

*Fourth Annual Message*  
**RICHARD J. HUGHES**  
*Governor of New Jersey*



*To the Legislature*  
*January 11, 1966*

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## *Fourth Annual Message*

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*Mr. President, Mr. Speaker and Members of the Senate and General Assembly:*

Today marks an historic end and at the same time, a beginning. The public debate of the recent campaign is ended. The people have dramatically expressed their decision as to where New Jersey must go in order to emerge as a modern first-line State. And, this decision binds us all, for the election mandate, as that of any other American election, draws us together in a unity demanded by the people.

Thus, the work of this 190th session of the New Jersey Legislature will point the way. It will, by the mere fact of its existence, hold a special place in New Jersey's history. For this is the first Legislature to have both its houses apportioned on the basis of population. This is the first Legislature in more than 50 years to meet under the leadership in both houses of the Democratic Party. Our presence here today, therefore, makes history.

But presence is no substitute for action. What is to be historic in the days ahead is what will be done in this great chamber and in the Senate. Temporary though this body may be, the problems it faces are not temporary and they will not be reapportioned away. They must be faced and they must be solved. The people's vote of confidence in the recent election did not mean that our past record was perfect or complete. Those of you who will be seeking re-election to the permanent Legislature will be doing so on the record of the next two years. Indeed, if the vote of the people means anything, it is a call to greatness, a call to achievement, a call to action.

### FISCAL REFORM

Therefore, I propose in this message a program of action, a program to maintain New Jersey in the first rank of American States.

As we begin this undertaking, the people of New Jersey know that their State government is today the most economically operated in the United States. By any standard, we are the last or nearly last in State spending and State taxation. And I pledge to continue our efforts to contain the costs of government. For example, the Commission to Study Efficiency and Economy in State Government recently completed a pilot study of the Health Department. It made a number of recommendations which we intend to implement. To reach their full potential, the activities of this Commission should be regularized and placed on a continuing basis. The people of New Jersey are entitled to know that the State government, while asking them to make new sacrifices, will assure that every tax dollar produces 100 cents in public services.

While we must continue to spend the State's money wisely and efficiently, we must also make certain that we move to meet undeniable needs. The very heart of any program to meet these needs is tax reform. This would include: (1) improved utilization of existing financial resources and (2) a substantial increase in available resources in order to pay for programs which are essential to the progress of New Jersey.

#### *Business Personalty Replacement*

As to the first matter, the Governor's Committee on Local Property Taxation last month recommended the elimination of the local business personal property tax and the replacement of the revenues which would otherwise be lost to the communities. This levy, as historically administered in New Jersey, has cast an ever-lengthening shadow over the generally bright business picture in our State. Inherent in the locally administered business personalty tax has been the threat of "tax lightning"—unpredictable and sometimes devastating shifts in business tax liability. At the same time, the local taxes on business have had little or no regard for the ability of business to pay. This has deterred many enterprises—and the employment that they would bring—from locating in New Jersey.

The proposals of that Committee would remedy these long-standing inequities and replace the uncertainties of the past with

a predictable and equitable series of levies based in large part on ability to pay. Under this proposal, the replacement revenues would be collected by the State on a uniform basis and redistributed to the municipalities in a manner that would insure that no community would lose even one dollar. The Committee's recommendations deserve your most urgent attention and action. If no action is taken this year, the dual tax rate provision of the law will expire and \$40 million in taxes will be shifted abruptly to the real property taxpayer. This is little short of a governmental "time bomb;" it should not be allowed to explode.

The proposed reform of business property taxation, while salutary in its impact, is but one phase of the new financial foundation for a dynamic New Jersey. For such reform will not relieve the burden on local real property taxpayers; it will not build the new colleges, highways and institutions; it will not make provisions for the public health, for commuter rail transportation; it will not provide for many other necessities.

#### *For an Income Tax*

Therefore, I renew the proposal that I first advanced February 3, 1964, that the Legislature enact a graduated personal income tax at rates ranging from 1 to 5 per cent to meet the essential needs of New Jersey. I am well aware of the reluctance with which any legislator must approach a vote for a "broad base tax" in a State which for a very long time has prided itself on the absence of such a tax. But that pride has been tarnished by our obvious shortcomings in the meeting of our public obligations. Therefore, I think that no legislator can expect reward for inaction that perpetuates such public neglect; indeed the opposite is more likely to follow.

After deep consideration, I again recommend an income tax, rather than a general sales tax. The income tax, at rates half those of New York State, is based on ability to pay. The sales tax, no matter what reasonable exemptions are made, must affect senior citizens, lower income groups and working families more adversely than the income tax. These are the very groups which today are forced to spend almost their entire incomes on the necessities of life. Thus a sales tax would work

real hardship on these groups of New Jersey citizens. Furthermore, a sales tax would mean two broad base taxes on the many thousands of New Jerseyans who commute to work in New York and Philadelphia and who already pay a tax on income earned there.

Advocates of a sales tax assert that a major portion of the levy would be paid by out-of-state visitors to New Jersey. This is not borne out by the facts. Much of the spending by out-of-staters is on items that would be exempt under the tax. Realistic estimates as to the revenue from out-of-state visitors place the figure at \$10 million or less. Thus, almost 95 per cent of the sales tax burden would be borne by the people of New Jersey and, to a great degree, by those least able to pay.

As against the out-of-state revenue, we should not forget the vast retail business which has developed in the counties bordering New York City and Pennsylvania, each with a 5 per cent sales tax. Not only would the proposed 3 per cent sales tax wipe out 60 per cent of New Jersey retail business's competitive advantage, but the sales tax would impose a costly new burden on all New Jersey retailers who would have to act as accountants and tax collectors for the State. The setback to the growth of New Jersey retail business and its jobs that is inherent in the loss of this competitive advantage, plus the additional collection costs, would dwarf the gain from sales taxes paid by visitors and travelers in New Jersey.

You in the Legislature, as well as the public, are entitled to an immediate and thorough clarification of this administration's plans to put to work these new millions of dollars. Therefore, I do not intend to let such clarification wait until the Budget Message. I shall now spell out my financial program, to the extent that it is based on the income tax.

I propose that the income tax be computed upon the entire 1966 income. Our fiscal authorities have calculated that a 1 to 5 per cent income tax would yield \$180 million the first year. Because of the provisions for withholding, there would be added an additional \$52.5 million to the tax collections up to June 30, 1967. Thus, during the fiscal period ending on that date, there

would be available a total of \$232.5 million in new funds to meet the vital needs of the State and of our local governmental units.

**The Program**

From the \$180 million in recurring revenue, I propose the following program, which would be in addition to the regular budgeted program of State government:

(Millions)

\$90	State aid to Local School Districts
30	College Construction
12	Institutions and Agencies Construction
10	State Highway Construction
5	Advance Purchase of Right-Of-Way (State Highway)
15	State Aid to County and Local Highways
5.5	Commuter Assistance
.75	1,500 Incentive Scholarships (\$500 each)
.25	Graduate Scholarships and Fellowships
9	State Aid to Health Departments and Sewerage Programs
2.5	Chapter 51 "Save Harmless" Fund (2 years only)

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\$180

From the revenues which will be available only during the initial fiscal period because of the withholding provisions, I propose the following allocation:

(Millions)

\$20	Additional College Construction
32.5	To Cover the Ordinary Budget Deficit and Reserve for Emergencies

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\$52.5

The increase of \$90 million in State financial assistance to local education represents almost a doubling of the State's formula aid. This increased State assistance has assumed an extremely high priority in any discussion of New Jersey's fiscal

reform. I have requested that the present formulas be reviewed to determine whether any revision would be appropriate at this time. Any recommendation I may have with regard to the formula will be presented to the Legislature before action is requested on the income tax bill. In any event the total increase in education aid will amount to \$90 million.

The proposal for increased State aid to county and municipal highways would approximately double the funds now available for that purpose. Such an increase is long overdue.

I have proposed that \$9 million be allocated for State assistance to local health programs. These programs will encourage critically needed services while at the same time having a beneficial impact on local governmental costs.

In addition, I am proposing \$5 million be provided over the next two years for the initial cost of Chapter 51 replacement. This would permit municipalities to receive, by way of replacement revenue, the benefit of the highest business personal property taxes collected in either 1964 or 1965.

Thus, \$116.5 million, or almost 2/3 of the \$180 million in annual new revenue, will be returned to the counties and municipalities to help reduce the pressures on the local property tax—in other words, the local homeowner, rentpayer and businessman.

#### *\$50 Million for Colleges*

New Jersey must begin to erase the shameful statistic which shows us, the sixth wealthiest state per capita in the Nation, in 48th place in our support of higher education.

I have, therefore, proposed that a total of \$50 million be allocated for the construction of higher education facilities during the first year. This sum is \$10 million greater than the 1964 bond issue approved by the people and would mean a start of \$90 million toward the \$196.8 million in new construction which the distinguished Citizens Committee for Higher Education in New Jersey says is essential.

The allocation for increased scholarship aid would provide an expanded program of 1,500 incentive scholarships each valued at \$500. This would provide needy qualified students with as much as \$1,000 when combined with a regular State scholarship. It would also provide for fellowships and scholarships for needy students in graduate and professional programs. Such an incentive graduate program is necessary if this State is going to compete for its share of business in a world which is dependent more and more upon the skills and talents of those with advanced education.

For our institutions, I have recommended \$12 million for capital construction which would be in addition to the \$50 million bond issue approved by the people in 1964. This will enable us to meet our profound human responsibilities in this area on a prudent, pay-as-you-go basis.

In addition to the \$15 million increase for State aid for local and county highways, I have proposed that a similar sum be provided for State highway purposes. Of this amount, \$5 million would be allocated for advanced purchase of right-of-way—and thus permit savings of additional millions—and \$10 million for construction of projects wholly financed from State funds. The current budget will allocate sufficient funds to match entirely the Federal money available to State government.

Last year's budget provided \$7.5 million for commuter assistance. Subsequently, there was a supplemental appropriation of \$3 million for the same purpose. I propose that we add \$5.5 million from the income tax to the \$7.5 million allocated from existing sources last year, making available a total of \$13 million for assistance to commuter railroads. Without such assistance, the essential components of this most essential service are certain to collapse.

#### *Averting Other Tax Rises*

In the four years of my first administration, I was compelled but once to recommend to the Legislature increases in existing revenue sources to meet the mounting costs of continuing programs. Were it not for the proposed income tax, I would be

forced again this year to request increases in present taxes or the levying of new taxes. We face a gap between anticipated revenues in 1966-67 and increased costs of existing programs during the year. This could exceed \$20 million.

Because the income tax would be applicable to 1966 income in its entirety, we can bridge this gap from the \$52.5 million in additional revenue available because of that retroactivity. Thus, the income tax will avert any need for increasing other levies.

Such use of the fund will nevertheless permit the \$20 million allocation for additional college construction and a moderate reserve for emergencies.

I think it is important, in the context of this fiscal discussion, to take notice of another pending public obligation that will come due in the fiscal year beginning July 1, 1967. I refer to the "deintegration" of Social Security and the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. Both major parties are committed to support of this program, not only on the basis of their pledges, but recognizing that thousands of public servants should have this opportunity to receive the full value of Social Security retirement benefits.

Because the first financial obligation of the State will not come due until the following fiscal year, I do not provide for such payment here or in the Budget Message. Nevertheless, I am assured by our fiscal authorities that the greater flexibility that will result from the broadening of the tax base by an income tax will enable us to finance the deintegration program, beginning in fiscal 1967-68. Therefore, the Legislature should be prepared to enact the necessary legislation soon after achievement of the basic fiscal solution.

### *The Undeniable Needs*

Recommending and, indeed, fighting for a new tax has not been one of the easier duties of my term as Governor. But a duty it has been. Now it becomes your duty to review carefully these proposals, drafted within the stern limits of prudence and necessity. I do not ask you for blind acceptance; in fact, you have an obligation to eliminate any proposal that you find extravagant or unsound. But there are undeniable needs which

must be met. He who fails to provide for these needs must deny their existence. And who in this room can honestly do so?

I ask the members of my own party to remember the solemn pledges of performance which we jointly made in every county of this State during the recent election campaign. As to the members of the minority party, there are few if any who have opposed education, local tax relief, improved institutional care and transportation survival. In this sense and on this issue how *can* there be a majority party or a minority party in this Legislature? We are, in fact, a New Jersey party, if we care for the security and the progress of New Jersey. Can conscience and courage combine to bring us to unity at least on this overriding issue?

### Human Rights

We can take pride in New Jersey's accomplishments in the area of human rights. But all that has been done has not been enough. Despite our early and unswerving commitment to the goal of full equality for all persons, many of our citizens remain on the fringes of an abundant society, deprived of hope, and denied opportunity because their skins are dark, because of their national origin or that of their forebears, because of religion, because of age. Man's imagination could conceive of no more irrational guides by which to measure the worth of an individual than race, national origin, religion or age, but yet persons are being relegated to the backwashes of society for no greater reasons. I call upon this Legislature and upon all the people of this State to put an end to this immoral and wasteful practice.

Many will say that we have reached the point where additional legislation is not needed—that only through education will the problems of prejudice and intolerance be solved. I cannot agree that the legislative program is complete and I today set forth proposals for new measures. But I would point out that government's responsibility does not end with the enactment of laws. If education is needed, then government should educate. Government must set an example. To this end, I have recently announced the creation of the Interdepartmental Committee on Equal Opportunity to be headed by the Attorney General to further

assure that fair practices and equal opportunity are realities in government and in government-supported activities.

Further, it is the policy of this administration, through its Department of Education, to make every effort to eliminate de facto segregation or racial imbalance in the public schools. Equality of educational opportunity is an absolute must in a democratic society.

There remain, however, additional steps that can and should be taken:

—The too-long postponed amendment to the fair housing law which would bar discrimination in the sale or rental of private housing.

—An optional rent control law which would grant municipalities the authority to protect their citizens from unscrupulous slumlords.

—A revision of the tenement house law which has not been substantially changed since its enactment in 1904.

—Providing the Division on Civil Rights with additional funds for many purposes including expansion of police-community relations programs.

—Transfer of the function of prohibiting discrimination in public works contracts from the Department of Labor and Industry to the Department of Law and Public Safety.

—Strengthening the State Division of Aging which has contributed significantly to the needs of our senior citizens.

—Strengthening the State's war against poverty which has set a standard of achievement for the entire country. In addition, I recommend prompt action by the Legislature on the proposal of last year which would clarify the rights of counties and municipalities to contract with nonprofit groups to carry out the purposes of the poverty program.

## Education

In the fulfillment of the mission of these crucial years, our attention must also focus upon an area in which we are obviously deficient—education.

It falls to each generation in each society to educate its own successors. If it does so badly, then it fails in one of its noblest opportunities. If it does this well, society draws new life, new vision and new imagination from its own success.

Higher education continues to be one of our most serious responsibilities. For the young people of New Jersey expect us to create new opportunities for a college education. Change in our higher education system is certain, and the Legislature can expect new proposals in the near future, but we should begin immediately to create the foundations for educational excellence in our State.

Recent figures prepared by the Department of Education indicate that we must triple or even quadruple our student capacity by 1975. The people of New Jersey have a right and, indeed an obligation, to demand a prompt response to this challenge. If we are to move forward in this area, as in many others, a new source of revenue is imperative.

I stated above that our first steps toward the 1970's include \$50 million of this year's budget for college construction, strengthening the State scholarship system by the addition of 1,500 incentive scholarships, and the introduction of a State program of graduate fellowships.

### *Incentives for Needy Students*

The incentive scholarships are intended to encourage qualified needy students, who might otherwise stop their education at the high school level, to attend college. To help insure the attainment of this purpose, the appropriate officials should be provided with sufficient funds to permit them to reach out to disadvantaged students who should participate in this program. If there is any resource we should not waste, it must be the brains and talent of our youth. I shall request the appropriation of such funds.

In addition, I shall submit legislation to establish a New Jersey College Dormitory and Building Authority. This new agency will give us added flexibility and capacity for meeting the explosion in student population.

The expansion of our colleges and university will require action on many fronts, such as a task force on faculty recruitment, a special salary review board, and, most importantly, master planning for the allocation of new revenues. I shall make specific recommendations on these matters after a determination is made on the best structure for higher education in New Jersey.

Our interests, however, are not limited to higher education. The allocation of one-half the new revenues to the cost of local education is proof of that. And, the Federal government in recent years has taken a firmer role in encouraging primary and secondary education in the states. Its participation in this vital program is welcome. The possibilities that have been created as a result of Federal participation, however, place upon the states an even greater responsibility in the area of public education. During the past year, representatives of the 50 states have been consulting on an interstate compact for education which would provide a formal mechanism for cooperation among the states themselves and between the states and the Federal government. I shall submit this compact to the Legislature for its consideration.

#### A Commitment to Culture

The relationship between government and the arts, once distant, this year experienced a rebirth both at the state and national levels.

All around us we see the buildings of culture going up. The Commission to Study the Arts in New Jersey has issued a series of preliminary reports indicating our cultural achievements and our cultural deficiencies. Any recommendations, submitted by the Commission this year will warrant your close attention.

There is, however, one area in which the Legislature can act immediately. To move public support of culture and the arts one step forward, I shall recommend that the Legislature approve the establishment of a New Jersey Governor's Annual Art Purchase Award, initially allocating \$5,000 for the permanent acquisition and display of original works of art by New Jersey artists in our new State Museum.

#### Law Enforcement

For all of the advances of modern technology, an effective law enforcement apparatus still stands as the ultimate barrier between civilization and the jungle of crime. Some say that the worst side of human nature never can be bettered by legislation; that government can at best conduct a holding operation against the forces of social disorder. I do not believe this. The fight against crime, against sharp dealing in the marketplace, against carnage on the highways can be won if government is given the tools to win it.

As an early item of legislative business, I am recommending the establishment of a Commission to Study the Causes and Control of Crime in New Jersey. Such a commission should be composed of the most distinguished and knowledgeable citizens available, and should be given the very best full-time professional staff. Like the Federal panel on which it would be patterned, our commission would be asked to conduct a searching inquiry into the environmental and psychological causes of criminal behavior, and to formulate practical proposals designed to eliminate these causes. Under the recently enacted Federal Law Enforcement Assistance Act, Federal funds could be made available for such a study. The old question of how and why criminals are made has never more clearly cried out for a definitive answer. We owe it to ourselves and succeeding generations to seek that answer.

The new Federal assistance program has given us an added incentive to qualify for federal aid for the operation of other pioneering projects. Last year, after years of repeated urging by my predecessor and myself, the Legislature finally approved a mandatory police training program to alleviate a serious lack of police training at the municipal level. At the same time, however, the Legislature did not enact my request for the modest sum of \$25,000 to establish a course of professional police studies at Rutgers. Such a chair of police administration could qualify for further assistance under the Federal program, and I again urge that it be established. In addition, the New Jersey Police Training Commission has approached Federal officials with an imaginative plan to use mobile training classes throughout the State.

### *Unfinished Business*

But while we seek new avenues of approach, we cannot forget the unfinished business on which legislative action has been denied for too many years. New Jersey still needs a uniform system of crime reporting, which in this age of the computer could be even more effective than first contemplated. We still need legislation to enable our law enforcement officials to secure vital evidence through a grant of witness immunity by court order in proper cases. Last year I asked the Legislature for a law which would have authorized stringent criminal penalties up to life imprisonment for narcotics peddlers who use children under 18 for their unspeakable traffic. I repeat this urgent request. I also shall ask this Legislature to pass a firearms control bill which will accomplish the minimal step of keeping deadly weapons out of the hands of former convicts, drug addicts, mental defectives, subversives and the like, while preserving the right of sportsmen and other law-abiding citizens to own firearms for legitimate purposes.

On a closely related front—for I regard the drunken driver as an equivalent to the criminal in action if not in intent—I repeat my long-standing requests for “driving while impaired” and “implied consent” legislation. I also shall renew my personal efforts to persuade the State of New York to raise its minimum drinking age to 21. We cannot rest in the face of this deadly attraction to our young people, who are lured to death and injury by this law of our sister state.

Further, our laws must continue to be directed toward fair and decent treatment in the marketplace for the consuming public. Last year’s second mortgage law was a big stride forward, but much more remains to be done. A model state securities registration act is now being prepared. Legislation is being developed to fight the evil of the loan shark. You will be asked to enact a long-needed revision of our present Weights and Measures Law, as well as legislation to supplement the existing penalties for violations of the consumer frauds law. These and other consumer protection measures will soon be offered for your consideration, and I commend them to your early attention.

A final word on the subject of law enforcement: The criminal law, particularly as applied in recent years by the United States Supreme Court, is now in a state of rapid change. New concepts are being expressed, including the right to counsel at all stages of a criminal proceeding, the validity and value of confessions, and the continued workability of the bail system. This Administration will continue to work closely with the courts and law enforcement officials to keep pace with these developments and stands ready to propose to you such measures in this important area as are within the legislative province. In particular, the Governor’s Committee on Poverty and the Law is now formulating a program for the defense of the indigent. Its proposals will warrant your close attention.

Woodrow Wilson said 50 years ago that the first duty of law is to keep sound the society it serves. I know that you, the lawmakers, will not disregard this paramount obligation to the people.

### The Court System

The demands on our court system continued unabated during the past year. Increases in our population, more automobiles and a more prosperous and sophisticated society have resulted in the highest case load in our history. This is not a new problem. Each year I have pointed out the need for more judges. But we have achieved only partial solutions. The present needs of our Courts must be finally determined and fully met. I know this Legislature will not shirk its duty.

As a first step, I asked the Chief Justice to advise me as to what additional judges are now needed in the entire court system in order to insure the orderly and expeditious handling of our present case load. His study indicates that at least 29 additional Superior and County Court judges will be required to attempt to meet the rising court loads. Additional judges will also be required on the District and Juvenile Court levels. I intend, therefore, to submit for your consideration legislation to provide for this essential court expansion.

The creation of these additional judgeships when combined with the partial remedies of the past, will permit us to confront

our calendar with a full complement of judges. We must recognize, however, that efficiency in the administration of justice is more than merely a question of numbers of judges. Accordingly, my administration is engaged in review of other aspects of our judicial system, and I shall not hesitate at a later date to present to you such recommendations as that review indicates are needed to achieve the most effective administration of justice.

### Public Health

The need for new revenues is nowhere more apparent than in the program designed to protect the health of our citizens. I am repeating my request of last year for the enactment of a comprehensive program of State aid for local health services. The basic services now afforded by many of our municipalities are manifestly inadequate and the already overburdened tax structure of local government renders it unlikely that these services will be improved by local financing. The State must act now if our municipalities are to maintain at least minimum standards in this vital area.

Last year, the Legislature accepted my proposal of State aid for regional sewerage facilities but provided only a fraction of the appropriation requested to finance this program. Even the initial limited appropriation, however, has stimulated the development of 11 important regional pollution control engineering plans throughout the State. Such an encouraging experience suggests that this program should be expanded to broaden the class of eligible governmental units and to authorize additional loans and grants to spur the actual construction of sewerage facilities.

Effective control of water pollution also requires the establishment of a comprehensive plan at the State level for the construction of local sewerage facilities. The haphazard construction of many small and poorly located plants can be avoided by authorizing the Department of Health to deny construction permits for sewerage facilities which fail to conform to a standard of practicable regional planning. Such a bill will soon be placed before you.

Another great public health problem in New Jersey is proper disposal of solid waste. This problem is particularly critical in the populous northeastern area of the State and demands attention now before it worsens. A partial and immediate solution can be effected through licensure and other controls, in conjunction with available Federal assistance programs. Appropriate legislation will be introduced shortly.

### Action for Efficiency

The recently filed report of the Legislative Committee to Study Efficiency and Economy in Government recommended a transfer of the function of inspecting hospitals and nursing homes, and the administration of Hill-Burton funds from the Department of Institutions and Agencies to the Department of Health. This proposal appears to be consistent with the normal functions and responsibilities of the Health Department, and is under active consideration.

The State continues to make substantial progress in the enforcement of legal sanctions against the pollution of our atmosphere. But additional air pollution controls are badly needed. The air pollution measures introduced last year have been revised to conform with recent Federal legislation on this subject and will be introduced as a first order of business. At the same time, studies are underway to determine the feasibility of tax exemption inducements to industry to install pollution control equipment.

There is another area concerning the public health of our citizens which also demands your prompt attention. For many years the Department of Health has been advocating a comprehensive revision of the State's food and drug laws. These laws have been modified only slightly since they were first adopted in 1907 and now are obsolete in many respects. I would hope, therefore, that the Legislature will give this revision a high priority.

If these programs can be adopted soon, there is no doubt that New Jersey soon will be a better place in which to live. It must be understood, however, that these programs must be adequately financed and coordinated. The maintenance of a realistic public

health program requires immediate fiscal action on all fronts, and as I have indicated, my forthcoming budget recommendations will reflect that aim.

### Water

During the past year, the State became fully aware of the extent to which the continuing drought has imperiled our water supply. We have now entered the fifth year of this record drought with no certain relief in sight. This means that we must continue and expand our conservation efforts if we are to assure our businesses, our farms and our cities an adequate supply of water.

Because of the seriousness of the situation last year, it was necessary for me to invoke emergency powers to avert a major disaster. With a continuation of the drought in prospect, it may be necessary to request the Legislature to enact a statute to grant additional emergency authority to the Department of Conservation and Economic Development to enable it to coordinate the distribution of our existing water supplies.

In the meantime, every available mechanism for expanding our water supply is being advanced:

- The North Jersey Water Supply Commission is now preparing to undertake the construction of the major transmission line for the State's reservoirs during this year.
- The Department has accelerated its program of reservoir site acquisitions. Two additional reservoir sites are now under final review.
- Investigation into the State's ground water resources has been intensified during the past year. A series of test programs will be continued.
- The feasibility of using converted sea water is being examined by the State in conjunction with the Federal government. Technical research is now being carried out by a working task force comprised of nationally prominent Federal and State experts. The government agencies are receiving excellent cooperation from the State's private utilities in this study.

### *Pilot Project*

New Jersey is the first state in the Nation to have completed a pilot program using the reverse osmosis conversion process—converting brackish water to potable water. We are now awaiting the results of this pilot project.

In addition to these activities, the State is proceeding on two significant projects. The Department of Conservation and Economic Development is making preparations for the construction of the South River Tidal Dam Recharge Basin. This project is necessary to protect an existing water supply of 30 million gallons a day from sea water intrusion. Steps are also being taken to acquire the necessary land for the construction of the Six Mile Run Reservoir on the Millstone River. This project is necessary to provide additional storage capacity to accommodate the 100 million gallon daily diversion from the Delaware River Basin now authorized for State use.

I have also instructed the Department to complete work on the application which the State shall file with the Delaware River Basin Commission for additional diversion rights from the Delaware River. When the Tocks Island Dam is completed—and this is now projected for 1973—it is expected that we will be able to divert greater amounts of water from the Delaware River Basin than is now permitted. It is desirable that we move as promptly as possible on our application and obtain the Commission's approval so that the necessary planning of storage and distribution facilities can be completed and the construction undertaken on a timetable that will coincide with that of the Federal government.

### The Economy—Business, Industry and Labor

New Jersey today enjoys one of the highest economic standards of living in its history, and at such a peak we find ourselves in the best position to survey our strong and weak points.

I believe that we must now make a maximum joint effort to right economic wrongs wherever they exist; to help increase profits by assisting established industry and commerce to expand while continuously encouraging new industry to locate in New

Jersey; to develop new markets, foreign and domestic; foster municipal and regional economic planning, and train the workers and other personnel needed to move the great engine of our economic progress forward. And this must be done together—labor, private enterprise and government.

First and foremost New Jersey must grow up in the next hundred days as a modern, industrial State by establishing for the first time in our history a comprehensive Minimum Wage Law for all workingmen and women, with the fewest exceptions possible. We must also include a provision in such a law for higher or lower minimums in particular industries under separate wage board agreements where special economic conditions exist. Such a minimum wage must be a realistic one at least equal initially to the Federal minimum of \$1.25, moving toward \$1.50 an hour over a period of the next four years. Such a minimum wage must cover every concentration of low-wage marginal employment such as agricultural workers, hospital and nursing-home workers, hotel and retail employees, and others. For these have been the people left behind in great measure by the upward march of the affluent Great Society. And it is to these workers, above all, that we owe *economic justice*.

By moving toward \$1.50 per hour, I would remind you that we are only seeking to legislate what the Federal government has established as the *poverty income level*, \$3,000 a year.

I will, therefore, initiate a staff study to determine whether, without harmful economic effect to employers, the minimum wage levels can be accelerated in the next four years at a faster pace than here proposed. A rich State such as New Jersey can no longer tolerate the poverty wage levels of marginal business or industry. But we must take care that we move in concert with neighboring states so as not to introduce the minimum wage as an element of interstate economic competition. Let us not lose the jobs of the very workers we mean to protect. A minimum wage proposal, however, should shock no one. It is in fact accepted by many states and by the Federal government. The Congress even now has under consideration an increase in the Federal minimum and New Jersey should do no less.

### *Workmen's Compensation*

The State's Workmen's Compensation Law is outmoded and needs revision based on the realistic economic needs of the family whose breadwinner is temporarily, partially or permanently disabled because of a work-connected injury. I shall soon introduce a workmen's compensation bill for consideration by this Legislature which will do justice to the worker but not penalize the employer.

New Jersey's unemployment compensation law should be adjusted and improved in a number of respects taking full recognition of the economic changes which have occurred since it was last amended five years ago.

In an age of swift technological change, the State has a fundamental public responsibility to help promote economic progress and foster all those conditions which lead to full employment.

I, therefore, propose that the Legislature adopt an Economic Policy Act which would underscore the State's commitment to foster the conditions for full employment while simultaneously doing everything fiscally and economically sound to help expand private profit.

Under this Act we shall harness the genius of the electronic computer to our service by swiftly matching available men to available jobs in available geographic locations. We shall propose establishing: a long-needed policy unit to be responsible for broad economic policy overview at the executive level, a statistical information support program necessary for in-depth analysis of State economic problems, a small council of professional economic advisors, and a Joint Legislative Economic Committee which would work closely with the Executive in seeking the right and adequate means to promote our economic and social progress.

### *Industrial and Trade Promotion*

We shall also move ahead to strengthen our industrial and international trade promotion programs. With the cooperation of our many friends in business we shall expand our already successful European Trade missions to Asia, Africa and Latin America. For international trade is a growing factor in New

Jersey's prosperity with almost a \$1 billion reached annually in such trade and 300,000 New Jersey jobs dependent in some manner on it.

### *Our Banking Needs*

One of these industries whose health and flexibility is crucial to our expanding economy is banking. In January, 1963, I called the Legislature's attention to the need for the liberalization of our laws relating to branch banking. Since that time there has been a considerable amount of constructive discussion on this question. The Commissioner of Banking and Insurance and the Banking Advisory Board support revisions of the present restrictive legislation. At public hearings in Trenton last April, strong support was voiced for such changes by State officials, representatives of the Federal Reserve Bank and the private banking and business community.

If our economy is to continue to move forward our outmoded banking laws must be changed to allow banks to offer large lending facilities and complete and convenient banking services in all areas of the State. This would attract new business and new jobs to New Jersey now diverted to other states.

This year we shall request increased funds for industrial plant location feasibility studies and for a program of State assistance to municipalities and regional development agencies to encourage the drawing up of master plans for economic development. Such plans are essential if our communities are to attract private investors, utilize natural resources intelligently and obtain the full benefits of a host of new Federal economic development programs. I shall also recommend that the State's Area Redevelopment Act be amended to conform with the newly adopted Federal Economic Development Act.

Action is required in another area concerning development of the State's resources—the Meadows. Last year the Commission to Study Meadowland Development submitted its report designed to solve the perplexing title problems which for too many years have impeded the proper utilization and development of this great natural asset. I believe that the report furnishes a useful frame of reference within which a solution can be hammered

out. Thus I am recommending that this distinguished and conscientious Commission be reconstituted immediately, with a mandate to work directly with the Meadowlands Regional Development Authority and the Department of Conservation and Economic Development on the preparation of appropriate legislation. Every effort must be made to resolve the meadowlands question this year.

### *Natural Beauty*

But all our plans for an economically prosperous State will be tainted if New Jersey continues to foul its water and air through the by-products of such prosperity and disregards environmental beauty. I recently announced a Governor's Conference on Natural Beauty to be held in the spring. I urge all legislators to become a part of this endeavor, because recommendations which require legislative action may be forthcoming. We have a joint obligation to turn the tide of ugliness in this State.

And finally—essential in any rapidly changing economy—the trained worker. Automation, new product development, defense spending variations, technological change, the shift from skilled and semi-skilled jobs to service and distributive occupations—all these require training of the unemployed, retraining of the displaced worker and the older worker, the physically handicapped and the disadvantaged minority group member. The State will have to make new investments in human potential. I believe that almost everyone can and should be trained. This is not just a governmental responsibility but also one for private industry and unions and commerce. But the State must continue stepping up its already revamped vocational-technical training efforts in secondary schools and its manpower training programs, contributing as much State money as is necessary to move New Jersey from last among the states in vocational education to one of the first. New multi-skill centers have been established with MDTA funds in three major cities, with more projected. Our two-year county community colleges will produce new technicians and professionals for industry and business. A good start has been made, but it is only a start. We shall have to go on training as we continually evaluate present and future manpower needs of New Jersey's highly diversified economy.

If our national experience of the last 30 years means anything, there is no such thing as a purely business interest, a purely labor interest, or a purely farmers interest. There is only a New Jersey interest and beyond that a national interest. And in our labors toward the Great Society we must not only seek a prosperous society but also a decent society, a just society, a society which excludes no man.

### Transportation

One of the questions which afflicts every modern industrial state is that of transportation. New Jersey's commuters continue to be threatened by discontinuance of rail passenger service on many lines. As indicated by the recent application of Erie-Lackawanna, we can expect an intensification of this crisis in 1966. But the policy of this administration remains firm—essential railroad service must be maintained.

If the 60,000 New Jerseyans who travel to work by rail were forced to use highways, about a billion and a half dollars of extra highway construction would be required over the next ten years—a cost many times the amount required to maintain commuter service over that period. While rail commuting is for many reasons uneconomical, it remains the least costly alternative available. A further consideration is the essential freight service for New Jersey industries provided by the railroads. The Jersey Central, for example, serves 1,137 freight customers in 14 counties, including many large and vital industries.

Public operation of the railroads is a serious matter and every effort must be made to avoid unnecessary involvement in this endeavor. We will, therefore, continue the existing subsidy arrangements with the railroads for the present time. The State, however, must be prepared to take such further steps as may be necessary to prevent the discontinuance of essential commuter service. Consideration is now being given to the alternatives that may be available to the State with regard to operating arrangements. To assist the State in shaping its decisions, we are seeking to determine sensible cost guidelines for commuter losses should the State be compelled to move beyond its present subsidy position.

The railroad situation is, of course, only one part of the overall transportation problem in New Jersey. We are, therefore, moving towards improving our highway position at the same time that we are considering our railroads.

In addition to the enactment of the revenue program I have proposed, legislative cooperation will be required during this session to grant permission to the Turnpike Authority to undertake the expansion of the Turnpike from Woodbridge north to Route 80. The details of this proposal already have been released by the Authority, and deserve your close attention.

Our goal is a comprehensive transportation system designed to move people and goods swiftly and safely and to preserve community values. In this area New Jersey's need is great. The Legislature should be prepared for special recommendations later in this session.

### Assistance for Our Communities

#### *A New Department*

Since I first campaigned for the office of Governor in 1961, I have advocated the creation of a Department of Community Affairs which would enable State government to service more effectively the needs of our communities. During the past few years, as the Federal government has moved to create a Department of Housing and Urban Development, my conviction that such a Department on the State level is absolutely essential in this day and age has been reenforced. While some of our major cities are staffed in a manner which enables them to deal effectively with State and Federal government and to obtain the full benefit of the programs that are available, many of our smaller communities are losing assistance which could be theirs because they are not properly equipped.

In large part, the new Department would provide such municipalities with the assistance they require while providing the focal point for much of the activity concerning municipalities which is now dispersed among many other departments. Because many of the functions of this Department are already in existence, the cost of this proposal is relatively modest—less than

\$500,000—a small price to pay for such a useful tool of government.

### *Housing and Other Urban Needs*

The needs of our municipalities cannot be satisfied simply by the creation of a new department. In spite of the vast new Federal programs and major local efforts to modernize the physical environment of New Jersey's municipalities, a large gap remains in areas such as housing for middle income families and State financial and technical aid to help meet local costs of urban renewal. All of us realize that in this most urban state in the Nation many social problems are intimately related to the increasing physical deterioration of our urban areas.

Therefore, in addition to proposals I have mentioned concerning optional rent control and modernization of the Tenement House Law, I expect to submit for your consideration a program for middle income housing. These programs, together with the substantial increases in State financial assistance to counties and municipalities from the income tax which I have discussed earlier in this message, should enable our municipalities to take meaningful steps forward in the area of physical rehabilitation. Additional proposals dealing with community development and redevelopment remain under consideration and will be submitted to you at the earliest possible date.

### *Agriculture*

New Jersey's physical development is progressing at a near record pace. It is, therefore, exceedingly important, as we plan for the future, that we continue our efforts to keep New Jersey an attractive home for the family farmer. We have an agricultural heritage which has been of great benefit to our State and we have a need for agriculture in our future. I am, therefore, requesting the Division of State and Regional Planning to give careful attention in its planning activities to accommodating the needs of the agricultural sector of our economy.

In the past several years, the Governor's Committee on Farmland Assessments, under the chairmanship of Senator Wadding-

ton, was responsible for several notable legislative proposals of benefit to agriculture. Because of the great service performed by this Committee, I intend to have it reconstituted as the Governor's Committee on Rural Land Use. This excellent Committee should continue to render valuable service to our agricultural communities.

The Department of Agriculture, in conjunction with agricultural organizations, is now working on legislation to strengthen farmer cooperatives. I also believe serious consideration should be given by the Legislature to any proposals developed which will improve the bargaining power of our producers.

### *Congressional Redistricting*

The present apportionment of our congressional representation was established on the basis of Federal Census of 1930. Since then, these districts have remained unchanged except for the slight modification that was made in 1961 to accommodate the additional Congressman that was assigned to New Jersey following the Federal Census of 1960.

During this 30-year hiatus, substantial changes in the size of the congressional districts have occurred, the total population having increased by 50 per cent within that period of time. Although each Congressman should now represent approximately 404,000 people, the Congressman from the State's smallest district represents 255,000 people while the representative from the largest district is responsible to 585,000 persons.

The inequities inherent in the present representation have been recognized by the courts of the State. The Superior Court last year ruled that the Legislature should enact redistricting legislation prior to the time when the primary proceedings begin for the November, 1966, election. The Court indicated, however, that if the Legislature has not acted by April, 1966, it will entertain argument as to what further action should be taken. I am confident that the Legislature recognizes its responsibility in this area and I pledge my full cooperation in working for a solution which will provide the State with an equitable apportionment of our congressional representatives based upon the constitutional concept of one man—one vote.

### Law Revision Projects

Work is continuing in numerous areas concerning revision of the State's statutes. The Election Law Revision Commission is preparing a realistic and modern law which should enable the maximum number of eligible persons to participate in the election process. I am hopeful that at least some of their proposals will be ready for your consideration this year.

Commissions are also working on a revision of the laws concerning corporations, insurance and motor vehicles. These commissions will be encouraged to speed their review of the law so that the necessary revisions can be taken under consideration.

### Legislative Reform

I should not close without taking note of the legislative reforms which this body has accomplished. I am proud, and I am sure that the people of New Jersey are proud, of the action of this Legislature in restoring the legislative processes clearly ordained by the people in our Constitution.

The rule changes which the Senate majority has accomplished on nominations are historic. They eliminate the secrecy which has accompanied final action—and frequent unconstitutional inaction—on the nomination of the State's officials, while preserving to the Senate its true constitutional prerogatives to advise and consent to such nominations. This change brings a breath of fresh air into an area which has remained secret and closed.

I also am highly gratified by the pledge of both Houses to institute and operate an active committee system with majority and minority representation, in place of the so-called caucus. You have done this on your own and in satisfaction of your plain commitment to the people. I know they will extend to you, as I do, the fullest credit for your forthright action in such prompt redeeming of your solemn pledge.

### CONCLUSION

It has been said that those who will not learn from history are forever condemned to repeat their mistakes. Last November 2nd, I—and those of you who ran with me—went to the people with the claim that we could make New Jersey a great State, and with the promise that we would do so. The people believed our claim and accepted our promise.

And, every member of the minority in this room has, by the plainest implication, also joined in this pledge. When you spoke of the need for colleges and the improvement of education, as did we, you called for progress. When you condemned the excessive burden of government on local property taxpayers, you promised, as did we, to do something about it. When you shuddered at the shortcomings of some of our institutions, you appealed, as did we, to conscience. When you spoke of health and public safety and Green Acres, you promised, as did we, a personal involvement in the future. When you advocated transportation improvement and economic development of our fullest potential, you made, as did we, a commitment to accomplishment. When you spoke of justice, you promised, as did we, to seek out and destroy injustice. When we spoke of all these things, we were speaking of greatness for New Jersey. We were committing ourselves, all of us, to the goal of greatness and to the performance of duty.

So we are all bound by the same pledge, we are all under the same commitment, we are all caught up in the same tide of New Jersey history. We all face the same challenge, must exhibit the same courage, must seize the same opportunities, and must overcome the same obstacles for the sake of right.

And the universality of this commitment, aside and apart from parties or partisanship, must remind us of a statement of our late and beloved martyred President, John F. Kennedy:

“... When at some future date the high court of history will sit in judgment on each of us, recording whether in our brief span of service we fulfilled our responsibilities to the State,

our success or failure in whatever office we hold will be measured by the answers to four questions :

Were we truly men of courage, with the courage to stand up to one's enemies, and the courage to stand up, when necessary, to one's associates?

Were we truly men of judgment, with perceptive judgment of the future as well as the past \* \* \*?

Were we truly men of integrity, men who never ran out on either the principles in which we believed or the people who believed in us \* \* \*?

Finally, were we truly men of dedication, with an honor mortgaged to no single individual or group, and compromised by no private obligation or aim, but devoted solely to serving the public good and welfare?"

These noble words must make us understand that we are not miracle workers, but are men and women of honor and integrity, Americans sworn to the performance of a solemn duty.

We must all do our best—God willing, we shall do no less.

RICHARD J. HUGHES,  
Governor

January 11, 1966

Attest:

JOHN W. GLEESON,  
*Executive Secretary*