

PUBLIC HEARING

on

SENATE CONCURRENT RESOLUTIONS NOS. 3 AND
5 - PROPOSING TO AMEND ARTICLE VIII,
SECTION 1, PARAGRAPHS 3 AND 4 OF THE STATE
CONSTITUTION - (TAX EXEMPTIONS FOR VETERANS
AND SENIOR CITIZENS).

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Held:
January 31, 1963
Senate Chamber
State House
Trenton, New Jersey

Not legislative
BEFORE

SENATE COMMITTEE ON REVISION & AMENDMENT OF LAWS

Members of Committee present:

Senator Wayne Dumont, Jr., (Chairman)

Senator Joseph W. Cowgill

also

Senator John A. Waddington

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~~123~~
~~123~~

~~11170~~
~~123~~
~~123~~

I N D E X

	<u>Page</u>
Joseph P. Hanrahan Chairman, Veterans Tax Exemption Committee American Legion	1 - 41
Cresenzi Castaldo State Judge Advocate Catholic War Veterans, Dept. of N. J.	15
Harry W. Stanley Jewish War Veterans, Dept. of N. J. Veterans of World War I, Dept. of N. J.	20
Vincent Brinkerhoff Veterans of Foreign Wars, Dept. of N. J.	22
John A. Waddington Senator, Salem County	25
John W. Bill Disabled American Veterans, Dept. of N.J.	29
Kenneth Placek State Chamber of Commerce	33
J. Raymond Manahan Mayor, Morristown	36

* * * * *

SENATOR WAYNE DUMONT, JR. (CHAIRMAN): This is a public hearing as required by the State Constitution and the rules of the two Houses of the Legislature in respect to any proposed constitutional amendment.

This hearing is on Senate Concurrent Resolutions Numbers 3 and 5 of the 1963 Session. The members of the Committee that would be conducting this hearing are, aside from myself, Senators Stout of Monmouth, Harper of Sussex, Bowkley of Hunterdon, Fox of Essex and Cowgill of Camden. We have heard from two of them. Senator Bowkley is laid up with a bad cold. Senator Cowgill, I understand, is on the way. We are happy to have with us Senator Waddington of Salem County who will probably not only want to listen to the testimony, but may desire to testify himself at some point.

In addition to that, you will note that each of these resolutions is sponsored by all of the twenty-one members of the Senate.

At this time, we will hear from the first witness, Mr. Joseph P. Hanrahan, representing the American Legion, Department of New Jersey.

JOSEPH P. HANRAHAN: Sir, I am Joseph P. Hanrahan, Chairman of the Veterans' Tax Exemption Committee of the American Legion. With me here today is Mr. Joseph Carty, Legislative Chairman of our American Legion; and Mr. Thomas Rhodes, Judge Advocate.

May I file with the Senators, sir, a copy of what we call a recapitulation of our figures upon which we would like to talk.

SENATOR DUMONT: We will be glad to have them. You ought to leave us about a half a dozen copies for the other members of the Committee.

MR. HANRAHAN: At the outset may I say that we understand the rationale and the thinking of the Senators in proposing this constitutional change. We are happy that you feel this way towards the veterans. Knowing that veterans will suffer a loss if the various counties increase their ratio of assessment to 100 per cent, we certainly would suffer a terrible loss. Your thinking in putting this in flat dollar deduction from the tax bill is not only commendable, but we are very happy and thankful that you see it that way - see that you are so alert in doing it at this time.

We are in favor of the policy of your resolution that there should be a flat deduction. But from a study of the dollar value of the exemptions already received by veterans, we feel the amount is more than \$50. We are basing our figures now on the year of 1961. 1962 is not our best year. The figures for 1963 are not available as yet. So the best year from the veterans' point of view was 1961.

We have taken the total exemptions allowed in each of the taxing districts - there are 570 of them - divided it by 500, to give you the number of exemptions. We then multiplied the number of exemptions times one-half the tax rate per thousand dollar assessment. One-half the tax rate per one thousand dollar assessment gives you the dollar value of the \$500 exemption - gives you the dollars off the bill a veteran receives. Multiplying the number of exemptions by the dollar

value, we have the total dollar value of the veterans' exemption.

For instance, in Atlantic County we figure there are 11,647 exemptions. You times that by the rate of Atlantic County, \$70.65, received by each veteran or widow of a veteran, and you have a figure of veterans received \$822,871.75 in 1961. In other words, each veteran or widow of a veteran received \$70.65 off his or her tax bill in 1961. In Atlantic County alone they stand to lose \$240,971 approximately. Under the proposed legislation they would receive \$581,000 and if you compare that with the \$822,000 they received, you see naturally a lost of \$240,000.

Senator, in Warren County for the year 1961, we averaged it out that each veteran or widow of a veteran received \$59. off his or her tax bill. In Warren County alone we veterans would lose \$41,000 under the proposed legislation.

Compiling the figures for the 21 counties, we find that in 1961 the veterans received in dollars off their tax bills \$22,944,000 in round figures. Under the proposed legislation, we would receive \$21,700,000 in round figures or a loss of \$1,200,000 in one year. If that continues, it is quite a loss.

We say that \$50 is not enough for the reason that we are averaging \$54 across the State. Each and every veteran or widow of a veteran averaged that much money off his tax bill in 1961. Fifty dollars, as you well know, is a flat figure, if this legislation is adopted by the people of New Jersey. It will be \$50 in '64; it will be \$50 in '65. But if the tax rates go up in '64 and '65 as the trend indicates, the \$50 begins to

lose some of its value. It is still \$50, of course, but take this hypothetical case: A veteran has a tax bill of \$300 in 1964 and he receives \$50 off. That's one-sixth of his tax bill that he receives in exemption. But in 1965 if his tax bill goes to \$350 and he still gets \$50 off, the value of his exemption is only one-seventh. Take another year. If you go to '66 and his bill goes to \$400 and he still gets \$50 off, then the \$50 is worth only one-eighth. Ten years from now it may be worth one-tenth. So we say, for the reasons we have stated, a flat figure of \$50 deductible is not enough.

If you want to give us \$50, surely you are going to expect us back here year in and year out asking you to maintain that value. We would rather not come back year after year and say to you Senators, "Please maintain that value by amending the Constitution again." That's almost impossible. To amend the Constitution, you know, is a terrific job. So we ask for something for the future.

First of all, we say that \$50 is not an adequate figure. \$54 is closer to the figure of what we are getting. But we think that \$54 will not be enough a few years from now. So to guard against the future, to cushion against the economic raises that will be in effect, we ask you to consider a raise, a higher figure than \$54.

Over the weekend our Subcommittee sent out telegrams to 13, I think, of the Senators because in 13 counties in the State veterans receive more than \$50 exemption, and we sent telegrams to those Senators. Sir, we used an incorrect figure and presented

a picture totally out of proportion to actual figures. The mistake was made in our office.

We ask you to consider too, sir, that of the 434,672 veterans or widows of veterans, 62 per cent of them received more than \$50 under the '61 figures. Only 38 per cent received less than \$50. Eight counties had less than a \$50 average. Of the eight counties, six of them are about \$45. There is only one bad county really. Cape May veterans received \$10 off their tax bill. In the 52 per cent, 161,430 veterans received over \$60.

So, sir, while you are going to help a small amount of our group, you are going to take away from a larger group. Therefore, in effect, there will be a loss every year of \$1,200,000 based upon the '61 figures as compared with the proposed legislation.

Are there any questions, Senators, that you care to ask me?

SENATOR DUMONT: I am glad you pointed out the error in the telegram because the one I received when I came in here Monday indicated as follows, and I will quote from it: "4617 veterans in your county, namely, Warren County, will lose \$230,850 if the \$50 exemption is adopted. Please consider substantial increase." Signed by Henry W. Ryan, State Commander of the American Legion.

In fact, based on these figures you have here, they don't lose \$230,000; they lose \$42,000. --

MR. HANRAHAN: In round figures, yes, sir.

SENATOR DUMONT: -- in round figures, based on 1961

exemptions and their effect upon assessments and tax rates as of 1961.

MR. HANRAHAN: You can see what happened, Senator. The girl in our office took the righthand column and used that as a loss column when that should have been compared with the second from the right column and the difference between the two is what the veterans lose.

SENATOR DUMONT: Right.

MR. HANRAHAN: I hope we clarified that. We didn't intend to mislead you. That must have been shocking to you.

SENATOR DUMONT: I think that clarification has to be picked up because actually in each case where you show a figure of that kind and the difference in the true figures was very substantially less, it is important not only to the member of the Senate that he realizes that, but also that it be straightened out for your members and for the people generally.

MR. HANRAHAN: We intend to send a corrective telegram to each of the Senators we wrote to.

SENATOR DUMONT: Now, secondly, one thing you haven't mentioned here at all is the effect of the second Switz decision upon the veterans' tax exemption. I don't think that the New Jersey Supreme Court should have considered that point. I don't think they had to in the second Switz Case. But they threw it in by dictum or something else. It was in the case that was decided last June after we recessed for the summer. And at that time they said that the veterans' exemption in the future - they did not specify when in the future - would have to be taken

against market value and not assessed value. Now we gave you a year's reprieve on that by passing in the late stages of the 1962 legislative year a bill which not only absolved any assessor from penalties or damages, civilly or criminally, for failure to assess at 100 per cent during 1963 - and we had done that before - but we also included in that bill the fact that he would not have to be subject in any way to any penalty if he failed in 1963 to assess the exemption or take it against the market value rather than the assessed value.

In the past as we know, and we always accepted this as common practice, these exemptions were taken against assessed value, but we had to obviate that decision for a year, namely, through 1963, by passing this act quickly in the latter stages of the 1962 Session. Now let's see what it means. Come 1964 it won't make any difference whether a veteran lives in a municipality that is assessing at 10 per cent of market value or 100 per cent of market value. When this decision takes effect in the Switz Case, every veteran in the State is going to be in the same situation as though he lived in a municipality that assessed at 100 per cent of market value when the exemption is taken against market value and not assessed value.

MR. HANRAHAN: True.

SENATOR DUMONT: So actually what is going to happen when that comes to pass is that these veterans' exemptions based as they are today are going to be worth virtually nothing in any county in the State.

MR. HANRAHAN: Exactly, sir.

SENATOR DUMONT: All right. So we are trying here to find a realistic solution to your problem that makes it uniform throughout the State and makes it considerably higher than it is going to be when the Switz decision fully takes effect.

MR. HANRAHAN: Sir, in my opening I thought I made that clear. We are not opposed to the formula you are using. We are very happy that you see the problem we are facing and we are very thankful too that you are so alert in proposing a flat dollar value off the tax bill. But based upon what we received in '61 - that was our best year - and in view of the fact that the Supreme Court will vitiate much of what we were hoping for, this bill will certainly circumvent that decision. And, as I say, we are very thankful you are thinking that way. We are hoping to at least get what we had. It was \$54 or close to \$54 in '61. We are mindful of the fact, and I am sure you are too, even under this formula the \$50 value will decrease as the tax bills increase and we are trying to cushion that or void the effect of that now rather than coming back here five years or seven years from now asking you for another increase to maintain the value of the \$50 exemption. Thank you again, sir.

SENATOR DUMONT: Now, in addition to the problem that the Switz Case poses, let me point out a couple of other facts of life in this year 1963 when we are considering this. Essex County is now at 100 per cent. They are this year.

MR. HANRAHAN: Yes, sir.

SENATOR DUMONT: The indications I got when I met with

their Assessors' Association two nights ago were that they will probably stay at 100 per cent if Chapter 51 takes effect now on schedule next January 1. Cape May is at 100 per cent and you have reflected that in here where each veteran averages \$10.35 for his \$500 exemption. Monmouth is now at 100 per cent and Ocean this year is at 100 per cent. So those four counties are going to reflect certainly in 1963 a great reduction in these figures that you show in the average of those counties based on 1961.

MR. HANRAHAN: Yes, sir.

SENATOR DUMONT: Cape May probably can't go down very much.

MR. HANRAHAN: It will go out of existence.

SENATOR DUMONT: But the other three counties can descend greatly. Now, if other counties decide to adopt the 100 per cent possibility that is available to them in Chapter 51, and they also have eight other possibilities from 10 per cent up to 100 in multiples of ten, you can see what is going to happen regardless of whether the Switz Case takes over in 1964 or doesn't.

Even in my own county I would like to point out that two of the largest municipalities in the county in 1962 went to 100 per cent assessing, namely, Phillipsburg which has about a third of the population and, therefore, probably about a third of the veterans, and one township outside of there. Consequently, your 1961 figures there are greatly reduced this year and in 1962 in the county as a whole because those two municipalities have been at 100 per cent since January 1 of '62.

Now, just two more short points here: The tax rate, I believe, on the average throughout New Jersey in 1962 was down to \$7.66 a hundred. It had been as high as almost \$9.00 a hundred a couple of years before that. So when we were thinking about how to round this off, we felt that if we took it to the nearest round figure of, say, \$10 a hundred, multiplied that by 5, you would get something resembling your \$500 exemption that was written into the Constitution of 1947 and we would be somewhere near fair, based upon what was going on at that time and what the average tax rate was.

The more communities that go to 100 per cent, by court decision or otherwise, the lower the tax rate is going to get in the average in the State each year. And, as I say, in '62 it was down to \$7.66 a hundred. Consequently, we think that it is a good time now to get on with the \$50 before the tax rate gets so low on the average that you might not even be able to justify \$50 per year. Furthermore, you will note that in the Assembly this year, aside from the fact that all of the Senators have sponsored these resolutions that we are considering today, you will find Assembly Concurrent Resolutions 14 and 15, which are identical to these two Senate Resolutions, and each of which has on them ten sponsors in the Assembly. So, the story, I think, is reasonably clear as to the Legislature's thinking. I don't want to discourage you in your efforts to do better by your members.

MR. HANRAHAN: Sir, may I say one other thing for the record.

SENATOR DUMONT: Go right ahead.

MR. HANRAHAN: The American Legion in convention assembled last summer at Wildwood mandated its committee to ask for \$75 off the tax bill.

SENATOR WADDINGTON: \$55?

MR. HANRAHAN: \$75. I say that for the record. You have a compilation of our committee's figures.

SENATOR WADDINGTON: We do.

MR. HANRAHAN: Thank you very kindly.

SENATOR DUMONT: Senator Waddington has some questions.

SENATOR WADDINGTON: Senator Dumont picked up most of my observations, but I did want to point out that when you go back to '61, you are missing the most recent year. We have the figures for the most recent year on the tax rate, which is \$7.60. The highest average tax rate we have had in New Jersey was in 1961, which was \$8.77. You will find this, of course, in the Division of Taxation's Annual Report. Consequently, the use of \$10 is higher than any average tax rate we have ever had in the history of New Jersey. That's what we used in our thinking, in determining \$50 for veterans and \$80 for senior citizens. I think you will find that the 1962 average for veterans is lower than it has been --

MR. HANRAHAN: We concede that.

SENATOR WADDINGTON: -- and will continue down. I got the impression at one point in your testimony that you are thinking in terms of tax rates going up in later years. But as the assessment levels rise, the tax rates are going to average down from where they have been.

MR. HANRAHAN: At one point only, Senator. They will come down immediately when the assessment goes up. But from then on, don't you think the trend will be upwards?

SENATOR WADDINGTON: It may, depending on what we do on broad base tax and other imponderables.

MR. HANRAHAN: Well, we can only gauge from what experience has taught us in the past.

SENATOR WADDINGTON: Unfortunately, we don't have much experience in this field; we are charting a new area. I hope that it is recognized by you folks, and I believe it is, that we have gone further than the average tax rate in deciding on \$50 and \$80 in the two bills. We have never reached that point yet and in the predictable future, it isn't there.

MR. HANRAHAN: Sir, we took the figures that you probably used too. We used each county's extract of ratables. That's a compilation you have there for '62. I explained to you how we arrived at \$53.82 or \$54 in round figures by finding out the number of exemptions in each taxing district - there are 570 of them - finding the value of the tax rate, multiplying those two, and by simple division, addition and subtraction; it comes to that figure. There can't be that much of a mistake, sir, because there are so many thousands of examples and so many thousands of multiplying and subtracting that one little mistake wouldn't even appear in the final figure, it would be so infinitesimal.

We would like to see your formula for arriving at it and compare it with ours. If we made a mistake, we would like to clarify it and withdraw it if it is a mistake.

SENATOR WADDINGTON: Mine was very simple. I just took the average tax rate per hundred and multiplied it by five for the \$500 exemption.

MR. HANRAHAN: The average tax rate for each taxing district, sir?

SENATOR WADDINGTON: Average in the State. And \$7.60 a hundred for a \$500 exemption won't give you \$50.

MR. HANRAHAN: We took every taxing situation, 570 of them, sir, and got the average for every one of them and the value of every one of them and that's how we came to \$53. Averages are rather misleading; it's total value that we are concerned about. We lose a million, as we say, using the figures we have. But again may I say we are very thankful that you see our problem and we are taking steps to alleviate it.

SENATOR WADDINGTON: We are trying to protect you.

MR. HANRAHAN: I know you are, sir. We know you are in the right church. We are trying to get you up close to the altar. We are pushing you a little further.

SENATOR DUMONT: Anything else, Senator?

SENATOR WADDINGTON: No.

SENATOR DUMONT: I would like to say I appreciate Senator Waddington giving those exact tax rates because I hadn't checked the exact figures here. He has given it to you straight and that's the problem.

I just want to ask you one more question, if I may, Mr. Hanrahan. Even in these '61 figures where you show eight counties below an average of \$50 --

MR. HANRAHAN: Yes, sir.

SENATOR DUMONT: While Cape May and Salem and Ocean are not among the largest counties in population in the State, you have some pretty sizeable populated counties in this group, namely, Essex, Hudson, Mercer, Passaic and Union.

MR. HANRAHAN: Yes, sir.

SENATOR DUMONT: Now, have you figured out in those eight counties the number of veterans in relation to the other thirteen?

MR. HANRAHAN: Yes, sir. In those eight counties there are 164,000 exemptions or 38 per cent of all exemptions.

SENATOR DUMONT: -- are in those eight counties taken together?

MR. HANRAHAN: Yes. In the other thirteen counties there are 270,000 in round figures or 62 per cent.

SENATOR DUMONT: Right. And this, of course, again is based entirely on 1961?

MR. HANRAHAN: Everything is on the 1961 figures, sir.

SENATOR DUMONT: Anything further you want to add here?

MR. HANRAHAN: Yes, sir. You will find there are less exemptions this year than there were in '61 also. We feel that the elderly veteran is now waiving his veteran's exemption and taking the elderly citizen's one because of the higher value. We may come back to you and speak to you about that situation, comparing the two. We are a little concerned why we are so much lower.

SENATOR WADDINGTON: We will be glad to hear from you further today or at any other time, as far as that goes, and

we thank you for coming and presenting us with this material.

I will next call on Mr. Castaldo, the Catholic War Veterans.

CRESENZI CASTALDO: Gentlemen, my name is Cresenzi Castaldo. I am the State Judge Advocate of the Catholic War Veterans, Department of New Jersey. With me today, we have Mr. Nicholas M. Nimitz, who is our State Service Officer and also a member of the Legislative Committee, and Mr. William Malone, Union County Commander, and other Commanders of the Catholic War Veterans.

First of all, let me preface my remarks by thanking you gentlemen for giving us this opportunity of appearing before you this morning and pointing out our views and our thoughts on these two particular resolutions, Senate Concurrent Resolutions Number 3 and Number 5. Our Legislative Committee has met and discussed Senate Concurrent Resolution Number 3. We have delved into it at great length. We have studied it and we have come up with the recommendation to our State body that it is acceptable in its present form and the State body has approved that particular resolution.

We now want to record ourselves in favor of the bill as it now stands, Senate Concurrent Resolution Number 3, and also Senate Concurrent Resolution Number 5.

I would just like to make two points this morning. The first point I would like to make, of course, is the fact that what Senate Concurrent Resolution Number 3 is giving to the veteran is only what he had before, in that the moneys allotted

to the veteran as a deduction is something that he has had for the past several years. We feel that it is an equitable solution to the problem of the veterans' tax exemption. After much study we say that the \$50 is nearer the figure that we feel is justified for the veterans' tax exemption.

We haven't gone into the future of this particular bill, but we feel at the present time, and this is what we are considering, the present time, the \$50 deduction is equitable and proper and justified.

The second point might be extraneous to the matter; however, I would like to bring it to the attention of this particular Committee for the simple reason that many, many times we have found in the past that the veteran is forgotten. And, of course, the fact that the veteran is forgotten sort of deters the veterans from doing the things that they would normally do in situations to benefit not only themselves, but the community at large.

I would like to take you back just for a few minutes, if you will, to the point that I just have made in so far as the veterans being forgotten in this State. And I say this for the record for the simple reason, Senators, that there might be some question as to whether this \$50, itself, is the proper exemption for the veteran. For those who disagree with that viewpoint, I would just like to state for the record I have brought with me this morning a book that is entitled "Abandon Ship." It's the death of the U.S.S. Indianapolis, the greatest tragedy at sea in the history of the United States

Navy. Of course, it is a story and I would like to read you a few excerpts, if I may.

SENATOR DUMONT: Go ahead.

MR. CASTALDO: It's a story written by Richard F. Newcomb. (Reading) "At two minutes after Midnight, July 29 - 30, 1945, close to the ending of the war, in the South Pacific the heavy cruiser, the Indianapolis, Flagship of the Fifth Fleet, was torpedoed by a Japanese submarine. In exactly twelve minutes, a mass of choking smoke and blazing fury, she sank. But slithering and sliding over the oil-streaked decks over 800 men went overboard, only to face one of the worst ordeals in navy history. By a fantastic turn of fate and error, the Navy did not know that the Indianapolis had gone down. There was no escort vessel to give the alarm and on Guam and Leyte no one had marked her absence. On the fourth day after the sea, sun and sharks had taken a frightful toll, a lone patrol plane out of Peleliu, accidentally sighted the victims and mustered a huge rescue armada."

I would like to now go to some of the passages to describe to you some of the terrors that these boys, veterans, suffered during this time of four days out in the sea in the South Pacific.

(Reading) "As the heat rose, thirst began to bother some men, particularly those who had dehydrated themselves with retching or coughing. But there was no deliberate drinking of sea water that day. The men warned one another about that and they all knew it was bad for you. Potatoes, canned, peanuts,

onions, other bits of food floated on the surface in some places, but most of the men wouldn't eat anything. They were afraid of upsetting their stomachs further, or getting even thirstier. A few ate anything that came by, and even hid a surplus in their pockets for later, but hunger was not a real problem yet.

"It was some hours before they began to realize that sharks and other rapacious fish were among them. Suddenly a man screamed, his head bobbed for a moment, and he began flailing the water with his arms. Blood welled to the surface, and other men took up the cry. They beat the water with their arms and legs and shouted and screeched in an effort to scare the intruders away. At first they thought only of sharks, because everyone knew about sharks, and the telltale dorsal fin was often in evidence on the fringes of their circles. Gradually word spread from the older men that these warm equatorial waters were also host to carnivorous fish that could not be so easily seen.

"The barracuda has teeth like a razor and swims eighty miles an hour," one man said. "And if he slashes you going by he can cut your leg right off."

Now, I say this to you in all deference, Senators, and you might justly say that this has nothing to do with the problem that faces you this morning. However, I think in all sincerity, as I made my second point, that too easily the veteran of this State and of this country is forgotten. And I think what you have done justifies the reasoning behind this tax exemption. The Catholic War Veterans, Department of New

Jersey, realizes this position that you have taken and the proof of it is that the twenty-one Senators in the State of New Jersey have seen fit to sponsor this bill. As such, we congratulate you - we thank you. We want you to know that we are solidly behind you in support of Senate Concurrent Resolution Number 3.

That is the report as far as the Catholic War Veterans are concerned, Senators.

SENATOR DUMONT: Thank you very much.

Any questions, Senator Waddington?

SENATOR WADDINGTON: No.

SENATOR DUMONT: I would like to note the presence of Senator Joseph W. Cowgill of Camden County, a member of the Committee.

I think there is one thing in that chain of events that I left out, from the time of the Switz Case, and I might as well straighten it out - the Attorney General's office was asked to give an opinion as to when this dictum, or whatever you choose to call the Switz Case, would take effect in regard to taking the exemption against market value rather than assessed value. The decision, as written by a Deputy Attorney General and which came to us, I think, last October or November, indicated that he thought it ought to take effect right away. That was the principal reason, as I recall it, that we passed this legislation quickly, at the end of the 1962 session, to obviate that part of the decision, postpone its effect for at least a year until January 1 of 1964.

Now I will call Mr. Harry W. Stanley. I take it that you are going to testify both on behalf of the Jewish War Veterans and the Veterans of World War I. Is that correct?

HARRY W. STANLEY: That is correct, Senator.

Senators, on behalf of those two departments mentioned, I want to extend our thanks for this opportunity to present

our viewpoint and our position on the matter of Resolution No. 3.

For me to go into detail would only be repetitious of what the two former Veteran representatives have stated to you in facts and figures.

I can, on behalf of our Departments, the Jewish War Veterans and the Veterans of World War I, tell you that we have considered this question for quite some time, even as far back as last year when your bill, I believe it was No. 14, Senator, was first put on for consideration. We thought that the amount of \$50.00 would be the proper amount in view of the fact that there was a slight difference, comparatively, in the amount we had been receiving.

We felt that in order for us to substantiate our appeal with a favorable response by the Legislature and the public, which in the final analysis will have to pass on it, we must be realistic in the size of the exemption we are asking. Too high would certainly not meet with the approval of the public which has many other things that they must consider. And, as the Catholic War Veteran representative stated, the longer we are away from the war the less the veteran is thought of in many cases.

That is why we have taken the stand that \$50.00 is the proper amount that we would back and that we would endorse this bill. We have discussed this and I have been authorized to present to you our position that we favor Senate Concurrent Resolution No. 3 providing \$50.00 for the veteran. And we thank you for the opportunity to

come here, and please extend our thanks to the other Senators listed on this Resolution.

Thank you.

SENATOR DUMONT: We thank you, sir.

Any questions, Senator Cowgill?

SENATOR COWGILL: No questions.

SENATOR DUMONT: Senator Waddington?

SENATOR WADDINGTON: No questions.

SENATOR DUMONT: Thank you very much, Mr. Stanley.

The next witness is Vincent Brinkerhoff representing the Veterans of Foreign Wars.

VINCENT BRINKERHOFF: Senators, my name is Vincent Brinkerhoff and I am Legislative Officer for the Veterans of Foreign Wars of the United States, Department of New Jersey, and as such I am the official spokesman for the VFW.

I would like to preface my remarks with the statement that we were grateful last year to have Senator Dumont introduce this Resolution No. 15, which called for a \$50.00 flat deduction, and we were in hopes that at a minimum we could attract a Democratic Senator so that we would have some bi-partisan support and, lo and behold, we found that there were 21 Senators interested enough in our problem to sponsor Senate Concurrent Resolution No. 3 and we are very grateful for it.

SENATOR DUMONT: You can't get any more support than that.

MR. BRINKERHOFF: Maybe what's happening in Tennessee.
(laughter.)

Well, the membership of my organization endorses SCR No. 3 vigorously and entirely. We feel that is the answer to the inequities under the present method of granting the exemption and we feel that it will restore the monetary value of the exemption to what it was meant to be. A flat \$50.00 deduction is a fair amount, very close to the average exemption throughout the State.

Strangely enough, when I compiled the average tax rate in 1961 from the Annual Report of the Division of Taxation, I came up with a figure of \$8.77 per hundred. Multiplying that by 5, it comes up to something like \$43.85 which is slightly less than the \$50.00 figure.

Now there may have been something wrong with the way I figured it out and I may not have gone into it as deeply as one of the previous speakers. I am not arguing with his figures, I am just mentioning mine.

Of course, when '62 came out - I just got it the day before yesterday and I haven't had enough time to go through it and compile the average tax rate but I'm sure, with the inclusion of Monmouth County as a 100% county, that the tax rate has taken a further tumble.

My people in Essex County, who were rather complacent when we asked for their support, now that they have been hit with 100% assessment in '63, I mean right now, have been in touch with me crying for relief and we feel that this \$50.00 deduction is the relief that they are entitled to.

I thought that I had some gems to pass along to the Committee but I have learned that they are aware of them,

such as the average tax rate in 1961 and the fact that Essex and Monmouth had adopted 100% and, of course, Cape May has been in it. And if you pick out the tax rate in Wildwood, for example, \$1.87 and multiply it by 5 you will realize it is way, way below \$50.00.

Of course, we are all threatened by Chapter 51 of the Laws of 1960, including my own county of Union, we seem to be averaging about 30% and the Tax Board there had called for a 40% figure which will mean that although we are very close to \$50 in Union, \$45 or so, we will be proportionately hurt as our tax rate goes up to 40%.

Now I thought that Essex was a 50% county by default but I may be wrong. And to see them go to 100% further alarms us. So in closing I would like to say that the Veterans of Foreign Wars urge the members of the Senate to pass this Resolution at the very first opportunity.

SENATOR DUMONT: Senator Cowgill, any questions?

SENATOR COWGILL: No.

SENATOR DUMONT: Senator Waddington?

SENATOR WADDINGTON: No.

SENATOR DUMONT: The only thing I know is what the Assessors told me up in Essex on Tuesday night, that they are 100% this year, so it is official. .

MR BRINKERHOFF: Yes, I am sure of that because we have a Post up in Irvington that didn't think this \$50.00 bill was so good when I was trying to sell it to them and now that the tax rate is going to tumble to three-forty-something in the City of Irvington, they --

SENATOR DUMONT: They think more highly of it?

MR. BRINKERHOFF: Yes, sir.

SENATOR DUMONT: All right, thank you.

SENATOR WADDINGTON: This was confirmed by Mr. Kingsley. I was just talking to him this morning and he assured me that Essex was at 100% in 1963.

SENATOR DUMONT: Senator Waddington would like to testify next.

SENATOR JOHN A. WADDINGTON: My name is John Waddington. I am Senator from Salem County.

As the original conceiver of this idea of an \$800 exemption for senior citizens with limited incomes, I am well aware of the intent of the Legislature which was to give the senior citizens \$800 on the assessed value of their homes. And while I wasn't in the Legislature when the \$500 exemption was passed for veterans, I am equally sure, however, that the people and the Legislature were intending that the \$500 and the \$800 exemptions would apply to the assessed valuation of the home and not to some 100% value or true value.

However, last year when this first notion of a flat dollar fee was discussed, I wasn't happy with it, I opposed it because there was some suggestion that at least a portion of the reason for it was to reduce the clerical work of the assessors and the tax collectors and to equalize the value to the senior citizens and the veterans throughout the State.

So it seemed to me that it might reduce the values to some citizens, which values they had had for a number of

years and also I felt it would be rather difficult, particularly for some of the senior citizens, at least in my county, to understand what was happening and why this change. It would frighten them.

So last year I was one of the sponsors of the bill, which was passed by the Senate but not by the Assembly, which would have protected the past practice and the present practice.

However, with the Supreme Court decision in June in the second Switz Case which said, as Senator Dumont has already outlined, that the deduction for the veteran exemption must come from the true value or the 100% valuation in every municipality; and then later in November when the Attorney General's office indicated that this same reasoning would apply to the \$800 exemption for senior citizens; and then further after analyzing the average tax rates, which have never been in the State above \$8.77, and these deductions of \$500 and \$800; and after discussion with a number of the Senators and with the Governor and listening to all the legal brains we could find, it was evident that we should go to a fixed amount, at least to me. So after these discussions, last December, I decided to review this with Senator Dumont and we would make bi-partisan bills out of the two that he had already conceived since they seemed reasonable to me. And this we did and we were joined by the other 19 Senators.

In my county we looked at it this way, that we had to find some method of protecting the dollar exemption

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values of both the senior citizens and the veterans. And this was the intent of the people and the intent of the Legislature. And since the present deductions are pegged to assessments, it was evident that these were threatened with a very sharp reduction in value by the Supreme Court Decisions and that this would necessitate, then, amendments to the Constitution. And we used this kind of an illustration to ourselves and we have told our people about it.

The average assessment level in Salem County is 30% or less - actually it ranges from 18% to 35%. So using a 30% average value in the county, this means, as we saw it, that unless we protect those veterans and senior citizens their average exemption for veterans would only be \$150 in Salem County and the senior citizen would drop to \$240.

We took a \$10,000 home which at 30% would be assessed at a value of \$3,000. On this the \$800 exemption of an eligible home owner over 65 years of age would be deducted from the \$3,000 making the net assessment of \$2200. And if we did not block this court interpretation the \$800 would be deducted from the \$10,000 and this would give us a net figure of \$9200 in the future which the assessor would use as a basis for the 30% assessment. This would make a net assessment of \$2760. Then we looked at the tax rates and we concluded that at the average of \$10.00, which we have never had in New Jersey, the full value of the \$500 veteran's exemption and the \$800 senior citizen's exemption is \$50 and \$80 respectively. And if we do not change this, then the net effect for each of these would be

reduced \$15.00 for the veterans and \$24, annually, for the senior citizens.

So it seems to me that this Constitutional interpretation, and we call it technicality, would be overcome by these two bills. It would conform with the Constitutional requirement that taxes must be applied uniformly throughout the State, and I sincerely hope and trust that both the Legislature and the people of New Jersey will approve both of these Resolutions and the Referendum in November.

Thank you very much, Senator.

SENATOR DUMONT: Thanks to you.

SENATOR WADDINGTON: Are there any questions from my esteemed colleagues?

SENATOR COWGILL: Well I would like to ask you one question, Senator, if you know, - I don't - did the State of Delaware give a bonus?

SENATOR WADDINGTON: The State of Delaware, I believe, did give a bonus, and the State of Pennsylvania.

SENATOR COWGILL: Do you have any veterans in your County who are from the other side of the river, who have collected a bonus over there and are now getting this exemption in Salem County?

SENATOR WADDINGTON: I can give you a guess. Our tax rates are not encouraging people to move from Delaware into New Jersey. The average tax rate on a house in Delaware is probably \$1.50 a hundred with an assessment level of around 40%.

Does that answer your question, Senator?

SENATOR COWGILL: No. If I didn't know better I'd say that was a Lawyer's answer. (Laughter)

SENATOR WADDINGTON: Well, I've had good training from you and Senator Dumont.

SENATOR DUMONT: All right. Thank you very much, Senator Waddington.

Mr. John W. Bill, Disabled American Veterans.

JOHN W. BILL: Senator Dumont and Senators of this Committee, I represent the Disabled American Veterans, Department of New Jersey, as their Legislative Chairman and I am also Chairman of what we call The Allied Veterans Units composed of the AMVETS, the Catholic War Veterans, the Jewish War Veterans, the DFW World War I Barracks.

After many meetings we have, as has been said by previous speakers, decided to support Senate Concurrent Resolutions, now introduced by the entire Senate, 3 and 5 - 3 for the veterans and also 5 which would be for the World War I veteran who is now considered a senior citizen and he would benefit greatly by it. After considerable study we felt it was fair.

Now I say that because I could go back many years before the 1947 Constitutional Convention in New Brunswick when the veteran's exemption was \$500 but you had to fight to get it because they were afraid if that went to the Court then the Court of Errors and Appeals might declare it unconstitutional. So the thing was never tested in the courts.

The first time that we were ever legally able to get

tax exemptions for veterans was in the 1947 Convention in New Brunswick, this new Constitution. And it wasn't easy. It was a real contest. And I know that every time someone would start a suit against someone giving tax exemption to a veteran, the question was would they do it or would they not. And finally you would find out that they didn't get it. And we tried to prevent them from going to court because we felt it would affect the principle of the Act. So that when we finally did get it into the Constitution of 1947 we were pleased.

You could use a lot of figures. I could come up here with a lot of other figures. That isn't going to help the story. The story is to sell it to the people. And I think that the six organizations that are unified in this - and I am sure the Legion will join us -- as a member of the American Legion for 35 years, I can feel that the average membership, the rank and file, is for this proposition. I can say that honestly from speaking to the individuals because I come in contact with them daily.

As stated by the Veterans of Foreign Wars, the second largest veteran organization and their auxiliaries are for this. The DAV on the 22nd of January passed a resolution in joint session of our auxiliaries that we would support SCR 3 and SCR 5.

We want to be realistic about that. I think that we, more than anybody else, understand what hardships of war are and the overcoming of the difficulties and disabilities. And we feel that when an opportunity such as this is

presented to us by the Senate, the entire body, and by members of the House, we ought to take it and we ought to support it. It is not going to be easy. If we get some other propositions that are going to go on the ballot and you are going to ask people to vote for something else and then coming out and saying "give the veterans \$50 flat, the senior citizen \$80," you are going to have to be quite a salesman to convince the public that it should do it.

I am looking to next November 5. I'm not so much worried about it now, as it will take time, effort and unity to put this thing over to the people on November 5th. And that's where the task lies. It is not a question of whether we should get \$54.50 or \$65.50, the question is to try to sell this thing because if we have something else on the ballot, and I am sure the three of you gentlemen know well what I am talking about and I don't want to get into that phase of it, you know that we are going to have to do a real salesman's job on the public to buy this. There is no getting away from it.

Before you said \$500 tax exemption. That could be juggled any way you wanted to, if you look at a lot of the books. It could be added to you and then it was deducted. It could be given to you and you thought you got \$500 and you found out that you didn't get \$500.

I can recall in my own instance, I thought I had it and then I found out that I didn't because something else went up. I painted the porch and it was worth \$600, the painting of it. I only paid \$100 to paint the porch but

my assessment went up \$600, so my \$500 disappeared. So I wasn't any better off than I was before.

I'm telling you I could name case out of case to you because I went through the procedure. But now I am going to get \$50.00 when I go and pay my tax bill and as a senior citizen I am going to get \$80.00. So why should I argue about something that I didn't have when this is something that I might get.

So the idea is to sell it to the people and then I will have done a job for the World War I Veterans, the senior citizen who is not a veteran, and for the veteran at large.

Thank you. Unless you have a question, that's it.

SENATOR COWGILL: What town do you live in?

MR. BILL: I now live in Ocean. I moved from Passaic where I had a fairly good proposition and now I understand I am in Ocean and I am going to get a fine jack-up. I can appreciate this. But I haven't filed any tax exemption yet, Senator. I am just wondering whether I did a smart thing in paying cash for the house or not, but I did.

SENATOR COWGILL: I just wondered where they raised your assessment \$600 when you had a \$100 paint job.

MR. BILL: Well, they came around and they thought the house looked nice so, Senator, --

SENATOR COWGILL: But where?

MR. BILL: In Clifton.

SENATOR COWGILL: That's what I wanted to know.

MR. BILL: I thought you wanted the County. Clifton.

I lived there for 40 years.

SENATOR DUMONT: Any other questions of Mr. Bill?

SENATOR WADDINGTON: I think he has put his finger on the real key in this, that is the job of organizing an understanding program. I wouldn't necessarily use the word "selling." I think the people have already approved the idea. It seems to me it is one of understanding. I am getting calls from senior citizens who don't understand what this is all about - "What are you trying to do to my exemptions?" - that's one of the questions.

MR. BILL: Well, you can use it either way, Senator, you are either selling them or convincing them by explaining.

SENATOR WADDINGTON: I think if we can get the people to understand it they will approve it.

MR. BILL: We do too. That's why the organizations are unified in this entire project, to move it along and give it a real push along the road.

SENATOR DUMONT: Thank you very much, John.

The next witness is Mr. Raymond R. Ulrich, DAV and Purple Heart.

(Mr. Ulrich was not present)

SENATOR DUMONT: Mr. Kenneth Placek of the State Chamber of Commerce. Is he here? (No reply) Well, I guess he left. His statement is here. I would suggest then that this be made a part of the record in view of the fact that he isn't here. This statement is signed by Albert H. Acken, Executive Vice President, but I guess this is the statement he was planning to make.

SENATOR COWGILL: The State Chamber takes a position against it.

SENATOR DUMONT: I suppose in the interest of fair play I ought to read this. It is not very long. And then it can be attached to the record also.

(reading) This statement is being filed with this Committee to place upon the record the belief of the New Jersey State Chamber of Commerce that it would be in the best interests of all property taxpayers in New Jersey for further legislative consideration of Senate Concurrent Resolutions 3 and 5 to be deferred until such time as the Commission on State Tax Policy has had an opportunity to study the subject with which these two resolutions deal.

We wish it understood that we believe that the achievement of statewide uniformity in the dollar values of the veteran and "senior citizen" exemptions for all persons eligible for such exemptions is a desirable tax policy for New Jersey. However, because of the many variable factors to be considered in achieving uniformity, not the least of which are the changes that would inevitably stem from implementation of the new property tax assessment law (P.L. 1960, c.51), we believe that any and all proposals to alter the present constitutional provisions relating to the value of these exemptions should be held in abeyance until the Tax Policy Commission has had an opportunity to specifically research their effects.

With reference to this matter of exemptions, the Commission, in its Ninth Report (1958), made the following

recommendation:

That any application of a parity value of veterans' exemptions be deferred and that adjustments requiring a constitutional amendment await some experience with the many variables of a new form of property tax administration.

We believe that neither time nor events have eroded the validity of that recommendation.

Nor do we believe that the Legislature can justify recommending to the Electorate amendments to the tax clause of the State Constitution, the effects of which upon the taxpayers in the various taxing districts are largely unknown, both as for the present and the near future. We feel, for instance, that to institute flat dollar values for exemptions without specific statistical data as to the effects of that action could well serve to perpetuate old inequities, or to create new ones, as to the fair distribution of the property tax burden between taxpayers and classes of taxpayers.

Therefore, we must object - and especially so in view of the unsettled posture of Chapter 51 - to a consideration of these constitutional proposals by the Legislature solely on the basis of pros and cons given at a public hearing without the benefit of objective research and consideration by the Tax Policy Commission of the actual property tax situation as it may obtain after resolution of the uncertain assessment situation now existing.

That is the end of the statement signed by Mr. Albert H. Acken, Executive Vice President.

I might say, parenthetically, here that as one member of the State Tax Policy Commission I didn't realize that

we had a new job. And having just finished a rather large one, I'm not anxious to undertake another one at this point.

SENATOR COWGILL: I would like to comment that this business of deferring and deferring and deferring until something else is settled will wind up with nothing ever being settled, and I don't think there should be any deferring at all.

SENATOR DUMONT: Well I certainly agree with you heartily, Senator Cowgill, on that score. There has been enough time and consideration given to this problem already, fully enough.

Now we have Mayor J. Raymond Manahan of Morristown who would like to testify. All right, Mayor.

MAYOR J. RAYMOND MANAHAN: My name is J. Raymond Manahan and I am the Mayor of historic Morristown, the county seat of Morris County.

You often hear it said that only two things are certain - death and taxes. This should be amended, because in New Jersey the extent of the certainty of taxation cannot be determined until after the Legislature has adjourned.

I am a strong supporter of veteran exemptions but I hold great qualms about the marriage of veterans and old age exemptions to real estate taxation. It has always puzzled me why a veteran who owns a house should get a discount and a veteran who prefers other investments to real estate should be discriminated against. By the same logic, why should the cost of the veteran and old age exemptions be divided only among the owners of property?

I believe in veteran's exemptions and I am enthusiastic about old age exemptions, but it appears to me that these are fields in which the state and federal government should legislate exclusively and the burden should be equally distributed among the population.

Service to the country and reverence of old age should be the basis of the reward and not ownership of property. But this is something you might consider next year. For the present, the old age amendment, Chapter 51, and the Governor's tax formula will keep you busy.

I favor a flat \$50 exemption for veterans and \$80 for senior citizens as an equitable solution to the present inequitable treatment among the districts.

In Morris County we have 39 municipalities. Our tax rate in 1962 varied from a low of \$3.64 in East Hanover to a high of \$24.23 in Mt. Olive Township. You can readily see that in the former a veteran gets \$18.20 while in the latter he saves a whopping \$121.15.

Smart veterans who own more than one piece of real estate or who own both a city and seashore home shop around for the best value, and it is not uncommon for claims to be moved around from year to year. For that matter, you might find a little duplication too.

I did some arithmetic and found that the average tax rate in Morris County is \$11.29 which would result in a veteran exemption of \$56.45 in a composite average district. So you see, so far as Morris County goes you are not too far off in your \$50 allocation.

I do think immediate action on this score is necessary.

Last year, the Attorney General spotlighted the problem by ordering the assessors to take the exemptions off the top. I have a feeling that a lynching party was in store for my own assessor because this would have reduced our present veteran exemption from \$49.90 to \$16.63 and the old age exemption from \$79.84 to \$26.61. Fortunately, however, the Legislature granted immunity from prosecution to the assessors so that they were able to continue the previous practices.

Nor is 100% assessment the better solution. Each district has different problems and different management by different municipal bodies. The tax rates will always fluctuate even if the same ratio of assessment to true value were in use.

I would like, however, to offer one modification or rather addition for your consideration.

Under present regulations, there is unjustified discrimination even among veterans who own real estate. The exemption is limited to those who had active service in a period of emergency. Thus veterans who entered service after July 27, 1953 are not entitled to this exemption; also those who entered after September 2, 1945 and were discharged before June 23, 1950.

I have never heard a proper explanation for this inequality, except one couched in legal phraseology.

It appears to me that all those who served and gave up their time and left their homes and trained to defend

their country are entitled to the same treatment.

I want to thank you very much for your consideration.

SENATOR DUMONT: Any questions of Mayor Manahan?

Senator Cowgill?

SENATOR COWGILL: No.

SENATOR DUMONT: Senator Waddington?

SENATOR WADDINGTON: Mayor, to summarize one of the points you made, you are saying that the Legislature should find some other way of financing the exemptions? Is that what you are saying?

MAYOR MANAHAN: Well, number 1, I am for the exemptions. I do feel that the state and the federal government should take some responsibility and not leave it completely on the municipality. And I also feel that the veteran who served in the periods that I mentioned should be given the exemption also.

SENATOR WADDINGTON: That is if the state picks up the cost?

MAYOR MANAHAN: No, no. This is a recommendation, sir. We are accepting this in the local municipalities. This is a recommendation for your Committee. But I certainly feel, and I, for one, as the Mayor of Morristown would go along with the recommendation, if it were passed by the state, to allow the municipality to give this exemption of \$50 to those people who served their country whether it was during the time that, as I mentioned, was couched in legal phraseology.

SENATOR WADDINGTON: Thank you.

SENATOR DUMONT: Thank you very much, Mayor.

Now, is there anybody else who desires to testify on either of these Resolutions or both of them?

I will call Mr. Ulrich once more, Raymond R. Ulrich. Is he here now?

A VOICE: No, Senator, he is not here.

SENATOR DUMONT: He is still not here. There are no other witnesses then? (no reply)

We thank you very much for being here today and you may rest assured that you will have the full support of the 21 members here in trying to sell these questions to the public in November.

Thank you very much.

(Hearing concluded)

STATISTICS SUBMITTED BY JOSEPH P. HANRAHAN, AMERICAN LEGION.

COUNTY	Aver. Per County	Number of Exemps	Vets Rec'd. in 1961	Under Pro- posed Leg- islation Vets would Receive:
1. ATLANTIC	70.65	11647	\$822,871.75	\$ 581,900.00
2. BERGEN	51.48	69611	3,582,522.61	3,478,950.00
3. BURLINGTON	58.46	17528	1,025,088.82	876,650.00
4. CAMDEN	53.75	33380	1,794,329.50	1,668,950.00
5. CAPE MAY	10.35	4134	42,812.30	206,700.00
6. CUMBERLAND	53.69	6099	327,227.60	304,700.00
7. ESSEX	42.74	44425	1,898,681.18	2,221,250.00
8. GLOUCESTER	66.59	11942	795,197.47	597,100.00
9. HUDSON	46.87	17369	814,041.52	868,450.00
10. HUNTERDON	62.47	3900	243,661.05	195,000.00
11. MERCER	46.10	20310	936,274.51	1,015,500.00
12. MIDDLESEX	62.80	43131	2,709,036.82	2,156,550.00
13. MONMOUTH	63.58	28625	1,820,050.56	1,431,250.00
14. MORRIS	63.76	23769	1,515,690.20	1,188,450.00
15. OCEAN	38.10	11744	447,544.57	587,200.00
16. PASSAIC	40.15	23627	948,716.83	1,181,350.00
17. SALEM	41.50	3453	143,306.70	172,650.00
18. SOMERSET	63.30	12402	785,004.94	620,100.00
19. SUSSEX	77.35	3869	299,274.22	193,450.00
20. UNION	44.02	39090	1,720,799.58	1,954,500.00
21. WARREN	59.09	4617	272,822.48	230,850.00
21) <u>1116.82</u>				
Average per County	53.82	434,672	\$22,944,955.21 <u>21,731,500.00</u> 1,213,455.21	\$21,731,500.00

(Loss to vets
under proposed
legislation)