds only.



APPENDICES

APPENDIX A

Revised Statutes, Title 52, Ch. 91

[Laws of 1945, Ch. 157, as amended by Laws of 1949, Ch. 6]

52:91-1. Commission created; members; appointment; terms

A Commission on State Tax Policy is created which shall consist of seven members, one of whom shall be a member of the Senate to be appointed by the President of the Senate, one a member of the General Assembly to be appointed by the Speaker thereof, and five citizens of this State to be appointed by the Governor. Each of the citizen members now in office or hereafter appointed shall serve for a term of two years from the date of his appointment, and to serve until the appointment and qualification of his successor. Each of the legislative members now in office or hereafter appointed shall serve for a term of two years from the date of his appointment; provided, that each legislative member shall serve only so long as he remains a member of the house of the Legislature from which he was appointed.

52:91-2. Vacancies; compensation; expenses

Vacancies caused otherwise than by expiration of term shall be filled for the unexpired term only. Members shall serve without salary but shall be reimbursed for traveling and other expenses actually and necessarily incurred in the performance of their duties.

52:91-3. Duties

The Commission shall engage in continuous study of the State and local tax structure and related fiscal problems, with particular attention to (a) all laws relating to the assessment and collection of taxes in this State (b) all proposals for change in such laws; and (c) the impact of Federal tax laws on the State financial structure.

52:91-4. Simplification, modification, consolidation, etc., of tax laws

The Commission shall determine the respects in which the existing tax laws may be simplified, modified, rearranged, consolidated and revised to insure greater efficiency in the assessment and collection of all taxes.

52:91-5. Reports

The Commission shall report annually on the second Tuesday in January to the Governor and the Legislature, setting forth the result of its studies of the preceding year and shall make such recommendation, as it shall deem fit, for changes in our laws relating to the assessment and collection of taxes and for sound and equitable methods of supporting the public services.

52:91-6. Hearings; subpoenas, power to issue; legal, expert and clerical assistants and advisors

The Commission may hold hearings in any part of the State, and by its subpoena may compel the attendance of witnesses and the production of

books, papers and records. It may draft necessary legal and clerical assistants from any State department as may be required. It may engage such competent counsel and expert advisors on the subject of taxation as it may deem necessary to the proper accomplishment of the purposes of this act; provided, that the compensation to be paid such counsel or advisors shall at all times be within the limits of the appropriation made therefor.

JOINT RESOLUTION NO. 6—APPROVED JUNE 2, 1961

A JOINT RESOLUTION directing a study concerning State aid to school districts.

BE IT RESOLVED *by the Senate and General Assembly of the State of New Jersey:*

1. The Commission on State Tax Policy is hereby directed to undertake a re-examination of the means of providing increased State financial assistance for the public schools of the State and a special study in depth of the adequacy of the existing program of State aid to school districts to meet the expanding needs of the public school system throughout the State. Such study shall include an evaluation of and recommendations concerning:

(a) the capital and operational financial needs of the public schools of the several school districts of the State,

(b) the amount of money estimated to be required annually as State aid to school districts and

(c) the equity and adequacy of the existing formulæ for calculating and distributing State aid to school districts.

2. The Commission is authorized to employ or to contract for such professional, research, statistical, editorial, clerical and incidental services and to incur such other expenses as it may deem necessary for the proper and timely accomplishment of the purposes of the study hereby directed and as may be within the limits of sums appropriated for this purpose.

3. The Commission and their representatives shall consult with and shall be entitled to call to their assistance and avail themselves of the services and facilities of such State and local governmental agencies as may be appropriate and which may reasonably be made available to aid in the study hereby directed.

4. The Commission shall report specially to the Governor and the Legislature, on the results and recommendations resulting from the study hereby directed, in the month of January 1962.

5. This joint resolution shall take effect immediately.

JOINT RESOLUTION NO. 5—APPROVED APRIL 3, 1962

A JOINT RESOLUTION directing the Commission on State Tax Policy to undertake a comprehensive re-examination of the entire State and local tax structure and to report thereon to the Governor and to the Legislature.

WHEREAS, The Commission on State Tax Policy, pursuant to Joint Resolution No. 6 of 1961, has undertaken a re-examination of the means of providing increased State financial assistance for the public schools of the State; and

WHEREAS, A substantial part of the total existing tax resources of the State and its political subdivisions are already devoted to the support of the public schools; and

WHEREAS, Any recommendations of the commission which would increase the State's participation in the financing of the public schools must have a significant effect upon the tax structure of the State; and

WHEREAS, Under such circumstances, it is important that full consideration be given to achieving a fair and equitable distribution of the cost of school services and other governmental services between the State and its political subdivisions and among the residents of the State and the business, industrial and commercial enterprises carried on therein; and

WHEREAS, The last comprehensive study of the entire State and local tax structure was undertaken by the Commission in 1949 and the report thereon submitted in 1950; now, therefore,

BE IT RESOLVED *by the Senate and General Assembly of the State of New Jersey:*

1. The Commission on State Tax Policy is hereby directed to undertake a comprehensive re-examination of the entire State and local tax structure and of the tax resources of the State and its political subdivisions to determine to what extent the existing tax structure should be modified or otherwise changed to insure a fair and equitable distribution of the costs of governmental services between the State and its political subdivisions and among the residents of the State and the business, industrial and commercial enterprises carried on therein.

2. The Commission is authorized to employ or to contract for such professional, research, statistical, editorial, clerical and incidental services and to incur such other expenses as it may deem necessary for the proper and timely accomplishment of the purposes of the study hereby directed and as may be within the limits of sums appropriated for this purpose.

3. The Commission and their representatives shall consult with and shall be entitled to call to their assistance and avail themselves of the services and facilities of such State and local government agencies as may be appropriate and which may reasonably be made available to aid in the study hereby directed.

4. The Commission shall report specially to the Governor and the Legislature, on the results and recommendations resulting from the study hereby directed, before the month of December, 1962.

5. This joint resolution shall take effect immediately.

APPENDIX B

**List of Persons Who Took Part in the Public Hearings Held Before the
Commission on State Tax Policy and the Tax Advisory Committee**

April 25-27 and June 21, 1962

I. CIVIC AND CITIZEN ORGANIZATIONS

	<i>Location of Testimony Volume</i>	<i>Page</i>
Carlton W. Tillinghast, New Jersey Taxpayers' Association	II	48
Mrs. John K. deVries, President, League of Women Voters of New Jersey	I	1A
Mrs. William E. Fairbanks, League of Women Voters of Englewood	III	39A
Mrs. Lloyd Van Buskirk, League of Women Voters, Bloomfield	III	46A
Mrs. Robert Klein, League of Women Voters of Morris- town	III	43A
Mrs. Joseph F. Pritchett, Chairman, State Taxes Com- mittee, League of Women Voters, Camden	III	45A
Mrs. F. W. Hopkins, League of Women Voters of High- land Park	III	47A
Jeffrey M. Albert, N. J. Council of Americans for Demo- cratic Action	III	74
Mrs. Lora Liss, Chairman, State Legislative Committee, National Council of Jewish Women	III	29A
Mrs. Mildred Mahncke, New Jersey Welfare Council ...	II	44
Frank McDermott, Executive Secretary, N. J. Organiza- tion for a Better State (New Jobs)	III	63A
Leonard F. Newton, New Jersey Junior Chamber of Commerce	II	16
Harry W. Wolkstein, President, N. J. State Council of Industrial and Labor Organizations	IV	39
B. H. Faulkner, Montclair, New Jersey	II	64
C. Paul Falcone, President, West Long Branch Demo- cratic Club	II	71

II. BUSINESS SPOKESMEN

H. Russell Brown, Chairman, Committee on Taxation, New Jersey Manufacturers Association	I	21
Albert H. Acken, Executive Vice President, New Jersey State Chamber of Commerce	II	8A

	<i>Location of Testimony</i>	
	<i>Volume</i>	<i>Page</i>
Milton H. Cooper, New Jersey Wine and Spirits Wholesalers	I	51A
Alvin Geser, Executive Officer, New Jersey Pharmaceutical Association	I	58A
Monroe A. Lewis, Tobacco Distributors Association of New Jersey	I	61A
Harold D. Sarshik, New Jersey Home Builders Association	III	1
George J. Baumann, Esq., Jersey City Chamber of Commerce	I	39
Harry F. Salomon, President, Jersey City Merchants Council	V	15
Kenneth B. Walton, Atlantic City Chamber of Commerce	V	26

III. SCHOOL AID AND TAXES

Dr. Frederick M. Raubinger, State Commissioner of Education	III	8
Leonard E. Best, Chairman, New Jersey Committee for School Support	I	3
Mrs. Kenneth W. Lathrope, President, N. J. Congress of Parents and Teachers	I	18
Dr. Charles B. Pierce, New Jersey Education Association	I	29A
Ray J. Ast, Jr., President, N. J. Association for Adult Education	II	33A
Ruth Mancuso, Legislative Chairman, State Federation of District Boards of Education	III	71A
Paul Loven, President, Essex County Teachers Federal Union	I	37A
Mrs. John H. Ford, Chairman, Bergen County Committee for School Support	II	24A
Mrs. Jack Goldberg, Committee for School Support, Monmouth County	II	41A
Charles Thompson, Middlesex County, Council of Parent-Teachers Association	III	88
Peter G. Polowniak, Passaic County Committee for School Support and Council of Teachers Associations of Passaic County	III	35A
Robert Blunt, Secretary, Middlesex County Association of School Boards	III	79A
Mrs. E. P. Garretson, Somerset County Parent-Teacher Association	III	82A
R. L. Deily, Chairman, Somerset County Committee for School Support	III	91A

	<i>Location of Testimony</i>	
	<i>Volume</i>	<i>Page</i>
Ernest L. Gilliland, County Superintendent of Schools, Somerset County	II	63A
Dr. Howard Morris, Jr., Superintendent of Schools, Salem County	III	85
Edward T. Magee, Jersey City, New Jersey	II	73
William H. Donahue, Cape May County	II	48A
Dr. Donald Walling, Rutgers University	II	54A
John E. Dwyer, Superintendent of Elizabeth Schools ...	IV	45
Joseph Ewart, Superintendent of Schools, Woodstown ..	I	44A
Lawrence Anderson, Superintendent of Schools, Penns Grove	I	45A
Thomas Griffiths, Superintendent of Schools, Jamesburg School District	I	72A
Mrs. Chiara, Board President, Jamesburg School District.	I	72A
Dr. John B. Geissinger, Superintendent of Schools, Tena- fly, New Jersey	II	20A
Harvey B. Scribner, Superintendent of Schools, Teaneck, New Jersey	II	22A
Dr. Hobart De Puyt, Superintendent of Schools, Hack- ensack	II	27A
Dr. Edward F. Donahue, Superintendent of Schools, Bogota	II	31A
Arnold Profeta, Superintendent of Schools, Palisades Park	II	28A
John Bicknell, President, North Plainfield Board of Education	II	60A
Dr. Granville S. Thomas, Superintendent of Schools, Salem, New Jersey	III	83
Sampson G. Smith, Superintendent of Schools, Franklin Township	III	95
Kurt Nathan, Board of Education, Franklin Township..	III	98
Stan Freedman, Bound Brook Board of Education	III	100
William J. Sample, Superintendent of Schools, Madison Township	III	25A
Dr. James Kimple, Superintendent of Schools, Fair Lawn	III	85A
Harry Kosansky, Levittown Board of Education	V	47

IV. HIGHWAY USERS

William J. Gaffney, New Jersey Highway Users Con- ference	I	22A
Dr. Joseph E. McLean, New Jersey Highway Information Association	II	1
J. Anton Hagios, N. J. Citizens Highway Committee	III	2

V. AGRICULTURE SPOKESMEN

	<i>Location of Testimony</i>	
	<i>Volume</i>	<i>Page</i>
C. H. Fields, New Jersey Farm Bureau	III	66
Ellsworth Higgins, New Jersey State Grange	III	72

VI. RAILROAD SPOKESMEN

E. T. Moore, Central Railroad of New Jersey	III	1A
Augustus Nasmith, General Counsel, Associated Railroads of New Jersey	IV	9

VII. COUNTY AND MUNICIPAL OFFICIALS AND ORGANIZATIONS

Raymond N. Sutphin, New Jersey Association of Township Committeemen	II	20
Marriott G. Haines, President, Association of Municipal Assessors of State of New Jersey	II	13A
Russel T. Wilson, N. J. State League of Municipalities ..	III	41
Lester N. Price, N. J. Association of Chosen Freeholders ..	III	59
John E. Duetsch, League of Suburban Municipalities of Essex County	II	31
Hon. Leo Carlin, Mayor, City of Newark	I	10
Nathan Zinader, Bayonne, New Jersey	III	37
Hon. Alfred Pierce, Mayor, City of Camden	III	13A
John Howley, Chairman of Taxes, City of South Amboy ..	II	51A
Hon. Thomas Gangemi, Mayor, City of Jersey City	V	2

VIII. STATE OFFICIALS—GENERALLY

Abram M. Vermeulen, Director, Division of Budget and Accounting, New Jersey Department of the Treasury ..	II	1A
Arthur Melnick, Council of State Employees	III	50A
Bertram N. Sheff, Chairman, Committee on Compensation of Personnel, Council of State Employees	III	53A
Hon. Henry S. Haines, Senator, Burlington County	V	58

IX. OTHER TAX POSITIONS

Dr. Geoffrey W. Esty, Princeton, N. J.	I	45
Leo Cohen, Chairman, Oakland Tax Study Committee ..	I	52
Mark M. Jones, Princeton, N. J.	I	77A
Arthur M. Kallop, Summit, N. J.	III	56A
Robert J. Cornell, Watchung, N. J.	III	39A
Frank Kennedy, Pennington, N. J.	III	96A
A. Alan Leveen	V	77

X. LAND USE AND DEVELOPMENT PLANNERS

	<i>Location of Testimony</i>	
	<i>Volume</i>	<i>Page</i>
J. Louis Fuller, Burlington County Development Committee	V	68
Herbert Smith, Trenton, N. J.	V	60

SUPPLEMENTARY APPEARANCES

- Phillip Alampi, Secretary of Agriculture, September 13, 1962.
 James A. Arnold, Jr., Tax and Research Consultant to Division of Taxation, September 21, 1962.
 Leonard E. Best, New Jersey Committee for School Support, October 17, 1961.
 Joseph B. Clayton, Deputy Commissioner of Education, August 6, 1962.
 Henry W. Connor, Newark Bureau of Municipal Research, October 13, 1962.
 C. H. Fields, New Jersey Farm Bureau, September 13, 1962.
 Sidney Glaser, Assistant to Director, Division of Taxation, September 21, 1962.
 Alan F. Hart, State Supervisor, Local Property Tax Bureau, September 21, 1962.
 Frederick L. Hipp, New Jersey Education Association, October 17, 1961.
 Edward W. Kilpatrick, Assistant Commissioner of Education, August 6, and September 13, 1962.
 William Kingsley, Director, Division of Taxation, September 21, 1962.
 George Luke, College of Agriculture, Rutgers University, September 13, 1962.
 Edward T. Magee, State Committee Against New Taxes, October 20, 1962.
 Ruth H. Page, State Federation of District Boards of Education, October 17, 1961.
 Dwight R. G. Palmer, Commissioner of Highways, September 21, 1962.
 Frederick M. Raubinger, Commissioner of Education, August 6, 1962.
 Herbert Rogin, State Federation of District Boards of Education, October 17, 1961.
 Abram M. Vermeulen, Director, Division of Budget and Accounting, August 6, and September 21, 1962.

APPENDIX C

EXPLANATION OF SCHOOL CALCULATIONS

The school data calculations used throughout this study have utilized figures published by the Department of Education, the Department of Treasury, and the New Jersey Education Association. However, some new methods of analysis and cost conceptions were employed.

All enrollment figures, whether for total enrollment or average daily enrollment, are those shown in the *Annual Report of the Commissioner of Education*. The definition of only one major concept, day school expenditures, changed between the base year of 1955-56, and 1960-61. Throughout this study the original definition was employed. Under both definitions capital outlays, expenditures from improvement authorizations, debt service payments, and the costs of special schools are excluded from day school expenditures. However, under the new definition, expenses to other districts (largely tuition and transportation payments), sundry accounts (primarily food accounts), student body activities, community services, and special projects are excluded from day school costs. In this study these items were included in day school costs when comparisons were made between the two years.

Two types of State aid have been analyzed, aid applicable to day school costs and capital or building aid. Aids applicable to day school costs include foundation, transportation, and atypical pupil grants. Capital or building aid is granted in accordance with the requirements of the capital foundation program. Two types of State aid have not been considered, evening vocational aid, and evening school for foreign-born aid.

Emergency aid is also given to local school districts and can be separated into two categories. In some cases this aid is given to offset the costs of providing in-service training programs which are sponsored and directed by the State and done at its request. These projects are not a regular part of the educational program of the district. If a district put on such a program and received emergency aid, both the aid and the costs of the program were excluded from the calculations of State aid and day school costs. The second type of emergency aid is just what the name implies, aid which is granted to meet an emergency situation and is deemed necessary for the continuance of the regular educational program of the district. This money comes from the Emergency Fund under the supervision of the Commissioner of Education and is included in the day school cost and State aid calculations.

The equalized valuations which were used to determine the equalized valuation per pupil in average daily enrollment (ADE) are those certified by the Division of Taxation, Department of the Treasury in October each year. The figures have been adjusted to recognize all appeals and changes which may have resulted after the initial certification.

Total costs comprise all outlays included in total expenditures as shown by the *Annual Report of the Commissioner of Education*, except those made from improvement authorizations (bond funds). Included are all day school

costs, capital outlays, debt service expenditures, special school and any other operating costs. Chapter VI debt service paid by a city was added to this total.

To facilitate cost comparisons total costs were divided by total enrollments. This removed many of the problems encountered in sending-receiving district situations. Attention was focused on the total cost of educating the students in the schools, regardless of their district of origin. In addition, this approach eliminated the necessity of assuming that the tuition paid by a sending district equals the cost of educating the pupils it sends. Unless such an assumption is made, it is virtually impossible to apportion total expenditures between district pupils and pupils sent by other districts. Because this assumption is of doubtful accuracy, it was desirable to find a method of cost analysis which did not require its acceptance. Comparisons of total costs per student not only suited these requirements, but also indicated the operational cost level actually maintained by the school district.

Allocating the costs of regional schools was even more difficult. The appropriate comparison is that between the cost of services rendered and the tax base supporting those costs. To make this comparison, regional costs had to be allocated among the constituent districts. This was done in preference to allocating part of each constituent district's tax base to the regional for purposes of comparing equalized valuations per pupil. As a result regionals appear to have no costs and no equalized valuations since the costs are allocated among the constituent districts, and the total property tax base of each constituent is not divided into local and regional shares. Consequently the regionals as such are not included among the districts in some of the tables, but they are always shown separately for informational purposes.

Various problems were encountered in allocating regional costs back to the constituents. First, from the outset operating and capital costs were fed back on different bases. In the case of operating costs, districts are permitted by State statute to determine at the time of regionalization whether operating costs will be allocated among constituents on the basis of equalized valuation or on the number of students sent to the regional from each district. Most of the regionals use the latter method, and for this reason enrollments were used to apportion all regional operating costs among the constituent districts.

By law regional costs for debt service and capital outlays must be allocated among the constituents on the basis of ratables. The same method was utilized here.

The allocated regional costs were total costs minus tuition revenues. Regionals occasionally receive students from sending districts which are not constituents, for which the sending districts pay tuition. These revenues were deducted from costs and the remaining amount was allocated among the constituents. In this case it was assumed that tuition revenues matched costs, but these revenues and the number of students involved in any of the regional districts were relatively small. However, for cost comparisons between regionals, all costs and all students, whether tuition-paying or not, were included. The adjustment for tuition students was made only in allocating costs among constituent districts.

Regional school districts receive foundation and building aid just as other school districts do. These grants were allocated among the constituents before

comparisons were made of aid per pupil or building aid relative to housing costs. Foundation aid was allocated on the basis of enrollments, while building aid was apportioned on the basis of ratables. Consequently the various costs and the aid provided to support those costs were allocated on the same basis.

Building aid created one other problem. This aid is not always paid to school districts; some or all of it may go to a city or municipality to help pay debt service. This aid was added to that received by the district itself. This procedure matched on the revenue side the treatment given to Chapter VI debt service on the expenditure side.

Statistical Appendix D

Appendix Table 1
POPULATION AND PERSONAL INCOME
1960

State	Total		21 yrs. & over		Personal Income			
	Population	Rank	(000)	%	Amount (millions)	Rank	Per Capita	Rank
Alabama	3,266,740	19	1,834	56.1%	\$4,785	24	\$1,462	47
Alaska	226,167	51	124	54.8	629	50	2,735	6
Arizona	1,302,161	35	732	56.2	2,650	33	2,011	28
Arkansas	1,786,272	31	1,043	58.4	2,397	35	1,341	49
California	15,717,204	2	9,660	61.5	43,448	2	2,741	5
Colorado	1,753,947	33	1,031	58.8	4,079	28	2,320	14
Connecticut	2,535,234	25	1,591	62.8	7,295	16	2,863	2
Delaware	446,292	47	267	59.8	1,353	42	3,013	1
District of Columbia	763,956	40	509	66.6	..	..	..	..
Florida	4,951,560	10	3,088	62.4	9,938	11	1,988	30
Georgia	3,943,116	16	2,231	56.6	6,349	20	1,608	42
Hawaii	632,772	44	348	55.0	1,442	40	2,274	16
Idaho	667,191	43	372	55.8	1,205	45	1,796	39
Illinois	10,081,158	4	6,281	62.3	26,425	3	2,613	8
Indiana	4,662,498	11	2,778	59.6	10,192	10	2,179	21
Iowa	2,757,537	24	1,664	60.3	5,531	21	2,003	29
Kansas	2,178,611	28	1,322	60.7	4,504	26	2,068	24
Kentucky	3,038,156	22	1,764	58.1	4,702	25	1,543	46
Louisiana	3,257,022	20	1,804	55.4	5,245	23	1,604	43
Maine	969,265	36	581	59.9	1,851	37	1,900	33
Maryland	3,100,689	21	1,845	59.5	7,460	14	2,394	10
Massachusetts	5,148,578	9	3,245	63.0	13,016	9	2,519	9
Michigan	7,823,194	7	4,580	58.5	18,225	7	2,322	12
Minnesota	3,413,864	18	2,001	58.6	7,036	18	2,054	26
Mississippi	2,178,141	29	1,171	53.8	2,557	34	1,173	50
Missouri	4,319,813	13	2,696	62.4	9,522	12	2,199	20
Montana	674,767	42	389	57.6	1,368	41	2,018	27
Nebraska	1,411,330	34	858	60.8	2,988	32	2,113	23
Nevada	285,278	50	175	61.3	819	47	2,844	3
New Hampshire	606,921	46	373	61.5	1,263	43	2,074	25
NEW JERSEY	6,066,782	8	3,861	63.6	16,256	8	2,665	7
New Mexico	951,023	37	501	52.7	1,730	38	1,806	38
New York	16,782,304	1	10,881	64.8	46,927	1	2,789	4
North Carolina	4,556,155	12	2,557	56.1	7,184	17	1,574	44
North Dakota	632,446	45	355	56.1	1,104	46	1,741	40
Ohio	9,706,397	5	5,839	60.2	22,778	5	2,339	11
Oklahoma	2,328,284	27	1,416	60.8	4,312	27	1,848	35
Oregon	1,768,687	32	1,073	60.7	4,005	29	2,259	18
Pennsylvania	11,319,366	3	7,100	62.7	25,700	4	2,266	17
Rhode Island	859,488	39	540	62.8	1,909	36	2,228	19
South Carolina	2,382,594	26	1,266	53.1	3,341	30	1,397	48
South Dakota	680,514	41	392	57.6	1,256	44	1,842	37
Tennessee	3,567,089	17	2,093	58.7	5,522	22	1,545	45
Texas	9,579,677	6	5,534	57.8	18,508	6	1,924	31
Utah	890,627	38	468	52.5	1,711	39	1,910	32
Vermont	389,881	48	231	59.2	727	49	1,859	34
Virginia	3,966,949	14	2,313	58.3	7,351	15	1,848	36
Washington	2,853,214	23	1,718	60.2	6,626	19	2,317	15
West Virginia	1,860,421	30	1,083	58.2	3,109	31	1,674	41
Wisconsin	3,951,777	15	2,354	59.6	8,605	13	2,171	22
Wyoming	330,066	49	190	57.6	775	48	2,334	13
United States	179,323,175	..	108,124	60.3%	\$397,710	..	\$2,209	..

Sources: U. S. Bureau of the Census, *Final Population Counts (PC(A1)-1)*, Table 4, p. 5; *Statistical Abstract of the United States, 1961*, Table 20, p. 29; and *State Tax Collections in 1961 (G-SF61—No. 3)*, Table 6, p. 8.

Appendix Table 2
PER CAPITA PERSONAL INCOME RANKS, 1959 AND 1960 AND RANKING OF STATES
ACCORDING TO STATE SHARE OF TOTAL STATE-LOCAL FISCAL ACTIVITIES

State	Per Capita Personal Income Rank		Rank of State Government Portion (in %) of State-Local Totals of:	
	1960	1959	Tax Revenue	Payrolls
Alabama	47	47	8	30
Alaska	6	8	3	4
Arizona	28	30	17	38
Arkansas	49	49	10	15
California	5	5	32	42 ^j
Colorado	14	17	37 ^f	33
Connecticut	2	2	41	25 ^s
Delaware	1	1	2	3
Florida	30	29	20	46
Georgia	42	40 ^c	14	36 ^h
Hawaii	16	21	1	2
Idaho	39	34	23	10
Illinois	8	7	46	48
Indiana	21	22	35 ^e	39 ⁱ
Iowa	29	27	40	23
Kansas	25	23	43	29
Kentucky	46	43	16	27
Louisiana	43	42	6 ^d	12
Maine	33	35	39	7
Maryland	10	10	21	35
Massachusetts	9	9	44	41
Michigan	13	12	24	37 ^h
Minnesota	26	26	38 ^f	31
Mississippi	50	50	11	28
Missouri	20	19	36 ^e	40 ⁱ
Montana	27	25	42	9
Nebraska	23	28	49	32
Nevada	3	3	18	22
New Hampshire	24	24	47	6
NEW JERSEY	7	6	50	49
New Mexico	38	33	5	13
New York	4	4	45	50
North Carolina	44	46	7 ^d	1
North Dakota	40	41 ^c	34	24
Ohio	11	11	33	47
Oklahoma	35 ^a	38	13	21
Oregon	18	15 ^b	27	16
Pennsylvania	17	16 ^b	26	34
Rhode Island	19	18	28	8
South Carolina	48	48	4	17
South Dakota	37	45	48	14
Tennessee	45	44	15	44
Texas	31	31	29	45
Utah	32	32	19	11
Vermont	34	36	30	5
Virginia	36 ^a	37	22	18
Washington	15	13	9	26 ^s
West Virginia	41	39	12	20
Wisconsin	22	20	31	43 ^j
Wyoming	12	14	25	19

Sources: U. S. Bureau of the Census, *State Tax Collections in 1961* (G-SF61—No. 3); and *Statistical Abstract of the United States, 1961*, p. 307 and p. 427.
For footnotes, see page 169.

FOOTNOTES FOR APPENDIX TABLE 2

- a. Oklahoma and Virginia both had per capita incomes of \$1,848.00 in 1960.
- b. Oregon and Pennsylvania both had per capita incomes of \$2,201.00 in 1959.
- c. Georgia and North Dakota both had per capita incomes of \$1,557.00 in 1959.
- d. Louisiana and North Carolina had State tax revenues which were the same percentage of State-local total tax revenues in 1960 (73.5%).
- e. Indiana and Missouri had State tax revenues which were the same percentage of State-local total tax revenues in 1960 (47.5%).
- f. Colorado and Minnesota had State tax revenues which were the same percentage of State-local total tax revenues in 1960 (47.4%).
- g. Connecticut and Washington had State payrolls which were the same percentage of State-local total payrolls in October, 1960 (28.4%).
- h. Georgia and Michigan had State payrolls which were the same percentage of State-local total payrolls in October, 1960 (24.4%).
- i. Indiana and Missouri had State payrolls which were the same percentage of State-local total payrolls in October, 1960 (23.6%).
- j. California and Wisconsin had State payrolls which were the same percentage of State-local total payrolls in October, 1960 (21.9%).

Appendix Table 3
PER CAPITA FEDERAL AID TO STATE AND LOCAL GOVERNMENTS
1960

State	Per Capita Federal Aid	Rank
United States Average	\$ 38.75	....
Alaska	153.07	1
Wyoming	150.00	2
District of Columbia	81.36	3
Montana	77.73	4
North Dakota	75.55	5
New Mexico	75.49	6
Nevada	73.61	7
Utah	71.65	8
Hawaii	68.85	9
Vermont	67.77	10
Oregon	63.85	11
South Dakota	63.64	12
Louisiana	63.61	13
Idaho	59.31	14
Oklahoma	56.49	15
Colorado	54.15	16
New Hampshire	50.08	17
Arkansas	49.83	18
Arizona	49.01	19
Alabama	47.05	20
Mississippi	46.74	21
Missouri	45.92	22
California	45.80	23
West Virginia	45.45	24
Kentucky	45.42	25
Washington	45.24	26
Iowa	44.91	27
Kansas	43.85	28
Maine	43.84	29
Tennessee	42.88	30
Georgia	42.59	31
Minnesota	41.86	32
Texas	40.31	33
Nebraska	38.12	34
South Carolina	37.92	35
Rhode Island	37.11	36
Florida	36.90	37
Illinois	35.50	38
Delaware	34.30	39
North Carolina	33.90	40
Virginia	32.40	41
Ohio	32.20	42
Massachusetts	31.91	43
Wisconsin	30.20	44
Indiana	29.66	45
New York	29.21	46
Michigan	28.38	47
Pennsylvania	26.83	48
Connecticut	25.82	49
Maryland	25.55	50
NEW JERSEY	18.97	51

Source: U. S. Bureau of the Census, *Governmental Finances in 1960*, Table 14, p. 26.

Appendix Table 4
FEDERAL AID PER \$1,000 OF PERSONAL INCOME, 1960

State	Federal Aid Per \$1,000 of Personal Income	Rank
United States Average	\$17.44	....
Wyoming	64.26	1
Alaska	55.48	2
North Dakota	43.39	3
New Mexico	41.79	4
Mississippi	39.85	5
Louisiana	39.66	6
Montana	38.52	7
Utah	37.52	8
Arkansas	37.17	9
Vermont	36.45	10
South Dakota	34.55	11
Idaho	33.03	12
Alaska	32.18	13
Hawaii	30.65	14
Oklahoma	30.57	15
Kentucky	29.43	16
Oregon	28.26	17
Tennessee	27.74	18
South Carolina	27.15	19
West Virginia	27.15	20
District of Columbia	27.05	21
Georgia	26.49	22
Nevada	25.89	23
Arizona	24.38	24
New Hampshire	24.15	25
Colorado	23.34	26
Maine	23.07	27
Iowa	22.42	28
North Carolina	21.53	29
Kansas	21.20	30
Texas	20.95	31
Missouri	20.89	32
Michigan	20.38	33
Washington	19.53	34
Florida	18.57	35
Nebraska	18.04	36
Virginia	17.54	37
California	16.71	38
Rhode Island	16.66	39
Wisconsin	13.91	40
Ohio	13.77	41
Indiana	13.61	42
Illinois	13.59	43
Massachusetts	12.67	44
Michigan	12.22	45
Pennsylvania	11.84	46
Delaware	11.38	47
Maryland	10.67	48
New York	10.48	49
Connecticut	9.02	50
NEW JERSEY	7.12	51

Source: U. S. Bureau of the Census, *Governmental Finances in 1960*, Table A, p. 26.

Appendix Table 5
PERCENTAGE OF FEDERAL AID TO TOTAL STATE AND LOCAL GENERAL
REVENUE, 1957

State	Federal Aid Percentage	Rank
United States Average	10.1%	----
Wyoming	24.9	1
New Mexico	22.5	2
Alabama	19.9	3
Arkansas	18.8	4
District of Columbia	18.0	5
Montana	17.7	6
Oklahoma	17.5	7
Nevada	17.4	8
Mississippi	17.0	9
South Dakota	16.6	10
Missouri	16.5	11
North Carolina	16.3	12
Idaho	15.9	13
Louisiana	14.8	14
Colorado	14.7	15
Utah	14.6	16
Kentucky	14.5	17
Tennessee	14.3	18
Georgia	14.3	19
Oregon	13.9	20
South Carolina	13.3	21
Vermont	13.1	22
Texas	12.8	23
Arizona	12.8	24
West Virginia	12.7	25
North Dakota	12.3	26
Rhode Island	12.2	27
Nebraska	12.1	28
Maine	12.1	29
Kansas	11.7	30
Washington	11.2	31
California	10.7	32
Florida	10.0	33
Minnesota	9.8	34
Iowa	9.8	35
Virginia	9.3	36
New Hampshire	9.3	37
Delaware	9.1	38
Maryland	8.4	39
Ohio	8.0	40
Michigan	7.9	41
Massachusetts	7.2	42
Wisconsin	7.1	43
Illinois	6.9	44
Indiana	6.8	45
Pennsylvania	6.4	46
New York	5.5	47
Connecticut	5.4	48
NEW JERSEY	4.6	49

Source: U. S. Bureau of the Census, *1957 Census of Governments*, "Compendium of Government Finances" (Vol. III, No. 5), Table 25, p. 35.

Appendix Table 6
PER CAPITA STATE EXPENDITURES FOR LOCAL PUBLIC EDUCATION
Rank of States 1957 - 1958 and 1959 - 1960

State	1957-1958 Per Capita Expenditures ³³	Rank	1959-1960 Per Capita Expenditures ³³	Rank
Alabama	\$30.13	21	\$31.57	24
Alaska	54.46	3	56.75	4
Arizona	22.18	30	33.22	22
Arkansas	24.36	25	24.74	27
California	39.64	9	44.66	10
Colorado	17.85	38	18.88	41
Connecticut	25.11	24	24.16	28
Delaware	128.93	1	140.31	1
Florida	39.04	11	41.63	12
Georgia	36.91	14	40.53	14
Hawaii	46.51	6	52.88	7
Idaho	19.09	34	23.58	29
Illinois	15.73	42	20.67	39
Indiana	22.69	27	23.24	31
Iowa	8.75	47	9.05	47
Kansas	16.17	41	17.79	43
Kentucky	21.33	31	22.65	34
Louisiana	49.68	5	54.90	5
Maine	14.84	43	17.08	44
Maryland	22.27	29	28.29	26
Massachusetts	13.02	45	15.91	45
Michigan	37.63	12	41.67	11
Minnesota	33.10	18	35.38	18
Mississippi	22.38	28	34.61	19
Missouri	18.79	36	19.75	40
Montana	19.46	33	23.45	30
Nebraska	3.56	50	4.84	50
Nevada	39.97	8	52.94	6
New Hampshire	5.38	49	5.91	49
NEW JERSEY	18.83	35	20.94	38
New Mexico	53.04	4	72.07	2
New York	32.27	19	38.49	15
North Carolina	40.95	7	40.64	13
North Dakota	17.60	39	23.15	32
Ohio	19.56	32	21.80	37
Oklahoma	17.17	40	22.14	36
Oregon	26.60	23	30.34	25
Pennsylvania	30.19	20	33.75	21
Rhode Island	12.72	46	14.23	46
South Carolina	33.70	16	36.22	17
South Dakota	7.29	48	8.37	48
Tennessee	27.22	22	32.45	23
Texas	34.19	15	36.94	16
Utah	39.60	10	48.40	9
Vermont	23.67	26	22.56	35
Virginia	18.74	37	23.04	33
Washington	58.33	2	62.12	3
West Virginia	33.28	17	34.61	20
Wisconsin	14.07	44	18.17	42
Wyoming	37.36	13	50.60	8

Sources: Per capita amounts, calculated from population figures shown in U. S. Bureau of the Census, *Statistical Abstract of the United States, 1961* (82nd Ed.) (Washington: Government Printing Office, 1961), Table No. 6, p. 10. Expenditure figures taken from U. S. Department of Health, Education and Welfare, *Public School Finance Programs of the United States 1957-1958*, Table No. 3, p. 26, and *Revenue Programs for Public Schools in the United States 1959-1960*, Chapter III, pp. 19-68.

For footnotes, see page 83.

Appendix Table 7
PER CAPITA DIRECT GENERAL EXPENDITURES OF STATE-LOCAL GOVERNMENTS
1960

State	Per Capita Direct General Expenditures	Rank
United States Average	\$288.24	----
Wyoming	454.22	1
Nevada	420.83	2
California	379.85	3
New York	374.21	4
Hawaii	369.16	5
North Dakota	368.93	6
District of Columbia	353.28	7
Alaska	345.18	8
Colorado	344.14	9
Oregon	342.92	10
Delaware	334.63	11
Montana	334.22	12
Washington	332.73	13
Minnesota	328.93	14
Vermont	326.85	15
Louisiana	322.81	16
Connecticut	311.77	17
Arizona	309.10	18
New Mexico	308.87	19
Utah	306.70	20
Michigan	302.22	21
South Dakota	301.47	22
Massachusetts	297.35	23
Iowa	293.84	24
Kansas	290.54	25
Wisconsin	290.16	26
Illinois	286.68	27
Idaho	284.35	28
Florida	283.18	29
Oklahoma	282.17	30
New Hampshire	275.21	31
Ohio	273.43	32
Maryland	269.22	33
Nebraska	268.60	34
NEW JERSEY	256.86	35
Pennsylvania	256.70	36
Maine	256.06	37
Indiana	255.76	38
Rhode Island	255.66	39
Texas	246.26	40
Missouri	232.12	41
Mississippi	230.96	42
Georgia	222.36	43
West Virginia	217.34	44
Alabama	217.17	45
Tennessee	216.99	46
Virginia	213.10	47
Kentucky	198.16	48
Arkansas	197.99	49
North Carolina	195.09	50
South Carolina	183.11	51

Source: U. S. Bureau of the Census, *Governmental Finances in 1960*, Table 17, p. 30.

Appendix Table 8
PER CAPITA DIRECT GENERAL EXPENDITURES OF STATE-LOCAL
GOVERNMENTS FOR HIGHWAYS
1960

State	Per Capita General Expenditures for Highways	Rank
United States Average	\$ 52.28	....
Wyoming	140.16	1
North Dakota	107.89	2
Vermont	105.37	3
South Dakota	99.56	4
Montana	88.79	5
New Hampshire	86.37	6
Iowa	83.85	7
Nevada	83.68	8
Idaho	76.90	9
Kansas	73.32	10
Oregon	70.11	11
Nebraska	72.07	12
Maine	68.69	13
Minnesota	65.73	14
Louisiana	65.60	15
Wisconsin	65.34	16
Delaware	62.58	17
New Mexico	58.66	18
Texas	58.30	19
Utah	58.15	20
Connecticut	57.03	21
Florida	56.72	22
Ohio	56.58	23
Colorado	56.03	24
Mississippi	55.41	25
New York	54.69	26
Kentucky	54.15	27
Arizona	53.95	28
Tennessee	53.48	29
Illinois	52.92	30
Michigan	52.23	31
Washington	51.68	32
Alabama	51.57	33
West Virginia	51.43	34
Oklahoma	48.52	35
District of Columbia	48.43	36
Rhode Island	47.84	37
Massachusetts	47.55	38
Indiana	46.82	39
Maryland	46.76	40
Arkansas	46.64	41
California	44.78	42
Georgia	41.48	43
South Carolina	41.10	44
Missouri	41.05	45
Hawaii	40.50	46
Virginia	39.67	47
Pennsylvania	39.43	48
North Carolina	34.14	49
NEW JERSEY	33.22	50
Alaska	32.46	51

Source: U. S. Bureau of the Census, *Governmental Finances in 1960*, Table 17, p. 30.

Appendix Table 9
PER CAPITA DIRECT GENERAL EXPENDITURES OF STATE-LOCAL
GOVERNMENTS FOR PUBLIC WELFARE
1960

State	Per Capita Direct General Expenditures for Public Welfare	Rank
United States Average	\$24.47	----
Oklahoma	55.17	1
Louisiana	49.94	2
Colorado	48.32	3
Washington	36.71	4
California	35.05	5
Massachusetts	34.33	6
Missouri	33.13	7
Minnesota	28.05	8
Rhode Island	28.59	9
District of Columbia	27.43	10
New Mexico	27.14	11
New York	26.71	12
Arkansas	26.23	13
Maine	25.26	14
Vermont	25.06	15
Minnesota	25.05	16
Oregon	24.59	17
Illinois	24.39	18
Mississippi	24.36	19
Iowa	24.09	20
Kansas	23.97	21
Georgia	23.85	22
North Dakota	23.19	23
Connecticut	22.61	24
Ohio	22.57	25
West Virginia	22.35	26
Michigan	22.35	27
Montana	22.12	28
Wisconsin	21.75	29
South Dakota	21.70	30
Utah	20.98	31
Pennsylvania	20.83	32
Kentucky	20.58	33
New Hampshire	20.03	34
Arizona	19.42	35
Idaho	19.37	36
Alaska	19.30	37
Texas	19.25	38
Nevada	18.06	39
Florida	17.94	40
Nebraska	17.89	41
Delaware	17.59	42
Tennessee	17.52	43
Wyoming	16.27	44
North Carolina	15.76	45
Hawaii	15.58	46
NEW JERSEY	13.95	47
South Carolina	13.29	48
Indiana	13.28	49
Maryland	11.01	50
Virginia	8.57	51

Source: U. S. Bureau of the Census, *Governmental Finances in 1960*, Table 17, p. 30.

Appendix Table 10
PER CAPITA STATE GENERAL EXPENDITURES FOR HIGHWAYS
1961

State	Per Capita State General Expenditures for Highways	Rank
50-State Average	\$ 41.14	....
Wyoming	133.68	1
Vermont	102.77	2
South Dakota	84.03	3
North Dakota	78.31	4
Nevada	76.87	5
Montana	71.85	6
New Hampshire	67.63	7
Idaho	64.79	8
Iowa	64.08	9
New Mexico	61.74	10
Oregon	61.46	11
Nebraska	59.08	12
Alaska	58.19	13
Vermont	57.91	14
Michigan	52.84	15
Maine	51.19	16
Arizona	50.86	17
Kansas	50.58	18
Delaware	50.55	19
Louisiana	49.97	20
Oklahoma	49.44	21
Minnesota	49.31	22
Indiana	47.29	23
Alabama	46.58	24
Colorado	46.78	25
West Virginia	45.24	26
Washington	45.12	27
Ohio	44.20	28
Connecticut	44.20	29
Tennessee	43.41	30
Mississippi	43.19	31
Arkansas	42.84	32
Kentucky	42.28	33
California	40.77	34
Illinois	40.49	35
Wisconsin	40.33	36
South Carolina	39.90	37
Maryland	39.80	38
Texas	38.76	39
Missouri	38.24	40
Florida	38.15	41
Virginia	37.25	42
Georgia	35.76	43
Rhode Island	34.21	44
Pennsylvania	31.08	45
North Carolina	30.63	46
Massachusetts	30.62	47
New York	37.87	48
Hawaii	23.98	49
NEW JERSEY	22.64	50

Source: U. S. Bureau of the Census, *Compendium of State Government Finances in 1961*, Table 35, p. 52.

Appendix Table 11
PER CAPITA DIRECT GENERAL EXPENDITURE OF STATE-LOCAL
GOVERNMENTS FOR EDUCATION
1960

State	Per Capita Direct General Expenditure for Education (Exclusive of Capital Outlay)	Rank
United States Average	\$ 83.53	----
Wyoming	128.01	1
California	116.71	2
New Mexico	114.20	3
Oregon	112.46	4
Utah	111.72	5
Colorado	110.64	6
Washington	105.98	7
Alaska	105.70	8
Arizona	104.86	9
Minnesota	100.38	10
North Dakota	100.16	11
Michigan	98.20	12
Montana	98.09	13
Vermont	97.95	14
Nevada	96.87	15
Kansas	94.40	16
Iowa	94.20	17
South Dakota	92.82	18
Delaware	92.65	19
New York	90.09	20
Oklahoma	88.47	21
Indiana	88.20	22
Louisiana	83.67	23
Connecticut	82.69	24
Illinois	81.29	25
Nebraska	80.98	26
NEW JERSEY	80.01	27
Idaho	79.14	28
Wisconsin	79.09	29
Texas	78.08	30
Hawaii	77.41	31
Ohio	77.30	32
Maryland	75.51	33
Florida	73.24	34
Maine	72.79	35
Pennsylvania	72.11	36
West Virginia	71.67	37
Virginia	71.91	38
New Hampshire	70.77	39
Missouri	67.33	40
Georgia	67.13	41
Rhode Island	66.63	42
North Carolina	66.23	43
Massachusetts	65.49	44
Alabama	63.12	45
South Carolina	61.54	46
Mississippi	60.83	47
Tennessee	59.42	48
Arkansas	59.28	49
District of Columbia	58.27	50
Kentucky	57.11	51

Source: U. S. Bureau of the Census, *Governmental Finances in 1960*, Table 17, p. 30.

Appendix Table 12
PER CAPITA INTERGOVERNMENTAL EXPENDITURES FOR PUBLIC SCHOOLS
1961

State	Per Capita Intergovernmental Expenditures for Public Schools	Rank
50-State Average	\$32.73	----
New Mexico	63.07	1
Washington	59.71	2
Utah	52.50	3
Nevada	51.98	4
Louisiana	51.60	5
Wyoming	51.10	6
California	50.54	7
New York	46.97	8
Alaska	45.76	9
North Carolina	41.05	10
Minnesota	40.09	11
Mississippi	39.35	12
Michigan	39.33	13
Georgia	37.46	14
Florida	37.06	15
Delaware	36.88	16
Arizona	35.77	17
Texas	34.87	18
West Virginia	34.23	19
Oregon	33.66	20
Alabama	33.60	21
Kentucky	33.14	22
Pennsylvania	32.84	23
South Carolina	32.66	24
Oklahoma	32.45	25
Tennessee	32.04	26
Montana	26.50	27
Idaho	26.08	28
Maryland	25.95	29
Indiana	25.57	30
Arkansas	24.15	31
Virginia	24.04	32
Colorado	23.85	33
North Dakota	23.68	34
Missouri	21.91	35
Illinois	21.37	36
Kansas	20.81	37
Connecticut	20.04	38
Wisconsin	19.01	39
Rhode Island	18.78	40
Ohio	17.77	41
Vermont	17.49	42
NEW JERSEY	16.63	43
Iowa	14.94	44
Maine	14.19	45
Massachusetts	13.44	46
South Dakota	9.34	47
New Hampshire	5.09	48
Nebraska	4.68	49
Hawaii .....	.76	50

Source: U. S. Bureau of the Census, *Compendium of State Government Finances in 1961*, Table 35, p. 52.

Appendix Table 13
PER CAPITA STATE EXPENDITURES FOR EDUCATION
1961

State	Per Capita State Expenditures for Education	Rank
50-State Average	\$ 53.54	---
Alaska	118.95	1
Delaware	112.70	2
Washington	101.74	3
New Mexico	100.85	4
Hawaii	99.65	5
Utah	94.73	6
Wyoming	93.00	7
California	84.95	8
Nevada	80.57	9
Louisiana	78.81	10
Michigan	69.74	11
Minnesota	68.32	12
Oregon	67.37	13
Arizona	65.26	14
Alabama	62.02	15
Montana	61.69	16
Mississippi	60.79	17
North Carolina	59.84	18
Colorado	59.30	19
Oklahoma	58.39	20
North Dakota	57.30	21
West Virginia	56.35	22
New York	55.64	23
Georgia	54.87	24
Indiana	54.61	25
Vermont	52.73	26
Florida	52.15	27
Texas	51.74	28
South Carolina	51.63	29
Kentucky	49.16	30
Pennsylvania	47.26	31
Kansas	47.18	32
Tennessee	45.98	33
Idaho	45.33	34
Arkansas	43.29	35
Iowa	42.71	36
Maryland	42.19	37
Virginia	41.92	38
Wisconsin	40.46	39
South Dakota	39.77	40
Illinois	38.03	41
Connecticut	37.05	42
Rhode Island	36.25	43
Missouri	33.17	44
Maine	33.12	45
Ohio	32.07	46
NEW JERSEY	26.53	47
New Hampshire	26.25	48
Nebraska	24.59	49
Massachusetts	21.09	50

Source: U. S. Bureau of the Census, *Compendium of State Government Finances in 1961*, Table 35, p. 52.

Appendix Table 14
PER CAPITA STATE EXPENDITURES FOR HIGHER EDUCATION
1961

State	Per Capita State Expenditures for Higher Education	Rank
50-State Average	\$17.40	----
Alaska	40.98	1
Wyoming	38.49	2
Utah	38.21	3
New Mexico	32.62	4
Montana	32.60	5
Colorado	32.51	6
California	32.00	7
Washington	31.41	8
North Dakota	30.81	9
Oregon	30.47	10
Michigan	29.11	11
Vermont	28.45	12
Indiana	28.02	13
South Dakota	27.53	14
Arizona	26.83	15
Minnesota	26.52	16
Delaware	26.17	17
Nevada	26.09	18
Iowa	25.02	19
Kansas	24.67	20
Oklahoma	23.14	21
Louisiana	21.79	22
Hawaii	19.96	23
Wisconsin	19.80	24
West Virginia	19.75	25
Mississippi	18.53	26
New Hampshire	17.73	27
Nebraska	17.56	28
Idaho	17.37	29
Alabama	16.01	30
Arkansas	15.63	31
North Carolina	15.60	32
Texas	15.09	33
Virginia	14.82	34
Maine	14.66	35
Illinois	14.61	36
Maryland	14.37	37
Georgia	13.35	38
Ohio	13.14	39
Kentucky	13.07	40
Rhode Island	12.73	41
South Carolina	12.66	42
Florida	12.22	43
Tennessee	11.66	44
Connecticut	10.55	45
Missouri	10.14	46
NEW JERSEY	8.74	47
Pennsylvania	7.62	48
New York	6.54	49
Massachusetts	5.82	50

Source: U. S. Bureau of the Census, *Compendium of State Government Finances in 1961*, Table 35, p. 52.

Appendix Table 15
STATE AID AND EQUALIZED VALUATION
By District Groups, 1960-61

Equalized Valuation per Pupil in ADE ¹² (to nearest \$000)	State Aid ¹⁸ as a Percentage of Day School Expenditures ¹⁹ (to nearest percent)																Totals		
	0% to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79		80 to 84	
Under \$5,000	---	---	---	---	---	---	---	---	2	1	---	---	---	---	1	---	---	4	
\$5- 9,000	---	---	---	---	---	---	---	---	1	1	---	3	---	---	---	---	---	1	5
10-14,000	---	---	---	---	2	5	4	5	14	16	1	2	1	---	---	---	---	---	50
15-19,000	---	1	---	5	3	14	11	15	8	3	---	---	---	---	1	---	---	---	61
20-24,000	---	---	3	16	22	17	12	8	---	---	---	---	---	---	---	---	---	---	78
25-29,000	---	4	22	36	12	12	7	3	---	---	---	---	---	---	---	---	---	---	96
30-34,000	---	8	36	23	10	3	2	---	---	---	---	---	---	---	---	---	---	---	82
35-39,000	---	5	25	10	1	1	---	---	---	---	---	---	---	---	---	---	---	---	42
40-44,000	---	4	14	10	2	1	---	---	---	---	---	---	---	---	---	---	---	---	31
45-49,000	---	4	11	7	2	2	---	---	---	---	---	---	---	---	---	---	---	---	26
50-54,000	---	2	6	1	1	---	---	---	---	---	---	---	---	---	---	---	---	---	10
55-59,000	---	1	2	1	1	1	---	---	---	---	---	---	---	---	---	---	---	---	6
60-64,000	---	1	5	1	---	---	---	---	---	---	---	---	---	---	---	---	---	---	7
65-69,000	---	1	5	1	---	---	---	---	---	---	---	---	---	---	---	---	---	---	7
70-74,000	---	---	---	1	---	---	---	---	---	---	---	---	---	---	---	---	---	---	1
75-79,000	1	---	1	1	---	---	---	---	---	---	---	---	---	---	---	---	---	---	3
80-84,000	---	---	2	1	---	---	---	---	---	---	---	---	---	---	---	---	---	---	3
85-89,000	---	---	1	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	1
90-94,000	---	---	2	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	2
95-99,000	---	---	---	---	1	---	---	---	---	---	---	---	---	---	---	---	---	---	1
100,000 and over	---	5	10	4	4	---	---	---	---	---	---	---	---	---	---	---	---	---	23
Totals¹³	1	36	145	118	61	56	36	31	24	21	1	5	1	---	2	---	1	539	

Sources: Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1961*; and Department of Education, *Tenth Annual Report of the Commissioner of Education (1960-61)*.

For footnotes, see page 81.

Appendix Table 16
DEBT SERVICE COSTS AND EQUALIZED VALUATION
By District Groups, 1960-61

Equalized Valuation per Pupil in ADE ¹² (to nearest \$000)	Debt Service as a Percentage of Total School Costs ¹⁵ (to nearest %)									Totals
	0% to 2	3 to 5	6 to 8	9 to 11	12 to 14	15 to 17	18 to 20	21 to 23	24 to 26	
Under \$5,000	2	1	....	1	....	....	....	....	....	4
\$5- 9,000	1	3	1	....	....	....	....	....	....	5
10-14,000	10	9	12	7	8	3	1	....	....	50
15-19,000	6	13	16	8	12	6	....	....	....	61
20-24,000	8	11	20	10	15	12	2	....	....	78
25-29,000	6	8	21	18	19	14	7	2	....	95 ^k
30-34,000	4	11	13	12	18	9	9	4	1	81 ^k
35-39,000	3	5	3	9	10	5	3	2	2	42
40-44,000	4	3	4	8	2	7	1	2	....	31
45-49,000	3	4	2	3	6	2	3	....	3	26
50-54,000	1	1	....	2	5	1	....	....	....	10
55-59,000	1	....	....	1	1	3	....	....	....	6
60-64,000	1	....	1	2	1	1	....	1	....	7
65-69,000 .....	....	1	....	2	2	1	1	....	....	7
70-74,000 .....	....	....	....	1	....	....	....	....	....	1
75-79,000 .....	....	....	1	....	2	....	....	....	....	3
80-84,000	1	1	....	....	....	....	....	....	1	3
85-89,000 .....	....	....	....	....	1	....	....	....	....	1
90-94,000	1	....	....	....	1	....	....	....	....	2
95-99,000	1	....	....	....	....	....	....	....	....	1
100,000 and over	10	2	3	2	2	2	1	1	....	23
Totals ¹³	63	73	97	86	105	66	28	13	6	537

Sources: Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1961*; and Department of Education, *Tenth Annual Report of the Commissioner of Education (1960-61)*.

For footnotes, see page 81.

Appendix Table 17
TEACHER SALARY GUIDES AND EQUALIZED VALUATION
By District Groups, 1960-61

Equalized Valuation per Pupil in ADE ¹² (nearest \$000)	Teacher Salary Guide Index Number ¹¹																	Totals	
	No Info.	33	42	50	58	67	75	83	92	100	108	117	125	133	142	150	158		167
Under \$5,000	1	---	---	---	1	---	---	---	---	1	1	---	---	---	---	---	---	---	4
\$5- 9,000	---	3	---	---	---	1	---	1	---	---	---	---	---	---	---	---	---	---	5
10-14,000	10	17	2	2	4	6	3	3	2	---	---	1	---	---	---	---	---	---	50
15-19,000	11	10	1	4	2	10	5	7	2	2	5	1	---	1	---	---	---	---	61
20-24,000	7	13	2	4	2	3	7	9	3	4	7	7	3	4	2	---	---	1	78
25-29,000	8	8	---	2	3	4	1	6	1	5	9	9	3	9	8	10	8	2	96
30-34,000	5	6	1	2	2	3	3	2	3	12	2	6	3	3	5	8	7	9	82
35-39,000	3	3	1	---	---	---	---	1	1	1	3	3	3	2	4	2	7	8	42
40-44,000	3	1	---	2	---	2	2	1	1	4	1	2	1	1	1	3	1	5	31
45-49,000	2	2	---	2	---	---	---	1	2	2	1	---	1	2	2	2	3	4	26
50-54,000	---	2	---	---	---	---	1	---	---	---	---	1	---	---	2	2	2	---	10
55-59,000	1	---	---	1	---	---	---	---	---	---	---	1	---	---	1	---	---	2	6
60-64,000	---	---	---	1	---	1	1	---	---	1	---	---	---	---	---	2	---	1	7
65-69,000	---	2	---	---	1	1	---	---	---	1	---	---	---	---	---	---	1	1	7
70-74,000	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	1	1
75-79,000	---	---	---	---	---	---	---	---	---	---	---	---	1	1	---	1	---	---	3
80-84,000	---	---	---	---	1	---	---	---	---	---	1	---	---	1	---	---	---	---	3
85-89,000	---	---	---	---	---	---	---	---	---	---	---	---	---	1	---	---	---	---	1
90-94,000	---	1	---	---	---	1	---	---	---	---	---	---	---	---	---	---	---	---	2
95-99,000	1	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	1
100,000 and over	11	5	---	1	---	1	---	---	---	2	---	---	---	1	2	---	---	---	23
Totals⁶	63	73	7	21	16	33	23	31	15	35	30	31	15	26	27	30	29	34	539

Sources: New Jersey Education Association, *New Jersey Teacher Salary Guides, 1961-62* (Bulletin No. 61-3, Trenton, August, 1961); Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1961*; and Department of Education, *Tenth Annual Report of the Commissioner of Education (1960-61)*.

For footnotes, see page 81.

Appendix Table 18
STATE AID PER PUPIL AND EQUALIZED VALUATION
By District Groups, 1960-61

Equalized Valuation per Pupil in ADE ¹² (to nearest \$000)	State Aid per Pupil in ADE ¹⁰ (to nearest \$10)										Totals
	\$30 to 40	50 to 70	80 to 90	100 to 120	130 to 140	150 to 170	180 to 190	200 to 220	230 to 240	250 and over	
Under \$5,000	1	2	1	....	4
\$5- 9,000	2	2	....	....	1 ^u	5
10-14,000	4	22	23	....	1	....	....	50
15-19,000	1	5	31	17	6	....	....	....	1 ^v	61
20-24,000	5	31	37	4	1	....	....	....	....	78
25-29,000	50	25	15	5	1	....	....	....	....	96
30-34,000	59	13	10	....	....	....	....	....	....	82
35-39,000	36	5	1	....	....	....	....	....	....	42
40-44,000	23	5	3	....	....	....	....	....	....	31
45-49,000	19	4	2	1	....	....	....	....	....	26
50-54,000	7	2	1	....	....	....	....	....	....	10
55-59,000	3	1	1	1	....	....	....	....	....	6
60-64,000	5	2	....	....	....	....	....	....	....	7
65-69,000	7	....	....	....	....	....	....	....	....	7
70-74,000	1	....	....	....	....	....	....	1
75-79,000	2	1	....	....	....	....	....	....	....	3
80-84,000	1	2	....	....	....	....	....	....	....	3
85-89,000	1	....	....	....	....	....	....	....	....	....	1
90-94,000	1	1	....	....	....	....	....	....	....	2
95-99,000	1	....	....	....	....	....	....	1
100,000 and over	1	12	5	4	....	1	....	....	....	....	23
Totals¹³	2	231	102	111	50	34	3	3	1	2	539

Sources: Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1961*; and Department of Education, *Tenth Annual Report of the Commissioner of Education (1960-61)*.

For footnotes, see page 81.

Appendix Table 19
COSTS PER PUPIL AND STATE AID PER PUPIL
By District Groups, 1960-61

Costs per Pupil in Total Average Enrollment ³ (to nearest \$10)	State Aid per Pupil in ADE ¹⁶ (to nearest \$10)										Totals
	\$30 to 40	50 to 70	80 to 90	100 to 120	130 to 140	150 to 170	180 to 190	200 to 220	230 to 240	250 or more	
\$300-340	3	1	5	5	1	....	....	....	....	15
350-390	1	8	10	19	16	9	2	....	....	1 ^u	66
400-440	26	22	32	13	10	1	1	....	1 ^v	106
450-490	42	24	21	6	6	....	2	....	....	101
500-540	1	61	14	17	2	7	....	....	....	....	102
550-590	37	14	10	6	....	....	....	1	....	68
600-640	29	5	3	1	....	....	....	....	....	38
650-690	15	4	2	1	1	....	....	....	....	23
700-740	7	2	1	....	....	....	....	....	....	10
750-790	2	2	1	....	....	....	....	....	....	5
800 or more ⁵	1	4	....	....	....	....	....	....	....	5
Totals⁶	2	231	102	111	50	34	3	3	1	2	539
<i>Regional High Schools⁷</i>											
\$550-590	1	....	....	....	....	1
600-640	1	....	1	....	....	....	....	2
650-690	1	....	....	2	....	....	....	....	3
700-740	2	2	1	1	1	....	....	....	....	7
750-790	3	1	1	....	....	....	....	....	5
800-840	1	....	....	2	....	....	....	....	....	3
850-890	2	1	1	....	....	....	....	....	4
900-940
950-990	1	1	1	....	1	....	....	....	....	4
1,000 or more ⁸	1	....	1	....	....	....	....	....	2
Totals	4	10	5	6	6	....	....	....	....	31

Source: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Appendix Table 20
COSTS PER PUPIL AND STATE AID
By District Groups, 1960-61

Costs per Pupil in Total Average Enrollment ³ (to nearest \$10)	State Aid ¹⁸ as a Percentage of Day School Expenditures ¹⁹ (to nearest %)																	Totals
	0% to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79	80 to 84	
\$300-340	3	2	....	2	4	3	....	....	1	....	....	....	....	15
350-390	1	2	8	2	15	9	10	6	8	1	3	....	....	....	....	1	66
400-440	1	12	26	10	17	13	11	7	7	....	1	....	....	1	....	....	106
450-490	2	23	26	25	8	6	4	3	2	....	1	....	....	1	....	....	101
500-540	8	38	26	12	7	7	3	1	....	....	....	....	....	....	....	....	102
550-590	6	28	16	8	6	1	....	2	1	....	....	....	....	....	....	....	68
600-640	1	7	21	8	....	....	....	1	....	....	....	....	....	....	....	....	....	38
650-690	4	13	4	1	....	....	....	1	....	....	....	....	....	....	....	....	23
700-740	5	3	2	....	....	....	....	....	....	....	....	....	....	....	....	....	10
750-790	2	2	....	....	1	....	....	....	....	....	....	....	....	....	....	....	5
800 or more ⁵	3	2	....	....	....	....	....	....	....	....	....	....	....	....	....	5
Totals⁶	1	36	145	118	61	56	36	31	24	21	1	5	1	....	2	....	1	539
<i>Regional High Schools⁷</i>																		
\$550-590	1	....	....	....	....	....	....	....	....	....	....	1
600-640	1	1	....	....	....	....	....	....	....	....	....	....	....	2
650-690	1	....	2	....	....	....	....	....	....	....	....	....	....	....	3
700-740	2	1	2	1	1	....	....	....	....	....	....	....	....	....	....	....	7
750-790	1	3	1	....	....	....	....	....	....	....	....	....	....	....	....	5
800-840	1	1	....	1	....	....	....	....	....	....	....	....	....	....	....	3
850-890	1	1	1	1	....	....	....	....	....	....	....	....	....	....	....	....	4
900-940
950-990	1	1	1	1	....	....	....	....	....	....	....	....	....	....	....	....	4
1,000 or more ⁸	1	....	1	....	....	....	....	....	....	....	....	....	....	....	....	2
Totals	4	6	9	6	3	3	....	....	....	....	....	....	....	....	....	....	31

Source: Department of Education, *Tenth Annual Report of the Commissioner of Education (1960-61)*.
For footnotes, see page 81.

Appendix Table 21
COSTS PER PUPIL AND HOUSING COSTS
By District Groups, 1960-61

Costs per Pupil in Total Average Enrollment ³ (to nearest \$10)	Housing Costs ²¹ as a Percentage of Total School Costs ²² (to nearest %)													Totals
	0% to 2	3 to 5	6 to 8	9 to 11	12 to 14	15 to 17	18 to 20	21 to 23	24 to 26	27 to 29	30 to 32	33 to 35	36 and over	
\$300-340	1	1	3	5	1	3	1	..	..	..	..	..	..	15
350-390	10	9	17	10	7	7	4	1	1	..	..	..	..	66
400-440	10	6	31	23	14	12	9	1	..	..	..	..	..	106
450-490	16	5	19	19	17	11	9	4	..	1	..	..	..	101
500-540	4	5	22	13	24	13	12	5	2	1	1	..	..	102
550-590	4	2	5	10	13	16	11	2	2	2	1	..	..	68
600-640 .....	..	..	4	4	6	8	11	2	2	1	..	..	..	38
650-690	4	..	..	7	..	2	2	5	2	..	..	1	..	23
700-740	1	1	..	1	..	2	3	2	..	..	..	..	..	10
750-790 .....	..	..	..	1	2	..	..	1	..	..	..	..	1w	5
800 and over ⁵ ..	..	..	..	..	..	1	1	..	1	..	1	..	1x	5
Totals ⁶ ..	50	29	101	93	84	75	63	23	10	5	3	1	2	539

Regional High Schools⁷

\$550-590 .....	..	..	..	..	..	..	..	1	..	..	..	..	..	1
600-640 .....	..	..	..	..	..	1	1	..	..	..	..	..	..	2
650-690 .....	..	..	..	..	..	..	..	1	1	1	..	..	..	3
700-740 .....	..	..	..	..	1	2	2	2	..	..	..	..	..	7
750-790 .....	..	..	..	..	..	..	1	2	1	1	..	..	..	5
800-840 .....	..	..	..	..	..	..	1	1	..	..	..	1	..	3
850-890 .....	..	..	..	..	..	..	..	1	1	1	1	..	..	4
900-940 .....	..	..	..	..	..	..	..	..	..	..	..	..	..	..
950-990 .....	..	..	..	..	..	..	..	..	1	..	1	2	..	4
1,000 and over ⁸ ..	..	..	..	..	..	..	..	..	1	..	..	..	1y	2
Totals ...	..	..	..	..	1	3	5	8	5	3	2	3	1	31

Source: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Appendix Table 22
COSTS PER PUPIL AND CAPITAL AID
By District Groups, 1960-61

Costs per Pupil in Total Average Enrollment ³ (to nearest \$10)	Capital Aid as a Percentage of Housing Costs ²⁰ (to nearest %)											Totals
	0% to 9	10 to 19	20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 to 79	80 to 89	90 to 99	100 or more	
\$300-340	1	1	2	1	1	5	..	1	2	..	1s	15
350-390	10	9	10	7	6	6	6	4	2	2	4q, r	66
400-440	15	12	19	19	14	10	7	4	3	2	1t	106
450-490	19	22	27	16	6	7	2	2	..	..	..	101
500-540	18	32	26	11	9	3	1	2	..	..	..	102
550-590	17	38	9	3	..	..	..	..	..	..	1p	68
600-640	19	15	2	2	..	..	..	..	..	..	..	38
650-690	20	3	..	..	..	..	..	..	..	..	..	23
700-740	8	2	..	..	..	..	..	..	..	..	..	10
750-790	4	1	..	..	..	..	..	..	..	..	..	5
800 or more ⁵	5	..	..	..	..	..	..	..	..	..	..	5
Totals⁶	136	135	95	59	36	31	16	13	7	4	7	539
<i>Regional High Schools⁷</i>												
550-590 .....	..	1	..	..	..	..	..	..	..	..	..	1
600-640 .....	..	2	..	..	..	..	..	..	..	..	..	2
650-690	1	2	..	..	..	..	..	..	..	..	..	3
700-740	6	1	..	..	..	..	..	..	..	..	..	7
750-790	4	1	..	..	..	..	..	..	..	..	..	5
800-840	3	..	..	..	..	..	..	..	..	..	..	3
850-890	4	..	..	..	..	..	..	..	..	..	..	4
900-940 .....	..	..	..	..	..	..	..	..	..	..	..	..
950-990	4	..	..	..	..	..	..	..	..	..	..	4
1,000 or more ⁸	2	..	..	..	..	..	..	..	..	..	..	2
Totals	24	7	..	..	..	..	..	..	..	..	..	31

Source: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Appendix Table 23
SCHOOL DISTRICT SIZE AND STATE AID PER PUPIL
By District Groups, 1960-61

Enrollment Groups ⁴	State Aid per Pupil in ADE ¹⁶ (to nearest \$10)										Totals
	\$30 to 40	50 to 70	80 to 90	100 to 120	130 to 140	150 to 170	180 to 190	200 to 220	230 to 240	250 or more	
1. 0- 249	1	16	16	23	11	8	..	2	..	..	77
2. 250- 499	24	16	30	10	11	1	..	..	..	92
3. 500- 1,249	1	64	27	32	17	14	2	1	1	..	159
4. 1,250- 1,899	36	12	11	7	..	..	..	..	1v	67
5. 1,900- 2,499	23	12	4	1	1	..	..	..	..	41
6. 2,500- 3,499	17	6	5	3	..	..	..	..	..	31
7. 3,500- 4,999	10	9	3	1	..	..	..	..	1u	24
8. 5,000- 9,999	34	2	3	..	..	..	..	..	..	39
9. 10,000-24,999	5	2	..	..	..	..	..	..	..	7
10. 25,000 or more	2	..	..	..	..	..	..	..	..	2
Totals⁶	2	231	102	111	50	34	3	3	1	2	539
<i>Regional High Schools⁷</i>											
2.	1	1	..	1	..	..	..	..	..	3
3.	2	5	5	4	2	..	..	..	..	18
4.	4	..	1	2	..	..	..	..	7
5.	2	..	..	..	..	2
6.	1	..	..	..	..	..	..	..	..	1
Totals	4	10	5	6	6	..	..	..	..	31

Source: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Appendix Table 24
SCHOOL DISTRICT SIZE AND STATE AID
By Enrollment, 1960-61

Enrollment Groups ⁴		State Aid ¹⁸ as a Percentage of Day School Expenditures ¹⁹ (to nearest %)																Totals	
		0% to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 to 44	45 to 49	50 to 54	55 to 59	60 to 64	65 to 69	70 to 74	75 to 79		80 to 84
1.	0- 249 .....	....	3	15	14	9	13	8	8	3	3	1	....	....	....	....	....	....	77
2.	250- 499 .....	....	3	18	14	12	15	10	7	6	4	....	2	1	....	....	....	....	92
3.	500- 1,249	1	12	34	31	17	16	11	11	11	11	....	3	....	....	1	....	....	159
4.	1,250- 1,899 .....	....	6	24	18	7	1	3	2	3	2	....	....	....	....	1	....	....	67
5.	1,900- 2,499 .....	....	4	16	9	5	5	....	1	....	1	....	....	....	....	....	....	....	41
6.	2,500- 3,499 .....	....	5	8	8	4	2	2	1	1	....	....	....	....	....	....	....	....	31
7.	3,500- 4,999 .....	....	1	6	9	3	2	1	1	....	....	....	....	....	....	....	....	....	24
8.	5,000- 9,999 .....	....	2	21	11	3	1	1	....	....	....	....	....	....	....	....	....	....	39
9.	10,000-24,999 .....	....	....	2	3	1	1	....	....	....	....	....	....	....	....	....	....	....	7
10.	25,000 or more .....	....	....	1	1	....	....	....	....	....	....	....	....	....	....	....	....	....	2
	Totals ⁶	1	36	145	118	61	56	36	31	24	21	1	5	1	....	2	....	1	539
<i>Regional High Schools¹⁰</i>																			
2.	.....	....	1	1	....	1	....	....	....	....	....	....	....	....	....	....	....	....	3
3.	.....	....	3	4	4	5	1	1	....	....	....	....	....	....	....	....	....	....	18
4.	.....	....	....	....	5	....	1	1	....	....	....	....	....	....	....	....	....	....	7
5.	.....	....	....	....	....	....	1	1	....	....	....	....	....	....	....	....	....	....	2
6.	.....	....	....	1	....	....	....	....	....	....	....	....	....	....	....	....	....	....	1
	Totals .....	....	4	6	9	6	3	3	....	....	....	....	....	....	....	....	....	....	31

Source: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).
 For footnotes, see page 81.

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Appendix Table 25
SCHOOL DISTRICT SIZE AND CAPITAL AID AS A PERCENTAGE OF HOUSING COSTS
By District Groups, 1960-61

Enrollment Groups ⁴	Capital Aid as a Percentage of Housing Costs ²⁰ (to nearest %)											Totals
	0% to 9	10 to 19	20 to 29	30 to 39	40 to 49	50 to 59	60 to 69	70 to 79	80 to 89	90 to 99	100 or more	
1. 0- 249 ...	45	8	10	6	2	2	2	..	..	..	2s, t	77
2. 250- 499 ...	29	27	8	4	6	8	2	3	1	1	3r	92
3. 500- 1,249 ...	32	46	28	20	5	11	5	5	3	2	2p, q	159
4. 1,250- 1,899 ...	11	17	10	12	6	6	2	1	2	..	..	67
5. 1,900- 2,499 ...	8	9	11	4	5	..	1	3	..	..	..	41
6. 2,500- 3,499 ...	3	8	10	4	2	2	1	1	..	..	..	31
7. 3,500- 4,999 ...	5	3	8	2	3	..	2	..	1	..	..	24
8. 5,000- 9,999 ...	3	16	8	6	4	2	..	..	..	..	..	39
9. 10,000-24,999 ...	..	1	2	1	1	..	1	..	..	1	..	7
10. 25,000 or more..	..	..	..	..	2	..	..	..	..	..	..	2
Totals ⁶	136	135	95	59	36	31	16	13	7	4	7	539

Regional High Schools ⁷												
2.	3	..	..	..	..	..	..	..	..	..	..	3
3.	15	3	..	..	..	..	..	..	..	..	..	18
4.	5	2	..	..	..	..	..	..	..	..	..	7
5. ....	..	2	..	..	..	..	..	..	..	..	..	2
6.	1	..	..	..	..	..	..	..	..	..	..	1
Totals	24	7	..	..	..	..	..	..	..	..	..	31

Source: Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Appendix Table 26
STATE AID AND TAX RATES
By District Groups, 1960-61

State Aid ¹³ as a Percentage of Day School Expenditures ¹⁹ (to nearest %)	Equalized School Tax Rates (to nearest \$.10) ⁹													Totals
	\$.00 to .24	.25 to .49	.50 to .74	.75 to .99	1.00 to 1.24	1.25 to 1.49	1.50 to 1.74	1.75 to 1.99	2.00 to 2.24	2.25 to 2.49	2.50 to 2.74	2.75 to 2.99	3.00 to or more	
0- 4% ....	..	..	..	1	..	..	..	..	..	..	..	..	1
5- 9	1	3	..	2	8	5	13	3	..	1	..	..	36
10-14	1	4	6	11	26	33	42	13	9	..	..	..	145
15-19	1	2	3	7	18	19	43	17	6	1	1	..	118	
20-24	1	4	..	1	6	8	24	11	5	1	..	..	61
25-29 .....	..	..	..	..	5	12	21	6	3	4	4	1	56
30-34 .....	..	..	..	..	2	4	12	7	6	3	1	..	36
35-39 .....	..	..	..	..	..	3	11	10	3	1	2	1	31
40-44	1	..	..	..	1	1	2	4	6	5	1	1	24
45-49 .....	..	..	..	..	1	3	5	3	5	1	1	..	21
50-54 .....	..	..	..	..	..	..	1	..	..	..	..	..	1
55-59 .....	..	..	..	..	..	..	1	2	1	1	..	..	5
60-64 .....	..	..	..	..	..	..	1	..	..	..	..	..	1
65-69 .....	..	..	..	..	..	..	..	..	..	..	..	..	..
70-74 .....	..	..	..	..	..	1	..	..	1	..	..	..	2
75-79 .....	..	..	..	..	..	..	..	..	..	..	..	..	..
80-84 .....	..	..	1	..	..	..	..	..	..	..	..	..	1
Totals ¹⁷ ..	5	13	10	22	67	89	176	76	45	18	10	3	539	

Regional High Schools ⁷													
5- 9%	2	..	1	1	..	..	..	..	..	..	..	4
10-14	6	..	..	..	..	..	..	..	..	..	6
15-19	7	..	1	..	1	..	..	..	..	..	9
20-24	5	..	..	..	1	..	..	..	..	..	6
25-29	1	..	1	..	1	..	..	..	..	3
30-34	2	..	..	1	..	..	..	..	..	..	3
Totals	2	20	2	2	2	2	1	..	..	..	..	31

Sources: New Jersey Education Association, *Basic Statistical Data of New Jersey School Districts* (Bulletin No. 61-2, Trenton, July, 1961); Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Appendix Table 27
DISTRIBUTION OF DISTRICTS ON THE BASIS OF EQUALIZED VALUATION PER PUPIL
1955-56 and 1960-61

Equalized Valuation per Pupil in ADE ¹² (to nearest \$000)	1955-56			1960-61		
	Number of Districts	Percent of Total	Cumulative Percentage	Number of Districts	Percent of Total	Cumulative Percentage
Under \$5,000	4	.74%	.74%	4	.74%	.74%
\$5- 9,000	6	1.11	1.85	5	.93	1.67
10-14,000	55	10.20	12.05	50	9.27	10.94
15-19,000	85	15.76	27.81	61	11.31	22.25
20-24,000	83	15.40	43.21	78	14.47	36.72
25-29,000	112	20.78	63.99	96	17.81	54.53
30-34,000	63	11.69	75.68	82	15.21	69.74
35-39,000	43	7.97	83.65	42	7.79	77.53
40-44,000	13	2.41	86.06	31	5.75	83.28
45-49,000	19	3.53	89.59	26	4.82	88.10
50-54,000	12	2.23	91.82	10	1.86	89.96
55-59,000	8	1.48	93.30	6	1.11	91.07
60-64,000	5	.93	94.23	7	1.30	92.37
65-69,000 .....	....	....	94.23	7	1.30	93.67
70-74,000	4	.74	94.97	1	.19	93.86
75-79,000	1	.19	95.16	3	.56	94.42
80-84,000 .....	....	....	95.16	3	.56	94.98
85-89,000	3	.56	95.72	1	.19	95.17
90-94,000	1	.19	95.91	2	.37	95.54
95-99,000	3	.56	96.47	1	.19	95.73
100,000 and over	19	3.53	100.00%	23	4.27	100.00%
Totals ¹³	539	100.00%	.....	539	100.00%	.....

Sources: Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1956* and *ibid, 1961*; Department of Education, *Fifth Annual Report of the Commissioner of Education (1955-56)*, and *Tenth Annual Report of the Commissioner of Education (1960-61)*.

For footnotes, see page 81.

Appendix Table 28

DISTRIBUTION OF DISTRICTS ON THE BASIS OF STATE AID AS A PERCENTAGE OF COSTS
1955-56 and 1960-61

State Aid ¹⁸ as a Percentage of Day School Expenditures ¹⁹ (to nearest %)	1955-56			1960-61		
	Number of Districts	Percent of Total	Cumulative Percentage	Number of Districts	Percent of Total	Cumulative Percentage
0- 4%	1	.19%	.19%	1	.19%	.19%
5- 9	14	2.60	2.79	36	6.68	6.87
10-14	66	12.25	15.04	145	26.90	33.77
15-19	107	19.85	34.89	118	21.89	55.66
20-24	77	14.29	49.18	61	11.32	66.98
25-29	53	9.83	59.01	56	10.39	77.37
30-34	44	8.16	67.17	36	6.68	84.05
35-39	37	6.87	74.04	31	5.75	89.80
40-44	32	5.94	79.98	24	4.45	94.25
45-49	23	4.27	84.25	21	3.89	98.14
50-54	24	4.45	88.70	1	.19	98.33
55-59	14	2.59	91.29	5	.92	99.25
60-64	17	3.15	94.44	1	.19	99.44
65-69	13	2.41	96.85	....	....	99.44
70-74	7	1.30	98.15	2	.37	99.81
75-79	4	.74	98.89	....	....	99.81
80-84	4	.74	99.63	1	.19	100.00
85-89 .....	....	....	99.63	....	....	100.00
90% and over	2	.37	100.00%	....	....	100.00%
Totals ¹³	539	100.00%	.....	539	100.00%	.....

Sources: Department of Education, *Fifth Annual Report of the Commissioner of Education* (1955-56), and *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Appendix Table 29
DISTRIBUTION OF DISTRICTS ON THE BASIS OF HOUSING
COSTS AS A PERCENTAGE OF TOTAL COSTS
1955-56 and 1960-61

Housing Costs ²¹ as a Percentage of Total School Costs ²² (to nearest %)	1955-56			1960-61		
	Number of Districts	Percent of Total	Cumulative Percentage	Number of Districts	Percent of Total	Cumulative Percentage
0- 2%	107	19.85%	19.85%	50	9.28%	9.28%
3- 5	77	14.29	34.14	29	5.38	14.66
6- 8	90	16.70	50.84	101	18.74	33.40
9-11	90	16.70	67.54	93	17.25	50.65
12-14	72	13.36	80.90	84	15.58	66.23
15-17	45	8.35	89.25	75	13.91	80.14
18-20	29	5.38	94.63	63	11.69	91.83
21-23	11	2.04	96.67	23	4.27	96.10
24-26	7	1.30	97.97	10	1.86	97.96
27-29	5	.92	98.89	5	.92	98.88
30-32	---	---	98.89	3	.56	99.44
33-35	2	.37	99.26	1	.19	99.63
36% and over	4	.74	100.00%	2	.37	100.00%
Totals ¹³	539	100.00%	....	539	100.00%	....

Sources: Department of Education, *Fifth Annual Report of the Commissioner of Education* (1955-56), and *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Appendix Table 30
DISTRIBUTION OF DISTRICTS ON THE BASIS OF SIZE
1955-56 and 1960-61

Enrollment Groups ⁴	1955-56			1960-61		
	Number of Districts	Percent of Total	Cumulative Percentage	Number of Districts	Percent of Total	Cumulative Percentage
1. 0- 249	92	17.07%	17.07%	77	14.29%	14.29%
2. 250- 499	111	20.59	37.66	92	17.07	31.36
3. 500- 1,249	176	32.65	70.31	159	29.50	60.86
4. 1,250- 1,899	54	10.02	80.33	67	12.43	73.29
5. 1,900- 2,499	34	6.31	86.64	41	7.61	80.90
6. 2,500- 3,499	20	3.71	90.35	31	5.75	86.65
7. 3,500- 4,999	22	4.08	94.43	24	4.45	91.10
8. 5,000- 9,999	23	4.27	98.70	39	7.24	98.34
9. 10,000-24,999	5	.93	99.63	7	1.29	99.63
10. 25,000 or more	2	.37	100.00%	2	.37	100.00%
Totals ⁶	539	100.00%	.....	539	100.00%	.....

Sources: Department of Education, *Fifth Annual Report of the Commissioner of Education* (1955-56), and *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Appendix Table 31
DISTRIBUTION OF DISTRICTS ON THE BASIS OF TEACHER TURNOVER RATES
1955-56 and 1960-61

Teacher Turnover Rate ²³	1955-56			1960-61		
	Number of Districts	Percent of Total	Cumulative Percentage	Number of Districts	Percent of Total	Cumulative Percentage
0- 4%	68	12.62%	12.62%	66	12.24%	12.24%
5- 9	44	8.16	20.78	54	10.02	22.26
10- 14	103	19.11	39.89	109	20.22	42.48
15- 19	94	17.44	57.33	126	23.38	65.86
20- 24	80	14.84	72.17	84	15.58	81.44
25- 29	50	9.28	81.45	36	6.68	88.12
30- 34	29	5.38	86.83	28	5.19	93.31
35- 39	11	2.04	88.87	8	1.48	94.79
40- 44	22	4.08	92.95	14	2.60	97.39
45- 49	6	1.11	94.06	3	.56	97.95
50- 54	15	2.78	96.84	2	.37	98.32
55- 59	5	.93	97.77	....	....	98.32
60- 64	4	.74	98.51	2	.37	98.69
65- 69	1	.19	98.70	....	....	98.69
70- 74	2	.37	99.07	3	.56	99.25
75- 79	2	.37	99.44	1	.19	99.44
80- 84	1	.19	99.63	1	.19	99.63
85- 89 .....	....	....	99.63	....	....	99.63
90- 94 .....	....	....	99.63	....	....	99.63
95-100%	2	.37	100.00%	2	.37	100.00%
Totals⁶	539	100.00%	.....	539	100.00%	.....

Source: Turnover rates calculated from data supplied by the Bureau of Research, Department of Education.

For footnotes, see page 81.

Appendix Table 32
TEACHER SALARY GUIDES AND TURNOVER RATES
By District Groups, 1960-61

Teacher Turnover Rate ²³ (to nearest %)	No. Info.	Teacher Salary Guide Index Number ¹¹																	Totals
		33	42	50	58	67	75	83	92	100	108	117	125	133	142	150	158	167	
0- 4%	31	16	....	3	2	1	1	4	....	4	1	....	....	....	....	....	2	1	66
5- 9	4	7	....	7	2	2	3	4	3	1	5	5	4	3	1	2	1	....	54
10- 14	8	12	....	4	1	5	3	7	2	9	4	12	2	4	8	6	9	13	109
15- 19	3	10	1	2	3	13	8	6	2	10	8	6	3	5	7	15	11	13	126
20- 24	3	8	3	1	4	4	3	3	4	7	5	7	4	8	8	4	4	4	84
25- 29	3	10	2	1	2	2	....	2	....	1	3	....	....	3	2	2	2	1	36
30- 34	6	4	....	....	....	2	3	2	3	1	3	....	2	....	....	....	....	2	28
35- 39 .....	....	....	1	1	1	....	....	2	....	....	1	....	....	1	1	....	....	....	8
40- 44	1	4	....	1	....	2	1	1	1	1	....	....	....	2	....	....	....	....	14
45- 49 .....	....	1	....	....	....	....	....	....	....	1	....	....	....	....	....	1	....	....	3
50- 54 .....	....	....	....	1	....	1	....	....	....	....	....	....	....	....	....	....	....	....	2
55- 59 .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
60- 64	1	....	....	....	....	1	....	....	....	....	....	....	....	....	....	....	....	....	2
65- 69 .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
70- 74	2	....	....	....	1	....	....	....	....	....	....	....	....	....	....	....	....	....	3
75- 79 .....	....	....	....	....	....	....	1	....	....	....	....	....	....	....	....	....	....	....	1
80- 84 .....	....	....	....	....	....	....	....	....	....	....	....	....	1	....	....	....	....	....	1
85- 89 .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
90- 94 .....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
95-100	1	1	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	2
Totals⁶	63	73	7	21	16	33	23	31	15	35	30	31	15	26	27	30	29	34	539
<i>Regional High Schools⁷</i>																			
5- 9% ....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	1	....	....	....	1
10- 14	1	....	....	....	....	....	....	....	....	1	1	....	1	1	1	....	....	2	8
15- 19 .....	....	....	....	....	1	1	1	1	2	1	1	....	....	....	....	1	1	2	11
20- 24	1	....	....	....	....	....	....	1	....	....	....	....	....	1	1	1	2	....	7
25- 29	1	....	....	....	....	....	....	....	....	1	1	....	....	....	....	....	....	....	3
30- 34 .....	....	....	....	....	....	....	....	....	....	1	....	....	....	....	....	....	....	....	1
Totals	3	....	....	....	1	1	1	2	2	4	3	....	1	1	3	1	2	6	31

Sources: New Jersey Education Association, *New Jersey Teacher Salary Guides, 1961-62* (Bulletin 61-3, Trenton, August, 1961); turnover rates calculated from data supplied by the Bureau of Research, Department of Education.
 For footnotes, see page 81.

Appendix Table 33

SCHOOL TAX RATES AS A PERCENTAGE OF TOTAL LOCAL TAX RATES
THE DENSE DISTRICTS AND THE STATE, 1962

Dense Districts ²⁴			
District	School Tax Rate as a Percentage of Total Local Tax Rate ⁹	District	School Tax Rate as a Percentage of Total Local Tax Rate ⁹
Newark	35.5%	Hoboken	32.6%
Jersey City	27.3*	Guttenberg	38.1
Paterson	44.8	Irvington	43.1
Camden	35.0	Weehawken	33.9
Trenton	35.9	East Newark	29.8
Elizabeth	42.8	Cliffside Park	48.6
East Orange	37.4	Passaic	39.7
Bayonne	30.4	Orange	37.4
West New York	31.4	Winfield	83.5
Union City	34.7	Garfield	44.9
Group Average		39.3%	
State as a Whole			
School Tax Rate as a Percentage of Total Local Tax Rate ⁹	Number of Districts	Cumulative Number of Districts	Cumulative Percentage of Total
0.0- 9.9%	3	3	.56%
10.0-14.9	4	7	1.30
15.0-19.9	5	12	2.23
20.0-24.9	7	19	3.53
25.0-29.9	8	27	5.02
30.0-34.9	11	38	7.06
35.0-39.9	18	56	10.41
40.0-44.9	20	76	14.13
45.0-49.9	35	111	20.63
50.0-54.9	49	160	29.74
55.0-59.9	83	243	45.17
60.0-64.9	94	337	62.64
65.0-69.9	100	437	81.23
70.0-74.9	52	489	90.89
75.0-79.9	29	518	96.28
80.0-84.9	16	534	99.26
85.0-89.9%	4	538	100.00%
Total ⁹	538	.....	.....

* 1961 figure.

Sources: Department of Conservation and Economic Development, *Population Characteristics in New Jersey* (Report No. 125, Trenton, November, 1961); and New Jersey Education Association, *Basic Statistical Data of New Jersey School Districts, 1962* (Bulletin No. 62-2, Trenton, June, 1962).

For footnotes, see page 81.

Appendix Table 34
AVERAGE CLASS SIZE AMONG THE DENSE DISTRICTS
1960-61

Dense Districts ²⁴	Avg. Class Size ²⁵ (State Avg. = 26.3)
Newark	27.2
Jersey City	30.4
Paterson	26.2
Camden	31.9
Trenton	27.6
Elizabeth	23.1
East Orange	23.0
Bayonne	26.0
West New York	22.0
Union City	24.1
Hoboken	27.5
Guttenberg	28.9
Irvington	25.7
Weehawken	22.5
East Newark	19.2
Cliffside Park	21.3
Passaic	27.6
Orange	26.9
Winfield	22.1
Garfield	23.7
Group Average	25.3

Average of the 10 largest (but not necessarily most dense) districts: 27.4

Sources: Department of Conservation and Economic Development, *Population Characteristics in New Jersey* (Report No. 125, Trenton, November, 1961); and New Jersey Education Association, *Basic Statistical Data of New Jersey School Districts, 1961* (Bulletin No. 61-2, Trenton, July, 1961).

For footnotes, see page 81.

Appendix Table 35
HOUSING COSTS AS A PERCENTAGE OF TOTAL COSTS
THE DENSE DISTRICTS AND THE STATE, 1960-61

Dense Districts ²⁴			
District	Housing Costs ²¹ as a Percentage of Total School Costs ²²	District	Housing Costs ²¹ as a Percentage of Total School Costs ²²
Newark	7.49%	Hoboken	7.26%
Jersey City	7.29	Guttenberg	7.00
Paterson	4.73	Irvington	11.22
Camden	8.96	Weehawken	4.23
Trenton	7.96	East Newark .....	....
Elizabeth	8.64	Cliffside Park	4.62
East Orange	11.47	Passaic	11.43
Bayonne	6.60	Orange	7.83
West New York	5.59	Winfield	4.11
Union City	7.21	Garfield	9.20
Group Average		7.14%	

State as a Whole			
Housing Costs ²¹ as a Percentage of Total School Costs ²² (to nearest %)	Number of Districts	Cumulative Number of Districts	Cumulative Percentage of Total
0- 2	50	50	9.28%
3- 5	29	79	14.66
6- 8	101	180	33.40
9-11	93	273	50.65
12-14	84	357	66.23
15-17	75	432	80.14
18-20	63	495	91.83
21-23	23	518	96.10
24-26	10	528	97.96
27-29	5	533	98.88
30-32	3	536	99.44
33-35	1	537	99.63
Over 36	2	539	100.00%
Total	539	.....	.....

Sources: Department of Conservation and Economic Development, *Population Characteristics in New Jersey* (Report No. 125, Trenton, November, 1961); and Department of Education, *Tenth Annual Report of the Commissioner of Education* (1960-61).

For footnotes, see page 81.

Appendix Table 36
EFFECT OF CHANGES IN FORMULA AND ELIMINATION OF TIME LAG UPON SELECTED RAPID GROWTH DISTRICTS
(Present Formula and \$350 - 8 mill - \$50 Alternative)

District ^{2a}	County	1962 Equal. Val.	1961-62 ADE	Foundation Aid Based on ADE			Enrollment 9/30/62	\$350 Foundation Aid Based on Enrollment	
				\$200	\$350	Increase		Amount Aid	Increase over Aid Based on ADE
Levittown	Burlington	\$91,338,480	4446.0	\$432,508	\$825,391	\$392,883	5,257	\$1,109,241	\$283,850
Pahaquarry	Warren*	1,201,166	11.2	560	560	.....	13	650	90
North Hanover	Burlington	6,062,540	2010.7	371,827	655,245	283,418	2,271	746,350	91,105
Tavistock	Camden*	478,531	2.0	100	100	.....	2	100	....
Raritan	Monmouth	64,809,475	3975.0	470,953	872,774	401,821	4,220	958,524	85,750
Oakland	Bergen	61,281,539	2108.6	115,312	247,758	132,446	2,117	250,698	2,940
Englewood Cliffs	Bergen*	52,916,367	686.0	34,300	34,300	.....	790	39,500	5,200
Medford Lakes	Burlington	18,276,803	708.5	50,316	101,761	51,445	764	121,186	19,425
Mantoloking	Ocean*	17,862,396	22.0	1,100	1,100	.....	24	1,200	100
Brick	Ocean	148,265,091	4037.9	66,255	227,144	160,889	4,499	388,529	161,385
Cinnaminson	Burlington	67,753,921	1963.4	53,910	145,159	91,249	2,347	279,419	134,260
Berkeley	Ocean*	34,683,059	726.4	36,320	36,320	.....	780	39,000	2,680
Upper Saddle River	Bergen	39,981,563	1023.7	4,832	38,442	33,610	1,178	92,447	54,005
Cherry Hill	Camden	227,282,082	7557.4	375,070	826,833	451,763	8,183	1,045,793	218,960
Madison	Middlesex	138,274,751	6532.0	615,026	1,180,002	564,976	7,146	1,394,902	214,900
South Brunswick	Middlesex	62,798,900	2580.7	202,146	400,854	198,708	2,999	547,259	146,405
East Brunswick	Middlesex	125,422,567	5762.0	525,287	1,013,320	488,033	6,452	1,254,820	241,500
River Vale	Bergen	43,647,074	1215.6	24,885	76,283	51,398	1,362	127,523	51,240
Edgewater Park	Burlington	18,167,750	812.2	71,601	138,928	67,327	930	180,158	41,230
Holmdel	Monmouth† ...	29,440,061	727.4	36,370	36,370	.....	814	49,380	13,010
Gloucester Township	Camden	67,728,423	2925.4	246,438	482,063	235,625	3,233	589,723	107,660
Manchester	Ocean	10,026,430	544.1	58,688	110,224	51,536	653	148,339	38,115
Evesham	Burlington	32,867,091	993.6	34,385	84,823	50,438	1,188	152,863	68,040
Rumson	Monmouth* ...	58,887,461	779.0	38,950	38,950	.....	852	42,600	3,650
Westampton	Burlington	7,752,521	356.7	32,577	62,825	30,248	381	71,330	8,505
Totals		\$1,427,206,042	52507.5	\$3,899,716	\$7,637,529	\$3,737,813	57,641	\$9,631,534	\$1,994,005

* Minimum aid district.

† Enrollment increase shifted this district out of minimum aid group.

For footnotes, see page 81.

APPENDIX TABLE 37
SUMMARY OF STATE SCHOOL AID FORMULA
STATE OF NEW YORK

1. There are four areas of aid:
 - a) Operating expenses.
 - b) School building approved expenses.
 - c) Transportation approved expenses
 - d) Size correction.

2. Distribution is based upon average daily attendance rather than enrollment, and attendance is weighted as follows for each child in each grade level:

Half-day kindergarten	=	.50
Grades 1-6		1.00
Grades 7-12		1.25

WADA = weighted average daily attendance.

3. Includes a growth index based upon attendance figures for the same period in two different years.

4. Formula:

$$\text{State aid ratio} = 1 - \left(\frac{\text{Equalized valuation per pupil in WADA}}{\text{State average equalized valuation per pupil in WADA}} \times .51 \right)$$

Maximum allowable expense for aid is \$500 per weighted pupil; the State aid ratio is applied only to expenses up to this amount, expenses over this must be paid locally.

District aid = formula operating expense \times State aid ratio. This is an "open-end" formula with the total dollar amount of State aid depending in part upon the amount each district spends for operating expenses up to \$500 per pupil. Minimum aid is \$180 per pupil in WADA.

5. The calculations of aid are then adjusted by growth and size correction factors to recognize the problems of very small and rapidly growing districts.

Appendix Table 38A
COMPARATIVE STATEMENT OF GENERAL STATE PURPOSES EXPENDITURES
STATE OF NEW JERSEY, 1962-1972
(\$000's omitted)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
<i>General State Purposes</i>										
Legislative Branch	\$1,796	\$1,850	\$1,900	\$1,950	\$2,000	\$2,050	\$2,100	\$2,150	\$2,200	\$2,250
Judicial Branch	2,577	2,720	2,870	3,020	3,170	3,320	3,420	3,520	3,670	3,770
<i>Executive Branch</i>										
Chief Executive	246	264	282	300	318	336	354	372	390	408
Department of Law and Public Safety	20,848	22,000	23,200	24,400	25,600	26,800	28,000	29,200	30,400	31,600
Department of Treasury	10,257	10,700	11,200	11,700	12,200	12,700	13,200	13,700	14,200	14,700
Department of State	593	700	750	800	850	900	950	1,000	1,050	1,100
Department of Civil Service	1,440	1,600	1,750	1,900	2,150	2,400	2,550	2,700	2,850	3,000
Department of Banking and Insurance	2,365	2,465	2,600	2,725	2,850	2,950	3,100	3,250	3,400	3,500
Department of Agriculture	1,528	1,600	1,650	1,730	1,800	1,880	1,930	2,000	2,100	2,200
Department of Defense	2,373	2,500	2,600	2,700	2,750	2,820	2,900	2,950	3,000	3,100
Department of Public Utilities	781	830	880	940	1,000	1,060	1,120	1,180	1,240	1,300
Department of Health	3,430	3,800	4,200	4,600	5,000	5,400	5,800	6,200	6,600	7,000
Department of Labor	6,884	7,200	7,650	8,100	8,500	9,000	9,500	9,900	10,400	10,800
Department of Conservation and Economic Development	6,434	6,800	7,200	7,600	7,850	8,100	8,300	8,500	8,700	8,900
Department of Education	41,147	47,000	55,100	67,800	70,200	75,329	82,000	92,000	106,300	116,500
Department of Highways	27,618	29,000	30,500	32,000	33,500	35,500	38,000	40,000	42,000	44,000
Department of Institutions and Agencies	64,218	69,000	74,500	78,500	82,500	86,000	90,000	95,000	99,000	102,000
Inter and Non-Departmental Items	21,640	23,880	25,246	27,070	28,711	29,306	30,294	31,318	31,974	32,736
Interstate and Temporary Commissions	1,226	1,350	1,450	1,200	1,300	1,400	1,500	1,600	1,700	1,800
Total General State Purposes	\$217,401	\$235,259	\$255,528	\$279,035	\$292,249	\$307,251	\$325,018	\$346,540	\$371,174	\$390,664

Source: Division of Budget and Accounting, Department of the Treasury.

Appendix Table 38B
COMPARATIVE STATEMENT OF STATE AID PURPOSES EXPENDITURES
STATE OF NEW JERSEY, 1962-1972
(\$000's omitted)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
<i>State Aid Purposes</i>										
Education to Local Districts, etc.	\$106,668	\$113,500	\$120,000	\$122,000	\$127,000	\$130,000	\$134,000	\$136,200	\$139,200	\$143,200
Teachers Pension Fund	47,894	54,852	59,010	64,513	70,562	74,186	80,774	87,625	93,185	99,753
Highways	16,616	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
<i>Welfare:</i>										
Institutions and Agencies	36,436	39,698	42,086	44,523	47,046	49,642	52,300	55,000	57,800	60,600
Health, including Mosquito Control	599	650	700	750	750	750	750	750	750	750
Veterans Services	210	350	350	350	280	290	300	320	320	320
Police and Firemen's Pension Fund	4,391	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
<i>Miscellaneous:</i>										
Locally Shared Taxes	1,256	1,600	1,600	1,700	1,700	1,800	1,800	1,900	1,900	2,000
County Boards of Taxation	411	411	411	411	411	411	411	411	411	425
Beach Protection and Inland Waterways	5,325	1,400	1,400	1,300	1,300	1,300	1,300	1,300	1,300	1,300
State Share of Judicial Salaries	1,386	1,475	1,575	1,600	1,650	1,700	1,750	1,800	1,800	1,850
Other	2,700	250	250	300	300	300	300	300	400	400
Total State Aid	\$223,892	\$236,186	\$249,382	\$259,447	\$272,999	\$282,379	\$295,685	\$307,606	\$319,066	\$332,598

Source: Division of Budget and Accounting, Department of the Treasury.

Appendix Table 38C
COMPARATIVE STATEMENT OF CAPITAL PURPOSES, DEBT SERVICE AND TOTAL EXPENDITURES
STATE OF NEW JERSEY, 1962-1972
(\$000's omitted)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
<i>Capital Purposes</i>										
State Highway	\$41,233	\$42,000	\$43,000	\$44,000	\$45,000	\$46,000	\$47,000	\$48,000	\$49,000	\$50,000
State Police, Motor Vehicle, etc.	246	500	500	500	500	500	500	500	500	500
State Colleges, School for Deaf, etc.	865	1,500	675	600	250	200	200	200	200	200
State University	2,695	100	100	100	100	100	100	100	100	100
Newark College of Engineering .....	....	....	....	....	....	....	....	....	....	....
Recreational Land and Improvements	660	700	700	800	850	1,000	1,000	1,000	1,000	1,000
Armory Construction, etc.	158	350	350	200	200	200	200	175	175	175
Institutions and Agencies	1,309	1,400	1,400	1,400	1,000	750	600	400	400	400
Purchasing Land, Trenton, Master Plans, etc. ..	739	750	....	....	....	....	....	....	....	....
Grade Crossing Elimination—Chap. 153, P. L. 1960	2,000	3,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
N. J. Tercentenary (World's Fair Building)	500	....	....	....	....	....	....	....	....	....
Total Capital Purposes	\$50,405	\$50,300	\$48,725	\$49,600	\$49,900	\$50,750	\$51,600	\$52,375	\$53,375	\$54,375
<i>Debt Service</i>										
Highway Construction	\$2,881	\$2,886	\$2,864	\$2,874	\$1,830	\$953	\$948	\$957	\$867	\$859
Institutions and Agencies	4,822	5,570	6,013	6,839	4,802	4,536	2,652	2,484	2,343	2,290
Veterans Housing .....	....	....	....	....	....	....	....	....	....	....
Green Acres	888	1,863	2,863	3,547	3,467	3,389	3,310	3,242	3,174	3,106
Water Development	1,484	1,784	2,272	2,240	2,208	3,026	3,315	3,249	3,185	3,120
Higher Education	5,459	5,363	5,265	5,166	7,811	7,815	8,526	8,299	8,067	7,830
Total Debt Service	\$15,534	\$17,466	\$19,277	\$20,666	\$20,118	\$19,719	\$18,751	\$18,231	\$17,636	\$17,205
Grand Totals (Tables 301A, B and C)	\$507,232	\$539,211	\$572,912	\$608,748	\$635,266	\$660,099	\$691,054	\$724,752	\$761,251	\$794,842
Less Lapses and Adjustments	3,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total	\$504,232	\$535,211	\$568,912	\$604,748	\$631,266	\$656,099	\$687,054	\$720,752	\$757,251	\$790,842

Source: Division of Budget and Accounting, Department of the Treasury.

Appendix Table 39
COMPARATIVE STATEMENT OF STATE REVENUES
STATE OF NEW JERSEY, 1962-1972
(\$000's omitted)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
Population	6,455	6,561	6,666	6,786	6,906	7,026	7,146	7,266	7,391	7,516
<i>Major Taxes and Licenses</i>										
Beverage Taxes	\$24,000	\$24,800	\$25,600	\$26,500	\$27,300	\$28,000	\$28,800	\$29,800	\$30,600	\$31,400
Cigarette Taxes	62,000	64,000	66,000	68,000	70,000	72,000	74,000	76,000	78,000	80,000
Corporation Taxes	89,100	89,000	91,000	96,000	101,000	107,000	114,000	122,000	130,000	140,000
Inheritance Taxes	28,000	32,000	32,000	34,000	34,000	36,000	36,000	38,000	38,000	40,000
Motor Fuel Taxes	124,500	127,500	131,500	135,000	139,000	142,000	145,000	150,000	154,000	159,000
Motor Vehicle Fees	82,252	86,500	92,000	97,500	102,000	107,000	113,000	118,000	124,000	130,000
Pari-Mutuel Racing Taxes	31,400	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500
Commuter Benefits Taxes	6,000	6,300	6,600	6,900	7,300	7,700	8,200	8,700	9,200	9,800
Railroad Taxes	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Total Major Taxes	<u>\$449,752</u>	<u>\$458,100</u>	<u>\$472,700</u>	<u>\$491,900</u>	<u>\$508,600</u>	<u>\$527,700</u>	<u>\$547,000</u>	<u>\$570,500</u>	<u>\$591,800</u>	<u>\$618,200</u>
<i>Other Departmental Revenues</i>										
Institutions and Agencies	\$21,085	\$22,000	\$23,000	\$24,000	\$25,000	\$26,000	\$27,000	\$28,000	\$29,000	\$30,000
State Colleges and Education	5,344	5,850	6,500	7,600	7,800	8,220	8,470	8,850	9,430	9,770
Department of Banking and Insurance	2,875	3,000	3,200	3,400	3,600	3,800	4,000	4,200	4,400	4,600
Department of Conservation	3,062	3,150	3,300	3,500	3,650	3,900	4,150	4,350	4,600	4,850
Judiciary	1,700	1,800	1,900	2,000	2,100	2,200	2,300	2,400	2,500	2,600
Budgeted Federal Aid	3,032	3,300	3,300	3,300	3,400	3,400	3,400	3,500	3,500	3,500
Interfund Transfers	6,225	5,000	3,400	3,650	5,235	5,435	5,635	5,835	6,035	6,235
All Other	9,687	10,500	11,000	11,600	12,300	13,000	13,700	14,500	15,200	16,000
Total Other Department Revenue	<u>\$53,010</u>	<u>\$54,600</u>	<u>\$55,600</u>	<u>\$59,050</u>	<u>\$63,085</u>	<u>\$65,955</u>	<u>\$68,655</u>	<u>\$71,635</u>	<u>\$74,665</u>	<u>\$77,555</u>
Grand Totals	<u>\$502,762</u>	<u>\$512,700</u>	<u>\$528,300</u>	<u>\$550,950</u>	<u>\$571,685</u>	<u>\$593,655</u>	<u>\$615,655</u>	<u>\$642,135</u>	<u>\$666,465</u>	<u>\$695,755</u>

Source: Division of Budget and Accounting, Department of the Treasury.

Appendix Table 40
RECAPITULATION OF REVENUES AND EXPENDITURES UNDER EXISTING TAXES AND SERVICES
STATE OF NEW JERSEY, 1962-1972
(\$000's omitted)

	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72
Revenues	\$502,762	\$512,700	\$528,300	\$550,950	\$571,685	\$593,655	\$615,655	\$642,135	\$666,465	\$695,755
Expenditures	504,232	535,211	568,912	604,748	631,266	656,099	687,054	720,752	757,251	790,842
Cumulative Deficit with Present Revenue Structure	\$1,470	\$22,511	\$40,612	\$53,798	\$59,581	\$62,444	\$71,399	\$78,617	\$90,786	\$95,087
Required Annual Additions to Revenues .....	....	\$25,000	\$15,000	\$15,000	....	\$5,000	\$10,000	\$10,000	\$10,000	\$5,000
Assuming Funds for Capital Construction Per the Strayer Report are Provided on a "Pay-as-You-Go" Basis										
Revenues	\$502,762	\$512,700	\$528,300	\$550,950	\$571,685	\$593,655	\$615,655	\$642,135	\$666,465	\$695,755
Expenditures	504,232	560,211	593,912	629,748	656,266	681,099	687,054	720,752	757,251	790,842
Cumulative Deficit with Present Revenue Structure	\$1,470	\$47,511	\$65,612	\$78,798	\$84,581	\$87,444	\$71,399	\$78,617	\$90,786	\$95,087
Required Annual Additions to Revenues .....	....	\$50,000	\$15,000	\$15,000	....	\$5,000	....	....	....	....
Assuming Funds for Capital Construction Per the Strayer Report are Provided by Adopting a Bond Issue in 1963 of \$125,000,000										
Revenues	\$502,762	\$512,700	\$528,300	\$550,950	\$571,685	\$593,655	\$615,655	\$642,135	\$666,465	\$695,755
Expenditures	504,232	535,211	569,725	606,373	634,716	661,329	694,032	728,622	765,986	799,417
Cumulative Deficit with Present Revenue Structure	\$1,470	\$22,511	\$41,425	\$55,423	\$63,031	\$67,674	\$78,377	\$86,487	\$99,521	\$103,662
Required Annual Additions to Revenues .....	....	\$25,000	\$15,000	\$15,000	\$5,000	\$5,000	\$10,000	\$15,000	\$15,000	\$5,000

Source: Division of Budget and Accounting, Department of the Treasury.

Appendix Table 41
CHANGES IN RATES OF MAJOR STATE TAXES, 1950 - 1962

Year	Motor Fuels ¹	Net Worth ²	Net Income ³	Dom. Ins. ⁴	For. Ins. ⁵	Motor Vehicles ⁶	Cigarette ⁷	Inheritance	Racing ⁸	Beverage ⁹	Railroad	Commuter ¹⁰
1962	6	2 mills	1¾%	NC	NC	....	7	NC	6-7% 7-8%	.03½ 1.50	NC	....
1961	6 ^a	2 mills	1¾%	NC	NC	....	7 ^l	NC	6-7% 7-8%	.03½ 1.50	NC	p
1960	5	2 mills	1¾%	NC	NC	....	5	NC	6-7% 7-8%	.03½ 1.50	NC	....
1959	5	2 mills	1¾% ^g	NC	NC	....	5	NC	6-7% 7-8%	.03½ 1.50	NC	....
1958	5 ^b	2 mills	....	NC	NC	....	5	NC	6-7% 7-8%	.03½ 1.50	NC	....
1957	4	2 mills	....	NC	NC	....	5	NC	6-7% 7-8%	.03½ 1.50	NC	....
1956	4	2 mills	....	NC	NC	h	5 ^k	NC	6-7% 7-8%	.03½ 1.50	NC	....
1955	4	2 mills ^e	....	NC	NC	....	3	NC	6-7% 7-8%	.03½ 1.50	NC	....
1954	4 ^c	¾ ₁₀ mill	....	NC	NC	....	3	NC	6-7% ⁿ 7-8%	.03½ 1.50	NC	....
1953	3	¾ ₁₀ mill	....	NC	NC	....	3	NC	6-7%	.03½ 1.50	NC	....
1952	3	¾ ₁₀ mill	....	NC	NC	....	3	NC	6-7%	.03½ 1.50	NC	....
1951	3	¾ ₁₀ mill	....	NC	NC	i	3	NC	6-7%	.03½ 1.50	NC	....
1950	3 ^d	¾ ₁₀ mill ^f	....	NC	NC	....	3 ^j	NC	6-7% ^m	.03½ ^o 1.50	NC	....

Sources: Original Laws, see footnotes for citations.

For footnotes, see page 208.

FOOTNOTES FOR APPENDIX TABLE 41

- ¹ Cents per gallon.
- ² Rate per dollar of allocated net worth.
- ³ Rate per dollar of allocated net income.
- ⁴ 2% on taxable premiums. 1% on annuity considerations.
- ⁵ 2% on taxable premiums. 1% on annuity considerations.
- ⁶ Driver licenses, passenger registrations, commercial registrations.
- ⁷ Cents per standard pack of cigarettes.
- ⁸ Rate per dollar of pari-mutuel pools.
- ⁹ Cents per gallon.
- ¹⁰ Graduated rates on taxable net income.
- a. Motor fuels tax rate increased from 5 cents to 6 cents per gallon, effective June 1, 1961 (Chap. 37, Laws of 1961).
- b. Motor fuels tax rate increased from 4 cents to 5 cents per gallon, effective July 1, 1958 (Chap. 62, Laws of 1958).
- c. Motor fuels tax rate increased from 3 cents to 4 cents per gallon, effective July 1, 1954 (Chap. 109, Laws of 1954).
- d. Motor fuels tax rate of 3 cents per gallon effective from July 1, 1935 to June 30, 1954 (Chap. 319, Laws of 1935).
- e. Corporation net worth tax rates increased from 8/10 of a mill to 2 mills on the first \$100,000,000 of allocated net worth effective January 1, 1955 (Chap. 88, Laws of 1954).
- f. Corporation net worth tax rates on allocated net worth were as follows from January 1, 1946 to December 31, 1954:
- | | |
|-----------------------|---------------|
| 8/10 of mill on first | \$100,000,000 |
| 4/10 " " " second | 100,000,000 |
| 3/10 " " " third | 100,000,000 |
| 2/10 " " in excess of | 300,000,000 |
- (Chap. 162, Laws of 1945).
- g. Corporation net income tax at 1 $\frac{3}{4}$ % of allocated net income effective January 1, 1959 (Chap. 63, Laws of 1958).
- h. Passenger vehicle registration fee basis changed from horsepower to vehicle weight effective March 1, 1956 (Cf. Chap. 8, Laws of 1955 with Chap. 256, Laws of 1953; N.J.S.A. 39:3-8). "Mail-in-stagger system" also put into operation in 1956.
- i. Commercial vehicle registration fees increased in 1951 (Cf. Chap. 142, Laws of 1950 with Chap. 46, Laws of 1946; N.J.S.A. 39:3-20).
- j. Cigarette tax rate of 3 cents per standard pack of 20 cigarettes effective from July 1, 1948 to April 16, 1956 (Chap. 65, Laws of 1948; N.J.S.A. 54:40A-8).
- k. Cigarette tax rate increased from 3 cents to 5 cents effective April 16, 1956 (Chap. 10, Laws of 1956).
- l. Cigarette tax rate increased from 5 cents to 6 cents effective January 6, 1961 (Chap. 158, Laws of 1960) and from 6 cents to 7 cents effective May 23, 1961 (Chap. 28, Laws of 1961).
- m. Pari-mutuel tax rates in effect from April 12, 1949 to June 30, 1954:
- | | |
|---------------------------------------|--------------|
| 6% of pari-mutuel pools not exceeding | \$40,000,000 |
| 7% " " " " in excess of | \$40,000,000 |
- (Chap. 26, Laws of 1949; N.J.S.A. 5:5-66).
- n. Pari-mutuel tax rates increased, effective July 1, 1954, as follows:
- | | |
|--|---------------|
| 6% in case of harness races and 7% in case of other races of pari-mutuel pools not exceeding | \$40,000,000. |
| 7% in case of harness races and 8% in case of other races of pari-mutuel pools in excess of | \$40,000,000. |
- (Chap. 87, Laws of 1954; N.J.S.A. 5:5-66).
- o. Alcoholic beverage tax rates in effect from March 21, 1947 to present date:
- | | |
|-----------------|---------------------------------|
| Beer | \$0.03 $\frac{1}{4}$ per gallon |
| Liquors | 1.50 " " |
| Wines | 0.10 " " |
| Vermouth | 0.15 " " |
| Sparkling Wines | 0.41 " " |
- (Chap. 18, Laws of 1947, N.J.S.A. 54:43-1).
- The only substantive change in tax rate from 1933 to 1947 was the increase from \$1.00 per gallon to \$1.50 per gallon on liquors.
- p. An emergency transportation tax at graduated rates on net income and net capital gains is imposed by Chapter 32, Laws of 1961, on certain residents and non-residents of this State.

Appendix Table 42
STATE AND LOCAL TAXES
Calendar Years 1950 - 1961
(in \$000's)

Tax Revenue Sources	1961	1960	1959	1958	1957	1956
<i>Local Purpose Taxes</i>						
Property (incl. Class II RR)a	\$899,719	\$834,653	\$773,123	\$710,943	\$645,567	\$579,837
Property (Added Assessments)b	7,638	8,775	6,903	6,057	6,136	5,884
Public Utilityc	76,638	71,544	66,396	61,556	57,135	51,815
Franchise	(34,623)	(32,346)	(30,099)	(27,772)	(25,818)	(23,506)
Gross Receipts	(42,015)	(39,198)	(36,297)	(33,784)	(31,317)	(28,309)
Bank Stocks	3,735	3,478	3,209	3,042	2,890	2,697
Insurance Tax	4,064	3,917	3,859	3,604	3,554	3,473
Bus. Gross Receiptse	2,200	2,246	2,207	2,066	2,216	2,292
Sales Tax (Atlantic City)	1,733	1,782	1,797	1,567	1,644	1,582
Financial Businessc	824	692	760	884	757	632
Inheritance (5% to counties)d	867	923	1,042	786	798	618
Poll Taxesa	21	23	19	29	29	31
Total Local Purpose Taxes	\$997,439	\$928,033	\$859,315	\$790,534	\$720,726	\$648,861
% of Total State and Local Taxes	71.5%	71.5%	71.5%	72.9%	72.2%	69.8%
<i>State Purpose Taxes</i>						
Motor Fuels	\$111,396*	\$99,857	\$96,802*	\$80,140*	\$70,573	\$70,232
Motor Vehicles and Drivers, etc.	78,436	75,125	70,646	66,725	65,200	75,854h
Corporations	79,042	77,757	68,744	43,761	41,450	39,078
Insurance	(19,027)	(17,575)	(16,616)	(15,446)	(14,615)	(14,014)
Net Worth	(33,283)	(32,274)	(29,391)	(28,315)	(26,835)	(25,064)
Net Income	(26,732)	(27,908)	(22,737)	.....	.....	.....
Cigarettes	55,886*	42,038	39,263	36,782	34,618	30,039*
Alcoholic Beverages	22,403	22,078	20,721	19,434	19,078	19,663
Pari-Mutuel	25,306	25,155	24,571	23,887	24,485	23,796
Inheritance (excl. 5% county)d	22,612	24,617	19,048	20,509	18,045	17,182
Railroad (State only)	2,816	2,846	3,077	3,552	4,151	4,335
Outdoor Advertising	145	140	92	91	89	88
Boxing and Wrestling	39	44	36	43	38	20
Transportation Tax (Income) .....	.....g	.....	.....	.....	.....	.....
Total State Purpose Taxes	\$398,081	\$369,657	\$343,000	\$294,924	\$277,727	\$280,287
% of Total State and Local Taxes	28.5%	28.5%	28.5%	27.1%	27.8%	30.2%
Total State and Local Taxes	\$1,395,520	\$1,297,690	\$1,202,315	\$1,085,458	\$998,453	\$929,148
% of Total State and Local Taxes	100%	100%	100%	100%	100%	100%

Sources: See footnotes.

For footnotes, see page 212.

Appendix Table 42—Continued

Tax Revenue Sources	1955	1954	1953	1952	1951	1950
<i>Local Purpose Taxes</i>						
Property (incl. Class II RR) ^a	\$533,934	\$509,784	\$464,636	\$433,426	\$394,834	\$368,691
Property (Added Assessments) ^b	5,008	4,234	3,719	3,602	NA	NA
Public Utilityc	47,709	43,378	38,708	35,711	32,133	29,104
Franchise	(21,430)	(19,624)	(18,152)	(17,119)	(15,897)	(14,698)
Gross Receipts	(26,279)	(23,754)	(20,556)	(18,592)	(16,241)	(14,406)
Bank Stockc	2,536	2,347	2,193	2,041	1,895	1,805
Insurance Taxc	3,385	3,683	3,819	2,848	3,266	3,384
Bus. Gross Receiptsc	2,280 ^f	2,282	2,280 ^f	2,280 ^f	2,280	2,280
Sales Tax (Atlantic City)	1,539	1,612	1,524	1,541	1,470	1,429
Financial Businessc	646	575	526	532	441	371
Inheritance (5% to counties) ^d	599	489	581	433	398	419
Poll Taxesa	36	38	40	42	42	43
Total Local Purpose Taxes	\$597,672	\$568,422	\$518,026	\$482,456	\$436,764	\$407,526
% of Total State and Local Taxes	71.1%	73.2%	73.2%	73.3%	72.2%	73.1%
<i>State Purpose Taxes</i>						
Motor Fuels	\$67,072*	\$53,692*	\$42,661	\$40,045	\$38,322	\$35,641
Motor Vehicles and Drivers, etc.	59,548	56,721	49,920	46,507	44,429*	37,668
Corporations	36,709*	22,989	21,753	19,769	18,482	16,810
Insurance	(13,279)	(12,571)	(11,312)	(9,811)	(8,770)	(7,994)
Net Worth	(23,430)	(10,418)	(10,441)	(9,958)	(9,712)	(8,816)
Net Income .....	.....	.....	.....	.....	.....	.....
Cigarettes	19,935	19,403	20,079	19,854	18,996	18,240
Alcoholic Beverages	18,258	17,500	17,391	15,646	17,629	16,279
Pari-Mutuel	22,822	21,871	20,709	18,047	14,660	11,834
Inheritance (excl. 5% county) ^d	14,819	10,901	11,776	11,636	10,705	9,116
Railroad (State only)	4,152	4,538	4,821	4,560	4,645	4,002
Outdoor Advertising	89	89	73	71	70	71
Boxing and Wrestling	19	25	40	47	54	.....
Transportation Tax (Income) .....	.....	.....	.....	.....	.....	.....
Total State Purpose Taxes	\$243,423	\$207,729	\$189,223	\$176,182	\$167,992	\$149,661
% of Total State and Local Taxes	28.9%	26.8%	26.8%	26.7%	27.8%	26.9%
Total State and Local Taxes	\$841,095	\$776,151	\$707,249	\$658,638	\$604,756	\$557,187
% of Total State and Local Taxes	100%	100%	100%	100%	100%	100%

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* Years in which collections reflect tax rate changes.

Sources: See footnotes.

For footnotes, see page 212.

Appendix Table 43
PERCENTAGE DISTRIBUTION OF STATE AND LOCAL TAXES
By TOTAL TAX
Calendar Years 1950 - 1961

Tax Revenue Sources	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
<i>Local Purpose Taxes</i>												
Property (incl. Class II RR) ^a	64.5%	64.3%	64.3%	65.5%	64.6%	62.4%	63.5%	65.7%	65.7%	65.8%	65.3%	66.2%
Property (added assessments) ^b .....	.5	.6	.6	.6	.6	.6	.6	.5	.5	.6	...	...
Public Utility ^c	5.4	5.5	5.5	5.7	5.7	5.5	5.7	5.6	5.5	5.4	5.3	5.2
Bank Stock .....	.3	.3	.3	.3	.3	.3	.3	.3	.3	.3	.3	.3
Insurance Tax ^e .....	.3	.3	.3	.3	.4	.4	.4	.5	.5	.5	.5	.6
Business Gross Receipts ^e .....	.2	.2	.2	.2	.2	.2	.2 ^f	.2	.3 ^f	.3 ^f	.4	.4
Sales Tax (Atlantic City) .....	.1	.1	.1	.1	.2	.2	.2	.2	.2	.2	.2	.2
Financial Business .....	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
Inheritance (5% to counties) ^d .....	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
Poll Taxes ^a .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Total Local Purpose Taxes	71.5%	71.5%	71.5%	72.9%	72.2%	69.8%	71.1%	73.2%	73.2%	73.3%	72.2%	73.1%
<i>State Purpose Taxes</i>												
Motor Fuels	8.0*	7.7	8.1*	7.4*	7.0	7.6	8.0*	6.9*	6.0	6.1	6.3	6.4
Motor Vehicles, Driver, etc.	5.6	5.8	5.8	6.1	6.5	8.2 ^h	7.1	7.3	7.1	7.1	7.4*	6.8
Corporations	5.7	6.0	5.7	4.0	4.2	4.2	4.3*	3.0	3.1	3.0	3.1	3.0
Cigarettes	4.0*	3.3	3.3	3.4	3.5	3.2*	2.4	2.5	2.8	3.0	3.1	3.3
Alcoholic Beverages	1.6	1.7	1.7	1.8	1.9	2.1	2.2	2.3	2.5	2.4	2.9	2.9
Pari-Mutuel	1.8	1.9	2.0	2.2	2.5	2.6	2.7	2.8	2.9	2.7	2.4	2.1
Inheritance (excl. 5% county) ^d	1.6	1.9	1.6	1.9	1.8	1.8	1.7	1.4	1.7	1.7	1.8	1.7
Railroad (State only) .....	.2	.2	.3	.3	.4	.5	.5	.6	.7	.7	.8	.7
Outdoor Advertising .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Boxing and Wrestling .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	...
Total State Purpose Taxes	28.5%	28.5%	28.5%	27.1%	27.8%	30.2%	28.9%	26.8%	26.8%	26.7%	27.8%	26.9%
Total State and Local Taxes	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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* Years in which collections reflect tax rate changes.

Sources: See footnotes.

For footnotes, see page 212.

Appendix Table 44
PERCENTAGE DISTRIBUTION OF STATE AND LOCAL TAXES
BY PURPOSE OF TAX
Calendar Years 1950 - 1961

Tax Revenue Sources	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
<i>Percentage Distribution of Local Purpose Taxes</i>												
Property (incl. Class II RR) ^a	90.2%	89.9%	90.0%	89.9%	89.6%	89.4%	89.3%	89.7%	89.7%	89.9%	90.4%	90.5%
Property (added assessments) ^b	.8	1.0	.8	.8	.9	.9	.8	.7	.7	.7	...	...
Public Utilities	7.6	7.7	7.7	7.8	7.9	8.0	8.0	7.6	7.5	7.4	7.4	7.1
Bank Stocks	.4	.4	.4	.4	.4	.4	.4	.4	.5	.4	.4	.4
Insurance Tax	.4	.4	.4	.5	.5	.5	.6	.7	.7	.6	.8	.8
Business Gross Receipts	.2	.2	.3	.2	.3	.4	.4 ^f	.4	.4 ^f	.5 ^f	.5	.6
Sales Tax (Atlantic City)	.2	.2	.2	.2	.2	.2	.3	.3	.3	.3	.3	.4
Financial Business	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
Inheritance (5% to counties) ^d	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
Poll Taxes ^e	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Total Local Purpose Taxes	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Percentage Distribution of State Purpose Taxes</i>												
Motor Fuels	28.0%*	27.0%	28.2%*	27.2%*	25.4%	25.1%	27.6%*	25.9%*	22.6%	22.7%	22.8%	23.8%
Motor Vehicles, Driver, etc.	19.7	20.3	20.6	22.6	23.5	27.1 ^h	24.5	27.3	26.4	26.4	26.5*	25.2
Corporations	20.0	21.0	20.1	14.8	14.9	14.0	15.1*	11.1	11.5	11.2	11.0	11.2
Cigarettes	14.0*	11.4	11.4	12.5	12.5	10.7*	8.2	9.4	10.6	11.3	11.3	12.2
Alcoholic Beverages	5.6	6.0	6.0	6.6	6.9	7.0	7.5	8.4	9.2	8.9	10.5	10.9
Pari-Mutuel	6.4	6.8	7.2	8.1	8.8	8.5	9.4	10.5	11.0	10.3	8.7	7.9
Inheritance (excl. 5% county) ^d	5.6	6.7	5.6	7.0	6.5	6.1	6.0	5.2	6.2	6.6	6.4	6.1
Railroad (State only)	.7	.8	.9	1.2	1.5	1.5	1.7	2.2	2.5	2.6	2.8	2.7
Outdoor Advertising	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Boxing and Wrestling	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	...
Total State Purpose Taxes	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Sources: See footnotes.

* Years in which collections reflect tax rate changes.

FOOTNOTES FOR APPENDIX TABLES 42, 43 AND 44

- a. Annual Reports Division of Taxation.
- b. Local Property Tax Bureau.
- c. Division of Taxation—"Shared Taxes" from 1955 to 1961.
- d. Inheritance Tax Bureau.
- e. Division of Local Government.
- f. Estimated.

g. The transportation income tax (commuter tax) became effective July 1, 1961. Estimated yield fiscal 1962, \$12 million; fiscal 1963, \$6 million. This new State tax was not included in calculating the percentages shown in this table.

h. Reflects both new rates and new methods of collection.

Appendix Table 45
STATE OF NEW JERSEY EQUALIZED VALUATIONS
By Counties, 1962

County	Aggregate Assessed Valuation of Real Property (dollars)	Average Ratio of Assessed to True Value of Real Property		Aggregate True Value of Real Property (dollars)	Assessed Valuation of Class II Railroad Property (dollars)	Assessed Valuation of All Personal Property (dollars)	Equalized Valuation (dollars)
		Wgt'd. (00.00%)	Unwgt'd. (00.00%)				
Atlantic	\$360,152,954	43.23%	37.73%	\$833,032,483	\$628,647	\$19,268,564	\$852,929,694
Bergen	1,367,324,829	25.88	25.95	5,282,696,882	2,261,772	95,945,206	5,380,903,860
Burlington	207,443,354	22.84	22.49	908,148,592	143,577	18,308,518	926,600,687
Camden	612,760,859	40.54	36.10	1,511,623,844	2,402,630	57,816,691	1,571,843,165
Cape May	508,998,746	95.21	94.60	534,622,300	81,293	27,584,006	562,287,599
Cumberland	132,649,722	34.27	27.25	387,104,884	190,738	18,824,040	406,119,662
Essex	1,863,899,050	43.84	41.19	4,251,425,195	25,333,916	202,362,300	4,479,121,411
Gloucester	172,723,845	28.16	30.10	613,363,064	90,713	13,925,247	627,379,024
Hudson	850,024,442	41.68	40.79	2,039,470,451	106,843,910	148,265,430	2,294,579,791
Hunterdon	62,416,167	17.41	17.99	358,527,749	123,980	8,141,792	366,793,521
Mercer	535,429,552	41.20	35.47	1,299,464,298	2,552,188	61,766,327	1,363,782,813
Middlesex	552,799,284	22.05	24.46	2,507,494,011	8,576,906	69,765,795	2,585,836,712
Monmouth	1,737,306,964	98.51	98.02	1,763,672,480	606,416	82,864,976	1,847,143,872
Morris	464,374,204	26.02	28.35	1,784,806,961	757,358	33,233,928	1,818,798,247
Ocean	408,307,856	40.03	38.87	1,019,998,983	144,055	16,353,936	1,036,496,974
Passaic	651,811,486	32.31	29.00	2,017,351,047	2,010,555	75,918,236	2,095,279,838
Salem	54,890,972	22.72	24.10	241,566,568	34,318	21,490,931	263,091,817
Somerset	155,324,366	16.28	17.26	954,332,335	617,019	16,223,521	971,172,875
Sussex	86,631,808	23.67	20.40	366,008,074	65,195	5,556,272	371,629,541
Union	926,348,355	27.89	29.33	3,321,169,133	5,049,247	104,681,827	3,430,900,207
Warren	114,494,820	42.28	29.35	270,775,731	912,742	15,201,032	286,889,505
State Totals	\$11,826,113,635	36.65%	34.59%	\$32,266,655,065	\$159,427,175	\$1,113,498,575	\$33,539,580,815

Source: Division of Taxation, Department of the Treasury, *Certification of Table of Equalized Valuations, 1962.*

Appendix Table 46
TREND OF EQUALIZED VALUATIONS AND TAX LEVIES
1955 - 1962, By County

County	Equalized Valuation (to nearest \$000's)								Tax Levy			
	1955	1956	1957	1958	1959	1960	1961	1962	% change 55 - 62	1955	1962	% change 55 - 62
Atlantic	\$ 641,805	\$ 681,467	\$ 719,490	\$ 739,721	\$ 756,812	\$ 774,346	\$ 796,209	\$ 852,930	32.9%	\$ 15,096	\$ 25,217	67.0%
Bergen	3,330,686	3,563,954	3,934,654	4,187,992	4,377,931	4,695,317	5,088,791	5,380,904	61.6	60,061	124,998	108.1
Burlington	509,419	557,416	592,899	647,670	691,763	782,655	850,568	926,601	81.9	7,893	22,017	179.0
Camden	1,118,546	1,187,296	1,258,682	1,312,286	1,322,947	1,393,620	1,486,874	1,571,843	40.5	23,480	45,874	95.4
Cape May	361,727	393,795	439,434	445,728	469,366	501,853	540,883	562,288	55.4	6,371	10,636	67.0
Cumberland	309,462	323,289	351,217	367,164	376,176	387,035	389,798	406,120	31.2	5,146	11,134	116.3
Essex	3,335,350	3,491,117	3,710,045	3,885,021	3,995,273	4,129,170	4,366,849	4,479,121	34.3	118,876	179,416	50.9
Gloucester	465,522	492,200	495,398	528,167	559,463	613,017	632,945	627,379	34.8	6,195	15,337	147.6
Hudson	1,690,379	1,661,535	1,749,401	1,865,753	1,909,253	1,991,651	2,144,061	2,294,581	35.7	86,298	112,258	30.1
Hunterdon	236,153	248,859	267,524	288,726	298,650	306,518	340,505	366,794	55.3	3,160	7,847	148.3
Mercer	952,618	1,004,455	1,059,793	1,112,179	1,165,947	1,238,119	1,333,474	1,363,783	43.2	22,563	41,684	84.7
Middlesex	1,499,469	1,568,403	1,740,528	1,917,066	2,119,014	2,302,206	2,421,403	2,585,837	72.4	29,129	64,826	122.5
Monmouth	1,031,161	1,137,935	1,286,903	1,407,867	1,479,310	1,571,597	1,687,578	1,847,144	79.1	22,483	49,261	119.1
Morris	1,047,313	1,161,589	1,330,421	1,457,574	1,534,520	1,608,553	1,700,950	1,818,798	73.7	18,490	47,851	158.8
Ocean	553,512	611,868	673,923	721,672	784,583	865,779	972,820	1,036,497	87.3	7,330	20,873	184.7
Passaic	1,409,372	1,490,775	1,597,632	1,677,471	1,739,306	1,843,857	1,985,919	2,095,280	48.7	32,240	59,010	83.0
Salem	205,714	222,664	225,340	223,514	223,605	217,228	246,365	263,092	27.9	3,675	6,721	82.9
Somerset	529,518	575,553	643,178	728,853	769,503	831,607	934,512	971,173	83.4	8,890	22,882	157.4
Sussex	215,106	226,833	251,389	272,100	292,995	324,333	346,515	371,630	72.8	3,719	9,550	156.8
Union	2,083,374	2,306,948	2,506,443	2,701,070	2,891,816	3,077,852	3,280,506	3,430,900	64.7	49,168	85,289	73.5
Warren	198,411	203,355	217,991	235,441	244,614	256,382	273,281	286,890	44.6	3,670	8,489	131.3
Totals	\$21,724,617	\$23,111,306	\$25,052,285	\$26,723,035	\$28,002,847	\$29,712,695	\$31,820,806	\$33,539,581	54.4%	\$533,933	\$971,170	81.9%

Sources: Division of Taxation, Department of the Treasury, *Annual Report of the Division of Taxation in the Department of the Treasury, 1961*, pp. 254-261 and p. 228; *Ibid.*, 1955, p. 204; and *Certification of Table of Equalized Valuations, 1962*.

COMPENDIUM TABLE

Estimate Combined Effect of School Aid,
Inventory Replacement and Gross Receipts
Tax Adjustment, by Municipality, 1962.

**COMPENDIUM TABLE
ATLANTIC COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Absecon City	\$100,650	\$13,165	.....	\$342	\$114,157	\$10,928	(\$49)	\$1,285	\$126,321
Atlantic City	9,000	45,560	.....	17	54,577	516,679	(3,240)	(32,466)	535,550
Brigantine City	1,700	5,035	.....	3	6,738	14,183	(350)	5,427	25,998
Buena Boro.	62,736	7,380	.....	98	70,214	5,904	(49)	(702)	75,367
Buena Vista Twp.	86,315	10,155	.....	76	96,546	4,687	(107)	(1,590)	99,536
Corbin City	4,518	457	.....	14	4,989	551	.....	(28)	5,512
Egg Harbor City	56,266	7,383	\$26,364	1,626	91,639	8,195	930	739	101,503
Egg Harbor Twp.	115,409	17,010	34,405	1,998	168,822	676	947	(11,222)	159,223
Estelle Manor	9,593	1,071	.....	520	11,184	(4,678)	309	(1,831)	4,984
Folsom Boro.	550	1,280	.....	1	1,831	2,237	(42)	531	4,557
Galloway Twp.	74,925	11,805	35,538	101	122,369	25,554	(272)	1,830	149,481
Hamilton Twp.	84,863	10,427	39,415	318	135,023	45,025	(194)	526	180,380
Hammonton	25,515	8,968	.....	1,194	35,677	26,739	245	5,204	67,865
Linwood	91,374	12,643	43,986	.....	148,003	25,840	(271)	3,556	177,128
Longport Boro.	400	.....	.....	.....	400	(2,196)	350	2,306	860
Margate	4,800	12,133	.....	111	17,044	9,684	(15)	13,479	40,192
Mullica Twp.	39,356	6,147	20,064	52	65,619	2,517	(115)	646	68,667
Northfield City	129,356	17,514	48,730	1,178	196,778	613	481	1,634	199,506
Pleasantville City	239,947	29,577	.....	3,234	272,758	25,317	1,641	2,376	302,092
Port Republic	8,080	1,069	.....	85	9,234	(218)	33	(664)	8,385
Somers Point	47,410	7,254	38,568	896	94,128	4,037	316	1,301	99,782
Ventnor City	1,150	2,044	.....	.....	3,194	25,160	(623)	8,156	35,887
Weymouth Twp.	12,988	1,957	.....	163	15,108	(249)	75	(493)	14,441
Totals	\$1,206,901	\$230,034	\$287,070	\$12,027	\$1,736,032	\$747,185	\$0	\$0	\$2,483,217

**COMPENDIUM TABLE
BERGEN COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Allendale	\$96,386	\$15,673	.....	\$379	\$112,438	\$3,062	(\$624)	\$3,649	\$118,525
Alpine	600	.....	.....	.....	600	1,460	(434)	273	1,899
Bergenfield	412,800	55,313	.....	1,180	469,293	58,667	(3,364)	27,095	551,691
Bogota	(2,450)	4,238	.....	5,844	7,632	(16,031)	1,002	7,223	(174)
Carlstadt	1,550	(440)	.....	533	1,643	21,529	1,093	3,482	27,747
Cliffside Park	2,700	11,264	.....	448	14,412	(36,449)	(92)	12,525	(9,604)
Closter	57,829	11,541	\$40,287	2,827	112,484	9,583	(345)	7,513	129,235
Cresskill	76,098	18,625	.....	1,660	96,383	(961)	(605)	5,608	100,425
Demarest	30,942	6,031	22,465	22	59,460	4,237	(739)	4,841	67,799
Dumont	227,158	33,140	.....	2,889	263,187	(824)	(1,387)	13,382	274,358
E. Paterson	126,994	21,614	.....	6,514	155,122	(6,734)	(110)	16,130	164,408
E. Rutherford	800	5,385	.....	1,808	7,993	(110,443)	6,409	(2,308)	(98,349)
Edgewater Boro.	1,100	.....	.....	.....	1,100	118,992	479	8,405	128,976
Emerson	48,798	15,327	.....	440	64,565	20,605	(956)	7,724	91,938
Englewood City	150	2,462	.....	778	3,390	118,215	(1,311)	24,821	145,115
Englewood Cliffs	6,100	.....	.....	.....	6,100	(19,677)	756	5,922	(6,899)
Fair Lawn	470,212	64,152	.....	19,877	554,241	(43,668)	1,920	23,883	541,376
Fairview	2,900	7,495	.....	856	11,251	46,136	(894)	2,928	59,421
Fort Lee	6,800	.....	.....	.....	6,800	36,190	(3,209)	21,343	61,124
Franklin Lakes	12,144	9,520	22,847	27	44,538	3,808	(783)	4,326	51,889
Garfield	103,850	24,989	.....	6,125	134,964	61,493	(610)	20,405	216,252
Glen Rock	162,926	28,532	.....	812	192,270	20,415	(1,893)	16,380	227,172
Hackensack	5,150	17,736	.....	6,799	29,685	(355,733)	23,955	28,273	(273,820)
Harrington Park	37,313	7,768	19,683	158	64,922	1,291	(684)	4,180	69,709
Hasbrouck Heights	1,700	12,692	.....	70	14,462	14,444	(1,708)	10,882	38,080
Haworth	32,569	4,367	19,144	104	56,184	10,457	(584)	3,715	69,772
Hillsdale	25,521	7,646	43,637	1,145	77,949	(4,745)	(1,148)	9,381	81,437
Ho-Ho-Kus	3,350	6,314	.....	50	9,714	50	(778)	6,469	15,455
Leonia	2,200	8,722	.....	119	11,041	4,652	(823)	9,131	24,001
Little Ferry	16,946	9,038	.....	4,749	30,733	(1,572)	885	3,626	33,672
Lodi Boro.	204,814	30,178	.....	5,750	240,742	48,666	(61)	15,043	304,390
Lyndhurst Twp.	36,739	20,633	.....	13,863	71,235	(11,181)	2,284	18,666	81,004
Mahwah	5,550	.....	.....	.....	5,550	(75,019)	4,218	880	(64,371)
Maywood	700	12,660	.....	241	13,601	(10,954)	(702)	12,532	14,477
Midland Park	119,156	16,902	.....	2,459	138,517	(7,888)	(94)	7,593	138,128

COMPENDIUM TABLE
BERGEN COUNTY—Continued

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Montvale	\$5,341	\$6,496	\$17,385	\$397	\$29,619	\$7,872	(\$599)	\$2,980	\$39,872
Moonachie	8,846	4,695	.....	1,706	15,247	5,313	288	718	21,566
New Milford	155,286	32,113	.....	805	188,204	4,464	(2,445)	15,640	205,863
North Arlington	3,000	3,726	.....	337	7,063	(14,691)	(680)	9,935	1,627
Northvale	27,101	6,239	14,058	914	48,312	(4,389)	(203)	3,020	46,740
Norwood	9,328	958	15,752	1,227	27,265	(1,294)	(40)	(1,310)	24,621
Oakland	115,424	28,017	50,560	605	194,606	10,330	(1,302)	11,819	215,453
Old Tappan	33,731	7,062	12,660	88	53,541	5,465	(449)	(4,316)	54,241
Oradell	750	8,016	37,422	52	46,240	15,682	(1,663)	(914)	59,345
Palisades Park	900	4,970	.....	138	6,008	29,048	(1,171)	11,152	45,037
Paramus	14,850	39,025	.....	16,320	70,195	102,729	948	23,413	197,285
Park Ridge	46,818	15,943	.....	740	63,501	7,950	(758)	4,809	75,502
Ramsey	33,703	16,723	.....	4,016	54,442	(7,283)	(308)	7,771	54,622
Ridgefield Boro.	(800)	3,699	.....	512	3,411	(511)	(92)	(711,215)	(708,407)
Ridgefield Park	5,736	14,070	.....	.....	19,806	11,607	3,195	10,050	44,658
Ridgewood	12,850	42,231	.....	292	55,373	68,791	(4,064)	36,637	156,737
Riveredge Boro.	21,183	6,627	55,194	2,126	85,130	(10,027)	(1,198)	14,179	88,084
Rivervale	116,609	19,116	28,231	325	164,281	13,279	(952)	6,639	183,247
Rochelle Park	(1,450)	1,764	.....	138	452	830	(376)	6,717	7,623
Rockleigh	150	.....	.....	.....	150	1,547	(65)	(473)	1,159
Rutherford	3,200	7,924	.....	434	11,558	14,986	(1,081)	19,170	44,633
Saddle Brook Twp.	200,184	28,446	.....	8,024	236,654	(7,443)	880	15,153	245,244
Saddle River Boro.	(450)	.....	.....	.....	(450)	1,512	(744)	5,820	6,138
So. Hackensack	1,000	.....	.....	.....	1,000	(28,194)	4,289	215	(22,690)
Teaneck	45,674	48,800	.....	6,409	100,883	28,071	(4,650)	43,849	168,153
Tenafly	1,450	12,049	.....	267	13,766	(7,628)	(2,104)	21,731	25,765
Teterboro	(50)	.....	.....	.....	(50)	(3,698)	3,831	4,698	4,781
Upper Saddle River	23,899	14,034	.....	37	37,970	6,351	(840)	7,058	50,539
Waldwick	203,598	29,046	.....	1,088	233,732	(3,977)	(942)	10,008	238,821
Wallington	32,235	7,443	.....	2,215	41,893	(1,669)	(111)	6,427	46,540
Washington	37,771	12,295	.....	147	50,213	2,859	(1,088)	7,478	59,462
Westwood	49,581	16,140	.....	1,496	67,217	27,358	(947)	6,948	100,576
Woodcliff Lake	20,600	6,052	15,475	60	42,187	6,792	(563)	3,826	52,242
Wood Ridge	1,200	(1,429)	.....	208	(21)	71,073	(1,000)	12,778	82,830
Wyckoff	82,296	21,937	68,964	719	173,916	5,285	(2,059)	16,669	193,811
Totals	\$3,649,639	\$953,744	\$483,764	\$140,368	\$5,227,515	\$260,463	\$0	\$0	\$5,487,978

**COMPENDIUM TABLE
BURLINGTON COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Bass River	\$5,626	\$1,233	.....	\$16	\$6,875	\$4,903	(\$94)	\$2,271	\$13,955
Beverly	98,912	12,431	.....	204	111,547	6,433	(143)	4,823	122,660
Bordentown City	76,938	9,209	.....	332	86,479	13,559	(222)	6,656	106,472
Bordentown Twp.	96,291	12,977	.....	1,259	110,527	9,116	(98)	13,599	133,144
Burlington City	7,406	34,063	.....	7,406	48,875	(14,638)	2,712	(389,970)	(353,021)
Burlington Twp.	105,351	16,830	.....	283	122,464	31,053	(812)	15,076	167,781
Chesterfield	23,066	2,917	\$52,664	96	78,743	(451)	(159)	2,889	81,022
Cinnaminson	143,737	33,274	.....	864	177,875	20,270	(1,212)	31,533	228,466
Delanco	89,386	11,081	.....	639	101,106	1,492	(65)	7,903	110,436
Delran	54,869	13,784	.....	2,807	71,460	(1,896)	684	13,316	83,564
Eastampton	21,370	2,718	14,658	48	38,794	2,164	(129)	2,715	43,544
Edgewater Park	102,387	14,892	.....	702	117,981	(116)	(74)	7,640	125,431
Evesham Twp.	117,826	18,683	32,838	108	169,455	5,233	(719)	16,391	190,360
Fieldsboro	9,852	1,220	.....	1,363	12,435	(15,586)	620	1,103	(1,428)
Florence	122,080	16,953	.....	6,097	145,130	(26,200)	2,235	16,202	137,367
Hainesport	71,986	8,180	24,667	153	104,986	3,746	(172)	5,768	114,328
Levittown	668,130	106,906	.....	1,795	776,831	26,715	(1,591)	49,603	851,558
Lumberton	73,819	8,449	29,056	271	111,595	9,440	(198)	7,156	127,993
Mansfield Twp.	21,104	2,804	71,609	160	95,677	2,321	(199)	3,040	100,839
Maple Shade	174,534	26,687	.....	2,480	203,701	13,367	73	23,517	240,658
Medford Twp.	56,814	9,480	36,360	712	103,366	427	(403)	15,138	118,528
Medford Lakes Bor.	87,194	13,221	22,618	133	123,166	(518)	(399)	11,223	133,472
Moorestown	225,740	30,966	.....	1,528	258,234	49,398	(1,121)	39,885	346,396
Mt. Holly	232,211	26,711	115,939	6,584	381,445	(37,612)	2,196	21,445	367,474
Mt. Laurel Twp.	103,951	15,638	32,066	183	151,838	5,520	(630)	15,293	172,021
New Hanover Twp.	64	412	.....	3	479	62	(10)	(14,535)	(14,004)
North Hanover Twp.	382,325*	68,896	55,570	135	506,926	357	(84)	(659)	506,540
Palmyra	147,632	18,225	.....	944	166,801	4,545	(121)	12,591	183,816
Pemberton Boro.	25,641	3,070	.....	163	28,874	1,178	(9)	1,922	31,965
Pemberton Twp.	681,234*	84,575	.....	1,126	766,935	(8,346)	(259)	8,542	766,872
Riverside Twp.	98,500	14,427	.....	3,580	116,507	(14,568)	1,021	14,312	117,272
Riverton	45,015	5,910	.....	375	51,300	(597)	(133)	7,208	57,778
Shamong	12,721	1,863	5,495	15	20,094	1,358	(77)	1,636	23,011
Southampton	91,350	11,713	21,109	112	124,284	2,366	(307)	6,828	133,171
Springfield	22,053	2,990	64,977	165	90,185	3,358	(200)	5,904	99,247
Tabernacle	32,865	4,193	11,545	50	48,653	708	(113)	2,772	52,020
Washington	4,750	1,078	.....	25	5,853	886	(56)	1,454	8,137
Westampton	43,209	6,101	16,561	19	65,890	3,431	(183)	3,719	72,857
Woodland	17,745	2,015	.....	80	19,840	926	(58)	1,969	22,677
Wrightstown	236	1,518	.....	1,229	2,983	(5,694)	509	2,122	(80)
Totals	\$4,395,920	\$678,293	\$607,732	\$44,244	\$5,726,189	\$98,110	\$0	\$0	\$5,824,299

* Adjusted to include Federal aid in local fair share.

**COMPENDIUM TABLE
CAMDEN COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory	County Tax Apportionment		Net
	(1)	(2)	(3)	(4)	(5)	Replacement	Reduction or	(Addition)	Transfer
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Audubon Boro.	\$133,115	\$17,496	.....	\$3,498	\$154,109	(\$8,461)	(\$2,255)	(\$1,205)	\$142,188
Audubon Park Boro.	37,622	3,795	.....	.....	41,417	.....	(184)	739	41,972
Barrington Boro.	78,833	10,832	.....	4,083	93,748	(3,802)	(916)	2,206	91,236
Bellmawr Boro.	153,668	16,432	\$71,743	1,344	243,187	1,661	(3,469)	1,063	242,442
Berlin Boro.	50,467	7,583	.....	777	58,827	8,895	(1,137)	(917)	65,668
Berlin Twp.	58,646	7,037	40,563	121	106,367	2,021	(1,032)	(309)	107,047
Brooklawn Boro.	46,360	5,132	.....	968	52,460	(8,543)	(154)	(334)	43,429
Camden City	1,758,730	196,830	.....	174,506	2,130,066	(880,040)	105,728	706	1,356,460
Cherry Hill Twp.	516,042	97,134	.....	12,298	625,474	116,096	(16,615)	2,364	727,319
Chesilhurst Boro.	3,751	750	2,805	35	7,341	135	(103)	(5)	7,368
Clementon Boro.	35,345	4,431	42,545	.....	82,321	16,880	(1,547)	(479)	97,175
Collingswood Boro.	52,406	16,575	.....	4,954	73,935	13,688	(4,978)	4,822	87,467
Gibbsboro Boro.	63,119	9,810	.....	1,832	74,761	(10,662)	342	689	65,130
Gloucester City	223,132	31,158	.....	3,976	258,266	29,524	(2,648)	(5,747)	279,395
Gloucester Twp.	369,185	50,467	112,655	236	532,543	24,013	(7,849)	(5,275)	543,432
Haddon Twp.	154,710	24,539	.....	3,250	182,499	21,665	(7,180)	7,023	204,007
Haddonfield Boro.	24,316	21,262	.....	.....	45,578	43,440	(10,867)	11,595	89,746
Haddon Heights	140,139	18,050	.....	.....	158,189	27,040	(5,173)	(2,498)	177,558
Hi-Nella Boro.	16,823	1,998	.....	.....	18,821	40	(155)	204	18,910
Laurel Springs Boro.	32,501	4,248	.....	424	37,173	3,284	(543)	326	40,240
Lawnside Boro.	58,656	7,017	.....	50	65,723	1,074	(592)	(1,687)	64,518
Lindenwold Boro.	110,180	14,751	82,596	316	207,843	10,292	(2,451)	1,153	216,837
Magnolia Boro.	96,568	11,269	39,963	104	147,904	8,057	(1,579)	(188)	154,194
Merchantville Boro.	(250)	2,301	.....	557	2,608	4,025	(2,097)	46	4,582
Mount Ephraim Boro.	64,509	8,218	.....	402	73,129	6,017	(2,161)	1,758	78,743
Oaklyn Boro.	31,083	4,485	.....	438	36,006	4,472	(1,998)	629	39,109
Pennsauken Boro.	411,417	63,315	.....	10,877	485,609	41,710	(12,375)	(17,005)	497,939
Pine Hill Boro.	72,091	9,548	43,419	24	125,082	3,188	(1,321)	712	127,661
Pine Valley Boro. ....	.....	.....	.....	.....	.....	.....	(156)	234	78
Runnemede Boro.	109,631	13,663	59,905	851	184,050	5,252	(2,879)	(857)	185,566
Somerdale Boro.	69,566	7,563	46,146	605	123,880	4,435	(1,603)	(975)	125,737
Stratford Boro.	127,850	20,069	46,878	153	194,950	10,442	(2,685)	1,333	204,040
Tavistock Boro.	(100)	.....	.....	.....	(100)	440	(61)	211	490
Voorhees Twp.	86,401	13,690	.....	289	100,380	9,663	(2,212)	311	108,142
Waterford Twp.	41,607	4,897	36,099	.....	82,603	11,680	(1,657)	359	92,985
Winslow Twp.	89,223	11,829	74,800	40	175,892	12,527	(2,493)	(1,943)	183,983
Woodlynne Boro.	65,302	8,088	.....	115	73,505	3,266	(945)	941	76,767
Totals	\$5,382,644	\$746,262	\$700,117	\$227,123	\$7,056,146	(\$466,586)	\$0	\$0	\$6,589,560

**COMPENDIUM TABLE
CAPE MAY COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Avalon	\$250	.....	.....	.....	\$250	(\$430)	(\$1,008)	\$4,403	\$3,215
Cape May City	300	\$31	\$4,820	.....	5,151	39,717	1,168	5,492	51,528
Cape May Point	(200)	.....	.....	.....	(200)	80	(197)	601	284
Dennis Twp.	68,454	8,578	.....	\$685	77,717	948	(323)	(5,556)	72,786
Lower Twp.	950	4,359	10,692	2,122	18,123	(33,323)	7,231	7,263	(706)
Middle Twp.	122,326	17,265	.....	3,175	142,766	12,049	(1,119)	2,066	155,762
North Wildwood	(1,550)	.....	.....	.....	(1,550)	15,427	(3,002)	9,615	20,490
Ocean City	1,100	.....	.....	.....	1,100	14,857	(1,019)	21,181	36,119
Sea Isle City	200	.....	.....	.....	200	3,361	(1,110)	4,427	6,878
Stone Harbor	(500)	.....	.....	.....	(500)	11,000	(2,794)	6,402	14,108
Upper Twp.	300	795	.....	206	1,301	9,146	(1,246)	(70,070)	(60,869)
West Cape May	14,701	1,277	1,760	125	17,863	530	(231)	848	19,010
West Wildwood	200	.....	.....	.....	200	413	(215)	395	793
Wildwood City	400	.....	.....	.....	400	122,899	7,212	3,332	133,843
Wildwood Crest	1,000	.....	.....	.....	1,000	3,676	(3,131)	9,081	10,626
Woodbine	41,647	5,099	.....	230	46,976	3,998	(216)	520	51,278
Totals	\$249,578	\$37,404	\$17,272	\$6,543	\$310,797	\$204,348	\$0	\$0	\$515,145

**COMPENDIUM TABLE
CUMBERLAND COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Bridgeton	\$435,839	\$53,562	.....	\$12,991	\$502,392	\$26,079	\$2,369	\$2,340	\$533,180
Commercial Twp.	103,984	12,692	.....	204	116,880	3,279	(473)	(1,127)	118,559
Deerfield Twp.	69,928	8,032	.....	358	78,318	(3,891)	(251)	(393)	73,783
Downe Twp.	54,338	6,150	.....	426	60,914	162	(105)	(2,591)	58,380
Fairfield Twp.	133,776	15,495	.....	50	149,321	2,147	(650)	32	150,850
Greenwich Twp.	35,498	3,466	.....	313	39,277	(3,370)	(77)	283	36,113
Hopewell Twp.	98,900	11,666	.....	59	110,625	1,554	(1,004)	790	111,965
Lawrence Twp.	91,940	10,005	.....	250	102,195	(317)	(247)	(242)	101,389
Maurice River Twp.	57,651	7,497	.....	138	65,286	4,046	(597)	(3,669)	65,066
Millville	453,287	56,797	.....	4,056	514,140	74,946	(2,787)	(5,876)	580,423
Shiloh	18,379	2,028	.....	158	20,565	(762)	(31)	253	20,025
Stow Creek Twp.	36,331	4,274	.....	92	40,697	(333)	(190)	114	40,288
Upper Deerfield Twp.	148,616	17,509	.....	2,272	168,397	(12,043)	(483)	960	156,831
Vineland	557,406	74,686	27,267	659,359	(11,426)	4,526	9,126	661,585
Totals	\$2,295,873	\$283,859	\$48,634	\$2,628,366	\$80,071	\$0	\$0	\$2,708,437

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**COMPENDIUM TABLE
ESSEX COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Belleville Town	\$161,843	\$37,521	.....	\$15,863	\$215,227	\$91,430	(\$16,960)	\$7,008	\$296,705
Bloomfield Town	8,000	39,688	.....	35,305	82,993	38,585	(16,468)	13,123	118,233
Caldwell Boro.	10,817	10,337	.....	3,189	24,343	14,784	(5,762)	(2,806)	30,559
Caldwell Twp.	5,900	4,698	\$17,257	698	28,553	10,514	(436)	589	39,220
Cedar Grove Twp.	189,445	27,933	.....	1,788	219,166	22,293	(5,875)	5,697	241,281
East Orange City	38,807	78,514	.....	31,348	148,669	95,079	(33,299)	30,421	240,870
Essex Fells Boro.	1,100	1,203	12,251	6	14,560	3,703	(5,025)	3,897	17,135
Glen Ridge Boro.	81,684	16,602	.....	544	98,830	7,257	(9,747)	4,186	100,526
Irvington Town	124,836	62,528	.....	54,528	241,892	(259,914)	4,314	13,536	(172)
Livingston Twp.	512,224	76,270	.....	10,938	599,432	18,841	(23,583)	1,115	595,805
Maplewood Twp.	3,521	15,057	.....	.....	18,578	(27,331)	(15,078)	9,289	(14,542)
Millburn Twp.	6,350	.....	.....	.....	6,350	38,334	(28,108)	(18,045)	(1,469)
Montclair Town	14,554	47,237	.....	9,570	71,361	122,543	(39,069)	14,858	169,693
Newark City	6,215,413	809,355	.....	552,439	7,577,207	(1,188,734)	261,936	(80,002)	6,570,407
North Caldwell Boro.	26,659	5,586	20,006	116	52,367	6,346	(6,129)	1,174	53,758
Nutley Town	113,865	40,044	.....	34,500	188,409	(100,622)	(28)	10,760	98,519
Orange City	300,047	43,499	.....	22,433	365,979	(15,158)	(1,623)	1,408	350,606
Roseland Boro.	550	1,162	14,481	.....	16,193	11,427	(3,675)	(18,318)	5,627
So. Orange Village	4,179	17,868	.....	177	22,224	43,020	(21,803)	501	43,942
Verona Boro.	2,453	12,685	.....	4,735	19,873	13,592	(12,823)	6,248	26,890
West Caldwell Boro.	14,845	14,188	.....	1,163	30,196	23,063	(11,083)	2,550	44,726
West Orange Town	106,575	67,845	.....	41,700	216,120	(138,410)	(9,676)	(7,189)	60,845
Totals	\$7,943,667	\$1,429,820	\$63,995	\$821,040	\$10,258,522	(\$1,169,358)	\$0	\$0	\$9,089,164

**COMPENDIUM TABLE
GLOUCESTER COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Clayton Boro.	\$167,225	\$19,772	.....	\$481	\$187,478	\$5,415	(\$347)	(\$342)	\$192,204
Deptford Twp.	582,355	80,009	.....	853	663,217	(699)	(2,246)	546	660,818
East Greenwich Twp.	16,741	1,005	\$53,368	570	71,684	(3,620)	(143)	(6,090)	61,831
Elk Twp.	58,733	6,448	37,143	56	102,380	312	(312)	908	103,288
Franklin Twp.	112,320	14,498	100,202	.....	227,020	9,120	(1,012)	(1,177)	233,951
Glassboro Boro.	240,747	31,598	.....	13,439	285,784	(99,652)	4,495	(12,309)	178,318
Greenwich Twp.	2,800	.....	.....	.....	2,800	80,234	527	5,071	88,632
Harrison Twp.	33,893	4,795	35,594	240	74,522	1,735	(268)	(365)	75,624
Logan Twp.	33,089	3,857	.....	733	37,679	9,890	(14)	(1,401)	46,154
Mantua Twp.	181,922	23,130	111,393	368	316,813	7,177	(949)	1,470	324,511
Monroe Twp.	219,036	28,754	.....	852	248,642	15,421	(1,090)	(5,499)	257,474
National Park Boro.	85,102	10,215	.....	238	95,555	(2,203)	(262)	1,265	94,355
Newfield Boro.	23,950	2,964	.....	25	26,939	2,656	(175)	217	29,637
Paulsboro Boro.	127,588	16,602	.....	.....	144,190	46,480	(994)	2,662	192,338
Pitman Boro.	236,027	27,805	.....	5,965	269,797	(46,549)	1,360	3,435	228,043
South Harrison Twp.	14,487	1,553	16,903	25	32,968	(50)	(158)	346	33,106
Swedesboro Boro.	1,791	(1,284)	35,416	2,269	38,192	(13,745)	690	(232)	24,905
Washington Twp.	190,335	28,021	.....	578	218,934	5,462	(839)	655	224,212
Wenonah Boro.	44,863	5,274	.....	403	50,540	(3,970)	(249)	1,114	47,435
West Deptford Twp.	142,635	29,411	.....	3,719	175,765	99,362	(1,647)	6,975	280,455
Westville Boro.	73,569	8,384	.....	993	82,946	2,906	(170)	588	86,270
Woodbury City	227,622	28,150	.....	10,815	266,587	(61,086)	2,818	1,625	209,944
Woodbury Heights	64,443	8,901	.....	1,662	75,006	(12,710)	333	678	63,307
Woolwich Twp.	1,618	(1,161)	32,004	2,113	34,574	(14,246)	652	(140)	20,840
Totals	\$2,882,891	\$378,701	\$422,023	\$46,397	\$3,730,012	\$27,640	\$0	\$0	\$3,757,652

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**COMPENDIUM TABLE
HUDSON COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1) Foundation Aid	(2) Building Aid	(3) Regional Feed-Back to Const.	(4) Inv. Adjust. in School Aid	(5) Total School Adjustment	(6) Gain or (Loss)	(7) Inventory Adjustment	(8) Gross Receipts Adjustment	(9) To or (From)
Bayonne	\$104,006	\$62,964	.....	\$81,016	\$247,986	\$212,024	(\$14,078)	\$302,399	\$748,331
East Newark	5,517	1,831	.....	2,712	10,060	(1,993)	691	6,967	15,725
Guttenberg	59,074	6,400	.....	3,239	68,713	10,343	1,997	16,464	97,517
Harrison	4,000	6,503	.....	.....	10,503	(149,781)	44,776	(322,324)	(416,826)
Hoboken	783,959	96,201	.....	46,558	926,718	215,970	17,835	105,377	1,265,900
Jersey City	2,688,265	352,877	.....	265,093	3,306,235	(432,548)	37,761	497,788	3,409,236
Kearny	2,600	(40,544)	.....	6,450	(31,494)	(91,005)	30,903	(1,107,535)	(1,199,131)
North Bergen	11,650	44,287	.....	22,456	78,393	243,179	(53,238)	160,807	429,141
Secaucus	2,650	5,006	.....	.....	7,656	13,018	(9,932)	60,425	71,167
Union City	649,579	78,910	.....	18,613	747,102	341,013	(27,729)	123,275	1,183,661
Weehawken	1,650	6,442	.....	6,764	14,856	4,904	(17,857)	55,337	57,240
West New York	232,216	35,984	.....	24,504	292,704	66,795	(11,129)	101,020	449,390
Totals	\$4,545,166	\$656,861	.....	\$477,405	\$5,679,432	\$431,919	\$0	\$0	\$6,111,351

**COMPENDIUM TABLE
HUNTERDON COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Alexandria Twp.	\$14,163	\$2,164	\$8,362	\$296	\$24,985	(\$1,615)	(\$130)	\$9,173	\$32,413
Bethlehem Twp.	3,346	1,642	5,432	354	10,774	1,182	(36)	4,951	16,871
Bloomsbury Boro.	16,130	1,775	.....	159	18,064	(1,331)	(15)	3,252	19,970
Califon Boro.	18,486	2,129	4,912	293	25,820	(2,518)	38	3,645	26,985
Clinton Town	4,430	1,061	5,590	1,101	12,182	(7,729)	297	7,807	12,557
Clinton Twp.	11,604	5,563	17,242	221	34,630	12,000	(581)	25,562	71,611
Delaware Twp.	18,674	3,696	12,286	271	34,927	4,088	(438)	20,149	58,726
East Amwell Twp.	894	2,624	7,027	82	10,627	14,915	(483)	19,364	44,423
Flemington Boro.	19,200	3,122	8,973	2,623	33,918	(4,002)	676	18,395	48,987
Franklin Twp.	29,018	3,199	9,390	118	41,725	160	(233)	10,782	52,434
Frenchtown Boro.	20,629	2,624	5,172	988	29,413	(6,843)	286	6,163	29,019
Glen Gardner Boro.	17,087	2,574	3,459	54	23,174	(57)	(22)	1,651	24,746
Hampton Boro.	31,915	4,383	5,017	156	41,471	(1,802)	(33)	3,934	43,570
High Bridge Boro.	44,766	3,829	.....	478	49,073	7,068	(30)	9,513	65,624
Holland Twp.	1,400	5,212	14,339	.....	20,951	1,471	671	(315,215)	(292,122)
Kingwood Twp.	16,699	2,741	7,731	85	27,256	3,143	(367)	15,313	45,345
Lambertville	34,510	3,763	33,321	3,778	75,372	(35,431)	1,482	8,115	49,538
Lebanon Boro.	14,264	1,314	4,399	263	20,240	693	.....	4,579	25,512
Lebanon Twp.	42,629	6,112	13,833	109	62,683	1,962	(344)	7,095	71,396
Milford Boro.	250	1,171	5,892	89	7,402	10,906	155	12,397	30,860
Raritan Twp.	43,586	7,088	20,369	2,793	73,836	4,636	107	40,570	119,149
Readington Twp.	80,689	10,598	24,713	438	116,438	19,201	(873)	40,596	175,362
Stockton Boro.	1,268	272	5,390	189	7,119	(923)	34	1,468	7,698
Tewksbury Twp.	550	1,817	10,844	56	13,267	(10,789)	(197)	17,703	19,984
Union Twp.	19,385	3,245	6,239	1,415	30,284	(21,657)	356	10,534	19,517
West Amwell Twp.	300	1,739	17,441	10	19,490	9,756	(320)	12,504	41,430
Totals	\$505,872	\$85,457	\$257,373	\$16,419	\$865,121	(\$3,516)	\$0	\$0	\$861,605

**COMPENDIUM TABLE
MERCER COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
East Windsor Twp.	\$46,089	\$7,224	.....	\$1,810	\$55,123	\$9,333	(\$741)	\$6,022	\$69,737
Ewing Twp.	177,332	52,266	.....	29,629	259,227	(179,327)	566	58,176	138,642
Hamilton Twp.	412,566	153,302	.....	47,052	612,920	(54,515)	(2,783)	(386,424)	169,198
Hightstown Boro.	54,850	8,598	.....	1,724	65,172	(292)	(1,176)	8,305	72,009
Hopewell Boro.	20,767	2,483	.....	520	23,770	3,303	(790)	4,562	30,845
Hopewell Twp.	100,083	19,271	.....	2,278	121,632	(3,660)	(5,377)	24,021	136,616
Lawrence Twp.	13,250	30,701	.....	866	44,817	12,199	(6,301)	40,253	90,968
Pennington Boro.	21,127	4,068	.....	400	25,595	53	(1,190)	5,639	30,097
Princeton Boro.	(400)	.....	.....	.....	(400)	(32,136)	(1,410)	28,731	(5,215)
Princeton Twp.	11,700	21,283	.....	1,159	34,142	(13,492)	(4,295)	49,955	66,310
Trenton City	1,180,623	179,975	.....	118,059	1,478,657	(199,208)	30,461	146,055	1,455,965
Washington Twp.	28,132	4,588	.....	612	33,332	3,331	(1,211)	4,978	40,430
West Windsor Twp.	2,650	937	.....	78	3,665	54,519	(5,753)	9,727	62,158
Totals	\$2,068,769	\$484,696	.....	\$204,187	\$2,757,652	(\$399,892)	\$0	\$0	\$2,357,760

**COMPENDIUM TABLE
MIDDLESEX COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Carteret Boro.	\$175,539	\$42,943	.....	\$17,989	\$236,471	(\$149,818)	\$4,278	\$36,953	\$127,884
Cranbury Twp.	100	776	.....	80	956	17,508	(571)	7,397	25,290
Dunellen Boro.	54,953	10,853	.....	3,979	69,785	(36,340)	203	14,254	47,902
East Brunswick Twp.	677,183	96,221	.....	228	773,632	74,145	(5,988)	43,617	885,406
Edison Twp.	480,999	128,013	.....	9,744	618,756	187,652	(10,550)	(71,010)	724,848
Helmetta Boro.	850	790	.....	334	1,974	(30,666)	1,737	1,637	(25,318)
Highland Park Boro.	113,776	17,788	.....	2,403	133,967	15,371	(1,924)	25,554	172,968
Jamesburg Boro.	101,555	13,625	.....	2,325	117,505	(10,632)	725	3,013	110,611
Madison Twp.	702,480	113,024	.....	2,521	818,025	(941)	(5,581)	44,885	856,388
Metuchen Boro.	268,360	37,479	.....	1,300	307,139	28,518	(3,141)	27,609	360,125
Middlesex Boro.	195,696	32,058	.....	5,483	233,237	(27,793)	(307)	19,359	224,496
Milltown Boro.	37,591	9,783	.....	1,963	49,337	(1,056)	(568)	10,565	58,278
Monroe Twp.	109,254	14,504	.....	347	124,105	7,257	(1,194)	8,554	138,722
New Brunswick City	213,638	49,973	.....	29,249	292,860	3,122	6,764	56,005	358,751
No. Brunswick Twp.	6,050	15,488	.....	1,494	23,032	(40,268)	3,343	6,000	(7,893)
Perth Ambow City	313,599	53,098	.....	83,089	449,786	(409,778)	35,689	69,597	145,294
Piscataway Twp.	448,241	70,630	.....	1,565	520,436	75,262	(5,509)	39,619	629,808
Plainsboro Twp.	450	2,425	.....	.....	2,875	3,511	341	2,254	8,981
Sayreville Boro.	17,550	42,350	.....	1,124	61,024	76,192	(927)	(228,178)	(91,889)
South Amboy City	2,450	5,096	.....	37	7,583	21,420	(1,236)	(71,646)	(43,879)
South Brunswick Twp.	295,620	51,319	.....	5,133	352,072	3,418	(1,186)	23,851	378,155
South Plainfield Boro.	416,259	61,350	.....	17,177	494,786	(51,792)	4,253	28,845	476,092
South River Boro.	206,221	27,750	.....	5,076	239,047	(1,788)	(397)	26,425	263,287
Spotswood Boro.	158,663	13,802	.....	108	172,573	15,134	(1,502)	9,803	196,008
Woodbridge Twp.	1,400,873	227,130	.....	11,857	1,639,860	154,116	(16,752)	(134,962)	1,642,262
Totals	\$6,397,950	\$1,138,268	.....	\$204,605	\$7,740,823	(\$78,246)	\$0	\$0	\$7,662,577

**COMPENDIUM TABLE
MONMOUTH COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Allenhurst	\$50	\$2,003	.....	.....	\$2,053	\$4,273	\$157	(\$36,494)	(\$30,011)
Allentown	16,643	2,437	.....	\$412	19,492	1,539	(149)	(9,643)	11,239
Asbury Park	141,885	24,680	.....	47,674	214,239	(26,290)	18,487	3,174	209,610
Atlantic Twp.	3,050	2,562	\$17,229	99	22,940	3,508	(1,206)	(576)	24,666
Atlantic Highlands	27,696	5,103	56,119	5,367	94,285	(4,189)	965	3,008	94,069
Avon-By-The-Sea	50	1,182	.....	.....	1,232	5,200	(56)	(3,390)	2,986
Belmar	1,250	3,912	.....	1,147	6,309	2,564	4,086	5,126	18,085
Bradley Beach	56,053	8,156	.....	.....	64,209	15,320	(1,931)	(429)	77,169
Brielle	900	2,237	.....	89	3,226	8,792	(1,790)	1,080	11,308
Deal	1,200	1,735	.....	12	2,947	2,705	(1,882)	(2,311)	1,459
Eatontown	201,385*	27,699	68,370	22,755	320,209	3,420	8,648	480	332,757
Englishtown	28,837	3,463	7,081	439	39,820	4,426	(110)	3,373	47,509
Fair Haven	89,355	11,021	21,568	.....	121,944	7,320	(2,989)	4,518	130,793
Farmingdale	16,461	2,057	6,954	2,404	27,876	164	801	2,758	31,599
Freehold Boro.	89,741	12,065	59,616	45,768	207,190	(79,459)	20,555	1,817	150,103
Freehold Twp.	75,119	11,772	33,041	14,066	133,998	(6,373)	5,090	4,197	136,912
Highlands	19,524	3,043	40,431	711	63,709	17,646	(577)	430	81,208
Holmdel Twp.	4,600	7,422	.....	65	12,087	26,757	(2,527)	3,690	40,007
Howell Twp.	292,016	40,065	74,006	1,966	408,053	18,149	(1,623)	(522)	424,057
Interlaken	(900)	(35)	.....	.....	(935)	.....	(715)	3,021	1,371
Keansburg	128,571	16,736	.....	5,360	150,667	(698)	583	2,022	152,574
Keyport	78,803	9,252	.....	.....	88,055	31,760	(2,173)	77	117,719
Little Silver	68,247	11,896	.....	5,572	85,715	(10,822)	(325)	846	75,414
Loch Arbor	7,086	1,019	.....	39	8,144	2,853	(178)	4,465	15,284
Long Branch	342,516	48,711	.....	6,301	397,528	80,627	(4,308)	(2,211)	471,636
Manalapan Twp.	109,870	13,192	26,979	1,190	151,231	1,258	(679)	589	152,399
Manasquan	1,550	2,304	.....	191	4,045	11,891	(1,815)	9,768	23,889
Marlboro	48,236	6,915	29,538	2,432	87,121	3,704	(573)	(10,318)	79,934
Matawan Boro.	160,166	20,450	.....	3,564	184,180	4,740	(184)	(2,077)	186,659
Matawan Twp.	156,743	20,013	.....	12,086	188,842	(15,158)	4,416	1,984	180,084
Middletown Twp.	995,937	148,222	.....	21,711	1,165,870	(24,468)	(5,723)	115	1,135,794
Millstone Twp.	53,520	6,306	.....	1,340	61,166	(1,378)	67	952	60,807
Monmouth Beach	600	2,679	6,711	3	9,993	2,783	(928)	3,269	15,117
Neptune Twp.	543,515	81,476	.....	5,695	630,686	81,248	(5,895)	693	706,732
Neptune City	64,999	8,273	.....	1,895	75,167	17,012	(521)	210	91,868

COMPENDIUM TABLE
MONMOUTH COUNTY—Continued

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
New Shrewsbury Boro.	\$215,129	\$20,582	\$55,449	\$6,265	\$297,425	(\$6,991)	\$417	\$875	\$291,726
Ocean Twp.	217,160	31,215	.....	5,195	253,570	22,186	(3,331)	3,977	276,402
Oceanport	3,450	5,815	15,895	.....	25,160	50,840	(2,398)	316	73,918
Raritan Twp.	449,718	67,448	.....	12,667	529,833	(14,306)	1,551	5,359	522,437
Red Bank	4,350	8,303	.....	.....	12,653	123,240	(5,863)	401	130,431
Roosevelt	19,601	1,920	.....	571	22,092	(773)	73	805	22,197
Rumson	4,650	4,585	25,142	668	35,045	(18,445)	(491)	1,127	17,236
Sea Bright	(700)	1,029	3,966	.....	4,295	10,329	(350)	(22,551)	(8,277)
Sea Girt	(200)	6,606	.....	.....	6,406	3,815	(1,955)	647	8,913
Shrewsbury Boro.	25,235	6,071	.....	5,212	36,518	2,672	701	1,382	41,273
Shrewsbury Twp.	4,480	429	1,155	99	6,163	(936)	(9)	2,736	7,954
South Belmar	1,000	1,975	.....	47	3,022	14,360	(454)	2,426	19,354
Spring Lake Boro.	(850)	14,762	.....	.....	13,912	10,000	(4,014)	267	20,165
Spring Lake Heights	32,009	5,703	.....	.....	37,712	2,658	(1,376)	872	39,866
Union Beach	211,976	25,913	.....	.....	237,889	568	(1,675)	53	236,835
Upper Freehold Twp.	54,389	7,965	.....	406	62,760	21,040	(991)	(135)	82,674
Wall Twp.	171,684	25,494	.....	2,320	199,498	50,012	(4,949)	4,899	249,460
West Long Branch	57,752	6,848	31,011	5,014	100,625	(1,409)	116	2,853	102,185
Totals	\$5,296,107	\$812,686	\$580,261	\$248,817	\$6,937,871	\$459,684	\$0	\$0	\$7,397,555

* Adjusted to include Federal aid in local fair share.

**COMPENDIUM TABLE
MORRIS COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Boonton Town	\$850	\$8,538	.....	\$2,739	\$12,127	(\$100,164)	\$8,320	\$2,507	(\$77,210)
Boonton Twp.	3,050	2,161	.....	5	5,216	6,416	(389)	1,770	13,013
Butler	78,372	12,866	.....	2,059	93,297	(9,068)	263	(1,704)	82,788
Chatham Boro.	6,720	8,203	.....	1,568	16,491	5,801	(680)	4,884	26,496
Chatham Twp.	33,103	11,975	.....	40	45,118	13,396	(1,044)	2,033	59,503
Chester Boro.	4,974	1,346	\$2,007	361	8,688	622	60	418	9,788
Chester Twp.	20,380	5,515	8,221	31	34,147	2,882	(374)	(3,780)	32,875
Denville Twp.	73,624	14,023	61,208	1,901	150,756	6,480	(623)	3,165	159,778
Dover	101,510	16,111	.....	3,789	121,410	52,065	379	(2,120)	171,734
East Hanover Twp.	2,050	7,532	3,533	.....	13,115	15,858	883	(89,771)	(59,915)
Florham Park	2,950	6,178	4,228	72	13,428	55,424	(831)	2,464	70,485
Hanover Twp.	5,400	15,019	6,803	132	27,354	150,908	(1,582)	3,659	180,339
Harding Twp.	100	.....	.....	.....	100	1,863	(709)	2,441	3,695
Jefferson Twp.	134,291	26,018	.....	178	160,487	8,489	(1,073)	(6,347)	161,556
Kinnelon Boro.	88,089	18,594	.....	163	106,846	9,174	(853)	3,611	118,778
Lincoln Park	132,814	17,866	.....	207	150,887	7,864	(478)	2,399	160,672
Madison	28,103	20,628	.....	1,438	50,169	25,387	(1,413)	10,088	84,231
Mendham Boro.	30,878	5,282	7,777	357	44,294	(236)	(214)	1,582	45,426
Mendham Twp.	1,700	4,534	8,406	2	14,642	5,235	(511)	2,603	21,969
Mine Hill Twp.	80,866	10,907	.....	211	91,984	7,770	(259)	496	99,991
Montville Twp.	138,217	22,959	.....	2,137	163,313	12,174	(98)	3,017	178,406
Morris Twp.	11,250	21,681	.....	271	33,202	45,068	(927)	8,373	85,716
Morris Plains Boro.	3,800	5,968	.....	129	9,897	42,887	(268)	2,049	54,565
Morristown	1,250	10,468	.....	932	12,650	56,516	2,498	4,053	75,717
Mountain Lakes	123,927	16,456	.....	242	140,625	5,742	(566)	3,210	149,011
Mount Arlington	4,384	2,332	.....	15	6,731	4,768	(201)	827	12,125
Mount Olive Twp.	59,618	8,583	15,436	993	84,630	(9,429)	(65)	1,165	76,301
Netcong	39,711	4,861	.....	1,838	46,410	(227)	535	567	47,285
Parsippany-Troy Hills	409,822	64,318	.....	3,132	477,272	31,243	(1,250)	11,568	518,833
Passaic Twp.	53,131	11,343	24,307	1,597	90,378	7,264	(142)	1,229	98,729
Pequannock Twp.	186,854	25,655	.....	1,422	213,931	(2,391)	(741)	5,903	216,702
Randolph Twp.	151,527	24,430	.....	4,080	180,037	18,667	686	3,947	203,337
Riverdale Boro.	54,127	7,787	.....	2,268	64,182	(19,655)	592	146	45,265
Rockaway Boro.	86,730	9,962	30,091	3,572	130,355	(28,767)	928	2,826	105,342
Rockaway Twp.	371,707	51,753	58,994	4,706	487,160	5,431	467	4,599	497,657
Roxbury Twp.	218,211	34,486	.....	2,947	255,644	14,439	(90)	3,396	273,389
Victory Gardens	22,414	2,594	.....	53	25,061	721	(26)	80	25,836
Washington Twp.	43,441	7,052	11,660	376	62,529	3,911	(326)	777	66,891
Wharton	50,186	7,436	26,829	1,277	85,728	4,281	122	1,870	92,001
Totals	\$2,860,131	\$553,420	\$269,500	\$47,240	\$3,730,291	\$458,809	\$0	\$0	\$4,189,100

**COMPENDIUM TABLE
OCEAN COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Barnegat Light Boro.	\$100	.....	(\$35)	.....	\$65	\$3,642	(\$90)	\$869	\$4,486
Bay Head	450	.....	.....	.....	450	1,457	(237)	(155)	1,515
Beach Haven	50	.....	(\$173)	.....	(123)	8,492	(202)	445	8,612
Beachwood	2,759	\$4,900	.....	.....	7,659	798	(152)	572	8,877
Berkeley Twp.	43,486	9,050	4,389	\$6,053	62,978	(16,324)	2,701	555	49,910
Brick Twp.	125,657	49,021	.....	2,637	177,315	22,463	(890)	4,734	203,622
Dover	37,703	66,955	.....	.....	104,658	75,032	(2,205)	(3,085)	174,400
Eagleswood Twp.	5,502	1,034	.....	28	6,564	1,557	(39)	(1,792)	6,290
Harvey Cedars	124	.....	(44)	.....	80	916	(125)	1,044	1,915
Island Beach Boro.	1,500	75	.....	.....	1,575	.....	.....	.....	1,575
Island Heights Boro.	9,336	963	1,155	87	11,541	992	(48)	200	12,685
Jackson Twp.	293,092	41,616	.....	420	335,128	5,361	(237)	(1,728)	338,524
Lacey Twp.	(100)	355	2,961	.....	3,216	1,546	(363)	(46)	4,353
Lakehurst	80,827	8,329	.....	150	89,306	(240)	(25)	760	89,801
Lakewood Twp.	244,831	34,862	.....	8,449	288,142	64,936	3,215	(614)	355,679
Lavallette	300	.....	.....	.....	300	3,210	(253)	690	3,947
Little Egg Harbor	2,000	1,734	.....	8	3,742	2,349	(91)	(4,371)	1,629
Long Beach Twp.	851	.....	(302)	.....	549	3,435	(639)	269	3,614
Manchester	79,752	12,321	.....	80	92,153	936	(115)	(1,045)	91,929
Mantoloking	200	.....	.....	.....	200	168	(273)	(1,255)	(1,160)
Ocean Twp.	800	.....	.....	.....	800	2,362	(149)	(345)	2,668
Ocean Gate	150	199	788	.....	1,137	561	(101)	122	1,719
Pine Beach Boro.	1,345	2,388	.....	.....	3,733	277	(120)	269	4,159
Plumstead	94,991	11,580	.....	246	106,817	(1,551)	(28)	(1,087)	104,151
Point Pleasant Boro.	72,414	17,924	.....	345	90,683	16,823	(940)	3,211	109,782
Point Pleasant Beach	800	.....	.....	.....	800	36,644	(305)	1,835	38,974
Seaside Heights	(300)	.....	1,904	.....	1,604	6,058	(162)	567	8,067
Seaside Park	700	.....	1,850	.....	2,550	5,797	(284)	676	8,739
Ship Bottom Beach	207	.....	(73)	.....	134	(1,866)	1,203	(541)	(1,070)
South Toms River	1,993	3,539	.....	.....	5,532	(2,673)	612	(1,126)	2,345
Stafford Twp.	16,897	2,969	(296)	820	20,390	6,340	223	(149)	26,804
Surf City	218	.....	(77)	.....	141	2,441	(137)	922	3,367
Tuckerton	18,645	3,729	.....	944	23,318	(1,829)	325	(626)	21,188
Union Twp.	10,507	1,394	.....	69	11,970	4,863	(69)	225	16,989
Totals	\$1,147,787	\$274,937	\$12,047	\$20,336	\$1,455,107	\$254,978	\$0	\$0	\$1,710,085

**COMPENDIUM TABLE
PASSAIC COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Bloomingtondale	\$127,156	\$18,541	.....	\$1,110	\$146,807	(\$1,824)	(\$2,516)	\$1,919	\$144,386
Clifton	13,050	38,419	.....	9,373	60,842	(239,121)	15,075	(6,209)	(169,413)
Haledon	(1,000)	1,805	\$18,557	2,198	21,560	4,232	(1,672)	(3,770)	20,350
Hawthorne	5,250	19,346	.....	443	25,039	42,190	(7,401)	7,902	67,730
Little Falls Twp.	21,712	8,242	37,949	3,035	70,938	10,193	(4,541)	(2,441)	74,149
North Haledon	40,933	8,347	22,753	529	72,562	3,182	(3,566)	3,104	75,282
Passaic	803,128	92,664	.....	101,379	997,171	(485,086)	40,474	18,326	570,885
Paterson	2,093,011	264,980	.....	80,362	2,438,353	222,357	5,413	(50,225)	2,615,898
Pompton Lakes	178,885	24,353	.....	8,299	211,537	(74,320)	(202)	4,762	141,777
Prospect Park	8,820	3,415	12,906	642	25,783	4,416	(1,619)	677	29,257
Ringwood	3,100	5,766	23,454	2	32,322	21,122	(3,669)	2,099	51,874
Totowa	38,688	11,492	36,101	5,094	91,375	12,037	(3,601)	1,609	101,420
Wanaque	123,926	15,988	34,269	822	175,005	11,210	(2,695)	2,193	185,713
Wayne Twp.	430,801	95,224	.....	6,079	532,104	34,376	(20,026)	11,257	557,711
West Milford Twp.	12,550	16,057	.....	394	29,001	(2,365)	(7,228)	4,709	24,117
West Paterson	83,249	14,353	26,512	4,977	129,091	1,747	(2,226)	4,088	132,700
Totals	\$3,983,259	\$638,992	\$212,501	\$224,738	\$5,059,490	(\$435,654)	\$0	\$0	\$4,623,836

**COMPENDIUM TABLE
SALEM COUNTY**

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District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Alloway Twp.	\$73,843	\$8,259	.....	\$584	\$82,686	(\$4,447)	\$71	\$10,688	\$88,998
Elmer Boro.	52,159	5,766	.....	920	58,845	(10,878)	512	5,975	54,454
Elsinboro Twp.	30,701	3,748	.....	74	34,523	(307)	(95)	4,587	38,708
L. A. Creek Twp.	42,259	4,554	.....	327	47,140	(5,288)	104	4,315	46,271
L. P. Neck Twp.	7,000	20,474	.....	104	27,578	115,456	(3,892)	(182,163)	(43,021)
Mannington Twp.	31,499	3,621	.....	262	35,382	4,824	(247)	9,171	49,130
Oldmans Twp.	47,040	5,026	.....	97	52,163	2,944	(182)	5,556	60,481
Penns Grove Boro.	101,266	12,608	.....	4,872	118,746	(49,106)	3,160	15,291	88,091
Pilesgrove Twp.	76,040	8,976	.....	480	85,496	(653)	(127)	10,961	95,677
Pittsgrove Twp.	112,381	14,442	.....	352	127,175	2,630	(380)	14,734	144,159
Quinton Twp.	63,398	7,266	.....	598	71,262	(5,988)	143	9,443	74,860
Salem City	234,475	28,335	.....	4,588	267,398	(3,896)	2,458	30,832	296,792
U. P. Neck Twp.	216,682	26,979	.....	632	244,293	17,930	(807)	35,692	297,108
U. Pittsgrove Twp.	92,586	10,667	.....	193	103,446	133	(236)	8,366	111,709
Woodstown Boro.	85,130	10,050	.....	97	95,277	7,868	(482)	16,552	119,215
Totals	\$1,266,459	\$170,771	.....	\$14,180	\$1,451,410	\$71,222	\$0	\$0	\$1,522,632

**COMPENDIUM TABLE
SOMERSET COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Bedminster Twp.	\$100	\$3,270	.....	.....	\$3,370	\$3,486	(\$664)	\$1,235	\$7,427
Bernards Twp.	145,634	26,418	.....	\$151	172,203	8,882	(1,224)	1,832	181,693
Bernardsville Boro.	1,750	3,918	.....	109	5,777	(8,787)	(597)	2,057	(1,550)
Bound Brook Boro.	123,007	18,997	.....	1,073	143,077	20,493	(675)	1,096	163,991
Branchburg Twp.	76,411	12,515	.....	392	89,318	14,987	(450)	(320)	103,535
Bridgewater Twp.	140,675	60,940	.....	27,626	229,241	(317,012)	6,682	(12,268)	(93,357)
Far Hills Boro.	50	1,433	.....	.....	1,483	(3,389)	(16)	477	(1,445)
Franklin Twp.	384,924	61,324	.....	1,136	447,384	17,929	(1,996)	(2,030)	461,287
Green Brook Twp.	69,490	10,895	.....	511	80,896	14,810	(446)	716	95,976
Hillsborough Twp.	135,683	23,364	.....	2,472	161,519	(7,319)	(450)	(1,982)	151,768
Manville Boro.	271,470	35,397	.....	3,771	310,638	(18,782)	147	3,057	295,060
Millstone Boro.	14,107	1,925	.....	5	16,037	959	(49)	(170)	16,777
Montgomery Twp.	3,200	2,770	.....	87	6,057	(1,745)	(266)	(46)	4,000
North Plainfield Boro.	251,613	33,114	.....	1,659	286,386	18,290	(1,329)	3,429	306,776
Peapack-Gladstone	(500)	(1,057)	.....	53	(1,504)	5,232	(78)	715	4,365
Raritan Boro.	27,235	11,798	.....	5,468	44,501	(43,546)	1,338	(742)	1,551
Rocky Hill Boro.	500	957	.....	1	1,458	2,083	(76)	308	3,773
Somerville Boro.	173,901	25,759	.....	4,310	203,970	8,626	167	(440)	212,323
South Bound Brook Boro. ...	79,242	10,789	.....	804	90,835	288	(38)	(68)	91,017
Warren Twp.	70,678	12,106	\$27,944	334	111,062	5,428	(907)	2,227	117,810
Watchung Boro.	2,600	4,916	18,168	424	26,108	(69,233)	927	917	(41,281)
Totals	\$1,971,770	\$361,548	\$46,112	\$50,386	\$2,429,816	(\$348,320)	\$0	\$0	\$2,081,496

**COMPENDIUM TABLE
SUSSEX COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Andover Boro.	\$17,992	\$1,536	.....	\$113	\$19,641	(\$972)	(\$63)	\$518	\$19,124
Andover Twp.	89,421	7,632	.....	242	97,295	5,829	(538)	2,011	104,597
Branchville Boro.	14,158	1,925	.....	.....	16,083	6,640	(197)	945	23,471
Byram Twp.	30,594	6,774	.....	22	37,390	1,620	(571)	(480)	37,959
Frankford Twp.	14,835	4,692	.....	93	19,620	6,659	(712)	2,418	27,985
Franklin Boro.	78,715	7,135	.....	783	86,633	10,549	76	(39)	97,219
Fredon Twp.	650	1,068	.....	25	1,743	1,398	(274)	(1,708)	1,159
Green Twp.	29,420	3,758	.....	64	33,242	(697)	(187)	1,006	33,364
Hamburg Boro.	53,605	5,996	.....	122	59,723	5,387	(125)	839	65,824
Hampton Twp.	300	830	.....	39	1,169	(4,070)	(105)	(884)	(3,890)
Hardyston Twp.	37,554	5,939	.....	470	43,963	402	(433)	1,967	45,899
Hopatcong Boro.	5,950	7,867	.....	.....	13,817	3,760	(1,623)	5,907	21,861
Lafayette Twp.	29,462	4,047	.....	207	33,716	(2,407)	(54)	775	32,030
Montague Twp.	19,139	2,605	.....	.....	21,744	1,440	(279)	83	22,988
Town of Newton	147,590	13,439	.....	8,407	169,436	(119,081)	4,754	(31,034)	24,075
Ogdensburg Boro.	3,150	3,819	.....	36	7,005	30,645	(325)	3,257	40,582
Sandyston Twp.	546	(725)	.....	.....	(179)	4,160	(513)	946	4,414
Sparta Twp.	64,269	18,360	.....	2,107	84,736	4,315	(943)	8,934	97,042
Stanhope Boro.	64,357	9,559	.....	1,730	75,646	(6,220)	839	1,925	72,190
Stillwater Twp.	500	1,507	.....	9	2,016	(1,586)	(535)	(543)	(648)
Sussex Boro.	41,947	4,822	.....	1,840	48,609	(15,785)	1,011	1,251	35,086
Vernon Twp.	1,700	267	.....	116	2,083	(21,666)	(235)	(385)	(20,203)
Walpack Twp.	204	(271)	.....	.....	(67)	427	(173)	(454)	(267)
Wantage Twp.	69,651	8,905	.....	3,187	81,743	(39,187)	1,205	2,745	46,506
Totals	\$815,709	\$121,486	.....	\$19,612	\$956,807	(\$128,440)	\$0	\$0	\$828,367

**COMPENDIUM TABLE
UNION COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Berkeley Heights Twp.	\$97,773	\$28,652	\$37,435	\$2,144	\$166,004	\$104,165	(\$4,102)	\$13,276	\$279,343
Clark	165,789	27,981	54,991	6,993	255,754	(13,468)	(2,113)	6,915	247,088
Cranford	455,364	58,634	.....	2,928	516,926	25,971	(6,841)	17,625	553,681
Elizabeth	175,617	111,903	.....	59,006	346,526	226,676	(449)	3,993	576,746
Fanwood	225,277	19,723	.....	679	245,679	3,637	(2,262)	6,448	253,502
Garwood	35,754	4,367	18,687	4,702	63,510	(24,655)	665	3,792	43,312
Hillside	3,700	21,791	.....	3,050	28,541	(59,748)	6,214	24,419	(574)
Kenilworth	400	6,253	36,268	17,700	60,621	(116,144)	4,318	3,463	(47,742)
Linden	8,550	.....	.....	.....	8,550	(210,396)	26,313	(303,224)	(478,757)
Mountainside	600	3,894	26,434	551	31,479	(9,398)	(796)	7,680	28,965
New Providence Boro.	124,363	30,853	.....	.....	155,216	53,760	(4,560)	10,895	215,311
Plainfield	576,138	77,780	.....	24,675	678,593	79,758	(1,955)	34,681	791,077
Rahway	328,522	47,889	.....	19,366	395,777	(34,696)	752	17,818	379,651
Roselle Boro.	221,663	31,508	.....	4,586	257,757	6,529	(3,406)	12,061	272,941
Roselle Park	183,799	23,811	.....	2,524	210,134	2,283	(2,325)	9,105	219,197
Scotch Plains Twp.	573,578	50,216	.....	1,917	625,711	21,364	(5,680)	12,325	653,720
Springfield	4,050	13,283	54,381	1,109	72,823	13,929	(1,395)	15,395	100,752
Summit	5,850	19,044	.....	905	25,799	74,844	(7,268)	15,444	108,819
Union Twp.	7,450	17,882	.....	8,131	33,463	(531,787)	16,616	50,155	(431,553)
Westfield	491,535	77,392	.....	3,104	572,031	68,014	(11,665)	37,524	665,904
Winfield	60,966	5,361	.....	38	66,365	1,306	(61)	210	67,820
Totals	\$3,746,738	\$678,217	\$228,196	\$164,108	\$4,817,259	(\$318,056)	\$0	\$0	\$4,499,203

**COMPENDIUM TABLE
WARREN COUNTY**

District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Allamuchy Twp.	\$11,196	\$1,757	.....	\$43	\$12,996	\$506	(\$619)	\$442	\$13,325
Alpha	40,643	4,709	.....	2,278	47,630	(8,047)	1,088	1,075	41,746
Belvidere	56,911	6,977	.....	855	64,743	9,913	(526)	1,044	75,174
Blairstown Twp.	45,385	5,636	.....	263	51,284	1,563	(745)	404	52,506
Franklin Twp.	17,025	1,961	.....	2,980	21,966	(52,220)	3,544	(1,957)	(28,667)
Frelinghuysen	11,511	2,286	.....	79	13,876	931	(623)	(115)	14,069
Greenwich Twp.	25,272	3,055	.....	149	28,476	848	(434)	(1,170)	27,720
Hackettstown	104,006	15,919	.....	3,150	123,075	38	(374)	2,748	125,487
Hardwick Twp.	450	(141)	.....	1	310	(44)	(398)	(954)	(1,086)
Harmony Twp.	55,818	6,399	.....	10	62,227	4,728	(1,039)	310	66,226
Hope	14,803	2,947	.....	68	17,818	30	(474)	221	17,595
Independence	39,821	4,969	.....	128	44,918	1,552	(645)	824	46,649
Knowland	17,570	2,824	.....	46	20,440	2,478	(797)	(442)	21,679
Liberty	14,915	2,002	.....	15	16,932	1,475	(480)	470	18,397
Lopatcong	42,622	6,751	.....	1,017	50,390	7,376	(722)	(1,778)	55,266
Mansfield	38,408	6,536	.....	550	45,494	1,178	(788)	(1,275)	44,609
Oxford Twp.	64,569	6,510	.....	192	71,271	2,296	(409)	69	73,227
Pahaquarry	50	(95)	.....	.....	(45)	1,400	(77)	(1,553)	(275)
Phillipsburg	315,195	38,873	.....	17,135	371,203	31,672	6,828	382	410,085
Pohatcong	69,585	8,568	.....	1,744	79,897	(10,104)	(265)	823	70,351
Washington Boro.	109,252	12,692	.....	3,749	125,693	(2,510)	172	1,178	124,533
Washington Twp.	72,877	9,159	.....	689	82,725	(737)	(1,383)	84	80,689
White	46,215	5,423	.....	162	51,800	3,046	(834)	(830)	53,182
Totals	\$1,214,099	\$155,717	\$35,303	\$1,405,119	(\$2,632)	\$0	\$0	\$1,402,487

**COMPENDIUM TABLE
COUNTY SUMMARY
STATE OF NEW JERSEY**

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District	School Aid Adjustments Increase or (Decrease)					Inventory Replacement	County Tax Apportionment Reduction or (Addition)		Net Transfer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Foundation Aid	Building Aid	Regional Feed-Back to Const.	Inv. Adjust. in School Aid	Total School Adjustment	Gain or (Loss)	Inventory Adjustment	Gross Receipts Adjustment	To or (From)
Atlantic	\$1,206,901	\$230,034	\$287,070	\$12,027	\$1,736,032	\$747,185	\$0	\$0	\$2,483,217
Bergen	3,649,639	953,744	483,764	140,368	5,227,515	260,463	0	0	5,487,978
Burlington	4,395,920	678,293	607,732	44,244	5,726,189	98,110	0	0	5,824,299
Camden	5,382,644	746,262	700,117	227,123	7,056,146	(466,586)	0	0	6,589,560
Cape May	249,578	37,404	17,272	6,543	310,797	204,348	0	0	515,145
Cumberland	2,295,873	283,859	.....	48,634	2,628,366	80,071	0	0	2,708,437
Essex	7,943,667	1,429,820	63,995	821,040	10,258,522	(1,169,358)	0	0	9,089,164
Gloucester	2,882,891	378,701	422,023	46,397	3,730,012	27,640	0	0	3,757,652
Hudson	4,545,166	656,861	.....	477,405	5,679,432	431,919	0	0	6,111,351
Hunterdon	505,872	85,457	257,373	16,419	865,121	(3,516)	0	0	861,605
Mercer	2,068,769	484,696	.....	204,187	2,757,652	(399,892)	0	0	2,357,760
Middlesex	6,397,950	1,138,268	.....	204,605	7,740,823	(78,246)	0	0	7,662,577
Monmouth	5,296,107	812,686	580,261	248,817	6,937,871	459,684	0	0	7,397,555
Morris	2,860,131	553,420	269,500	47,240	3,730,291	458,809	0	0	4,189,100
Ocean	1,147,787	274,937	12,047	20,336	1,455,107	254,978	0	0	1,710,085
Passaic	3,983,259	638,992	212,501	224,738	5,059,490	(435,654)	0	0	4,623,836
Salem	1,266,459	170,771	.....	14,180	1,451,410	71,222	0	0	1,522,632
Somerset	1,971,770	361,548	46,112	50,386	2,429,816	(348,320)	0	0	2,081,496
Sussex	815,709	121,486	.....	19,612	956,807	(128,440)	0	0	828,367
Union	3,746,738	678,217	228,196	164,108	4,817,259	(318,056)	0	0	4,499,203
Warren	1,214,099	155,717	.....	35,303	1,405,119	(2,632)	0	0	1,402,487
Totals	\$63,826,929	\$10,871,173	\$4,187,963	\$3,073,712	\$81,959,777	(\$256,271)	\$0	\$0	\$81,703,506

