
Public Hearing

before

ASSEMBLY STATE GOVERNMENT COMMITTEE

"Establishment of statewide Initiative
and Referendum in New Jersey"

LOCATION: Township Committee Room
Dover Township
Municipal Building
Toms River, New Jersey

DATE: April 14, 1992
7:50 p.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Robert J. Martin, Chairman
Assemblyman John Hartmann, Vice-Chairman
Assemblywoman Virginia Haines
Assemblyman David C. Russo

ALSO PRESENT:

Donald S. Margeson
Office of Legislative Services
Aide, Assembly State Government Committee



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 JOHN HARTMANN
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New Jersey State Legislature
 ASSEMBLY STATE GOVERNMENT COMMITTEE
 Legislative Office Building CR 000
 TRENTON, NEW JERSEY 08625 0068
 (609) 292-9106

NOTICE OF PUBLIC HEARINGS

The Assembly State Government Committee will hold three public hearings on the establishment of Statewide initiative and referendum in New Jersey.

The hearings will be held at the times and places indicated below:

<p>Thursday, April 2, 1992 7:30 p.m.</p>	<p>Petit Jury Assembly Room First Floor Morris County Courthouse Washington Street Morristown, New Jersey</p>
<p>Tuesday, April 14, 1992 7:30 p.m.</p>	<p>Township Committee Room (L. Manuel Hirshblond Room) Second Floor Dover Township Municipal Building 33 Washington Street Toms River, New Jersey</p>
<p>Thursday, April 23, 1992 10:00 a.m.</p>	<p>Room 8 Legislative Office Building Trenton, New Jersey.</p>

The public may address comments and questions to Donald S. Margeson, Committee Aide, or make bill status or scheduling inquiries to Deborah Del Vecchio, Secretary, at (609) 292-9106.

(For directions to locations, please see reverse side.)

Issued 3/20/92

Morris County Courthouse
Washington Street (Rt. 24)
Morristown, New Jersey

Directions to the Courthouse:

From Rte. 287 Northbound:

Take **Exit 31 (South Street exit)**.
At end of exit (at traffic light), turn left onto Rte. 24 West.
Proceed on Rte. 24 to **Morristown Green** (it will lie ahead to the right).
Turn right (so that Green is on your left), then go 3/4 way around Green.
After completing passage of third side of Green, turn right onto
Washington Street (Rte. 24 West). Go to top of hill. At light turn
right onto High Street. Half way down block is public parking on left.
Looking back at Washington Street you will see Courthouse. Western
Avenue is on right of Courthouse. Entry is 1/2 way up Western
Avenue. Ask directions once inside to Petit Jury Assembly Room.

From Rtes. 10, 46, 80 and 287, all Southbound:

Take Rte. 287 South; exit at **Madison Avenue exit**.
At top of ramp, bear right on to Rte. 24. Proceed on Rte. 24 to **Morris-
town Green** and follow above directions.

. . .

Dover Township Municipal Building
33 Washington Street
Toms River, New Jersey

Directions to Municipal Building from Garden State Parkway:

Take **Garden State Parkway** and exit at **Exit 82 (Toms River exit)**.
Exit will bring you onto **Rte. 37 East**.
Continue heading east. At second traffic light make a right which will be
Hooper Avenue.
Continue on **Hooper Avenue** and at the second traffic light make a right.
This will be **Washington Street**.
Continue on **Washington Street**; the **Dover Township Municipal Building**
will be approximately the sixth building on your left hand side.
There is meter parking in front of the Municipal Building and there is
further parking in the back of the Municipal Building.

TABLE OF CONTENTS

	<u>Page</u>
Assemblyman David W. Wolfe New Jersey Legislative District 10	3
Senator Andrew R. Ciesla New Jersey Legislative District 10	6
Congressman Richard A. Zimmer U.S. Congressional District 12	9
Assemblyman Robert D. Franks New Jersey Legislative District 22	12
Assemblyman Robert W. Singer New Jersey Legislative District 30	18
Assemblyman Melvin Cottrell New Jersey Legislative District 30	19
David Muha Morris County Chamber of Commerce	20
Roberta L. Horowitz Hands Across New Jersey	23
Bernard Laufgas Executive Director The Public Watchdog, Inc.	29
Elizabeth Gamble President Ocean County Council of Education Associations	30
Jane Palaia-Verdoni Chairwoman Monmouth County Employer's Legislative Committee (ELC)	40
Jerry Little Chief of Staff for Seantor Leonard T. Connors, Jr., Assemblyman Jeffry W. Moran, and Assemblyman Christopher J. Connors New Jersey Legislative District 9	43



TABLE OF CONTENTS (continued)

	<u>Page</u>
William McPhail Ocean County Representative United Taxpayers of New Jersey	46
Patricia McGrath Learning Disability Teacher Consultant Lakewood Township Public Schools	50
Richard P. Saxer Superintendent of Schools Manchester Township, New Jersey, and Past President New Jersey Association of School Administrators	52
Cecilia Richel Jackson Organized for Less Taxation (JOLT)	52
Jerome Kaye Bricktown, New Jersey	56
Vicki Yawnick Southern Monmouth Area Chamber of Commerce	58
Herbert A. Soper Private Citizen	61
Ray Kalainikas Private Citizen	63
Christopher Hansen Council President Borough of Neptune City, New Jersey	67
Mary Marra Private Citizen	71
Joel Perlmutter President PerlMart	72
Daniel Polifroni Ortley Beach, New Jersey	74



TABLE OF CONTENTS (continued)

	<u>Page</u>
Joseph Tomaselli Board of Education Ocean County Vocational- Technical School, and Vice-President Ocean County School Boards Association	79
Pearl Schwartz Past President, and current Board member League of Women Voters of Ocean County	81
Lorie Reeves Private Citizen	83
William Kurz Private Citizen	85
Al Santoro Ocean County Democratic Committee	87
Joseph Byrne Professor of Sociology Ocean County College	88
Anne Schumacher Board of Education Lakehurst, New Jersey	89
Ed Keller Private Citizen	93
 APPENDIX:	
Statement submitted by Jane Palaia-Verdoni	1x
Copy of Jackson Local Question Nos. 1 and 2 Election - November 6, 1990 Ocean County, New Jersey submitted by Cecilia Richel	6x



TABLE OF CONTENTS (continued)

APPENDIX (continued):

	<u>Page</u>
Copies of miscellaneous newspaper clippings submitted by Mary Marra	7x
Letter addressed to Honorable James Florio from Barbara Scharmann Municipal Clerk Borough of Point Pleasant Beach, New Jersey	18x

* * * * *

mjz: 1-95



ASSEMBLYMAN ROBERT J. MARTIN (Chairman): We would like to try to get started. If the mike isn't working loud enough, we will try to get it raised. I believe all the Committee members are here. Please take your seats. Thank you.

Good evening, everyone. I am Assemblyman Bob Martin, from Morris Plains. That's Morris County, New Jersey. I am Chairman of the Assembly State Government Committee. At this time I would like to call this meeting to order.

As you know, this is the second of three public hearings that the Assembly State Government Committee will hold on the issue of Initiative and Referendum. The first meeting was held in Morristown, Morris County, two weeks ago. The third meeting will be held on April 23 at the Legislative Office Building in Trenton, at 10:00 a.m.

I might just say parenthetically that Toms River is something of a second home. Although I live in Morris Plains, I grew up in Point Pleasant and went to Point Pleasant Beach High School, at a time when Toms River didn't look like it does now, at least the Hooper Avenue section that I rode down a few hours ago. The last time I was in the Ocean County Complex was when I was filing away my discharge from the Army. It is striking to see the contrasts in Ocean County, Toms River, Berkeley Township, Bricktown, and many of the other communities that have changed over time. I am glad, at least in my case, in some respects, to be back home.

My purpose in calling these hearings is to provide the opportunity for a full and fair public discussion of I&R, and to allow the members of this Committee to hear the opinions and concerns of those on both sides of the issue. It is my hope that by the end of these hearings, the Committee will have formed a consensus on an I&R proposal that will be supported by enough members of the Legislature to be placed on the ballot this year.

I believe it is incumbent on this Committee, and on the Legislature as a whole, to provide the voters with the final say on whether a statewide system of I&R should be established in New Jersey. If the Legislature acts on this this year, it will have to go before the public on a referendum, and the ultimate decision of whether we will have I&R will be left to you, the voters.

I might point out that I am the only present member of this Committee who sat on the Committee in 1986, when it was chaired by then Assemblyman, now Congressman, Dick Zimmer. At that time we held several public hearings, and we released a bill which was approved by a majority of the Assembly, but which failed to be approved by the Democratic-controlled Senate. That was really where it ended at that time.

Although we took extensive testimony at that time, it is important, especially now, for the new members of this Committee, that we again have a thorough review of the issues before taking action. I have asked witnesses to consider all of the I&R bills as variations on a single theme, and I would ask those witnesses to feel free to comment favorably or unfavorably on elements of any of the current proposals.

I know all of you have taken the time and trouble to be here tonight for the opportunity to express your views, so I will try to accommodate everyone who wishes to speak. I am going to set a time limit. We will cut off at about 10:30. I think for those of us who are listening here and trying to pay attention, as well as for anyone in the audience and also for those wishing to speak, that after about three hours, it is really difficult to be able to listen with any meaningful sense of appreciation. While I reiterate that I want the Committee to have the benefit of as much public input and discussion as possible, I would ask all of those who testify to please be considerate of the speakers who will follow you by only taking as much time as you need to make your opinions known.

With that in mind, I would ask the Committee members present to introduce themselves before we begin testimony. I would like to start by pointing out that I have asked Assemblyman David Wolfe, who is sitting to my extreme left, to join us. Although he is not a member of the Assembly State Government Committee, he represents the 10th District, along with Virginia Haines, who is sitting immediately to the right of David. I have told him that he can sit with the Committee, and at least for part of this Committee hearing have the benefit of those witnesses who wish to testify, and to ask questions. So I will begin with David. Please just briefly introduce yourself, tell us where you are from, and make any other comments you wish to make. Dave?

A S S E M B L Y M A N D A V I D W. W O L F E: Thank you, Mr. Chairman. I am David Wolfe. I represent the 10th Legislative District, which, as you know, encompasses from Dover Township to Belmar on the coast. Virginia Haines is my co-Assemblyperson. Before I begin my testimony, I would like to introduce Assemblyman Andrew -- I'm sorry, Senator Andrew Ciesla. He's with us so much.

I must say before I make a statement that this past November, the three of us were elected, and the three of us, as well as our three opponents, the Democrats, all ran a campaign in favor of Initiative and Referendum. I have served previously, for 16 years, as an elected Council member in Brick Township. I am not currently a member. I chose not to run this past December -- past November. However, on a local level, my community, and many communities in the State of New Jersey, do have recall; do have initiative; and do have referendum.

With that as a preface, I would like to make a formal statement before the Committee.

ASSEMBLYMAN MARTIN: We'll have Virginia Haines first.

ASSEMBLYMAN WOLFE: All right, later.

ASSEMBLYWOMAN HAINES: Thank you. Good evening, everyone. I will be very brief. I just want to welcome everyone here to Toms River, which is my hometown. Our last hearing was up in Morris County. It was a very nice trip that I took up there -- it is a beautiful town -- but it was a long trip. It was a very good evening, with the testimony we received, both from those opposing and from the people for Initiative and Referendum. I look forward to hearing tonight's testimony -- hearing the views from each and every one of you who is going to speak before us tonight on whether you feel Initiative and Referendum is good for New Jersey, or you feel it is not going to be good for New Jersey.

Again, thank you for coming, and welcome to Toms River in Ocean County.

ASSEMBLYMAN MARTIN: The other Assemblyman who is with us is John Hartmann.

ASSEMBLYMAN HARTMANN: I am from the 15th District, which is located in Mercer County. I represent, among other towns, the City of Trenton. My name is John Hartmann. I would like to thank everyone for coming tonight. Your input is very important so we can craft a bill which will meet everyone's approval. Hopefully, we can have a vote on this in November.

ASSEMBLYMAN MARTIN: Seated next to John Hartmann is John Kingston, Committee Aide for the Republican Majority, on my immediate left. On my immediate right is Don Margeson, who is Committee staff person for the Assembly State Government Committee. Seated next to Don is Dave Smith, who represents the Democratic Assembly Minority Committee members who cannot be here this evening.

I was asked before we take testimony, to read the list of those persons we have who have indicated they wish to testify. I will read that. This may not be the exact order, but I just want to advise those who are here as to what the list is. I have a list of some persons who were in Morristown,

who we promised would have an opportunity to speak early in the hearing, as well as persons who signed up specifically for this meeting. I'll read through that list.

Those persons who didn't speak at the last meeting: Louis DeStephano; Chester Jankowski; Ed O'Connor; Bobbie Horowitz, representing Hands Across New Jersey; Larry Fisher, Hands Across New Jersey; David Muha, Morris County Chamber of Commerce; John Tomicki; Kevin Shaw, Hands Across New Jersey.

Those who are testifying tonight, who signed up for the Toms River hearing are: Senator Ciesla; Assemblyman Wolfe; Congressman Dick Zimmer; Jerry Little, who is a staff member of Senator Connors, Assemblyman Moran, and Assemblyman Connors; Assemblyman Bob Singer, who is with us; William Donofrio, Morris County Taxpayers Coalition; Steve Perkowski, Morris County Taxpayers Coalition; Alan Lewis, Tax Revolt North; William Eames, William H. Eames & Co.; Harry Fricher, Republican Coalition for Responsible Government; Ted Johnson, Repeals Bureau International; Andrew M. Bloschak -- forgive me if I mispronounce these names -- President, The Public Watchdog, Inc.; Bernard Laufgas, The Public Watchdog; William McPhail, United Taxpayers of New Jersey; Jane Palaia-Verdoni, Chairperson, Monmouth County Employer Legislative Committee; Regina Edwards, a teacher from Union County; Patricia McGrath, a teacher from Lakewood; Elizabeth Gamble, President, Ocean County Council of Education Associations; Cecilia Richel, Jackson Organization for Less Taxation; Jerome Kaye, from Bricktown; Lawrence Levy, G.M.P.; Herbert A. Soper; Ray Kalainikas; Christopher Hansen; Vicki Yawnick, Southern Monmouth Area Chamber of Commerce; Mary Marra; Richard Saxer, New Jersey Association of School Administrators; Joel Perlmutter, Perlmutter ShopRites; Peter Furey, New Jersey Farm Bureau; Dan Polifroni, from Ortley Beach; Joseph Tomaselli, Board of Education, Ocean County; Pearl Schwartz, League of Women Voters; and Lorie Reeves.

And a few others who signed up tonight: Al Santoro, Ocean County Democratic Committee; Joseph Byrne; Bill Kurz; Anne Schumacher; and Lawrence Hecker. We have a statement from Senator Kyrillos, and I also see that Assemblyman Franks has joined us. We will give him an opportunity to speak in a few moments.

That is my list. As you can see, we have a lot of people who would like to speak. I am going to ask you all, when you do get a chance to speak, to make your points pithy, make them memorable, but make them short, if you can.

I would like to begin by calling Senator Ciesla, who is the Senator from the 10th District. Senator?

S E N A T O R A N D R E W R. C I E S L A: Thank you, Mr. Chairman. Thank you for recognizing me first. I would first like to point out to all the people here my thanks on behalf of myself, Ginny Haines, and Dave Wolfe, who represent this district, for taking the time out of your schedules in order to come to testify on this very important matter.

I have some remarks, but I purposely crafted them so they will be brief, Mr. Chairman. I appreciate very much the opportunity to be here tonight in order to testify in front of the entire Committee on the topic of Initiative and Referendum. I am very pleased that you decided to bring your Committee to Toms River, because I think that exemplifies the spirit that we would like to have all of the people participate in the process.

I strongly support the concept of Initiative and Referendum. In my opinion, I&R is a method which will enhance the level of participation in government by the people. The present interest in Initiative and Referendum was renewed, as you know, when Governor Florio and the Democratic Legislature pushed through the largest increase in taxes in our State's history in 1990. The ensuing tax revolt generated numerous grass-roots organizations. These groups began advocating the

passage of I&R as a method to repeal the Governor's harsh taxes and to prevent such heavy-handed use of legislative power from reoccurring.

Initiative and Referendum is not new. The idea was originally conceived in the early 20th century as a means to open closed-door politics and end the political patronage which was characteristic of that particular time. In fact, New Jersey once had provisions for Initiative and Referendum procedures. However, these proceedings were removed after constitutional reforms circa 1947. Many New Jerseyans now believe that the prominence of financially driven lobby firms, political action committees, and interest groups, indicates that our very government is no longer representative of the people.

In my opinion, the arguments for I&R are quite compelling. The procedure should endow the people with a powerful check on the Legislature. The ability to propose and repeal laws through the balloted, is interpreted by many to be a natural extension of the powers which are vested in the people beyond their right to vote. Such empowerment will create a more direct democracy, and will lead to a more informed and politically active citizenry, where the laws truly represent the entire populace.

Moreover, I&R seems to fulfill the constitutional provisions that all power is inherent in the people, and that government is instituted for the protection, security, and benefit of the people, and they have the right to alter or reform that government whenever the public good demands.

Mr. Chairman, as you and your Committee begin to craft Initiative and Referendum legislation, I urge you to consider some of the following provisions:

I suggest that the legislation provide for an indirect process. The Legislature should be granted a six-month period to respond quickly to the Initiatives or Referendum proposed by

petition, thereby eliminating the need to place many of the questions on the ballot. This method would guarantee that the principles of a representational democracy are not circumvented, while ensuring the power of the people to act in their own interest when the Legislature does not.

I also recommend to the Committee that the signature requirements for each Initiative and Referendum be kept at reasonable levels. The signature requirements must be practical, in order to prevent abuse by special interest groups. Yet, by the same token, they must be achievable for grass-roots organizations. I can think of no greater disservice to the people of New Jersey than for the Legislature to enter a requirement which will essentially render this particular process unachievable.

Mr. Chairman, I also urge that consideration be given to balancing the signature requirements on a geographical basis. There has been discussion with respect to regions and counties. Let me emphasize that it is vital that a fair methodology be specified so as to avoid a geographical bias in the proceedings.

Lastly, I would ask you to urge that the number of Initiatives generated in any one year be limited, so as to avoid a ballot which is marred by confusion. Also, I urge that each Initiative contain a fiscal note so that the public may be informed of the costs associated with the measure.

Let me conclude by saying that I strongly support Initiative and Referendum. It will allow the people the necessary power to shape the future of this State when they feel the Legislature has betrayed them.

I thank you for taking the opportunity to allow me to present my views. You can be assured that I stand ready to help you to craft the legislation necessary to move New Jersey forward. Thank you very much.

ASSEMBLYMAN MARTIN: Thank you, Senator. Questions?

ASSEMBLYMAN HARTMANN: I have a question: Senator, during your campaign, where did you rank Initiative and Referendum in terms of how people feel and how imperative it is that it be put on the ballot?

SENATOR CIESLA: It was an extremely important issue in our particular campaign. Assemblywoman Haines, Assemblyman Wolfe, and myself supported Initiative and Referendum. Ocean County and Monmouth County have been in the forefront of this particular movement, particularly after the tax package.

ASSEMBLYMAN HARTMANN: Thank you.

ASSEMBLYMAN MARTIN: Thank you, Senator.

SENATOR CIESLA: Thank you very much.

ASSEMBLYMAN MARTIN: We will get to the remainder of the Morristown list. However, I think it is important that while we have the benefit of Congressman Zimmer and Assemblyman Franks, who have been involved in this process, that they speak a little bit. They can give some of the background of these Initiatives.

Congressman Zimmer is the Congressman from the 12 Congressional District. He is, in some respects, the father of the proposal that is before us, because it was as he was Chair of the Committee in 1986 that the original I&R, which is still being debated today, was being put on the table. Congressman Zimmer.

C O N G R E S S M A N R I C H A R D A. Z I M M E R: Thank you very much, Mr. Chairman. I want to commend you and the members of the Committee for bringing the legislative process out of Trenton and out to the people you are here to serve. That, of course, is very symbolic of what Initiative and Referendum would accomplish. I am appreciative of your calling me the "Father of Initiative and Referendum in New Jersey," but I think if that is the case, then it has a grandfather and a great-grandfather -- John Dorsey, the State Senator, who was working on this before I was elected, and Tom

Kean, who introduced an I&R proposal in the Assembly back when he was a member of that body. As you know, the history of I&R in this State goes back to 1894, when there was a very strong movement to enact Initiative and Referendum. In fact, there was a hearing in the Assembly Chambers, at which Samuel Domber (phonetic spelling) spoke in favor of Initiative and Referendum -- the labor representatives in the audience should note that -- as did many other leaders of grass-roots organizations. But I believe now, in 1992, that the time has come to enact I&R.

After having heard the criticism of Initiative and Referendum at your first hearing, and on TV, and in the newspapers and elsewhere, all I want to advise you is to remember what Mark Twain once said about the music of Wagner, and to apply that to Initiative and Referendum. What Mark Twain said about Wagner's music was: "It is not as bad as it sounds." I think the fact is, all the criticisms of I&R you have heard are simply rebutted by the experience.

We have heard criticisms that I&R promotes high-spending campaigns. That is true in many states, particularly in California. In 1988, there was a very high-spending I&R campaign in California that focused on the issue of auto insurance reform. But what the opponents of I&R don't tell you, is that the group that spent the most money lost. That happens over and over again, particularly when the groups that spend the most money are trying to change the status quo. I would urge those of you who are undecided on this issue to take a look at the record, and you will see that that is the case.

Another criticism I have heard recently, in today's Asbury Park Press, in a column by Bob Woodward -- Woodford, rather -- of the Business and Industry Association-- He said that I&R doesn't give you the opportunity for the give and take of the legislative process. That is true of direct Initiative, but indirect Initiative gives you the best of direct democracy

and the legislative process. It gives you the opportunity to deal with unanticipated problems and side effects of legislation, to negotiate language that will satisfy a broader group of people, and, in fact, to preempt the arguments of the proponents of the Initiative, if you are really sincerely in favor of their objective. So, I believe that Initiative and Referendum is far from short-circuiting or undercutting representative democracy. In fact, it makes it more representative and more democratic.

Finally, we have heard about ballot clutter. I might point out that even in California, which is the most hyperactive state in the area of Initiatives and Referenda, the majority of the questions that are put on the ballot in California are put on, not by the Initiative process, but by the legislators themselves. They are: bond issues and constitutional amendments. They are the questions that are put on by the Legislature. There are a lot of questions that get on the ballot in California, but some of the other states that have Initiative and Referendum -- the other 22 -- do not suffer from ballot clutter. So, I think that is basically a red herring, although if you are really deeply concerned about it, there could be reasonable means to control that issue.

The fact is, I&R is a proved technique to expand the democratic process. It is an ultimate weapon when the legislative process does not work on occasion. Nearly 100 years of experience has shown that it works; that it makes democracy better; that it enhances the role of the legislative process.

I want to commend you, again, for being here. Some of you came a long, long distance -- Mr. Russo, I know for sure. But this is important work you are doing. I wish you well in your efforts.

Thank you.

ASSEMBLYMAN MARTIN: Thank you, Congressman. I might just point out that joining us, as Congressman Zimmer noted, is Assemblyman Russo, who represents the 40th District, from Ridgewood, which is a long way up the Parkway. I don't know about you, Dave, but I never saw the toll collectors as nice as they were today when I came down from North Jersey. (laughter)

Do you want to make a remark?

ASSEMBLYMAN RUSSO: I was listening to the radio coming across today, and I heard comments like that, too.

I do think this is an excellent way to do this. As you probably said before, we had one hearing in Morristown, and this one here, and I think it is good that we hear the public and the public hears us. I think it is a good give and take, and I am very happy to be here.

Thank you.

ASSEMBLYMAN MARTIN: There are a couple more persons I would like to call before we go straight through the list. The first one is Assemblyman Bob Franks, who is the sponsor of one of the three I&R proposals currently before the Assembly State Government Committee. Assemblyman Franks represents Union County and parts of Morris and Middlesex Counties. He is also the Chairman of the Republican State Committee. Mr. Franks.

A S S E M B L Y M A N R O B E R T D. F R A N K S: Mr. Chairman, members of the Committee, ladies and gentlemen: I appreciate the opportunity to speak to you tonight about our State government and how we can ensure that it really works for the people.

You don't need me to tell you that the voters of New Jersey want and deserve the right of Initiative and Referendum. A statewide public opinion survey commissioned by the Republican State Committee shortly after the November election showed that I&R is not a partisan issue or a regional issue. It is a people's issue. By an overwhelming majority, fully 72 percent of the citizens of our State are demanding the

right to initiate public questions and constitutional amendments on a statewide ballot. That poll also showed conclusively that I&R is equally popular in all geographic areas of the State.

In the southern region, which covers Ocean, Atlantic, Cape May, Cumberland, and Salem Counties, I&R has the support of fully 70 percent of the voters, and 80 percent of the voters favor I&R in the southwest region, which covers Camden, Gloucester, and Burlington Counties. Initiative and Referendum also enjoys strong support among Democrat and Independent voters, as well as from Republicans, who have endorsed the idea and put it in our State party platform for over a decade.

Not only is I&R what the people want, it is what they need to make sure that their government is working in their best interest. Our citizens, in record numbers, have lost faith in their government. They believe government is out of touch and out of control. I&R would help to restore public confidence by providing a vehicle for change when State government fails the people it exists to serve. I&R is not a radical idea, but a responsible way of opening up government to the people.

It should be noted that citizens in some 23 other states already have this right. Here in New Jersey, a broad spectrum of responsible and well-respected civic, environmental, and taxpayer organizations have united behind Initiative and Referendum. For the most part, these groups do not have a lot of money and cannot afford the high-priced lobbyists to promote their agendas in the halls of the State House. They represent average citizens, hardworking men and women who have a vital stake in the actions of the Legislature. They want the protection, the safety valve that I&R provides, to ensure that their concerns are listened to and effectively addressed.

The proposals that this Committee is considering, including one that I am sponsoring, would provide a valuable check on the power of State government through an indirect form of Initiative and Referendum. It would provide a meaningful way to send the Legislature a wake-up call. Unlike the direct form of I&R that operates in California, we, in the Legislature, would have fully six months to respond to any question brought to us by the voters before the question would appear on the statewide ballot.

As the sponsor of this constitutional amendment, I have heard all of the arguments against I&R, and no matter how they are phrased, usually by lobbyists representing well-connected special interests, the bottom line is always the same: The voters of New Jersey cannot be trusted to make intelligent decisions. Somehow, the anti-I&R forces expect you to believe that those of us who serve in the Legislature are smarter than the people who elected us to office. I, for one, find that insulting. Year after year, we, in the Legislature, place before the voters complex questions involving changes in our State's Constitution and projects involving the expenditure of hundreds of millions of dollars on public works projects. The voters have no difficulty sorting out these questions to determine which ones are worthwhile and which ones are not.

Ladies and gentlemen, the voters of New Jersey know what they are doing. I trust them, and so should you. Some of the points raised by I&R opponents may sound somewhat familiar, particularly to those of you who consider yourselves history buffs. That is because many of the same arguments were made nearly three-quarters of a century ago during a national debate over giving women the right to vote. Back then, it was argued that women were already represented by their husbands and fathers at the polls, so there was no need to give them the power of the ballot box. Today, it is argued by our opponents that people are already represented by their State legislators,

so there is no need to give the people direct access to the ballot box.

Well, we all know that back before the time of women's suffrage, husbands didn't always listen to their wives, and today State legislators don't always listen to the people they represent. Back during the fight over women's suffrage, it was argued that if a law was unjust, it could be corrected by the indirect influence a woman had over her husband or father. In the debate over I&R, it is argued that if voters are unhappy with the actions or inactions of their elected officials, they can simply vote them out of office. But in both cases, the road to change via this circuitous route can be unnecessarily long, littered with roadblocks, and, because of the vagaries of the electoral process, may come to a dead end.

Then there is the last one good old standby, the one used at the turn of the century against giving the women the power of the vote, and the one being used, I assume, tonight, against giving citizens the power of I&R: Citizens are not intelligent enough or educated enough to make informed decisions about their government.

It didn't work then, Mr. Chairman, and we can't let that argument succeed now. I urge this Committee to give the people of New Jersey what they want, what they deserve, and what they need. Release a reasonable, responsible, and effective Initiative and Referendum bill that will return government to the people.

Thank you, Mr. Chairman. (applause)

ASSEMBLYMAN MARTIN: Bob, could you just point out briefly some of the differences between the legislation which you propose and that of California? As you know, there have been persons who wish to characterize what you propose as being simply duplicative of the California experience. I know you have insisted that there are meaningful differences, so maybe you could elucidate some of them.

ASSEMBLYMAN FRANKS: Mr. Chairman, I will just touch briefly on three that I think distinguish the proposal before the New Jersey Legislature from the system in California. I am not going to make an assessment as to which may be better. I will let the Committee come to that conclusion. The three principal differences are as follows:

First and foremost, as Congressman Zimmer just noted, the system that we have recommended is an indirect system of Initiative and Referendum. Direct means that once the number of petition signatures are gathered according to the statute, a proposal could go right to the next general election ballot. That is not what we are providing for in my legislation. We would get the requisite number of signatures on the petitions, and then the question would go to the Legislature for six months, where the Legislature would be asked to debate on it and pass it. Only upon failing to pass the measure would the question go to the next general election ballot. So, the direct versus the indirect is a substantial change. I think it is a significant argument for those who say that direct Initiative is a means of bypassing the elected representatives of the people. Through indirect I&R, the elected representatives -- you and I and our colleagues -- will get six months to do the people's will. Only should we fail to do that, would the question go to the general election ballot.

Secondly, a substantially higher signature threshold is required under the legislation pending before you. In California, it is relatively easy. I would have to say, from having talked to a number of people who have been engaged in various public questions in California, too easy to qualify a question for the ballot, particularly when there is no intermediate stop at the Legislature. So, we have substantially higher signature thresholds, to make certain it is legitimately an issue of statewide concern, one that merits the focus and attention of both the Legislature and the people.

Thirdly, our proposal has a geographic distribution requirement. In California, you can get all of your petitions signed in the City of Los Angeles. You need never leave the City of Los Angeles to qualify a petition for the ballot. That does not demonstrate an issue of adequate statewide concern, in my judgment, which is why under our proposal, no county can contribute more than 15 percent of the total signatures required to qualify a question for the ballot.

So, those three respects, our's being an indirect Initiative and Referendum proposal; secondarily, substantially higher signature thresholds; and thirdly, a geographic distribution requirement to assure that an issue that comes before us is truly one of statewide concern, I think distinguishes our proposal in a very favorable way from the system that has been operating in California.

ASSEMBLYMAN MARTIN: Mr. Hartmann has a question.

ASSEMBLYMAN HARTMANN: Assemblyman, how do you respond to the charge that special interests will control the I&R process?

ASSEMBLYMAN FRANKS: Assemblyman, I would counter with a counter question, which is: Today special interests have a disproportionate sway over the conduct of legislative action in the halls of Trenton. To say that we would surrender power under the I&R process to special interests ignores the reality of all those people who wear red badges every Monday and Thursday in Trenton; people who are paid, paid well, to do an honest day's work of representing their narrow special interests before legislative committees and on the floor of the Legislature. Special interests cannot be prohibited from playing in the domain of Initiative and Referendum, but I do not believe it is reasonable to suspect that they are going to be able to call the tune or direct public policy. I have a whole lot more faith and confidence in the intelligence of the New Jersey electorate and their ability to define the various

arguments being waged, even in a complex issue, to arrive at a reasonable position.

I think that if we trust the people, it will enhance the quality of our government, and we will share power with a broader number of people, and I think that is what participatory democracy is all about.

ASSEMBLYMAN HARTMANN: Thank you.

ASSEMBLYMAN MARTIN: Thank you, Assemblyman Franks.

ASSEMBLYMAN FRANKS: Thank you, Mr. Chairman.

ASSEMBLYMAN MARTIN: I want to note that Assemblyman Kamin, my colleague from Morris County, is also here. He has a proposal on I&R. He will not be testifying today. As I pointed out earlier, there are several different proposals. One of the assignments of this Committee is to gather input about the relative merits of each of those proposals.

I would like to call before us briefly two Assembly members who represent Ocean County: Bob Singer, from Lakewood -- Assemblyman Bob Singer -- and also Assemblyman Mel Cottrell, from Jackson Township, Ocean County. Their district includes Burlington, as well as Ocean County.

A S S E M B L Y M A N R O B E R T W. S I N G E R: And parts of Monmouth, also, Mr. Chairman.

ASSEMBLYMAN MARTIN: And some parts of Monmouth.

ASSEMBLYMAN SINGER: This brings back memories standing in front of a group such as this of when I used to represent the 10th District for a number of years, which, of course, was the middle part of Ocean County.

First of all, I want to thank you, and certainly the Committee themselves, for making sure the schedule was posted to come down to Ocean County. I'm sure Assemblywoman Haines and Assemblyman Wolfe had a lot to do with that, and we appreciate it.

We are not going to take a lot of your time, because I believe these hearings are more for the public than for the

legislators. They have the opportunity to speak to you on a regular basis. It is time to get input from the public on this crucial issue.

We had a campaign recently -- a few months ago -- where we all campaigned on certain issues. Assemblyman Cottrell and myself campaigned on the philosophy of I&R. The only concern we have ever had about it is that it be fair representation for the central/southern part of New Jersey, which we represent. So we only caution you that if the central and southern parts of New Jersey have fair representation in I&R, we have absolutely no problem in supporting it. We do support the concept of I&R.

I would just like to add one thing to Assemblyman Franks' comments, though, that I think is important. I believe the purpose of I&R in this State is (indiscernible) activeness of the Legislature in many key issues. We never solve many issues because of the bureaucracy itself. That is why the public should have the right to force us to solve those tough questions, if the Legislature does not act on them.

The perfect example I give you, Assemblyman, which we shared together, is that of car insurance. It was never properly solved, because the debate in the Legislature, a Band-Aid approach to today, is still not solved. I think people would like to speak out on some of those key issues. I&R is the way to do it. It will not hurt industry; it will not hurt business. It will give people in New Jersey the right to speak out on issues that affect them. It will make the Legislature more responsive.

I certainly thank you for coming here tonight, and I know the people of Ocean County thank you, too.

Assemblyman Cottrell?

A S S E M B L Y M A N M E L V I N C O T T R E L L: I would just like to say, it is time that we put this on the ballot and let the people decide whether we should have I&R or not. The

people have the right. We came here. We have been elected by the people to serve them, and they should have the right to tell us whether they want I&R or not.

I think we should go ahead and put it on the ballot and let them decide.

ASSEMBLYMAN MARTIN: All right. I am going to try to go through the list as I have it, going back to Morristown and picking up on those people who tried to testify then, and we ran out of time. I will start by calling David Muha, Morris County Chamber of Commerce.

D A V I D M U H A: Thank you, Mr. Chairman, and members of the Committee. My name is David Muha, and I am here on behalf of the 1100 member companies of the Morris County Chamber of Commerce.

The Morris County Chamber of Commerce opposes Initiative and Referendum. The reasons for our opposition are consistent with the arguments presented by thousands of companies, both large and small, in all 21 counties. For the sake of time, I will not repeat these arguments.

I would like to address the notion that only big business opposes Initiative and Referendum. Most of our companies have fewer than 20 employees. The size of the company has no bearing on the Chamber's opposition to any of the various Initiative and Referendum proposals. The Morris County Chamber of Commerce opposes I&R because complex legislative problems cannot be solved with simply worded ballot questions.

An example we saw in the voting booth last fall best illustrates this point. A nonbinding referendum was placed on the ballot. Senator Schluter read it at the last hearing. I will read it briefly: It reads: "Shall the State urge the United States Congress and the President of the United States to enact a national health care program which provides high quality, comprehensive, personal health care, including

preventative, curative, and occupational health services, is universal in coverage, community controlled, rationally organized, equitably financed, with minimal out-of-pocket expenses to the taxpayers; is sensitive to the particular health needs of all persons, and aims at reducing the overall costs of health care?"

The voters approved this measure by a greater than five to one majority. Now, health care is a complicated issue. You and your colleagues have grappled with it for quite some time, yet the issue persists still today. In theory, if we had I&R in New Jersey, the voters could resolve this deadlock by crafting a similar binding initiative. The way the question is worded, petition signature requirements of 3 percent, 8 percent, or 80 percent would not keep it off the ballot. How could anyone be against universal coverage at minimal cost to taxpayers, especially when we are not asked what level of taxation we would be willing to incur?

The problem is, if this were doable, the Legislature would have done it a long time ago. Since the goal of representative government is to reach a consensus on difficult problems, to agree that a particular course of action is the best for all citizens, and one that takes into account minority points of view, the more difficult the issue, the greater the need to ensure that due diligence is given to the interests of all the people. I&R pits one group against another, with the winner taking all.

It also seems that the voters already have a powerful tool to ensure that the Legislature is responsive. It is called an "election." In June of 1990, the people felt betrayed by the Governor and the Legislature. In November 1991, they took the power away from those who betrayed that trust.

On behalf of the Morris County Chamber, I would urge the Committee to reaffirm their responsibility as elected

representatives and vote against the Initiative and Referendum proposals.

Thank you. (applause)

ASSEMBLYMAN MARTIN: You know, that's fair, because we have had applause before. But this isn't like Ed McMahon's show where you win by applause. (laughter) Now that both sides have had a chance, we know there are proponents; we know there are those who oppose it. We recognize that you are sincere in your feelings, but we would ask you to keep your public displays to a minimum.

Dave, I just have one question. I was requested to ask whether those who represent interest groups-- I will try to do it on both sides. Has there been any polling of your individual members with respect to the issue?

MR. MUHA: A formal poll in the form of a ballot, no. The Chamber has kind of a complex process when they take a position which seeks member input both individually at a committee level and at the Board level. I would liken it to your deciding on an issue as an elected representative. You don't necessarily send a ballot out to each of your constituents. You are elected to represent them. Ultimately, the final decision rests with our Board of Directors, and they acted accordingly.

ASSEMBLYMAN MARTIN: Thank you.

Curtis Presch, from Edison Township? (no response)
Louis DeStephano?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Hudson County supporter. Is not present.

ASSEMBLYMAN MARTIN: Chester Jankowski?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Hudson County supporter. Is not present.

ASSEMBLYMAN MARTIN: Ed O'Connor?

UNIDENTIFIED SPEAKER FROM AUDIENCE: Hudson County supporter. Not present. Thank you.

ASSEMBLYMAN MARTIN: Well, I know Bobbie Horowitz is here, from Hands Across New Jersey.

R O B E R T A L. H O R O W I T Z: I'm present. My name is Bobbie Horowitz. Mr. Chairman, I would like to thank you and your Committee for allowing the public to be included in these hearings by holding two evening meetings, and making participation more accessible to many citizens by having the meetings outside of Trenton. Of course, I am also delighted to have it right in my own backyard.

I have been a volunteer with Hands Across New Jersey since the summer of 1990. I am the Ocean County Coordinator, and on a State level, I serve as a member of the Executive Board of Directors. I would like you to note that I am the only designated spokesperson for Hands Across New Jersey on the issue of Initiative and Referendum. I am a medical office manager by profession, a concerned taxpayer by necessity, and an active and dedicated member of Hands Across New Jersey because I believe the public must be informed and stay involved and take a more active role in our government. I stress the word "volunteer," because it is important to emphasize the fact that no one in Hands Across New Jersey is paid and is rarely even reimbursed for most of our expenses. We are just everyday people.

I would also like to point out that I see many, many familiar faces. I would say that the majority of the people here tonight are just plain concerned citizens, and that delights me.

The vast majority of our members have no political background and no political aspirations, and will not gain financially from I&R, other than perhaps eliciting a more honest, responsive, and efficient government.

Not quite two years ago, Hands Across New Jersey was responsible for circulating a petition that listed Initiative and Referendum as our number one goal, and it still is. Over a

million people in New Jersey agreed and signed our petition. That was one of our polls. In fact, we are still, believe it or not, getting sheets of that original petition returned to our main office. If we truly had a "representative government," as our opponents claim, this issue would have already been addressed, and we wouldn't need to be here tonight still discussing whether or not the people of New Jersey really want or need the right to participate in their own government.

The legislative process is not designed to allow for average citizens to take part. First of all, Trenton is not accessible to many New Jerseyans. You can't get there from here without your own car, and you have to be able to afford car insurance. And for those of us fortunate enough to have daytime employment, we, too, are unable to attend governmental sessions. In the last two years, I have used up every single one of my vacation days by going to Trenton or attending some other Hands Across of New Jersey related activity. We can't expect people to do that; therefore, they are excluded, over and over again.

I know then you are going to say that is why we have elected representatives. Well, I would like to briefly take you down the path of a grass-roots journey of what it has been like to make the system work for the average folks. I speak from firsthand experience. I will try to be very brief. It's not easy.

In the summer of 1990, I asked my legislators pertinent questions in professionally written letters -- all three of my representatives -- and I got no response. It took many phone calls to their legislative office, then organizing a very sizable Hands Across New Jersey chapter in their district, waging a letter writing campaign with hundreds and hundreds of letters directed to a single legislator, mailing newspaper clippings of our well-attended Hands Across New Jersey meetings, along with copies of my original letter, sending it

"Certified Mail"-- We started that in the summer of 1990, and in January of 1991 we were finally granted a meeting with former Assemblywoman Ford. Is that responsive government? Can we possibly call that being represented? Our issues were unpopular with them, so they decided to ignore us and hoped we would go away. That's when I became so impassioned on the issue of I&R and committed to it with all my heart.

Another example of lack of representation was demonstrated by a neighboring legislator, Senator Joseph Palaia. He was one of the few legislators who came outside the State House to view our petitions when we had them on display in Trenton. He volunteered-- His quote was that he was in awe of the volume of signatures and petitions and the great job we had done. He agreed with all of our issues. A few months later, he accepted my invitation to join us at an I&R press conference in the State House. We have him on videotape. But when I&R came up for a vote in the Senate last July, Senator Palaia voted no. I waited to question him; I was shocked by his negative vote. He said he was sorry if he misled any of us, but he had never favored I&R because he represented his people well, and they didn't need it.

When I reminded him how impressed he was by all of those signatures out in front of the State House, and that he had to understand that a great majority -- or a significant amount of those signatures came from his constituents-- I said, "Who is representing them? Those people want I&R." He excused himself, he had to go to the bathroom, and that was the last time I talked to Senator Palaia.

Finally, toward the end of the last legislative session, the Asbury Park Press quoted an unidentified legislator as saying: "I am accustomed to voting on bills I do not understand, but now I am forced to vote on bills I haven't even read." Isn't that frightening? If you think that is an

isolated case, I would like to recall the Quality Education Act--

ASSEMBLYMAN MARTIN: I will rarely interact, but I think it is important to note that we have the sponsors of legislation here that would get rid of lame duck action. I think that is where all that activity occurred. Since Assemblyman Wolfe and Assemblywoman Haines are sitting here, it might be fair to point out that they have spearheaded an effort to change the State Constitution so that you can't have legislators who have been defeated in November leading and passing 200-plus pieces of legislation between November and January, when their time runs out. So maybe one of your problems will at least be addressed in the near future.

MS. HOROWITZ: Well, I would like to commend them. I am aware of that, and I think it is wonderful.

But I was going to bring up, at the time Senate President Lynch and Senator Dalton, both well-respected, introduced the Quality Education Act-- Months later, they admitted publicly that they hadn't really read it, didn't understand it, and it did not accomplish what they had planned for it to do. So, these are not isolated cases. They do not only occur in a lame duck session. It frightens me, as a resident of New Jersey. I believe that people simply can no longer be excluded from the system, for those reasons, and for many more.

With all due respect -- and I do mean that respectfully -- how can the Legislature believe that they, and they alone, know what is best for seven-and-a-half million people, New Jersey residents, who must live daily by the laws that the Legislature makes? Then we have to finance those laws. And far too often, we never have any significant input into how our lives are governed. When we are deceived or betrayed, as we have been frequently, we have no recourse. Our only recourse is to vote them out of office. We did that last

November, and with no other alternative, it will probably continue to happen over and over again. However, that does not necessarily address the issues of main concern to the electorate. There is still no assurance that the new legislators will be effective in promoting legislation in a timely manner and that it will get passed. And sooner or later -- and this may apply to any one of you -- good legislators will be removed from office just because the people have no other outlet. I don't think the public or the Legislature is best served that way. I will repeat that the New Jersey Constitution states, "All power is inherent in the people," but the only time we really have the power is at election time.

Our opponents have pointed out problems with one state in particular that has I&R, but even that state would not give up the right to petition. Our opponents say the special interest, or, more pertinent, the self-interest groups, will have too much influence. Anyone who really pays attention knows that that is one of the main reasons we need I&R. The special and self-interests have a stranglehold on the Legislature. They say the system doesn't work. I mean, they say the system does work, but by your own poll, the majority of the people who want Initiative and Referendum say that it doesn't.

They, our opponents, continue to insult the intelligence of the New Jersey electorate by implying that we can't deal with important issues. Most of us deal with important issues daily in our own lives, and can even balance a checkbook. It is quite apparent to most of the proponents of this legislation that most who oppose it, do so for fear--

ASSEMBLYMAN MARTIN: We are only Assembly members, Bobbie. We are not members of Congress; we are only Assembly members. Go ahead.

MS. HOROWITZ: It is apparent to those of us who want to see Initiative and Referendum that most of those who oppose

it, do so for fear it will directly affect their income. Also, far too often, these opponents -- and I am glad to see that you are asking -- do not poll their membership. We could give you many examples of that. I will tell you firsthandly that I have asked my local school board. They have a delegate to the New Jersey School Boards Association. No one is ever polled. Our school board doesn't take a stand. Yet, you will hear, I'm sure, in Trenton, the New Jersey School Boards Association opposing I&R. With our tax dollars they are paid to oppose us. Recently, a local development council took a stand against I&R, but when asked, they would not release the names of the organizations that belong to it.

The honest, open, sincere, hardworking residents of New Jersey need a practical, workable, usable, reasonable I&R. We favor indirect I&R with very strict reporting requirements. Initiative and Referendum is long overdue. After all this, after all these years, I contend that any legislator who denies the citizens of New Jersey the right to petition, to address an issue that may be unpopular with our legislators, and to have that issue placed on the ballot for the people to decide, is actually saying that they do not trust or respect the people, until election day, when they ask that we trust and respect them to represent us.

Let this Legislature restore some of the trust and faith that your constituents have lost in our government. Please keep your campaign promise to allow, once and for all, the people of New Jersey to decide.

Thank you. (applause)

UNIDENTIFIED SPEAKER FROM AUDIENCE: I don't know if I am speaking out of turn, but I have heard a lot of nonsense here tonight.

ASSEMBLYMAN MARTIN: Sir, we are following an order. You are speaking out of turn.

UNIDENTIFIED SPEAKER FROM AUDIENCE: All right, all right. I will keep it brief.

ASSEMBLYMAN MARTIN: No, I am not asking you-- It is not your turn. Would you please have a seat?

UNIDENTIFIED SPEAKER FROM AUDIENCE: May I speak, please?

ASSEMBLYMAN MARTIN: No. Mr. John Tomicki? Is he here? (no response) Stephen Perkowski? Is he here? (no response) Elizabeth Gamble, President, Ocean County Council of Education Associations?

In case anyone hasn't gotten the message, we have asked people to sign up. I am following a list. I am taking a little bit of liberty on the list just to occasionally have some differing views. But we are following a list. The first people we were calling were people who sat for three hours in Morristown and didn't get a chance to speak. Then we are following down the list as best we can. We are not trying to not give anybody a chance to speak, but we also think that in fairness, everybody has to queue up and essentially wait their turn.

B E R N A R D L A U F G A S: (speaking from audience) Mr. Chairman, I sat for three hours in Morristown, and I was supposed to be--

ASSEMBLYMAN MARTIN: Your name, sir?

MR. LAUFGAS: Bernard Laufgas.

ASSEMBLYMAN MARTIN: You're on the list.

MR. LAUFGAS: I am a local resident of Morristown, and you told me I could speak this week.

ASSEMBLYWOMAN HAINES: Is that true?

ASSEMBLYMAN RUSSO: Yes, he was there. I remember him.

MR. LAUFGAS: I think it is very unfair for me to have to wait until the end.

ASSEMBLYMAN RUSSO: Yes, he was there, Bob. I remember him.

MR. LAUFGAS: You might have people who want to stop me from voting, but they won't stop me from speaking.

ASSEMBLYMAN MARTIN: You'll be next.

MR. LAUFGAS: Thank you.

ASSEMBLYMAN MARTIN: Ms. Gamble?

E L I Z A B E T H G A M B L E: Thank you, Mr. Chairman, and members of the Committee, for allowing me the opportunity to address you on this extremely important issue.

My name is Betty Gamble, and I am President of the Ocean County Council of Education Associations, which represents 7000 school employees, all of whom are taxpayers, too.

Our position is clear: We oppose the adoption of any form of Initiative and Referendum. Ocean County school employees oppose I&R on the general principle that I&R would undermine the results of the 1947 State Constitutional Convention, which established the current representative democracy with a system of governmental checks and balances. The system sets up a deliberate process of decision making with elected officials who are accountable to the voters.

The development of State policies requires research, analysis, debate, and compromise. A "Yes" or "No" ballot question does not provide for a comprehensive airing of the question. We have representative government for the very reason that all people cannot be completely informed on all issues.

Our Legislature maintains skilled staff and research facilities because no single legislator, let alone voter, can ever master all the complex issues facing our State. In a recent California election, there were 17 Initiatives and 11 bond issues. A 250-page, 16,000 word informational booklet was provided to voters. It is highly unlikely that a majority of voters took the time to thoroughly review this costly and

cumbersome publication. More than likely, many voters voted on issues they didn't understand. I&R is a reckless and irresponsible process.

Antitax groups point to I&R as a quick fix for rescinding unpopular tax increases. California has dropped from first in state aid to 29th in education spending. But education funding shouldn't be a political process. All students in New Jersey deserve an education that provides equal opportunities for everyone in all urban, suburban, and rural school districts. The right to a thorough and efficient education is a constitutional right in New Jersey, and that right shouldn't be lost at the voting booth.

Transition aid districts such as Manchester and Southern Regional, and urban areas such as Lakewood -- all here in Ocean County -- would be the hardest hit. Many preventative programs, such as the Suicide Crisis Counseling Program, or the Teen Pregnancy Program -- which I might add is countywide, and Assemblywoman Virginia Haines has been invited to participate in those meetings, and she has come -- and also the Prevention of School Dropouts Program, would be severely jeopardized. Before you consider voting "Yes," I urge you to continue the public forums that have brought legislators and school administrators together recently -- and to do the same again -- to analyze every aspect of I&R.

Unfortunately, quality education won't be the only area that experiences drastic cuts if I&R is adopted. In Massachusetts and California, there were tremendous cutbacks in fire and police protection and scores of municipal services. Even transportation aid has been cut. California has gone from sixth in the nation to 51st in transportation spending, even ranking behind the District of Columbia.

Do we want these kinds of cuts in New Jersey's municipal services? Would it be prudent to cut back services

provided by police, fire fighters, and sanitation workers? We don't think so. Consider town areas such as Toms River, Jackson, and Brick Township, for example. Could we maintain safety if, through the I&R process, voters opted to drastically cut funding for these services?

I&R can also be a discriminating process. Minority voters don't have a substantial voting block, and therefore could become victims of discriminating practices approved by nonminority voters. When I&R is thoroughly investigated, a lot of problems surface. There are a number of specific reasons why I&R is a bad idea. There are also some specific ways in which it will hurt public education, as well as drastically cut other services provided by municipal and State governments.

Politics and government are like other human endeavors: They require work, not the simple concept of "bumper sticker" democracy. We should continue to improve the representative process and the Legislature, not undermine them. Therefore, on behalf of the 7000 members of Ocean County, please reject any form of I&R. (applause)

ASSEMBLYMAN MARTIN: Are there any questions?

ASSEMBLYMAN HARTMANN: I have a question.

ASSEMBLYMAN MARTIN: Mr. Hartmann has a question.

ASSEMBLYMAN HARTMANN: You mentioned that you have 7000 employees in your organization. Did you take a poll of those people?

MS. GAMBLE: Yes, we have polled them.

ASSEMBLYMAN HARTMANN: What type of poll was it?

MS. GAMBLE: It was done through the State organization, the NJEA. We polled the members in all the counties, our 7000 included. More than 73 percent of our members are opposed to I&R.

ASSEMBLYMAN HARTMANN: You asked all 7000?

MS. GAMBLE: Yes, through the statewide poll.

ASSEMBLYMAN HARTMANN: You have 7000 people in your group, and I imagine likewise throughout the State each county is approximately the same size regarding population?

MS. GAMBLE: No, that is not so.

ASSEMBLYMAN HARTMANN: Okay. Well, at least you have 7000 people.

MS. GAMBLE: Here.

ASSEMBLYMAN HARTMANN: It seems like you would have a leg up during the I&R process in getting petitions, so I think your group would benefit more than most in terms of putting issues which you are concerned about on the ballot. How do you feel about that?

MS. GAMBLE: I am opposed to any form of Initiative and Referendum, because even with doing that-- Petitions are one thing. There is also the fact that you are our legislators. You are there to gather all aspects from all sides, including our own, yes, that's so. That does happen. But I think that is why we put you in office, to do that, to do all sides of that. We could get petitions up, but I don't think that is the solid answer. I think there is a lot more information that needs to be acquired, and so forth, and I don't think that Initiative and Referendum is the soundest way to go at all. We reject it entirely.

Thank you.

ASSEMBLYMAN HARTMANN: Okay.

ASSEMBLYMAN MARTIN: Mr. Laufgas, I apologize. You were on the list. Somehow I overlooked you. It was not deliberate. Thank you for your patience.

MR. LAUFGAS: Mr. Chairman, thank you. By the way, Assemblyman, you don't have to worry. In the near future, you won't have to pay to come down to Ocean County, hopefully. I hope you will come down on the 26th from Trenton. It is a Sunday, but I think it is going to be worthwhile.

Good evening, Mr. Chairman, members of the Committee, and, most of all, Assemblywoman Haines, who was my neighbor when she lived in my town of Barnaget.

The Public Watchdog is in favor of I&R, and has been from the outset. We believe I&R should be an easy I&R. Don't put handles to it. There should be no regional restriction. I&R proposals have surfaced since the 1890s as the will of the people to make the tough decisions which the legislators refuse to make, in many instances.

You will hear in the hearings you are holding now regarding I&R two opposite groups: one in favor, the other opposed. Those who are opposed, you must remember, are special interest groups paid large fees to speak, and, more important, they speak for those at the inner circle, at the top, since most, if not all, members of those organizations have not been polled. Those in favor are all members of the general public only wanting government to be "by the people and for the people."

Those who oppose I&R are the New Jersey Education Association, the teachers' union, the New Jersey Tavern Association, the New Jersey Utility Association, the New Jersey Food Association, the Dental Association, among others. Why, one must ask? Because those powerful forces who like the Legislature to be just as it is, status quo, meaning they have the Legislature and the Governor's Office in their back pocket. A member of the New Jersey Education Association stated: "I&R will provide an impetus for our enemies" -- meaning the public -- "to organize at the local level for lower taxes" -- isn't that why you people won the election last year? -- for spending caps against school budgets" -- it's about time -- "and to eliminate our tenure rights." They are a one-issue organization. All they care about is themselves. We care about everybody else.

He is right, that individual. He is totally correct. He once again uses as a last resort the defense, as a coward's way out, as all school officials do, that: "The children will suffer." Case in point, the Barnegat School Board paid a special prosecutor \$8000 to prosecute an individual for a motor vehicle violation. That hiring was done pursuant to N.J.S.A. 18A:16-6.1, and if any one of you can show me that a school board has the authority to hire a prosecutor, I will provide you with \$10,000 for your next campaign. By the way, that is an incentive. (laughter) If you can, I think you ought to--

ASSEMBLYMAN MARTIN: For \$10,000 you want to--

MR. LAUFGAS: Mr. Chairman, if you cannot, I will make a deal with you. You ought to ask for an investigation about why a judge said they could. Is that a fair deal?

I&R will cut this type of abuse out. Not long ago, Governor Kean raised basic teachers' salaries. Did we get a better educational system? The facts speak for themselves. No. I, nor The Watchdog, have ever been against teachers or the education of our children. We, as most, are against waste, waste, waste. Their argument is nothing short of a smoke screen for the fear of the unknown. They are afraid of what is going to happen with I&R. This could be the best thing for them. We might have the best teachers then; not as many, but we would have the best.

They will tell you that lawmakers latch on to the I&R idea because it lets them off the hook, and they don't have to make those tough decisions. In most instances, it means they -- meaning you -- don't have to make the right decision, according to them.

Those of us in favor of I&R believe that the Legislature should not be in anyone's pocket, nor do we believe that the public will be more informed because they want to pass a law that will not be advertized by all concerned groups. The public will have a reason to go out and vote, as they do in

presidential years, making I&R a tool to make bureaucrats and their friends more accountable to the people, rather than those special groups. I&R is the way for the people to make good law, because the people want a certain law or want to repeal one.

In fact, our system will be stronger with I&R. Tough issues, such as the toll roads -- all three roads -- can, and will, be eliminated. All excessive bonding by the State will be a thing of the past. We do not need a credit card government, run by those same bureaucrats and the good-old-boys-in-the-back-room politics. Taxes will be lowered. Insurance rates will stabilize. That is a tough issue for everyone. Our Governor, the Division of Motor Vehicles, the Attorney General's Office, and the judges will rule and will comply fully with the laws which you vote on daily. Democracy will be at its best, because the people of this State will make the tough decisions on issues. The will of the people will prevail, not emotions. The answer to I&R is an unequivocal "Yes."

On February 2, 1992, you had the first hearing at the Morristown Courthouse, and I thank you for recognizing me. That same day, USA Today, on page 3A, ran an article, "Electorate Finds a Lot Not to Like. Voters ready to embrace outsider. Mass petulance" -- p-e-t-u-l-a-n-c-e, whatever the word means; it means that they simply don't care -- "may be best to describe an American electorate that finds little to be happy about this election year. They don't like institutions, schools, government, courts, believing most don't seem to work."

Assemblywoman Haines, I am sure, remembers the \$136,000 the Barnegat School Board spent because they refused to let me see public records. It's a long story, but their lawyer lined his pockets. Money that was to be used for the education of our children was used to line the pockets of an attorney, Milton Gelzer. By the way, he is just down the

street here; he is an attorney, not a municipality. He gave legal advice amounting to gross incompetence, while he smiled all the way to the bank. The taxpayers of Barnegat suffered. Do you wonder why I want I&R?

The Asbury Park Press, dated April 11, 1992, on page 1, reported in its article, "Should the Public Make the Law?"-- Harvey Rosenfield, Chairman of the group that used I&R to roll back California's auto insurance rates by 20 percent, said that despite the problems, California would not give up I&R. "The people in California love it." He noted that \$2 billion has been returned to the motorists through his group's initiation. Isn't that amazing? And everybody is afraid we are going to lose money.

While I&R is not a cure-all, no one will deny that the time is right for I&R in our State. What works in 23 states and Washington, D.C., could very well work in New Jersey. The Star-Ledger/Eagleton Institute of Politics' polls showed that 52 percent of the people in our State believe I&R is a good idea, and should be made a part of the State Constitution. Another poll conducted by the Tarrance Group, Alexandria, Virginia, said: "Seventy-two percent of the registered voters favor I&R in all regions of the state...and no real opposition to I&R." That report cost the Republican State Committee -- and I am sure all of you paid for that report -- \$6000. However, I&R is not a Republican nor a Democratic issue. It's a people's issue.

The Speaker of the Assembly, Chuck Haytaian, said: "We will pass a bill this year. The people want it." Republican State Chairman Robert Franks -- who you heard before, and he stole part of my speech--

ASSEMBLYMAN MARTIN: Maybe you can sort of wrap it up, then, Bernard. (laughter)

MR. LAUFGAS: Just a little bit more and I will be finished. Okay? Mr. Franks, of Union, added, "The voters of

New Jersey are telling us that I&R is not just a good idea; it is a fundamental right that they are entitled to." Even our beloved Governor saw the writing on the wall, and agreed that I&R is what the people of this State want. Last year, the voters of this State sent a clear message to government, "No more business as usual." Also, we were promised I&R.

As you recall from history, the Czar in Russia -- I was born in the Soviet Union -- in 1905 -- not that long ago -- promised the people changes, which he later recanted. He thought all was forgotten, until 1917, and then the people revolted. Until this day, they are still looking for his body. While we in New Jersey do not believe in killing politicians, we will remember you on the next election day. Learn from history, and you could retire as a politician who walks around with his head held high, not off its shoulders. (laughter) The people will reclaim their government, one way or another. I hope the Legislature will bend to the will of the people, not the private interest groups.

Let's start with a simple, workable I&R and go from there. Those of us who oppose any issue have the right to take the issue to "Judge Wapner," in plain English, to a court, but don't stop my right to I&R. Remember, the most important item regarding I&R is, it can be used to get rid of I&R, if, for some reason, the people don't want it. This is the safe cornerstone of I&R. You can get rid of it by putting it on the ballot. Let the people vote to get rid of it. But, let's give I&R a chance.

I thank you. Have a nice evening. (applause)

ASSEMBLYMAN MARTIN: Assemblyman Wolfe, I promised you an opportunity to speak on the issue of life insurance for State legislators. (laughter)

ASSEMBLYMAN WOLFE: While I still have my head, maybe I will speak, okay.

Mr. Chairman, thank you. I appreciate the opportunity to testify before the Committee on this important issue. I strongly support the idea of Initiative and Referendum because no sensible government can exist without an accessible channel of communications from its citizens. I believe the time for I&R has come. I also commend the Committee for holding these hearings and giving the people of New Jersey a chance to be heard on this very controversial issue.

I&R will give the citizens of our State a "hot line" straight to the decision-making process. It will allow grass-roots organizations to directly affect events in New Jersey.

Polls indicate that people are growing increasingly frustrated by their elected officials. Confidence in governmental institutions is at an all-time low. The percentage of those who vote continues to decline because many think their voice no longer makes a difference in the State of New Jersey.

I&R can change that. It will allow people to take back the reins of government; to return control to this State to those who truly own it -- the citizens. It will turn anger and frustration into active participation in the future of our State, and that is what democracy is all about.

I&R will make legislators more responsive to their constituents, and will provide citizens with the tools to fix a government that is no longer meeting their needs.

I realize the purpose of these hearings is to gather data in order to craft a piece of I&R legislation which is well-thought-out and fair to all the citizens of the State, and I am sure the Republican-controlled Legislature will not pass any I&R bill that would allow the process to get out of control.

My colleagues and I in the 10th District support indirect Initiative and Referendum. Indirect I&R would give the Legislature the opportunity to act on any issue before it is put on the ballot.

Opponents of I&R are concerned that special interest groups and other organizations will turn this process into chaos, putting questions on the ballot that cater to one specific group or part of the State. For that reason, I believe that any I&R bill passed in New Jersey should have certain regional signature requirements.

I also believe a fiscal note, similar to those now prepared for other legislation, should be included before any question reaches the ballot. It is also important that any group lobbying for a ballot question be held accountable to the people.

The citizens of New Jersey deserve to have a say in the law that governs them. William Blackstone, centuries ago, once said, "Every wanton and causeless restraint of the will of the subject, whether practiced by a monarch, a nobility, or a popular assembly, is a degree of tyranny." New Jersey must have I&R, and the time and the place is now!

Thank you again for allowing me to speak on this issue. Thank you. (applause)

ASSEMBLYMAN MARTIN: We thank Assemblyman Wolfe for joining our Committee.

ASSEMBLYMAN WOLFE: Thank you.

ASSEMBLYMAN MARTIN: We appreciate it, Dave.

Jane Palaia-Verdoni, Chairperson, Monmouth County Employer's Legislative Committee? Is Bill Eames here, by the way? Bill Eames? (no response) After Jane, the next person will be Larry Fisher, from Hands.

J A N E P A L A I A - V E R D O N I: Good evening, Mr. Chairman, and members of the Committee. My name is Jane Palaia-Verdoni, and I am the Chairwoman of the Monmouth County Employer's Legislative Committee, commonly known as the ELC. We have just over 100 members in Monmouth County, ranging from small proprietorships to large manufacturers.

Just to get ahead to the question you will ask, we have polled our membership. I personally have called many of the individuals who are on the Monmouth County Employer's Legislative Committee, along with my co-Board members, and they are adamantly opposed to I&R. I think I can best summarize their remarks by saying, and I quote: "If I&R passes in the State of New Jersey, then the last business to leave the State should turn out the lights."

In the course of trying to survive in this State, the business owners function much like legislators in their daily decision making. They weigh the pros and cons of issues that arise and choose the best course. In that process, considerations of equity, economics, and the employees who make up our businesses, all play key parts.

Our members feel strongly that you, our elected officials, are the best decision makers for the State; not because you are smarter, but because you are better informed -- as my boss would say, because you have the facts, and you have the time to consider the issues on all sides.

The business community, as well as the general public, has not always agreed with the decisions reached by the Legislature. We can, however, at least rely on a rational and well-informed process, which includes the views of all. I may say that this evening's remarks in the forum here tonight speak to the fact that you reflect, and take into consideration, the views of all.

Reflect, if you will, back to the final weeks of your campaigns last year. Picture the advertisements of your opponents, if you can. Almost all of you were exposed to distortions and misrepresentations of your positions on important issues. Yet, we have seen how effective those 30-second sound bites can be. How well would our system work if the only basis for a law was how slick an advertisement could be?

We have been told that the Legislature feels that last year's election was a mandate for I&R. I can assure you, the members of the Monmouth County Employer's Legislative Committee did not support those who won election based on I&R. We voted to change the antibusiness climate in the State of New Jersey. I&R will do nothing but further that climate. We are aware of surveys that say that most people want I&R. We suggest that you look beyond the face of those surveys, and you will see that the more the people are informed about what I&R can do, the more likely they are to oppose it. How would your constituents feel about I&R if they knew it might mean their jobs?

Our members are men and women who are struggling to stay afloat in the State of New Jersey, a State that is already highly and, some feel, overregulated. We are the individuals providing employment and, quite frankly, we are afraid that we may have to limit the employment in the State of New Jersey due to the type of benefits that may be mandated through I&R. We cannot afford the well-documented expenditures of moneys that business must expend in order to fight inappropriate and poorly researched proposals. Our members would prefer to invest those dollars in our businesses, in the communities where we operate, and, most of all, in our employees.

In summary, the Monmouth County Employer's Legislative Committee opposes Initiative and Referendum in any form. Despite the protests that New Jersey won't be like California, the bottom line is that no matter what kind of I&R a state has, they are always one ballot question away from having a more onerous version. As one of our members stated, "What the electorate wants is a change in the way things are. We don't want I&R. I&R is just another gimmick." We want change!

Thank you for your consideration. (applause)

ASSEMBLYMAN MARTIN: Jane, I am trying to get your attention. (as witness is walking away from microphone) Would

you please respond to a question? Assemblywoman Haines has a question.

MS. PALAIA-VERDONI: I'm sorry. I was just so glad it was over.

ASSEMBLYWOMAN HAINES: It's just one question: You and others -- through testimony we had in Morris County -- have mentioned about the other 23 states that have it, and how it is going to hurt business. Do you know if there have been any statistics brought forth to show what businesses have left states that have I&R -- because of I&R coming into them?

MS. PALAIA-VERDONI: No, I do not. I can only tell you what our members have said. That is what I am here to report on. What they have said is -- and they put their hands in their pockets -- "My pockets are empty."

ASSEMBLYWOMAN HAINES: Okay. I just didn't know if there were--

MS. PALAIA-VERDONI: We can't afford more health insurance. We can't even afford the increased minimum wage that has been passed. We want to stay in business. We feel that I&R will bring more mandates, and that we will lose jobs. That is what we are concerned about.

Thank you.

ASSEMBLYMAN MARTIN: Is Larry Fisher here, from Hands Across New Jersey? (no response) Kevin Shaw, from Hands? (no response) Is there anyone who was on the list in Morristown who has not spoken? (no response) Seeing none, I will continue on the list of persons who have signed up for Toms River.

Al Lewis, Tax Revolt North? Oh, excuse me, may we have Jerry Little from Senator Connors, Assemblyman Moran, and Assemblyman Connors' office. Then we will have Al Lewis after that.

J E R R Y L I T T L E: Good evening, and thank you, Mr. Chairman. My name is Jerry Little. I am Chief of Staff for

Senator Connors, Assemblyman Jeff Moran, and Assemblyman Chris Connors of the 9th Legislative District here in Ocean County. On behalf of the legislators, I welcome you here tonight. We appreciate the Committee's efforts.

Senators Connors, Assemblyman Moran, and Assemblyman Connors wish to submit to your Committee tonight their support for the right of Initiative and Referendum for the people of New Jersey. Your Committee is considering various pieces of legislation, sponsored by Assemblyman Franks, Assemblyman Kamin, Assemblyman Garrett, and others, and, of course, on the Senate side are Senator Dorsey, and so forth. All three of our legislators have, at some point in time, been cosponsors of those bills.

Beyond any difference in the various bills, there is a common thread linking their intent and vision for New Jersey. I&R will give New Jersey residents a stronger voice in government. I&R will force State government to forge ahead on difficult issues that have been paralyzed by special interest and partisan politics for many years.

Finally, I&R will foster public debate and help to restore the people's faith in their government's ability to respond to their needs. The 205th New Jersey Legislature is a direct product of voters who reacted with decisiveness to a government that had demonstrated its inability and confidence in the people it serves. Many people in New Jersey now believe that government is either unwilling or unable to respond to their needs. They have seen issues, such as State mandate, State pay, left logjammed by political bickering. They have watched the courts deny the rights of individual citizens to express their views on garbage incinerators and the largest tax increase in New Jersey's history. The residents of our barrier island communities are helplessly watching as the beaches erode away, while there is almost universal support for beach protection. Across the country, some 23 states prevent

Initiative and Referendum laws for constitutional amendments, and 25 states allow voters to force unpopular laws on the ballot for referendum.

New Jersey's I&R law must be carefully crafted, and must assure that all areas of the State, and all counties, have fair representation and protection. I&R should not be a frivolous exercise of the people, but should be utilized as a last resort for those issues that have a ground swell of support among our citizens. There must be safeguards against putting trivial issues on the ballot, and from having our ballot becoming unwieldy and unmanageable by the sheer number of questions. The questions should include a fiscal note and protection from geographical bias.

We know your Committee is moving in the right direction toward addressing these concerns, and we have confidence that in the near future your Committee, and the Legislature, will recognize that the citizens and taxpayers of our State are picking up the tab for their government, and it is time they are provided with a direct voice in the decision-making policies.

Again, thank you, Mr. Chairman, and members of the Committee, for holding this hearing in Ocean County. Thank you. (applause)

ASSEMBLYMAN MARTIN: Thank you, Jerry.

Alan Lewis, Tax Revolt North? Is he here -- Al Lewis? (no response) Regina Edwards, teacher from Union County? Is she here? (no response) William Donofrio, Morris County Taxpayer Coalition? Is he here? (no response) We called Stephen Perkowski. He was not here earlier. Is he here? (no response) Harry Fricher, Republican Coalition for Responsible Government? (no response) Ted Johnson, Repeals Bureau International? (no response) We have lost a few, apparently. Andrew Bloschak, President, The Public Watchdog, Inc.

MR. LAUFGAS: (speaking from audience) I took half of Andy's speech. He is stuck up in Waverly. He didn't have enough money to come down. The tolls are too expensive. (laughter)

ASSEMBLYMAN MARTIN: Did you tell them about Route 9 and Route 34?

MR. LAUFGAS: That would be too long a deal.

ASSEMBLYMAN MARTIN: William McPhail, United Taxpayers of New Jersey? (affirmative response from audience)

W I L L I A M M c P H A I L: Mr. Chairman, members of the Committee: I am Bill McPhail. I am a resident of Dover Township. I am speaking as the Ocean County representative of United Taxpayers of New Jersey.

We, in the United Taxpayers of New Jersey, have been in the forefront for Initiative and Referendum for the past 17 years. Our frustration is boundless from what we have seen in the Legislature in those 17 years. Further on down in my comments -- with all due respect, because I know that some of you people are new-- The frustration will be evident in the comments I will make, but let me get on with it.

The people of the State of New Jersey are frustrated with the legislators. We want a more positive say in the rules we are governed by. We are not out to take your jobs or lessen your legislative powers. We want to be heard. I can quote a potential presidential candidate, perhaps in the future, who said: "Where we used to have" -- and this applies to New Jersey -- "government 'of the people, by the people, and for the people,' it has become government at the people."

We are tired of legislators being wined and dined by the big spending lobbyists of special interest groups which influence the legislation we must live with. We don't have the time or the money; we must work for a living. You people are our lobbyists, except it seems that we just can't afford your tastes.

Now, you have heard a lot of comments tonight, and I will go directly to the teachers' union -- the Education Association -- but let me quote a letter from a business organization on 7-Eleven stationery, which purports to be opposed to I&R: "The Initiative and Referendum process will become a golden tool of the financially healthy groups." Now, you tell me, Hands Across New Jersey, Tax Revolt, United Taxpayers-- We are not those healthy groups. You know darned well who they are, and they are speaking here tonight, and they are opposed to I&R. So 7-Eleven Southland Corporation is a little bit off the track. They don't know what the heck they are talking about.

I mentioned to you before special interest groups opposed to I&R. Let me be more explicit: Charles Marciante. You've heard of him, AFL-CIO. He spends union dues to oppose I&R, but never got input from his rank and file, the workers of all of the local unions in the State of New Jersey. Do you think it was only nonunion workers who signed those 80,000-plus signatures for Hands Across New Jersey? I'm darned sure there were a heck of a lot of workers in there paying union dues to Mr. Marciante, and he has the nerve to come out--

You asked other people whether they took a poll of their unions. I wish Mr. Marciante were here today; then you could ask him. In fact, if he appears at your legislative session, ask him the same question: Did he take a ballot, local union by local union? Then see where he stands.

The New Jersey State League of Municipalities-- We thought they were on our side. It uses our tax dollars to oppose I&R. Five-hundred-and-sixty-seven municipalities raised their taxes, and they paid dues to the League of Municipalities. They, in turn, give us a slap in the face by opposing I&R. Evidently there is simply a mechanism to perpetuate the leaders of the local municipalities, and not the people. So I think they are using our tax dollars unwisely.

The New Jersey School Boards Association-- The same thing applies to them. The Dover Township Board of Education pays approximately \$20,,000 in dues to that organization. Yet, they oppose us. They are opposed to the people, and they use our tax dollars against us to tell you so.

Now, let me go on to the biggest one. You have heard a couple of speakers tonight, and you are probably going to hear more. New Jersey Education Association: We, the taxpayers, have been referred to by them, and some of their speakers, as the "enemy." They oppose I&R using our tax dollars. If you think that is not so, where do you think their salaries come from? Sixty-five percent to 68 percent of our tax dollar pays their salaries, and they turn around and oppose I&R.

Now, let me quote Betty Kraemer, the biggest lobbyist, with over \$100,000 in salary and perks. She appeared up in Essex County recently to oppose I&R. Let me quote -- and digest this, ladies and gentlemen -- her words. "While we understand that the funding of schools is important, pensions are this organization's number one concern," Kraemer emphasized. Now, along with that, the New Jersey Education Association's Associate Director, Karen Joseph, at that same meeting, mind you-- Now, this was an in-house thing of all the Education Association people. She is quoted as -- and you have heard it before -- "You people do your job. You do the legislating." They are opposed to I&R. "You can do it." She does say, "We feel that you elect a representative to do those jobs. Let them do those jobs." If that is the case, then you people better darned well stop accepting money from the New Jersey Education Association, because they are not letting you do your job. They are letting you do their job.

UNIDENTIFIED SPEAKER FROM AUDIENCE: That's true.
(applause)

MR. MCPHAIL: We want I&R now. The Minority party always promises when it knows it cannot deliver. You are the Majority party. The Democrats called your bluff last year. Now, prove it wasn't so. If not -- and here is where I get a little caustic, you might say, because my frustration in 17 years has built-- If not, we will remember in November of '93, as in did in November of '91. You could be the catalyst for your own limitation of terms by your actions. You may have a veto-proof Majority, but is it ballot-proof? We'll find out.

UTNJ and Hands Across New Jersey are not dead, as some people would like to think. So, let me close with this little witticism, if you will. You have heard it before: "We are fed up, and we are not going to take it anymore."

Thank you. (applause)

ASSEMBLYMAN MARTIN: Again, I understand, you know, that there are proponents here. Please-- You know, we are trying to keep things moving. We are not judging by the applause on any one speaker.

Mr. Hartmann has a point he wants to make.

ASSEMBLYMAN HARTMANN: Yes. I would just like to make the comment that I have heard tonight a lot of trashing of the NJEA. To set the record straight, I was not endorsed by them, nor did I receive any funds from them, and I probably won't be endorsed next election either. I would just like to say that I think the NJEA's prime concern is with the children of this State. (applause) How we often differ is-- (remainder of comment drowned out by audience reaction)

ASSEMBLYMAN MARTIN: Please, everyone, including Assemblyman Hartmann-- I just ask that we take testimony. I give everyone, what we call in Trenton, much longitude and latitude. I don't make editorial comments; at least I try to refrain. I would ask our members, you know, to try not to politicize this; you know, not to characterize it in any way. We are just trying to get your views as best we can; what you

are thinking about as far as the concept and as far as the merits of any of the proposals.

The next person on my list is Patricia McGrath, a teacher from Lakewood.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Would you please have your members speak up. We cannot hear them, even up in the front rows. They are not using the mikes. Please have them speak up.

ASSEMBLYMAN MARTIN: Well, sir, we are using the mikes. If there is a question, we will try to have them raised.

UNIDENTIFIED SPEAKER FROM AUDIENCE: You have to hold them closer, otherwise--

ASSEMBLYMAN MARTIN: Okay, we'll hold them closer.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Maybe they don't want you to hear in the back.

ASSEMBLYMAN MARTIN: Is Pat McGrath here?

P A T R I C I A M c G R A T H: Yes, I am.

ASSEMBLYMAN MARTIN: Okay, thank you.

MS. McGRATH: Good evening, Mr. Chairman, and members of the Committee. My name is Pat McGrath. I am a Learning Disability Teacher Consultant for Lakewood Township Public Schools.

As an educator, I oppose any form of I&R because it would undermine New Jersey's system of representative government. Government would be threatened with all-or-nothing propositions that are written by special interest groups.

Here in New Jersey, I&R would likely be exploited by the wealthy, the media, antieducation groups, and proponents for tax reductions. Public campaigns would feed on people's emotions, not center on what is best for the common good.

Under I&R, voters would rely on three sources of information: ballot pamphlets, the media, and paid advertisements. The serious work of government would be turned over to a small group of "sloganeers." No matter how honest

each side is, the bottom line is whose message sells, not what it tells.

Quality public education is essential to the future of our country. The interests of our children cannot be entrusted to votes on oversimplified tax questions

The history of I&R in other states has been a disaster. As a result of Proposition 13 in California, and Proposition 2 1/2 in Massachusetts, schools have been closed, teachers and staff have been laid off, and programs have been cut. In Massachusetts, there have been 13 school districts that have gone bankrupt. In cities such as Chelsea, Brockton, Quincy, Salem, Cambridge, and Springfield, programs in special education, music, art, sports, and guidance counseling have been significantly cut.

Here in New Jersey, I am concerned that through I&R, educational funding would also be drastically cut. Many valuable educational programs would be lost. Many educational opportunities would no longer be available to our students.

The history of I&R in other states with similar demographics to New Jersey shows a negative economic ripple effect. This negative effect is seen in large state budgetary deficits, oversimplification of issues, and major fiscal displacement of the state, county, municipal, and local tax bases. Is this what we want for New Jersey?

If I&R is enacted, how will I be able to provide my students with the "thorough and efficient" education they are guaranteed by New Jersey law? How will it be funded? How will I be able to offer my students a quality education so they can become productive, self-supporting adults?

More people should be involved in politics, but they should be involved in campaigning for honest, intelligent lawmakers who can be trusted to apply their best judgment to the questions of the day. The system of representative

government works, even if some voters don't like everything every representative does.

Please continue to represent your constituents to the best of your ability. For the sake of New Jersey's children, please reject any form of Initiative and Referendum.

Thank you. (applause)

ASSEMBLYMAN MARTIN: Cecilia Richel, Jackson Organized for Less Taxation -- JOLT. After Cecilia will be Dr. Richard Saxer.

R I C H A R D P. S A X E R: (speaking from audience) I am not a doctor.

C E C I L I A R I C H E L: My name is Cecilia Richel. I am from Jackson, New Jersey. I thank the Committee for this opportunity. I will be very brief.

In July of 1990, Jackson Organized for Less Taxation -- JOLT -- pushed for a nonbinding referendum on that year's ballot, asking for a property tax freeze for 1991 and 1992. The referendum was approved overwhelmingly -- 7247 to 727.

Because our present form of local government does not operate under the Faulkner Act, permitting Initiative and Referendum, Jackson Township voters used a nonbinding referendum to mandate and direct elected township officials. We, the people, were unified and empowered with the voting rights provided and protected by the Constitution of the United States of America.

Since the referendum votes were nonbinding, the results were viewed as sentiment, not general consent. The bottom line is that Jackson Township will see a tax increase in the year 1992. The vote of 7247 people in Jackson Township has been declared null and void.

JOLT urges this Committee to consider the dilemma of the Jackson Township voter when debating the issue of I&R on a State level. The public's vote on issues critical to them must be restored to New Jersey State government.

In closing, I would like to leave you with this thought: A voter without I&R is somewhat like a pencil without the lead. If you press hard enough, you might leave an impression, but you need a mark to make your point.

Thank you. (applause)

ASSEMBLYMAN MARTIN: Richard Saxer. The next person after him will be Jerome Kaye, from Bricktown. Dr. Saxer?

MR. SAXER: I thank you very much. My name is Dick Saxer. I thank you for the honorary doctorate, but I do not have a doctorate.

ASSEMBLYMAN MARTIN: That is the way it appears on my sheet.

MR. SAXER: That's quite all right; I appreciate it.
(laughter)

I am a Superintendent of Schools in Manchester Township, and past President of the New Jersey Association of School Administrators. I represent that Association here tonight.

By the way, we have had Initiative and Referendum in Manchester Township for the last 35 school budgets voted on. Two were passed.

One of the basic tenets of American democracy is the representative form of government. This is practiced at the national, state, and county levels. With the exception of town meetings, held in tiny communities, it is also practiced at the local level.

This practice of representative government was not decided on lightly. To have all eligible voters vote on everything of consequence was thought to be unwieldy, impractical, and crippling to the running of government.

Initiative and Referendum is a giant step backward, not forward. I am reminded of a referendum held in my district for a new middle school. After the first and overwhelming defeat, I was told to stop pushing for the school. Kids had

been on split sessions for three years. Did the defeat change the fact that a new school was needed? Will a referendum on capping taxes or razing tollbooths provide viable outcomes?

Elected representatives are supposed to reflect the views of their constituents only when the representative feels those views are correct, not all the time under any circumstance. How many politicians are endorsing I&R simply to try and ensure their reelection?

The I&R process would encourage officeholders to forego their responsibility to make tough decisions, and instead would pass the burden to the voters, who may be far less able to obtain the information and analysis necessary to make an informed decision.

As a public school person, I direct your attention to California and Massachusetts. As a result of I&R, their educational systems are a shambles, and they are getting worse. Is this what we want for future generations? I think not.

The system we presently have, while far from perfect, allows for citizen input and commentary. It allows for compromises and alterations. Initiative and Referendum could very well be an instrument of destruction dominated by the loud and the monied.

The results of I&R can be chaotic. Residents of New Jersey could conceivably approve two measures with conflicting provisions on the same ballot. Most governmental policy decisions are integrated; I&R dissolves the links. For example, voters could approve increased services, while reducing the means available to finance them.

I urge you to use reason and sound judgment in defeating any form of I&R.

I thank you.

ASSEMBLYMAN MARTIN: Dick, let me just ask you a question. Since you suggested that a lot of politicians may be

supporting this just for their own reelection-- Let me ask you: As someone who has been involved in school administration in New Jersey for many years, don't you think that our educational system is good enough in the State of New Jersey that your product can make an intelligent decision with respect to State statutes? (applause)

MR. SAXER: Let me answer that by asking you a question: All of the politicians-- By the way, I thought this was a public hearing. I have to admit that politics is a little bit mystifying to me. We were supposed to start at 7:30; we started at 10 minutes to eight. We heard from your contemporary politicians, whose views you have known already. So we wasted at least a half an hour with people who were supposed to be speaking. However, what I heard from you people, and what I heard from the politicians who have already spoken here, was that the special interest groups have you in their pockets.

Now, I don't understand that. I think the people are smart enough to vote for the people who have to make the hard decisions. That is why we elected you -- to make those hard decisions. To abdicate your duties and let everybody vote on everything of consequence is simply not the way it has been done. We have an alternate to get rid of you if you don't make the decisions we want. That is what happened in November; that is what will happen next November and the year after, if you people don't make the tough decisions you have to make.

ASSEMBLYMAN MARTIN: So, I gather from what your remark was that your product is smart enough to elect the right elected officials, but not smart enough to actually make decisions themselves.

MR. SAXER: I did not say that, and I don't-- I didn't come here to argue personally with you, but don't put words in my mouth, and I won't put words in your mouth.

ASSEMBLYMAN MARTIN: Well, I was asking you a question, sir. I was giving you a chance to respond.

MR. SAXER: I think you are doing exactly what I said you would be doing, and that is playing to the audience.

ASSEMBLYMAN MARTIN: The next person to speak will be Jerome Kaye, from Bricktown. After Jerome will be Vicki Yawnick, from the Southern Monmouth Area Chamber of Commerce.

J E R O M E K A Y E: Jerome Kaye, from Bricktown, New Jersey. I don't have a prepared speech, because I thought that by the time I came up to speak some of the points would have already been made, and I didn't want to reiterate them. But I would like to react to some of the things that have been said so far tonight.

For one thing, I think the people who oppose I&R do not think that the people who favor it are not intelligent enough to make intelligent decisions. I don't think that is the point at all. I think the people who oppose I&R oppose it because they feel it will do a great deal of damage to our State. That is the main point.

You know, when I came here tonight, I felt that this would be an open forum, and that our legislators would have open minds.

ASSEMBLYMAN MARTIN: I would think, Mr. Saxer, you would want to stick around and hear what the people have to say after your remarks. (speaking to former witness who is leaving) But that is okay. This is an open hearing. You can come, and you can go.

MR. SAXER: I don't think it is an open hearing. I think it is a--

ASSEMBLYMAN MARTIN: Well, you will never find out if you don't stay, sir. (audience reaction)

MR. KAYE: As you can see, this is an extremely emotional issue. But as I was trying to say, when I came here, I really thought the legislators had an open mind about the

issue. But it seems that every single legislator who spoke to the issue, spoke in favor of I&R. It just seems to me that their minds are already made up, and that this is a moot point. I really feel badly about that.

I, personally, oppose I&R because I think it is going to hurt, not only the school districts, but public employees, and public services in general. I see what it has done to the states I am most familiar with -- California and Massachusetts -- and I am not going to mention statistics because I don't have the statistics. But I do have relatives who reside in those states, and they have told me some of the things that have happened. Police forces have been decimated; fire departments have been decimated; garbage collections have been decimated. It all boils down to dollars and cents, and I think that is what it is all about.

People are tired of paying taxes. I am a taxpayer, too. I am not in favor of paying taxes, but I know -- I have known for a long time -- that you get what you pay for. In Brick Township, for example-- As I said, I am a resident of Brick Township. Just recently they voted to save two-and-a-half cents, I think, on the municipal budget. How did they propose to do that? They fired 35 municipal employees who collected garbage. So, what is going to happen now? We are going to have garbage collection once a week, instead of twice a week. We had that in the past. It was changed. If you ever lived through a situation in June, July, and August where garbage was collected once a week, you can understand why it is important to have it more than once a week. But, we saved two-and-a-half cents on the tax rate, and that is what the people were in favor of.

I think that if this goes through, this is exactly what is going to happen. They are going to ask for big tax reductions, and it is going to be costly, not only to

education, but to public service in general. I think that is really a sad state of affairs.

Thank you. (applause)

ASSEMBLYMAN MARTIN: Vicki Yawnick, Southern Monmouth Area Chamber of Commerce?

As a point of information, all legislators in the State are aware of these public hearings. We have not attempted to exclude any legislator from testifying, nor have we attempted to exclude any person from testifying. At the last meeting, Senator Schluter spoke, rather eloquently, against the proposal of Initiative and Referendum. As I said, I encourage anyone to come -- legislators or others -- to speak for or against.

Vicki Yawnick.

V I C K I Y A W N I C K: Thank you. The Southern Monmouth Area Chamber of Commerce -- formerly the Wall Area Chamber of Commerce -- is represented here today, not because we have special interests as opposed to the interests of the people of the State of New Jersey, but because the needs and the interests of the business community are the same as the needs and interests of the citizens of New Jersey.

There are those who would tell you that the business community is opposed to I&R because big business will lose its power under I&R. This may or may not be true, but the vast majority of businesses in the State of New Jersey, and in the nearly 300-member Chamber of Commerce which I represent, are small businesses. They are mom and pop and the kids. Most of the businesses which I, and for that matter which most Chambers of Commerce represent, are struggling small businesses; struggling to survive in a difficult business climate; struggling under the ever-regressive and punitive conditions imposed by State and Federal laws.

Initiative and Referendum does not present for them a further opportunity for success, but rather another unknown

obstacle on that road to success which we all seek. But today has become a journey of survival.

The business community asks you to look to Massachusetts and California where I&R has devastated the business economy. We ask you to consider the lessons to be learned from other states where their legislatures have abandoned representative government in favor of government by sound bite or bumper sticker. We ask you to consider whether you, as elected officials, wish to be confronted with implementing laws which you did not design, which penalize business and industry, and drive commercial taxpayers to other states. We ask you to consider if, in a State which already imposes an unduly high tax burden on its citizens, you can afford to drive away businesses and the tax ratables which they pay. We ask you to consider whether the needs of the citizen can best be served by private enterprise in a competitive and free marketplace, or if, as businesses and their revenues dwindle, the State is prepared to grow even further to fill the gap, especially the lost jobs which I&R has caused elsewhere.

We can show you from our shrinking membership rolls, the number of businesses which exist no longer. We can detail for you the laws which have caused their departure. We can talk to you about situations like Brockway Glass, which was not a victim of the recession, but of the State tax code. We can lament the loss of their 680 jobs to one of our southern states. And we can ask you if you truly believe that I&R, with its all too obvious lack of deliberation, will make things better or worse?

You have before you an opportunity to govern or to manage. To govern, you must listen to the needs of the people and design a future which is in their best interests. To manage, you will have to adjust to plans outside your design. You will have to implement a patchwork quilt of laws created by special interest groups, regardless of their economic impact,

and still create a budget which provides for those services. But, under the management mode, you will not be given the taxes to pay for those services.

I&R sounds good, but if you are wise you will learn the lessons from other states which have tried it without having to learn them here. You will find that the responsibility of elected representatives is great, demanding, challenging, and rewarding when well done. I&R is not representative government. It will relegate you to managers of plans which you did not design, for which you will still remain responsible. The challenge of planning for the needs of the people will be gone.

In its place will be a new challenge -- to interpret a yes or no question designed by narrow interest groups; to pass into law a one-sided issue vote with its far-reaching impact and unthought-of consequences to the majority, and at the same time, not getting sued by the special interest groups which spent the money to get the referendum passed or the innocent citizens who will be unknowingly affected.

As far as Initiative and Referendum goes for the business community, big businesses will be affected only so far as their advertising budgets enable them to oppose narrow issues. If they lose, they will also have the resources to move to friendlier states. But as far as small business is concerned, I&R promises them nothing but further emotional and financial insecurity. I&R will take the power away from big government, perhaps, but it will place it in the hands, not of elected representatives, but in the hands of special interests with antibusiness, antigovernment agendas.

Let those who would change the way government conducts business in New Jersey enter into the political process, not subvert it. Let them stand up and responsibly confront the issues as you are doing now. Let them not hide in anonymity behind righteous sounding causes, an anonymity which will allow

them to say things without being counted and also allow them to disappear when things will inevitably go wrong.

The business community of Southern Monmouth opposes Initiative and Referendum because it undermines the process of government established by the Founding Fathers of this country. We oppose it as any group would oppose mob rule.

The customers, employees, and owners of the thousands of small businesses in New Jersey ask you to fulfill your mandate from the November 1991 election and represent us. We ask you not to abandon your elected responsibility to the people and businesses of New Jersey. (applause)

ASSEMBLYMAN MARTIN: Lawrence Levy, G.M.P. After Mr. Levy will be Mr. Herbert A. Soper. Lawrence Levy -- is he here? (no response) Seeing not, Herbert Soper -- is he here? (affirmative response from audience) After Mr. Soper will be Mr. Kalainikas.

H E R B E R T A. S O P E R: Thank you, Mr. Chairman, for asking me to speak tonight. My name is Herb Soper. I am not a representative of any organization whatsoever. I am speaking strictly my own views.

While I generally agree with the reasons that have been advanced here tonight for I&R, my concerns focus on a narrower subject, and that is that I think the public needs I&R in order to gain control of the legal system. Somewhere along the line, an elitest society of lawyers and judges have decided that they should run society and the system. They now promote a philosophy -- and not so very subtly either -- that they should set the standards for society, and that society should reflect the laws they make and interpret. I say this would be the proverbial tail wagging the dog. They've got it all backwards.

If there is an inconsistency between society and the laws, it is the laws that should change, not society. You might say that the lawyers and judges don't make the laws; they

only apply what the Legislature gives them, and the Legislature has the power to control the legal system. Oh, but who controls the Legislature?

It varies a bit from one year to another, but historically about a third of the Legislature is made up of lawyers. This makes them by far the largest single voting block, and when anything threatens their interests, they -- both Democrat and Republican -- unite to defeat it. It is a rare day when the nonlawyer legislators can beat them. So, the Legislatures really can't regulate the lawyers. If not the Legislature, then who?

Others will say the State Supreme Court regulates the legal system. There is some truth in this, that's true. But in whose interest do they regulate it? The Supreme Court is lawyers. That is the top of the "good old boy" network. Their primary interest is in protecting the public image of the legal profession. That is a classic case of the "fox guarding the henhouse." Self-regulation is a contradiction in terms, and it never works. Even the lawyers will admit that, off the record.

Our legal and political systems, which are quite similar actually, are run by lawyers for the benefit of lawyers. They have violated the trust that the public has placed in them to run it for the public good. By manipulating the system, they are close to complete control of this country. How can we stop them before it is too late? They are going to fight to the death before they will accept outside supervision of their activities. The only hope I see is through I&R. Many politicians profess to support I&R this year. I sincerely hope they will.

Thank you, Mr. Chairman. (applause)

ASSEMBLYMAN MARTIN: Mr. Ray Kalainikas. After Ray will be Christopher Hansen, from Neptune City. Is he here? (affirmative response from audience) Mr. Hansen, you will be next.

R A Y K A L A I N I K A S: I would like to address the Committee concerning indirect I&R. I do not favor indirect I&R; I favor direct I&R, as an individual. But it is my understanding that if we do have I&R coming from the Legislature, it will be indirect. So, since the movement is toward indirect I&R, I would like to look tonight at some of the provisions in the bills currently under consideration. I understand Zimmer's bill is the primary bill upon which all others are based. We are talking about Kamin's bill, Dorsey's, Franks', and so on, if there are any more coming. I would like to ask you to make certain changes so that we truly have I&R that the people can use.

One of the most glaring points in all of the bills under consideration, including Zimmer's, is, if the people put forth an initiative, and they have the opportunity to vote it into law, within the first two years, three-quarters of the Legislature can vote to overturn that initiative. And the next three years afterwards, three-fifths of the Legislature can vote to overturn that initiative. That is very similar to a school referendum where the people say, "No." It goes to the Town Council. They almost give it all back to the Board of Education, and if the Board of Education isn't happy with that, it goes to the Commissioner of Education, and he gives it all back.

In effect, with that kind of provision, in all of the bills under consideration, we have no genuine I&R, direct or indirect. It is just a game. I have been down around the Legislature long enough to know, many votes are almost 100 percent on many issues. It doesn't take much for three-quarters, or three-fifths. This is not brought up by the media; it is not talked about by those in the Legislature; and, surprisingly enough, it is not talked about by even the activists who supposedly are for I&R. That perplexes me.

I would like to see a situation where if the first two years the Legislature can have any kind of a vote, let the three-quarters vote go toward putting it back on the ballot for reconsideration, where the people again have to consider it. That's all. And within the next three years afterwards, the same with-- If the Legislature is by three-fifths, they can also put it back on the ballot for reconsideration. That is one glaring concern I have that must be corrected. Otherwise, we do not have genuine I&R in any of these bills. They are, essentially, three-dollar bills.

Another concern I have-- Let us suppose-- There are really two votes in indirect I&R. If the people can gather enough, in terms of signatures, to the point that is necessary, that is really the first vote. Then it goes to the Legislature to craft the issue. But who is then going to determine as to whether it is crafted properly? What votes determine as to whether it is crafted properly? There, again, is another glaring weak point, where the power of wealth can control.

At that particular point, I would like to see this type of a vote, in terms of a second vote. This is the way the second vote should be: If the Legislature is given the opportunity to craft that bill, let that bill automatically go up for the second vote. If the people vote it down, that means the way they want it becomes law, not the way the Legislature wants it becoming law. This takes out any possibility for, once again, the special interests in Trenton controlling the process.

Those two concerns I have about indirect I&R. I am asking you to look at those two concerns in all of those bills, and seriously consider changing those glaring deficiencies.

Another concern I have with regard to the whole issue of I&R is, I am not particularly-- I am not going to vote for Jerry Brown, but Jerry Brown has brought up a very important point to the American people -- I think the American people are

buying it; I certainly do -- that the elite controls this government. The power of wealth, essentially, from where I sit, controls both political parties, to a large degree; controls the media to a large degree; and controls the intelligence community to a large degree. This is why we have the vise of taxation and insurance basically squeezing us to death.

We really do not have control. Of the three areas of control, my major concern is not so much with the power of wealth controlling the political parties, or the power of wealth controlling the media, but rather the power of wealth controlling the intelligence community. Having been a passivist for a number of years-- Seymour Hersh expressed it very well when he broke the story in 1974 in The New York Times how the CIA ran Operation Chaos, infiltrating every group of Americans: the clergy, academia, the media, the labor unions, to make sure that anyone who would go contrary to the philosophy at the top, would be neutralized. And that goes on to this day, whether it is an antiwar movement or an antitax movement or a pro-I&R movement. I can guarantee you that the intelligence community is hard at work making sure there will be an ineffective I&R bill. They are the most dangerous -- the most dangerous.

Dr. Martin Luther King was not afraid of the open individual who opposed him. He was really afraid of the black man who came up to him, smiled, shook his hand, and said, "I am here to help you," when, in fact, that black man was a government operative. That is the most dangerous kind of individual. That is what I am concerned about with the whole I&R process; not what I can see in the open, but what goes on behind the scenes, what we cannot see oftentimes.

The second point I would like to make is: It states-- I think most people understand that we have a government "of, by, and for the people," and I think most

people recognize that elected officials are put where they are to make the everyday decisions of government; that you are there to serve us. But I think people can understand, at the same time, since it is a government "of, by, and for the people," that at any given time we decide we want to make a decision of government, it is our right to do so, if it is truly a government "of, by, and for the people." Nowhere is that written in the Constitution, but I lead you to the Ninth Amendment. It reads: "The enumeration in the Constitution of certain rights shall not be construed to deny or disparage others retained by the people." It is not written, but it is a right that everyone should understand. The question is, how are we going to apply it?

I would like to see direct I&R, and I would like to see it on a municipal level; direct I&R on a municipal level that has the right to make, amend, and break municipal law, and to nullify and amend county, State, and Federal law for that particular municipality in the context of the Bill of Rights. This was put as a question to the people of Point Pleasant Beach in the last general election. They voted three to one in favor of that understanding, recognizing, by virtue of the Ninth Amendment, that they already have that right. So, even if the Legislature refuses to legislate for any kind of I&R, the people of Point Pleasant Beach were, in effect, saying, "We already have the right of I&R," and hopefully, if they so choose, they will begin to use it.

I understand it is radically different from what is being proposed in the Legislature, but I would hold that it is radically correct. I have given you a copy of that particular question that was on the ballot. I take note of the fact that both political parties made like it did not exist. I take note of the fact that the general media made as if it did not exist. And I can guarantee you, the intelligence community, if it is up to them, will make sure that it never exists.

So, I leave you with that. Thank you. (applause)

ASSEMBLYMAN MARTIN: Mr. Hansen? The next person will be Mary Marra. Is she here? (affirmative response from audience) You will be next.

C O U N C I L M A N C H R I S T O P H E R H A N S E N: Mr. Chairman, members of the Committee: My name is Chris Hansen. I am the Council President of the Borough of Neptune City. I am an elected official and a small business owner. As such, I have given much thought to the issue of Initiative and Referendum. I would like to share my thoughts and feelings with you.

Our representative form of government is a unique experiment which has separated us from the dictatorial governments of the past. When the people of this country began this experiment in democracy, they understood that each member of the community could not take the time to decide upon the numerous issues which confronted them, so they elected representatives from within the community to speak and act on their behalf. They expected those representatives to listen to their needs and to interpret those needs by providing appropriate legislation. They wanted representative government.

Initiative and Referendum is the exact opposite of representative government. It is legislation by special interests for special interests. No clear majority ever speaks. There is no dialogue on the issues; there is no give and take; there are no negotiated solutions. With I&R there is no deliberative process. The people who form the questions determine the results.

I have been elected to represent my constituents, and I fully expect that if I do not represent them well, they will vote me out of office. The same is true for you. I, and the people whom I represent, will vote you out of office if you fail to represent our best interests.

What we really need is leadership. We need responsive representation. We need to feel that our needs are being considered by the people whom we have elected. I&R will not do

this. I&R will only allow those who are weak representatives to hide behind the I&R process, rather than taking stands on difficult issues. I&R will allow weak legislators to receive a pay which they have not earned, by enabling them to pass off their elected responsibilities to the polling booth. Decisions will not be made on a timely and an as-needed basis. On the contrary, every difficult issue will be decided on the first Tuesday of November, and those who have the most money to advertise their favorite issue will be successful, while the interests of the majority will go vastly ignored.

"No taxation without representation," was the battle cry of the citizens of Boston when they threw the tea into Boston Harbor on December 16, 1773. This is the same cry heard from the people of New Jersey when they threw out the party in power last November and put you into office. The cry was not, "Give us a vote on every issue confronting the State." The cry was, "Represent us, or we will rebel." Taxes were the problem in both cases; representation was the answer in both cases.

Now you have been elected to represent us, but if you should vote to change the Constitution, you are saying that your job as representatives is not needed, or that you, too, are incapable of representing our interests. Only a foolish or inexperienced legislator would believe that every issue, no matter how complex, can be reduced to a yes or no answer. True, many of you campaigned with the promise of I&R, if elected, but now that you are in office, do you truly believe that simple yes or no answers can be given to the complex issues facing us today? Do you truly believe that the majority of the people will take the time, as you are taking this evening, to evaluate possible courses of action based upon the diverse and complex needs of the people throughout the State? Do you, for one moment, believe that those who vote for one-item issues care about the far-reaching consequences of

their vote upon the millions of others in our State, as you are elected to do?

It has been my experience in local government that most people want immediate results; that they will get fired up by someone telling half truths regarding some issue; that they will insist upon change and an immediate response. But when they get the immediate response they sought, almost without exception they are disappointed, all by the gloating few, that is. But when those who were upset receive an audience with the decision makers who see the big picture and have a long-range view, when they believe they have been heard, when their voices become part of the process, they are always satisfied because they know the process can be fine-tuned at any time.

I&R cannot do this, and a vote for I&R is not a vote in the best interest of the people. It is not the fulfillment of your campaign promises, where you were elected to represent us. I&R is not what we want. What we want are representatives with courage, with leadership, with integrity. The true fulfillment of your campaign promises will be to represent us wisely and responsibly, as you are showing you can do by holding this hearing. What we really want are representatives who represent our core values and who have our best interests at heart. Are you capable of representing us in this way?

I assure you that passing I&R may make you temporarily more popular, but that popularity will be short-lived, because you will only further the belief on the part of most people that State government, and you in particular, are incapable of leadership. You will be saying that you are afraid of, or incapable of making difficult decisions, and I don't believe that that is true.

A vote for I&R is a vote for anarchy, and the confusion which will result. You might just as well resign from office, because you will confirm the lack of faith that

many have in their elected leaders, by showing a lack of faith in yourselves and your ability to govern.

The challenge before you is not I&R yes or no, but do you, all of you, have what it takes to represent New Jersey? A vote against I&R is a vote for representative democracy and the work it entails. Our needs have not changed since the great experiment in representative government was started. We still need leadership. The question is: Can you, and will you, provide it?

I urge you to vote against I&R and for representative democratic government, in the best interests of all the people. Thank you. (applause)

ASSEMBLYMAN MARTIN: Did you prepare your own remarks, Mr. Hansen?

COUNCILMAN HANSEN: Yes, sir.

ASSEMBLYMAN MARTIN: They were well stated.

Mr. Hartmann has a question.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Speak up, please.

ASSEMBLYMAN HARTMANN: If I may echo what the Chairman said, I think yours were some of the finest remarks I have heard during the two hearings we have held.

Do you sense a difference between indirect and direct I&R, because indirect would still allow us to vote on the questions? Do you think this would be a way to allay your fears, or are you still opposed to indirect I&R?

COUNCILMAN HANSEN: Ladies and gentlemen, I wish to say this with regard to that: I have read much about I&R and its effects in many other states, and I believe right now you have been given a mandate. You have been elected in a resounding landslide to represent our interests. What you are doing is saying, "Well, now that we are here, we can't do it, folks. We don't want to do it. Why don't you do it?" I think you have the ability to lead us and to make the hard choices. I know that in my small town of 5000 people, they can't be

there to make all the decisions. They trust us to make the decisions for them, and every election, every year, they say, "Yes, you did a good job," or, "No, you did not do a good job."

I think you are selling yourselves short, because by pushing for I&R in your first year of a new Majority, what you are saying is, "Take away our mandate; take away our responsibility, and give it to the people." You don't even give yourselves a chance to lead as you are called to do. I think you can do it.

Thank you. (applause)

ASSEMBLYMAN MARTIN: The next speaker will be Mary Marra. While she is coming up, if I may, I would like to read a brief, one-paragraph statement from Senator Kyrillos on Initiative and Referendum. He asked us to read this, and I quote:

"Accountability starts at the ballot box. If we in the Legislature do not respond to the voters' concerns, then the voters should be able to bring their concerns to the ballot. Under the indirect form of I&R that I support" -- this is Senator Kyrillos -- "the Legislature would have six months to act on a petition before it went to the ballot. I think six months is ample opportunity. The people should not have to wait more than that to have their concerns addressed. I&R will force legislators to tackle problems, instead of dodging them. Most importantly, it will empower the citizenry. Opponents of I&R argue that the voters are not smart enough to make their own laws. I disagree. I think the people of New Jersey know what is important to them and know when government is working against them, instead of for them." That from Senator Kyrillos.

Mary Marra. Hi.

M A R Y M A R R A: Hi. I would just like to tell you, first of all, that I am not representing anyone but myself. When I first heard about I&R, I was very excited about a chance to

take part in some form of government. Then I decided to do a little research on it.

I know you keep quoting 72 percent of the people are in favor of it -- the people polled -- but I wonder how many of them know what it can really do. I went to the library, which is still open in New Jersey, and got some information about what has been happening in California and Massachusetts to fire departments, police departments, libraries, schools. I just can't believe that it would even be considered, after what has been going on in those states.

I also feel that I do have a voice. What is causing you people to consider taking one penny off the sales tax? Why on Monday, April 20, I believe, is the toll collecting going to be discussed in a legislative hearing? You know, I think people do have a voice. I don't think that I&R is the way to go about being heard. I think we have ways to be heard.

I would also like to say, indirect I&R is just like putting it off for a little while. If you don't act on it, it is the same as direct I&R. It comes onto the ballot. I really would like to give you these articles that I found in the library about California and Massachusetts. I hope you will really look at them and really not do this to my State.

Thank you. (applause)

ASSEMBLYMAN MARTIN: If you want to look at those articles now, it is fine. What I would like to see, at some point, when Don has a chance, is for him to make copies so we can all take a look at them.

The next speaker will be Joel Perlmutter, Perlmutter ShopRites. After Mr. Perlmutter, we will have Mr. Peter Furey, New Jersey Farm Bureau. I have five more people on the regular list, and then there are a few others who have signed up. So we are working our way through.

JOEL PERLMUTTER: Good evening. Before you ask, at a poll taken by my brother and our wives, it was unanimous. We are against I&R. (laughter)

Mr. Chairman, members of the Committee: Good evening. My mother once told me, "The mind will absorb what the tuchus will endure." It's late, so my speech will be very short.

My name is Joel Perlmutter. I am President of PerlMart, a family-owned supermarket chain in Ocean and Burlington Counties, which we run and operate with my brother, Mike. My father started in the grovery business in Ocean County in 1934, and I have lived in Ocean County -- Toms River -- for the past 30 years, and have worked in our ShopRite chain since 1961. My brother and I belong to many organizations, clubs, and we serve on the Board of Directors of the College Foundation, United Way, and the First Aid.

I am deeply concerned about the issue you are considering tonight, both as a businessman and as a resident of New Jersey. I&R represents a serious threat to our representative form of government, the legislative process we enjoy today for in-depth study, public hearings, consensus, and compromise on complex issues. Of course, most of us associate the I&R concept with repealing taxes and the recall of Governors who don't do what is popular. But I&R will also force companies like myself to spend thousands of dollars every year to counter ill-conceived, antibusiness ballot questions. And consumers, of course, will ultimately pay the price for these quick-fix yes or no answers to public policy.

I&R sounds like a good idea in theory. In reality, however, it would be a nightmare to the business community. I have heard the term "special interest groups" repeatedly tonight. There are a lot of people who belong to special interest groups here this evening: the Chamber of Commerce, the Bar Association, the Mayors Association, police departments, Hands Across New Jersey, the AAA, the AARP, Pro Choice, Right to Life, and labor unions. Special interest groups are not necessarily bad.

I wasn't going to say this, but I think I will, because just as I stepped to the microphone, someone said, "We are going to boycott your store." I think this is a horrible thing. I think it is interesting that some of the people who have threatened to boycott every business because someone has spoken out against I&R, have really twisted their thinking. I don't know why they oppose my speaking out, because they want to speak out in favor of I&R, and do. That is what it is about, enabling people to speak.

ASSEMBLYMAN MARTIN: I don't mean to interrupt, but I think it is important to say, Mr. Perlmutter, that I agree with you 100 percent. We are here to get information. If anybody wants to suggest any type of intimidation, retaliation, or anything, for people speaking their minds, then I am very much upset with that. I think it is the wrong thing to do. If you are all supporting your own position, that is not the way to do it, because you will get a lot of people with their backs raised, including myself, if I understand that that goes on at any of these hearings.

I apologize, sir, if that is what you heard.

MR. PERLMUTTER: We already have the right to be involved in the legislative process as it exists today.

Thank you for the opportunity of being involved tonight. (applause)

ASSEMBLYMAN MARTIN: Peter Furey, New Jersey Farm Bureau, and then Dan Polifroni, from Ortley Beach. Is Peter Furey here? (no response) I don't see him here, so we will take Dan Polifroni, from Ortley Beach, followed by Joseph Tomaselli, Board of Education, Ocean County. Pearl Schwartz will be next after Mr. Tomaselli.

DANIEL POLIFRONI: Good evening, gentlemen. My name is Dan Polifroni. I reside in Ortley Beach, part of Dover Township. I was going to write a prepared statement, but I-- (disturbance in audience)

ASSEMBLYMAN MARTIN: Excuse me. Folks, please, Dan has waited a long time to get a chance to speak, and we would like to hear what he has to say.

MR. POLIFRONI: I&R has been a very interesting subject to me since it was started about 15 years ago. Approximately three years after it was in effect, I took a tour in the State of California. It started in the north and went down to the southern part. I conducted my own exit poll very simply. My wife didn't know what I was doing. She probably thought I was taking numbers.

I asked questions of the people about I&R, because it was very interesting. The State of New Jersey and the State of California were very comparable. When they adopted I&R in California, the State of New Jersey-- All of a sudden, one of our Senators hit it to show some effort on the cap system we have now today.

I have a little black book at home. I simply put down a "Yea," or a "Nay." You know, I marked it off yea or nay. It was very interesting -- the results I got. Very few people were against it.

Now, hearing all the conversations about the State of California, the shape it is in, the chaos, the schools, I made it a hobby. In the meantime, since then, a brother of mine who was born in the State of New Jersey, lived in Jersey, was an employee in Jersey with me-- He became both an employee and an employer. Since then, he moved to California, to San Diego. He did quite well; fine. Since then, another part of my family -- my in-laws -- moved also to California. Since then, the whole family has migrated to the State of California.

So what I did was ask a lot of questions of my brother-in-law, who used to live in Jersey and now resides in California. I asked a lot of pertinent questions. I drafted up my own questionnaire. I asked him certain things, and he used to ask me things. I asked him to find out things, not to

give me just hearsay. It was very interesting, some of the conversation that got back to me.

I asked him about his taxes and his home and his schools. I will say this to you: He sent this to me 12 years ago, and because of this little paper I have in my hand, I&R will never die in California. You see, it is not as bad as they want you to believe. You will notice that I am not wearing a "Yes" and I am not wearing a red mark through myself. I&R in California-- I asked people how they financed their schools, what they do in catastrophes -- all the important issues, their roads. I just went to California now. It was supposed to be a pleasure trip, and it was. My brother-in-law, thank God, is doing quite well in the restaurants. They are very busy, so I asked a lot of questions -- another exit poll.

One restaurant is located in Sherman Oaks. It is right down below Beverly Hills. A lot of people come in and out of the area, so I was getting another exit poll. I asked people within the range of \$15,000 to \$30,000. I asked in the range of \$30,000 to \$50,000; I asked in the range of \$50,000 to \$75,000. It just so happens that in the restaurant some important people come in, but the ones who mainly come in are just "Joe Public," like myself. I asked them, I said, you know, "It's hardship here. The schools are in bad shape. The roads are no good. The I&R is destroying you." I could find very few negatives, and it is because of this little paper.

This paper is my brother-in-law's tax bill. He gave me permission years ago to use it. My brother-in-law lives in California. He has been there for approximately 11 years. His property runs approximately 100 feet by 300 feet. His neighbor has horses, he has pools, and so forth and so on. I am not going to tell you what his tax bill is here, but if I may I would like just to read to you what is on his tax bill. If I gave you the quote of what he is paying, how bad it is, you

would be shocked. If I may: It says on this tax bill, "General tax levies, all agencies, voted indebtedness, City of Los Angeles: unified schools, flood control, method of water distribution, direct assessments, mosquito abatement, city light maintenance--" Everything, like all our tax bills, is the amount of money that is on here.

Now, this man had on his property a pool, 300 feet, trees of grapefruit. This is the tax bill this man is paying where the I&R is devastating the State of California. His tax bill, if I may-- Would you want me to say it, sir?

UNIDENTIFIED SPEAKERS FROM AUDIENCE: Yes.

MR. POLIFRONI: Okay. I will tell you what his general tax levy from all agencies is. The amount comes to \$1160. His voted indebtedness is 5--

ASSEMBLYMAN MARTIN: You just lost one to California over there.

MR. POLIFRONI: --16, 14, 12, 22, 42. My brother-in-law's tax bill -- he resides in Woodland Hills, California; his restaurants are located in Sherman Oaks, Tarzana, and he just opened one in Palm Springs -- is \$1280.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Wow!

MR. POLIFRONI: This is the tax bill that this man has been paying for 12 years. This man's tax bill will never rise. The reason he is paying \$1280 is because he purchased the building, and the only time the taxes will go up in California is when you sell and you pay the appropriate increase for the amount you sold the house for.

Now, in California right now you have a suit by an attorney. I didn't know all this. I just spent 12 days there with my brother-in-law. The Supreme Court-- This woman can't understand why, when he has this property, 100 feet by 300 feet, he can take this property, put a mansion on it, and still only pay \$1280. That's I&R in California.

His utility bills come once every three months. I asked him, "What about your devastated school system?" I said, "How do you control the school system?" He said -- and the other people sitting around the table, the average people, said -- "What we do is, when our school system is running down and needs assistance, that means the state needs assistance. We, ourselves, say, 'We want our schools repaired,' and then we set up whatever it costs, \$2 billion or \$3 billion." They put it on a referendum. But what happens, how they run this-- I said, "How do you get your money?" He said they run it so that on the sales tax they put the amount of money it will cost for those schools -- the \$2 billion -- and they will pay the sales tax until that \$2 billion is paid. When the \$2 billion has been repaid and the schools repaired, and the teachers have their pensions, the sales tax comes off.

I also asked him, "How did you pay for the earthquake?" He said, "The earthquake was handled the same way." Of course, the budget is put in for a catastrophe in areas they need to run the State of California. Once that is used up -- all Federal aid is used up -- it also then goes onto a sales tax for half a penny to take care of devastation, wherever. Someone could be up in the northern part of California, and the earthquake occurred down in the southern end; they put that in. When the billions of dollars are paid up for that, that also comes off the sales tax.

They have direct; they don't have indirect. I am not telling you, gentlemen, to accept or knock down the referendum. I am telling you here that the hearsay of people going to books and reading about another state's problems-- They should actually go and conduct their own exit poll, and I think you gentlemen should go there and find out truthfully what is wrong, what is good and bad. These people in California will never give up I&R. They will work out the

problems. They have the same people against it that you have here.

I will leave you with this, gentlemen: They said when I&R came to the State of California that in two years the State of California would be bankrupt. In three years, they had a surplus. My brother-in-law, when he was paying \$1280, when he came up to see me two years ago, the State of California-- Everything was going fine. They had something like \$1.5 billion over. They had to give this \$1.5 billion back to the people. My brother-in-law's tax went from \$1280 to \$800. I threw him the hell out of my house. (laughter and applause)

Have a good day.

ASSEMBLYMAN MARTIN: Dan, I know the taxpayers in New Jersey don't want to send us to California, but if they have so much of a surplus, maybe they can fund us while we do a little research out there -- not New Jersey folks.

Joseph Tomaselli is next, followed by Pearl Schwartz. Mr. Tomaselli is with the Board of Education of Ocean County. Sir?

J O S E P H T O M A S E L L I: Thank you very much, Mr. Chairman, and members of the Committee, for the opportunity to speak.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Speak up.

MR. TOMASELLI: Okay. Thank you, Mr. Chairman, and members of the Committee, for the opportunity to speak to you tonight. As you indicated, I am Joe Tomaselli. I am a Board of Education Member of the Ocean County Vocational-Technical School, and I am also Vice-President of the Ocean County School Boards Association.

My concern with Initiative and Referendum is that it allows for well-organized special interest groups to have a significant advantage over the interests and needs of our children.

In a study conducted in 1990, it was reported that from Washington, together with State and local governments, over \$11,000 was spent on every American over the age of 65. Yet, for youngsters under the age of 18, they only spent \$4200. Special interest groups already have an edge during elections because of the money at their disposal and the availability to mobilize a significant number of fellow believers. Children, on the other hand, only have their parents -- unfortunately, today there is usually only one -- who are probably working two jobs, and are therefore unable to organize an Initiative or a Referendum on behalf of their children.

With Initiative and Referendum, special interest groups will even have a more significant advantage in gathering the percentage of voters required to validate their issue and have it placed on the ballot. These special interest groups are already skilled at getting out the block of voters and controlling elections. The Initiative and Referendum process will give them more power, and will leave our children isolated without a significant base to support their causes.

These children I am talking about are our future work force, and by the year 2030 there will only be two of them for every retired person. If these children have to take a backseat to the needs of special interest groups today, where will the money come from to educate and train them to become the highly skilled work force required to pay for the benefits and entitlements of our retired workers, and hopefully someday I will be one of them?

Today in New Jersey, we are struggling with an inequitable funding source for our schools. This process is proving to be extremely difficult, even with the open legislative process that exists in our State, and it does. This legislative process affords all of our constituents access

to our lawmakers, guaranteeing that laws enacted represent a wide variety of views. Your Committee tonight exemplifies that.

In another state -- and we have all heard about it-- I was personally there, like this other gentleman, but I don't have a \$1280 tax bill to talk to you about. I did speak to a gentleman who ran a library consortium. He will not do business with the public schools in California because they do not have any money to buy books, and that is a fact.

In that state, I&R has been on the books for a number of years, and education has been significantly hurt. This has occurred because of poorly thought-out and overly simplified tax cuts that were approved through the I&R ballot. Children today need more support than ever, because of the changing demands of a global economic society that requires a highly trained work force, expanding the gross national product so that our country can stay competitive throughout this decade and into the next century.

I believe that I&R is a shortsighted tool of special interest groups who do not want to work within our present legislative system. These people do not want to analyze and think out and discover solutions that are good for all of society. They are only looking for the quick, simple solutions that are good for the selfish few. Therefore, I am against I&R, and I hope it does not become law in New Jersey.

I thank you for your time. (applause)

ASSEMBLYMAN MARTIN: Pearl Schwartz, League of Women Voters; then Lorie Reeves, NJPIRG.

P E A R L S C H W A R T Z: I am from the League of Women Voters of Ocean County. I am past President of the League, and am currently a member of the Board. (disturbance in audience)

ASSEMBLYMAN MARTIN: I know it's late, but Ms. Schwartz has waited a long time to speak. Please give her the courtesy.

MS. SCHWARTZ: In 1982, the League of Women Voters of New Jersey took a position that the legislative process of Initiative and Referendum should be available to New Jersey voters. The League supports an indirect initiative, whereby registered voters may petition the Legislature to consider specific proposals or constitutional amendments. I want to emphasize the "specific proposals," not cut taxes by 50 percent, or whatever. If the Legislature should fail to act within the prescribed time, the requested legislation may be presented directly to the voters as a ballot referendum.

The League believes that signatures on petitions should represent a wide geographic distribution of voters. The number of signatures required should be a reasonable percentage of the voters in the last gubernatorial election. Limits should be set on contributions. Paid petition solicitors should be banned. Adequate information on the issue should be provided to voters by the State.

The League regards the initiative process as an extension of representative government that offers individuals voters another way of participating and becoming involved in the decision-making process. The League recognizes the give-and-take mechanism of the established legislative process, which is why we support indirect I&R. However, when conflicts arise from competing special interest groups and/or legislative inaction, a properly structured process should be in place to enable citizens to act.

The League notes the need for safeguards in this process to ensure that only matters of broad-based concerns be addressed. This is why we would support, not the 3 percent of the voters in the last election to sign petitions, but the bill that advocates an 8 percent figure, so that broader issues, and not narrow ones, would be addressed; so that the effects of big money are controlled, which is why we want limits on contributions and the banning of paid petition solicitors; and,

of course, so that voters be thoroughly and impartially informed on the issue.

Thank you. (applause)

ASSEMBLYMAN MARTIN: Lorie Reeves, from NJPIRG.

L O R I E R E E V E S: Hi. Thanks for allowing me to testify tonight. Just to clear the record, I am not part of NJPIRG. I have a friend who is, who told me a little bit about the hearing tonight, and I decided I wanted to testify. That is because I recently moved down to New Jersey from Massachusetts. I am a pretty new member of the State of New Jersey, just a couple of years. I was part of the Initiative and Referendum process up there. For that reason, I wanted to testify in support of I&R, specifically ACR-57.

There are a few reasons why I think it is very important to me, and it was when I was a resident of Massachusetts. One is, it really allowed me to get a lot of education on issues. When there were questions on the ballot, there was a lot of information out on those questions. I learned a lot about the environment, about labor issues, about the economy. That was very valuable to me.

Secondly, it very much encourages voter participation and citizen empowerment. When there are voters out there who are scared -- who don't want to go to the polls because they can't choose between a couple of candidates, because they don't see a difference, or they think their candidate is going to win anyway and they don't go to the polls-- When they see an issue on the ballot that they really care about, it does bring them out, and they do go vote. I saw a lot of people getting up to talk about voting on what is important to them. I like to see that participation and empowerment going on.

Since I have lived in New Jersey, I have felt a little bit of frustration about not being able to get involved in the issues in that way. I would rather go out and petition. I hate public speaking, personally. But I have not felt like I

had the voice that I had in Massachusetts when I could get involved in a campaign for an issue I wanted to work on. It empowered me. I am sure citizens that are empowered are not going to rampage the polls and put questions that are frivolous on the ballot and cause all kinds of chaos in the State.

The next thing -- and that really brings me to my third point -- is, if there is a 3 percent petition signature requirement, like there is in ACR-57 and like there is in Massachusetts, I know, personally, from having been out there and petitioning, it is not that easy to get all those signatures. You really have to have a lot of grass-roots support. You have to talk to a lot of people. You have to have a lot of people willing to get out there and do the leg work for it. I have worked on ballot campaigns that never made the ballot, because we couldn't get those signatures, so I know how that works. I don't think we are going to get as far as frivolous issues.

There are also a lot of different levels where these issues get thought about. First of all, you are only going to bring an issue to the ballot if the Legislature is not dealing with it. Then, once you get those petition signatures and you get people to think about it, then it goes back to the Legislature and they have a chance to deliberate about it again. Then if it actually does go to the vote, the voters are going to get a chance to make their own decision. I think there are a lot of different levels where there is deliberation about it.

The last thing I would like to say is, I really do believe people vote their consciences, not their pocketbooks. I am in the education system myself here in the State. I work for a National Education Center School up in Nutley, New Jersey. I really do believe in adequate funding for education. I think it is very important that we have that there. But I saw in the newspaper, just a couple of weeks ago,

that voters surprised officials by clearing 73 percent of the school budget. I believe that voters do vote their consciences, and I believe that when they do go to the ballot, they are going to put adequate funding into the education issues.

I was really shocked and surprised to hear that the Education Association was not in support of Initiative and Referendum because of what it did do to educate voters and bring people into the system. In fact, I was surprised when I moved here that there wasn't Initiative and Referendum. I guess I was a little bit naive about that.

Finally, I would like to ask you, once again, to support I&R, and ACR-57. Thank you. (applause)

ASSEMBLYMAN MARTIN: We have completed the list from Morristown and the original sign-up sheet from Toms River. I have five more persons. We have been sitting here -- even Mr. Saxer, if he were here, would concede -- for three straight hours. What I would like to do is offer the five people who are still at least on my list one of two choices: either address themselves within a two-minute time frame, which we will hold them to, or else they can be first at our third hearing in Trenton.

I will take them in the order I believe I got them: Mr. Kurz -- is he here? (affirmative response from audience) Do you want two minutes, or do you want Trenton?

W I L L I A M K U R Z: Two minutes will be fine. I'm glad that last lady was here, because that made it that there were two people in this room with experience in Initiative and Referendum.

I am a native of New Jersey, but I spent 16 years in the State of Alaska. I have the Alaska statutes on municipal law for the State of Alaska. That's all of it, fellows. (demonstrates by holding up book)

But at any rate, there are two pages in there that cover Initiative and Referendum. I don't know how many of you people, or the people remaining in the audience, might recall that the State of Alaska became rather famous for the very liberal marijuana law it had. I am the fellow who filed the suit against the State of Alaska and the Governor of Alaska -- and herewith is a copy -- to bring it to a head. I felt that the state was breaking the Federal law because they had a law contrary to the United States law. It turns out it didn't. They simply didn't have a law. But that was the catalyst that got the initiative going, so that today marijuana is just as illegal in Alaska as it is right here.

In the 16 years I lived there, two initiatives made it to the ballot. One was the Frank initiative which removed the funding for them to move the capital. Although over 150,000 people out of the 550,000 in the State of Alaska live in Anchorage, which is basically where the capital was to go, so you had a very weighted electorate, it still passed. The people do vote their consciences.

What I wanted to make clear is, I believe in the direct initiative because that is what I experienced there. It does work. But in the numbers I just heard here, if you are considering something like 3 percent to get something on the ballot, therein lies the problem. Your percentage has to be higher. In the State of Alaska, it was 15. That is 550,000 people stretched out over a piece of real estate that if you put Ketchikan at Miami, that would put (indiscernible) Bay at Chicago, and the Aleutian Islands running out through San Francisco.

I was a part of the Alaska Legislative Teleconference Network for six years that we tried to bring this to a head over the marijuana issue, and the Legislature wouldn't do it for political reasons. But today, it is passed by the people.

And, do you know something? They will even let me back in Alaska.

Thank you. (applause)

ASSEMBLYMAN MARTIN: Al Santoro, from the Ocean County Democratic Committee.

A L S A N T O R O: I just want to add a couple of things that should maybe be added to this thing. In California, they pay workers to go out and get petitions signed. I think that is a bad thing. In fact, the special interest groups are behind it. This is a people's vote, and the people should be the ones who go out voluntarily to get the signatures.

ASSEMBLYMAN MARTIN: The problem, in some cases, is that the courts have ruled that it may be unconstitutional to prevent somebody from hiring paid--

MR. SANTORO: A paid worker is more enthusiastic. They are going to convince a person to sign something they may not want to sign. I think this is something that has to be addressed.

Also, the percentage from each county. You say it can be no more than 15 percent, but it should maybe say you should have 15 percent from each county, because 15 percent is not a lot -- 182,000 people. If you get people from five of the larger counties, they can come up with the 182,000 and a question goes on the ballot, and then 16 counties are really a minority of this thing. So that is something that should be addressed; that all counties should have the same amount of percentage. I think that would be a more fair way. Then everybody in the State would have a say-so.

Also, I think the number of questions should be limited on the ballot. I think one lady said that in California they had 17 questions and 12 bonds. That is 29 questions, and it is hard for the voters to comprehend. Secondly, it is costly to the taxpayers. Thirdly, I am head of the Ocean County Election Board, and we couldn't put 29

questions on the ballot. So I think a limited number of questions should be on the ballot.

That is all I want to say tonight, but I just want to take offense at what you did to Mr. Saxer on his way out. You pointed out that he was leaving, but when you said--

ASSEMBLYMAN MARTIN: The only reason I did that--

MR. SANTORO: Wait a minute, let me finish.

ASSEMBLYMAN MARTIN: He made a point, sir, of saying that he felt this meeting should be to allow people to speak. It seemed to me that if he could make that point, he could leave, but--

MR. SANTORO: You didn't stop any of your Assemblymen from walking out of this building. Mr. Saxer is not the one who is going to be voting on these questions; the Assemblymen are.

ASSEMBLYMAN MARTIN: He made his point. All right? He made his point.

MR. SANTORO: And I am just making a point. All right? I'm finished. Are there any questions? (no response) Thank you.

ASSEMBLYMAN MARTIN: Mr. Joseph Byrne?

J O S E P H B Y R N E: Thank you, Mr. Chairman, and members of the panel. I must say that I am a little tired, as you are, too.

My name is Joe Byrne. I am Professor of Sociology at Ocean County College. As such, I am concerned about all of the issues that affect our society. In sociology, we try to see things as they are, not the way they should be. We try to say it the way it is, not the way it should be. Some people are concerned about the way things should be. They are not too content with the way things are.

As I see it, and as I teach it, it appeals to us, the truth of things, and that things are seldom as they seem; that

there is something that is not to be seen in all of these things.

So when we hear the words about giving power back to the people, etc. we seek to examine the words in the light of the reality of power as we have seen it exercised, not just as spoken, particularly in buzzwords, as some of the words we heard here tonight.

I have a prepared statement, so I will try to give it to you. I wanted to just call your attention to-- I heard some amateur sociologists up here doing research, so I want to give you a little piece of research that one of my students did a few years ago. He was conducting an election poll as a project in sociology, so he decided to test the public's scholarability by including a question about a piece of legislation that he made up. Although there was no such piece of legislation, people had an opinion on the subject, and were for it or against it, even though it was not for real.

So I would rise to speak against any passage of Initiative and Referendum bills at this time. Thank you.

ASSEMBLYMAN MARTIN: Anne Schumacher?

A N N E S C H U M A C H E R: Thank you for the privilege of standing up for the first time in three hours. I appreciate that.

I represent myself. I am a retired teacher. I taught you people, and my retired colleagues -- some of them deceased -- taught you, all about representative government and our wonderful system of democracy. It was so when we taught it to you.

But since I have been retired -- and I have been privileged to go to Trenton to many hearings on many issues -- I have seen something that has disturbed me greatly. That is, in all the corridors of the State House, when the meetings are held, I see very few citizens, because there isn't any room for them. Instead, I see flocks of special interest people. They

are like jaybirds floating around, reaching out to you, being very charming and very gracious to you, and fluttering around you to get their points across to you. I see this happening, and I wonder about it.

I see possibly some naive members -- newly elected -- who might fall for their rhetoric. I see our wonderful system of democracy being corrupted now, because there are two forces coming into the picture, and coming in very rapidly lately. One is the bureaucrats who suddenly have decided that they have power. Witness what happened to the health thing and the runny egg situation. Without anything from the Legislature, they decided themselves that they were going to make a law and pass it out, and they had egg on their faces. Very bright people we have in our bureaucratic system.

It is happening in the insurance system now, and it is happening in other areas. It is taking so long for us to hit one of the most important issues that we have facing us, and that is health care. Nothing is being done, because we have lobbyists. Those are the special interest groups that I hear, the NJXYZ, ABC, DEF groups coming in there, and they delay and they delay and they delay. They are the corrupting influences. They have taken everything away from the people. They are also taking, or attempting to take away power from our elected representatives, and that disturbs me greatly.

They are very, very sure that if the power goes back to the people-- Tom Jefferson, George Washington, Thomas Paine, Benjamin Franklin, and the rest of them I taught you about, are rattling around in their graves now seeing what is happening to our representative government. They are telling you, these NJXYZ, ABC groups-- They are looking in their crystal balls and telling you, "This is going to happen. Business is going to be taken away. Something else is going to happen. Education is going to fall down." I know all about education. I spent 33 1/2 years educating children. Now I am

on the Board of Education, and I am forced-- My group is forced to belong to the New Jersey School Boards Association. They did not come down and ask us how we felt about I&R. I picked up their publication and I read that we were opposing I&R, and that makes me angry, because it indicates to me that I don't have sense enough, and people like myself haven't got sense enough, to make up our own minds.

I think we do have sense enough, and it is time that we people take back something that was taken away from us. Our fault, because we were trained to be courteous, and courteous people don't make noise. We trust other people to do for us what we elected them to do. Those people in the past who were elected to do something fell under the influence of these two powerful forces -- the NJXYZ, ABC groups all around the place, and the others coming. And here we are.

I urge you, please, go back and think about what you learned when you were in the fifth and sixth and seventh grades about our system of government; that it is a wonderful system of government, but it is in danger. It is in very great danger because it is being corrupted. Will you please listen to the people? They did give you a little bit of I&R because they put you in office and they threw out all the others.

I would like to see when there comes a time -- and it will come with I&R -- that the people don't say, "I am voting for the lesser of the two evils." This is what I hear, and this is what you hear, if you listen. So will you please take into consideration who these crystal ball lookers are? They are out there to protect themselves. They are getting wealthy; they are getting power; and they are floating around. I don't have to tell you. You know that. If I go to Trenton tomorrow, I can hardly get my feet inside because they are all over the corridors, twisting an arm here with a gracious phrase. I could do that, too, if I were paid that amount of money.

It bothers me greatly. For example, the New Jersey School Boards Association passed a law that we all must belong to it. I have to explain to the people who elected me to the Board -- and I work for nothing, and I work very hard-- I put in almost as many hours as I did when I was teaching. I have to explain to them that we have to pay \$18,925 dues. For what? When I questioned them about it, they gave me rhetoric as if I were about, well, maybe, 12 years old, patronizing me.

They are not very happy to hear what I have to say, but what I have heard from all of these NJXYZ groups is something that disturbs me greatly. Will you please listen to the people, because if you don't, we will continue to believe that when election time comes around, we are going to have to vote out all the incumbents and put in some new people? "They can't do any worse," we are going to say. We don't want a government like that. We want our legislators to stay three and four and six and eight years because it takes time to do anything, but we can't if we see that you are falling under the influence of all these special interest groups, which call the I&R special interest groups. What do they call themselves? Jaybirds.

Thank you for listening. (applause)

Thirty seconds -- I forgot -- 30 seconds. You know, you hear about Massachusetts and you hear about California. Well, what about Idaho, Montana, Kansas, Nevada, and the rest of them? You only hear in the newspapers what is wrong, because that is the way newspapers make their money. They never tell you when everything goes right because it is boring. There is nothing to write about. A scandal, yes, something is wrong. But look at all the others. Twenty-one states are absolutely satisfied with it. Keep that in mind. (applause)

Thank you.

ASSEMBLYMAN MARTIN: Lawrence Hecker? Is he here?
(no response) Ed Keller. Ed, I was afraid to interrupt Ms. Schumacher (laughter), but we are trying to do two minutes here.
E D K E L L E R: This is an incredible act to follow, to tell you the truth. I just want to put it short and sweet. I went down to Trenton when they were having Judiciary Committee hearings back in August. Nothing happened. I literally begged them. I listened. I waited; I was the last person again on that one. Like the President says, "Well, here we go again." The same thing happened; I am last. But I would like to just say one thing.

Special interest groups: I am a parent. I am a homeowner, a taxpayer. I don't have any interests. I am not in anything. I am not in the teachers' organization; I am not in any of these clubs or anything like that. I go to the town hall meetings. I go to the school meetings. I try to do something with the Board of Education, and they try to do things about the school. We try to vote on it. The budget is voted on, and all of a sudden the State overrules, and we have nothing we can do about it. They don't answer our pleas.

Now, there are 23 states. I studied I&R. Believe me, I have studied I&R. Any questions, call me. Feel free. Twenty-three states have it. The people in those states don't have any problem with it. There are five other states that are trying to get it, including the State of New Jersey. And, it works. It does work.

One point just to disprove special interests: Every state produces one passed resolution, amendment, initiative, every year. Each one of those twenty-three states. That is all that passes. It doesn't happen that thousands and thousands of things go through. California did make a mistake. I am told that they were revising that; that they had an initiative to change the amount of votes they need in order to get them on the ballot. Now they are going up to 8

percent. Now they just can't do it in one area; they have to do it across the state -- totally across the state. That is the thing that is needed.

If you really want to have control, and people will have the say in certain things that they are really concerned about-- Education-- Believe me, a parent is not going to be against funding for education. No way. I don't care what the teachers say. But I am against teachers being wasteful. I am against one teacher for 10 kids, when you can do one teacher for 20 kids. I am against an administrator that has six schools and is being paid \$120,000 and has two assistants who are getting paid \$80,000, with six little schools in my Township of Aberdeen. It sickens me. The thing that Initiative and Referendum does, is it gives a person like myself, if I am really keyed up about something -- and when I get keyed up I go through all of this-- I will go out and I, myself, will start an initiative, and, believe me, I will get it done if I have to, because I believe in certain things like that. That is what this government is all about.

We have lost-- The people have lost the relationship with the legislative system. Most of the legislative systems, including the Federal, right down to the State, are missing it. We are not being responded to. All I am saying is, please-- The mandate was given to the people in the State Legislature this last time around. When that vote happened, that was one of the things all the people coming out and saying, "We want I&R." The Republican group was saying that they would propose the I&R. They came in. If it doesn't work, I do say -- just like the lady said -- you are liable to find yourselves going out again in another one of those sweep kinds of things, or another party is liable to start.

If you don't propose it this time, if it doesn't happen this time, I am going to be one of the first persons working in that Independent party.

Thank you very much. (applause)

ASSEMBLYMAN MARTIN: I want to thank our members for staying the course, and I thank all of you.

The next hearing will be on April 23, in Trenton. If you want to speak there, please sign up, and we will hear you.

Thank you.

(HEARING CONCLUDED)



APPENDIX

9



TESTIMONY OF JANE PALAIA-VERDONI
CHAIRMAN, MONMOUTH EMPLOYER'S LEGISLATIVE COMMITTEE
OPPOSING INITIATIVE AND REFERENDUM
BEFORE THE ASSEMBLY STATE GOVERNMENT COMMITTEE
APRIL 14, 1992

GOOD EVENING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. MY NAME IS JANE PALAIA-VERDONI AND I AM THE CHAIRMAN OF THE MONMOUTH COUNTY EMPLOYER'S LEGISLATIVE COMMITTEE -- COMMONLY KNOWN AS ELC. THE MONMOUTH COUNTY ELC IS COMPROMISED OF APPROXIMATELY 100 MEMBER COMPANIES REPRESENTING A WIDE SPECTRUM OF EMPLOYERS FROM SOLE PROPRIETORS TO LARGE MANUFACTURERS. LIKE MY COMPANY, MOST OF OUR MEMBERS DO NOT HAVE THE RESOURCES FOR FULL TIME LOBBYING AND OTHER GOVERNMENT RELATIONS ACTIVITIES. THE ROLE OF THE ELC IS TO PROVIDE FORUMS FOR US, AS BUSINESS PEOPLE, TO DISCUSS IMPORTANT ISSUES WITH YOU, OUR GOVERNMENT REPRESENTATIVES.

I AM HERE TODAY TO PRESENT THE POSITION OF MONMOUTH ELC'S MEMBERSHIP ON INITIATIVE AND REFERENDUM. THE ELC BOARD DID EXTENSIVE POLLING PRIOR TO PREPARING THIS TESTIMONY AND FOUND OVERWHELMING OPPOSITION TO I AND R. MY REMARKS TODAY REFLECT THE MANY COMMENTS AND ISSUES RAISED BY OUR MEMBERSHIP. PERHAPS OUR POSITION ON I AND R CAN BEST BE SUMMARIZED BY THE REMARKS OF ONE OF OUR MEMBERS WHO SAID "IF I AND R PASSES IN NEW JERSEY, THEN THE LAST BUSINESS TO LEAVE THE STATE SHOULD TURN OUT THE LIGHTS."

TOO OFTEN, OPPONENTS OF I AND R HAVE BEEN PORTRAYED AS "BIG BUSINESSES" WHO WANT TO PROMOTE THEIR OWN SELF-INTERESTS OVER THE WILL OF THE PEOPLE. IN FACT, NOTHING COULD BE FURTHER FROM THE TRUTH. THE INTERESTS OF THE PEOPLE AND THE INTERESTS OF BUSINESS ARE OFTEN ONE AND THE SAME.

IN THE COURSE OF TRYING TO SURVIVE IN THIS STATE, OUR MEMBERS FUNCTION MUCH LIKE LEGISLATORS IN THEIR DAILY DECISION-MAKING. THEY WEIGH THE PROS AND CONS OF ISSUES THAT ARISE AND CHOOSE THE BEST COURSE. IN THAT PROCESS, CONSIDERATIONS OF EQUITY, ECONOMICS, AND THE EMPLOYEES WHO MAKE THE BUSINESS WORK, ALL PLAY KEY PARTS.

IMAGINE, IF YOU CAN, WHAT A BUSINESS WOULD BE LIKE IF DECISION-MAKING WAS A FUNCTION OF PARTIES WHO HAVE ONLY THEIR OWN SELF-INTEREST AT STAKE. HOW WOULD BUSINESS SURVIVE IF THEY WERE FORCED TO COMPLY WITH RULES HAVING NO BASIS IN COMMON SENSE, LET ALONE SOUND BUSINESS POLICY? AN ENVIRONMENT THAT RELIES ON ONE-SIDED RULE-MAKING WOULD BE ONE IN WHICH NONE OF US WOULD CHOOSE TO REMAIN.

OUR MEMBERS FEEL STRONGLY THAT YOU, OUR ELECTED OFFICIALS, ARE THE BEST DECISION-MAKERS FOR THIS STATE. WE BELIEVE THAT I AND R WOULD DO THE JOB WE ELECTED YOU TO DO. THE CURRENT SYSTEM ALLOWS FOR OPEN DEBATE ON THE ISSUES. AND ALTHOUGH

THE BUSINESS COMMUNITY -- AS WELL AS THE GENERAL PUBLIC -- HAS NOT ALWAYS AGREED WITH THE DECISION REACHED BY THE LEGISLATURE, WE CAN AT LEAST RELY ON A RATIONAL AND WELL-INFORMED PROCESS THAT INCLUDES THE VIEWS OF ALL. WE ALREADY HAVE THE MOST EFFECTIVE FORM OF I AND R -- OUR RIGHT TO VOTE YOU OUT OF OFFICE. AS YOU ARE AWARE FROM THE ELECTION LAST NOVEMBER, IT WORKS WELL.

REFLECT, IF YOU WILL, BACK TO THE FINAL WEEKS OF YOUR CAMPAIGN LAST YEAR. PICTURE THE ADVERTISEMENTS OF YOUR OPPONENTS. ALMOST ALL OF YOU WERE EXPOSED TO DISTORTIONS AND MISREPRESENTATIONS OF YOUR POSITIONS ON IMPORTANT ISSUES. YET WE HAVE SEEN HOW EFFECTIVE THOSE 30 SECOND SOUND BITES CAN BE. HOW WELL WOULD OUR SYSTEM WORK IF THE ONLY BASIS FOR A LAW WAS HOW SLICK AN ADVERTISING CAMPAIGN IS?

WE HAVE BEEN TOLD THAT THE LEGISLATURE FEELS LAST YEAR'S ELECTION SHOWED THAT THE PEOPLE WANT I AND R. I CAN ASSURE YOU THAT WE, THE MEMBERS OF THE MONMOUTH COUNTY ELC, DID NOT INTEND TO HAVE OUR VOTES TRANSLATED INTO A MANDATE FOR I AND R. WE VOTED TO CHANGE THE ANTI-BUSINESS CLIMATE THAT STILL PERMEATES THIS STATE. I AND R WILL DO NOTHING BUT FURTHER THAT CLIMATE. WE ARE AWARE OF SURVEYS THAT SAY MOST PEOPLE WANT I AND R. WE SUGGEST YOU LOOK BEYOND THE FACE OF THOSE SURVEYS AND YOU WILL SEE THAT THE MORE PEOPLE ARE INFORMED

ABOUT WHAT I AND R IS AND WHAT IT CAN DO, THE MORE LIKELY THEY ARE TO OPPOSE IT. WHAT WOULD YOUR CONSTITUENTS FEEL ABOUT I AND R IF IT MEANT THEIR JOB?

OUR MEMBERS ARE MEN AND WOMEN WHO ARE STRUGGLING TO STAY AFLOAT IN A STATE THAT IS ALREADY HIGHLY -- AND MANY FEEL -- OVERLY REGULATED. WE ARE THE INDIVIDUALS PROVIDING EMPLOYMENT FOR YOUR CONSTITUENTS, PRODUCTS AND SERVICES FOR ALL OF US, AND ENSURING ECONOMIC HEALTH FOR THE STATE. OUR MEMBERS FEEL THAT I AND R, IF PASSED, WILL RESULT IN THEM TAKING THEIR INVESTMENT DOLLARS, THEIR JOBS AND THEIR BUSINESSES OUT OF NEW JERSEY. WE CANNOT AFFORD THE WELL-DOCUMENTED EXPENDITURE OF MONEY THAT BUSINESSES ARE FORCED TO MAKE TO FIGHT INAPPROPRIATE AND POORLY RESEARCHED PROPOSALS. OUR MEMBERS WOULD PREFER TO INVEST THOSE DOLLARS IN OUR BUSINESSES, IN THE COMMUNITIES WHERE WE OPERATE AND, MOST OF ALL, IN OUR EMPLOYEES.

IN SUMMARY, THE MONMOUTH COUNTY EMPLOYER'S LEGISLATIVE COMMITTEE OPPOSES INITIATIVE AND REFERENDUM IN ANY FORM. DESPITE THE PROTESTS THAT NEW JERSEY WON'T BE LIKE CALIFORNIA, THE BOTTOM LINE IS THAT NO MATTER WHAT KIND OF I AND R A STATE HAS, THEY ARE ALWAYS ONE BALLOT QUESTION AWAY FROM HAVING A MORE ONEROUS VERSION. AS ONE OF OUR MEMBERS STATED "WHAT THE ELECTORATE WANTS IS A CHANGE IN THE WAY THINGS ARE -- WE DON'T WANT I AND R WHICH IS JUST ANOTHER GIMMICK."

WE URGE THE MEMBERS OF THIS COMMITTEE TO CAREFULLY CONSIDER
THE VIEWS I'VE EXPRESSED HERE TODAY ON BEHALF OF OUR
INDIVIDUAL MEMBERS AND OPPOSE INITIATIVE AND REFERENDUM.

THANK YOU FOR YOUR TIME AND I WOULD BE HAPPY TO ANSWER ANY
QUESTIONS.

LECTION - NOVEMBER 6, 1990

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 66

M. Dean Haines

M. DEAN HAINES
 Clerk of Ocean County

**JACKSON
 LOCAL QUESTION NO. 1**

61 Shall the Mayor and Township Committee of the Township of Jackson in the County of Ocean actively encourage the New Jersey legislature to enact legislation which places before the voters of the state a proposed amendment to the state constitution designed to control escalating local property taxes by prohibiting the government of the State of New Jersey from mandating that county and municipal governing bodies perform any new or expanded program or service unless the state government provides funding for the new program or service?

INTERPRETIVE STATEMENT

The approval of this referendum would demonstrate the sentiment of the voters of the Township of Jackson that the escalating pressure to increase property taxes is of such concern that the Mayor and Township Committee of the Township of Jackson should actively encourage the legislature to submit for voter approval an amendment to the state constitution which implements the state mandate/state pay concept. A state mandate/state pay amendment would help control local property taxes by prohibiting the state government from requiring county and municipal governments from implementing a new program or service unless the state provides the funding for the new program or service.

YES

NO

**JACKSON
 LOCAL QUESTION NO. 2**

"Shall a freeze be placed on all local purposes property taxes in the Township of Jackson to the effect that such taxes shall not increase for the years 1991 and 1992?"

YES

NO

69



California City Growing Anxious As Layoffs Loom Under Tax Cut

By ROBERT LANDSEY
Special to The New York Times

SANTA BARBARA, Calif., June 20— Bill Patterson, the Santa Barbara County fire chief, says that every time he drives through the hilly neighborhood here where an explosive brush fire destroyed more than 200 homes last July, he is amazed at how high the grass has grown this spring.

"We had two years in which we didn't have any rain at all, and then a year with the second highest rainfall in 110 years," he said. "Some of the grass is standing six feet tall and it's dry; I don't know what we'll do for fire protection this year; we're in real trouble."

But Chief Patterson sent layoff notices this week to all 31 of his part-time firemen and 18 of his 175 full-time firemen.

Like public officials throughout California, he is trying to cope with the effects of Proposition 13, the initiative approved by voters on June 6 that will

heritage in its architecture and annual summer fiesta. It is a city with a moderate climate and stunning vistas of the Pacific Ocean, one whose style of living has long been studied as perhaps the quintessential California experience.

Now it must get ready for a future with less revenue and less government.

Santa Barbara voters favored Proposition 13 by 7 to 3, a greater margin than the state average, and the city council here was one of the few in California to endorse the proposition. Now the city is trying to trim its appetite for tax dollars while seeking a con-

Continued on Page A12, Column 1

The Impact Of Proposition 13

First of a series that will appear occasionally on the effect of the tax revolt on one city in California

cut property taxes in the state by almost 60 percent on July 1.

This attractive coastal community of 73,000 people is one of 417 cities, and one of more than 5,000 units of local government, in California. It is a city whose history and traditions have long mirrored those of the state itself.

Founded in 1786 by Franciscan monks, who built a spectacular mission here, Santa Barbara wears its Spanish

Call the Bureau for information
to every person. 212 688 8888
Happy birthday to a BUREAU
Charles Lee, Group and Co. -1987.



The critical-care section of Santa Barbara General Hospital has been closed by cuts in spending.

California City Edgy About Layoffs Under Tax Cut

Continued From Page A1

Some cities are on what programs and services should be kept and what should be killed.

Along with other communities, it will not know exactly how much money it will lose until the State Legislature decides how it will distribute a multi-billion dollar state surplus to local government, though most officials agreed that they face cutbacks of at least 10 to 15 percent under the best of circumstances.

As a result, the official atmosphere is one of hope that Sacramento, the state capital, will send enough money to spare favored programs and services.

Officials here say that it will probably be many months before the full impact of Proposition 13 is known.

Here and elsewhere in California, it has been difficult to separate the genuine potential for economic growth from the judgment against it and predictions of grim consequences that many have made since the election.

Skepticism Among Public

There is considerable skepticism among many residents over whether there will really be a substantial increase in state funds. Some say that the tax breaks will be made up by elimination of what everybody calls "fat" in government.

Faced with a 15 percent cut in his staff, the local district attorney has denied there is any waste in his operation and forecasts "chaos" in his office. Local health service executives say that poor people face a future of reduced medical care; welfare officials say that Proposition 13 has sent dozens of Government workers seeking welfare aid; minority-group leaders say that years of progress in getting good jobs for minority workers in Government will be eroded by the new law. Schools and county executives say they face a critical cash flow crisis within a month unless they get help from the state.

While Chief Patterson has worried recently about summer fire dangers, most local summer school sessions

have been canceled, causing worries for parents about what their children will do this summer; the County Hospital is preparing to shut its 180-bed emergency, surgery and in-patient wards on July 15; two suburban grade schools have been ordered closed in September; more than 400 public employees have received layoff notices; and thousands of property owners have begun to wonder how they will spend a collective windfall of more than \$40 million in the next fiscal year.

Richard Thomas, the city administrator of Santa Barbara, a scenic community whose houses are terraced on slopes that rise up from the Pacific Ocean, said:

"Everybody wants the reduction in property taxes, and everybody wants somebody else's program reduced; one person's fat is another person's high priority program."

Some residents say they fear a loss of special programs—programs to help the handicapped, the elderly, and the protection and other favorite projects.

"I'm concerned about the closing of libraries," said Milton Hammer, a book dealer. "I grew up in New York and went to a very good public school there. Somebody has to pay for schools, libraries and all the other community services."

Larry DuBois, an employee of the Financial Planning Service Company, said that he regretted the closing of summer school but could afford to send his child to a private school. He generally favors the law, but said: "I think the timing was bad; they have to make all their cuts by July, and I don't know how they can do it well."

Spooks of City Funds

The Santa Barbara city government gets only about 22 percent of its income from property taxes; the rest comes from sales tax revenue, Federal and state aid, and fees charged residents for various services. Nevertheless, the passage of Proposition 13 has meant the loss of more than \$3 million to the city and this means jobs, Mr. Thomas said. So far, about 81 employees have been laid off.

Santa Barbara County prepared a budget of \$92 million for the new fiscal year and has lost \$22 million with the passage of Proposition 13. County supervisors have already cut \$11.9 million from the budget, and they hope

the Legislature will provide at least \$10 million in a proposed takeover of all the welfare expenses.

Even with the projected state aid, the county has had to lay off more than 275 employees, including Chief Patterson's firemen and 45 of the 272 members of the county sheriff's department. Recreation and health services are also being cut.

About one-third of the county's probation officers have been dismissed; half of the county's \$1.1 million budget for parks was eliminated; \$55,000 will be saved by dimming lights in county buildings; and the county hopes to persuade private hospitals, which have an officially designated surplus of 200 beds, to take care of patients that will be locked out of the county hospital.

Big Effect on Schools

Schools, which have received almost half their budgets from property taxes, have been affected the most by the proposition, although it appears that

money distributed from the state surplus. Still, there will be an impact, officials say.

"The death knell has been sounded for summer school as we knew it in the past," said Lorenzo Dell'Armi, the county superintendent of schools, whose home was burned down in last summer's fire. Driver training will also be eliminated; "From now on, parents will have to pay for it out of their own pocket," he said.

Teachers, he said, have lost scheduled pay rises, and a few will be laid off. "My real concern is not for the coming year, '78, but the years after that, when the surplus is gone," he said. "There won't be any money for a state bail-out."

Yet, almost everybody involved in Government says that the shock waves of Proposition 13 are still too fresh for an accurate projection of what will happen. Some say that it is possible that critics' complaints that there is too much "fat" in Government will prove correct; others predict serious crises in local government.

Mr. Thomas, the city administrator, said the future was still fuzzy. "It's going to take a year to sort things out," he said.

The United States tax revolt has had reverberations in Canada. Page A8.

SAN FRANCISCO FEELS IMPACT OF TAX CUTS

Like Other Communities in State
City Is in Financial Bind as a
Result of Proposition 13

By WALLACE TURNER

SAN FRANCISCO, March 8. — As California's local governments move into their third budget year after Proposition 13's property tax cuts, their confident parade-ground stride has begun to resemble a ragged stagger.

Nowhere are the problems of municipal poverty worse than in San Francisco. The interior of the spectacular City Hall is marred by dirty paint, public parks now seem always to have shaggy lawns, libraries are closed longer and longer each day, permit processing is six months behind.

Public employees seem to be in running conflict with the city government or the school district, which are separate entities. The schools were hit last fall by a protracted strike of teachers. About 500 termination notices, required under state law if dismissals are to come for economy reasons, are to be given to teachers next week, and this is expected exacerbate the relationships.

Hovering over the scene, looking to municipal leaders like a predatory bird ready to swoop, is the June 3 statewide vote on this year's Proposition 9. If passed, the referendum would cut the state's collections of personal income tax in half, lopping off about \$4 billion. That would limit the state's ability to provide further bailouts for the cities, counties and school districts that have suffered from the property tax cut voted in the June 1978 primary election.

Knowledge About Proposition

The California Poll's sampling four weeks ago showed that 80 percent of the voters knew nothing about Proposition 9. Of the 40 percent who were knowledgeable, 58 percent supported it. Campaigns for and against it are now taking form, with Howard Jarvis, co-author of Proposition 13 two years ago, among the leading supporters.

Gov. Edmund G. Brown Jr.'s proposed budget for next year provides about \$3.4 million in state aid for schools and local government, but if the income tax cut is adopted on June 3, to become effective July 1, an entirely different budget would be adopted. Governor Brown has told state agencies to produce a "shadow" budget 30 percent below their previous requests. Local government subsidies very likely would be a first victim of state cost cutting.

And whatever happens to Proposition 9, the state budget surplus, which was about \$3 billion when Proposition 13 was passed, will be all gone by July 1, 1981. That alone means no bailout is possible after the new budget year without new state taxes, which are unlikely to be adopted.

What these bailouts have meant, taking California's public schools as an example, is this: Before 1978, about 52 percent of the total spending across the state to finance kindergarten through high school was from property taxes and 48 percent was from the state government, with the rest from Federal sources. But this year 80 percent of the public school bill is paid by the state.

Impact on San Francisco

Taking San Francisco as an example of the effect on city and county government, the state this fiscal year provided about

Impact on San Francisco

17 percent of the general fund budget. And even with that big contribution, and after lopping about 3,000 employees (17 percent) off city payrolls, a budget deficit of about 16.8 percent looms for the fiscal year beginning July 1.

"What is so frustrating to those of us familiar with what has been happening is that, because the schoolhouse doors are open, most people think it's business as usual and everything is just fine," said Wilson Riles, the California Superintendent of Public Instruction. "They couldn't be more wrong."

In the first two years of budget limitations, Mr. Riles said, the schools cut back on secretaries, janitors, school buses, and maintenance. He said that "every attempt was made to protect the classroom, and I applaud that."

But now more cuts have to come. In San Francisco, the school board has announced that it intends to eliminate all elementary school librarians, shorten the school day by one period, and cut out many high school electives in foreign languages, advanced English and science.

Where Cuts Are Expected

A plan to retain some elementary music teachers by public contributions is in the works. Mr. Riles said that such plans disturbed him because they showed the truth of his belief that "when you make cuts in services, you're not going to cut the affluent, you're going to cut the lower class and the poor."

For San Francisco's city-county government, the only such combination in California, the major financial crisis here this spring is a budget deficit of \$112 million if services are to be maintained at their level of the last two years. This totals about 16.5 percent of what the board of supervisors has to spend in the general fund, but that is only a part of the problem.

Ray Sullivan, budget officer for Mayor Dianne Feinstein, said that about half the general fund budget went for public safety purposes, such as the police, fire fighting and the courts, and the city's general hospital. These are almost impossible to cut, he said, which means that the cuts must come from the operations of some 50 city programs, ranging from parks through social services, city attorney, registrar of voters and the like.

So the Mayor's proposals have been to cut \$28.7 million and to raise money by higher public transit fares and increases of some fees and use charges. However, the Board of Supervisors has resisted this, and no action is being taken while the deadlines for the new budget move ever closer.

"Proposition 13 is really coming home to roost this year," Mayor Feinstein said.

"If this new tax cut comes, we must prepare to lay off thousands of employees, and then the city cannot provide the services that San Franciscans expect and need."

Tax and Budget Revolt: A Backlash in California

By ROBERT REINHOLD
Special to The New York Times

SAN FRANCISCO, Dec. 17 — Eight years after California led a widespread revolt against taxes and government spending, Californians are growing unhappy with some of the consequences, and they soon will have the opportunity to relax those restrictions. Today a million signatures were filed to place an amendment on next June's ballot that would ease the spending limit.

The move comes amid signs that the state's services and public works are deteriorating. Roads and freeways cannot keep up with rapid growth, and many highways are in disrepair. Schools and prisons are overcrowded, laboratories and hospital trauma centers are being closed.

Sierra and Nevada Counties were so short of funds that when a murder was committed, a judge had to travel to a nearby jurisdiction to have a trial. In Tehama County, closed six public libraries because of inordinate expenses for a notorious, non-slow murder trial.

Not all this can be directly attributed to California's 1979 voter-installed constitutional limit on spending increases, itself an outgrowth of a limit on taxes that the voters approved a year earlier.

A broad coalition is pressing for an amendment to ease the controls.

But pressure is mounting from critics to lift it.

The law, a creation of Paul Gann, a retired businessman, limits increases in state and local spending to national inflation and local population growth. Governments cannot spend more in a given year than a figure calculated on the basis of their 1978-79 budget, adjusted for inflation and population growth and per capita income.

Public Anger Over Spending

The limit, which appeared on the ballot as Proposition 4 in 1979, was passed amid public anger at rising government spending. A year earlier, Mr. Gann was also involved, along with other businessmen, in a drive to raise taxes, in leading a drive that resulted in voter approval of Proposition 13, a referendum that limited the authority of local governments to raise property taxes.

While the property tax measure is just under attack in California, the two measures catch local governments coming and going, making it difficult to raise taxes and to spend the money even if they can.

The passage of Proposition 13 set off a wave of similar actions in 12 other states, including Massachusetts, Michigan and Illinois. Four other states, including New Jersey, passed measures limiting government spending, according to the Advisory Commission on Intergovernmental Relations.

Under the 1979 Gann measure, spending by the state and every town, city, county and school district is based on the 1978-79 fiscal year, adjusted annually to reflect changes in two factors: population and inflation or growth in per capita income, whichever is less.

There is some debate about just what is covered by the limit. But with high inflation in the early 1980's, the limit was well above appropriations for the first few years, and many people were lulled into believing the law's effect was minimal. Now, with lower inflation, the squeeze has come.

Critics say the law did not contemplate huge rises in school and prison populations, immigrants and in costs

related to AIDS. Moreover, business leaders who were instrumental in passing the amendment now say it is hindering economic growth in some areas.

A broad coalition of unions, teachers, police and health groups, school boards and municipal associations filed more than one million signatures today on a petition to put a new referendum on next June's ballot that would ease the controls.

The proposition by the group, Californians for Quality Government, would alter the Gann formula by substituting California's inflation rate for the national one and growth in school enrollment for general population.

An Influx of Immigrants

Because of California's booming economy, inflation has risen higher than the national average in recent years. And because of an influx of immigrants, especially from Latin America and Asia, school enrollments have grown much faster than the general population.

Tax opponents, including Mr. Gann, who lives in the Sacramento area, vow to fight such a change. They say the controls are still needed to keep government in check. "They want to have a blank check and not a budget," Mr. Gann said.

But even Mr. Gann agrees the limit has done some damage. In an effort to limit a broader assault, he and high school teachers are gathering signatures to place another amendment on next June's ballot that would exempt gasoline taxes from the limit by calling them user fees, thereby freeing more money for highway repairs and construction and for mass transit.

Public sentiment appears to be shifting, however. "It's not that the public is turning its back on the limit," said Field, director of the California Poll. "But with each passing month, as they see deterioration in services, the public is getting the message they've squeezed out as much fat as there is."

Voters Can Override Limits

Under the Gann measure, local governments can ask the voters to override the limit, a majority vote is needed. But many local officials say this is unfair and impractical.

"Is it fair to limit a county's spending with no relation to crime rates, poverty or complexities of the court system?" asked David Elbaum, administrative officer of Santa Barbara County. "Should we have to go to the voters in situations like these?"

Nevertheless, voters in 24 cities and counties voted last month to override the limit to provide needed services and repairs. For example, in Alameda County, which includes Oakland, voters overwhelmingly decided to forgo a tax refund and go \$144 million over the limit to avoid layoffs of health, welfare and clerical workers and to continue funds for a mental hospital.

The issue has intensified this fall because the fiscal year 1986-87 was the first in which state spending bumped up against the law's limit.

Ironically, California's booming economy produced a huge state revenue surplus, \$1.1 billion, but none of this could be spent, and even now taxpayers are receiving rebates of up to \$272 each. San Francisco and other school districts are asking recipients to donate the checks to them.

"When we give back \$1.1 billion at a time when schools are unable to meet their needs, there's something wrong," said Thomas F. Hannigan, a Democrat who is majority leader of the State Assembly.

Business leaders, too, are unhappy because the limit has had an unanticipated deterrent on commercial development, already struggling against California's potent slow-the-growth movement. This is because cities and towns cannot legally spend the taxes that a new shopping mall or office



Dr. Phil Sherrard examining Luis Abel Guadalupe, held by his mother, Maria Nearoy, at the Central Health Clinic in Oakland, Calif. Voters in Alameda County voted last month to forgo a tax refund to exceed the spending limit of the Gann amendment and avoid layoffs of health and other workers.

Even the author agrees that the limit has done some damage.

lower would generate, but still must provide police and fire services. For example, fast-growing Kern County reached the limit every year since 1979. "Developers cannot argue that their projects will provide more taxes because we cannot spend it," said Supervisor Pauline Larwood. "We are struggling over how we provide law enforcement. We can only provide new services by charging others to pay higher fees for roads to their projects."

New Formula to Be Sought

The formula does not adequately provide for economic growth — that's the biggest failing," said Rebecca K. Taylor of the California Taxpayers Association, a business group that expects to ask the Legislature for a new formula that takes economic growth into account.

The big imponderable in all this is Gov. George Deukmejian, a fiscally conservative Republican who has long supported the restrictions. He is non-committal. His spokesman said the Governor was aware of the concerns and was "taking a look" at how it affects state finances.

Critics of the limit say the economic squeeze comes at a time when government services are under intense pressure. Tougher sentencing laws have tripled the prison population in seven years, a flood of immigrants and other newcomers has increased public school enrollment by 130,000 students a year, many of them needing help with English, and AIDS has added a huge health care burden.

How Cities and Counties Cope

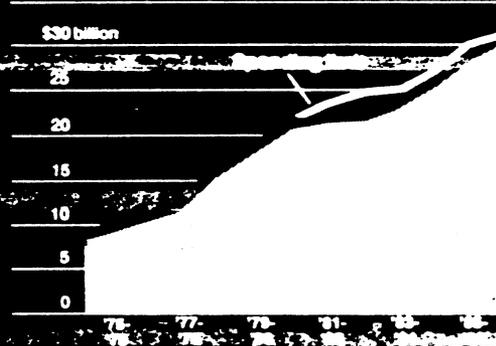
"The problem is that the Gann limit is an artificial limit that causes serious problems because many services are case-driven," said Assemblyman Hannigan, meaning that need for specific services is not necessarily related to population or inflation.

Scores of cities and counties have reached their limit and are coping with its effects.

In November 1986, voters in Santa Barbara County elected to raise the county spending limit by 9 percent, or \$5 million, for road maintenance, construction of new buildings and for a

California's Lost Surplus

State spending for each fiscal year and the spending limit under Proposition 4, the Gann Amendment, which went into effect in fiscal year 1981. Fiscal years begin July 1.



Source: California Department of Finance

The New York Times

toxic dump fund. But last month they narrowly rejected another override request brought on by rising costs for courts, jails and malpractice insurance. As a result, the county is closing a clinic for indigent babies, dismissing 11 sheriff's deputies and trimming every department's budget by 3 percent.

In Costa Mesa, an affluent town in Orange County, residents elected to let the town spend \$2.3 million that would have been returned to taxpayers for street improvements. Similar measures were passed in Palo Alto and San Diego County.

Newer cities have a particular problem because the limit does not take into account the need to provide services for rapid industrial growth, as in Westlake Village, north of Los Angeles, which overrode its limit by an 83 percent majority.

Education and health services are lagging, too. According to the California Teachers Association, the average class size in California is the largest in the nation.

Crowding is particularly bad in Los Angeles, where the school board is considering a year-round schedule to get maximum use of buildings and where the school system is staggering under the weight of having to educate a wave

of new immigrants. Counties complain they are by the state to provide health care for the indigent but are not compensated. In Los Angeles, seven have pulled out of the trauma centers in recent months and 14 rooms have been shut in the years, raising concerns about health care to the poor.

In part, of a tightening of the counties. Gann defenders maintain that California programs like the state's Medi-Cal program, says spending on such programs has increased from \$1.7 billion in 1979 to \$3.5 billion today, even with the limit.

Defenders also say it is difficult to do: forcing cities to limit spending by a government entity limit accomplishes one of its important purposes — forcing government entities to prioritize their spending.

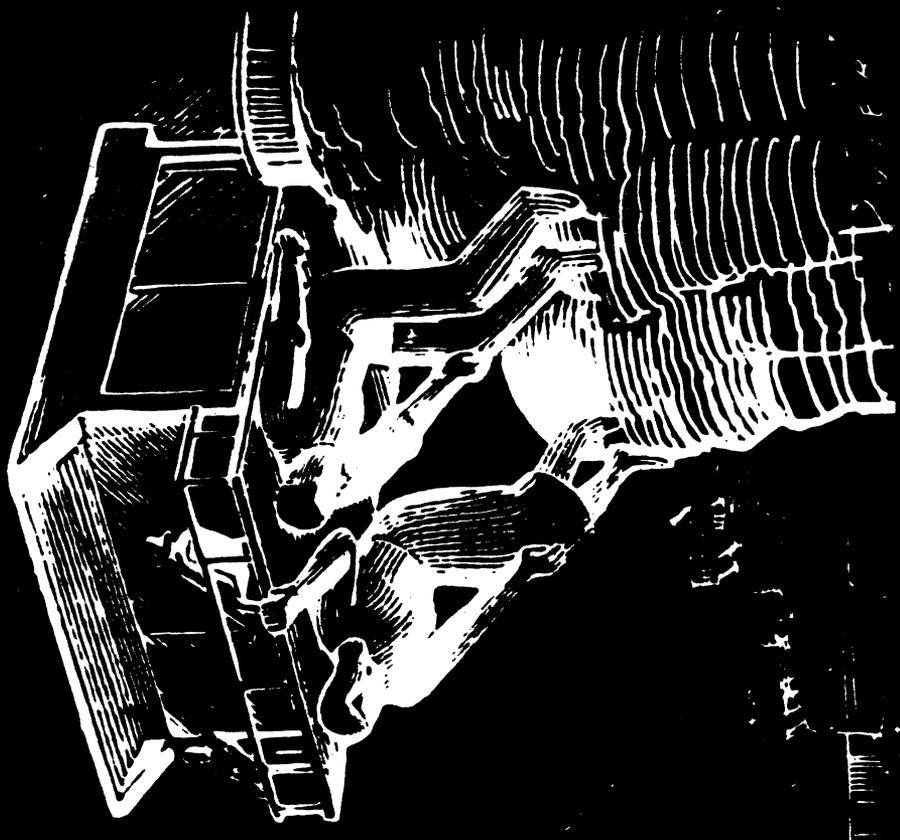
"By limiting only spending by a government entity limit accomplishes one of its important purposes — forcing government entities to prioritize their spending," says Jonathan M. Cougle, attorney for the Pacific Legal Foundation, a conservative group.

He also says it has prevented cities from spending "fortuitous" increases. "Just because money is there does not mean it should be spent," he said.

The Curse of California's Proposition 13

By Edith and L. Andrews

The California Taxpayers Revolt, which has been the subject of the book "The Curse of California's Proposition 13" by Edith and L. Andrews, is a story of the struggle of the people of California against the high taxes levied by the state government.



The taxpayers revolt helped business while hurting the young.

Proposition 13 has fostered a... (The rest of the text is illegible due to the high contrast and grain of the image.)

Politicians Seek Sign from California In Vote on Doubling of Gasoline Tax

By JANE GROSS

SAN FRANCISCO, May 9 — California voters will decide next month whether to double the gasoline tax and whether to on state spending to finance transportation improvements, a vote being considered in Washington as a harbinger of national sentiment about tax increases.

California's decision on the issue of the tax reveals that the foundations of the Reagan-era economic policy of the Reagan Administration if citizens here approve a tax increase and simultaneously loosen the taxing and spending handcuffs locked in place by a succession of voter initiatives a decade ago, the conventional wisdom is that Californians will once again be blazing a trail for the rest of the nation.

But political experts here, who are tentatively predicting passage of a pair of related ballot measures, say the lessons of the June 5 election should be read more narrowly than that.

If voters in the nation's most populous state approve the tax increase, which would double the gasoline tax of 9 cents a gallon in the next five years to pay for \$18.5 billion in highway and rail projects, they will not be condemning the tax in general, these experts say. Instead, voters would be telling the government that they are willing to pay more for specific projects that affect them directly, like improving a traffic-choked highway or an earthquake-damaged bridge in their neighborhood, the experts say.

Seeing, Tasting and Smelling

The ballot measures, which have a slight edge in recent polls, reflect a population growth, with its attendant increase in the number of automobiles, is having a profoundly negative effect on California's vaunted quality of life.

"Freeway gridlock dirties our air," said Gov. George Deukmejian in a recent radio address urging passage of the measures. "It hurts our ability to create good paying jobs for your children because business will be forced to move out of our state."

Along with the old concerns about congestion and pollution, Californians have a new fear: that earthquakes like the one last October can topple dilapidated bridges and highways that have not been maintained or upgraded because of fiscal constraints.

Example of Urgent Public Need

"That was a striking example of urgent public need," said William Schneider, a political consultant at the American Enterprise Institute in Washington, who writes frequently about California. "That was not just a matter of inconvenience, but a matter of tragedy."

The ballot measures were cobbled together by a rare bipartisan coalition led by Mr. Deukmejian, a Republican, who like President Bush was elected on pledges of no new taxes but is not seeking re-election. The work began in earnest in June 1988 after the narrow defeat of a measure that would have relaxed spending limits that have caused a quiet diminution of services here in the last decade and another one that would have authorized \$1 billion in bonds for highway improvement.

Assemblyman Richard Katz, a Democrat from Los Angeles, said "a little had been done for so long that we were hearing it from all sides. The enormity of the problem finally sank in."

As the months passed, the measures were revised to meet the concerns of many special interest groups. Eventually, more than 250 organizations spanning the political spectrum endorsed the measures, along with all the gubernatorial candidates and most other elected officials.

"I don't ever recall seeing such unity in the state," said Mervyn Field, director of the California Poll, the state's leading independent opinion-gathering organization. "That could set a model for the national Administration."

What to Expect from the Pump

State gas tax will be 18 cents per gallon on April 20, 1990. Federal tax is currently 9.4 cents per gallon.

Alabama	13	Kentucky	15	North Dakota	17
Alaska	8	Louisiana	25	Ohio	18
Arizona	17	Maine	17	Oklahoma	16
Arkansas	13.0	Maryland	20.0	Oregon	21
California	18	Mass.	11	Pennsylvania	12
Colorado	20	Michigan	18	Rhode Island	20
Connecticut	20	Minnesota	20	S.C.	15
Delaware	16	Mississippi	18	South Dakota	16
D.C.	19	Missouri	18	Tennessee	21
Florida	7.5	Montana	22.8	Texas	15
Georgia	7.5	Nebraska	22.8	Utah	19
Hawaii	11	Nevada	18	Vermont	16
Idaho	14	New Hampshire	14	Virginia	17.7
Illinois	18	New Jersey	10.5	Washington	22
Indiana	16.2	New York	16.2	West Va.	20.3
Iowa	18	North Carolina	18	Wisconsin	21.5
Kansas	18	South Dakota	21.00	Wyoming	21.00

California's decision surfaced this week in Orange County. It counts among its members Arthur Laffer, a supply-side economist who was a member of the Economic Policy Advisory Board under President Ronald Reagan, who says the measures would hurt California in its competition against states with lower taxes. Also affiliated with the group is People's Advocate, an organization founded by the late Paul Gann, one of the authors of the ballot initiatives in 1978 and 1979 that curbed taxing and spending.

One measure on the June 5 ballot, Proposition 111, would raise the gasoline tax, now lower than that in 46 other states, by five cents a gallon on Aug. 1 and a cent a gallon in each of the next four years. The second measure, Proposition 108, would increase gasoline tax would cost the average driver \$60 a year and raise \$13 billion in the next 10 years, with \$2 billion more in the same time coming from increased truck fees. The second measure, Proposition 108, which only goes into effect if the first passes,

The state started the tax revolt. Will it now end it?

would authorize a total of \$3 billion from \$1 billion bond issues in 1990, 1992 and 1994 to pay for mass transit rail projects.

The first measure, in addition to raising gasoline taxes, would also modify spending ceilings set by the so-called Gann limit, a 1978 ballot measure less well-known but more far-reaching than the 1978 measure, Proposition 13, which limited real estate taxes. Under the Gann limit, spending is tied to the state's per capita income or the Federal Consumer Price Index, whichever is lower. Under the proposed formula, spending would grow in lockstep with per capita income, which in this prosperous state tends to rise much faster than the price index.

Last Increase in 1983

The gasoline tax in California, where the car is king, was last raised in 1983, from 7 cents a gallon to 9 cents. Before that, there was a penny a gallon increase in 1963 and another in 1953. The average gasoline tax across the nation is 16 cents a gallon, making fuel a bargain here for the more than 20 million

The \$5 million advertising campaign for the ballot measures shifts the focus of the tax revolt from the issues of increased gasoline taxes or new formulas for state spending, focusing instead on voters' immediate concerns.

safety. Each region of the state has its own television and radio advertisements, talking about a familiar section of gridlocked highway as a local mass transit need.

This strategy is based on the success here in recent years of local ballot measures that have raised taxes in cities or counties for specific projects, often involving transportation. According to the California Poll, 70 percent of local tax measures have passed in the last two years, which he says is a sign that Californians have been growing ever more unsatisfied with the consequences of the Gann Limit.

"People recognize that there have to be more revenues to take care of pressing problems," said Bill Schneider, the publisher of New West Notes, a state newsletter about politics and economics. "The caveat is they want to know exactly what the politicians are going to do with the money because they don't trust them."

In that lies the problem in translating the California vote into a national

tax here would pay for particular highway and transit projects, taxes increased by Washington would go toward the reduction of the Federal deficit. And to most people, said Mr. Schneider of the American Enterprise Institute, that is an abstract concept at best and another way to plow more money into "big government" at worst.

Mr. Schneider and others said that President Bush and Congress may interpret a passage of the tax increases here to indicate that it is politically safe to raise Federal taxes.

But Mr. Schneider and others said that a no vote would be equally unambiguous to the policy-makers a constant away. "If these measures fail, given all they have going for them, it will be heard loud and clear," Mr. Schneider said. "That's the signal that will be most potent."

TAX REVOLT FADES AS CALIFORNIANS VOTE AN INCREASE

GASOLINE RATE DOUBLED

Election Called Watershed for States and Washington in Battle Over Spending

By MICHAEL ORESKES

More than a decade after they led a revolt against taxes and spending, California voters turned around in elections Tuesday and approved higher gasoline taxes, a looser limit on state spending and more than \$4 billion in bonds.

As the final returns from California became available yesterday there was talk in Washington and state capitals of a watershed election in the struggle over taxes and spending.

The tax revolt which allegedly started in California has been tempered by a realization that we have to make investments in the country, Speaker Thomas S. Foley, Democrat of Washington, said on Capitol Hill yesterday.

First for Women, Blacks

The decisions on taxes and spending in California were among several important results from elections Tuesday in nine states. (Chart of election results, page B4.)

Dianne Feinstein, the former Mayor of San Francisco, became the first woman to win a Democratic nomination for governor of California and in North Carolina, Harvey Gantt, the former Mayor of Charlotte, became the first black person ever nominated by the Democratic Party to run for the United States Senate.

The emerging power of the abortion issue was demonstrated as abortion rights supporters won a crucial victory in the Iowa Democratic primary for governor. But abortion opponents had their own victories in Republican primaries in California and Montana. (Page B4.)

Not a 'Stiffing' Increase

Still, it was California's tax and spending measure, Proposition III, that aroused the most attention. It doubles the state gasoline tax, from 9 cents to 18 cents over five years, and loosens the limits that have restricted state spending since voters approved Proposition 13 in 1972.

Gov. George Dukemejian, a Republican, noted that the voters had not approved "some stiffing general tax increase" but rather a specific gasoline tax increase that will go directly to repair California's highways and improve mass transit.

Some opponents of government spending were disconsolate over passage of Proposition III, while some liberal politicians viewed the vote as a sign that taxes, while hardly popular,

(Continued on Page B6, Column 3)

rk Times

JUNE 7, 1990

Late Edition

New York Today, morning showers, scattered clouds. Low 59. Tomorrow, mostly sunny. High 79. Yesterday, high 77, low 56. Details, page C16.

40 CENTS

California, Home of Tax Revolt, Does About-Face in Referendums

(Continued from Page A1)

can win voter approval if government leaders demonstrate a clear and specific need.

While gasoline prices vary greatly from week to week and around the state, a gallon of unleaded regular gasoline currently sells for about \$1.12 a gallon in California. Backers of Proposition III said its average cost to each California motorist would be \$68 a year.

California has one of the lowest gasoline taxes in the country, and is one of many states raising them this year.

The proposal was approved by 51 percent of the voter, with 47 percent opposing. Mervin Field, the California poll taker, pointed out that slightly more than one in four citizens had voted, but he added that his surveys suggested that nonvoters would actually have been slightly more prone to support the new taxes.

'Elimination' of the Revolt

"What you saw in the elections was a total elimination of the tax revolt," said Arthur Laffer, the California economist whose supply-side economic theories in the late 1970's inspired Ronald Reagan's budget policies. Dr. Laffer particularly pointed to the section of Proposition III that will loosen state spending limits.

Dr. Laffer, who had campaigned against the ballot measure, said he expected California's economy to slow as a result of higher taxes and government spending.

While politicians tended to view the California vote as indicative of a shift in public sentiment, they also were cautious about several special factors.

Proposition III and a companion transportation bond issue they pointed out were overwhelmingly favored by the voters, and both major political parties were backed by unions, construction contractors and groups representing motorists and mass transportation interests.

Moreover, leaders of California's higher education system campaigned for the measure even though none of the revenue would directly benefit their systems. They reasoned that the part of the measure loosening state spending would make it easier for them to win budget increases.

Only a Narrow Margin

Even with such formidable support and a disorganized opposition, the political analysts noted, the proposition passed by a fairly narrow margin. Indeed, in the closing days of the campaign, supporters feared they were losing. And while the backers spent more than \$5 million on the campaign far more than the opponents, in the end, voters cast ballots along predictable lines according to a survey of voters as they left polling places Tuesday. The poll was conducted by Voter Research and Surveys.

Those who identified themselves as liberal supported the measure 2 to 1, while those who called themselves conservative were against it, 59 percent to

41 percent.

Low-income voters, for whom the tax would presumably consume a larger share of their incomes, opposed the measure, while the wealthiest supported it.

The outcome was being closely watched both in state capitals, where fuel tax increases are frequently proposed to finance transportation improvements, and in Washington, where there are several proposals for an energy tax increase if budget negotiators decide to raise taxes as part of their effort to reduce the Federal deficit.

Indeed, Federal officials have become increasingly uneasy as state

after state increased fuel taxes, making it politically harder to raise such taxes nationally.

Aside from California, 16 states have increased gasoline taxes this year as they struggled to pay highway repair bills with no prospect of more Federal aid.

Transportation Secretary Samuel K. Skinner said yesterday that the California vote was evidence that "the people of this country will support additional taxes for infrastructure if they can be shown where their money will go."

Low Gas Tax in New York

But he also said it suggests that the taxes can be raised at the state level,

which is where the Bush Administration has said the burden of increased spending on transportation should fall.

Mr. Skinner noted that New York has large highway and mass transit needs but a low gasoline tax.

Governor Mario M. Cuomo of New York noted the importance of tying any tax increase to specific spending.

"The politicians have lost the credibility that would allow them to say we must raise your taxes to be spent as necessary," Mr. Cuomo said. "They don't trust us to do it and I don't blame them. There has been that much waste."

He said he had asked his staff to carefully review the California vote.

13X

County vs. State on Bankruptcy Issue

Much more than money is at stake if a California county sinks.

By KATHIRINE BISHOP
OROVILLE, Calif., Sept. 9 — Twelve years after Proposition 13 slashed property tax revenues in California, the supervisors of Butte County face a wrenching decision in the coming week whether to make their first bankruptcy in the nation to declare bank

ruptcy.
The immediate question facing officials in Butte, a farming county in the farlands 80 miles north of Sacramento, is how to deal with a deficit estimated at \$14 million for the 1991 fiscal year which begins Oct. 1. Gov. George Deuker has announced last week that he would not sign a bailout measure that the Legislature adapted Sept. 1, saying it would represent poor public policy.
But beyond that is the question of



County government as we have known it is going to die, said William H. Randolph, right, Butte County chief administrative officer. With Mr. Randolph in the office was his secretary, Lauretta M. ... county in the nation to declare bankruptcy.

idents and county employees demanded that the Board of Supervisors go far and wide, selling bankrupt, salvaging those who had deserted the first thing that came to mind, and they would first do a special session and then a regular session. We're talking about a week, I think, and then a special session change.
We're talking about a week, I think, and then a special session change.
We're talking about a week, I think, and then a special session change.

of California, state government officials, social service programs, and tax revenues at the same time. Butte is one of a number of California counties that has been hit by the far-reaching cuts that originated with Proposition 13, which imposed tight restrictions on property tax increases. The program has become more restrictive. Local counties, because their law is not as strict, have made them well into official failure. A poverty-minded public in the chronically unemployed has paid unskilled workers, welfare recipients, and retirees on fixed incomes.

In Butte County, one in six residents receives some form of public assistance and welfare programs alone account for 5 percent of the county budget. The county of 150,000 people has been hit by the crisis by getting services like the Sheriff's Department and the jail to pay for increases in welfare programs that range from 90 percent to 200 percent.
We have closed our libraries, fired librarians to pay for what we can't do, said William H. Randolph, the county chief administrative officer. We cannot continue the process of sinking our hands, and local government, the whole system. County government as we know it is going to die.

Threats to Larger Counties
A report published last month by the County Supervisors' Association of California found that some large urban counties including San Diego and Alameda are also threatened by the soaring costs of the areas of public health and criminal justice, largely due to the war on drugs, driving up the need for everything from emergency hospital services to larger jails.
And Thomas Goodman, a spokesman for the National Association of Counties in Washington, said some urban counties in Kentucky and West Virginia are on the brink of bankruptcy because the loss of property values has forced down property values and thus county tax revenues.
Richard P. Simpson, director of research for the County Supervisors' Association report, said there are urban counties in California in acute fiscal stress, with at least six really in terrible shape.
Even if Butte County's bailout with an infusion of state money, this year he said, we are going to live but their Butte Counties. They're in a quandary about it.

Since no county has ever gone bankrupt, Butte County has met it's budget crisis by gutting library and other services to pay for welfare increases ranging from 300 percent to 1,000 percent. Members of Oroville returned books to a closed library.



Butte County has met it's budget crisis by gutting library and other services to pay for welfare increases ranging from 300 percent to 1,000 percent. Members of Oroville returned books to a closed library.

Closing libraries, raising some programs and the sheriff's department. But the county is the only solution to the state level.
Like other California counties, Butte has a sales tax that is imposed on the state and can rely on their own property taxes. The county of California is financially sound. It even used its own money to help pay a branch of the Butte County Library.

A Call for Change
Larry E. Naake, the executive director of the County Supervisors' Association of California, said the tax revenue in this state and well in this state will continue to resist tax increases as the counties to problems. There is a movement to think you can freeze or raise taxes and still have the same higher level of services, he said.
Mr. Naake has proposed changes including forcing the state to pay the cost of welfare programs and other counties a viable source of revenue for other mandated programs. Ed McLaughlin, an alameda county supervisor and the public defender, who is chairman of the Butte County Board of Supervisors, agrees with restructuring of the traditional division of duties between the state and counties must leave some jobs to the counties.
County government here is a cessable, he said. People feel when they can catch a member of the Board of Supervisors and punch

Some counties are in a sign of bankruptcy, laying off more than 200 employees in the process. Others have sought creative solutions like Kern County, which is trying to impose a fee on cities for every prisoner arrested and booked into the county jail.
Several other counties are in a sign of bankruptcy, laying off more than 200 employees in the process. Others have sought creative solutions like Kern County, which is trying to impose a fee on cities for every prisoner arrested and booked into the county jail.

Rebels to Raise Taxes
But taxpayers finally refuse to raise taxes. The overall issue of how state-mandated programs will be financed is where, and in other counties have rejected local ballot measures seeking special assessments to finance libraries, jails and other services. There's a state bailout this year. We've got money for more police and fire protection services, said Neil Butte County Taxpayers' Association. The state's stolen our tax money to pay for all these social welfare programs.

MASS 2000

Governor of Massachusetts Seeks to Overhaul Schools



As Massachusetts public schools are grappling with effects of three years of state aid reductions, Gov. William F. Weld, left, proposed an overhaul of the state's schools yesterday. He made the announcement accompanied by Lamar Alexander, the United States Education Secretary, who reacted to a reporter's question in Worcester, Mass.

BOSTON, Oct. 24 — Gov. William F. Weld of Massachusetts today proposed an overhaul of the state's elementary and secondary schools that would include turning over some school management to private companies and shifting policy-making power from local elected school committees to principals, parents and teachers.

The Governor's plan comes at a time when Massachusetts public schools are grappling with the effects of three years of state aid reductions, including widespread teacher layoffs. Critics immediately attacked the plan for its absence of new funding proposals.

But Governor Weld said communities were "investing too much money on school administration, and proposed legal school districts be allowed to "supplant" their present management officials and bid for the services of superintendents in other districts.

Mr. Weld proposed creating school governance councils, to be runned by principals and made up of parents and teachers chosen by their respective peers, as a means of giving parents and teachers more responsibility for their school's performance. These councils would usurp most of the power of popularly elected school committees, gaining the authority to set policy, implement curriculum requirements and make hiring recommendations.

"By empowering teachers within the school governance council by making them a partner in the recruitment and hiring of new teachers, by providing a new role in determining how dollars are spent in classrooms through the councils, we will give teachers a radically different and far more powerful role in shaping the classroom," Mr. Weld said in a speech designed to complement Mr. Alexander's presentation of the President's educational ideas.

Most of the proposed changes would have to be approved by the Legislature and by local school committees. A Weld staffer said the Governor plans to have his proposal in legislative form next month.

Democrats criticizing the plan, however, criticized Mr. Weld's plan as being too vague about how to privatize school management and about financing. They charged the Governor with trying to divert attention from increased class size and other problems created by school funding shortfalls.

nor has absolutely no answers how to deal with the problems now," said Representative Mark Roosevelt, the Boston Democrat who is co-chairman of a joint state legislative committee that will present its own education proposal in December. "We will determine what the cost of education is in Massachusetts and we will fund it."

Mary Anne Herron, the principal of the Elias Brookings Middle School in Springfield, where Mr. Alexander and Mr. Weld visited today, said: "We have got to have some money. We are missing books. We are missing lab materials."

Patterned on Private Sector

"We have seen this sort of consolidation of management work in the private sector in health care and nursing homes," he said. "Cost savings can be allocated to the classroom where the money is needed, to talented educators."

The Republican Governor's plan includes many echoes of the Bush Administration's "America 2000" education strategy, which calls for strengthening America's ailing schools and for communities to draw up a plan to change schools.

Act Like Corporate Boards

In this vision, local school committees would meet less frequently and act more like corporate boards or university trustees to oversee the broad goals and business of the schools, he said.

The Governor also said he hoped to set an example that would encourage business to let parents participate in daytime school activities by signing an executive order allowing state employees to take time off to do so.

Mr. Weld said he would institute statewide tests of student competence in reading, writing, mathematics, science, history, geography and critical thinking at the 4th, 8th and 12th grades. The tests would resemble those administered to a representative sampling of students nationwide by the National Assessment of Educational Progress, a

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Budget Cut May Force A 4-Day School Week

BELCHERTOWN, Mass., July 4 (AP) — The superintendent of a suburban school district struggling to work with budget cuts is suggesting a four-day school week to save money.

"It would be a hardship," said Superintendent Robert Byard, "but it's better than sending the students to a school where the staffing is dangerously low."

However, John E. Kearney, director of regional services in the Massachusetts Department of Education, opposes allowing Belchertown to become the state's first district with a four-day week.

"We've had several requests over the past 10 years following the adoption of Proposition 2½," Mr. Kearney said. "But we've consistently refused to grant any waivers, and I would recommend against Belchertown's."

Limit on Property Taxes

Proposition 2½, a referendum that the state's voters approved in 1980, limits property taxes to 2½ percent of assessed valuation.

Dr. Ann Schumer, the state school board's director for the region that includes Belchertown, said: "I feel that the Board of Education recognizes that the failure to override Proposition 2½ is having a devastating impact on the schools. If we're to run a school district, then extraordinary measures like this must be made."

Mr. Byard's plan would shut classrooms on Mondays and lengthen the school day by an

hour and a half on other weekdays.

Mr. Byard says he cannot provide an adequate staff with the money proposed by the town's selectmen. The \$5.4 million appropriation would be a 2 percent cut from this year's budget.

Mr. Byard said his plan would save about \$125,000 in busing and utility costs.

Faculty salaries would remain the same either way, he added.

But he added that if the 1988 budget were the same as the one for 1986, he would keep classes at five days a week.

'We Are Full Up'

"Our enrollment has been increasing from 3 percent to 5.9 percent a year for the past several years," he said. "We are full up, and they are transferring in from all over."

Mr. Kearney, the state education official, wrote the regulations requiring schools in the state to have 180 days of classes, including at least five hours of instruction a day for elementary school students and five and a half hours for high school students. He said the state was pressing to extend the school year to 190 or 200 days.

Shortening the school week "would not only weaken education, but would be an invitation to the town and state to cut back even more on money for public education," Mr. Kearney said.

A spokesman for the National Education Association in Washington said a four-day school week was unusual but not unheard of nationwide.





BOROUGH OF POINT PLEASANT BEACH
416 New Jersey Avenue
Point Pleasant Beach, N.J. 08742

MAYOR

Daniel J. Hennessy
(908) 892-4466

BOROUGH CLERK

Barbara Scharmann
(908) 892-1118

FAX *(908) 899-8819



COUNCIL MEMBERS

John Pasola, Council President
Daniel DiCorcia
James F. Lacey
James Malone
Marion Martone
Barbara Reid

December 2, 1991

Honorable James Florio
Executive Mansion
Trenton, NJ 08625

Gentlemen:

On November 5, 1991 the Borough of Point Pleasant Beach had Local Question 1 on the ballot as follows:

"Shall the people of this municipality, by virtue of the 9th amendment of the Bill of Rights, by petition equaling 10% of the vote count in the last general election, have the right of placing a binding referendum question on the November ballot for the purpose of making, breaking and amending municipal law, and for the purpose of nullifying and amending county, state and federal law for this municipality in the context of the Bill of Rights?"

The question passed by the margin of 1,106 to 380. We felt that the legislature should be informed of the feelings of the people on the subject of Initiative and Referendum.

Yours truly,

Barbara Scharmann

Barbara Scharmann
Municipal Clerk

cc: Senate President
Assembly President



