

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

before

SENATE COMMITTEE ON STATE GOVERNMENT

on

Assembly Concurrent Resolution No. 35 -
Proposing an Amendment to Article VIII, Section 1,
of the Constitution, to prohibit the Legislature
from imposing a personal income tax.

Held:
April 23, 1969
Assembly Chamber
State House
Trenton, New Jersey

Members of Committee present:

Assemblyman Walter L. Smith, Jr.

Assemblyman Thomas J. Costa

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ASSEMBLYMAN WALTER L. SMITH, JR.(Chairman): Ladies and gentlemen, may I have your attention, please.

The public hearing on Assembly Concurrent Resolution No. 35 is now open. I have a list of names of those who desire to speak and if there is anyone not on the list who desires to testify, if you will sign in you will be given an opportunity to speak.

We have quite a group here and I would ask that you keep your comments at least as brief as possible in order to give every one an opportunity to speak. We will stay as long as necessary.

I will ask those whose names are called to come to the first desk and give their statement.

I would like to call at this time Mr. Chuck Fields. C. H. F I E L D S: My name is C. H. Fields of Trenton, New Jersey. I am Executive Secretary of the New Jersey Farm Bureau, which is a private and voluntary organization of some 4,000 farm families in 20 New Jersey counties. I appear here today to speak for that organization.

For more than 10 years, my organization had its collective neck out, advocating the passage of a sales tax in New Jersey. Our position was that the tax base had to be broadened so as to bring some relief to the burden of property taxes. We supported a sales tax over an income tax for several reasons we still think are significant:

1. We think it is healthy for all citizens to be constantly reminded that services of government are never free -- they cost money;
2. That we would be able to collect considerable

sales tax funds from tourists and others passing through New Jersey; 3. The Federal Government already has a large hold on the taxation of incomes; and 4. That it is politically more difficult to increase a sales tax.

Now we aren't so sure we did the right thing in advocating a broad-base tax. Although we achieved some temporary relief from the rate of increase in the property tax, we have learned that regardless of how much you increase taxes, the hungry mouth of government spending is ready and anxious to gulp it down.

With the passage of the sales tax, we at least assumed that we would not be faced with a demand for an income tax on top of it; but now the clamor is on. We are told that we must have both the sales tax and the income tax to meet the crisis in the cities and the other burgeoning demands for spending by state government.

We say it is time to slow down and call a halt to new and increased taxes. We believe that ordinary taxpayers have about reached the breaking point. We think the time has come for our political leaders to put their feet down and say "no" more often. If they don't, we are going to see the development of a real tax revolt by the silent masses who cannot take much more in the form of taxes.

So far as farmers are concerned, if we looked only to our own selfish interest, most of our members would probably pay less taxes under an income tax than a sales tax; but we still think the sales tax is preferable, especially in the form of our present act. Most of the

regressive features have been removed from our sales tax as it is now on the books. It would be ridiculous to add an income tax to the sales tax, since we already have the hundreds of state employees to administer the sales tax. Unfortunately, many people are misled into believing that someone other than themselves would pay an income tax; and, besides, it is taken out of pay checks before they are received and most people don't realize how much they are paying.

But that is not the issue before us here today. The issue is whether the members of the Legislature should give the people of New Jersey an opportunity to vote on whether they want to reserve for themselves the decision on an income tax. If they want this decision left to the Legislature, they will vote "no" in the referendum. If they want to reserve that decision for themselves, they will vote "yes." This is real participation politics. We are surprised that the new left and other left-wing radicals aren't here pushing for adoption of this resolution, which merely proposes to let the people decide by direct vote.

Adoption of this resolution by the Legislature and by the voters doesn't mean we will never have an income tax in New Jersey. It doesn't mean that we are closing all doors to tax increases. It simply means that the people would have to vote to repeal this proposed amendment to the Constitution before the Legislature could pass a tax on personal incomes.

We favor this resolution and the proposition of giving the people a chance to vote on this issue. What could be

more vital and crucial than this issue? What is wrong with letting the people decide? Is there something wrong with direct democracy? We hope that both the Assembly and the Senate vote to allow this issue to be placed on the November election ballot. Let those who are running for election for the office of Governor and for a seat in the General Assembly make this issue a part of their campaign.

We appreciate this opportunity to present our views.

ASSEMBLYMAN SMITH: Thank you, Mr. Fields. (Applause)

ASSEMBLYMAN SMITH: I will ask you to refrain from applause because there may be someone here who desires to speak against it and they should be given an opportunity to be heard and I don't think they should be subject to either applause or lack of applause. So I will ask that we withhold applause on all speakers.

Is Mr. Joel Jacobson here, from the AFL-CIO?

(Not present)

ASSEMBLYMAN SMITH: We will call Mr. Cundari from Bergenfield.

M R. C U N D A R I: Honorable Mr. Smith, for years all we have heard from our elected officials is that the State needs more money to provide for the needs of the people. For years our elected officials have saddled the taxpayers with bond after bond, using the excuse that it must be either a bond issue or it will be a sales tax. The Legislature got its bonds and the taxpayers were awarded a sales tax.

Last year the cry was for another gigantic bond issue of almost one billion dollars, carrying with it an interest

obligation of \$50 million yearly. Some Legislators cried that it must be either a bond issue or we would be saddled with an income tax. Well, again, the Legislators got their bonds and now we hear rumblings of an income tax.

Now it is proper to review your basic purpose and function as representatives of the people of New Jersey. There is basically one reason for electing our Legislators and that is for them to protect our rights, our properties and not to provide the needs of people. Providing needs is not a function of government, for the needs of people never end.

Now I urge each of the Legislators to carefully review their moral and legislative authority when they bestow at random the many needs and services demanded by constituents.

As individuals with deep humanitarian feelings for people in dire need, would any of the Legislators, singly, feel that they possess the right or deem it morally just to compel me to hand over to them ten cents of my fortune so that they can bestow it upon anyone that they may label as being in need? I am sure the answer would be no. And if the Legislators had a gang of ten or twenty people behind them, would that justify their taking my property, my ten cents, from me? Of course not. And whether the Legislators had ten or ten million people defending their act, it would still be morally wrong and despotic to force me to acquiesce to such compulsions, for my property is not the Legislator's to give away. Nor is it for the Legislators to say what fruits of my labor I can keep for myself. However, it is

your honorable obligation to practice economy in government, a practice that has been shunned for the past 35 years.

Such irresponsibility in government is emulated by the widespread transgressions against society, such as the numerous riots, destructive acts, and overtaking of private property in a style monopolized by the arrogant storm troopers.

Gentlemen, you are the models who set the stage for emulation and your action sets an example for impressive minds to follow. By restraining the power of the Legislators from levying an income tax, you will be setting the example which outlaws plunder of individuals and thus removes one more avenue of aggression upon society itself. In addition, you will have set the example that generates initiative and promotes freedom by protecting the rights of the individuals to be secure in their property, that which they have devoted their best abilities and greatest years of their lives to possess and to earn.

Gentlemen, as moral and just humans, you are being asked to protect us and every man from plunder and legalized aggression by preventing confiscation of our property through an income tax. By outlawing an income tax, you will be instrumental in letting each man be a little more responsible for himself. And this is what our country needs more of.

Thank you.

ASSEMBLYMAN SMITH: Thank you, Mr. Cundari.

I will call Miss Anne Miksiewicz from Linden.

M I S S A N N E M I K S I E W I C Z: Greetings,
Honorable Walter L. Smith, Jr. Publicly I want to thank
you and your co-sponsors for taking a definite stand on
ACR-35. These men and you deserve our praise and, more than
that, we will remember you up for re-election. To the rest
of the Legislature group who have not reciprocated to my
two letters, and they know who they are, I will still give
them the benefit of the doubt until the time of passing
ACR=35 which will come about soon, and then perhaps they will
exonerate themselves of the laxity in supporting the
resolution up to now, and then for them we will act accordingly.

We are told at the time of campaigns to write and
let the politicians know what they want ~~in~~ them to do and act
upon, when they enter their respective offices. But you can
forget it, not only in the municipal, county or state and
even the federal government do we get answers. Again I say,
perhaps they were busy with their personal, legislature or
whatever business occupied their time. I'll wait and see.
And, as you know. election is coming up for them and we can
act accordingly.

I cut out an article out of the newspaper of four
candidates for nomination for Governor who are in favor of
a State income tax. Let's remember their names - Meyner,
Helstoski, Parsekian, and Tonti - excuse me if I haven't
pronounced them right but it doesn't matter - and be sure
not to vote for them.

Jerseyans are really griping about their taxes.
If the burden soon isn't reduced and the system itself made

fairer, real and deep grievances could explode into a full-scale taxpayer's revolt. We know the millionaires don't pay taxes. They have the loopholes and we fall into them. Please give us a break, and I don't mean in the neck but in our pocketbooks.

Any fool can tax but show me, in all fairness to you who sponsored this ACR-35 my apologies, please - how can you save my dollars? They're not elasticized, and my hands don't even get the feel of money when I cash my payroll check. Tighten up your belts, cut out the limousines, chauffeur-driven. My husband had to pay a driver each week to get to work. How about the 1400 railroad passes? I'd like to borrow one to get to Washington and fight about the surtax, because I can't afford the trip.

Vacations are just advertisements, so far as the poor working taxpayer is concerned. We have to skimp on our food, clothing, luxuries. Some of us are selling our homes, losing them. And if you think you can find rentals cheap, forget it. Get a real estate agent's opinion. I got mine from them. They're even having a hard time making sales. What is the government going to do, take our homes?

How about these big companies like Standard Oil, Merck, who give out grants to education, social welfare, health and civic improvement programs? Who gets the money? because the outcry and smoke screens, we are given when the taxes are raised - it's for education. Don't you want a good education and better improvements? And progress must go on. Who are they kidding? Stop raising your pays. We have to go

on strike for a nickel raise while you vote, by the stroke of a pen, thousands of dollars without asking us if you may. Khrushchev said he would bury us. Don't worry, we're being buried alive with taxes.

Perhaps you would like to know some of the ways your tax money is spent. \$1.6 million per annum is paid to the 126 persons representing the U. S. at the United Nations, which accomplished just what? \$11.2 million is spent to subsidize art. The National Endowment for the Arts gave grants of \$10,000 apiece to complete some poems, \$10,000 to 11 novelists to write novels, etc. \$400,000 left over from the AID program in 1967 was used to buy TV sets to send abroad - I don't even have a colored television at home. \$33,100 was given to the Israel Institute of Applied Social Research to study "a test of husband-wife relationship."

Over \$1 billion per year was allocated to the Food for Freedom program, which financed an archeological program in Yugoslavia, a neolithic excavation in Poland, a study of old metal working crafts in Pakistan, and - get this - of the behavior of elephants in Ceylon.

I could go on and on with statistics and really I could give you a detailed list of foolish spending, and this would embarrass you because I do have hopes that you Assemblymen will think it over and not think the taxpayer is naive, afraid, or stupid enough that you can pull the wool over our eyes.

One Assemblyman, when confronted by me on what his opinion on ACR-35 was, said, "What do you want to do,

shackle my hands, tie them up in a knot? I'd be crazy to vote for this."

This goes both ways, neither are we, and we'll unshackle his hands and clear him of his obligation of running and winning in the coming election. We pay his salary and we put him in office and he better not forget. I've campaigned for some of these men sitting in this very room, and if they are not adhering to their promises and shunning us in our time of need, you can rest assured that we will see that we are burdened with their promises and their presence no more.

Now about the senior citizen on a fixed income, building these senior citizen homes is going to become an institution converting to welfare recipients who won't be able to even pay rent there. I expect to soon have some big money-spending politician coming up with a bill stating, we carry a meter on our chests to pay for the polluted air we breathe in.

Frustrated, irked, angry, we are, and you can't blame us. Some of us are on a disability pension, some with one pay coming in and a dozen places for taxes to eat away most of it. What is a dollar worth today? I'm told 46¢. Is it? What was it before I came in.

The laws governing tax exemption are obsolete. They should be revised and brought up to date with legal loopholes closed. It's a common practice for millionaires to set up foundations before their death so their vast fortunes will not be subject to the inheritance tax. If this continues through the years, the time will come when most of

the wealth will be held by tax-exempt foundations. This is wrong. In the last ten years the amount of local, state and federal taxes extracted from New Jersey residents and businesses has more than doubled and the future portends little relief.

The State income tax will put a greater bite on the taxpayer and property taxes which are reflected in rents which are amongst the highest anywhere. New Jersey's population has risen by an estimated 15 percent since 1958 and, according to the U. S. Consumer Price Index, the cost of living has increased 20 percent since then. But the amount of taxes paid by Jerseyans has risen - now hold your seats - 105 percent. The greatest rise has been in state taxes. Jersey is losing millions in truck trailer licenses. How about getting after them. New Jersey is losing an estimated \$7.5 million per year in trailer license fees because of the State's compulsory vehicle inspection program. They go to other states.

Enforce law and order. Get strict with welfare payments. New Jersey is one of the highest paying states. Recently, at Washington, they had an egg rolling event. While the kids were rolling eggs, Congress rolled the taxpayers. How about your taxing the interest on saving accounts. This money is usually put aside as security against old age, severe illness, or a rainy day when funds become scarce. This hard-earned money already has been taxed by federal and city taxes. A penny saved is a penny taxed. Simple arithmetic, and what do we have? Nothing.

I think the word "tax" should be abolished and the politician should learn how to economize and budget. Budget means, stretch your dollar to meet what you have in your hand to spend and not overspend. I can't spend anything I haven't got unless I borrow, beg and steal and pay interest on it, etc. We didn't elect you to waste our money. I urge each Legislator to think hard and act and do as we want you to, as you promised.

I thank you for the opportunity and may God bless Walter L. Smith, Jr., his co-sponsors, and the 13 or 14 Legislators that answered and want to support this. I beg you, in the name of taxpayers. You want to hold these seats. You do as we want you to, as you promised.

Thank you.

ASSEMBLYMAN SMITH: Thank you, Miss Miksiewicz.

ASSEMBLYMAN COSTA: Miss Miksiewicz, before you go, I think, number 1, that you said that the taxpayers are not gullible. My name is Thomas Costa and anyone who wants to vote against me is free to do so. But I think that the average American is very naive in that they think they can get something for nothing.

Now with regard to the sponsors on this Resolution, since the first of this year they have voted on bills totaling almost \$4.5 million. On March 10, 1969, A-284 was passed by the Assembly.

MISS MIKSIEWICZ: What is that, please?

ASSEMBLYMAN COSTA: That took care of "affidavit" children, that means children who are staying with someone

other than their natural parents. That bill passed the Assembly by a vote of 49 to 6 and it called for the expenditure of \$2.9 million. When I asked the sponsor of the bill if the money was in the budget, he said, "No." When I asked him where the money was going to come from, he said he didn't know, and the bill passed 40 to 6.

On March 17, S-502, calling for an expenditure of \$5,000, money which was not in the budget, money which the sponsor did not know where it was coming from, passed 47 to 5.

On March 24th -- yes, sir.

MEMBER OF AUDIENCE: This has nothing to do with us being against an income tax. If these bills passed without money in the budget, that's their fault, not our's. That has nothing to do with this bill at all. (Applause)
That's why we're here. You're spending money --

MISS MIKSIEWICZ: Just a minute. Excuse me. You were talking to me, and thank you, I'm glad you were there, but I'm going to be a lady and let him say what he wanted to say.

MEMBER OF AUDIENCE: He could go on for years.

MISS MIKSIEWICZ: I know, but -- (Applause)

ASSEMBLYMAN COSTA: If the gentleman --

MISS MIKSIEWICZ: Just a minute, Mr. Costa. I don't care about your A-295. I haven't got the Legislative Index with me and I don't want to follow anything. All I'm interested in here is that we don't spend any more money. That's your job to see that they don't take it out of the till. And if

you're not there doing your job, as one Assemblyman, whatever your capacity is, then I have you to blame. Don't expect us to be back there earning the hard-earned dollars and watching what you're doing. If you do, you give me a job there and I'll show you how to run the country. (Applause)

ASSEMBLYMAN COSTA: I think the gentleman missed the entire point that I was trying to make.

MEMBER OF AUDIENCE: No, I did not.

ASSEMBLYMAN COSTA: I mean, if I have to listen to you, I think you have the right to listen to me.

MEMBER OF AUDIENCE: This is a public hearing, give us a chance, we're the public.

MISS MIKSIEWICZ: Let Walter Smith run the meeting.

ASSEMBLYMAN SMITH: All right, ladies and gentlemen, we have to keep this in order.

We will call Lillian C. Howell.

L I L L I A N C. H O W E L L: I represent the American Concerned Taxpayers of Somerset County. We have had it as taxpayers and an income tax would be the last straw.

As Americans, we feel that we should have the constitutional right to vote on an income tax. Our Somerset County Taxpayers would like to see the Legislature do a housekeeping job in Trenton. If we can't afford steak, we buy hamburgers. Much so-called social work should be scrutinized. We are going to ask all candidates how they feel about taxes and if we don't get satisfactory answers, the voters will have the last say.

If you get people mad enough, who knows, there

they might even stop paying their taxes, as in some localities they have.

I want to thank you personally, Mr. Smith, for giving us the time here to speak tonight, and your co-sponsors, for this opportunity. And also I want to assure you that we, the little people, will not stop with this meeting, we will go on fighting until the taxpayer is justified.

ASSEMBLYMAN SMITH: Thank you, Mrs. Howell.

Senator Haines, do you have a statement to make?

SENATOR HAINES: I have not prepared a statement but I don't mind making one.

ASSEMBLYMAN SMITH: All right, fine, we will be glad to hear from you, Senator.

H E N R Y S. H A I N E S: I came up here primarily today to give you and the sponsors of this proposal commendation for having the courage to present this matter in the manner in which you have. I feel strongly that when, a few years ago, sentiment was created for a broad based tax and the decision was made that the broad based tax be a sales tax and that it was represented that this was going to take care of our requirements and there were a lot of special interests, as well as citizens, who were very much concerned about getting into a broad based tax at all, that when the sales tax was selected, as against the income tax, we all thought that this was it.

Since that time, we have had bond issues to help support what is interpreted as State requirements. It was

represented as a requirement for a broad based tax that there would be relief, particularly for the home owner in real estate tax. We have not experienced any such relief in any community in the State that I know of. So that it isn't exactly a fraud that that was perpetrated on the innocent people of this state but it amounts to that.

If we get into another broad based tax, to wit, the income tax, as well as the State Sales Tax, each year I would predict that we have a one percent increase in the sales tax and a one percent increase in the income tax in alternate years; that there would be absolutely no pressure on the Legislature or the State Government to curtail or undertake to keep under control State expenditures.

I feel rather strongly that another broad based tax of the magnitude of the possible income tax should not be imposed on the people of this State excepting that if it be by referendum.

That is as far as I need to go in expressing my sentiments. I can't express them any stronger and I appreciate the opportunity to make this expression.

ASSEMBLYMAN SMITH: Thank you very much, Senator Haines.

Mr. Applegate, do you have a statement?

L E W I S R. A P P L E G A T E, SR.: My name is Lewis R. Applegate, Sr., I am a resident of Princeton, I am Director of Public Relations for the New Jersey Education Association, and we appreciate this opportunity to express the views of our Organization, which is composed

of 65,000 public school teachers in the State of New Jersey.

Last November the people of New Jersey voted by a sizable majority to move forward by undertaking a much needed capital construction program of almost \$1 billion. They voted to build new highways and improve transportation in the most urban and congested state in the nation. They agreed to provide greatly expanded facilities for our colleges and universities. Recognizing the need to build for a better New Jersey, the people certainly expect to maintain the new transportation facilities that are built and to support the operation of greatly expanded higher education facilities that will be able to accept more young people. It will require additional tax money to operate and maintain these capital improvements. Money from present or future tax sources will be needed to amortize the \$1 billion debt. To meet these and other future needs, the Legislature and citizens of New Jersey must keep all tax sources open for possible use. This is the first reason why NJEA opposes eliminating the power to tax personal income in this State.

In the immediate future, New Jersey will need additional funds (1) to finance a greater percentage of the cost of welfare service, (2) to provide a Medicaid program, (3) to provide State aid for some municipal services such as police and fire protection, particularly in the urban areas, and (4) to increase State aid for schools as proposed by the State School Aid Commission headed by Senator Bateman. That proposal would provide an increase of \$184 million from State tax sources to assist local school districts with the financing

of their schools. The 1967 per capita, per person, expenditure for local schools by the State was \$38.46. This was 40th in the nation. Only ten other states paid less than our state does, thirty-nine paid more. If the Bateman Commission Report is accepted, that per capita figure would increase to \$69 per capita. On the other hand, local property taxes paid about 68% of school costs in 1968 - or about \$100 per capita. The needs set forth in the Bateman report cannot be met from current tax sources at present tax rates. This is the second reason why our organization opposes Assembly Concurrent Resolution No. 35.

Providing for a thorough and efficient system of public schools is the constitutional responsibility of the State. In this decade of rapidly growing technology and increasing competition for jobs, no area of public concern is of greater importance than equality of educational opportunity for all children. New Jersey's present State aid formula and state tax policies do not provide such equity. The major reason for this condition is our major reliance upon the property tax for school support. Property values in our school districts are not distributed in proportion to the number of children to be educated. A full-value or sale-value school tax of \$2.00 will provide a school program costing \$1,000 per pupil in some New Jersey districts while a tax rate of \$4.00, twice as much, will produce a program costing less than \$600 per pupil in other school districts. To reduce this glaring disparity in tax rates and quality of education requires more State aid than New Jersey is now providing. The sales tax helped raise the

proportion of school revenue from State government from 21 percent to 29 percent. As costs rise and the formula remains static this percentage decreases at least 1 percent per year. By the 1968-69 school year it had dropped to 27.5 percent. NJEA and other state organizations have for years advocated a level of state support for schools of at least 40 percent of the cost of educating our youngsters. This aim requires additional state revenues from a major tax source. This is a third reason why our organization opposes ACR-35.

New Jersey State government raises the bulk of its revenues through corporation taxes, various forms of sales taxes and motor vehicle taxes. Local governments depend upon the property tax. All of these taxes are regressive - they take a larger percentage of the income from the poor than from the rich. The New Jersey general sales tax presently exempts food and clothing. The degree of regressivity will be sharply increased should it be necessary to eliminate the exemptions on clothing and food and to raise the 3 percent rate. If the door is closed to a personal income tax, we have no alternate but to impose a more regressive sales tax and/or increase drastically the already heavy and regressive property tax. This would be a severe burden upon low and even middle income families and would depress business and employment in this State. This is the fourth reason for our opposition.

It is a commonly accepted myth that United States taxes hit the rich and spare the poor. The Federal Income tax is in theory at least a highly progressive tax. To help

balance this much discussed impact upon the wealthy, states have turned to sales taxes, payroll taxes and corporate taxes. The last tax is passed on to the buyer of goods in the form of higher prices. These state taxes have the greatest impact upon low income families. Research by economists points to the conclusion that this attempt to compensate for the Federal tax has gone too far the other way. When local, State and Federal tax loads are added up, they indicate that families with less than \$3,000 annual income pay 34 percent of income in all forms of taxes; those with \$7,000 to \$10,000 income pay 32 percent and families with income from \$15,000 and over pay an average of only 28 percent in taxes.

Surprisingly, then, it is the poor who pay the biggest share of earnings in taxes. The situation in New Jersey is probably worse than the national average because we do not have a State income tax paid by our own residents.

It would be sheer folly and, we think, the height of irresponsibility for the Legislature or the people to rule out the one single tax that could restore balance and equity to our State and local tax policies. The per capita per person local property tax revenue in New Jersey in 1967 was \$180 - the third highest in the country. The per capita State tax revenue in 1968 was \$135 - 46th in the country. Our State tax revenue was 3.7 percent of personal income in 1967 - ranking 49th in the nation. The income tax may be needed, and soon, to prevent further inequities and hardships resulting from our reliance upon forms of taxation that deal so harshly with our low income families and so lightly

with those who are affluent.

We appeal to the members of the State Government Committee to reject Resolution No. 35 in the interest and welfare of the present and future generations of the State of New Jersey.

Thank you very much.

ASSEMBLYMAN SMITH: Thank you, Mr. Applegate. (boos)

ASSEMBLYMAN SMITH: Ladies and gentleman, you can't ask the witnesses any questions. They are entitled to present their statement and we must conduct this in a proper order because there is a permanent record and everyone will be given an opportunity to be heard.

MR. APPLEGATE: Thank you, Mr. Smith, for maintaining our country as a democracy.

ASSEMBLYMAN SMITH: Yes, sir, Mr. Applegate.

Mr. Gus Nylander.

G U S N Y L A N D E R: Members of the Legislature, ladies and gentlemen, my name is Gus Nylander and I, like my wife and children, are native New Jerseyans residing in Mount Holly. I am here today, like so many of my fellow citizens, to urge passage of ACR 35 which is to prevent a state income tax. Please be assured that support of this measure is founded in observations of taxation and the income tax over the years which predates the "Ruml Plan" or pay-as-you-go federal income tax payment system adopted in June of 1943. The Ruml Plan, in large measure, enabled the stupendous federal expenditures so common today and its nature is such to have permitted successively larger tax bites which citizens

would not otherwise have tolerated.

The first page of the April 16, 1969 issue of the Wall Street Journal noted that the Tax Foundation estimates that Americans will work 2 hours, 34 minutes, of an average 8-hour day to meet tax liabilities this year. That's eight minutes a day more than last year. And who can see a trend but upward? An income tax would even more severely affect New Jerseyans.

What happens to ACR 35 may well be the signal for what is to happen to this country's political-economic system, the stake we all have in it and in its future which is in our children and the generations they will engender. Taxes being what they are today, and with an over-all overview, it is not unreasonable to foresee an economic enslavement of the people which may well be the prelude to the tyranny of full political control.

It's time that government concern itself with the magnitude of the tax burden on the average taxpayer for more taxes mean less for the taxpayer to spend on his family. It is indeed heartening that there are those of you Legislators who recognize a responsibility to the taxpayers and show a concern. Never have so many paid so much in taxes for so many causes, programs and visions - no matter how noble they may seemingly be or so justified. And sometimes paid so much for the unappreciated benefits of so few.

While an income tax is an especially attractive and lucrative source of revenue for those who spend and spend, it is time for this country to take, and this state in

particular to take a hard look at it. The Nixon Administration admits to unjust and what are really punitive deficiencies in the present federal system. According to press releases, it is attempting remedies but, for example, it apparently can't cope with the tax-free foundations. If the federal income tax system admittedly has such gross inequities, why should the State of New Jersey subject its citizens to more of the same? As of now we haven't as yet fully assimilated the benefits and fallout of the sales tax. And this leads one to wonder about the militancy of the opposition to this bill, particularly from some so-called taxpayer or civic group, and, for one, the New Jersey Taxpayers Association which is hardly representative of the average taxpayer.

The pros and cons of taxes and taxation, indirect and direct, of which the income tax is of the latter, are the subject of innumerable books and writings. Most of them with any sensible rationale, admit to a threshold or degree of taxation and multiplicity of taxation which is detrimental and destructive.

The basis for reckoning the amount of income tax to be paid is arbitrary. The federal income tax, supported by a massive body and record of tax and court decisions, is riddled with loopholes and inequities. It is the average taxpayer, with a fixed salary, who is bearing the brunt of this tax burden. A state income tax will leave him with even less to spend, compound the number of forms he already has to fill out, and create some new and vast complex state

bureaucracy requiring massive amounts of tax dollars to support.

Passage of ACR 35 in the interests of the average taxpayer is clearly indicated.

Thank you.

ASSEMBLYMAN SMITH: Thank you, Mr. Nylander.

Mr. William P. McMillen from Bloomfield.

W I L L I A M P. M c M I L L E N: Mr. Smith and ladies and gentlemen, I am a member of the Bloomfield Taxpayers Association composed so far of some 25 members and growing.

Let me say first that we are not unaware of the problems that you who compose this State Legislature are called upon to solve. We know that a tremendous and conscientious effort has been thrown into this task and we thank you for this effort. But we, as individual taxpayers, also have problems. Right now they all seem to be money problems.

The point is, we are running out of it. To tell you the truth, many taxpayers with modest incomes have had it. I know people who, if taxed any further, will be forced to give up their homes, homes they worked hard for over many years, homes they hoped to retire in or are retired in. I know people who are unable to buy homes for the same reason.

It would seem that in the past 15 or 20 years every situation that arises in this State is immediately classified as a crisis calling for a massive infusion of money and consequently taxes to alleviate it. This technique is being used with greater and greater frequency in the last few years

and it would appear that a new crisis is developing almost daily, to be solved by taxes.

Well, what do we do when we come to the end of the line, and we're fast approaching this point.

If I may be a bit homely at this spot, I want to make a certain point here. When I was a boy and I wanted something for which there was no money and which my father thought we couldn't afford, he would say, no, we can't afford it. This takes courage. He risked my enmity but in reality earned my admiration, and the family stayed solvent.

This whole idea seems to have disappeared from our society but I think we ought to revive it. No matter how important the need, there are times when some of these needs should be postponed. It's time that we realize that the State cannot do everything for everybody.

When I read the papers I notice that day after day bills are being introduced calling for millions of dollars of appropriation and what it boils down to is that the State is spending money faster than we can earn it. Here are some things you can do.

Have the courage to say no to some of these proposals. Say no to these excessive increases in salaries year after year. Coordinate the submission of bills calling for increase in taxes. In other words, establish sensible priorities. Find out whether the taxpayers can afford an increase at a particular time. Pass some legislation to protect the people who pay the money and not just those who collect it. For example, why can't school boards get

together when they negotiate with teachers for salary increases.

Finally, slow down this whole process and give us a breather. Give us a chance to pay back the loans we've made to pay our taxes with. And, again, have the courage to say no to the measures which are inflationary and which we just can't afford to carry out.

Ladies and gentlemen, I thank you for your attention.

ASSEMBLYMAN SMITH: Thank you, Mr. McMillen.

Mr. Thomas Tomaz.

T H O M A S T O M A Z: Mr. Chairman, ladies and gentlemen, I am Thomas Tomaz of Hackettstown, New Jersey. I speak here today as President of the Hackettstown Taxpayers Association. I speak, therefore, in behalf of the members of this organization. I wish to put our organization on record as in favor of ACR-35 which amends Article VIII, Section 1 of the Constitution of the State of New Jersey. The proposed amendment reads in part: "This State Legislature shall have no power to lay and collect taxes on personal income derived from any source whatever."

To begin my remarks, I wish to call on this Legislature to immediately begin cutting back on the staggering spending programs of the State Government, instead of contemplating and putting on an income tax in the near future, or another \$100 million bond as called for by Mr. Hughes only about a week ago.

Today, to say the least, we are in serious trouble here in New Jersey and in the whole country in matters of taxes and inflation and it is high time that individual

Americans stand up and be counted and do something about it.

Taxes are at an all-time high. Nearly one out of every three dollars you earn ends up being siphoned off through taxes, income taxes, property taxes, excise taxes, sales taxes, gasoline taxes, and on and on it goes, ad infinitum.

Let us face the facts. The growth of government is absolutely staggering and so is the cost. We are playing with dynamite if we increase taxes at this time. It is an absolute necessity to put a moratorium on the addition of any more taxes until the State Government has straightened its own house and fiscal affairs.

The economy just can't stand more taxes or bonds. Respected, honest economists are warning us of the danger of an economic crux. No one has to tell you that you are paying more taxes. Your dollars buy far less and less today than four years, five years, six years or ten years ago, and the nightmare continues for the forgotten American, the law-abiding, hard-working, taxpaying citizen.

Let me speak for these honest and hardworking citizens. Please try to avoid a tax increase. I have three children to put through college. After taxes, etc., I net just enough to pay for the tuition fees for one child. A tax increase at this time seems almost more than we can take. My wife and I are both working and it takes all we can do to keep going with our son in college, and we live very moderately

and conservatively. We are already paying too many and too much. A businessman writes there is only one way to balance the budget and that is to stop spending. A tax increase will only let the big spenders spend more. Another person writes: "You're right. An additional tax will only be soaked up by greater government spending." So goes the old story - bigger government, bigger taxes, and wilder spending. In this society of big spenders, all the rich awards seem to go to pressure groups. Whenever there is the threat of a strike by teachers, longshoremen, air line mechanics, even welfare recipients, these government spenders are quick to bring satisfaction to their demands. The taxpayer is always low in the economic totem pole. He cannot strike. As a result, his income is being whittled away in smaller or larger chunks and inciting more than a grumble or a whisper.

In all sincerity, gentlemen, I say to you we are tired of being taxed and taxed and taxed. You should stop the run-away big government, the run-away spending, and don't pass any new taxes at all. We, the taxpayers, have had enough. What is needed now is tax reform and tax equity.

Thank you very much. (Applause)

ASSEMBLYMAN SMITH: Thank you, Mr. Tomaz.

I saw the Cinnaminson delegation come in. Let me announce that those desirous of speaking should kindly sign the pad in the back of the Assembly Chamber so that we have your names?

We will call Mr. Ed Paul. And then Mrs. Christiansen will be next, from Plainfield. Is she here?

E D W A R D P A U L: Mr. Chairman and Members of the Committee, my name is Edward Paul and I live in Lyndhurst, New Jersey. I am here to speak in favor of proposed Assembly Concurrent Resolution No. 35. Item - the \$135 billion budget permits spending at the rate of 365 days of the year. This is the Federal. This amounts to \$15 point million per hour or \$4,281 every time the clock ticks away a second. A man making \$20,000 a year, who files a joint return with his wife, will pay just about \$4,300. So he views with either pride or alarm the fact that the money Uncle Sam takes away from him in income taxes will run the government for one second. It takes the taxes of 86,400 people to run the Federal government for a day.

Item - early last month three gunmen held up an office at the Health, Education and Welfare Offices in Washington, D.C. and made off with \$25,000. The taxpayers may still be ahead. If the three culprits had enrolled in the job corps they would have cost the government \$9,000 each, with little to show for it at the end of the year. This way they saved us \$2,000 and have \$25,000 in cash to start a self-help program of their own. (Applause)

The reason I'm against the personal income tax at the city and State levels is the same as for the Federal level and the reasons are just as valid. First, let me dispel one popular misconception. Many people believe the income tax is a scheme to soak the rich. This is a fallacy. They believe that most of the money collected comes from the rich people and is used to promote the general welfare

of the poor people. This is not true. It was the taxpayers in the \$3,000 to \$15,000 category who carried the principal burden, for they paid 62.8 per cent of the total federal income tax in 1964. Thus having an income tax, state or federal, could bring about 100 per cent taxation, which is 100 per cent socialism. One hundred per cent socialism could easily bring about a Communist-controlled country. How do I know this? Because it is in the Communist manifesto. In this Karl Marx has a ten-step program for world domination. Step No. 2 of this program reads as follows: "A heavy progressive or gradual income tax." So let's make ACR 35 a part of our New Jersey Constitution so that the Federal Government can follow in our footsteps and prohibit collection of taxes on income by repealing the sixteenth amendment which is unconstitutional. (Applause)

ASSEMBLYMAN SMITH: Ladies and gentlemen, the chair has requested that you withhold applause. I wish you would adhere to it. You may continue, Mr. Paul.

MR, PAUL: I will conclude by saying that I am delighted with Honorable Mr. Smith and other sponsors of ACR 35 for trying to bring about - and this is a most important statement - less government and more individual responsibility.

I thank you very much. (Applause)

ASSEMBLYMAN Smith: I will call Mrs. Cristensen.

Mr. Floyd Merchant will be the speaker following Mrs. Cristensen.

G E R T R U D E C H R I S T I A N S E N: I am Mrs. Gertrude Christiansen of, 738 Kensington Avenue, Plainfield, New Jersey. I am Chairman of the Taxpayers Association, Plainfield, Post Office Box 1004 Plainfield, and today am speaking on behalf of that organization. Also we are a member of the New Jersey Taxpayers Federation, an organization only four or five months old and growing rapidly.

Before I begin, Mr. Smith, I would like to say a few words to the audience. I come from a town that has very disruptive council meetings and repeatedly I have held up the New Jersey legislative hearings as an example of how our town should run their hearings. I have made a point of saying that when people create a disturbance they are usually threatened with ejection. Our Council President has made statements repeatedly to this effect, that this is a free country, we are all entitled to our opinions whether we agree with another person or not; a person has a right to his opinion; also that this is not a contest and we are not choosing up sides. So I hope they will take this little message,

Assemblyman Smith and your 14 co-sponsors of ACR 35, I salute you all for having the fortitude to introduce this resolution again. I come from a very troubled city. Because of our school crisis, I was unable to bring a large delegation with me today. Many parents with children in school, in our junior and senior high schools, were afraid to leave town and many are attending meetings concerning this immediate problem. I represent an association with over 500 members.

Approximately 80 per cent of our membership are senior citizens who are trying to hold on to their homes in spite of the rising real estate taxes, and they are very bitter. Remember the promise made to the voters when the New Jersey Legislature passed the State sales tax. The remaining 20 per cent of our membership is comprised of professional men and small businessmen with offices or stores in Plainfield and who also reside in Plainfield. Included in this 20 per cent of our membership are city employees with extremely moderate incomes who are literally required to live in Plainfield and persons like myself who have homes half paid for. When we applied for the original mortgage, we just barely met the income requirements to qualify for that mortgage, and today we could not qualify for the same mortgage on the same house. The reason is quite evident. Increased costs of living and the inflationary cost of operating government at all levels have directly increased taxes. This has far surpassed the yearly pay increases that the white collar and blue collar worker have received. What are we to do? Our income dollars are not elastic. I know of several families who are doing without the necessities of life. Many of us are neglecting the health and dental needs of our children. Many of us are using hand-me-down articles of clothing, not only from child to child, but also from family to family. We have a federal government that issues a cry for financial austerity, but, on the other hand, every political leader from the President on down is urging if not demanding more and more sacrifices on the part

of the average wageearner. And what did they do? Congress enacted legislation to increase federal executive, legislative and judicial salaries 50 to 100 per cent. Yet Washington urges the little guy to tighten his belt and keep his wage increase to a mere 5 per cent or so. This is downright irresponsible. How can we keep our heads above water with a 5 to 7 per cent wage increase, a 10 to 15 per cent rise in cost of living, and at Federal income tax time we are only allowed to deduct \$600 for each dependent - the same \$600 deduction that has been in effect since 1948, while living cost has skyrocketed during the same 20-year period. The exact same nonsense will take place with a state income tax. Again we will be expected to tighten our belts while the State Legislature, bowing to the demands of every lobbyist representing special interest groups, will continue to spend beyond their income.

Right now practically every State in the United States is looking for new ways of taxing or looking to increase present forms of taxing. Since 1965, State and local spending has doubled to more than \$100 billion a year. The average per capita State-local tax burden now is \$310 a year and as high as \$458 in New York State, and we'll soon be up to them if we keep this up. The State tax burden is spiraling upward and at a staggering 14 per cent a year and local taxes are zooming by more than 10 per cent year. The total Federal, State and local tax take this year is slated to average \$3,927 per family versus \$2,264 per family as recently as 1960 and,

while more than half of the rise in tax collections in recent years has stemmed from our economic boom, this is the personal and business income subject to taxes. A very sizeable share also has been the result of steadily rising tax rates and the imposition of new types of taxes, many of them hidden. In the desperate struggle for tax income, city after city is imposing its own income tax, sales tax, commuter tax, and cigarette tax. Early this year, Plainfield officials sent up a trial balloon when they suggested a city sales tax or an auto use tax of \$10 in order to keep local property taxes from taking an unrealistic high jump.

Just the past month, the New Jersey Legislature from the Newark area proposed a head tax for Newark Airport designed to help Newark out of its tax burden. Mr. Smith, I am not going to go into a lot of facts and figures concerning the New Jersey State budget. Since you are on the Appropriations Committee, you know what is going on there far better than any of us, and you are interested in the average workingman, Mr. Joe Citizen, who owns a small piece of property in this wealthy State of New Jersey which is abundant with industry of every kind. One needs only to travel around a bit to see the national firms that are represented here. Also I am not going to go into facts and figures, as our Association cannot afford research directors such as the NJEA, Federated School Boards, and many other such organizations. Instead we have to do all our own homework and sometimes time runs out on us. The

most important point I want to make here today is that we all live on an income of some sort. We discipline ourselves to live within that income. Once we begin to spend more than we take in, we are in serious trouble. If we have to spend more than we get, a man must get a second job or, like myself, the housewife also goes to work. Government must be made to accept the same responsibility. It must be made to live within its income. It must learn to cut down on a program or cut out a program, just as we must do without a new car or an appliance we much desire. We are so opposed to an income tax because once we have it, the State Government will never cut down its budget but will continue to overspend and then increase the percentage of income tax gradually or add a surtax as the Federal Government has done.

There are some areas where I would like to see cuts made in our State budget. One is welfare. I would like to read an article which appeared in the Courier-News on April 5, 1969. It is headed "Elizabeth," and the title of the article is "Welfare a Good Deal for Many." "It sometimes pays to go on welfare. That's the conclusion of Robert E. Scott, Jr., who has been probing welfare operations, a project of the Chamber of Commerce of Eastern Union County. Because of findings made in a survey, Scott rates welfare as possibly the most critical problem facing the State and Nation today. Income comparisons involving families on welfare and families getting by on earned incomes are cited by Scott in his report. There is a case, he says, where a family of five with three

children, all under twelve, has been rated as under-employed and receives a supplement from the County Welfare Department guaranteeing a minimum monthly net income of \$500 for personal and household needs. In addition, welfare funds cover medical care, dental and eyeglass costs for the family. In contrast, says Scott, the average take-home pay for an hourly worker in Union County, a family of the same size and same age category, works out to \$112.44. This, he computes, is ten dollars and two cents a week less than the take-home pay of the welfare recipient before considering medical and other support benefits. Apparently New Jersey has elected to pioneer as one of the first States in the Union, he notes. What of even larger families? How do they fare on and off the welfare rolls. The contrast here is even more revealing, says Scott. Take the case of two families, each with 12 children. Under existing formula, \$1,020 a month or \$222.62 a week, take-home pay is guaranteed to the welfare client, says Scott. If the breadwinner in the non-welfare family is a graduate accountant with up to five years experience, he is earning \$194.73 a week, with a net, after mandatory payroll deductions of \$182.96, so in this situation the welfare recipient nets \$40.65 a week more than the accountant, noted Scott. And in addition the welfare recipient has medical and other such expenses covered.

Scott said there have been instances of military personnel and Sheriff's aides applying for welfare grants on the basis of new eligibility standards for underemployment grants which become effective January 1st. He said his survey

has shown that under existing eligibility for under-employment benefits, it is possible to obtain 150 per cent or more of actual needs. Mortgage payments, Union dues and garnishees are all allowed in computing needs, he says.

Legislation to change welfare laws has been urged by the Chamber's National Affairs Committee with U.S. Senator Clifford P. Case, Republican, New Jersey, and Harrison A. Williams, Democrat, New Jersey, and Representative Florence P. Dwyer, Republican, New Jersey, asked to support the move.

Recommendations made by the Chamber would reduce State administrative budget ceilings for assistance, establish some form of citizenship, and minimum residency requirements for welfare eligibility.

I guess you heard about the Supreme Court ruling yesterday, so that makes that out.

- revise Federal and State formula for determining budgetable earned income to reduce the instance where income plus assistance exceeds 150 per cent of needs; bring New Jersey standard of assistance more into line with the majority of other States by reducing the level below 100 per cent; mobilize public opinion to encourage the State Legislature to hold public hearings on welfare abuses; (and I hope you will consider that sometime soon) urge Federal legislators to enact a provision for vendor payments for rent as in the case of medical, child care and pharmaceutical expenses; encourage the State Legislature to restrict the rule-making and regulatory authority of the Division of Public Works of the Department of Institutions and Agencies over local welfare boards; improve the WIN program

to encourage work motivation and acceptance of available job offers; press for support of Senator Case's bill repealing the freeze on aid to dependent children matching payments by the Federal Government.

Next is the Department of Community Affairs. This is the biggest monster the New Jersey Legislature has ever created, and I probably know the evil power of Paul V. Ylvisaker better than any other town represented here today. Due to Mr. Ylvisaker's occupancy in Plainfield during the riot of 1967, we, the citizens of Plainfield, nearly suffered the mass resignation of our valiant police department. Mr. Ylvisaker made a pact with a Black Militant and agreed to arrange for the release of prisoners arrested during the riots in exchange for the return of 46 carbines which were stolen from the Plainfield Machine Company, manufacturers of the rifle. Needless to say, the prisoners were released from the Union County Jail but only one carbine was returned. The following day a search was to be made of the Federal Housing Project in the area in which the police suspected the rifles might be. Mr. Ylvisaker called off the search after the tenants objected to the National Guard making this search.

Recently our Mayor hired a City Administrator who was highly recommended by the Department of Community Affairs. He came from East Brunswick and he had instituted a program there for a federally-funded code enforcement and, if any of you know anything about East Brunswick, this is a fairly new town that rose out of the clay pits after World War II. I can't imagine why they have to have a home inspection program

in East Brunswick, but he did get funds from the Department of Community Affairs to set up this program in East Brunswick just before he came to Plainfield. Since February, he has been hard at work getting money for Plainfield for various projects. The most recent was voted on at our City Council meeting Monday night, an experimental program to supplement the rent for 50 displaced families for three years, fully paid for by State funds. Monthly reports from HUD give figures for cost of replacing one family at anywhere from ten thousand to twenty thousand dollars. I'm a firm believer in Home Rule and feel we can take care of our own problems far better and much cheaper, as we don't have to pay for the bureaucracy to operate the program; that is, if we were allowed to keep our moneys in town.

This experimental program they set up amounted to \$141,000, in case I didn't name the figure.

The December 13, 1968 issue of the Courier-News carried an article headlined "Community Affairs asks \$20,000,000," and further stated that this was double the amount over the previous year appropriation of \$9.8 million. Will this request be doubled again this year? The taxpayers of Plainfield favor aid to education but are now almost violently disturbed by what has recently transpired at our State University, Rutgers, and what is now going on in our local school system. We would like to request a legislative investigation of the disruption in our educational institutions starting from the junior highs on up. Otherwise, I think the Legislature should withhold the money from

these educational institutions until this nonsense is stopped and kids can get an education which they are rightfully entitled to, (Applause) and which we as taxpayers are willing to pay for. It is now said that we need State aid for local police protection in disturbed urban communities, of which I am a part, where crime and racial disorders are running rampant. No amount of money will ever help to entice young men into the law enforcement field. Today the policeman is harassed, spat upon, shot at and even beaten to death, as occurred in Plainfield.

The root of the problem is the U. S. Supreme Court. We will have the crime versus the law and order problem with us until we reverse the Supreme Court decision and protect the rights of the law-abiding citizen and not the rights of the criminal. And I might add that money in the form of State aid is not going to do that.

We wholeheartedly support your ACR 35 and hope the voters will be given the opportunity to vote on this constitutional amendment in November.

Thank you very much, gentlemen. (Applause)

ASSEMBLYMAN SMITH: Thank you very much, Mrs. Cristensen.

Mr. Merchant will be next. The reporters have requested a break and we will take a five-minute break. Mr. Carl Dambach of Elizabeth will follow Mr. Merchant.

[R E C E S]

ASSEMBLYMAN SMITH: Ladies and gentlemen, I want to announce that Assemblyman James Coleman, one of the co-sponsors of this bill, is in the Assembly Chamber. Mr. Coleman, will you please stand?

All right, Mr. Merchant.

F L O Y D M E R C H A N T: Thank you very much, Representative Smith and Representative Costa. Thank you for giving me the opportunity to speak here. I want to thank the members of the Taxpayers Federation and all other interested citizens for being here.

I better talk louder because what I'm going to say is going to be rather short. I only want to make one point. At first I could detect, Mr. Costa, that there is considerable feeling about an income tax among the citizens here, and I guess it's understandable and rather surprising to see people well past middle age becoming so incensed over these things. One would think it was only the youth who are getting tired of the status quo. But I shouldn't wonder that people would be a little more incensed perhaps about the reluctance of the Committee to let this bill go to the floor of the Legislature and then perhaps to the Senate and then perhaps to the people.

You are having this hearing in order to determine whether or not the people should have the right to decide a very important issue. What that issue is and what consequences will result from the voters' decisions is immaterial. The question is: CAN THE VOTER BE TRUSTED?

Opponents of ACR 35 state that enactment of this bill will give the voters the opportunity to make an unwise decision

and thus ruin the State of New Jersey. They do not trust the voters - that is evident. They are questioning the basic principle of representative government. More and more often we read in the newspaper about some "public servant" who has said that today's society is so complex the average person can't make intelligent decisions at the polls. We can't trust the voters, so they say let us trust the experts. Experts such as Dr. Gross of Rutgers, Paul Ylvasaker of the Department of Community Affairs, and Ralph Dungan of "The House of Dungan" are only too happy to decide our destinies for us. It's up to you. Are you afraid of the voters? Do you have reason to be afraid of the voters?

You gentlemen have enacted legislation over the past decade that has taken much power from the hands of the local representative governments and placed it in the grasp of state appointees. You have enabled the creation of authorities that are not even responsible to you, much less the voter. Look through the Constitution of the United States and tell me where you find that the creation of authorities is stipulated. You are betraying representative government - and by "you" I am to a great extent addressing my remarks to people who are here today and have been involved in many of these laws, enabling legislation, that have weakened representative government. You are betraying representative government in permitting all of this to happen, and now you are having such a hard time deciding whether or not to let the voters even get close to an important issue. Apparently you have many

doubts about the competency of the electorate. This is a basic issue: Should we have voter participation or should we not? You are not even deciding that at the present time; you are deciding whether or not to pass this on to the legislature and give them the chance to decide for or against a public referendum. Surely you can't say that it's too unimportant to burden the legislature with, so you must be wondering whether or not they can handle this question without making a mistake when they vote. Perhaps you fear public pressure will force them to vote in the public interests. And so you are afraid of the voter, aren't you? If not, you would have let this bill out of committee last year. Testimonies of the record of the public hearing in December were overwhelming in support of this income tax referendum. What can we say today that will add to those statements?

Today's youth is alienated against all authority and claims that our governments are corrupt and hypocritical. Does this apply to you? Should you decide against the voter, please be consistent from that point on and come out openly in favor of eliminating representative government. Omit the word "democracy" in your speechifying and say that you are securing a benevolent dictatorship for the people of New Jersey. If you distrust the judgment of the electorate, then say it and stop kidding yourselves. Thank you.

ASSEMBLYMAN SMITH: Next I will call Mr. Dambach.

C A R L D A M B A C H: Mr. Smith, Mr. Costa, ladies and gentlemen: First of all let me say that I don't

thank you for being here. It is my right to be here. As a taxpayer and a citizen, it's my right to be here.

My impression of my representatives in this house is that they work for me; I don't work for them. They are supposed to represent me (Applause).

My name is Carl Dambach. I am Board Chairman of the Elizabeth Property Owners. I am married; I raised three children, and I have six grandchildren. I am a citizen of this country by choice and so is my wife, and I love this country with all my heart and soul, and if they want me tomorrow, I'll fight at Vietnam and I'm 62 years of age. After 44 years in this country I own a four-family house and a one-family house, both mortgaged. Last year I paid \$3,000 income tax, her income and mine, and \$2,000 property tax. I paid \$1700 interest on both mortgages so I had roughly a gross income of \$21,000 which my wife and I worked hard for - a net income of \$14,000. Now hidden taxes came out of the \$14,000. Every time I have a drink of schnapps for 65¢, 40¢ is taxes. [Applause] Every time I smoke a cigarette it costs me a cent in taxes. Every time I sit back of the wheel in my car, I pay gasoline tax - the State legislature and the government. It's been hollered and hollered for eight years now under the leadership of Mr. Hughes for more money every year. I think a fraud is being committed on the taxpayers of the State of New Jersey.

A representative of the NJEA said that the people last year realized their fiscal responsibility and voted for a \$990 million bond issue. I would like to straighten you out and him out on this issue. They voted for the \$990 million

bond issue because they were afraid of an income tax and for no other reason. He would never have got it if they hadn't had an inkling that an income tax was coming next.

The NJEA is in favor of an income tax. They talk about higher education. Where is this higher education in the State of New Jersey or in any State in the Union today? We are not educating anybody. We are raising imbeciles. (Applause) When I came to this country in 1925, my first pay for 48 hours was \$18 a week and I was a full-fledged journeyman as a cabinet maker at 19 years of age. That \$18 was in that pay envelope; no thief had his hands in that envelope. I got \$18; that's what I got. Today I earn \$210 and I get \$140. Somebody steals \$70 before I get my money. (Applause)

Now I'm not saying that we people are not willing to pay our way in life. We know the hard facts of life. We know what we've got to pay and we are willing to pay our fair share of everything, but this stuff has to stop. For instance, over \$200 million out of that \$990 million bond issue went toward commuter transportation, to the railroads. That's a private industry. Why should the average taxpayer have to pay that. I haven't been on a train in 20 years. But I must pay for that.

In Sunday's paper there's some nut wants to subsidize the bus lines because they're going on the rocks. I haven't been on a bus in 15 years. Why should I have to pay for that?

Your air and water pollution. You appropriate nine million dollars for air and water pollution. Industry does that. I don't do it. I don't even spit in the water. Let industry pay for that. That's industry's job to do. As my representatives you're supposed to represent the people as a whole, not certain pressure groups. These people have the money and the power. They lobby here. Day after day the NJEA has three or four paid lobbyists right here in Trenton. I know that for a fact. We taxpayers don't have that kind of money. We can't do that, so we come here personally.

I'm 62 years old. I'm looking forward to retirement. If I can retire at \$400 a month, that's a lot of money. If you keep it up, inside of three years after my retirement, I'll have to go on welfare, with \$400 a month. And that's the truth. Figure it out for yourself. You take your welfare business here. This is a wonderful country and everybody's got. This country has what anybody needs. This thing hangs in my "rec" room. Do you know what it says? It says, "To get on your feet, you've got to get off your ass." (Applause) Do you know why it hangs in my "rec" room? To remind me that I've got to get up at six o'clock in the morning in order to be at work at eight o'clock to pay my bills. And that should apply to everybody. You have a lot of people on welfare who should never be on there. If you must spend money to rehabilitate these people, spend it that way. Where does the thought come from that there is such a thing as a guaranteed income. I've been in this country 44 years and I've never had a guaranteed

income, never in my life did I have a guaranteed income. You must teach these people that life is a fact, not a dream. [Applause] Do you think for one minute that I wouldn't like to ride in a Cadillac? I ride in a Ford.

UNIDENTIFIED VOICE: You ought to run for Governor.

ASSEMBLYMAN COSTS: Mr. Dambach, I don't know where you come from. What county are you from?

MR. DAMBACH: Union County. I come from Elizabeth.

ASSEMBLYMAN COSTA: Well, since all these people are behind you, you have until next Friday to file a petition. Maybe you ought to run. (Applause)

MR. DAMBACH: This is from the bottom of my heart. If they would put a few carpenters, masons and plumbers in the Assembly and the Senate instead of all these lawyers - (applause). I'll tell you the reason for that. A lawyer makes 27 definitions out of "No," and 28 definitions out of "Yes," and a plumber has only one definition, "No" is "No" and "Yes" is "Yes."

ASSEMBLYMAN SMITH: Thank you, Mr. Dambach.

ASSEMBLYMAN COSTA: You said it and I didn't say it, that the people don't have brains.

MR. DAMBACH: Right.

ASSEMBLYMAN COSTA: People before booed me and were against me and one gentlemen came down and said he hopes I get defeated. I want to tell him and I want to tell the people here that if I am defeated, I am the only Assemblyman in this house that has voted against every bill that called

for the expenditure of money, and I am the only one who gets up and says, "Where is the money coming from?" (Applause).

I also am an attorney and I agree with you that we have too many but nobody else seems to want the job.

MR. DAMBACH: You've got right now four candidates on the Democratic ticket for Governor. One was a previous Governor for eight years, Mr. Meyner. I thought at the time he was a very good Governor because he had guts to tell the lobbyists to get the hell out. The State hasn't got the money. The other day he made a statement that he was in favor of an income tax. So did the other three. And he came out with the fact that the State needs a two billion dollar budget. Now any Republican, I guarantee, will get elected who comes out against an income tax.

ASSEMBLYMAN SMITH: All right. Thank you, Mr. Dambach.

Ladies and gentlemen, we have to move a little rapidly and the chair has asked you to withhold applause. I would appreciate it if you would. And we will try not to ask questions.

We will call Mr. Wisner.

Some of these people have a problem. Mr. Robert Luden of Clifton, New Jersey, will be the speaker following Mr. Wisner.

J O H N H. W I S N E R: My name is John H. Wisner and I live in Summit, New Jersey, Union County. I am President of the Constitution Association there. I speak in the name of millions of my exploited fellow-taxpayers whose government costs them more than food, rent and clothing combined. New Jersey stands out today head and shoulders above all its sister states. Why is this? You know damn well why it is. New Jersey has no

income tax. That's why!

Look around at the States which have income taxes. Are they better off? They are nearly bankrupt! Some of them are bankrupt. The larger the income tax, the worse the fiscal condition in which they find themselves.

Take Massachusetts with its enormous State income tax. In area and population almost the same as New Jersey, spending about twice as much on government as we do here, with twice as many State employees.

Where are the rich Massachusetts people going? They are coming to New Jersey and bringing their wealth with them. We are increasing in wealth and industry faster than any other State. By the whole Nation we are beheld with admiration and envy. Do not let us throw this unique position away. Do not let us get into the frightful mess in which Michigan, New York, Massachusetts and many other States find themselves.

I want a Legislator which will keep our taxes down, and we are watching them and remembering how they vote.

The Smith bill is a good step in the right direction. Let's all get behind it. Nothing less will do.

ASSEMBLYMAN SMITH: Thank you, Mr. Wisner.

Mr. Joseph Shanahan will be the next speaker, Lambertville, following Mr. Luden.

R O B E R T L U D E N: Mr. Smith, Members of the Legislature, and ladies and gentlemen: I am here representing myself and my wife and my company - Fritsche Bros. of Clifton, New Jersey, and East Hanover, who gave me the time this afternoon and paid my expenses to come down here.

I am here to support ACR 35 which is for a referendum on the question of a State income tax. When Governor Hughes took office approximately 7 years ago - I might be wrong by a year or so - the original budget in the State was about \$300 million. In 7 years it has risen to one billion dollars plus, for which the middle class, 80 per cent or more of our population, has received little or nothing except highways that go nowhere and interchanges that are death traps, not to mention a phoney cultural center that represents the way-out "arty left," not the average citizen. When does all this stop?

This does not include the one billion dollar bond issue - correction \$990 million. That was very cute. They left out \$10 million so it would be \$10 million short of one billion. They say figures don't lie but liars do figure. I say it was a one billion dollar bond issue voted in November 1968. That's a very short time ago and shortly a two or three hundred million dollar issue soon to be voted on.

There are yet in Highway Department funds unspent appropriations that go back at least ten years or more. Why must we have an income tax on top of a sales tax that eats up 50 per cent of its funds, just for administrative purposes, collecting, policing, auditing, etc. In other words, fifty cents out of every dollar that you put across that counter goes for nothing, and I repeat - nothing - except to add civil servants to the already overloaded civil servant population. (Applause)

In speaking of Governor Meyner, he added 8500 personnel in his two terms to the State employees; he increased the number

by 8500. These are facts.

My question of the taxpayer is where, and how do I and my group of taxpayers benefit? A man with a family of four, according to "Business Week" statistics, who received a \$600 raise last year, ended up with a net \$99, and this was due to increases in local, State, and social security payments and taxes. I'll be perfectly honest with you. I don't want nor do I care to feed, clothe or educate someone else's illegitimate children (applause) whose parents, known or unknown, can work, are stronger and healthier than I am or ever was, but refuse to work because they cannot start as Vice President, and in the meantime live off my sweat.

What you people and the Federal government, plus what my city took from me last year, my family and I could spend on a very good vacation for three months this summer in Europe or anywhere else I would choose. I have one child in public school. I intend to pay for my children's advanced education when the time comes. I am a disabled veteran of World War II and go to work every day, rain, sunshine or snow, as Mr. Dambach does.

While you people or rather the previous legislatures sit down here in Trenton figuring out wackier ways to throw money away; you don't need more taxes. What's needed is better accounting methods and to learn to live within the State's income, and also, more importantly, to realize that not everybody's child necessarily deserves to go to college for one of many reasonable reasons; Number 1 - lack of intelligence to successfully complete four years of real

college work. And that's very important. Rutgers has recently said, as you know if you've been reading the papers - it's happened in the last 30 days - that even if you did not successfully complete four years of high school, certain groups must be accepted for one year, regardless of whether they fail the first six months or not. Number 2, another reason why everybody doesn't have to go to college is a lack of funds - which made me work days and go nights to get an education. There's nothing wrong with that. I went to work in a machinshop and I did the dirtiest jobs while I went to school nights before World War II. I'm proud of that. I have a trade and a profession.

Number 3, out of every one hundred people who start college, only 35 finish for varying reasons.

Number 4 - and just as important as all the rest - somebody's son has to lay the bricks, erect the structural steel for our new buildings, sail our ships, dig our mines, grow our wheat, bake and deliver our bread, etc., etc. Otherwise, we'll end up in one hell of a fix with a population of half-educated jackasses, (Applause) who don't know the value of a dollar or how hard it is to come by honestly. The best start you could possibly make is by getting rid of Mason Gross. (Applause) That will save you \$75 to \$100 million this year alone. At homes, when we can't afford a new toaster, and that happens once in a while, we have it repaired. If it can't be repaired, we do without it for a couple of months or even maybe a year.

Now to refute and correct the learned gentleman - I forget his name - who spoke for the NJEA or the NEA, the New Jersey Educational Association, you were given a loaded statistic, and they are very good at this. I read the NJEA magazine whenever I can get my hands on it - it's kind of hard to come by; it's full of loaded statistics, loaded in favor of the educationists, not the people who are sincerely interested in education as parents are, and I'm a parent. Only two or three, or possibly four other States in this country, pay more than New Jersey on a per-student basis for every student in the public schools. Two of those States happen to be Alaska and New York. They pay more on a combined basis than New Jersey does. I think there are one or two others that pay more. So when you got that statistic about \$39 versus \$61 from the State, that was a loaded statistic. You have to take the amount of money that is spent on public school children in the State and divide that by the number of children going to public schools to come out with an honest figure. When you do, we rank in the top five. So I'm not about to take a back seat to any other State in this country, whether NJEA says so or not. (Applause).

I thank you all and the legislature in particular for giving me this time and indeed consider it a privilege, and it's the first time I have ever exercised this privilege. I've been too long coming through the mill.

ASSEMBLYMAN SMITH: Thank you very much.

I will call Mr. Joseph Shanahan.

J O S E P H F. S H A N A H A N: Mr. Chairman, Members of the Legislature, ladies and gentlemen: I have a short text that I have prepared and will read for the sake of time, but I can't resist reading something into today's paper, The Trenton Times, on the income tax protest. I am reading from the Times:

"The New Jersey Taxpayers Association in a statement filed with the Committee said, 'Smith's proposal was short-sighted, inconsistent, and an abdication of legislative responsibility.'"

I am only saying that I am wondering where the taxpayers who belong to the New Jersey Taxpayers Association are right now.

Thank you, Mr. Smith and the members of the Committee for giving us an opportunity to speak here.

I am sure you have heard already on the subject of the State income tax, per se, so I would like to briefly address myself to its very necessary adjunct, the method of collection, which I assume will be some form of a payroll deduction plan. This idea I recall was first put into effect by the Federal Government during World War II with a sort of apologetic "of course it will be removed after the war." It was a practical short-cut to financing the war effort, and that time there was general agreement on it, but, of course, it was never removed, undoubtedly due to its extreme effectiveness in extracting taxes painlessly at the source - the taxpayer's pay check.

However, it does seem to have raised some constitutional questions which have never been satisfactorily adjudicated but have been successfully ignored. I am referring to:

1) the fact that, although the taxpayer has never authorized the government, either directly or by implication, to withhold his money, it is nevertheless withheld and many times before it is due. This would seem to violate the 5th Amendment to the Federal Constitution in that it deprives people of property without due process of law. (In all the deliberations concerning the Federal Income Tax, I am sure that no one agreed to pay them before they were due.)

2) the fact that this situation forces employers to act as unpaid tax collectors under threat of administrative penalty for not doing so. This would seem to indicate the possible existence of involuntary servitude within the United States - a violation of the 13th Amendment if true.

So much for the legal points.

There still remains a certain ethical factor to be considered, one which moralists might describe as "the occasion for sin." It arises out of the various types of fraud that a payroll deduction plan occasions. For example, the government perpetrates a mild fraud when it allows the general public's natural resentment to the burden of increasing taxation to be shifted away from the administration because it does not perform the actual operation of collecting the money. Next there is the more direct type of fraud that the employers get involved in, which was reported last week by Senator Williams, of the Senate Finance Committee as growing by leaps and bounds. (I have a

clipping to that effect attached.)

Since the employer now has a temptation of having access to amounts of other people's money in the event of his running low on cash, it's easy to make an unauthorized loan by simply dipping into the withholding funds and then delaying his return to the Internal Revenue. Even if interest is assessed for the delay, it still may be more advantageous than going to a bank. Senator Williams states that this matter of delinquent employer returns increased 32% in 1968 to \$339 million.

Now why am I bringing this matter to the attention of you gentlemen? Only to remind you, as legislators of the State of New Jersey, which has always had a reputation for fair play and individual rights, that here is a chance for it to show moral leadership in the field of taxation. By passing this proposed amendment, which includes a referendum, and thereafter a State income tax is imposed with an accompanying payroll deduction plan, it will avoid most of the above criticism because it will contain a built-in implication that the taxpayers and wage earners of the State have themselves authorized such type of tax collection. And in these days where the legislative emphasis is pointed toward the recognition and correction of the social and moral rights of the individual, who should be more entitled to such consideration than the long-suffering taxpayer.

In closing I would like to respectfully call your attention to the following axiom which I believe is pertinent to the point at issue, and that is: If it is the duty of the taxpayer to pay his taxes, and it is - it is certainly the

corresponding duty of his elected officials to see that those taxes are levied and collected fairly and in accordance with the spirit of the constitutional safeguards. Thank you.

ASSEMBLYMAN SMITH: Thank you, Mr. Shanahan.

I will call Mr. Vantman. Mr. Edgar Dinkelspiel will be the next speaker.

T H O M A S G. V A N T M A N: Mr. Smith, Mr. Costa, ladies and gentlemen, I would like to thank you for the opportunity to come down here tonight. Before going further into my remarks, many people before I came down here who knew I was coming told me that you can't fight City Hall, that it's a waste of time. I told them, yes, we have to fight City Hall by making our voices heard and today it seems that we outnumber City Hall. I only see two of our elected Assemblymen down here tonight. Where are they?

ACR 35 puts the right to tax where it belongs - with the people of New Jersey who would have to pay the tax, who would have to work longer hours, get up earlier in the morning, do without many of the little pleasures of life that they can now enjoy in order to pay these taxes. Let the people of New Jersey decide. If they decide that they want the many government services that are promised through an income tax, I say, yes, let the people have these services, let them pay the tax. But perhaps we should look a little at some of these services that are constantly being offered to us, that are always promised. You know, some of our liberal organizations in this State particularly want the State income tax. Whenever

the subject comes up, they talk about the cities, the problems of the cities and that the cities need money. I say to you the cities do not need money; the cities need workers. Let the people in the city go to work and earn an honest day's living, the way we do.

Yes, I think the government of New Jersey, the people of New Jersey, can do more for the cities. I think they can provide an incentive to work. They can provide legislation that will encourage people not to raise families who they cannot afford to pay for. We pay for our children. Why should we pay for other people's children as well? I think we could do more for the poor than we are doing today. I think we could give the poor the one right that they do not have, the one right that they need the most - the right to compete, the right to strive to better themselves.

Let us compare New Jersey briefly with a State that has a high income tax. All we have to do is look across the river to New York into the things that have been going on there - to the strikes, to the riots, to what is just now happening at Cornell, at City College, to the tremendous welfare payments. In New York City alone there are a million people on welfare, one-eighth of the population. Newark, I am sorry to say, is slightly ahead. They have one-sixth of the population of Newark on welfare. In New York, in the slums, where the people are on welfare, presumably not working, people from the suburbs come in and help them clean up, and a year after they have cleaned up they come back to the same neighborhood and they again find it waist deep in trash.

The houses are rotting; you see cars lined along the street with all their tires taken off, with the motor missing. Why? Why don't those people work in their own neighborhoods to clean up their own neighborhoods?

Recently in New Jersey a decision was made to open admission at Rutgers to all who should apply if they are poor enough, regardless of whether they can meet the standards. A similar decision on a limited basis was made four years ago at Cornell and many people did go to Cornell who could not normally meet the standards of admission. Special courses were set up for them. Many special concessions were made. Only this week end I think most of us saw on television what happened at Cornell and what advantage the people who were admitted to Cornell as a special privilege, a special favor, took of this favor. We gave them a finger and they tried to take a hand and, worse, they are getting the hand. The faculty has conceded, has capitulated, - all the demands are being met. Three or four years from now, I am very much afraid if we don't call a halt here we will have the same thing at Rutgers. I say that a State income tax is the worst thing that can happen to New Jersey. It is not what New Jersey needs. You can see from the other States what does happen when you have it. Let us support and work for ACR 35 - let the people decide. Thank you.

ASSEMBLYMAN SMITH: Thank you,

I will call Mr. Dinkelspiel. Mr. Montague will be the next speaker after Mr. Dinkelspiel.

E D G A R N . D I N K E L S P I E L : Mr .

Chairman, my name is Edgar N. Dinkelspiel of Long Branch. I am a former City Commissioner and City Councilman, also a former member of the Board of School Estimates, and Past President of the Monmouth County Firemen's Association.

I am very happy today to see that I have two of my county officials, James Coleman and Joe Azzolina, who are supporting this measure. It gives me a great deal of pleasure to see them.

I also would like to start by saying that the power to tax is the power to destroy, and there is no surer way to destroy our nation than to tax it to death.

I am fully in accord with Assemblyman Smith's plan to bana State income tax by a constitutional amendment. It is high time that the people of New Jersey can have a voice in how their money is spent and how they are taxed. It was just a short while ago when the sales tax was passed and we were promised then "no more new taxes." Needless to say, real estate taxes have reached new highs, despite the fact that this sales tax was supposed to alleviate some of the strain on real estate. And on top of that, the great Johnson administration in Washington has seen fit to put a 10 per cent surtax on our income. It is high time that our elected officials started to look around for ways to save money instead of suggesting new and bigger taxes. Today the average American pays most of his earnings into taxes for myriads of hidden taxes that are included in the purchase of almost everything we buy from food right on up. We pay for taxes on the food processing

plants; we pay for taxes on shipping the food and the very essentials of life. These hidden taxes exist.

New Jersey, being a corridor State, enjoys something that many of the other States do not enjoy - no income tax - and, because of this, it has been able to draw residents from all over as well as many big industries and businesses. To destroy this advantage, in the long run would cause us to lose many of these assets and leave our State to carry this tax load. The gain from such a tax would be more than offset by such a situation. It is indeed a crime to burden our people further, especially when there are such painless ways of raising taxes as a State lottery, which was very quickly shunted into oblivion by the Legislature. There again they refused to let the people vote on this very vital issue.

These same officials would be remiss in their duty and their oath of office if they once again refused to permit their constituents to voice their opinion on whether they should be further taxed or not. I do hope that those who would refuse the people this chance will be remembered by their voters come next election and they will be thoroughly beaten in returning to office.

Our officials would do a great deal more if they could tend toward more law enforcement in this State and stop the destruction of private and public properties and take a much keener interest in what is happening in our colleges. They should see to it that those who want an education receive one and those whose only interest is in the sowing of dissension and distrust be severely dealt with. Today education in our

country has become a mockery.

While I am on this particular phase, I might say something to the NJEA. I can't see why in a democracy they would object to the people deciding on an issue as vital as an income tax. I personally, as an elected official, had a little trouble with the NJEA when I was on the Board of School Estimates and a City Councilman, I came all the way to Trenton one day and tried to get some statistics on salaries, and I was turned down cold. So apparently they run a closed corporation up there in the State House.

I feel that our legislature should look into increasing the efficiency in State Government and promote the introduction of new industry and business into our State and thereby increase our income.

One thing more than anything else to encourage new industry and new substantial residency into our State would be a constitutional provision banning a State income tax.

Let us keep the Garden State of America, New Jersey, from becoming another socialist part of our country and not enact a State income tax by letting the people vote on it.

[Applause]

ASSEMBLYMAN SMITH: Thank you, Mr. Dinkelspiel.

Mr. Montague? Mr. William Harris will be the speaker after Mr. Montague.

J O S E P H L. M O N T A G U E: Assemblyman Smith, Assemblyman Costa, ladies and gentlemen, I am Joseph L. Montague and I am from Millington in Passaic Township, Morris County, New Jersey. I am here to speak

in behalf of ACR 35. I propose to make and support three points and offer remedies for the things I find wrong with our situation and part of the points that I make.

First I would like to say I am disappointed that so few of our legislators, the Committee and others, are here to hear our point of view on this thing, particularly since I have been talking to legislators and to governmental officials at all levels I get the complaint of voters' and citizens' apathy. Who is guilty of apathy in this situation? Here we are to tell them the way we feel about it and they are not here.

The three points I propose to state and support and then offer remedies for the problems that they included are: (1) The State does not need money, and this is one of the excuses, if you will - and I say "excuse" rather than "reason" for a new tax. (2) That I, as a person and a citizen, and we, you people, as citizens, cannot afford new taxes. And (3) that the passage of ACR 35 will be an act of responsibility on the part of the Legislature and a vote of confidence in the ability of the people of the State of New Jersey to provide for their real needs, not their desires, not the wants and desires of special interest groups like NJEA, the New Jersey Chamber of Commerce, the New Jersey Bankers Association, and I know from personal experience that the stand the people take publicly, particularly on the sales tax, does not represent the stand of their members. I checked the members individually on the sales tax; they knew nothing about it, - an Executive Committee decision put a quarter-page ad in the

paper saying this is the only way. So they don't represent you and me; they don't represent anybody but themselves in that Executive Committee group.

Now let's go back to Point No. 1. The State does not need money. The reason I say they don't need money is because they are guilty - and I am talking now about our bureaucracy and our legislature, appointed and elected officials, - they are guilty of carelessness, irresponsibility, mismanagement, and unreasonableness in creation, funding, administration and control of agencies, programs and laws covering welfare, education, multi-layer government, highways, and implementing federal programs.

Now let's see if we can back these up with a few specific instances. Insofar as carelessness is concerned, let's go to the first area, if you will, welfare. We have a welfare program in New Jersey that is supposed to help the people to get to the point where they take care of themselves. Due to carelessness, irresponsibility, mismanagement on the part of the people who administer the program and the people who create the programs, we can't get welfare off welfare. My wife and I have tried individually to help people who are on welfare, and their heirs are responsible to the State for the rest of their life because these people have been on welfare and they can't own anything, and we can't get them off. They promote this kind of thing and then they say they need more money to keep on doing this. We really tried to help these people help themselves, but we find anything their heirs ever get, anything they ever try to own will belong to the

State because you and I have given money out of our pay to take care of these people and to help them. So we perpetuate pauperism in this State by our welfare programs, and I don't think we ought to keep on doing it and paying the bill.

This addresses us to welfare and carelessness and irresponsibility and mismanagement. These things can be changed, and I'll get to that later.

Let's consider these points with respect to education. Again we can consider the four points - carelessness, irresponsibility, mismanagement, and unreasonableness. I think the most recent decision with respect to higher education in the State of New Jersey is unreasonable. I am a college graduate; I paid for half of my expenses, and I donated three years of my otherwise working life to the United States in the Army during the second World War to help pay for some of the rest of it. I think they got a good bargain - three years for about a thousand dollars a year after I came back. We now propose not only to see that everybody who wants to go to college in this State can go, but that we are going to adjust the program to it to be sure they can pass and give them special programs. This is not proper at all.

Now they said they won't give them a diploma. They won't give them a degree if they can't pass the regular work. When I went to a private college, about 50 per cent of the students who were there whose way was being paid either by themselves or by somebody else didn't belong there, and they

proved this by not getting through or not making anything of it after they got out. We propose to send everybody down there and assume this is going to solve problems? This is most unreasonable. And as far as mismanagement of the funds is concerned, I don't know which one of the officials it is in the education hierarchy, but one of them to whom I am sure we pay forty or fifty thousand dollars a year salary, and I understand that we, the taxpayers, spent \$150,000 for a house. I earn about \$10,000 a year; it takes twenty-five thousand if I want to buy a house in the State of New Jersey, the most I ever paid for a house in my life. If I can arrange to buy one out of my ten, after you have taken four of it, I think he ought to manage his house out of forty or fifty thousand dollars a year.

This is certainly mismanagement and carelessness.

All right, let's go to multi-layer government. One of the old things we have hanging around our necks is the Port Authority, and this was created and allowed to mismanage a lot of our affairs by, I would say, irresponsibility on the part of the Legislature in cooperation, of course, with New York's Legislature. But if we are going to create Frankensteins of this kind, we ought to tie some strings on them so if they go in the wrong direction we can pull them back and say, "Here now, this is not what we meant." And I think it is irresponsible to create something like this that you have no control of and I think it's careless not to watch it. Insofar as our highway programs are concerned,

again we can go back to carelessness and irresponsibility and mismanagement and in some respects it's even unreasonable. I have a typical example of it a mile below my home, Route 78. A part of the Interstate Highway System is going to run through some swampland and, after 35 years of study, another department of the State Government, namely, the Department of Conservation and Economic Development, I believe is the official title, has decided we are going to have a 2700 acre reservoir, and where is the reservoir going to be? Right in the same place as the Interstate Highway. When we tried to get the two people who were responsible for running these agencies to discuss this on a reasonable basis, Commissioner Roe was at the public hearing on the reservoir one evening and we pointed out to him that somebody was going to have to put this highway on a tunnel or a bridge if they went ahead with this, and he said, "We've been working on this for 35 years and we can't change it now. We're not going to change - they have to change." So this is the kind of management you get; this is the kind you are paying for, and we are talking about millions and millions of dollars. This reservoir program for flood control on the Passaic River will probably cost ten million dollars before they are through with it, and this highway system is a million dollars a mile. Sure, some of it is federal funds, but who sent the money down there? You did.

All right, let's go to the next one. The next point is implementing federal programs and I believe, if I read the newspapers correctly - and I will go back to Will Rogers' statement - "All I know is what I read in the papers." If

what is in the papers is not right about what you people do, then you better change it because that's how it got there; I didn't put it there. I read that our Senate just created a manager, if you will - I forget what they call him - who is going to see that we get all the federal funds we are supposed to have in this State so we don't miss anything. You see, we send about \$1.87 down to Washington and get a dollar back or something like that. Well, it's still our money that goes down there, and one of the things - again we are going back to irresponsibility and even unreason. One of the things our State Legislature is going to have to do for us, as well as our Federal legislature, is fix it so our local municipal officials can't beat us over the head with state and federal fund grants. In some instances, I have been told we don't even have to bother whether you like this or not, we can get this money and we are going to go ahead and do it anyhow whether you like it or not. Now this is irresponsible and it's unreasonable on the part of our legislature as far as I'm concerned, as well as the one in Washington.

All right, I think we've beaten that horse enough. Let's go to Point 2. Oh, let's take the remedies for this first part here, and there are remedies. I would say that you go to "T" and four "RE's," if you will. "T" is for Think, and I'm afraid that thinking in our society, not only in the Legislature, has been replaced by Scheme, not Think. Thinking is no longer respectable in this society, and it should be.

Now let's go to the four "RE's." Research, not research, means to look at again. Even "research" as such

means that there is something that needs review and looking at it again.

Now let's start with Review, Research, Reorganize and Repeal. This is a word that has been taken out of the dictionary, this word "Repeal." We get a program going and it isn't worth a dam, but do we ever get rid of it? No, it keeps right on going and keeps coming up for funds and they say, if you ask about this, "Well, that was passed by a previous Legislature and we have to fund it." As I understand this, we have constitutional procedures to provide for repeal if things don't work, and at least we can reorganize them to start with, after we've looked at them. So there are remedies for these kinds of things.

O.K., let's go to Point 2 where I say that I can't afford and you can't afford to pay these taxes. One, I will point out the total tax load as of January 1, 1967 - and this is the Tax Research Institute or some independent body of this kind that works like the polls if you have any faith in it - they have analyzed the statistics and have said it was \$4,000 per year per household. Now I manage to earn about \$10,000 a year. I work for it. This means that five months a year I work for the government, two and a half days a week, if you want to bring it down to that, 3 and a quarter hours a day I work just to pay taxes of all kinds, and I do not object to paying taxes. I know that the only way you can support your government is to pay taxes, but I do object to taxes being wasted, and I think I pointed out where some of them are being wasted or at least mismanaged. Too, In New Jersey

I pay more taxes for fewer benefits than any other State in the Union where I've lived, and I've lived in six of them. I have lived in some rather poor ones; I've lived in Missouri, I've lived in Connecticut, I've lived in New York State, which I will never live in again; you couldn't pay me three times my salary to live in the State of New York. I've lived in Pennsylvania and I've lived in Ohio, and none of them are like this. It's been a few years since I've been there and they are probably catching up with us, because this gets broadcast all over the country by the League of Municipalities and people like this - they want us all to have it - and the National Education Association is guilty of this kind of performance too.

All right, let's go to the third point under the statement, that I can't afford this and you can't afford it. I don't have any money left for charity now. When I earned about thirty or forty dollars a week, if some guy came along and said, "Look, I'm stuck; I need a couple of hundred bucks. When I get straightened out I'll give it back to you in a month or two," I could let him have it. But I can't give it to him any more and I get five times as much as I used to. Yet you take money away from me - you being the State Government - and you throw it around like it's going out of style. I can't afford to do it.

My last point is one which I call "income under the table," which is the term that was given to me by a Union man that I went out and talked to. I went out and talked to people before I came down here to find out how the other people that

weren't going to be able to come here because they were working or something else. This fellow says to me, "I've gotten to the point now where I can't work overtime for the company. I can't afford to do it and what I do, instead of taking overtime for the company," he said, "and I've got lots of company; I'm not by myself in this. What I do is, I go out and I get a Saturday job or a Sunday job or I go out moonlighting in the evenings, and the one stipulation that I make is that you've got to give me this money without making any record of it. Cash - because I'm not going to pay the taxes on it."

Now I think this is a very disturbing thing. It disturbs me deeply that people are so hurt by the taxes and one of the principal reasons they are not doing any more about it than they are is because they don't know what to do, and one of the reasons we are here is because we are going to try to find out what to do and tell them what to do, so you will hear more from us. But I think this is a terrible thing in a country of this kind when people must go out and specify that if they are going to get extra income, it must come under the table so they won't have to pay taxes on it.

The other thing of this kind that I ran into is that where two people in a family used to work, the woman would go out to work when they had children getting up to college age so they would be able to pay the kid's way through college. The woman doesn't do that now; the woman goes out to pay her taxes or their taxes and the kids, if they're not smart enough to get scholarships and their parents are working, because

they don't know they are poverty stricken - By the way, my family was poverty stricken for most of my life but nobody told my father and he kept on working. He didn't know any better.

So these are the problems that you are up against in so far as our ability to afford this kind of thing. This is what people are doing and I think this is bad. I think it is forboding of something violent to come, and I think the decent people are going to get violent after awhile if you wait long enough.

Let's go to Point No. 3 where I say the passage of ACR 35 is a vote of confidence and a profession of faith in the citizens of New Jersey's ability to assess their real needs and own up and pay for them. They have demonstrated this in the past all over the country not just the citizens of New Jersey. If there is really a need, they pay for it.

I will now cite examples of the need for this vote of confidence and the profession of faith in the people's ability. There is a terrible credibility gap in New Jersey. The man who is still our treasurer was treasurer when we were offered the income tax as the only way, the solution to all of our problems, and we have our present Governor because this man, Mr. Kervick, our State Treasurer, came out at the eleventh hour and said we won't have to have any more taxes. All the campaign was run, despite the attempt to throw it on Genovesi's shoulders down at Rutgers - all the campaign was run on "Do you want a sales tax or an income tax?" Most of us were too damn stupid to know we were going to get one right away and the other one later anyhow, but that's the way

the campaign was run and this man comes out at the eleventh hours and says, "We don't need a new tax," so we got that man for Governor. And what did we get? He tried to put in the income tax but we got a sales tax. Right? And this is still going on. When we had the nine hundred and ninety million dollar bond issue proposed here a year or so ago, this man also came out and said "We won't have to have any new taxes - to support the bond issue." All right. Are we going to have any new taxes? We've got bonds and taxes both and we're talking about a billion and a half dollars in about three years. Where did it all go? If you did something with it, you didn't tell me about it; it wasn't in the papers, and I read the papers - three or four dailies and two or three weeklies. I know what's going on. And the other thing that goes along with this necessity for a vote of confidence and profession of faith in the people's ability to decide things for themselves is that I'm sure that many of the people here and most of the people in the State don't know that in the bond issue - and I'll get it out and read it for you if you want; it was published in the paper - in the last part of that, in the last clause, it says that if there isn't sufficient money in the treasury to take care of the interest and to retire these bonds when the time comes up, the legislature has the authority to assess a special property tax. Remember property tax relief, folks? A special property tax through your municipality to fund it.

Now since we have a constitutional provision which I wasn't able to find when I read the Constitution the other day that prohibits the dedication of funds, it's awfully easy to

see that the treasury doesn't have money to take care of these bonds. When we get to that point you will have a personal property tax increase. Isn't that nice?

All right, let's go back to the "income under the table" again. This is an evidence of mistrust at least and downright distrust at most of the government as a whole, isn't it? I mean, you say "What am I going to do? I've got to get money to pay my bills and they keep taking money out of my pay so I'm going to get some they can't touch."

Now what are the remedies for this problem where I insist we need a vote of confidence and profession of faith in the people's ability to do for themselves. Tell the people the truth.

Now I happen presently to be Treasurer of the New Jersey Taxpayers Federation and we are going to tell them the truth if we find out, so you better do it yourselves.

The next thing I have to say is that the people and we will help you provide for real needs but you ought to have to justify them, and so many of these things are not needs.

Thank you very much.

ASSEMBLYMAN SMITH: Thank you, Mr. Montague.

Ladies and gentlemen, let me say this: We have what looks like about 50 more speakers. I notice some people leaving. If you have to leave, let me ask you to come forward, give your name and just say whether you are in favor of or against ACR 35. Can you do that?

Mr. William Harris will be the next witness.

W I L L I A M H. H A R R I S: Ladies and gentlemen, I was told to confine my comments to five minutes and I spent all day Saturday trying to confine it to five minutes. It is going to be a very difficult job for me to do but, if you will bear with me, I think I can serve up that promise.

When I came in the Assembly Chamber, on the outside, if you will look down when you leave if you didn't look down when you came in, you will see there is a State seal and inscribed at the bottom across the base of the State seal, it says, "Liberty and Prosperity," and I say to you that without liberty and prosperity we have no prosperity or liberty. It is right over our heads here in the Assembly Chamber and it seems that some of our politicians have forgotten to look at this, and without liberty there is no prosperity and without prosperity there is no liberty.

So with that, I will commence the statement which I have prepared for you today.

Mr. Chairman and members of the Assembly Committee on State Government, ladies and gentlemen:

My name is William H. Harris and I reside in Riverton, New Jersey.

I wish to speak in favor of Assembly Concurrent Resolution No. 35, as introduced January 27, 1969, by Assemblyman Walter L. Smith, Jr., and 14 other fine Assemblymen. I am speaking as a member of the Board of Directors of the New Jersey Taxpayers Federation, which has a mailing address of 1731 Passaic Valley Road, Millington, New Jersey 07946. Our Number 1 aim is to represent and speak for the

State of New Jersey.

I shall quote a few passages from the Governor's budget message of February 10, 1969 and then comment on them. I refer you to pages 9a and 10a and I quote: "I am providing \$18 million to finance a program of State assistance to improve local police and firemen's salaries..." It is my belief that the local police salaries should be paid for by the respective municipalities, because the people in those communities know their needs far better than some bureaucrat in Trenton. The firemen's salaries should be paid for by local funds also, and I should like to point out that with the exception of the large cities in our State, the firemen volunteer their time free of charge for all emergencies.

To continue my quoting of the Governor, I refer you to page 15a, quote: "The fastest growing sector in our system of public higher education is the County Colleges... I have recommended \$11 million for the County Colleges." It is my belief that the county college system is a very extravagant waste of the taxpayers' money at any level of government, because these students are by and large rejects from county college board examinations, etc., and they could perhaps serve in our division of labor market with greater success in other areas rather than become a misfit. In keeping with this argument, I should like to point out that these young people would become taxpayers instead of tax burdens.

Again to quote our Governor, I refer you to page 18a:

"Of special importance are programs to improve urban education...such as the Urban Education Corps, the Project Head Start Supplement, the Newark Skills Center, etc."

I believe that the greater portion of the funds used on programs of this nature are used for exorbitant salaries for the administrators of the programs, and that if we would only look to the Bible, in particular the book of St. Luke, Chapter 12, Verse 31, we read: "But rather seek ye (first) the kingdom of God; and all these things shall be added unto you!" I believe the Lord is telling us here that if we will accept Him as our Savior, he will provide the ways and means to make us more respected and productive citizens. May I ask what has happened to our Church Home Missions Programs? I believe there was a New Jersey christian organization which testified here at the public hearing back in December. They spoke in favor of rejecting Assemblyman Smith's proposed ACR 35. I would suggest to those individuals that instead of lobbying in the legislature they get back to the Bible and start preaching the word of God. (Applause)

While gathering names in our petition drive in support of ACR 35, the clarion call to our legislators, both State and Federal, was to economize, to cut the budget, to reduce the size of our State Government, and, in particular, the Federal Government was constantly under attack from the electorate for its usurpation of powers instead of getting its consent from the governed.

I can report to you here today that there is a tax revolt very much alive and kicking such as has never been seen before in our lifetime. The reason for this is very clear to the people; they realize what some politicians seem to have forgotten, that the power to tax is the power to destroy! No nation of people have remained free under this totalitarian practice very long. The nations of ancient Egypt, Greece, Israel, Rome, etc., were all destroyed by debt and taxes. These two items, debt and taxes, are the destroyers. Our founding fathers warned against them. May we here today heed their most cogent warning by allowing passage of the proposed amendment to our State Constitution.

I could go on for hours, but I do not wish to dominate this public hearing. Therefore, I should like to quote the thirtieth President of the United States, a Republican, I might add - "I favor the policy of economy, not because I wish to save money, but because I wish to save people. The men and women of this country who toil are the ones who bear the cost of government.... Every dollar that we carelessly waste means that their life will be so much the more meager... Economy is idealism in its most practical form," said silent Cal Coolidge. And they say silence is golden. I believe Calvin Coolidge was on the right track when he made a statement such as that. I believe this statement also applies to our own State government.

I should like to add that ACR 35 should be approved by the Legislature in order to preserve our economy. In summation, I should like to quote our third President of the United States, Thoms Jefferson, who just had a birthday two weeks ago here in April, who once said that "Government

is best when it is closest to the People." I believe that statement will always be true. Therefore, I congratulate Assemblyman Smith for his clear understanding of individualism and giving the electorate the opportunity to express themselves, both here today and at the polls on election day.

I would like to thank you for the opportunity to speak on this issue. [Applause.]

ASSEMBLYMAN SMITH: Thank you, Mr. Harris.

Mr. Barna and Mrs. Wachter will be the next speakers.

P E T E R B A R N A: Thank you for the opportunity given to me to present the views of about 10 taxpayers' organizations in North Jersey. Now I want to commend the gutsy Assemblymen who are giving an opportunity to us to present properly the situation the way it is, - Assemblymen Smith, Garibaldi, Coleman, Azzolina, Vreeland, Fiore, Heilmann, Kiehn, Black, Gimson, Enos, Russo, Pedersen, Littell, Kaser, and also our Assemblyman Costa.

Now I did get some inquiries about where the one hundred and eighteen other legislators were and, of course, I don't know. These inquiries were: Where are they? Why aren't they listening to us? There are only ~~two~~ Assemblymen listening to us. I told these people that it is being recorded and the remarks being made here are going to be transcribed and a copy given to each Assemblymen - 80 of them - and I hope the same remarks will be given to the Senators - 40 of them - 120.

Now I speak in behalf of Ronald Kidwell, President of the Passaic Taxpayers Association and also an officer of

the New Jersey Federation of Taxpayers. I want to remind the press at the present time that there are 3 million taxpayers. Although we don't have petitions here from 3 million, we do have many, many petitions which read as follows: They are rather lengthy, and I know the time is late but I want to read this petition which is addressed to the members of the New Jersey Legislature: "We, the undersigned taxpayers of the State of New Jersey, do hereby request the support of all members of the Legislature for Assembly Concurrent Resolution No. 35, which proposes to amend Article VIII, Section I of the Constitution of the State of New Jersey by adding thereto a new paragraph as follows: Line 5. "The Legislature shall have no power to lay and collect taxes on personal income derived from any source whatever."

"When this proposed amendment to the Constitution is finally agreed to, pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election."

Well, I want to tell you that's the greatest piece of legislation that I've not only heard of, but I have been attending sessions here at Trenton for 25 years and I think it's about time the legislators gave the poor taxpayers a chance to be heard. (Applause)

I want to commend you and I want to thank the Chairman and the Co-chairman for giving us this opportunity, and I say it again. We also request our State representatives to hold the line on all unnecessary expenditures, especially welfare

which can't be controlled at the State level, to permit amongst other things senior citizens especially to be able to live on their limited incomes.

I understand from people I have been talking to that you at this time will not accept our petitions -

ASSEMBLYMAN SMITH: I didn't say we wouldn't accept them.

MR. BARNA: This I think is the best method. I think these petitions that we have, we are going to show the originals to our county group. We have three Senators and five Assemblymen. We are going to ~~met~~ with them and I recommend that all groups represented here, which comprise many taxpayers throughout the State, should do the same - we should bring this to the attention of the legislators. Assemblyman Smith and Assemblyman Costa have been very patient in bearing with us and listening to us and I am pretty sure are cognizant of the fact that a personal income tax here in the State of New Jersey is needed like a hole in the head.

Our Passaic County Taxpayers group is comprised of many thousands of taxpayers will certainly sit down with our three Senators and five Assemblymen.

I want to bring this out to the Assemblymen here, and I told this to my Assemblymen and the Senators in my county with whom I do a lot of talking and recommending. I want them - and I told them and I am going to reiterate that this is an industrial State primarily. Six and a half million people live above New Brunswick. We are bordered on

the east by the Hudson River - West Milford is our boundary - and the Delaware River. Six and a half million people live there. Yes, we have problems - many, many problems - which must be solved. Amongst other recommendations I have to make, I think one of the greatest which has been a burden on all of us in the big cities - Passaic, Clifton, Paterson, Newark, Elizabeth - is that we are all burdened with tremendous welfare costs. We know that. Now what are we going to do about it? I say this and I recommend this to the Assembly at all times that because of the fact that we receive, by proxy or by a method unknown to me, people from all over the 50 States, I think the Federal Government should stand the full welfare cost instead of burdening those taxpayers in the State of New Jersey with this transient residency of these people who have found a haven incidentally in the State of New Jersey to a point which is absolutely unbelievable, after a lot of research. I can't believe it but I have to believe it.

We are going to get more records on that. We are going to find out from our legislators in Passaic County.

Actually my recommendation here is - I don't have the State budget to go over so I can't make direct recommendations to the Assembly at the moment, but I will say from the reports I have gotten that more efficiency in all departments should be instituted immediately. I think the employees should put in a seven-hour day and earn their pay.

Now I want to read this letter and this will be the summation of the thinking of myself and other taxpayers:

"To the Members of the State Legislature:

"Speaking for myself and many other taxpayers in Passaic County and in other counties, it is our opinion that no further taxes be imposed on the people of the State of New Jersey as they are now carrying one of the heaviest real estate burdens of taxation in the United States. In other words, New Jersey is one of the very few States which taxes propertyowners to the hilt for the privilege of owning their own homes, and with more to come unless the 40 Senators and 80 Assemblymen do something about holding the line on expenditures.

"Not too long ago," although this is repeated,- this is my summation,-"our State budget was \$600 million. Today it is well over 1 billion ~~dollars~~ with probably more to come if fiscal sanity is not instituted in New Jersey. We cannot stand a budget of over a billion dollars unless ratables"- I'm making a recommendation now - "are brought into the State of New Jersey and kept here. If we obtain tax receipts from this source and we can afford to spend for those needs to which the seven and a half people are entitled. By 'ratables,' I mean industrial, commercial and income properties, high rise, etc., which pay in many towns the major portion of the tax load and which do not create situations where, for instance, school appropriations rise to very high expenditures.

"The State of New Jersey should give its citizens a State-of-New Jersey Report each month to keep them posted on what is going on, who is coming into New Jersey and who

is going out of New Jersey; in other words, a balance sheet of assets and liabilities. How else can this business of ours, the State of New Jersey - and it is a business of over a billion dollars - go on without letting its stockholders, the taxpayers, know what is going on.

Also I would like to know from the Legislature just what unexpended funds are lying around in various banks before the Legislature decides to ask for more money. By this I refer to the bond issues already voted on, what is being done about expenditures of these bond issues, and what the balances are at the end of each year. This makes good business sense to me, and I address my question to the members of the State Legislature on these unexpended funds so that I will receive this information by the next legislative session, within a month, I hope, and can pass it on to taxpayer groups who are hungry for this type of information.

We will refer in the future to the Legislative Index so we can keep posted on what is happening in Trenton because that is the only fair way that we have of knowing if we can't come to Trenton. Now let me tell you: Because of the reason of the hour, two thousand or three thousand people didn't come from Passaic County. We would have had this place mobbed if this had been in the evening, but unfortunately people can't take a half day off and come down and give their complaints to you people, so I have summarized these complaints.

A recommendation again: Remember, before you decide

to spend the taxpayers' money - and there are about three million of us in New Jersey - think as to where this money comes from and you will be thinking of many families who are having a hard time making ends meet, especially since the Federal Government's birthday came this year on April 15th and people had to shell out 7-1/2 per cent more for the Vietnam War.

I represent and I'm speaking for, with permission, the Paterson Taxpayers Group which has 800 members, the Clifton Taxpayers Group which has 500 members, Passaic Taxpayers Group of 500 members, Oakland 700 members. Just imagine, a taxpayers group which just organized three years ago has 700 members - Wayne, Totowa and the other town - we total up, this representation, about 15,000 members. We have 125,000 propertyowners in Passaic County, the population is 450,000, there are 250,000 voters approximately, 25,000 registered Republicans and 25,000 registered Democrats.

The reason why I bring this out is that I think the people are now on the march because of the fact they want efficiency in government and I think they want a good State, and I think the Legislature can't give it to them if you listen. We are going to talk to our legislators - I promise you that - we are going to tell them what the problems are, and we hope those same legislators - the eight of them - bring the sentiments which they are going to give to us over so that this legislation can be passed. Otherwise, I say this: Taxpayer groups are organizing all over the State

and, believe me, they are going to have a strong voice in what the Legislature is going to be doing. [Applause]

We want 40 Senators, 80 Assemblymen - 120 strong against income taxes; also we want the sentiment of the people we represent - This is their sentiment: Down with taxes, up with economy, and efficiency in all departments. Thank you.

ASSEMBLYMAN SMITH: Thank you. Mrs. Unsel will be the next speaker following Mrs. Wachter.

M R S. J O H N W A C H T E R: My name is Mrs. John Wachter of Westfield, New Jersey. I am Secretary of the Republican Conservative Action Club of Union County, of which our immediate Past President was Mr. Robert Scott who was quoted at some length regarding welfare problems in Union County as appeared in the Courier recently.

Our group is heartily in favor of ACR 35 which would prohibit the Legislature from imposing a personal income tax. The taxpayers of New Jersey are already burdened with a State sales tax, soaring property taxes, and a confiscatory personal income tax on the federal level. A State income tax would be the log (not the straw) which would break the camel's back. Did you ever hear of a taxpayers' revolt? Some day you might! (Applause) Students, welfare recipients and many other segments of society forcibly demand attention; why not the long-suffering middle class?

The middle class is the backbone of this or any nation. Its members do the unspectacular day-by-day jobs quietly and unobtrusively. They pay the bills. They support - not attack - America's free enterprise system. They deny

themselves luxuries for the present so as to assume individual responsibility for themselves and their dependents for the future.

These are the people for whom a State Personal Income Tax would be oppressive.

And then too, the electorate was promised last fall that there would be no state income tax - if the bond issue was approved. We call upon our elected representatives to respect their promises.

We note from the Newark News, 18 April, that Friends of the Welfare Rights Organization call for a state income tax "to provide more funds for the poor." In calling for "those who have - to provide for those who have not," this group is demanding socialism. Deprive the thrifty and industrious of what they have saved and earned - to distribute it to persons who in most cases are not, and never have been, either thrifty or industrious! Re-distribution of wealth? This is what the above-mentioned group apparently wants. This is what the RCAC and I trust you gentlemen do not want.

This is not a hearing on welfare, but I cannot refrain from showing last night's Courier-News of Plainfield. In it I have marked 76 HELP WANTED ads for men, all referring to unskilled job openings - many to multiple job openings, for which no experience is required.

You all know that a similar appeal for workers from businesses big and small may be found in the daily newspaper of any city in this State. The jobs are there; the takers are not. The RCAC believes that every able-bodied person

under 65 should be required to take a job rather than receive welfare, and that no welfare should be given to such persons until all jobs have been filled. Welfare is charity - not a "right" - and a state personal income tax to support nonworkers at the expense of workers is wrong - morally, socially, and politically. (Applause)

(As is, I might add parenthetically, the ADC program whereby the taxpayers are forced to support women with 14 to 16 children born out of wedlock.)

Would someone suggest that a state personal income tax is needed for education? We feel that in view of the current misbehavior of Rutgers University students and many high school students, less tax dollars, not more, should be allocated to education. The Commissioner of Education could save money by rescinding his call for Sex Education kindergarten through 12th Grade (applause) - a costly as well as otherwise undesirable program.

We call on our legislators to reduce expenditures, not impose a new State personal income tax. ACR 35 will protect the taxpayers. Thank you.

ASSEMBLYMAN SMITH: Thank you very much, Mrs. Wachter.

Is Mrs. Hoek here, or did she leave? [No response]

G E R T R U D E E. U N S E L: Chairman Smith and Mr. Costa: My name is Miss Gertrude E. Unsel. I am a resident of East Paterson, New Jersey; a member of the East Paterson Homeowners Association; a member of the New Jersey Taxpayers Federation; the legislative chairman of the New Jersey Chapter, National Society for Constitutional Security; a member of Women for Constitutional Government and a member of the Conservative Society of America.

Assembly Concurrent Resolution No. 35 comes at a very crucial time in the history of New Jersey. Its importance will be shown by the following brief consideration of a certain piece of Federal legislation recently introduced in Congress, legislation which will vitally affect the future of the State of New Jersey as a State of the Federal Union. [See page 114)

It is necessary to look at this Federal legislation in order to understand why it is so urgent and necessary that Assembly Concurrent Resolution No.35 be enacted without delay and put on the ballot for approval by the people. This Assembly bill will stand as a barrier against the final disintegration of our State government as proposed under the Federal bill.

Entitled "State and Local Government Modernization Act of 1969", one of the outstanding provisions of House Resolution 2519 is that "Each State modern governments program shall certify that the State has in effect an income tax of at least moderate progressiveness." - Section 2, part (c).

It is not necessary to point out that the graduated income tax at any level of government is totally Marxist in principle. Furthermore, said provision of the Federal bill makes it mandatory that the citizens of the States be forced to pay a State income tax in order that the State may receive a Federal planning grant of a minimum of \$250,000 which in turn is furnished by all the citizens via Federal taxes. Thus, the citizens of this State may be subject to double taxation for the same purpose if an income tax were to be imposed upon them by the State of New Jersey.

Other dangerous provisions of the Federal bill which makes it urgent that an income tax in New Jersey be prevented are: The mandate that the States set up regional bodies overlapping boundary lines; that local governments be eliminated if in the opinion of the planners they are too small; the restricting of popular elections to policymakers; concentrating on a single responsible

executive for each local unit; authorizing the use of nonproperty taxes, coordinated at the State or regional level; easing restrictions on borrowing power of local governments; authorizing transfers of specified functions between municipalities and counties; authorizing municipalities to exercise extraterritorial planning, zoning and subdivision control over unincorporated areas; restricting zoning authority in metropolitan areas to larger municipalities and counties; authorizing the formation of metropolitan councils; the creation of four regions across the nation as follows:

Eastern: Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont.

Southern: Alabama, Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, and Kentucky.

Midwestern: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

Western: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

The organizations formed on a regional basis constitute the fabled "super-cities" or "megapolis" about which we have heard over the last decade. Since much power would be invested in the officials of these regional governments, which officials would not be elected, power would be taken from the people and transferred to the so-called experts who, in plain language, would be nothing more than despots.

The failure of New Jersey to enact an income would at least disqualify the State for participation in this new or modern form of despotism. No doubt, pressure would continue but as long as our State Constitution would bar an income tax, the citizens of New Jersey would be protected by what the planners disdainfully call "constitutional barrier." That barrier is sorely needed now.

As a citizen who believes in constitutional government; who believes that all power comes from the people; who believes in the fractionalization of government which is our system of checks and balances to thwart power-hungry planners; and who believes that democratic governments are always slow and inefficient, weak and powerless, and that only dictatorships can be swift and efficient, I urge that our elected representatives put Assembly Concurrent Resolution No. 35 on the ballot without delay. Not only is the argument against the burden of taxation on the citizens of this State but it is also that the continued freedom of our citizens is at stake. Assembly Concurrent Resolution No. 35 is therefore an insurance policy in the name of freedom.

In addition, the New Jersey Legislature is honor-bound to prevent an income tax since the \$990-million bond issue was voted in last fall under the impression that the citizens were voting to insure themselves against an income tax. Misleading and false advertisements flooded the newspapers boldly stating: "Bonds, Yes! Taxes, No!". Any private business which ran such false advertisements would quickly be prosecuted. But evidently, the perpetrators of this falsehood are going scot-free.

Another falsehood on which certain politicians based their campaigns in 1965 was that the voters had a choice between a sales tax and an income tax, when, in fact, it was only a matter of priority. Too, the sales tax produces over \$200 million yearly. It was "advertised" as a means of lowering property taxes. How much longer will New Jerseyans allow themselves to be fooled?

[Applause]

Gentlemen, a tax revolt is brewing across the nation. Remember, it was taxes that aroused the early Americans to declare their independence. Americans are generous. Americans are patient. Americans love their freedom, nonetheless, and their patience and their generosity has been stretched to the breaking point. It is important and urgent, therefore, that the needs of all Americans, the topmost need being the protection of the paycheck, be fully considered by this Legislature. I urge you to support Assembly Concurrent Resolution No. 35 to thus protect our paychecks from further inroads by power-hungry planners and at the same time to protect New Jersey from absorbed in the quicksand of the Eastern Region completely dominated by the Federal Government as has been proposed by the Federal House Resolution No. 2519.

I have attached a copy of this Federal bill to the statement which I have given in to be included in the record. I thank you for giving me this opportunity of bringing this out.

[Applause]

ASSEMBLYMAN SMITH: Thank you very much.

Mayor Gerald Downs, and then Mrs. Casey will be next.

G E R A L D D O W N S: Mr. Chairman, Members of the Legislature wherever they may be, ladies and gentlemen: I am Gerald A. Downs, Mayor of Cinnaminson Township, and I reside at 606 Park Avenue, Cinnaminson, Burlington County, New Jersey.

First I want to commend you, Mr. Smith, and the co-sponsors of ACR 35 for having the courage in the interest of the taxpayers of New Jersey to introduce this resolution. Also I congratulate

you on holding this hearing at four P.M. so as to allow the workingman and woman to participate in this important hearing.

A few years ago, New Jersey was faced with a proposed income tax or sales tax and, unfortunately, a sales tax was enacted at that time. I say "unfortunately" because I was opposed to both the sales tax and the income tax. When the sales tax was enacted in 1966, there were promises it would relieve the property owner of his tax burdens. Quite to the contrary, the sales tax did not relieve his tax burdens. Again last year, the campaign was based on "Bonds, Yes! Taxes, No!" The taxpayers reached the saturation point, and I draw your attention to all the bond issues that are being defeated all over the State of New Jersey.

A family earning a \$6,000 per year income pays a total tax of approximately \$2,000 which represents 33 per cent of their total income. It appears almost every year the taxpayers are faced with rising taxes at federal, state, county and local level, and the time has come for all taxpayers in New Jersey to rise up in revolt against increased taxes such as an income tax. Now I ask, just how much more can the taxpayer stand. I think he's had enough.

Since the voters of the State of New Jersey must vote on bond referendums such as we experienced last year, why shouldn't the taxpayers be given the opportunity to vote on an income tax. I believe they should. This co-responsibility must start now within all levels of government, and I am proud to state that we in Cinnaminson Township have been able to

lower our local purpose tax while the county, state and federal taxes have been increasing by leaps and bounds. We must cut out waste in State government. As an example, the recent expenditure of over \$300,000 for the use of computers for reapportionment throughout the State of New Jersey by the Apportionment Commission. Why? Only because the Commission chose to sit on their hands since 1967 until this year and only after the Supreme Court directed them to do their job did they decide to act. Maybe computers should be used for projects such as this, but it still remains that this large expenditure would not have been necessary if the Commission had done its job. Why don't we have fiscal responsibility by all the legislators, not just a few such as you? Where are all the other members of the Assembly today? I realize that this is a committee hearing but if the present membership of the Senate and Assembly are really interested in hearing what the people have to say on important matters such as ACR 35, they would be here today with us. The members of both houses of New Jersey must realize their responsibility to the people who elected them and I urge that they support your resolution and give the taxpayers a break for a change. Thank you.

ASSEMBLYMAN SMITH: Thank you, Mayor.

Mrs. Casey.

H E L E N D. C A S E Y: My name is Helen D. Casey and I am from Somerville, New Jersey. I am a member of Mrs. Howell's taxpayers group, also a member of the New Jersey Federation of Taxpayers. I am going to speak for myself now

rather than the organization, then no one will get hurt.

I am not here to riot, I am not going to lie down, I'm not going to sit down, I'm not going to threaten to burn the State Capitol or any of these outlandish things that seem to be presented to all of us today, particularly in front of all of our legislators through our colleges. I'm going to be here just to ask you people to use your pressure and knowledge to get this bill out on the floor. Maybe if we came down and sat down on the floor with you, you might get it out - whatever it is, we are going to do it, I guess, because we're mad.

I closed my salon today. I'm one of these people of the United States - we used to call them "the backbone of America,"- the small businessman. To open my door, I have to make sure I'm going to pay five taxes - one the property tax, one the businessman's tax - it used to be Chapter 51; now they have divided it up four different ways so they can get you each way you're coming; sales tax on all the items that I use in my business; and then, of course, the income tax, Federal. I have had it about right up to my ear-drums on taxation; that's why I closed my salon today to come here. I don't have children to support anymore; my daughter is a grown girl out teaching. I do pity the people all over the United States but we are fighting in New Jersey now. I pity the people with families today. The husbands usually take two jobs or they have the wife out working - just to exist, just to give their children a little added niceties in life, like belong to the Girl Scouts, the Boy Scouts, and go to a

movie once a week. You know they're crying and they're crying hard. Maybe their voices are like the voices out in the wilderness. But, you know, I would be afraid to push these people too much further. Perhaps if we do continue to tax these people, we are going to find a Boston Tea Party in New Jersey, and New Jersey with a bigger population, I think it would be one of the worst tea parties or strike or revolutions that the world has ever seen. The average citizen, the wage-earner, the man who is paying the taxes, is usually a peaceful man who minds his own business and obeys the law, but he gets kind of hot-headed when he picks up the newspaper and hears the radio and television day after day and sees people who never pay a dime toward the colleges that you pay to have built, particularly the State colleges, pay for the faculty, pay for the books, pay part of the tuition, and they say "You give us what we want or we'll burn the place."

These people are getting tired, and I am one of these people.

I want to thank Assemblyman Smith and the gentleman next to him. I'm sorry I don't know his name.

ASSEMBLYMAN COSTA: My name is Costa and I come from your county. Did you say you are from Oradell?

MRS. CASEY: No, sir, I'm from Somerville, New Jersey.

ASSEMBLYMAN COSTA: I'm from Bergen County.

MRS. CASEY: Well, I want to thank you, both of you, for having the patience to sit here and listen to us. I did have a prepared speech but I didn't bring my glasses so I couldn't read it. And maybe it's just as well because in show

business they usually say they keep the best acts until last, and I disagree. I think one of the greatest speeches made today here in defense of you people and an enlightenment for all of us and encouragement to all of us was just made by Miss Gertrude Unsel, and, of course, there were other good speeches made today. I feel humble coming after them, but I am mighty proud of the taxpayers and citizens of New Jersey and am honored to be invited here tonight. I want to thank you, Assemblyman Smith, for your time and patience and your consideration in creating this bill, along with your co-sponsors. I want to thank them, and if there is anything we can do, I'll close the shop if it has to be for two days, and I'll be here.

Thank you. [Applause]

ASSEMBLYMAN SMITH: Thank you. Mr. Wagenhoffer?

Before we go any further, my list has sort of collapsed. Will the people who want to speak, please stand so that I can see how many we have?

It looks like about fifteen more. I'm afraid that at about eight-thirty we will have to adjourn this to another day. I hate to do it but we have our girls here. They have worked all day and I can't punish them. They haven't had any dinner.

[Discussion off the record]

All right, Mr. Wagenhoffer, we will go on with you and then we will see what time it is.

G E O R G E W A G E N H O F F E R: Mr. Chairman,
Mr. Costa, Members of the Committee, Ladies and Gentlemen:
My name is George Wagenhoffer of 1103 Elm Terrace, Rahway.
I am a charter member and Education Chairman of the New Jersey
Taxpayers Federation. I am also a charter member and Chairman
of the New Jersey Associated League for Education and Responsi-
ble Taxation, also known as New Jersey Alert. I am a charter
member and Treasurer of the Rahway Citizens for Neighborhood
Schools. I am here to speak in favor of the releasing from
committee and the ultimate passage of ACR 35 by the Assembly.

Several years ago we were given the "conditioning" on
the necessities of having a sales tax in New Jersey to ease
the tax burden on the property owner. Instead of leveling off,
we find our taxes increasing at an alarming rate even though
the sales tax is the largest single sort of revenue for the
State. Prior to the November 1968 elections, the Bond, Yes,
Committee flooded the State's newspapers with paid ads entitled
"Bonds, Yes - Taxes, No" and "Put Up or Shut Up." I quote from
these ads, "Remember, the State Treasurer said publicly that
paying off the bonds will not require a personal income tax.
But if we fail to O.K. the bonds, he said, we'll be left
with two choices: Do without badly-needed facilities or pay
for them with a new tax, probably an income tax."

The bond issue was approved and now we are being con-
ditioned for an income tax. Do you really think the taxpayers
and voters of this State are that gullible? The State budget in
ten years has more than tripled, from \$328 million to upwards
of one billion dollars. The reason for this astronomical

increase is too much government and too much subsidizing. We are again in the throes of "empire building." Today's "empire builders" are the appointed bureaucrats they are creating to entrench themselves and their followers in the maze of a socialized State. We need less government immediately! (Applause)

The so-called middle income group find it impossible to meet their usual family obligations. Yet we are called upon to subsidize a gigantic welfare State without considering our ability to pay. Ladies and gentlemen, I can no longer be the "quiet, unassuming, forgotten American." My very existence is at stake. Therefore, I must rally in my own defense. I ask you to help me. You can start by passing ACR 35. There is nothing irresponsible in my right to vote. If there has been any irresponsibility, it has been on the part of the politicians who allowed our State Government to run rampant - by the appointees and their power grabbing, empire building tactics. It is these "unelected" who are running the State, ~~not~~ the elected legislators. It is, therefore, up to you to return our State to a sane and responsible fiscal and legislative policy. The judiciary has also usurped the power of the Legislature. The New Jersey Taxpayers Federation stand ready to demand and defend the return of such a policy with all of its resources.

I thank you for the opportunity to speak here today.

ASSEMBLYMAN SMITH: Thank you, Mr. Wagenhoffer.

It is now about eight-thirty. Is there anyone here who cannot come back who would like to speak?

ASSEMBLYMAN COSTA: Mr. Chairman, before we hear from the next witness, I think it was Mayor Downs who said that some budgets had been defeated. I would like the people to know that there are two bills - S-394 and A-352 - which would take away your right to vote on school budgets. These bills would eliminate the right to vote on school budgets. They are in committee, the Education Committee.

ASSEMBLYMAN SMITH: I don't think you have to worry about it.

We will hear from this gentleman.

G R E G G R U B E L I C H: My name is Greg Grubelich and I reside in North Plainfield in Somerset County, I attend Seton Hall University where I am a senior majoring in Political Science, and I will be graduating this June.

I would like to say first that in none of my Political Science classes - and this is the first New Jersey Assembly Committee hearing I have attended - and in none of those books was there any indication that committee meetings were this poorly attended. I am rather shocked to say the least.

Secondly, I would like to mention how inspired I was by two young gentlemen from Passaic County whom some of my colleagues or classmates and I happened to meet when we were in the restaurant. They had a few delicious comments to make. I think they couldn't have been out of grammar school yet, and the comments weren't about the food. They were about the fifteen-cent confiscation which is added on to the bill in the form of a sales tax. I was very inspired

to see that kids that age have that much going for them already, and I hope that the range of ages represented here tonight can be spread throughout the nation and that a true sort of tax revolt as was mentioned can occur.

I am speaking tonight in two capacities. First, as a member of the Young Republicans. I am Chairman of the Young Republican Club at Seton Hall University and I would like you to know that in that capacity I introduced a resolution at the New Jersey State Republican meeting in Burlington County a number of months back. This resolution endorsing Assemblyman Smith's bill was passed by the New Jersey State Republicans.

The second capacity in which I am attending is as Vice Chairman of the State of New Jersey Young Americans for Freedom. I also introduced a resolution at our annual convention which was held at The Old Straw Hat in Somerset County, and it was passed there - a similar resolution.

Now this evening and this afternoon, most of the people I heard spoke on what might roughly be called a pragmatic basis. I, as a student, however, would like to strike a slightly more philosophical bent in speaking, particularly with reference to Young Americans for Freedom and why it supports this proposed referendum. I would say that anything I say about the Young Americans for Freedom can double for the New Jersey State Young Republicans, since we both passed this resolution endorsing the proposed referendum.

Now for any of you who might not know, Young Americans for Freedom was founded in 1960 by William F. Buckley at his Sharon, Connecticut, estate. To give you an idea of the tone of the organization, three of the more prominent national politicians on its advisory board are Senators Tower, Goldwater and Governor Ronald Reagan of California.

Now to get to the point: Young Americans for Freedom is primarily a student organization composed of high school and college students, although there are some community chapters also. Now I will quote from their statement of principles, called "The Sharon Statement" to tell you about the point that I think strikes at the heart of this matter. The part of the statement that is relevant reads as follows: "We believe that liberty is indivisible, and that political freedom cannot long exist without economic freedom." This is the main point.

I think all of our legislators claim also to be strongly individualistic; especially in today's society it is very popular to use that word; everybody is doing what is his own bag and doing what he wants to do, especially college students. They claim to be in the forefront of this revolution for individuality. We shouldn't force people to do what they don't want to do. But, as a matter of fact, unfortunately, most college students, along with most legislators, both on the State and the National level and on the municipal level for that matter, advocate matters which in the short run, and if not in the short run in the long run, reduce individuality. They advocate measures which

in general support the philosophical and political theory of collectivism. Now what exactly is collectivism? Well, collectivism is a very, very old tribal concept. When man was developing or evolving, he had a limited consciousness of his own individuality. He wasn't too sure of it. He knew that physically he was distinct. He knew he had a separate body which was different from everyone else's, but he wasn't too aware of the radical individuality of his soul or his mind, and gradually he came to realize this. Such barbaric practices as tossing young maidens off cliffs to satisfy the gods were terminated, and people came to recognize things known as human rights. Our own Constitution in this path of evolution recognized the very fundamental human rights of life, liberty and the pursuit of happiness. As some of you may be aware, it originally was life, liberty and property. But in a compromise over the slavery issue, the word "property" was removed and there was inserted instead the rather vague "pursuit of happiness." This again strikes essentially at the issue here.

The reason that the slave owners didn't want the word "property" inserted was because if a man has a right to the fruits of his labor, if he has a right to keep all of his productivity, he could no longer be a slave. That is, the Negro was essentially a slave because someone else could tell him what to do with the things that he produced.

Now it would be quite absurd, I think, for anyone in this Nation to claim that we are free today. I believe that statistics show that the average workingman now has one-third minimum of his income confiscated by National, State,

County and local government in the form of impositions called taxes. This means that approximately one out of every three hours that a man works he works for the State. If this isn't slavery - partial, I'll admit - then I don't know what slavery is. (Applause)

The reason that Young Americans for Freedom and Young Republicans support this referendum that Assemblyman Smith and his colleagues have proposed, is that we believe that given a choice the people will reject in the State of New Jersey additional slavery. (Applause)

We support this bill wholeheartedly and at this point I offer as representative of these groups - I have been authorized to offer this to Mr. Smith and his colleagues - any support that we can give. We do engage in demonstrations also. Our demonstrations, however, do not include violations of property rights. We do feel that to say has a right to live is absurd unless one also says he has the right to keep his productivity.

Now one final word: The politicians all across the nation and all across the State of New Jersey are constantly offering what we would have to call demagogic solutions to the problems that face us. I call these demagogic because these politicians say the State can do for you what you cannot do for yourself. Now our two organizations believe that basically there are only two things the State can do for us that we can't do for ourselves, and those are to provide us with a court system, a system of justice, and a military defense system to

protect us from external aggression. Beyond that we feel that every individual by himself and in voluntary association with others can accomplish things far more effectively. (Applause)

Now flowing from that general principle, it would follow that we need to take from the people far, far less than one-third or one-half, or whatever, of their total income in order to protect them militarily and with the court system. Therefore, again following from that general proposition, we can see that any additional income tax in the State would be totally unnecessary, and we urge the legislators, if this bill is passed and a referendum, in turn, in the fall is passed, to not only not increase government projects in this State; that is, to not only remain stagnant but to go ahead by repealing programs. We feel that this is the truly revolutionary concept, truly radical concept. Many students in our universities think they are radical because they advocate that the government take over everything in life but, of course, this is a very ancient and again, as I said before, tribal concept. The government, among true liberals - that is, classical liberals - gets smaller and smaller and smaller until it is almost out of sight. It is only a policeman. So we ask the legislature of New Jersey - and I hope that Assemblyman Smith and his colleagues can convey this to them, although they will have the printed word perhaps, although the spoken word is a little more effective because it involves more of the senses - I would hope they would convey to them

the idea that there is a growing core of students who realize that government is not the answer to problems, realize that government has indeed failed miserably since the New Deal, and realize that to be truly radical, to be truly revolutionary, we should go forward with the American revolution which was begun in 1789 with our Constitution.

Thank you. (Applause)

ASSEMBLYMAN SMITH: Thank you.

The next speaker is Virginia Ross.

V I R G I N I A R O S S: My name is Virginia Ross and I reside at 1320 River Road, Edgewater, New Jersey. I am a former Northern Vice Chairman of Civics and Legislation for the New Jersey State Federation of Women's Clubs, but today I am representing the National Society for Constitutional Security, Inc., New Jersey Chapter 1, as President. I will read a resolution in support of ACR 35:

WHEREAS, Assembly Concurrent Resolution No. 35 would amend the State Constitution to bar the Legislature from enacting an income tax, and

WHEREAS, The \$990 million bond issue was promoted by many officials in State Government as providing an insurance against an income tax, and

WHEREAS, The State sales tax was enacted as an alternative to an income tax for the purpose of providing relief for property taxes, and

WHEREAS, Property taxes in New Jersey, among the highest in the Nation, have not been alleviated by the above-mentioned sales tax, and

WHEREAS, The residents of New Jersey already pay a sizeable income tax to the Federal Government and many also pay another income tax to the State of New York and a third income tax to the City of New York, and/or to other States where New Jersey residents may work,

BE IT THEREFORE RESOLVED, That the Executive Committee of the New Jersey Chapter, National Society for

Constitutional Security, Inc. go on record as supporting Assembly Concurrent Resolution No. 35, and

BE IT FURTHER RESOLVED, That copies of this resolution be sent to the Governor of the State of New Jersey; to the Members of the General Assembly; to the Members of the Senate of the New Jersey Legislature; to the Clerk of the General Assembly; to the Secretary of the Senate, New Jersey Legislature, requesting that it be made part of their minutes; and to the media of the press."

Passed - April 18, 1969

Hackensack, New Jersey - signed Virginia Ross, President.

We respectfully request that this resolution be made a part of today's hearing on ACR 35. Thank you.

[Applause]

ASSEMBLYMAN SMITH: Thank you, Mrs. Ross.

Ladies and gentlemen, the chair would like to personally thank you for your appearance today, and I regret very much that we do have to adjourn, but for the reasons I told you earlier - we cannot punish the stenographers who are taking the record. So we will adjourn this hearing until May 7th. That is two weeks from now - at four P.M. in the afternoon.

The hearing is adjourned.

[A D J O U R N E D]

LEAGUE OF WOMEN VOTERS OF NEW JERSEY

460 BLOOMFIELD AVENUE, MONTCLAIR, NEW JERSEY 07042 TELEPHONE 746-1465 AREA CODE 201

TO: Assembly State Government Committee; Chairman Walter Smith
Assemblymen, Cobb, Kaser, Black, Costa, Fiore, Volk, Vohdin and Capers
FROM: Mrs. Robert L. Klein

STATEMENT ON ACR 35

The League of Women Voters of New Jersey wishes to register strong opposition to ACR 35, a constitutional amendment prohibiting the Legislature from levying a personal income tax.

When this same constitutional amendment was introduced in the last session of the Legislature, and a public hearing held, representatives from responsible groups throughout the state appeared to testify against it. Dissatisfaction with the property tax is never going to be solved by putting a ban on an income tax. Unhappiness with the sales tax is not going to be eliminated by forcing an increase in its rate -- as this amendment would surely do. And dissatisfaction with taxes in general is not going to be solved by eliminating the one tax that is the fairest and has the greatest potential for equalizing the tax burden.

In our previous testimony we cited our specific objections to this type of legislation including the following points:

A constitutional limitation on the taxing power of the Legislature would dilute the authority of the Legislature and its taxing function.

This legislation opens the floodgates to other specific anti-taxing proposals or fund dedication pressures.

The Legislature has already passed programs that guarantee the need for a major revenue increase.

There is a desperate need to relieve the increasingly oppressive burden of the property tax on lower income groups, on urban dwellers, or retirees, etc.

There is a need to balance out New Jersey's tax base with the equitability of an income tax.

A copy of our previous testimony, which is just as current as it was only six months ago, is enclosed.

The League once again vigorously opposes a constitutional amendment banning an income tax. We feel the Legislature might better spend its time on the real taxation problems of the state; meeting the need for increased state revenue; meeting the need for more state-aid to schools and urban areas; meeting the need for equalizing the tax burden; and meeting the need of relieving the property tax burden.



LEAGUE OF WOMEN VOTERS OF NEW JERSEY

460 BLOOMFIELD AVENUE, MONTCLAIR, NEW JERSEY 07042 TELEPHONE 746-1465 AREA CODE 201

STATEMENT BY THE LEAGUE OF WOMEN VOTERS OF NEW JERSEY BEFORE THE ASSEMBLY COMMITTEE ON STATE GOVERNMENT ON ACR 67

I am Mrs. John McCall, member of the state Board of Directors of the League of Women Voters of New Jersey. I am here today to testify against the proposed Constitutional Amendment ACR 67 prohibiting the Legislature from levying a personal income tax.

It is no secret that the League has long worked for an income tax for New Jersey. We supported the recent \$990 million bond issues with the reservation that they did not nearly meet the unmet needs of this state and that, with or without the bond issues, New Jersey would have to face up to an income tax sooner or later.

But, first, let us consider what this proposal means in terms of good state government. New Jersey has a model Constitution, simple, short and the envy of most other states. The League supported the simplicity of this Constitution at the time of its adoption in 1947. Who would wish to see its efficiency and workability eroded? A constitutional limitation on the taxing power of the Legislature would dilute the authority of the Legislature in one of its most basic functions.

Another danger in tampering with New Jersey's model Constitution is the possibility of opening the floodgates to other specific anti-tax proposals or limitations. For example, it is a well known fact that the highway interest groups would very much like a constitutional amendment to dedicate motor taxes and license revenues to the highway programs. If this were to become a reality the education interests would feel justified in asking that a percentage of the sales tax be dedicated to their

cause. Some might push for a constitutional ceiling on the sales tax. The point I am making is that constitutional limitation invites other constitutional limitations. The experiences of other states show how difficult it is for a Legislature to function with this kind of constitutional usurpation of legislative power.

The economic aspects of constitutional limitation on legislative taxing power are many and diverse. But there is one factor that is irrefutable-- New Jersey is going to need a large increase in its state revenues.

Without arguing unmet needs of the state as spelled out by various commissions, reports, or interested groups (such as the League), the programs ALREADY APPROVED BY THE LEGISLATURE have assured New Jersey that major tax changes are in its future. A quick look at budget projections for New Jersey shows immediately the gap that already authorized programs would produce in future budgets. Appropriations for 1968-69 show a budget of over \$1 billion with a year-end surplus of \$70 million plus an additional \$23.1 million still remaining in reserve for urban aid programs. Moving on into fiscal 1969-70, the projected budget would reflect a full year of the welfare take-over plus the first year of the following programs: 10% of the sales tax to municipalities, \$25 per pupil school aid to all districts, debt service on bonds, beginning costs of operating new facilities and Medicaid for a total of \$168 million. The projected surplus, including any reserve for urban programs would have been about \$128 million without these programs. The addition of these programs will produce a deficit of \$40 million. Projecting the budget into 1970-71 (including new programs already enacted and with no new taxes) increases the gap to over \$200 million. To reiterate, it is quite obvious that although the exact amount of the budget gap may be argued, the programs already passed by the Legislature guarantee the need for a major revenue increase.

So far we have mentioned only already approved programs. A recommendation for a new state school aid formula is expected any day. If adopted and it exceeds \$100 million, as rumored, the gap will be even greater. I am not even going to bother adjusting the gap at this point as it is too depressing.

We have been stating that a major source of income must be found for the state, What are the alternatives? Increase the excise taxes? This will not bridge the gap and there is a limit to how high they can go and still remain competitive with neighboring states. Increase the corporation tax? Judging by the billboards around the state, I assume we are trying to attract industry to New Jersey--not repel it.

Or perhaps increase the sales tax? Even doubling the present sales tax to 6%, (highest in the United States) would not produce much more than \$250 million. To get revenue beyond that would require removing exemptions for food and clothing making the tax intolerably regressive.

Without new major tax revenue there is no hope for increased state aid for schools under the new formula; there is little relief in sight for the urban areas to upgrade the education of the disadvantaged or solve the city problems. It means that property tax payers can expect continuing increases in their property taxes just as experienced over the past ten years. To limit the possibilities of increased state aid is to give your blessing to higher property taxes. What's so wrong about an income tax, anyhow? Students of taxation always cite the income tax as the fairest tax. Future tax policy must be developed to give New Jersey a balanced fiscal program. New Jersey already has more than its share of the wrong kinds of taxes. Why even think of eliminating the one tax that can really do something for the state? To quote a recent report by the Advisory Committee on Intergovernmental Relations, "...the only hope for genuine

progress toward a solution to the perennial fiscal problem of the states-- short of drastic curtailment of expenditures, growth or steadily increasing reliance on Federal financial aid-- is heavier state reliance upon high elasticity sources of revenue. The tax with the most potential for raising the automatic rate of growth of state revenue is the personal income tax."

Beside balancing out the New Jersey tax base, the income tax has many other features to offer. It could take advantage of the machinery already set up for the commuter tax. At half the New York rates it could produce \$300 million a year at current levels while costing New Jersey residents only \$210 million because it would be deductible when figuring one's federal income tax. This feature alone makes it an awfully good buy. The fact that an income tax is more responsive to a growing economy would reduce the number of times taxes have to be increased in the future.

The trend of the times is toward state income taxes--not away from them. Federal programs are anticipated for tax sharing with the states, probably on the basis of state income taxes. Should New Jersey have a constitutional restriction it would be prevented from sharing in this federal money.

For all of the above mentioned reasons the League of Women Voters of New Jersey opposes this proposed constitutional amendment. Too often New Jersey has responded to proven need by placing obstacles in the path of solution.

It's past time now for both parties to say, "Yes, we know what New Jersey's needs are. We know that our property taxes are too high. We know that our cities have their backs to the wall and need the help of the state. And we know that with bi-partisan effort the need for new taxes can be explained and accepted by the people."

To seriously consider a proposal such as ACR 67 is to shy away from reality. Prohibition of an income tax is not going to make the need go away. It would instead, put New Jersey back in the same position it was when the perennial favorite "No New Taxes" was in both parties' platforms. The increases in excise and property taxes went right along at a feverish pace and ultimately a sales tax followed. To prohibit an income tax constitutionally would put New Jersey in a serious bind. It certainly doesn't make economic sense. And it is unconscionable in the light of the fact that the Legislature has already approved programs that have mandated the need for more revenue for New Jersey.

Therefore, the League of Women Voters is asking that this resolution be given the treatment it rightly deserves--a quiet burial in this committee.

91ST CONGRESS
1ST SESSION

H. R. 1019

IN THE HOUSE OF REPRESENTATIVES

JANUARY 8, 1969

Mr. REUSS introduced the following bill; which was referred to the Committee on Government Operations

A BILL

To improve intergovernmental relationships between the United States and the States and municipalities, and the economy and efficiency of all levels of government, by providing Federal block grants for States and localities which take steps to modernize State and local government.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE

4 SECTION 1. This Act may be cited as the "State and
5 Local Government Modernization Act of 1969".

6 STATE MODERN GOVERNMENTS PROGRAMS

7 SEC. 2. (a) PLANNING FUNDS FOR MODERN GOVERN-
8 MENTS PROGRAMS.—The President shall, as soon as possible

1 after the effective date of this Act, grant to the Governors
 2 of each of the fifty States which elect to participate in the
 3 State modern governments program planning funds to cover
 4 the full cost of preparing for each State a modern govern-
 5 ments program. There is herewith authorized to be appro-
 6 priated solely for this purpose and the purpose of paragraph
 7 (d) of this section the sum of \$50,000,000, with each State's
 8 share to be no less than \$250,000 and with the remainder
 9 apportioned according to State population on the basis of the
 10 Bureau of the Census current estimates of population.

11 (b) PREPARATION OF STATE MODERN GOVERNMENTS
 12 PROGRAMS.—Not later than eighteen months after such plan-
 13 ning funds have been made available to States which have
 14 elected to participate, each Governor shall file his State's draft
 15 modern governments program with the regional coordinating
 16 committee for State modern governments programs, set up
 17 pursuant to section 2 (d) hereof. Within six months there-
 18 after, the regional coordinating committee shall file the mod-
 19 ern governments program for each participating State in the
 20 region with the President, the Advisory Commission on
 21 Intergovernmental Relations, and the Congress.

22 (c) CONTENTS OF STATE MODERN GOVERNMENTS
 23 PROGRAMS.—Each State modern governments program shall
 24 certify that the State has in effect an income tax of at least
 25 moderate progressiveness. In addition, such programs shall

1 set forth plans and timetables for modernizing and revitaliz-
 2 ing State and local governments, including such matters as—

3 (1) proposed arrangements, by interstate compact
 4 or otherwise, for dealing with interstate regional prob-
 5 lems, including those of metropolitan areas which overlap
 6 State lines, regional cooperation in health, education,
 7 welfare, and conservation;

8 (2) proposed strengthening and modernizing of
 9 State governments (by constitutional, statutory, and
 10 administrative changes), including recommendations
 11 concerning more efficient executives and legislatures,
 12 State borrowing powers, taxation and expenditures, and
 13 personnel systems;

14 (3) proposed strengthening and modernizing of
 15 local rural, urban, and metropolitan governments (by
 16 constitutional, statutory, and administrative changes),
 17 including where needed—

18 (A) reducing the number of counties;

19 (B) reducing the number of, or eliminating,
 20 local governments too small to provide efficient ad-
 21 ministration, and special districts not subject to
 22 democratic control;

23 (C) restricting popular elections to policy-
 24 makers;

1 (D) concentrating on a single responsible
2 executive for each local unit;

3 (E) reform of personnel practices so as to base
4 them uniformly on merit and competence;

5 (F) granting adequate home rule powers to
6 reformed counties and other local governments;

7 (G) revising the terms of State grants-in-aid
8 and shared taxes so as to encourage modern local
9 governments and to minimize differences in local
10 fiscal capacity;

11 (H) easing restrictions on local power to tax
12 property;

13 (I) improving local property tax administra-
14 tion;

15 (J) authorizing local governments to utilize
16 nonproperty taxes, coordinated at the State or re-
17 gional level;

18 (K) easing restrictions on the borrowing power
19 of local governments;

20 (L) strengthening local government in metro-
21 politan areas by—

22 (i) liberalizing municipal annexation of un-
23 incorporated areas;

24 (ii) discouraging new incorporations not

1 meeting minimum standards of total population
2 and population density;

3 (iii) authorizing transfers of specified func-
4 tions between municipalities and counties;

5 (iv) authorizing intergovernmental con-
6 tracts for the provision of services;

7 (v) authorizing the municipalities to exer-
8 cise extraterritorial planning, zoning, and sub-
9 division control over unincorporated areas not
10 subject to effective county regulation;

11 (vi) restricting zoning authority in metro-
12 politan areas to larger municipalities and to
13 counties, in order to prevent zoning by smaller
14 municipalities which excludes housing for lower
15 income families;

16 (vii) authorizing the formation of metro-
17 politan councils of public officials to exchange
18 information and ideas on problems of mutual
19 concern;

20 (viii) authorizing the establishment by local
21 governmental bodies or by the voters directly
22 of metropolitan area study commissions to de-
23 velop proposals to improve local governmental

1 structure and services, and to present to the
2 voters of the area such reorganization plans;

3 (ix) authorizing the formation of metro-
4 politan planning agencies to make recommen-
5 dations to local governments concerning land
6 use, zoning, building regulations, and capital
7 improvements;

8 (x) establishing a State agency to assist
9 metropolitan areas; and

10 (xi) furnishing State financial and techni-
11 cal assistance to metropolitan areas for planning,
12 building codes, urban renewal, and local gov-
13 ernment and finance.

14 (4) proposed uses of Federal block grants pursuant
15 to section 3 hereof, including provision for passing on
16 at least 50 per centum of such grants in an equitable
17 manner to local governments.

18 (d) REGIONAL COORDINATING COMMITTEES FOR
19 STATE MODERN GOVERNMENTS PROGRAMS.—Each partici-
20 pating State shall channel its modern governments ^{*}program
21 through a regional coordinating committee for State modern
22 governments programs, as set forth in section 2 (b) hereof.
23 Such a regional coordinating committee shall be set up for
24 each of the following four regions:

25 Eastern (Connecticut, Delaware, Maine, Massa-

1 chusetts, New Hampshire, New Jersey, New York,
 2 Pennsylvania, Rhode Island, and Vermont) ;

3 Southern (Alabama, Arkansas, Florida, Georgia,
 4 Louisiana, Maryland, Mississippi, North Carolina, Okla-
 5 homa, South Carolina, Tennessee, Texas, Virginia, West
 6 Virginia, and Kentucky) ;

7 Midwestern (Illinois, Indiana, Iowa, Kansas, Michi-
 8 gan, Minnesota, Missouri, Nebraska, North Dakota,
 9 Ohio, South Dakota, and Wisconsin) ;

10 Western (Alaska, Arizona, California, Colorado,
 11 Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon,
 12 Utah, Washington, and Wyoming) .

13 Each regional coordinating committee shall be set up by
 14 the participating Governors of the region, with whatever
 15 representatives of his State each Governor shall select, and
 16 shall operate by a majority vote of the participating States.
 17 Each regional coordinating committee shall review the draft
 18 State modern governments programs, and shall make rec-
 19 ommendations concerning any possible improvements. In
 20 forwarding the State modern governments programs to the
 21 President, the Advisory Commission on Intergovernmental
 22 Relations, and the Congress, each regional coordinating
 23 committee shall designate each State modern governments
 24 program which it believes reflects sufficient creative State
 25 initiative so as to qualify that State for Federal block grants

1 under section 3. The regional coordinating committees shall
 2 be financed by voluntary agreement by the participating
 3 States from the Federal planning funds made available under
 4 section 2 (a). By unanimous agreement, and subject to
 5 equitable funding arrangements, a regional coordinating
 6 committee may undertake the preparation of all or part
 7 of a modern governments program for any State so
 8 requesting.

9 (e) REVIEW OF STATE MODERN GOVERNMENTS PRO-
 10 GRAMS BY THE ADVISORY COMMISSION ON INTERGOVERN-
 11 MENTAL RELATIONS.—The Advisory Commission on Inter-
 12 governmental Relations, as soon as possible and in not more
 13 than one year after the regional coordinating committees
 14 have filed with it the State modern governments programs,
 15 shall designate which State modern governments program
 16 it believes reflects sufficient State creative initiative so as to
 17 qualify that State for Federal block grants under section 3;
 18 and shall recommend a method for distributing the Federal
 19 block grants under section 3 apportioned according to popu-
 20 lation as determined by the Bureau of the Census on the
 21 basis of its current estimates, with not to exceed 20 per
 22 centum for supplements to States with low per capita in-
 23 come; a high incidence of poverty, dependency, or urbani-

1 zation; and State tax effort as indicated by the amount of
2 State and local taxes relative to personal income.

3 SEC. 3. FEDERAL BLOCK GRANTS.—There is herewith
4 authorized to be appropriated for the first three full fiscal
5 years after such State modern governments programs have
6 been filed with the President, the Advisory Commission on
7 Intergovernmental Relations, and the Congress, and after
8 the designations of the Advisory Commission on Intergovern-
9 mental Relations pursuant to section 2 (c) have been made,
10 the sum of \$5,000,000,000 annually, to be distributed by
11 the President among all States whose modern governments
12 programs have been designated as qualified by their regional
13 coordinating committees under section 2 (d) and by the
14 Advisory Commission on Intergovernmental Relations under
15 section 2 (c), apportioned according to population as deter-
16 mined by the Bureau of the Census on the basis of its current
17 estimates, with not to exceed 20 per centum authorized to
18 be set aside for supplements to States with low per capita
19 income; a high incidence of poverty, dependency, or urban-
20 ization; and State tax effort, as indicated by the amount of
21 State and local taxes relative to personal income. The re-
22 gional coordinating committees and the Advisory Commis-
23 sion on Intergovernmental Relations shall report to the Presi-

A BILL

To improve intergovernmental relationships between the United States and the States and municipalities, and the economy and efficiency of all levels of government, by providing Federal block grants for States and localities which take steps to modernize State and local government.

By Mr. REUSS

JANUARY 8, 1969

Referred to the Committee on Government Operations

1 dent and the Congress at the end of each fiscal year on the
2 progress made by each participating State in carrying out
3 its modern governments program, and, prior to the end of
4 the third fiscal year, shall make recommendations to the
5 President and the Congress concerning the future of the
6 Federal block grant program.

Submitted by A. Aldridge Williams
Rancocas, New Jersey

"In questions of political power, speak to me not of confidence in men, but bind them down from mischief with the chains of a Constitution" quote Thomas Jefferson.

In 1932, Franklin D. Roosevelt was elected President of the United States on a conservative platform of States' rights. He had promised to reduce Federal expenditures, cut down the power and size of the Federal government, and permit political power to return to the individual States where, according to the Constitution, it belongs.

Once in office, however, Roosevelt went in the opposite direction.

Roosevelt could not have converted our old form of limited federal government into a centralized government of unlimited power without the 16th and 17th amendments to the Constitution (both adopted in 1913). Getting these two amendments was the first major objective of the Socialist movement in the United States. Without them, the Socialist movement which began in the 1930's would not have been possible.

Our original Constitution limited the power of the Federal government to levy direct taxes on the people. The 16th Amendment gives the government unlimited power "to lay and collect taxes on incomes, from whatever source derived."

Franklin Roosevelt, the first President to take full advantage of the Federal taxing power latent in the 16th Amendment, expanded Federal taxing until State governments were left without adequate tax revenues.

With no representation in the national legislature to help check the mushrooming growth of federal power, State governments turned beggars, asking for subsidies from Washington, becoming wards and tools of the Federal bureaucracy; and the people lost interest in their State governments. All eyes turned to Washington for handouts and directions.

By 1952, the Socialist revolution was so far advanced that Norman Thomas (six times candidate on the Socialist ticket, 1928-1948) decided not to run, saying wryly that Democrats and Republicans had stolen his platform. Thomas acknowledged that Americans had rejected Socialism emphatically when it was offered forthrightly as Socialism, but had accepted it when presented as "welfare state"

measures by Democrats and Republicans.

The Eisenhower administration rmasculated the anti-socialist movement in the United States, leaving it leaderless and confused. There was no enthusiasm for the presidential election of 1960 because Kennedy and Nixon offered identical programs.

Franklin D. Roosevelt was the most extravagant spender of our tax money the nation had ever had; but Truman was more extravagant than Roosevelt; Eisenhower was more extravagant than Truman; Kennedy was more extravagant than Eisenhower; and Johnson was extravagantly more extravagant than Kennedy.

The Federal Government has becone a colossal international welfare agency which arbitrarily seizes as much of every American's property as it wants, and scatters that property all over the earth in performing its illegal, self-appointed roles of policeman, loan broker and Santa Claus for the world.

I for one do not wish to see this pattern followed in New Jersey and fully support Assemblyman Smith's Concurrent Resolution No. 35.

JUN 27 1985



