



state of new jersey

Acting Governor Richard J. Codey

PROPERTY TAX CONVENTION TASK FORCE



- > [property tax home](#)
- > [task force members](#)
- > [view bill establishing task force](#)
- > [convention related press releases](#)
- > [task force background](#)
- > [task force transcripts](#)
- > [task force final report](#)
- > [hearing audio](#)

[contact the governor](#)

1

1 STATE OF NEW JERSEY

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3 NEW JERSEY PROPERTY :
4 TRANSCRIPT
5 TAX CONVENTION TASK FORCE : OF
6 HEARING
7 -----

8 Date: December 21, 2004

9

10 TRANSCRIPT ORDERED BY:

11 JACK DONNELLY, State of New Jersey, Office of
12 the Governor, The Statehouse, PO Box 001,
13 Trenton, New Jersey 08625

14

15 PANEL PARTICIPANTS:

16 (Not introduced/identified for the record)

- 17 SENATOR JOHN H. ADLER
- 18 MICHAEL R. COLE, VICE CHAIRMAN
- 19 SUSAN COLE
- 20 SHERRYL GORDON
- 21 SENATOR LEONARD LANCE
- 22 TERENCE MALLOY
- 23 ASSEMBLYMAN KEVIN O'TOOLE
- 24 MAYOR GARY PASSANANTE
- 25 ERNEST C. REOCK, JR., Ph.D.
- 26 ASSEMBLYMAN JOSEPH J. ROBERTS, JR.
- 27 MAYOR JO-ANNE B. SCHUBERT
- 28 CY THANNIKARY
- 29 CARL E. VAN HORN, Ph.D., CHAIRMAN
- 30 SENATOR RICHARD VAN WAGNER

31

32 Coleen Rand, AD/T
33 Certified Court Transcriber
34 For Guy J. Renzi & Associates
35 824 West State Street

24 Trenton, New Jersey 08618
(609) 989-9199
25 www.renziassociates.com

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1 (Side A)

2 MR. VAN HORN: -- the usual New Jersey

3 traffic problems prevailed, and some people had

4 difficulty getting here.

5 I just wanted to clean up a little

6 housekeeping work as we start this last and

7 fifteenth meeting of the Property Tax Convention

8 Task Force.

9 The report, which was sent to you, the

10 draft, mid-afternoon yesterday is subject to any

11 final changes today, is the bulk of the draft;

12 however, there's still opportunity to make other

13 additional editorial changes to it, up through close

14 of business on Monday. I would ask you to -- any

15 comments you have in that regard, any points that

16 you want to note of dissent, please do that by,

17 preferably, this week; but, if not, by close of

18 business Monday. That would also include if anyone

19 wants to put any material into the appendix, any

20 potentially extensive remarks that you'd like to

21 make, that would be made available, of course. But,

22 again, in order to meet our deadline and get it

23 printed, we have to get that by close of business

24 Monday.

25 I also just want to let you know that

3

1 the -- probably by Thursday or -- is the 31st

2 Friday?

3 UNIDENTIFIED: It is.

4 MR. VAN HORN: Okay. By Thursday or

5 Friday of next week, we will transmit the report on

6 behalf of the task force to the -- to the Governor

7 and the presiding officers of the Legislature.

8 The -- in addition, on behalf of the

9 task force, we'll certainly write formal letters of

10 thank you to a number of individuals, including

11 certainly the Legislative Services Commission,

12 President McCormick of Rutgers, and the staff and

13 others that have provided assistance to us

14 throughout this process.

15 In order to make sure that we're

16 accurate in the final report, we will circulate back

17 out, the staff will to you directly, so you can

18 review it, so this isn't the last opportunity for

19 you to look at the report. But we will need you to

20 turn around that fairly quickly because -- in other

21 words, once you -- once you make whatever comments

22 you want to make, again, we're under a short, you

23 know, tight deadline to get it -- to get it

24 finished.

25 What I want to do today is to see if

4

1 there are any final points by way of perfecting
2 changes that people think should be brought to the
3 attention of the full task force. I know the Vice
4 Chairman has a point he wants to raise, which I
5 thought was important. And if there are other
6 issues, we'll bring those up.

7 And then, when we conclude that, I'm
8 going to then give every member an opportunity to
9 make his or her statement about the -- about our
10 report and the next steps, and we're going to do
11 that in our -- in alphabetical order, Senator Adler,
12 so, once again, you're at the head of the class, so
13 you'll be first.

14 SENATOR ADLER: (Inaudible - not
15 recorded).

16 MR. VAN HORN: Yeah. So let me begin
17 with the Vice Chair on points that you would like to
18 raise.

19 MR. COLE: Thank you, Mr. Chairman. I
20 have one point. It appears at Pages 7 and 8 of the
21 most recent draft, at Page 7 it's under the heading
22 of "Districts":
23 "Delegates should be elected by
24 district, using the forty current legislative
25 districts."

5

1 And it's the last clause of the

2 paragraph, where it's talking about the one

3 person/one vote doctrine, it says, quote:

4 "-- even though that doctrine does not

5 apply to a convention since it is not a law-making

6 body."

7 Virtually the same language appears

8 again on Page 8, the last sentence of the first full

9 paragraph on Page 8.

10 "According to these constitutional

11 scholars" --

12 I'm reading.

13 "-- there is no one person/one vote" -

14 - "there are no one person/one vote issues due to

15 the fact that the convention is not a law-making

16 body."

17 This is new language.

18 In earlier drafts, including the draft

19 we discussed Friday, we were noncommittal on whether

20 the one man/one vote doctrine applied to the

21 selection of delegates. And the tact we took was

22 that we -- we satisfy any one man/one vote concerns

23 because we were using districts which were -- for

24 election, which were fairly apportioned and are

25 apportioned every ten years, to ensure compliance

6

1 with the doctrine.

2 And, in terms of the selection of

3 extra delegates, if the Legislature does go that

4 way, we were satisfied that we would satisfy any one
5 person/one vote concerns by having presented that
6 issue at least to the voters.

7 I don't know that, as a group, we've
8 ever taken a good, hard look on the applicability of
9 the doctrine. I'm not sure whether it applies or
10 not. But I am fairly certain that there's no need
11 for us to take a position on it.

12 So I would call for a retreat to the
13 earlier language, which simply says we're satisfying
14 any concerns, rather than take a hard and fast
15 position on whether a basic constitutional doctrine
16 applies or not.

17 MR. VAN HORN: I think without
18 objection, I think the staff should make that
19 change. Anyone object to that? Okay. Thank you.

20 Thank you, Mr. Vice Chairman. Good points.

21 Other comments that anyone makes in
22 terms -- on that dimension, you know, of the -- or
23 that level of comment, where we're talking about
24 significant changes necessary.

25 Dr. Reock.

7

1 DR. REOCK: One change I would suggest
2 is, in the -- about the last page of the report,
3 Appendix 4 suggests a meeting date for the
4 delegates, and we had not talked about that
5 specifically, but the suggestion here is December

6 31st, New Year's Eve, which seemed to me an unusual

7 time to call --

8 MR. VAN HORN: Dr. Reock, if I can

9 just comment on that.

10 DR. REOCK: Yeah.

11 MR. VAN HORN: If you look at the

12 appendix -- I had the same reaction. But then I

13 noticed that above it, it says "by December 31st."

14 DR. REOCK: Okay. But I think --

15 MR. VAN HORN: So, in other words, it

16 needs to be --

17 DR. REOCK: I still would suggest that

18 the --

19 MR. VAN HORN: Just say December --

20 DR. REOCK: -- 31st be -- no, that the

21 31st --

22 MR. VAN HORN: Just say December of

23 2004.

24 DR. REOCK: I would still suggest --

25 MR. VAN HORN: All right. Excuse me.

8

1 DR. REOCK: -- that the 31st be

2 replaced by the 17th.

3 MR. VAN HORN: Right. And it's also

4 December of -- yeah, just say December -- by

5 December 2005. How about if we did that? In other

6 words, what was --

7 DR. REOCK: Well, I would still

8 recommend putting in a specific date --

9 MR. VAN HORN: A specific date. Fine.

10 DR. REOCK: -- and I would suggest the

11 17th.

12 MR. VAN HORN: Is that going to be a

13 good day?

14 (Participants confer)

15 DR. REOCK: Well, the Board of

16 Canvassers meets early in December, I believe --

17 MR. VAN HORN: Uh-huh.

18 DR. REOCK: -- so that it should --

19 there should be plenty of time for the additional

20 twelve or ten delegates to be named by that time. I

21 -- I think the convention should be called in to

22 session as early as possible.

23 MR. VAN HORN: Yeah. Mr. Vice

24 Chairman.

25 MR. COLE: I think the report calls

9

1 for the -- if the delegates are to be appointed, it

2 calls for the appointments to be made ten days after

3 the Board of Canvassers certifies the results. So

4 can I suggest that we leave this as a detail for the

5 chair, to check the date of the meeting of the Board

6 of Canvassers. I think it's -- by statute, it's a

7 certain -- it's the first --

8 DR. REOCK: It's within the first week

9 of December.

10 MR. COLE: Yeah, it's the first Monday

11 or Tuesday. But I think you can easily check the

12 date and get your precise date.

13 DR. REOCK: I think we should have a

14 precise date suggested, though, because that

15 probably should be in the enabling act, as to when

16 the convention would have its first meeting.

17 MR. VAN HORN: Okay. I have no

18 problem with that. But I will -- we will work on

19 the -- getting a precise date based on when the

20 Board of Canvassers meets, unless anyone objects to

21 that.

22 Yes. Okay. Any other comments? Dr.

23 Cole?

24 DR. COLE: In regard to the scope

25 discussion on Pages 12 and 13, I want to say that I

10

1 very much appreciate the skill with which a number

2 of the concerns, certainly, that I raised, and

3 others I think also raised have been incorporated

4 into the text. I think it's really much improved in

5 this version, particularly in regard to how the

6 scope of the activities of convention would be

7 limited.

8 I would just like to propose the

9 addition of one word in the first sentence under

10 "Subjects for Consideration" because I think it

11 marks clearly, if we add this word, the sense of

12 what we are saying in the rest of the word. The

13 enabling act should clearly state that the

14 convention will be "strictly" limited to

15 considering.

16 MR. VAN HORN: I have no objection to

17 that. Anyone else? Okay. Thank you, Dr. Cole.

18 Mr. Thannikary, I didn't see your

19 light. Yes.

20 MR. THANNIKARY: Okay. Thank you.

21 Thank you, Mr. Chairman.

22 I just want to echo what Susan had

23 just said. Staff has done an outstanding job, and I

24 was amazed all these complex issues put together in

25 a twenty-page document.

11

1 Somebody asked me the other day, where

2 do we get a report. I said, it will be on the

3 website. I said, website. They're talking about

4 eighty, hundred pages report. And I want to thank

5 and express my gratitude to Eric Shuffler, Ed

6 McBride, and, of course, Jack Donnelly for the

7 outstanding job they did.

8 And my comment is the same subject,

9 "Subjects for Consideration." I know, Chairman, you

10 added the wording "especially as they affect low and

11 moderate income residents," and I was wondering

12 whether we should add a definition of what

13 "moderate" is. Moderate can be defined any which

14 way you want to, so I was wondering whether, can we

15 refine it. Just a thought, that's all.

16 MR. VAN HORN: I -- we talked about

17 that a bit, Mr. Thannikary, at the last meeting, as

18 you may recall, and I think Mayor Schubert raised

19 that same question. And I -- my feeling is that,

20 again, since we're giving a sense of direction, it's

21 best to leave that to the -- either the enabling

22 legislation, and even I would encourage the

23 Legislature not to specifically define that, but

24 leave that up to the delegates. Because I think

25 that's -- that gives a sense of where to go without

12

1 picking a particular income level or definition;

2 and, as they're putting proposals together, they may

3 want to be flexible on that. That was my reaction.

4 MR. THANNIKARY: Thank you.

5 MR. VAN HORN: Okay. Well, seeing no

6 other specific comments, let me begin with Senator

7 Adler, the distinguished Chairman of the Judiciary

8 Committee and one of the prime movers behind that.

9 DR. COLE: Mr. Chairman.

10 MR. VAN HORN: Oh, I'm sorry, Dr.

11 Cole. Yes. You've stolen his opportunity.

12 (Laughter)

13 MR. VAN HORN: Just be patient.

14 (Laughter)

15 DR. COLE: I love doing that.

16 MR. VAN HORN: Yeah.

17 DR. COLE: How often do you get to do

18 that to a legislator?

19 MR. VAN HORN: Only once.

20 (Laughter)

21 DR. COLE: That's probably right.

22 That's probably right.

23 (Laughter)

24 (Participants confer)

25 DR. COLE: I just wondered, at what

13

1 point; is it in these comments or after this, that

2 we might want to talk about areas where we might

3 dissent from a specific provision of the document.

4 MR. VAN HORN: What I've asked you to

5 do is to submit that to the staff, and it will be

6 footnoted in the final report.

7 DR. COLE: In other words, you don't

8 want to --

9 MR. VAN HORN: You can also make your

10 comment now. In other words, this is --

11 DR. COLE: So do it during this

12 commentary.

13 MR. VAN HORN: Yes.

14 DR. COLE: Okay.

15 MR. VAN HORN: This is the opportunity

16 to say whatever you want to say.

17 DR. COLE: Okay. Thank you.

18 MR. VAN HORN: But as far as the
19 official document, it would be in the document.
20 And, again, just to remind everybody, there's two
21 different ways in which you can express yourself
22 here: One is in a specific footnote to the text, if
23 you care to do that, or in any additional comments
24 that you want to put at the end of the report; and
25 then, of course, you can do it today.

14

1 DR. COLE: That said, I yield to
2 Senator Adler.

3 MR. VAN HORN: Thank you. Okay.

4 Thank you very much.

5 Senator Adler.

6 SENATOR ADLER: Mr. Chairman, I want
7 to start by thanking you for the way you conducted
8 these many hearings; the public hearings, and then
9 our discussions. I didn't know you before this
10 process at all, and I now am truly thrilled that you
11 were our chair. I think you and the Vice Chair did
12 a magnificent job of tending us and leading us, and
13 allowing us free reign to explore issues. And so I
14 thank you and the Vice Chair for your leadership on
15 this important mission.

16 To the members of this task force, I
17 knew some of you quite well, particularly my very
18 dear friend the Majority Leader and the Senate
19 Minority Leader; some of you not as well; some of

20 you really not at all. And I had some skepticism
21 coming into this process that we would all be
22 willing to work in the same direction generally,
23 even though we all had our individual appropriate
24 biases and backgrounds and constituencies and
25 concerns. And I was struck with the seriousness of

15

1 purpose of each of the members here, who were
2 diligent in their attendance, who were, I think,
3 thoughtful in their questions and comments,
4 respectful of one another, even when we disagreed
5 with one another on philosophical or smaller issues.

6 And so my thanks to the members here for having
7 really treating this with the seriousness it
8 deserved as the critical issue facing New Jersey.

9 To both the staff members and the

10 outside geniuses that come in, my great thanks for
11 all your expertise. Even on occasion, when I

12 disagreed with a couple of you -- I'm still not

13 convinced Mr. Kelly is right on the Buckley issue

14 and the twenty-five-thousand-dollar disclosure

15 question, and we'll resolve that maybe later -- but

16 the fact is the people gave us information when we

17 needed it, gave us alternative ways of looking at

18 the same question, so we could think through

19 options, and were very, very helpful.

20 And I'm also grateful that the staff

21 and the outside geniuses kept the cost down; that we

22 did a great job, and that maybe is to the credit of
23 the Chair and the Vice Chair. But we didn't exceed
24 our budget; but, to the great delight of New Jersey
25 in difficult times, actually came in way, way under

16

1 our budget. And that's really to the credit of this
2 mission and of what it symbolizes, which is really
3 trying to find a more affordable way to live in New
4 Jersey. So hats off to Chair and staff and outside
5 geniuses for having done such a good job keeping the
6 costs down, cognizant of what this is really about.

7 I mentioned the one process issue of
8 which I have some ongoing concern, and I'll probably
9 do a footnote on that issue.

10 With respect to scope, I have enormous
11 respect for the people in this room who, from very
12 different perspectives, were willing to recognize
13 there are some things that are very important in New
14 Jersey; that everyone, even people in affluent
15 districts, understands the importance of giving each
16 child a thorough and efficient education. And,
17 while we may quarrel politically or philosophically
18 about how we're continuing that mission of providing
19 education to children appropriately, that it was
20 always at a high level of discussion.

21 And I'm delighted that the majority
22 report, which I hope everyone or virtually everyone
23 will embrace, will recognize the exclusion of

24 certain topics, such as thorough and efficient

25 education and affordable housing from the scope of

17

1 the convention that we recommend to the Legislature.

2 The fact that people came in here,

3 some of us having studied this at great length, and

4 some people not having studied it at all, and having

5 everyone look at this with fresh eyes was, to me,

6 refreshing. The fact that the Assembly Majority

7 Leader, the Senate Minority Leader, and I, along

8 with Senator Schluter had spent some substantial

9 amount of time over the last several years studying

10 aspects of this big bundle of issues, and the fact

11 that new people could bring their own intelligence

12 and insight, at least to educate me on things I

13 hadn't ever considered before, having thought

14 through all these issues repeatedly over the years,

15 to me, was a real delight. And so I thank you all

16 for having reeducated me on this process.

17 And the fact that you could bring a

18 fresh look to this brings to mind, to me, the fact

19 that, while we're giving our best effort there, this

20 is not the final product. This is our

21 recommendation with some options to the Legislature.

22 And it may well be that, in the inherently political

23 process of the Legislature, that some aspects of

24 this may be changed or some of the options that

25 we've presented may be chosen, either A or B. And

18

1 the fact is, on some of these issues, this is not
2 the final word. But we tried very hard to give our
3 best-faith view of what the final word should be,
4 knowing that the Legislature may, for political
5 reasons or philosophical reasons or with its greater
6 wisdom -- and I don't say that sarcastically -- may
7 decide to do it differently than we've recommended
8 on some minor issues or some profoundly broad
9 philosophical issues.

10 But I'm hopeful that, having been such
11 a nonpartisan and bipartisan process for this task
12 force, that this process will continue in the
13 Legislature as much as is humanly possible on a
14 nonpartisan and bipartisan level.

15 I, frankly, don't care whether we
16 solve this problem by legislation, through the
17 Legislature in the next few months. But I think,
18 realistically, the only way we're going to do it --
19 and this task force reflects that, that reality --
20 is that we have to do it on a bipartisan basis just
21 to get it on the ballot, to let the people show
22 their wisdom to pick some delegates to do this in a
23 nonpolitical or less political way than the
24 Legislature could ever do it.

25 But I am hopeful that this process can

19

1 be replicated in the Legislature, on the ballot, in
2 a convention, and on the ballot again, so we can
3 really get it right.

4 This issue is of such paramount
5 importance to so many residents who are at risk now;
6 this week, this month, this year, of losing their
7 homes. And we know people who have lost their
8 homes, people in every community, people at every
9 economic level. And the fact that we took the time
10 to do this is one good step, but clearly not the
11 solution.

12 I'm hopeful that, a couple of years
13 from now, we will have ratified something very
14 positive that will be a long-term benefit for New
15 Jersey for generations to come.

16 I thank you all for letting me be part
17 of this process.

18 MR. VAN HORN: Thank you, Senator.

19 Thank you very much.

20 Dr. Cole.

21 DR. COLE: Thank you, Mr. Chair.

22 I very much have appreciated my
23 opportunity to serve on this task force. It has
24 been a very gratifying experience. I want to second
25 what Senator Adler has said; he has said it much

20

1 better than I could have said it, and I won't

2 attempt to repeat it all.

3 I think we have produced an extremely

4 good report. Those of the staff who have worked so

5 hard on this, I want to congratulate. I think it's

6 an excellent report on a highly complex topic. It

7 is certainly a topic of enormous importance to the

8 State of New Jersey, and I'm very gratified with the

9 result. I certainly will endorse this report.

10 And I only want to make one comment

11 now, which is my intent to dissent just from one of

12 the proposals: The proposal that the constitutional

13 convention be enabled to propose statutory changes,

14 as well as amendments to the constitution.

15 In my judgment, the creation of laws

16 rests within the authority of the Legislature and

17 the Governor, with all the checks and balances,

18 rules and procedures, and ultimate accountability to

19 the voters that the legislative process entails. In

20 my judgment, a constitutional convention should be

21 limited to constitutional amendments.

22 With that single exception, I fully

23 endorse this report. Thank you, Mr. Chair.

24 MR. VAN HORN: Thank you, Dr. Cole.

25 Ms. Gordon.

21

1 MS. GORDON: Yes, good morning, and

2 thank you to both chairs.

3 This experience has been extremely

4 enlightening for me. I guess in the circle that I
5 travel in, I travel normally with a list of usual
6 suspects; and, as I look at the guys gathered around
7 this table, you guys are all very unusual for me in
8 my day-to-day dealings. So that, I started out
9 extremely skeptical, but wanted to be cautiously
10 optimistic as we moved forward.

11 I knew already that, in my mind, that
12 the idea of a convention, in my opinion anyway,
13 would be totally unnecessary because I do think that
14 we have people who are in place to deliver the
15 things that we need, in terms of modifying, you
16 know, any property tax proposal. But the experience
17 and the process here has allowed for much, much
18 democracy.

19 Given the different areas and
20 backgrounds that we have, I think that it allowed
21 for tremendous input. I think that, in terms of the
22 way that the process was conducted, it allowed each
23 individual member to be an individual, and I think
24 that's important when you come together in an
25 experience like this. So I think that it was

22

1 extremely healthy, in terms of how we did business
2 and the final report.

3 I guess the other thing I'd like to

4 ditto is the idea of dealing with, as Dr. Cole

5 mentioned, an extremely limited scope. I've always

6 sort of had the fantasy -- some people tell me it's
7 a fantasy, but other folks say it's a tried-and-true
8 notion -- that any time you open up a process such
9 as this, it allows all sorts of folks to come out of
10 the woodwork. And you really can't predict what
11 you'll get.

12 And I think that the New Jersey
13 Constitution is too important of a document to leave
14 open for that kind of review. So that the idea of
15 having a limited, very strict scope is something
16 that I think that we should make certain is adhered
17 to, in terms of the convention.

18 And I guess the only other thing I'd
19 like to add is, as I look through it, there were
20 some items that were discussed in my absence -- and
21 certainly no one's fault but my own -- that I'd like
22 to sort of forward to you, in terms of the final
23 report.

24 Other than that, it's been a well,
25 well, highly recognized, I guess, experience for me

23

1 and my membership and the people who I do business
2 with, and I think it's something that I would
3 recommend for anyone in the future, who would have
4 the opportunity to serve in this capacity.

5 MR. VAN HORN: The distinguished and
6 charismatic Senate Minority Leader.

7 SENATOR LANCE: Thank you, Mr.

8 Chairman. I want to congratulate you and the Vice
9 Chairman for the way that the task force has worked,
10 and you have demonstrated fairness to all members of
11 the task force.

12 On the procedural matters that we have
13 discussed, I believe we have reached broad
14 consensus, and that consensus has been reached after
15 deliberations, based upon the concerns of all
16 members of the task force. And I support totally
17 the procedural aspects of our recommendations to the
18 Governor and the Legislature.

19 I dissent, however, and I dissent
20 vigorously from the recommendation on the scope of
21 the convention. I believe, based upon the history
22 of the state over the last generation, that it is
23 essential that spending, as well as revenue, be
24 included in the convention's mandate.

25 Any lessening of the overall property

24

1 tax burden, in relation to other forms of taxation,
2 will only be temporary, unless spending proposals
3 are also included in the convention's
4 recommendations to the people. In my judgment, this
5 will be property tax relief, but not fundamental
6 property tax reform.

7 Spending discussions can be limited to
8 matters related to property tax reform, and should
9 not be related to divisive social issues. I

10 modestly suggest that perhaps spending and revenue
11 issues could be based upon Article VIII of the
12 constitution itself, the taxation article. I
13 believe that we might want to discuss that further
14 in the Legislature.
15 From my perspective and the
16 perspective of the Republican members of the State
17 Senate, if we move forward to a convention, we will
18 not be doing our jobs unless both halves of the
19 ledger; the revenue half and the spending half, can
20 be included in discussions before any constitutional
21 convention.
22 The goal to be achieved in our
23 judgment, the judgment of the Senate Republicans, is
24 property tax reform, and not merely property tax
25 relief.

25

1 Thank you, Mr. Chairman.

2 MR. VAN HORN: Thank you, Senator.

3 Mr. Malloy.

4 MR. MALLOY: Mr. Chairman, when this

5 task force first met, it was generally stated the
6 holding of a property tax convention was, for
7 practical purposes, the last and best chance for
8 devising a more equitable method of taxing the
9 public for needed services. While the task force
10 was not assigned the difficult task of developing
11 the solutions to resolve the over-reliance on

12 property taxes, it was given the chore of developing
13 the process under which a property tax convention
14 would take place. Failure of this task force to
15 properly develop the process in a fair and equitable
16 manner would doom the concept of a property tax
17 convention to an early death.

18 I'm pleased that the end product
19 produced by this task force has an emphasis on the
20 practical and the doable. I strongly believe that
21 the drafted report represents a well thought out
22 model that the Legislature can embrace. While no
23 report will ever be perfect in the eye of all
24 beholders, the report does lay out a practical road
25 map to hold a property tax convention that will

26

1 allow the people of this state to devise a solution
2 to our current property tax problems.

3 I am fully supportive of the report in
4 its entirety. This report will hopefully receive
5 bipartisan support in the Legislature and the
6 process of holding a property tax convention will
7 move forward.

8 I would like to congratulate you, Mr.

9 Chairman, for your leadership that has helped to
10 allow this task force to be part of the solution to
11 high property taxes, and not dissolving to become
12 yet another roadblock to resolving the issue of
13 property tax relief that has confronted this state

14 for decades.

15 I would also like to thank the staff

16 for their assistance in helping to turn thoughts and

17 concepts into the document that's in front of us.

18 Finally, I urge the Legislature to

19 embrace this report and continue the process

20 required, so that a property tax convention can be

21 held in 2006.

22 MR. VAN HORN: Thank you, Mr. Malloy.

23 Assemblyman O'Toole.

24 ASSEMBLYMAN O'TOOLE: Thank you,

25 Chair.

27

1 I can only describe this last few

2 months as probably one of the most interesting

3 governmental experiences I have entertained in my

4 twenty years in government, both as a local and

5 state official.

6 And, first off, let me start by

7 thanking Minority Leader Alex DeCroce (phonetic) for

8 this unexpected appointment. I was somewhat

9 reluctant to join into this, having had my own

10 preconceived notions as to where we had to go, in

11 terms of nailing down real property tax reform.

12 But, as my colleagues have indicated, this has been

13 a political awakening of sorts and a wonderful

14 experience to share different ideas, hear from

15 experts, hear from all of us, my fellow task force

16 members. Each of us come from different walks of
17 life and presumably have different upbringing, and
18 have been influenced by our education, our
19 neighborhoods, our parents, our grandparents; and
20 all have a very unique -- and no perspective is more
21 wrong or more right than another.

22 And I want to thank my task force
23 members for being open, engaging, and Frank, and
24 having this wonderful discussion and debate.

25 I was talking with my mother last

28

1 night, and she said, well, how is the task force
2 going, and I said, well, it's not going exactly as I
3 anticipated, and it seems to me we needed a few more
4 people from my walk of life on this commission. And
5 she said, well, at least you are talking about
6 these, and you're part of a democracy.

7 And this reminds me -- for those that
8 don't know, I don't speak about it often, my mother,
9 who is a North Korean war refugee, reminds me how
10 wonderful our democracy is when she tells me about
11 the horrors that her family engaged in, when she had
12 to leave her country at the age of eleven with the
13 clothes on her back, and leave a very oppressive
14 regime. And my heart is awakened when we go to
15 forums like this and places in the Assembly, when we
16 can debate any issue and talk about how our
17 government works; sometimes not so well, but we can

18 at least talk about.

19 And, Chairman, you should be commended

20 for your leadership here, in allowing the open

21 process of debate, whether we agree or disagree. We

22 allowed every individual, every constituency, each

23 member who had whether special interests or just

24 their own property tax interests, have their

25 dialogue. And your leadership that allowed us to

29

1 meet and greet with people from Bergen County to

2 Camden and Mercer and throughout this wonderful

3 state of ours, it's been a wonderful experience in

4 just having to get to know some more people in New

5 Jersey. I want to thank the Vice Chair for his very

6 deliberative and thoughtful style, as well. And I

7 think, politically and personally, I'm only more

8 enriched because of this experience.

9 I would describe this process akin to

10 herding cats, of trying to get as many special

11 interests together, and trying to get some consensus

12 on what we think is the best reform for property

13 taxes; a difficult process, and I think we've had a

14 lot of interesting dialogue.

15 You know, in the early stages, I ran

16 into the Majority Leader Joe Roberts, a man I have

17 great respect for, who I would say has a great sense

18 of intelligence and experience. And Joe and I kind

19 of said, you know, despite our -- all of our

20 intellectual best efforts, we may just not agree on
21 certain issues that we think are the best scope or
22 the best direction for our constituents. And, Joe,
23 at the end of the day, that's probably where we are.

24 Despite our best efforts, all of our best efforts,
25 it's apparent to me that there is a great divide, in

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1 terms of the scope, as to what we believe will bring
2 about serious and significant property tax reform.

3 As I understood, my charge was to come

4 here and to deliberate, and beyond word on

5 mechanics, and how, in fact, this process could

6 work. It was also specifically to help identify

7 specific issues or questions that the convention

8 should consider, and took that charge very

9 literally. And, having done that, I have brought to

10 the fore a number of issues that I thought were

11 worthy of debate, and certainly should be

12 entertained by the Assembly and the Senate.

13 And among those issues that I think --

14 and paramount is the spending issue that I think

15 Vice Chair Cole and Senate Minority Leader Leonard

16 Lance are in agreement with. I think, in order to

17 really promulgate significant property tax reform

18 and reduction, we have to talk about the spending

19 side. And, as much as some don't want to talk about

20 the school funding issue, I think that's an area

21 that the convention has to talk about.

22 I think we talk about the inequities,
23 we talk about thorough and efficient, and we've
24 heard stories, some very significant stories, about
25 the children in these Abbot districts.

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1 We heard from the Vice Chair of
2 Newark, who talked about essentially the delivery of
3 education in Newark in that particular instance was,
4 neither thorough, nor efficient, and I think that
5 has to change. And I think examining the formula of
6 the Abbot school funding is a necessary issue that
7 needs to be talked about.

8 I think we need to debate and allow
9 the convention to talk about government spending
10 caps, significant spending caps at all levels that
11 allow the delivery of services, while allowing a
12 predictability, in terms of what one's property
13 taxes will be today and tomorrow.
14 And within that, I think we need to
15 talk about, whether it's the Office of -- the
16 General Accountability Office, or the Office of
17 State Auditor, we need to talk about waste and fraud
18 at all levels.

19 I think we need to look at local
20 government spending. I think we need to encourage
21 the reduction of duplicative services locally,
22 school board levels, county levels. And I think
23 it's something that we should talk about or allow to

24 have a discussion is having some of these smaller
25 towns -- and the threshold I drew was, whether it be

32

1 those towns with less than 5,000 members in their
2 population should at least be encouraged, or perhaps
3 even mandated, some of their municipal services, if
4 not all.

5 And I think the time is now to allow
6 the convention to talk about the role of county
7 government. There have been several legislative
8 proposals in the last few years that says that we
9 should examine the role of county government. And I
10 think that those issues warrant some debate and some
11 discussion.

12 You know, we talk about special
13 education funding. I think that's an issue that,
14 frankly, the federal leaders, whether it's our U.S.
15 Senators, our congress members, Republican,
16 Democrat, that have not ensured that our special
17 education funding has been at the forty percent that
18 is required by law. And I think we have to put some
19 mechanism in place to see that our federal
20 legislators and those in the executive department
21 fully fund special education because the special
22 education funding is really killing some of these
23 school districts, in terms of blowing their budgets
24 out of proportion.

25 I think at a certain time, sensitive

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1 (sic), that they should -- that the state should
2 have to pick up -- probably even be more aggressive,
3 not only in picking up the funding from the feds,
4 but also picking up a fair share to alleviate the
5 burden at the local level.

6 You know, I also talked about
7 education tax credits. You know, we have an over-
8 crowding situation in our public schools, and we
9 know about it, we've heard about it; suburban,
10 urban. And I think that, beyond the current
11 overcrowding, we have those who choose, despite
12 paying record property taxes, are home-schooling
13 children, are putting them in private schools. And
14 I think, either to encourage that or to reward that
15 system, a state education tax credit should be in
16 place.

17 Because if the property taxes get to
18 such a high degree, some of these individuals who
19 are being home-schooled or who are being private-
20 schooled, in the alternative of putting food on the
21 table, have to say, I can't afford private school,
22 and place some of these thousands of students from
23 private to public, and further overburdening our
24 overtaxed public schools.

25 And state spending we've talked about,

34

1 whether it's pension reform or health benefit
2 reform, or just an internal audit performed. Those
3 things have to be looked at and debated at a
4 convention.
5 At the over -- and the end of the day,
6 I think, you know, we look at a property tax cap,
7 and I think it was Senator Lance who came up with
8 the proposal that, as opposed to this scatter-shot,
9 haphazard way of collecting property taxes and
10 assessing property taxes, I think a one percent true
11 assessed value for real estate should be a model
12 that we should aim for. So if you have a three-
13 hundred-thousand-dollar value of your home, perhaps
14 your property taxes should be capped at \$3,000, so
15 there's some understanding and rational basis to the
16 property taxes.
17 I don't pretend to have all the
18 answers, I just -- and this list is by no means
19 exhaustive. I think we just have to continue
20 talking about this. We have to think in radical
21 terms, outside the box.
22 I mean, we have had -- we all have
23 nightmare stories about senior citizens and moms and
24 dads and young families that can't afford their
25 property taxes. It's never been greater. And I
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1 still believe that it is the responsibility of the

2 Legislature to do their job. And I'm hoping,
3 perhaps the unintended or intended impact or fallout
4 of this discussion is the Legislature, both
5 Republicans and Democrats, get in gear and put
6 significant property tax reform on the table.
7 Because if this convention is to move ahead and go
8 forward, at the very best, in the best-case
9 scenario, property tax reform will not come about
10 until at least 2007.

11 Those are my thoughts. I have to
12 respectfully, but firmly dissent from the report,
13 from the scope of the report, despite the best
14 efforts of all of us.

15 And I want to thank you for the
16 opportunity to work with you and serve with you, and
17 I look forward to continuing our friendships, and I
18 thank you, Chair.

19 MR. VAN HORN: Thank you, Assemblyman.
20 I'm going to skip over the Vice Chair,
21 give him the penultimate word, and ask Mayor
22 Passanante to speak.

23 MAYOR PASSANANTE: Thank you, Mr.
24 Chair.

25 I'd like to just say it's been an

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1 honor and a privilege to serve on this task force.
2 I believe there's no greater subject of importance
3 to the citizens of New Jersey than true property tax

4 reform. I have been involved in this process for
5 many a years, and it's been -- it's been very
6 rewarding and educational to be part of this process
7 over the last several months.

8 I'd like to thank all of the task
9 force members for their effort and their commitment
10 to this process. I believe that their attendance
11 and their vocal efforts here have really led us to
12 come up with a recommendation that is wise and
13 certainly deliberate.

14 I'd like to thank the Chair and the
15 Vice Chair because their leadership certainly has
16 allowed us to probably break a couple of rules here,
17 and get something done on time for a change, and
18 certainly come up with a report that I believe is
19 outstanding.

20 You know, good government is all about
21 leading by example, and I believe that the working
22 process that took place here over the last several
23 months to achieve a common goal is a great example
24 of good government.

25 I'd ask -- you know, I came into this

37

1 with some reservations concerning the Legislature,
2 and I believe that they were well founded, and that
3 the Legislature has not done their job. But I have
4 been extremely happy and impressed by those task
5 force members that represent the Legislature that

6 have sat at this table and have worked together, in
7 order to find a common goal.

8 And I'd like to recommend that all of
9 our Legislature take a chapter out of the book of
10 this process and take a look at the open debate, the
11 constructive dialogue, and the focus on what is best
12 for the citizens of New Jersey, because I believe
13 that's what happened here over the last several
14 months. And it's truly refreshing, and has re-
15 instituted my faith in the Legislature that they can
16 do a job when necessary.

17 I'd like to also recommend that this
18 same level of cooperation continue forward as we
19 present this report to the Legislature and the
20 Governor, and I urge them to fully support this --
21 these recommendations and move this forward without
22 hesitation.

23 Again, thank you all, and thank you to
24 the staff for an outstanding job in doing what we
25 have had to do here. It's been a tough couple of
38

1 months, and everything we've asked for we've gotten
2 immediately. It's allowed us to do our jobs much
3 better. And thank you again.

4 MR. VAN HORN: Yes. My colleague, Dr.
5 Reock.

6 DR. REOCK: Thank you, Mr. Chairman.

7 I would like to repeat a statement

8 that I made during our discussions; that is, that I
9 think the property tax problem in New Jersey is more
10 a problem of the equity or equality of distribution
11 of the tax, rather than the overall level of the
12 tax. Hopefully, we have a convention in the offing
13 that can bring more equity to the distribution of
14 property tax. While I do not agree with everything
15 that's in the report, I do agree with almost
16 everything. I think we have a reasonable package,
17 and I hope that it goes forward.

18 I'd like to commend the Chairman and
19 the Vice Chairman for the leadership on the task
20 force, and also all of the members of the task force
21 for their cooperative spirit. And I'd like to
22 commend the staff for very diligent and very
23 efficient work. Thank you, Mr. Chairman.

24 MR. VAN HORN: Thank you, Dr. Reock.

25 The Assembly Majority Leader.

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1 ASSEMBLYMAN ROBERTS: Chairman, thank

2 you very much.

3 Let me begin by echoing the comments

4 of others in thanking you and the Vice Chair for the

5 -- the very good touch and the very extraordinary

6 leadership you've provided to this effort. This has

7 been a very enjoyable and immensely illuminating

8 experience, and I want to say thank you to you; to

9 the members of the staff, who have worked so very

10 hard; to our outside experts, who have been so
11 generous with their input, as well. And let me say
12 thank you to Bill Schluter for his faithfulness in
13 attending these meetings regularly, and his
14 willingness to continue sharing with us the ideas
15 that were really the genesis of this process in the
16 beginning.

17 Mr. Chairman, the report of this task
18 force is nothing short of a blueprint for revolution
19 on property taxes in New Jersey. This task force
20 was charged with recommending the most appropriate
21 way to have a fair, open, and meaningful convention,
22 and it has done so. That this task force arrived at
23 a consensus on almost all of the issues it was
24 charged with considering is a testament to you, Mr.
25 Chairman, and to the Vice Chair, and to the

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1 collective work of the members of this distinguished
2 panel.

3 I am proud that the task force,
4 largely due to the direction of Chairman Van Horn,
5 did not become occupied by the question of whether
6 there should be a citizens convention on property
7 taxes. That's a question which eighty percent of
8 New Jerseyans, a broad coalition of citizens and
9 municipalities, and over three-fifths of the General
10 Assembly, last session, already answered. And the
11 answer, most assuredly, is yes.

12 When it comes to tackling a problem
13 that has plagued this state since colonial times,
14 the time has come in New Jersey for an exercise in
15 direct democracy. We can either continue to be
16 dogmatic about how, institutionally, it's the
17 Legislature's responsibility to fix the system, or
18 we can adopt a position grounded in reality and
19 geared for results.
20 Opponents of a convention should pay
21 heed to what Governor Byrne reminded this task
22 force: Never bet on a horse to do something it's
23 never done before.
24 Legislative attempts at addressing
25 property taxes have been nothing more than novocaine

41

1 for New Jerseyans; remedies without a lasting
2 impact. In some cases, they have been a ruse. We
3 can no longer sit back and wait for a citizens
4 revolt on property taxes.
5 Rather, our task force was charged
6 with the task of providing a design for this
7 exercise in direct democracy on property taxes. And
8 I am very proud to support our final task force
9 report, which accomplishes just that.
10 The final report of this task force
11 substantiates that a citizens convention can work,
12 that it must reduce property taxes for low and
13 moderate-income New Jerseyans, and that it must do

14 so without jeopardizing or retreating from our
15 commitment for a thorough and efficient educational
16 system.

17 The report also correctly declines to
18 endorse broad and unlimited powers on spending, an
19 issue that, without careful consideration of its
20 parameters, in my judgment, serves as a poison pill
21 to this entire convention.

22 The League of Women Voters, when they
23 visited with us, testified that the property tax
24 problem in New Jersey is now an eighteen-billion-
25 dollar problem. I've yet to hear much testimony

42

1 concerning exactly how much of that eighteen-
2 billion-dollar problem can be addressed by spending
3 cuts. What I have heard is testimony on how a
4 greater focus on our ability to pay taxes and our
5 uniformity clause can dramatically decrease property
6 taxes in this state.

7 Mr. Chairman, I have to confess that I
8 was initially skeptical of the idea of a task force
9 on this issue. What more could be said on the issue
10 of property taxes in New Jersey? What value could
11 yet another task force possibly have? My skepticism
12 was quickly erased because this task force zeroed in
13 on issues not previously examined in depth by the
14 Legislature, even in the legislation advocated by
15 Senator Adler and Senator Lance and myself and

16 others.

17 We dealt with the issue of the

18 November election of delegates at the time that the

19 call for the convention is issued, as a way to

20 streamline the process and move it along more

21 quickly.

22 We dealt with the issue of asking the

23 voters to consider one single question, and not

24 separate questions.

25 We focused on convention costs in a

43

1 manner that was very, very thorough and responsible,

2 putting to rest some of the myth that this would be

3 extraordinarily expensive, and now recognize that it

4 can be done for under \$4 million.

5 We embraced Senator Schluter's

6 suggestion that the retired jurists who would serve

7 as the judges throughout this process be appointed

8 early, so that they could make sure that the process

9 operated in a very thorough and meaningful fashion.

10 Mr. Chairman, I'm also pleased that we

11 have recommended a convention process that is

12 substantially similar to the process used in 1947, a

13 convention that was one of the crowing achievements

14 of modern New Jersey history and produced a state

15 charter viewed by many as the best in the nation.

16 That was thanks to, in the words of Governor

17 Driscoll:

18 "-- devout, wise, and just delegates

19 like Wesley Lance; delegates who functioned as true

20 statesmen in every sense of the word."

21 This task force report provides a

22 convention structure that can recapture the 1947

23 experience.

24 That said, this task force also

25 recognizes that times have changed, and issues not

44

1 generally considered in 1947, such as campaign

2 finance realities and ensuring diversity among

3 delegates, ought to be examined and addressed, and

4 we have done that.

5 Mr. Chairman, the citizens of this

6 state look to their constitution to guarantee basic

7 individual -- individual rights and produce a well

8 ordered frame of state government. That our

9 constitution has allowed New Jersey's odious over-

10 reliance on property taxes to persist is one of its

11 few blemishes. A convention modeled after this

12 report can erase those blemishes once and for all.

13 Mr. Chairman, to those who say that

14 the report of this task force will be like so many

15 other reports, that it will be the work of well

16 intentioned people, but it will sit on a bookshelf

17 somewhere collecting dust, I'm here to tell you that

18 on January 10th, I will introduce legislation that

19 embodies these task force recommendations, this

20 blueprint for a revolution in New Jersey. And I

21 will petition Speaker Sirius (phonetic) to allow the

22 Assembly State Government Committee to begin the

23 process for considering this proposal on January

24 13th, 2004.

25 Mr. Chairman, I'm honored to join you

45

1 today in supporting a report that will go down in

2 New Jersey history as the foundation for fundamental

3 change of our property tax system.

4 From first-time home-buyers in Bergen

5 to senior citizens in Salem, property taxes are

6 torturing our citizens. It's time now to empower

7 our citizens to break this monster's back once and

8 for all.

9 Mr. Chairman, I'm very, very proud of

10 the leadership that you've provided, and I'm very

11 proud to be associated with the members of this

12 committee, and pleased to support this final report.

13 Thank you very much.

14 MR. VAN HORN: Thank you very much.

15 Mayor Schluter -- Schubert. Mayor

16 Schubert.

17 MAYOR SCHUBERT: Thank you, Mr.

18 Chairman.

19 I'd like to take this opportunity to

20 thank both you and the Vice Chair again, as many of

21 my colleagues have stated, for your incredible --

22 (End of Side A)

23 (Beginning of Side B)

24 MAYOR SCHUBERT: -- exercise, and I

25 think we all learned and benefitted from that.

46

1 I'd like to also take this time to

2 thank Ed and Jack and Eric and your terrific staff.

3 You guys did a terrific job, you're wonderful. We

4 could not have come in on time and under budget --

5 which is unusual in government -- without you guys

6 helping us.

7 I'd also like to thank the experts for

8 speaking down to my level and helping me to

9 understand some very, very complex issues. I really

10 appreciate that.

11 It was a great pleasure to serve with

12 such distinguished and dedicated people on this task

13 force. Most of you I did not know when I came in,

14 but I have certainly gained great respect for all of

15 you, and I appreciate everything that you have done

16 for New Jersey with this task force.

17 I also have some deep respect for our

18 legislators in both houses, and I believe that they

19 will do the right thing. New Jersey is a wonderful

20 place to live, with a very diverse population; and,

21 unless this issue is addressed, we stand to lose

22 both the diversity and the very things that that

23 diversity helps make New Jersey so wonderful.

24 Lean government, in many times, is a
25 process of agreement, disagreement, consensus-
47

1 building, and finally some sort of agreement. The
2 beauty of this process is that we have been able to
3 agree, disagree, build a consensus; and, finally,
4 although we agree on most issues, we still have the
5 ability to continue to disagree.

6 I wish the legislators good luck and
7 godspeed with their continuation of this process. I
8 have faith that you will do the right thing, one way
9 or another; whether it's moving forward on the
10 convention, or addressing the property tax crisis
11 directly.

12 As the immediate Past-President of the
13 New Jersey State League of Municipalities, I want to
14 assure all of you that the League stands ready to
15 assist you in any way possible.

16 While I also believe that spending is
17 something that should be considered, as a local
18 elected official, I know that most mayors do all
19 that they can to keep budgets in control. We, as
20 mayors, have a cap that's imposed on us. We cannot
21 just increase our budget any way we want. So I have
22 some concerns about spending being on the table at
23 the convention, but I do believe that there should
24 be a time for that to be looked at, and the time
25 really is now.

48

1 Again, I would like to say thank you

2 for allowing us to serve on this amazing committee.

3 I have great respect for all of my co-members. We

4 can be proud of what we have accomplished. And I

5 just hope that this is not the end.

6 Merry Christmas to all of you, happy

7 holidays, and let's hope that the new year brings us

8 lower property taxes in New Jersey.

9 MR. VAN HORN: Thank you.

10 Mr. Thannikary.

11 MR. THANNIKARY: Thank you, Mr.

12 Chairman.

13 I also want to thank you, Mr.

14 Chairman, and the Vice Chairman for your leadership

15 in guiding us through this complex process of

16 designing a constitutional convention to reform New

17 Jersey's most oppressive property tax system. You

18 have been fair and respectful of all of those who

19 appeared before this task force. You have been

20 gracious and eloquent in expressing your views. For

21 all of that, I extend my sincere thanks to you both.

22 I also want to thank the staff, Eric

23 Shuffler, Ed McBride, and Jack Donnelly, of course,

24 for their remarkable job, as I said earlier, to

25 summarizing this complex document into a twenty-page

49

1 report. I'm so grateful for their work, and also

2 the experts who came and testified before this task

3 force.

4 And, also, for the task force members,

5 my sincere gratitude to all of the members of the

6 task force for their contributions.

7 Professionally, I travel quite

8 extensively all over the world, mostly in developing

9 societies, and I have seen there are no freedom.

10 And I have been to Korea, there are no freedom; if

11 you open your mouth, you'd be in jail. And I was

12 awed and inspired by this process here, and this is

13 democracy in action.

14 Now I wish to share a couple of

15 personal experiences I have had during this process.

16 Here's a letter I received from a lady who lives in

17 Matawan, New Jersey; her name is Norma, Norma Jean;

18 I call her, she's my Marilyn Monroe. This is not

19 her real name; first name is Norma.

20 She is eighty years old, she's lived

21 in her house for forty years. She raised her three

22 children, sent them to school, provided for the

23 family, and always paid her taxes due. She said, I

24 don't go to shopping, to the beauty parlor, or on

25 trips. She wrote she has been working for the last

50

1 eight years at minimum wages to support her small

2 Social Security income and to pay for medicine and
3 her property taxes. Lately, she cannot -- couldn't
4 go to work because of illness and hospitalization,
5 and now she has a lien on her house. She lamented
6 in vain (sic) and wrote, everything is out of
7 control, to the point of being immoral, and
8 (indiscernible) she couldn't spell it, I think her
9 hands were shaking.

10 A seventy-nine-year-old man from
11 Marlboro, New Jersey told me that he simply cannot
12 afford to pay ever-increasing property taxes. Now
13 he has to make a choice, to pay for his life-saving
14 medicine or to pay for his property taxes.

15 An eighty-year-old couple from
16 Montclair, New Jersey called and said he has lived
17 in this house for forty years, and now his taxes are
18 \$20,000, which he cannot afford to pay. He pleaded
19 to all of us to do something about this most-hated
20 tax.

21 To me, folks, these older Americans
22 are both our bridge to all that is precious in our
23 history, and the enduring foundation on which we
24 build our future. And, yet, they're unable to stay
25 in their homes they work their whole lives to own,

51

1 with dignity, and without the fear of possible
2 eviction.

3 Even our young people cannot afford to

4 live in New Jersey anymore. My friend's son moved
5 to -- moved from New Jersey to Pennsylvania because
6 he could not afford to pay his property taxes; and,
7 at the same time, support his young family. His
8 parents are devastated because they cannot see their
9 beautiful young granddaughter as often as they used
10 to. The system is tearing young families apart.
11 The young people are those who --
12 these young people are those who pledge their
13 allegiance to the flag every morning, "One nation
14 under God, indivisible, with liberty and justice for
15 all," and with an abiding faith in our system and
16 our elected officials. And, yet, the system failed
17 to provide the justice and fairness that has always
18 been promised. They have been left without a
19 choice, except to pick up and leave the state.
20 These are the stories of people who
21 have paid their dues, paid their taxes on time, and
22 played by the rules. These are amazing people.
23 These are people who are hurting; and, yet, they
24 still rise to tell their stories again and again
25 with grace and elegance if there is someone to
52

1 listen.

2 Governor McGreevey was right when he
3 said at the opening -- opening of this task force
4 meeting, New Jersey property tax is a tax without a
5 conscience.

6 The Governor was right when he said
7 that the system is literally tearing our communities
8 apart. And if you ask my friend, my Norma Jean, she
9 -- the lady who wrote me, she will say it has just
10 reached the point of being immoral.
11 Therefore, on behalf of my
12 organization, which is the Citizens for Property Tax
13 Reform, which is a statewide coalition, and in the
14 name of millions of senior citizens, middle class
15 and poor families who have suffered too long under
16 New Jersey's unjust and unfair property tax system,
17 I respectfully ask the Governor and our
18 distinguished legislators to accept the
19 recommendations with this task force.
20 We ask them to support the proposed
21 property tax reform convention. We ask them to give
22 us the opportunity to be citizens, not as
23 spectators, to find a solution to this problem and
24 be part of the renewal of our cities, our schools,
25 and our neighborhoods.

53

1 We respectfully ask our legislators to
2 set aside their political differences and introduce
3 a bipartisan bill, as Senator Adler has indicated
4 earlier, calling for a restricted property tax
5 reform convention. By supporting the proposed
6 convention, you can help to write the next chapter
7 in the remarkable story of, we the people, a story

8 that beginning with more than 200 years ago, and has
9 not ended yet.

10 As for us, the Citizens for Property
11 Tax Reform, we plan to stay active until the job is
12 done. We have already served notice to at least two
13 gubernatorial candidates that we plan to make
14 property tax reform a campaign issue at next year's
15 (indiscernible) election.

16 Mr. Chairman, we came a long way.
17 Senator Schluter, you have been my inspiration to
18 start a statewide organization. And I continue to
19 stay (sic) and look up to all of you for your
20 leadership and guidance.

21 Mr. Chairman, the people of New Jersey
22 have waited too long; over thirty years, at least,
23 to have an open discussion about this issue. Some
24 believe that the convention to discuss spending
25 issues, I understand. I understand and respect

54

1 their viewpoint. But we need to start at someplace.
2 I believe you came with the -- with the respectable
3 -- respectable set of recommendations. What we have
4 today may not be all that we wanted. At least we
5 have a good beginning. We must build on these
6 recommendations.

7 Therefore, I support the
8 recommendations of the task force. Now if the
9 Legislature wants to introduce a bill to cut

10 spending at all levels, my organization -- and I
11 will continue to work harder -- we will be there to
12 support them in that process -- in that process, as
13 well.
14 In supporting this -- these
15 recommendations, we, the Citizens for Property Tax
16 Reform, have a vision for New Jersey, where every
17 person has a chance to achieve the American dream to
18 buy a home, earn a decent living, provide for their
19 families; and for senior citizens on fixed income,
20 to stay in their homes, without having to choose
21 between paying for their medicine or for their --
22 for their taxes.
23 Members of the task force, I thank you
24 for your support. Thank you, Mr. Chairman.
25 MR. VAN HORN: Thank you, Mr.

55

1 Thannikary.
2 Senator Van Wagner.
3 SENATOR VAN WAGNER: Thank you, Mr.
4 Chairman.
5 I guess one of the benefits of going
6 last and being old is you forget what the hell you
7 were going to say.
8 (Laughter)
9 SENATOR VAN WAGNER: So I'm going to
10 be very brief.
11 You have done an excellent job, as has

12 the Vice Chairman, in leading this group. It's a
13 difficult task, and I congratulate you for that.
14 I would like to also thank the staff,
15 they did a great job, Ed and Eric and Jack. I
16 particularly want to thank Jack because he always
17 made sure I got a parking space up close.
18 I came in -- and I'd like to also say
19 to the members that serving with you has been a
20 pleasure. I've gotten an education. You allowed me
21 to bring myself up to date from the time when I last
22 served in the Legislature, and learned more than I
23 did when I -- or accumulate more knowledge than I
24 had when I came in here.
25 I'd also like to thank all the people

56

1 who participated in the process, both the people
2 from the government, the former governors, the
3 experts, everyone who added to this forum. I had
4 the opportunity to meet with Bill Schluter before
5 this began, and he kind of educated me a little bit
6 more about what the process was all about.
7 And, as you know, I entered the
8 process with a great deal of doubt as to the
9 efficacy of this whole recommendation, in terms of
10 its -- of its effect. But I must say, in looking
11 through the report and seeing how it was crafted and
12 put together, that I do feel it proves the
13 Legislature with some blueprint for proceeding.

14 And, as the last chairman of the old
15 Assembly Taxation Committee, which faced the
16 Robinson v. Cahill case in 1974, '75, and '76, which
17 ultimately brought about the first income tax
18 spending controls, homestead rebates, et cetera, I
19 saw -- I remain doubtful that, in fact, the magic
20 elixir that people expect from these types of
21 recommendations is going to come about. I hope it
22 will, but I doubt that it will happen.
23 One of the things that people -- that
24 this does, I believe, it will provide citizens,
25 other than ourselves, who understand how government

57

1 works, both from the inside and the outside, an
2 opportunity to see how some of the difficult choices
3 -- how difficult these choices are when it comes to
4 spending and raising money, and what to cut and what
5 not to cut.

6 I agree with Dr. Reock that the issue
7 of distribution is probably just as important about
8 spending and revenue-raising. And whether or not
9 these delegates will be able to struggle with that,
10 I think, will be an interesting process to watch.
11 This report has, in whole -- although
12 I disagree with some parts of it -- is a fair and
13 balanced report. And I think, if the Legislature
14 takes it up, as guaranteed by Assemblyman Roberts,
15 and approves it, and the citizens agree to convene

16 it, I think that the -- that the outcome will be
17 something that we can all look at with some -- some
18 degree of pride.
19 I hope -- and, again, I say I don't
20 think -- but I hope it will produce the kind of tax
21 relief that people think they should have in this
22 state.
23 But when one looks at the State of New
24 Jersey as a whole, and looks at how properties have
25 evaluated as an investment for most homeowners, one

58

1 can see one of the principal reasons why taxes -- or
2 property taxes are so high.
3 I read a recent report yesterday that,
4 in the State of Florida, which was always held out
5 as a haven for people who are trying to escape New
6 Jersey's high property taxes, that the home values
7 in Florida have increased by forty percent in one
8 year, whereas in New Jersey, they have increased by
9 fifteen percent, still a substantial increase; and
10 that, in fact, many of the people who moved down to
11 Florida to escape New Jersey's property tax burden
12 are now looking to move out because the property
13 taxes there are beginning to rise, along with the
14 values of their property. I agree with those -- so
15 this is going to be a major issue for this
16 convention to consider, how property is valued and
17 how it's assessed.

18 Although I agree with those who would
19 include spending as a consideration, I believe it sa
20 double-edged sword because it can create the kind of
21 divisiveness, in terms of some of the social issues
22 that we face today, that could spell a problem for
23 anything that comes out of this type of convention.
24 I'm satisfied that, by including -- by
25 allowing the convention members to consider

59

1 statutory changes, that they will have an
2 opportunity to consider spending, since the
3 appropriation -- I'm sorry, the appropriations act
4 itself isn't, in fact, a statute; and, as such,
5 those who wish to bring that into question can look
6 at it and review it and see, in terms of how the
7 budgetary process works and how spending actually
8 comes about in New Jersey.

9 All in all, I think that what's been
10 produced here by all of us in our own way is a
11 balanced and fair way of approaching a convention.
12 I think by having this convention, as much as I
13 doubt that the outcome will -- would be a favorable
14 or satisfactory one to everyone -- and I realize
15 that not everyone can be ever satisfied by what
16 comes out of anything, whether it's introduced by
17 the Legislature or by -- produced by the people
18 themselves, it will give citizens a chance to see
19 how difficult the job is that legislators have

20 today.

21 And I'd just like to close by saying

22 this. I don't really think that the Legislature has

23 failed to do their job. I think the Legislature has

24 faced the job over the course of time that has come

25 -- become more and more difficult by, in some cases,

60

1 their own actions, but in many cases by the demands

2 of the people of this state itself.

3 I often remember when I was Chairman

4 of the Taxation Committee, and going on the road

5 with the taxation -- the tax package that we had at

6 the time, which included an income tax. I

7 encountered a large and very hostile crowd in Bergen

8 County; and, at that time, of course, the budgets

9 were much lower than they are now.

10 And one woman raised her hand and

11 asked me what ever happened to the lottery money.

12 And I explained to her the cost of school funding

13 and the various aspects of the budget. And then I -

14 - and she said to me, yeah, well, I heard -- and I

15 suggested to her that the lottery money at that time

16 only raised about \$52 million. And she looked at me

17 with a very self-satisfied smile on her face and

18 said, yeah, well, I heard it was almost a million

19 dollars a week.

20 (Laughter)

21 SENATOR VAN WAGNER: But -- which

22 gives you some idea of the educational process that
23 has to take place before this convention can be
24 convened.

25 But, all in all, let me just say that

61

1 -- that the job that was done here is an excellent
2 one. This is a fair and balanced recommendation. I
3 know that there will be some footnotes and comments.

4

5 But, again, I congratulate everyone
6 who participated. I wish you all a merry Christmas
7 and a happy holiday, and thank you for allowing me
8 to participate.

9 MR. VAN HORN: Thank you, Senator.

10 Vice Chairman Cole.

11 MR. COLE: Thank you, Mr. Chairman.

12 I want to join in my fellow
13 commissioners in, first of all, thanking you. You
14 were the right man for a very difficult job, at the
15 right time. You had the skill, perhaps your labor
16 management background helped with that, but you had
17 the skill to bring people of diverse backgrounds
18 together, even though we disagreed on a lot of
19 issues. You let the debate take hold; you didn't
20 try to push it in any particular direction, and you
21 had the confidence that these were all fair-minded
22 people and, together, would produce a consensus on
23 many issues. And I think you were right about that.

24 I'm not sure if somebody else could have

25 accomplished that, but you certainly did.

62

1 And the way you set up the process,

2 open debate, and people wonder whether or not there

3 are secret meetings in back rooms. There aren't.

4 People speak directly and make their point, and then

5 together a consensus either develops or it doesn't.

6 In this case, it developed on just about every

7 issue.

8 I want to thank the members of the

9 commission. You were all well prepared, great

10 intelligence, very articulate; strong in your

11 positions, but willing to listen to the other

12 person's argument, and sometimes make compromises.

13 I thought that was something that you don't always

14 see.

15 The legislative members of this

16 commission, I think, not only acquitted themselves

17 well, I think they were exemplary. You know the

18 issues, it's obvious you know the issues. You're

19 articulate. You're strong, but you can disagree

20 without being disagreeable. I found myself

21 wondering why you guys can't do this all the time,

22 you know, it's --

23 (Laughter)

24 MR. COLE: Because you obviously like

25 each other, too. That comes across.

63

1 The -- I join in everybody who's
2 thanked staff. I mean, Ed McBride, Eric Shuffler,
3 Jack Donnelly, others from the Governor's Office.
4 Peter Kelly, OLS, I think, thank you. And I thank
5 Al Peroni (phonetic) for making those resources
6 available. Professors Williams and Tarr; Fred
7 Herman, who joined us for at least two occasions and
8 was very well informed and very helpful. They've
9 all been very helpful, and I think it's produced a
10 good report.
11 I'm sorry to say, I'm the most
12 disagreeable among us because I do join with Dr.
13 Cole in what she characterized as the "Cole
14 amendment" on the statutes, and I won't repeat the
15 language, but I think she's captured the spirit. I
16 don't think the convention should be allowed to do
17 statutory change.
18 And, oddly, one of my reasons in my
19 own thinking was articulated by Senator Van Wagner,
20 when he said, you know, the appropriation act is,
21 after all, a statute. And think of the mischief
22 that could be had if the wrong persons got control
23 of that.
24 I also join with Senator Lance and
25 Assemblyman O'Toole, in terms of the limitation in

64

1 not allowing the convention to consider
2 expenditures. I believe you can solve this problem
3 on the revenue side. You can redistribute where the
4 revenue base is, but you can only solve it for a
5 moment in time. And, in order to make sure that you
6 don't have to revisit that question, as Senator Van
7 Wagner, I saw nodded knowingly, so you don't have to
8 revisit it every five years, you've got to do
9 something to control spending. I don't think you
10 have to get into individual categories, but you have
11 to put some controls in place. So, for that reason,
12 I dissent from that, as well.

13 But, by and large, I think it's a
14 remarkable document, a good product. You all should
15 be proud of yourselves. I'm proud of you; and, most
16 of all, Mr. Chairman, I'm proud of your leadership.
17 Thank you.

18 MR. VAN HORN: Thank you, Vice
19 Chairman. I don't remember having this many nice
20 things said about me since I had dinner with my
21 parents when I was a young man.

22 (Laughter)

23 MR. VAN HORN: So I appreciate -- and
24 you can see the kind of support I got from them. So
25 I appreciate all of the comments.

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1 I just want to say, roughly ninety

2 days ago -- I think it was ninety-three or ninety-
3 four days ago we had our first meeting, and we met
4 pursuant to a law that the Legislature had passed,
5 asking us to study this issue and develop
6 recommendations. And I told you at that time that
7 the Vice Chairman and I were dedicated to meeting
8 the deadline. Well, we have.
9 More importantly, much more
10 importantly, I said we were dedicated to an open,
11 thoughtful, deliberative process that would inform
12 the public about the nature of constitutional
13 revisions and the difficult issues that were
14 necessary, in order to come to judgment; and also to
15 provide you, the members of this task force, with
16 the expertise and information you needed to have, in
17 order to make informed decisions.
18 As Assembly Majority Leader Roberts
19 said, and we all know, we're not the last voice in
20 this process. But I think that we have worked
21 through some very difficult issues. I think we have
22 done so in a professional, civil, and open manner,
23 which, as many of you have said, should provide an
24 important model for the way decisions should be made
25 and can be made in a democracy.

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1 We've helped frame the choices for the
2 Legislature, the Governor, and the public. We've
3 made twenty-six recommendations on timing, scope,

4 method of election, and the conduct of the
5 convention, that provide very helpful guideposts to
6 the Legislature and the Governor.

7 And we've amassed a substantial public
8 record of the hearings, the expert testimony, the
9 public statements, upon which the legislators can
10 draw, as they make their next round of
11 deliberations.

12 I'm honored that I was chosen for this
13 important task, and to have the opportunity to work
14 with all of you. I have gotten to know all of you
15 and appreciate each of your individual points of
16 view, your unique expertise, your wisdom, your
17 patience, and your willingness to enter into this
18 debate and come to every single meeting at Rutgers,
19 scheduled at my convenience. But, hopefully, you
20 found this a commodious place for us to do business.
21 I especially want to acknowledge the
22 Vice Chairman and reciprocate the very nice things
23 he said about me. It has been a real pleasure to
24 work with Michael. He's a distinguished attorney, a
25 wonderful gentleman, and a person I'm happy to now

67

1 call a friend.

2 I also want to acknowledge the
3 outstanding staff work that we received. You may
4 have recalled at the first meeting Professor
5 Williams and I argued over which one of us was

6 responsible for Ed McBride's excellent professional
7 preparation. Now you see why we were entering into
8 that argument. Ed has been a student, a friend, a
9 colleague, and now I'm very pleased to have worked
10 with him on this.

11 Eric Shuffler is certainly also --

12 needs to be given credit for shepherding this whole
13 process through now two governors, and having had
14 the wisdom to assist us, but also stay out of the
15 way. And sometimes that's hard for governor's staff
16 to do; having been one, I know that.

17 Jack Donnelly is also -- was a great

18 find. Although Jack looks like he's still a

19 teenager, he's actually been in government for

20 twenty years, and you can tell it. He's a complete

21 professional; and, in all manner of his work, he has

22 been of great assistance to us.

23 The Legislative Services Commission,

24 especially Peter Kelly and his colleagues, have been

25 extremely valuable to us. If you recall, we called

68

1 upon Mr. Peroni to provide that assistance; they did

2 so graciously and substantially to help us because

3 they, of course, have been involved from the very

4 beginning, and I think their participation in this

5 process will help our legislators carry it forward

6 at the next step.

7 My colleagues Professor Williams and

8 Tarr also were terrifically helpful, both in
9 preparing us and commenting along the way. I'm
10 sorry Bob isn't here, but, Alan, you'll convey my
11 appreciation to him, as well. One of the wisdoms of
12 Rutgers was to establish a Constitutional Law Center
13 at Camden, and now we have the benefit of drawing
14 upon their advice for this task.
15 I do also want to acknowledge my staff
16 at the Heldrake Center (phonetic), who provided many
17 of the amenities and support for us, and obviously
18 the staff of Rutgers University.
19 I said at the beginning of this
20 process to a newspaper reporter that I was not sure
21 that a constitutional convention was the best way to
22 proceed. And for -- I wasn't, I guess, terribly
23 surprised that I received some criticism for having
24 an open mind on this subject. But I did, in fact,
25 start with an open mind on nearly every subject

69

1 before this task force, except that we needed to
2 address fundamental reform and lessen the burden of
3 property taxes and establish a fair system. But how
4 we went about that, on every subject I had an open
5 mind.

6 So I learned from all of you and from
7 our experts and from the public about, not only the
8 importance of this issue, which I think I already
9 understood, but how we might use this particular and

10 extraordinary process to make progress in the State
11 of New Jersey in addressing this issue.
12 I now believe that this process of
13 constitutional revision, along the lines that we
14 have recommended, or one similar to it, offer an
15 important opportunity for fundamental reform; not
16 fundamental reform that will last forever because
17 nothing does, but fundamental reform that will, in
18 fact, move us further towards a fair system that
19 lessens the burden on this most unfair tax.
20 And now, of course, it's up to the
21 Legislature to take the next step. I'm certainly
22 pleased to hear Assemblyman Roberts make his firm
23 commitment to do so, I would expect nothing less of
24 him, given his commitment to the subject over the
25 years.

70

1 And I sincerely hope, as I'm sure all
2 of us do, that both Republicans and Democrats to
3 find a way to continue to bridge whatever
4 differences may exist, in order for them to move
5 forward and address this issue through the
6 convention process, and then to call upon the voters
7 of the state to render their final judgment in the
8 sovereign will of the people.
9 I thank all of you for your support
10 and patience with me in leading this effort as best
11 I could.

12 And the last business that we have
13 before us is to sign a document, which Mr. Donnelly
14 has prepared, indicating our conveyance of this
15 report to the Governor and to the presiding
16 officers. And, Jack, if you'll send that around.
17 Let me just close by wishing you all
18 happy holidays, and thank you all.
19 (Proceedings concluded)

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71

1 C E R T I F I C A T I O N

2

3 I, Coleen Rand, do hereby certify that
4 the foregoing transcript of proceedings by the New
5 Jersey Property Tax Relief Task Force, recorded on
6 audiotape on December 21, 2004, is a true and
7 accurate non-compressed transcript of the
8 proceedings to the best of my knowledge and ability.

9

10

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12 Coleen Rand AD/T 419 Date

13 For Guy J. Renzi & Associates

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