
Public Hearing

before

JOINT LEGISLATIVE COMMITTEE ON CONSTITUTIONAL REFORM AND CITIZENS PROPERTY TAX CONSTITUTIONAL CONVENTION

"Members of the public are invited to testify before the Committee regarding proposals to amend the New Jersey State Constitution in order to achieve property tax reform"

LOCATION: Ballroom and Theater
at Collingswood
Collingswood, New Jersey

DATE: September 28, 2006
5:00 p.m.

MEMBERS OF JOINT COMMITTEE PRESENT:

Assemblyman John J. Burzichelli, Co-Chair
Senator Fred H. Madden Jr.
Senator Leonard Lance
Assemblyman Louis M. Manzo
Assemblyman Richard A. Merkt



ALSO PRESENT:

Catherine Z. Brennan
Philip N. Liloia
*Office of Legislative Services
Committee Aides*

Timothy P. Lydon
Senate Majority
Kay Walcott-Henderson
Gina LaPlaca
*Assembly Majority
Committee Aides*

Victoria Brogan
Senate Republican
Mary C. Beaumont
Joseph Glover
*Assembly Republican
Committee Aides*

***Hearing Recorded and Transcribed by
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TABLE OF CONTENTS

	<u>Page</u>
M. James Maley Jr. Mayor Collingswood Borough	3
Gary Passanante Mayor Somerdale, and Co-Chairman Property Tax Reform Committee New Jersey State League of Municipalities, and Member Executive Board New Jersey State League of Municipalities	4
Michele F. Rosen Private Citizen	15
Jonathon Shevelew Mayor Shamong Township	24
Barbara Smith Private Citizen	27
Philip Bartus Private Citizen	29
Delores Ruple Private Citizen	30
Barbara Calabrese Private Citizen	31
Linda Sanders President Berlin Township Education Association	36
Billy Carroll Private Citizen	38

TABLE OF CONTENTS (continued)

	<u>Page</u>
Kathleen Sytnik President Burlington County Education Association	39
John Stevenson Private Citizen	42
Kenneth McIntosh President Camden Education Association	44
John Sullivan Private Citizen	48
Kathleen McMahon Private Citizen	50
Lee Lucas Private Citizen	51
Rob Kealey Private Citizen	54
Raymond Shapella Private Citizen	63
George Keutemeyer Private Citizen	64
Nick Naum Representing South Jersey Citizens for Property Tax Reform	65
Vic Bellace Representing South Jersey Citizens for Property Tax Reform	68

TABLE OF CONTENTS (continued)

	<u>Page</u>
APPENDIX:	
Statement submitted by Gary Passanante	1x
Statement submitted by Michele F. Rosen	5x
Statement submitted by Jonathon Shevelew	12x
Statement submitted by Barbara Smith	15x
Statement submitted by Philip Bartus	16x
Statement submitted by Delores Ruple	17x
Testimony submitted by Barbara Calabrese	18x
Testimony submitted by Linda Sanders	21x
Testimony submitted by John Stevenson	22x
lb: 1-56 rs: 57-71	

ASSEMBLYMAN JOHN J. BURZICHELLI (Co-Chair):

Good afternoon, everyone. It's not quite evening yet.

My name is John Burzichelli. I serve as Assemblyman in the 3rd Legislative District, and as Deputy Speaker to Speaker Roberts, which means in the warmer weather I get to wash his car. (laughter)

This Committee -- this is the second of two scheduled public hearings where we wanted to invite people to talk to us.

I'm going to introduce the rest of this group. We are expecting Senator Leonard Lance -- will be with us shortly -- he's making his way.

Senator Fred Madden, to my right, who you may know, some of you.

And to my left, Assemblyman Lou Manzo and Assemblyman Richard Merkt. Where's Richard? Richard is there. Thank you.

My Co-Chair, as these committees are set up, is the distinguished Senator Bernard Kenny. He is not with us tonight, because of obligations with his family. And he and I spoke in advance of this meeting to again go over this agenda and how we would conduct tonight.

I ask everyone who's with us -- first of all, I thank you for being with us. And second, if you would be kind enough to turn off your cell phones or put them in a vibration mode -- and don't place them so the vibration will be distracting, but at least at the point that they will not distract this meeting.

Also, too, this Committee is put together to discuss our Constitution and how our Constitution speaks and relates to the property tax crisis that is occurring in many parts of this state. So we are focused in that area. And I'll give you a sense of what we've learned to this point,

because we want to hear in the area of property taxes and how the Constitution is related. We've talked about the Uniformity Clause, which is the basis of all property taxes in New Jersey. We've heard and talked about issues of exemption from the Uniformity Clause, some of which are self-exercising. Within the Constitution there are four categories; and others that have been established by the Legislature by what's called *general law*. And we're presently trying to understand those, because there are so many of them, as we work to get a sense of why it isn't working -- meaning property taxes and why they've become so onerous.

When you speak to us tonight, we'd ask you if you have a statement, to leave copies with us. We will read those copies, and I mean that. We have staff, we ourselves. We appreciate the effort and read them. But we ask you not to read them to us. We ask you to summarize if you would, speak from your heart. We want to hear you talk to us. We don't want a statement read to us.

We are asking everyone to work within a five-minute time frame. And we also ask you, if you would, if the person in front of you or a few people before you speak on generally the same topic, please don't be redundant if you can avoid it. Because we're listening, and we know that property taxes are a problem. And we know that they are threatening people's ability to stay in their home over a long period of time. And that's why the President of the Senate, Richard Codey; the Speaker of the General Assembly, Joe Roberts; and the Governor of New Jersey, Jon Corzine has put together and arranged for us to be working in this special session. There are four Committees, we are one of four.

So I ask your cooperation in those areas as we work this evening, because it will be very productive if we don't repeat ourselves and we just hear from you.

Before we call the list of people who have been kind enough to take from their time to be with us tonight, I'd like to invite the Mayor of Collingswood, Jim, who-- Collingswood being our host community this evening, I asked Jim if he would stop by and say hello to this panel and also to the assembled group.

And Jim, we certainly appreciate the hospitality.

MAYOR M. JAMES MALEY JR.: (Speaking from audience)
Thanks. It's great to have you all here.

ASSEMBLYMAN BURZICHELLI: Jim, we have to ask you to-- At least near the mike. (referring to PA microphone)

MAYOR MALEY: It won't be that good. (laughter)

I just want to thank you all. I'll be close to it. I just want to thank you all for being here tonight. We're happy to host you in the south. And if I can give you just two minutes of a promo -- with this important work being done -- just to tell you a little bit about our building, because I know there's a lot of folks here who've never been here before. This is one of our redevelopment projects in town. The Borough took it over about three years ago. We're in a long-term lease. We've spent a lot of money on it.

Above us is a theater -- a thousand-seat theater. We hold a lot of community theater, a lot of shows. Kris Kristofferson is coming. The Beach Boys are coming back again in December. Roman Tynan is going to be here in December. A lot of great things, so look us up on the Web.

We'd be happy to have you come back again, grab dinner in town, and catch a show.

And best of luck to all of you in your efforts. We appreciate it.

ASSEMBLYMAN BURZICHELLI: Thank you, Mayor.
(applause)

I'll ask if any of the members of this Committee care to make an opening statement. They're not obligated to. Sometimes our people feel they like to -- sometimes they make closing statements. Anyone care to advance a statement before we start?

ASSEMBLYMAN MERKT: No thank you.

ASSEMBLYMAN MANZO: I'll pass.

ASSEMBLYMAN BURZICHELLI: Anyone?
Senator?

SENATOR MADDEN: No thank you.

ASSEMBLYMAN BURZICHELLI: And we're expecting
Senator Lance to join us.

And we'll work from this list. The first individual scheduled to testify is Mayor Gary Passanante. Am I pronouncing that correctly, Mayor? Come on up. He's also the Chair of the League of Municipalities Property Tax Reform Committee, but serves as Mayor -- in Somerdale?

MAYOR GARY PASSANANTE: Yes.

ASSEMBLYMAN BURZICHELLI: Thank you, Mayor. Thank you.

Now, we'll see if the first person testifying -- how he does, working from his written statement, which he's not supposed to read.
(laughter) We'll see how close he can get.

MAYOR PASSANANTE: It's always good to be the guinea pig, yes. (laughter)

ASSEMBLYMAN BURZICHELLI: Mayor, welcome.

MAYOR PASSANANTE: Well, I will certainly sift through the written statement. And I want to thank you, Chairman Burzichelli, and all the members of the Committee.

As mentioned, I'm Gary Passanante, the Mayor of Somerdale. I'm a member of the League of Municipalities. I'm the Chairman for their Property Tax Reform Committee. Also, the Chairman of the Citizens Convention Coalition statewide; and also served on the Governor's 2004 Citizens Convention Task Force, when we took a look at the convention process.

I just want to get to the meat of things: The League feels that, if there's anything that you all can do that will be successful, is to coalesce support in both Houses to advance the citizens' convention. Our taxpayers need it, and we have to have real tax reform.

There are some issues that we can talk about specifically. As you know, over the years, the State has begun collecting many taxes that we at the local level used to collect. And they became a collection center for us. And the plan was that that money would be turned back over to municipalities in relief. And as you all are aware, the funds that had been collected over the years, in the past five years at least -- there has been a freeze on the return of that money back to our municipalities. And in many cases, not all the money has gone back directly. And originally, when those funds were collected locally, they were for property tax relief. They were coming for us to be able to keep a lid on our rising taxes. And when the

State began collecting those fees, we did not get them all, even though constitutionally they are set to go back to us in full. We have not been getting everything back.

In the 1990s, both parties of the Houses recognized the fact that increasing population, and prices of the wages, and increases that we have no control over erode our ability to hold level funding. And there was a group put together -- I believe the Council on Local Mandates -- has been established to take a look at unfunded mandates. We all talk about, at the local level, State mandate/State pay. And there are many times when we're facing State mandated regulations that we still have to pay for. A good example is stormwater management. We're picking up the lion's share of the cost of stormwater management. I believe our community received somewhere in the range of \$6,000 in relief funding from the State to help put that through. And that \$6,000 went back to the State in just permit fees alone. The rest of it is on our backs to have to establish ways in funding to be able to cover that cost.

So we're asking, really, some primary things: If you can constitutionalize the promise to annually adjust property tax relief funding to account for inflation, as required by the State statute, and to account for increased population. If you constitutionally expand and increase payments in lieu of taxes to more adequately reimburse local governments for money lost due to State-mandated property tax exemptions. And if you constitutionally expand the types of unfunded mandates that can be nullified by the Council on Local Mandates, if they judge it necessary. And finally, if you can authorize a special convention for property tax reform

and allow the convention to propose statutory, as well as constitutional, changes.

Those are the major things that we've picked out to at least touch on today. My written statement that's submitted is much more lengthy, but you've asked to keep this brief, and I'm going to try to do that.

I do want to thank Speaker Roberts and all of you for your continued efforts in trying to move this thing forward.

And let me just say that since the introduction of the citizens' convention concept some years ago, which the League has been supporting, the Legislature has said that it is your job to fix property taxes, and through a special session you could do it. Well, it's the ninth inning, the bases are loaded, the game is tied, and there's two outs -- are you going to hit that grand slam or are you going to strike out?

Thank you all.

ASSEMBLYMAN BURZICHELLI: Depends how Charlie Manuel does on the coaching side, John.

Thank you, Mayor.

SENATOR MADDEN: Mr. Chairman, I have a question.

ASSEMBLYMAN BURZICHELLI: Yes. Stay with us, Mayor, for a second.

Senator.

SENATOR MADDEN: Thank you, Mayor.

Mayor -- I don't know if this is on or not -- hello? (referring to PA microphone) Okay. Mayor, regarding the convention, the position of the League is that the convention should be revenue neutral, or should we address spending in the--

MAYOR PASSANANTE: I believe that the League's position has been revenue neutral, although we want sustainability built into that. So we want to make sure that whatever is done during the convention is something that is long term and cannot be changed down the road. So we have supported a sustainability clause in there.

SENATOR MADDEN: Some in opposition of the convention have argued that the convention will not provide immediate tax relief, which is really the focus of the four special committees -- to get the reform, I would say, as fast as we can. Could you make a comment about the turnaround time in relationship to the -- if we were to pull the trigger on a convention, say, and the real relief is not going to be for a couple of years? And what are we going to do in between?

MAYOR PASSANANTE: Well, Senator -- and I don't want to be-- Well, I have to say it like it is.

SENATOR MADDEN: Yes.

MAYOR PASSANANTE: Had the convention process been accepted when it was originally introduced several years ago, we wouldn't be having this conversation today. Back then it was -- it was going to be a long process. Our position has always been that the support of a convention does not preclude you doing what needs to be done, but at least having a convention in the works will make sure that we have a time limit on when things will get corrected. Had that been done back two years ago when the Assembly passed the convention process, the bill, we would be in a position that we'd see relief now.

SENATOR MADDEN: And sitting in the Senate, as you know, I am the primary sponsor of the convention bill. It was the first bill I

addressed in 2004, and I know the frustrations. What we're charged with here is pursuing the desires, I think, in a long-term convention. But I wanted to know just, really, the position about-- Because there's always a debate in the two Houses about, one should -- takes a position it should be revenue neutral, the other one takes the position that, no, we should address spending. And it just gets caught up into that whole bureaucratic spin.

But I appreciate your testimony today. It was well worth it for you to sit here, and come address the Committee, and reinform it. I appreciate it. You've been a tremendous asset. I know you've been high energy on this whole issue. And aside from just being the ninth inning with two outs, I also believe the bases are even loaded, but we have a full count at the plate also. But my best to you, Mayor.

Thank you for your time.

MAYOR PASSANANTE: Thank you, Senator. Thank you again for your support.

ASSEMBLYMAN BURZICHELLI: Gary, can you stay with us?

Assemblyman Merkt, Rick.

ASSEMBLYMAN MERKT: Thank you, Mr. Chairman.

Thank you, Mr. Mayor, for your testimony.

I would point out to you that there's a problem with the expression of *revenue neutral*. Revenue neutral also applied when Willie Sutton robbed banks -- the banks lost the money and Willie gained it. So I'm very concerned about the term revenue neutral. I think it's somewhat value laden, and not really an accurate description that you can have a

revenue-neutral proposal that, frankly, devastates some people and assists others.

The question I have is this: If we're talking about a people's convention, I understand the interest of the public in that. But I also understand that this Committee has been meeting, along with the other Committees, for about eight weeks now, and we are going to public hearings. And my view is, I would like to see the ideas that might come out in a convention presented to these Committees, because I believe there's no point in waiting, and certainly not waiting a couple of years to implement good ideas. If there are good ideas, let's put them on the table right now, and consider them and get them heard. And then you can go through the regular legislative process, plus you have the advantage that if it's done that way and we get it wrong, we can be fired. The difficulty with a convention setting is, it's delayed, it's more expensive, and frankly, you don't know what's going to come out of it.

So I would like to just urge that if there are ideas that people are holding for a convention setting, there is no harm in the world in putting those ideas out for discussion at this time.

Thank you.

MAYOR PASSANANTE: And I appreciate that, Assemblyman.

We certainly have never taken the position that if a solution comes about through the legislative process that we would not be open to consider it. And quite frankly, it would be a faster method to do that. But our feeling has been that someone needs to put a drive behind it to make sure that a solution is reached. And if a convention process is at least in place and we know that it's going to take place, then the Legislature is, at

least, given a little incentive that, “Well, we’ve got this much time to solve this problem. If we don’t, then the people will take it over and solve it.” And so at least there is something there that is pushing a timetable. Right now, we’ve been going year after year after year having the same conversation, and there has been study after study, of which I have been part of many of those; and after a while you get studied to death. At some point, someone has to step up and say, “Let’s fix this problem.”

As far as the revenue-neutral side, I would like to address that just briefly. The fact of the matter is, if you were to cut spending, and even if you were to cut a billion dollars of spending, or two billion dollars in spending, the net results that our residents will see will still be minimal when you take a look at the reliance that the State of New Jersey has on property taxes. We’re at 45 or 46 percent, and the average is 30 percent. The problem is that, yes, you should be addressing spending. And you can do that every year, just like we do when we look at our budgets. You have that process in place. But we need to constitutionally change the reliance on property taxes to the degree it is right now. Because even if you cut the spending, we’re still going to have a property tax problem. So that needs to be addressed, regardless. So that’s why the revenue-neutral position we’ve taken is that we still need to address that in a parallel forum, and we feel the convention process is one way to do that. And you have the process in place right now to address the spending issues, if you so choose to do.

ASSEMBLYMAN MERKT: Mr. Chairman, one additional comment?

ASSEMBLYMAN BURZICHELLI: Yes, please, Rick.

ASSEMBLYMAN MERKT: I understand that, and I hear where you're coming from. But the problem is, as I always say, we seem to have everybody agreeing that property taxes are too high, but then we come down to the next level, and that's where the great divide takes place, where some people say, "Just move my taxes to some other person or other taxpayer, and I'll be happy." That, in my judgment, is not property tax reform. The second issue is to ask yourself, "Well, how did we get into this mess?" And I think we got into this mess because of the way we spend money. And therefore, I think when we talk about getting out of this mess, most of our attention has to, first, go to that point.

And I recognize your point of one billion, two billion isn't going to do it. It's a 20-billion problem overall. So I do think we have to look at the larger issues, and I'm not going to--

MAYOR PASSANANTE: We're in agreement.

ASSEMBLYMAN MERKT: We're talking pensions, health benefits, education, and debt. Those are the four tens-of-billion-dollar issues that we have to look at. And fortunately, we have some Committees to look at them.

ASSEMBLYMAN BURZICHELLI: All right. Mayor, if you can stay with us.

Assemblyman Manzo. Lou, you had a question for the Mayor?

ASSEMBLYMAN MANZO: Yes.

Mayor, first of all, I want to salute all the work, the hard work, you've done on behalf of the League and their efforts for property tax reform.

My question is similar to one I asked Senator Schluter at the last meeting. And that is, that when you look at the scope of the constitutional convention presentation to the Governor and the Legislature, and even the citizens' panel that issued a report in February of 2004, there was a theme that seemed to be consistent. And some of the recommendations seemed to generate around the fact that revenue neutral was something that had to be done -- the possible shifting of the property tax over to other revenue raisers, such as income and/or sales. And in addition, coming up with a better device in getting money back to people other than rebate checks.

My question is, is that with so many legislators actually skeptical -- some, I would say -- of that, a convention would be a dangerous thing to allow to occur, because the people might go into other areas other than property taxes. When there's legislative solutions and bills that are out there now that accomplish what the scope of the convention is, and there isn't the support or the nod of approval from people who advocate those theories in a convention, it leads to that skepticism. Can you clear that up, or why there's a lack of support for legislative solutions from that coalition rather than--

MAYOR PASSANANTE: Well, as you know, we're polling our members right now on some of the potential bills that might be introduced. And right now, the strongest position we've taken is that the solutions that have been at least talked about -- and nothing has been put forth formally -- are not significant enough. The gap between the 30 percent national average and the 45 or 46 percent we're at is about \$6 billion. And so far, we haven't seen a \$6 billion solution come to the table yet. We believe that

a significant decrease is necessary in order to provide true property tax relief and reform for our constituents. So that's been the issue. We're certainly not discounting that we would not support the proper bills going through and the proper solution. And I think that some of the things that have been discussed -- there are elements within all of those that make a lot of sense, and they should be brought to the surface and discussed at your level; or if a convention process takes place, they should be part of that convention process. So I think there's some valuable things that have come out, but we haven't seen a \$6 billion solution as of yet.

ASSEMBLYMAN MANZO: But what I think the panel here-- And Mr. Chairman, if I'm wrong in some way -- is that we encourage, even if you've taken a position for a convention -- we would encourage, as we now prepare for some possible solutions in the next couple of meetings, that we get feedback from groups that are in that coalition on their ideas; and that's needed. That's what has been absent, I guess, from the process here -- is that we're trying to do something now for the people of New Jersey, and there's been a lack of, I guess, organizations that we usually count on for -- what do you think here? How does it affect your membership? This, that, and the other thing. And that's one thing I hope you would take back to your group.

MAYOR PASSANANTE: I will absolutely do that.

ASSEMBLYMAN MANZO: The other thing I want to touch on, very shortly, is I agree with you on the revenue-neutral notion, and that the problem as I see it and you see it, I think, is that right now we have an unfair system where our Constitution says the State should provide a thorough and efficient education. But in the funding apparatus, it's not

there. And the funding apparatus to do that through property taxes is extremely unfair. As a matter of fact, it's the most unfair. And I think choosing another revenue source other than the property tax for a statewide funding solution, if that's what the Constitution calls for, is more appropriate.

MAYOR PASSANANTE: Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Lou.

Mayor, thank you very much. And you were concerned about not being able to read a statement. (laughter) But thank you.

ASSEMBLYMAN MANZO: Very good, Mayor.

ASSEMBLYMAN BURZICHELLI: Your testimony was important and very engaging to us. We appreciate the continued effort in this direction.

MAYOR PASSANANTE: Thank you for the time.

ASSEMBLYMAN BURZICHELLI: Thank you so much.

MAYOR PASSANANTE: I appreciate it.

ASSEMBLYMAN BURZICHELLI: I want to recognize that a colleague -- an Assembly colleague -- Assemblywoman Pam Lampitt is with us.

Hello, Pam. Thank you for stopping by to take some of this in.

Next up will be Michele Rosen. Is Michele here? Is there a Michele Rosen here? Okay, thank you.

Michele, I hope you're not going to read most of that.
(indicating large pile) (laughter)

MICHELE F. ROSEN: I will explain this in a minute.

ASSEMBLYMAN BURZICHELLI: Thank you.

And let me welcome you.

MS. ROSEN: Somewhat. (laughter)

ASSEMBLYMAN BURZICHELLI: Let me extend a warm welcome to you, and we're happy to hear from you. So we'll have your name -- I mentioned your name for the record -- Michele Rosen. If you can tell us where your home is?

MS. ROSEN: Currently, we've just moved to Waretown from Barnegat, in Ocean County.

ASSEMBLYMAN BURZICHELLI: Very nice. Well, thank you for making the trip here.

MS. ROSEN: Thank you so much for permitting me to speak to you.

Gentlemen, I do not have the qualifications that the Mayor just listed for you, nor for that matter of anyone else who's been before you, up to this point. I am just an average citizen.

ASSEMBLYMAN BURZICHELLI: Michele, may I say something to you?

MS. ROSEN: Yes.

ASSEMBLYMAN BURZICHELLI: You have every qualification, as others do -- those in public service, our citizens who happen to be in public service. So please, your words will mean as much to us as the words of those who may have a title attached to them. Just so you don't read your statement and take more than five minutes. (laughter)

MS. ROSEN: Thank you.

I've noticed, having watched the videos of the various Committee meetings that, of course, you are confronted with a conundrum.

How do you make the taxing system in the State of New Jersey equitable for all residents? And whatever you finally decide, hopefully will be, in fact, more equitable. But as just an average citizen, although I have had 20 years of government service at the State, county, and local level, I truly believe that you cannot make things better by changing the formula or methodology of taxation without looking at the underlying, systematic problems. And when I say the underlying, systematic problems, I am specifically talking about the budget process, the budget document, and the interactions between State and local units.

I am a former committeewoman in Dover Township; I am a former Ocean County Tax Board Commissioner. Over the last nine months, I have had the experience of reviewing a municipal budget. And I would like to point out to you -- and you may be thinking, what in the world is she doing before this Committee? Frankly, I called any number of offices to say which Committee can I talk about this to. And they said, "Well, try this one," and that's what I'm doing.

ASSEMBLYMAN BURZICHELLI: Can we have the name of that person? (laughter)

MS. ROSEN: If you would just bear with me.

Trying to change the formula without fixing the underlying problem, if a can make an analogy, would be like asking someone to put out a fire by filling a bucket of water, although that bucket has holes in it. It cannot be done.

ASSEMBLYMAN BURZICHELLI: So you have followed our budget processes. (laughter)

MS. ROSEN: Yes, I have.

I have essentially found seven areas that I would like you to consider in order to make the underlying process more efficient, more economical, and more fiscally responsible. And I am talking specifically of the local level of budgeting.

First, we talk about language -- and let me just back up for one second. People are angry. People are angry about the taxes they pay. They do not understand the budget process. And the reason for that, very specifically, are these seven reasons. Language: When we go before a local unit, whether it be a county, a municipality, a board of education, we hear our representatives talking about replenishing cash reserves or leveraging capital improvements. We need the budget document and what is said to the public to be in plain language. Replenishing cash reserves is building up our surplus. In business, that would be essentially profit -- the difference between expenses and revenue. And when the revenue exceeds the expenses, we've got a profit, and in government we have a surplus. If we talk in terms that are more appropriate to the Wharton School of Business than to a public meeting in which we're supposed to be informing the public, the public loses.

The second item that I wanted to talk to you about and I'll ask you to think about is the format of the budget document itself. The format gives license to local units for obfuscation. With all due respect to the Mayor, who was just before us -- and to be very honest with you, I haven't looked at his budget. But the budgets that I have seen permits local units to obfuscate and hide expenses in a general category that is *other expenses*. And unless someone is willing to go to the trouble of getting copies made of

the various documents that back up other expenses, and paying for them incidentally, no one knows what other expenses are.

The next item is discretion. I don't know how often you have called the Division of Local Government Services. And I can tell you over the last nine months in particular, they've been quite helpful to me in explaining and answering questions that I have had about the Barnegat Township budget -- and that's the one that I have reviewed of late. The problem that I have is that the final sentence that they say to me is, "You're right, but the law doesn't permit us to do anything about it." The municipalities, the local board of education, the county, has discretion. They can put whatever they want in the budget and we can't do a thing about it.

The process: We have all been at local meetings. It begins with a work session or several work sessions at which the major question asked by those officials who are present is, how do we get the tax rate down to zero? Don't worry about how much we're spending, don't worry about where the revenue is coming from, but let's get that tax rate down to zero. The next step is, introduce the budget. And two weeks later, lo and behold, they have a public hearing.

Now, I've been at public hearings. I've been an elected official at public hearings. And by the time the public hearing is held and -- of course, the vote is taken immediately following that -- they've already made up their minds. The citizens who have taken the time to come to those meetings and ask the questions that they want answered feel, "What's the purpose? What is the good of doing that?"

Political considerations: Our budget process has turned into the next best step in seducing the public to reelect the people who are in office. Again, the question is not how much are we spending, where can we cut expenses, where can we get revenues to offset taxes? But, how can we get the words *no tax increase* into our campaign literature? You know that as well as I do. Look at any of the local government races going on, and that's what you're going to see. And that is wrong. All of these things that I've listed are wrong.

Legal requirements-- I'm sorry?

ASSEMBLYMAN BURZICHELLI: Could you work to a conclusion?

MS. ROSEN: Pardon me?

ASSEMBLYMAN BURZICHELLI: Could you work to a conclusion, if you would be so kind?

MS. ROSEN: Yes.

ASSEMBLYMAN BURZICHELLI: Thank you.

MS. ROSEN: Legal requirements: People have to pay for things.

Tax rate versus actual taxes: I am here today to suggest to you that you, number one, amend the local budget law to require a complete and full detail of what localities are spending and where the money is going. Amend the local budget law to require that municipalities prepare a full and complete statement explaining their expenditures. Close the loopholes so that municipalities cannot take money -- municipalities, counties, and local boards of education -- cannot take money that is properly under the cap and put it outside the cap without any justification whatsoever, and thereby

increase the statutory limits to 5, 6, or 10 percent. Give the Division of Local Government Services not only the ability to oversee the budget process, but the authority to enforce strict regulations and assess penalties to local government officials who do not meet those requirements.

Amend the appropriate statutes to give every single citizen in this state the right to initiative and referendum. There are only four types of municipalities, under the Faulkner Act, that have that right. The rest of us, living in townships and other types of government, have no right of initiative and referendum. Basically, we are told, "If you don't like what we did, vote us out of office in November." By then, it's too late. The work is done; the deed is done.

Amend the Open Public Records Act to permit citizens to obtain documents pertaining to the budget, and thereby the taxes that they are going to be paying, either at a lower cost or at no cost at all. Provide a State agency to citizens: Allow us to contact a State agency -- rather than having to take a municipality or a board of education to court -- that will adjudicate questions that are raised about the efficacy and the correctness of anything that a local unit does that affects the budget or the spending of money.

Finally, amend the Local Public Contracts Law to make every contract, including professional services contracts, come under the public bidding laws. Give every contract out based upon the lowest price from the most qualified individual.

And finally, gentlemen -- and this may be the hardest thing -- completely amend the pay-for-play rules that you've already passed. I know that you've done something about that. But until we stop what we all know

is wheeling, where local units hire people because they have made contributions to the county units -- and that is not covered in the pay-for-play rules that you passed, okay -- then we are going to continue to have the budget and the attendant taxes that come from the budget, okay, have more a relationship to politics than policy.

Yes, what I've said here may sound quite simplistic to you and fairly innocuous, given the overwhelming things that you have to do here. But in conclusion, let me cite from John Kennedy: "Let us begin." Even if simplistic and innocuous is what you do -- some of the things that I've suggested here -- take those little steps to start to restore citizens' belief in government so that they can understand, so they can have the knowledge of, not only that their money is being taken from them, but that they know where that money is going. Until you take those steps, average citizens like myself don't have anywhere to go.

And if you're wondering, this is only a fraction of the information (indicating pile) that I gathered in Barnegat Township. It's actually about five feet high, if I stood it one on top of the other -- Barnegat Township information relating to this year's budget, which until I requested it, no one on the Township Committee, no one in the administration had even looked at. I paid hundreds of dollars -- my husband will tell you -- hundreds of dollars for this. And I got changes in the budget. I held it off for three months, until they made some of the changes. But that doesn't cure the overall, underlying systemic problem that I mentioned earlier.

Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you. Thank you, Michele.

Anyone? (no response)

Thank you very much. Thank you for making the trip. And your comments are important to us, and I mean that sincerely.

But I doubt, sincerely, if we're going to change the Constitution to prohibit a politician from running for reelection on the platform that they didn't raise taxes. (laughter)

Next, Billy Carroll. Is Billy here? (no response) I'm sorry, Billy Carroll is not here.

We have Raymond and Carol Shapella. Are they with us? (no response) I do not see them. Thank you.

We have Jeanette Pinto? (no response)

Does no one want to speak to us? (laughter)

I have a request from an individual who would like to speak after 7:00, but at this pace, we'll have to meet them at the diner. (laughter)

How about George Kuetemeyer? I may be mispronouncing that last name, but it may be close. (no response)

ASSEMBLYMAN MERKT: This didn't happen before.

ASSEMBLYMAN BURZICHELLI: One of two things is happening, (indiscernible).

ASSEMBLYMAN MERKT: Do we have the wrong list?

ASSEMBLYMAN BURZICHELLI: Michele was so overwhelming that there are no more questions of anyone; or the Mayor was so impressive to the group that we have our charge to leave here tonight. (laughter)

Let me jump down here. How about Jon -- is it Shevelew, the way you pronounce it?

MAYOR JONATHON SHEVELEW: Yes.

ASSEMBLYMAN BURZICHELLI: Thank you, Mayor. Mayor of Shamong Township.

Mayor, thank you for joining us.

MAYOR SHEVELEW: Thank you for having me.

ASSEMBLYMAN BURZICHELLI: Be comfortable, please, if you would.

MAYOR SHEVELEW: My guess is that everybody else left as soon as you said they couldn't read their statements. (laughter)

ASSEMBLYMAN BURZICHELLI: Well, I would hope that wouldn't be the case, Mayor.

MAYOR SHEVELEW: So it worked well. They'll be another meeting.

ASSEMBLYMAN BURZICHELLI: I didn't want to appear ill-mannered.

MAYOR SHEVELEW: Basically, I appreciate the opportunity to speak with you gentlemen. I'll try not to read my statement to you either.

I think, as everybody is aware, property taxes in the state are inherently regressive. They have never taken into consideration the individual's ability to pay. And what we have found -- certainly in our township, which is a fairly small community in the Pine Barrens -- is that our senior citizens are in the process of leading an exodus out of the community, because they can no longer afford to live there. We're talking about five- to 10-generation family farms where the senior members of the farms are now leaving the state because they can't afford to be here any

longer. In looking at that, we know right away that we've got an inherent problem in the way we're funding our education process.

In our township -- unlike Barnegat, it sounds like -- we don't impose a local purpose tax on our community. For the past 12 years now, we have not had a local purpose tax on our town. We do that by living within our means. We don't replace trucks until they're 20 years old. We cover 64 square miles of town with two public works employees and a part-timer. We don't have water and sewer. We don't have garbage collection. What our community has realized is that when they demand services from the local municipality, it costs money and they would rather take care of those services themselves. And we've done a fairly nice job of being able to do that.

Despite that, the cost of our local schools have gone up so dramatically that our tax rates have been increasing at an exponential rate. Unfortunately, we're not one of the districts in the state that falls under the Abbott rules, so needless to say, our State aid has shrunk consistently. We found ourselves actually caught in somewhat of a spiral here. Because as our senior citizens leave the town, the people moving in are moving in with younger families and children. So now our school-age population is increasing; and we find ourselves with that kind of problem going on again, where we never really planned for that kind of increase in our educational requirements.

I know that there's a number of people tonight who have talked about the idea of a constitutional convention. And I would have to say that the view, at least with our constituents at this point, is that it's another way for the Legislature to abdicate its responsibilities by not addressing this in a

timely manner. I don't believe that the citizens in the state have two, three, four years to wait, while you guys figure out what the constitutional changes that should be made are.

What I do know is that there has been a bill sponsored in the Assembly -- I believe by Assemblyman Manzo -- known as the SMART Bill. And we've taken a pretty hard look at that. Our township committee has passed a resolution supporting that bill. And with all of the proposed solutions that we've seen out there, this seems like the only one that addresses an immediate response and the ability to have an immediate impact on the needs of the community.

I spent a number of years in my private career, before retiring, in systems analysis and design. And we always used to look at problems and say, you know, inside this complex problem is a simple one trying to get out. And it seems to me that in this particular case, the SMART Bill is the simplest solution that's fighting to get out, while everybody is kind of spinning their wheels trying to find something more complicated.

I understand the reluctance of a number of people in the Legislature and the Governor to directly address the issues regarding property taxes, and especially the issue of shifting that tax burden to what -- the political no-no, which is an income tax. But the reality is, is that that is the only equitable way to distribute funding in the state for education. It's the only equitable way to make sure that people that can afford to pay the bill pay the bill.

And in addition to that, if we really take a hard look at it, the end result of the SMART Bill is a tax cut in the state of about \$1,400 per homeowner. I mean, it seems to me -- and again, I'm just a Mayor from a

little town somewhere -- but it seems to me that this is an obvious solution that nobody seems to be standing up and saying, "Hey, let's just do this and get this done."

I think the citizens convention is wrought with all sorts of possibilities for special interest, leverage for political appointees getting involved in spending millions of dollars of the State money -- on an issue that needs to be addressed a lot sooner than that.

ASSEMBLYMAN BURZICHELLI: Mayor, if you could summarize for us.

MAYOR SHEVELEW: Sure.

In summary, I believe that we should take a step back from the position that we're -- or the road that we're on right now. Take a harder look at the bills, such as the SMART Bill, that are currently pending in legislation. I also believe that we need to take a very hard look at what happens after the SMART Bill, and address the SMART Bill as not an end but a beginning to that process, so that we can look forward to the expense side of the equation, which does need to be addressed long term.

Thank you.

ASSEMBLYMAN BURZICHELLI: Mayor, thank you very much.

MAYOR SHEVELEW: Thank you.

ASSEMBLYMAN BURZICHELLI: Next up and signed in is Barbara Smith. Barbara, you're here? Welcome.

B A R B A R A S M I T H: Thank you.

ASSEMBLYMAN BURZICHELLI: You're welcome, Barbara. And where do you reside?

MS. SMITH: I reside in Toms River, New Jersey.

ASSEMBLYMAN BURZICHELLI: Well, thank you for making the trip.

MS. SMITH: Thank you.

I'm born and raised in New Jersey. I'm a senior citizen, and I believe in the motto *live simply so that others may simply live*. This retirement community that I live in has over 900 homes, and my neighbors all agree we need property tax reform, and we need it now.

I read about the SMART Bill in the newspapers, and I checked it out. And if it's as good and as fair as I read, it will save me money. My biggest fear, being a widow living in a retirement community where the taxes are over \$4,000 a year on my house, my biggest fear is that I won't be able to pay my property taxes, and I'll lose my home.

After working all my life in New Jersey, I feel betrayed by a State government that cares too little about people like me that have to struggle from paycheck to paycheck because you're taxing us to death. Please pass the SMART Bill now.

Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Barbara. It was succinctly put. It will frighten you to know that the \$4,000 that is truly a burden for you is \$2,000 under the state average, to give you an idea of how we're struggling across the board with these numbers.

MS. SMITH: Well, I sold my home and moved to a retirement community to save money, and hopefully it will work.

ASSEMBLYMAN BURZICHELLI: Yes. We recognize that. That's why we're taking up the task we're taking up.

MS. SMITH: Thank you.

ASSEMBLYMAN BURZICHELLI: Next and signed in is Phil Bartus. Phil, are you with us?

And Barbara, thank you for your succinct testimony, by the way.

Phil, if you can duplicate that in part, it will be impactful.

P H I L I P B A R T U S: I hope to be just as succinct.

ASSEMBLYMAN BURZICHELLI: And impactful.

MR. BARTUS: I want to thank this body for letting me speak before them.

ASSEMBLYMAN BURZICHELLI: And where do you reside at, if I may ask?

MR. BARTUS: I live in Toms River, also.

ASSEMBLYMAN BURZICHELLI: Well, thank you for making the trip.

MR. BARTUS: As a matter of fact, I had to downsize for the same reasons that Barbara Smith did. The taxes were becoming quite burdensome. I live on a fairly small pension.

And I want to thank the Mayor, preceding me, and Barbara for bringing up the SMART Bill, because I read about it, too. And it makes a lot of sense to me and it's a bill that can be passed rather quickly. You don't have to wait three, four, five years; two or three administrations. People in New Jersey are getting tired of that. Every committee wants another committee. We'd like to see the SMART Bill passed.

Thank you for your time.

ASSEMBLYMAN BURZICHELLI: Thank you, Phil, very much.

And I'll say that, those that have that interest in that legislation -- it is something that is in the mix.

This particular Committee is on the constitutional side, and we're looking to see how that fits into a change in the Constitution, if one is even needed, to enact that. But I'm sure everyone who has an interest in that bill -- who my colleague, Lou Manzo, has worked so hard on -- that it is truly something that's in the mix of consideration.

Next, I have Delores Ruple. Delores, are you with us?

DELORES RUPLE: I live in Deptford Township.

ASSEMBLYMAN BURZICHELLI: And a welcome to you.

MS. RUPLE: I have a Wenonah mailing address. And I'm a cohort of the Mayor from Somerdale. We've been working with the New Jersey Coalition for Public Good, sponsored by the Geraldine Dodge Foundation. And our goal was to diligently find a means of cutting taxes, and my main concern was people on fixed incomes and low incomes. I have two rather main agendas that I brought up at the meetings.

State pay -- if you pass the law, fund it. If you don't, just don't pass it. I know, like in Deptford Township, we had built that school. Twice, two years in a row, our taxes went up almost \$300, \$400 each year. I mean, it's ridiculous for people on fixed incomes or low-income people to be paying those kinds of taxes -- just can't afford it.

And I believe that any tax cuts should be means-tested, even for seniors. I think that's a good thing to keep into consideration. And I left two separate studies that we had done through the Geraldine Dodge

Foundation. Also, there was a final paper that was submitted by the Foundation to the Governor with means of reducing our taxes. There should be ample data to accomplish a lot of tax cuts within those figures. And I say, we the people are just tired of exorbitant taxes, corruption, no-show jobs, holding down three jobs at our expense.

I'm a retired Federal employee. I pay into my own retirement fund, plus I pay 40 percent of my health benefits plan. We don't get anything for nothing. Also, you're looking at somebody who does not collect Social Security, because we cannot double-dip. And I don't have such a fabulous income -- I'm struggling -- that it would warrant not collecting the little Social Security that I would get.

Also, I wanted to say that I've lived all over the world, just about, including third-world countries. But there's no place but this country that you'd lose your roof over your head because you can't pay your taxes. And I think it's a disgrace. And I figure the gravy train -- the double-dip; and guys who have had two and three jobs, and you're padding your retirement benefits; which is ridiculous, on the people -- backs of the taxpayers. And it's got to stop. And also, the gravy train has no more gravy. (laughter) We are now experiencing-- Do your job, get those taxes down, and that's my request.

Thank you.

ASSEMBLYMAN BURZICHELLI: Well spoken.

Next will be Barbara Calabrese. Barbara is down as a retired teacher.

Hello, Barbara, and welcome.

BARBARA CALABRESE: Thank you very much.

ASSEMBLYMAN BURZICHELLI: Outside, did you tell me your sense of nervousness, because you're going to testify before us, and at the last minute you're told that we prefer you don't read your statement?

MS. CALABRESE: Yes. And guess who told me?

ASSEMBLYMAN BURZICHELLI: I can't imagine, as a teacher, that you'd have any problem at all. (laughter) Summarize it.

MS. CALABRESE: Well, this doesn't look like a group of kids. (laughter) No spit balls.

ASSEMBLYMAN BURZICHELLI: Considering-- See us upstairs. (laughter) Considering some of the work that people have seen us do, they may have a difference of opinion as to our intellectual level. (laughter)

May I extend a welcome.

And let the record reflect that Senator Lance has joined us, as anticipated. Senator, welcome. You traveled a considerable distance. And I knew that, as I mentioned in the beginning, that his arrival would be just a little bit after our starting. We welcome Senator Lance.

SENATOR LANCE: Thank you, Mr. Chairman.

ASSEMBLYMAN BURZICHELLI: And Barbara, a warm welcome to you. Would you, for the record, state your municipality or residency?

MS. CALABRESE: I reside in Hopewell Township, right outside of Bridgeton.

ASSEMBLYMAN BURZICHELLI: Very nice. And welcome, Barbara.

MS. CALABRESE: We have lived there for 47 years.

ASSEMBLYMAN BURZICHELLI: The timer has started. We have to restart it, because I took up the first minute of your testimony. So we're going to restart the timer. You're all set.

MS. CALABRESE: There are a lot of things that I had wished to say that everybody else has said so far. Number one, the SMART Bill, I have to say, is a very good option. And I think that by doing that, we could at least get started very shortly.

There are too many people in the State of New Jersey who are retired and elderly, and cannot afford to stay here any longer. So we have to do something about this. They can't afford to live in their homes. They can't afford to get medication, and yet we give to other people who aren't from here. We can't wait two years for the constitutional convention to take place, because it's going to cost too much money and it's going to cost too much time. The people who would be running for the convention are going to have to put out a lot of money to do it also. And how interested are they going to be with the convention?

Don't count this as time. (laughter)

ASSEMBLYMAN BURZICHELLI: You're doing fine, Barbara. You're doing fine.

MS. CALABRESE: We can't keep moving our taxes. Maybe we could move property tax to income tax. And I don't think that we really need to fix our Constitution -- if anybody here can tell me what needs fixing.

ASSEMBLYMAN BURZICHELLI: Well, that's a question--

MS. CALABRESE: It is.

ASSEMBLYMAN BURZICHELLI: I don't know -- I would suggest to you that it's not that the Constitution would be considered to be broken, but the Constitution is a living document that from time to time gets looked at for purposes of change. So I don't know that we find that the Constitution is broken, necessarily, but we could very well find that, through this process, additional language in the Constitution may provide a range of discipline we presently don't have; or may give us direction that presently has gotten astray in statute and lawmaking and court decisions over the years. So that's why we're doing the work we're doing.

MS. CALABRESE: All right. So it's not because it needs fixing?

ASSEMBLYMAN BURZICHELLI: I don't think anyone suggested it's broken.

MS. CALABRESE: Okay, good.

We have taken the 1 percent increase in the sales tax, and already that has taken affect. Half of that money is already earmarked for property tax relief. The Legislature must use that money immediately to fix this system.

By shifting the tax formula from property taxes to the income tax, sales, or other taxes, the State can maintain a high level of services it provides for all of New Jersey, while easing the burden of those who can least afford it.

I thank you very much.

ASSEMBLYMAN BURZICHELLI: Barbara, thank you.

Rick, do you have--

ASSEMBLYMAN MERKT: Just one brief comment, if I may.

MS. CALABRESE: Sure.

ASSEMBLYMAN MERKT: While I have a great deal of respect for my Chairman here, I happen to be one person who believes that there are a number of things in the Constitution that need to be updated. It is a document that at this point is nearly 60 years old, and a lot of things, including me, can use improvement after a few decades.

Just one example, which I'd like to put for your consideration. And that is, it used to be that you couldn't borrow money for the State without going to the people to let them vote on that issue. Unfortunately, in recent years -- this has been both parties -- we have figured out ways of borrowing money without going to the people for their approval. And during that nine-year period, the State's obligations have increased from about \$8 billion to about \$33 billion. That's a sign to me that that particular issue needs to be fixed. So my only comment would be, there are some things in the Constitution that I do think need to be fixed if we're going to be making sure that the State doesn't get into fiscal trouble going forward.

MS. CALABRESE: The only thing is, if we go into a constitutional convention, can anything be opened up at any time, or would it definitely be an issue on taxes?

ASSEMBLYMAN MERKT: That's one of those grand and open questions that I'm not sure that anyone knows the firm answer to at this moment.

ASSEMBLYMAN BURZICHELLI: And as we close out, Barbara, I'll tell you that our charge has us working in the area of property

tax only, with regards to how we're looking at this document. So right now we're in that area only.

ASSEMBLYMAN MERKT: Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you very much.

I want to recognize, before I call the next person to testify, that our colleague and our Chairman of our Budget Committee, Assemblyman Lou Greenwald, has joined us, is in the back. (applause) Thank you, Lou, for stepping -- looking on, Lou.

Those who aren't happy with this year's budget can speak to Lou in the back of the room. (laughter)

Now, let's see how we're doing here.

The next signed-in person we have is Linda Sanders. Linda, are you with us?

Thank you.

Linda, welcome. And I have you down as President of Berlin Township Board of Education (*sic*). Is that correct?

L I N D A S A N D E R S: That's right.

ASSEMBLYMAN BURZICHELLI: Well, welcome. And you don't have to tell us where your residency is, because you're in Berlin Township.

Thank you.

MS. SANDERS: My school district is in Berlin Township. I live in Washington Township (indiscernible).

ASSEMBLYMAN BURZICHELLI: In Washington Township, okay.

MS. SANDERS: Yes.

ASSEMBLYMAN BURZICHELLI: Okay. I'm sorry. Is it Berlin Township Education Association, is that the teachers?

MS. SANDERS: Yes, it is.

ASSEMBLYMAN BURZICHELLI: Okay, very good. Well, welcome to you.

MS. SANDERS: Thank you for allowing me to speak. I'd first like to say, a constitutional convention is not necessary. Legislators have the authority and the mandate to fix our State's tax imbalance. Legislators can achieve the results much more quickly than a constitutional convention. Second, New Jersey's problems is not the amount of spending on education. It is the lack of balance in how that money is raised. Currently, New Jersey gets almost 60 percent of its total school revenues from property taxes. That is the fifth highest rate in the nation. The average is 43 percent. New Jersey gets only 38 percent of its school revenue from the State. That is only 43rd in the nation. The average is 48 percent.

New Jersey needs to rebalance the tax burden to make it fairer. The State must replace lost property tax revenues with increased State revenues. The State must not try to solve the property tax problem by slashing school spending.

Unfair Federal funding policies -- unfair Federal funding policies are also hurting New Jersey. New Jersey currently gets only 2.9 percent of its education funding from the Federal Government. That is absolutely dead last in our nation -- last in our nation. The national average for Federal support is 8.6 percent. The State must redouble its efforts to lobby for a fairer share from the Federal Government, and thus lightening the burden on New Jersey's taxpayers.

Thank you very much for listening.

ASSEMBLYMAN BURZICHELLI: Thank you very much for your testimony, Linda. (applause)

I'd like to ask -- I mean this very politely -- that we don't encourage the reaction to testimony from the assembled group. So if people would be kind enough to refrain, it's just the decorum we'd prefer to conduct these kind of meetings. Because if there's applause, then there could be other kinds of reaction. (laughter) And we want everyone who testifies to feel welcome and to recognize how important we think the testimony you're bringing us is. And I mean that sincerely. So, we'd ask if there would be a withholding of reaction to testimony.

Now, I had called names in the beginning of people who were not here. I'm going to go back and call them. Because considering the hour we started, there may have been people who were delayed in traffic. New Jersey does have the finest highway system in the nation, where there is never traffic issues. But for those who may not have been able to move in--

Has Billy Carroll arrived?

B I L L Y C A R R O L L: (speaking from audience) I just arrived, but I'm not going speak. I'm not prepared.

ASSEMBLYMAN BURZICHELLI: Well, thank you, Billy. But thank you for joining us, nonetheless.

How about Raymond and Carol Shapella? Have they joined us yet? (no response) They have not. We'll call them later.

How about Jeanette Pinto? Has Jeanette arrived? (no response)

Now, notice, we haven't checked any ID, so anyone, I guess, could really step up and say that they were Jeanette, if they chose to.
(laughter)

How about George Kuetemeyer? (no response) Not here, or at least not present at the moment.

That completes that one sheet, Catherine. Let's go to the next one.

How about Kathleen Sytnik? Is Kathleen here? Kathleen, welcome.

KATHLEEN SYTNIK: You got that right.

ASSEMBLYMAN BURZICHELLI: All right. Welcome.

MS. SYTNIK: That was pretty good.

ASSEMBLYMAN BURZICHELLI: I didn't have you as signed in. I'm sorry. And I have you down as President of the Burlington County Education--

MS. SYTNIK: That's correct.

ASSEMBLYMAN BURZICHELLI: And I'd ask you, if you could, if you'd heard things that are similar to what you'll like to talk to us about -- you'll work that in.

MS. SYTNIK: Well, just about everything I have is similar. But I just wanted you to know I spent a lot of time today with my sixth graders getting it down to two minutes, and now you're telling me I can't read it. But I'll try to go -- be very brief.

I am Kathy Sytnik. I am the President of the Burlington County Education Association. And thank you for allowing me to be here

tonight to speak on behalf of the over 10,000 members of the Burlington County Education Association.

I'm here tonight to speak in opposition of a constitutional convention.

ASSEMBLYMAN BURZICHELLI: Kathleen, may I ask? Did you say 10,000 members, countywide?

MS. SYTNIK: Over 10,000 members, yes -- public school employees.

ASSEMBLYMAN BURZICHELLI: That includes retired as well?

MS. SYTNIK: No. That's just--

ASSEMBLYMAN BURZICHELLI: That's active.

MS. SYTNIK: Yes. That's just the active.

ASSEMBLYMAN BURZICHELLI: That's a large group.

MS. SYTNIK: We have -- I'm not sure how many retired--
The retired president is back there.

UNIDENTIFIED PERSON FROM AUDIENCE: (speaking from audience) We have over 800 retired. They belong to the county.

ASSEMBLYMAN BURZICHELLI: Yes. Very nice.

UNIDENTIFIED PERSON FROM AUDIENCE: We have over a thousand that belong to the State retirees.

ASSEMBLYMAN BURZICHELLI: And people should know, as I've been educated over the years, that includes not just people in the classroom. That can include other workers.

MS. SYTNIK: Absolutely. All our support staff, all public school employees.

ASSEMBLYMAN BURZICHELLI: It's nice for people to hear that. Because people don't realize it could be cafeteria workers, could be anyone that's employed.

I'm sorry, Kathy. I'm sorry to break your time.

MS. SYTNIK: Oh, that's okay.

ASSEMBLYMAN BURZICHELLI: We'll recredit you with another 30 seconds.

MS. SYTNIK: No, that's okay. I told you. It's only going to be two minutes. We worked real hard on this.

ASSEMBLYMAN BURZICHELLI: By the way, the shortest testimony -- we always find that, even though, it's impactful and most likely to get our attention. So attention span is short, as you can sense.

MS. SYTNIK: And in case you don't know, I'm from New England, and we talk really fast up there.

ASSEMBLYMAN BURZICHELLI: Very good.

MS. SYTNIK: The constitutional convention would be a disaster for New Jersey. The property taxpayers need immediate relief. We can't afford to wait until 2008 or 2009. And that would be when the convention would probably take place. I believe the Legislature has the resources, it has the authority, and it has the experience that it needs to do the job that they should be doing. Holding a constitutional convention that would write tax law into the Constitution could be very dangerous.

New Jersey needs property tax reform now, and we need it done right away. I believe the SMART Bill, which was already mentioned tonight, would shift the burden from property tax to income tax, and it is the right way to go. It's a fairer system of taxation, and it provides a 50

percent reduction of the school portion of the property tax for every primary homeowner and every renter. I urge you to reform property taxes now by passing the SMART Bill and protecting our investment in public schools.

Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Kathy, very much.

Now, we're going to get new buttons for -- it would be the Lou Manzo Fan Club. (laughter)

MS. SYTNIK: Oh. (laughter)

ASSEMBLYMAN BURZICHELLI: And I say that with affection.

Thank you, Kathy.

Let's -- I'm trying to call who is here.

Has Jon -- it's not Anderson -- Aneson, representing the Restaurant Association. Has he made it in, by any chance? (no response)

How about John Stevenson? John, why don't you join us, please, if you would.

I think we may have to get you -- if you'd be kind enough to sit in front of those middle microphones, John, because one is-- Unless you're with the microphones. They're recording different things.

But may I extend a welcome to you. And if you'd be kind enough, your place of residence is?

J O H N S T E V E N S O N: Wall Township.

ASSEMBLYMAN BURZICHELLI: Well, welcome to you. Thank you for making the journey over.

MR. STEVENSON: I'm here in support of the SMART Bill.

ASSEMBLYMAN BURZICHELLI: Are you related to Lou?

(laughter)

ASSEMBLYMAN MANZO: I'm thinking of moving south.

MR. STEVENSON: Not yet.

ASSEMBLYMAN BURZICHELLI: I didn't realize his family--

MR. STEVENSON: I'm maybe counting on something there.

ASSEMBLYMAN BURZICHELLI: Very good.

MR. STEVENSON: I first heard of the SMART Bill on the radio station, 101.5.

ASSEMBLYMAN BURZICHELLI: And by the way, that station -- everything is truthful there and everything is factual that you ever hear from them. (laughter) So you're well-grounded in your position.

MR. STEVENSON: And my neighbors and my friends who have listened to it feel that it is very beneficial and it's a good bill.

I've resided in New Jersey all my life with my wife. I've raised a family. If we're going to talk about taxes, I pay in excess of \$8,000 a year property taxes. And I find myself maybe falling into a situation like a lot of my friends and neighbors, who are forced to move out of this state because they can't afford to pay the taxes. I don't particularly care to leave my family, my children, my grandchildren, and move to another state, only because of the cost of property taxes.

Inevitably, most people you speak to who do leave the state don't leave it because they're going for environmental changes or they're going for the fact that they like things in different states, as far as Florida,

North Carolina, South Carolina, or Delaware. It's because they can no longer afford to live in the state.

Forty-five years ago, New Jersey first became an area where people were moving to retire, so they could be near their families and friends. And since that time, it has progressively reversed itself. People in the State of New Jersey seem to be exiting instead of coming into the state. I feel that we have a beautiful state. I think that it's an adverse situation that we have to reverse.

I've looked at the citizen committee convention and feel it's basically a waste of time and money, and that we can't afford-- To be perfectly frank, we can't afford to wait three years for property value changes. I don't particularly feel confident to leave it in the hands of people who, number one, I don't think have a plan or have the accountability to do the job that you have been elected to do.

I thank you.

ASSEMBLYMAN BURZICHELLI: Thank you very much, John. Thank you for your commentary.

And by the way, with the exception of the property taxes, now that Rutgers University has learned to win football games, I don't know why anyone would ever want to leave the state. (laughter)

Okay. Is Kevin (*sic*) McIntosh with us? Kevin, thank you. If you'll make your way. And we have you as President of the Camden Education Association.

K E N N E T H M c I N T O S H: Yes.

ASSEMBLYMAN BURZICHELLI: May I extend a welcome to you.

And your municipality of residence?

MR. McINTOSH: I live in Winslow Township, and the name is Kenneth McIntosh. I saw that earlier. I thought they were trying -- they didn't want me here.

ASSEMBLYMAN BURZICHELLI: They had it incorrect? Okay. No, we do want you here. We do want you here.

MR. McINTOSH: Thank you for having me here.

I want to express to you one thing before I begin. When I use the term *I* in many cases, because my focus here this evening is going to be basically on Abbott districts -- and the reason for that is because I've worked in an Abbott district for more than 30 years -- so when I say "I," I hope I'm expressing the feeling of many of those individuals who live in the Abbott districts, those who worked there for many years, and also those who really understand the problems that are involved in the Abbott districts.

ASSEMBLYMAN BURZICHELLI: Well, Kenneth, if I may, just for a point of clarification: that purview, that topic, is of another Committee. This Committee is on the constitutional issues on property tax. And I'd ask you, if you would -- and you're certainly welcome to refer -- but we're looking for help and guidance in the constitutional parameters. And also, if you'd be kind enough to summarize -- and when I say summarize, not read to us from your statement, as others have been kind enough to do, because we will be reading your statement. We'd prefer you not read to us. We'd like to hear from you.

MR. McINTOSH: True.

ASSEMBLYMAN BURZICHELLI: But the discussion of the public school funding/Abbott districts is the purview of another Committee with regards to -- in such a specific matter. So if you can help us along, related to the Constitution and public school funding, that would help us.

MR. McINTOSH: Okay. All right. Well, I didn't read anything earlier. Okay, in any case, I personally do not believe that the constitutional convention is a way to solve the problems that we have within this state. All right? I am very concerned, as has been stated previously, however, that-- And you're talking about a constitutional concern -- where does that leave us, and how far that really is allowed to go. I'm concerned about the fact that it may not end with just our problem of property tax. Who stops this from becoming an issue whereas -- that other laws can be changed?

I do feel that the constitutional convention in itself will not allow the ideas which were put in place for those Abbott districts to exist. And I think that it is important -- see, I'm concerned about our children and how this affects those kids in the future. Okay?

I don't want to go into this Abbott district thing, since you say that's for another Committee, but--

ASSEMBLYMAN BURZICHELLI: Well, but I'll say to you: You make a point that I'd like to just talk to you about. Because this Committee should-- We may advance recommendations that if there is going to be a constitutional convention, what the parameters of that would be. That's one of our obligations -- if we fail to come up with other suggestions or possibly advance a series of suggestions for it -- that being one of them. So I'm taking from your testimony that you want us to be

very cautious about, in the Constitution, for example, where it presently says “thorough and efficient education,” that that would be an area that would be of great concern for you if the Constitution were not to have that or were it to say something else. So-- And we’re very cognizant of that. And we’re looking for guidance from the other Committee related to what recommendations may flow from there.

So you said something very important to us, and we’re mindful of that with regards to what -- how a constitutional convention could look if, in fact, one is called. And it would be up to this Committee to advance the language back to both the Senate and the Assembly, that would eventually move to the Governor, as to what a convention would look like. So it’s very important commentary that you give us.

MR. McINTOSH: Okay. Well, in that case, I will say one more thing before I depart. I want you to understand, I do agree, as an individual who lives in New Jersey, that the property tax in itself is necessary. However, I do want to make sure to keep in your minds, on all circumstances, please do not make that property tax change in a manner which would be at the expense of our children.

ASSEMBLYMAN BURZICHELLI: Thank you, Kevin, very much.

MR. McINTOSH: Okay. Thank you.

ASSEMBLYMAN BURZICHELLI: Important words for us. Thank you.

We’ll now call -- I’m moving to my supplemental list. And I’ll go back and check, before we close this evening, and see if those I’ve called that weren’t here have, in fact, arrived.

Okay. Is John Sullivan here? John welcome to you. If you'd be kind enough, your place of residence?

JOHN SULLIVAN: National Park, Gloucester County.

ASSEMBLYMAN BURZICHELLI: Well, welcome.

MR. SULLIVAN: I'm just here as a concerned senior citizen. I wanted to voice my opinion on this regionalization. I cannot understand how some of these towns can be so wealthy and other ones, like National Park where I live in, which is a poor town-- And you have -- West Deptford will drive right through our town to service their town. And they all salute them. It's a wealthy town. Why can't we do some regionalization to give us a tax break. It just don't make sense.

ASSEMBLYMAN BURZICHELLI: Well--

MR. SULLIVAN: I know you guys are here looking for opinions, and I know, I read it in the paper that you are considering regionalization.

ASSEMBLYMAN BURZICHELLI: That's right.

MR. SULLIVAN: Not only on the school board, just on the towns itself. It don't make sense to have two police departments, chiefs, captains, lieutenants, sergeants. I mean, the former Mayor told me that costs each taxpayer \$500 a year extra. I can't afford to live in this state anymore. I'm about ready to put a for sale sign on my house. I'm an ex construction worker, and I'm not receiving a pension. I'm just receiving Social Security. It's ludicrous what you're doing, and I know your Committee is here to try and do something about it. So I just want to voice my opinion as a concerned senior citizen. And I appreciate your time.

ASSEMBLYMAN BURZICHELLI: John, thank you. And let me assure you, too. The discussion on the regionalization is also one of the other Committees.

MR. SULLIVAN: Okay.

ASSEMBLYMAN BURZICHELLI: And a great deal of time is being spent there to try to understand. Because I can remember when National Park didn't have a police department. West Deptford covered.

MR. SULLIVAN: That's right, yes.

ASSEMBLYMAN BURZICHELLI: So there's a separate Committee looking very hard at that whole flow. So just keep reading and stay involved.

MR. SULLIVAN: Just to voice one little opinion: I just had a cousin of mine, just left Delran and moved up near Bloomsburg, Pennsylvania. Eight-hundred-and-fifty dollars a year taxes on 3.5 acres -- a brand-new rancher. He says to me, "You got to be insane living down there, to pay 5,500 a year. Come on up here with me now." He's a former school teacher. He says you got to be insane to live in New Jersey anymore. Every senior I talk to, they won't even fix their house because they're scared to death that they're going to be retaxed.

Now, you guys see it. You all have parents. You know what the problem is. And I'm glad you are being concerned about it.

Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you. Thank you, John. And we're also looking at that whole assessment flow, too.

MR. SULLIVAN: Okay, thank you.

ASSEMBLYMAN BURZICHELLI: But thank you for taking time to join us.

Next we have Kathleen -- it's written here -- McMahon. McMahon, maybe? McMahon, does that sound right? Kathleen, did I get that correctly?

KATHLEEN McMAHON: (speaking from audience) It's Kathleen McMahon.

ASSEMBLYMAN BURZICHELLI: Thank you.

Kathy McMahon. I have her as a teacher, Camden County.

MS. McMAHON: Hi. I'm Kathy McMahon. I live in Collingswood.

ASSEMBLYMAN BURZICHELLI: Well, you're right at home.

MS. McMAHON: So I was close enough to walk over.

ASSEMBLYMAN BURZICHELLI: Welcome home. And may I say you have the nicest hat of the evening. (laughter)

MS. McMAHON: Thank you. Thank you.

It's not taxpayer expense. (laughter)

ASSEMBLYMAN BURZICHELLI: Well, if it was, I would say just -- it was a worthwhile expense.

MS. McMAHON: Well, I'm a teacher in Brooklawn, and I teach Social Studies. In 4th Grade, we talk about New Jersey. And so I tell the children what the powers of State government are. And we know you have the power to straighten out this property tax mess right now. You don't need to call a constitutional convention. You do have this power; you just need to use it. You can fix the tax situation -- the big mess we're in

now -- if you'd like to do so. And it would sort of be silly to wait three years to fix something that's quite broken now.

And I also want to remind you that we can't fix the problems we have with property tax but not fully fund our schools. I know we're the biggest drain, between the children wanting the extra paper and the new workbooks and everything, and the free pencils now and again. But you really have to fund the public schools because otherwise where are your future workers and your future taxpayers going to come from? This is why we have so many jobs here, because we have well-educated workers here who can fund your taxes later, because we have taught them well now.

So thank you very much for your time and attention. And just remember, we know you have the power to do this, and we won't forget when it comes time to vote. If you don't fix it, we'll remember who you are. It's like the detention list, you know -- we know who's on it. (laughter)

Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Kathleen, very much, very much.

Next up is Lee Lucas. Lee, are you with us? And you'll bear a second, while I check-- Excuse me? (takes phone call)

I apologize for that. One of the-- It may come as a surprise, as some of-- I actually have to work for a living, other than the legislative work. And I had to keep the phone on, because one of my people was in a little bit of trouble.

Lee Lucas, is that correct?

LEE LUCAS: Yes, that's correct.

ASSEMBLYMAN BURZICHELLI: Lee, may I welcome you. And I apologize for having to take that call.

MR. LUCAS: No problem.

ASSEMBLYMAN BURZICHELLI: And you are--

MR. LUCAS: I'm from Gibbstown.

ASSEMBLYMAN BURZICHELLI: I know Gibbstown. It's a great place.

MR. LUCAS: Yes, where I'm a neighbor.

ASSEMBLYMAN BURZICHELLI: Well, thank you. Thank you, Lee. Welcome.

MR. LUCAS: The opinion I want to express is what's -- I'm really leery about is, with the convention and everything, is that they might try to do away with the property tax system and go to a centralized tax system, which I think would be a disaster.

ASSEMBLYMAN BURZICHELLI: When you say centralized, are you thinking like a statewide property tax levy?

MR. LUCAS: Yes. Or just a state tax of some sort.

ASSEMBLYMAN BURZICHELLI: Because we have a sales tax now, you have income tax -- both are State tax. We have a list. We have a corporate business tax. We have a large list of fees. When you say a different kind of tax -- in favor of eliminating property tax?

MR. LUCAS: Yes. I'm afraid that might be the outcome of the convention. That's what I'm worried about. Yes, you might come up with some kind of, like, more a state funding, let's say, than property taxes. I'm worried that that might be the outcome. I don't know if it's what you're

planning or anything. I just wanted to express my opinion. I'm definitely -- I think I like our property tax system.

ASSEMBLYMAN BURZICHELLI: Would anyone care to talk to this gentlemen in the back of the room? (laughter)

MR. LUCAS: No. I know that seems like something strange to say, but I don't--

ASSEMBLYMAN BURZICHELLI: I want to tell, that's the first we've heard this. (laughter)

MR. LUCAS: Yes, I know.

ASSEMBLYMAN BURZICHELLI: And it's going to send us in a direction of consideration which we hadn't considered going.

MR. LUCAS: Okay. Well, I think what the property tax problem is, that-- I don't even think that schooling should be-- It doesn't have to be equal, I don't think. I think if a town has more money, they should have better schools. And the people in the poorer towns, they should work harder and make more money and improve their towns. Now, this is leading me to the subject, which I believe is the fiscal problem, and that is there's too much State money going to the Abbott districts. And they say you don't talk about that, but--

ASSEMBLYMAN BURZICHELLI: Because it's under the purview of another Committee.

MR. LUCAS: Yes. But it has to do with the Constitution and how they distribute the money and stuff. And it leads to the property tax problem, because the suburban and country towns aren't -- their aid is flat, their school aid and all that. And it's because more and more money is going to the 31 Abbott districts or the poor districts. And I don't know if

it's a constitutional problem. It might be the way they're interpreting the Constitution, which lead to the Abbott decision, which I think was a disaster. And it is why property taxes are going up. More money should go to the suburban towns.

And that's my opinion.

ASSEMBLYMAN BURZICHELLI: Thank you, Lee.

MR. LUCAS: All right.

ASSEMBLYMAN BURZICHELLI: Next will be Rob Kealey.

Rob, did I get the last name correct?

R O B K E A L E Y: Yes. Thank you.

ASSEMBLYMAN BURZICHELLI: And your last name? I'm sorry, may I have--

MR. KEALEY: Rob Kealey, from Mays Landing.

ASSEMBLYMAN BURZICHELLI: Oh, I did say it okay.

MR. KEALEY: Yes. You got it right.

So I apologize for, I guess, not being more prepared.

ASSEMBLYMAN BURZICHELLI: No. You did fine, and you signed in okay. And you signed in, as your organization, as self. (laughter)

MR. KEALEY: That's right. And I don't represent any group, I just represent myself -- a simple taxpayer, one of the saps who's asked to pay for this out-of-control spending.

ASSEMBLYMAN BURZICHELLI: Well, first of all, you are not a sap. And you are welcome here, and I appreciate your making the drive from Mays Landing to join us.

MR. KEALEY: Thank you very much.

ASSEMBLYMAN BURZICHELLI: And we just ask you not to read your statement. Everyone has been very good this evening.

MR. KEALEY: Okay.

ASSEMBLYMAN BURZICHELLI: So, you have to work from it, summarize.

MR. KEALEY: Okay. Basically what I would like to say is, I experienced the same thing as that one gentleman's brother -- I think it was his brother, who moved to Pennsylvania -- when I was transferred out of state, and I saved an enormous amount of money, simply in property taxes, by leaving the state. Well, now I'm back because my job brings me here. I have been asked whether I'm sane living here. And the first thing I am treated to is the budget spectacle, that I don't think *Saturday Night Live* could have written any more ridiculously.

ASSEMBLYMAN BURZICHELLI: I was there for that. You may not be too far on that. (laughter)

MR. KEALEY: Yes. And some people might agree, some people might not. But anyway, the general theme, as I see from sitting here, appears to be that you guys need to do a better job of managing our money. Okay? We send you enormous amounts of money that seems to get frittered away, and it just gets out of control. And one way that at least my simple mind makes sense to me, is to involve the electorate in some of decision making when incurring debt. I understand at one time in the past we had a debt limitation clause which did involve us. And that got changed. And now we get these backroom, dark deals where the authorities incur enormous amount of debt that we have to pay.

ASSEMBLYMAN BURZICHELLI: And actually, earlier on, Assemblyman Merkt spoke at length about his issue -- meaning his focus on our meetings. And in fact, coming forward, I think in the next meeting or the following meeting, we're going to take up the language in the Constitution and how debt is presently occurring. So we are cognizant of that.

MR. KEALEY: Well, thank you. I mean, our forefathers fought for taxation -- or fought against taxation without representation. It seems to me that that's exactly what we do have under the current system. So my statement is to just bring it back. It imposes some control, and maybe we wouldn't be all sitting here tonight griping about this if it hadn't been abrogated in the first place.

And that's my story, and I'm sticking to it.

ASSEMBLYMAN BURZICHELLI: Well, very good. Thank you.

MR. KEALEY: So thank you very much.

ASSEMBLYMAN BURZICHELLI: It was well put.

I think -- Senator Lance, if you'd care to offer a comment.

I'm sorry, Rob, I think the Senator wanted to just raise a question to you, if you'd join us for a second.

MR. KEALEY: Yes, yes.

SENATOR LANCE: Yes. Thank you, Mr. Chairman.

I agree completely with the witness.

I litigated this issue to the Supreme Court in the case of *Lance v. McGreevey*. And I'm the "Lance" of *Lance v. McGreevey*.

ASSEMBLYMAN BURZICHELLI: And not the “McGreevey.”
(laughter)

SENATOR LANCE: And not the “McGreevey” of *Lance v. McGreevey*, just for the record.

The Supreme Court of this State said that we could no longer borrow to balance our annual State budget, which we had been doing for several years, to the tune of \$2 billion a year. Unfortunately, that Supreme Court decision does not relate to all borrowing in New Jersey. It simply relates to the borrowing that we had incurred, over my strong objection, to balance the State budget.

And you are perfectly right that some in the Legislature abrogate Article 8 of the New Jersey Constitution, which is the debt clause, by having debt not born by the State General Treasury, but rather by various authorities, including the EDA. And, for example, the school construction debt of more than \$8 billion was not general obligation debt; it was issued under the Economic Development Authority, and therefore it did not go to the people for a vote.

And it is my opinion, as the Minority Leader -- from the ranking Republican in State government -- that all debt should go to the people for their approval. And if they wish to approve debt -- and there are certain matters that require debt -- it should be the people who decide. And let the people decide “yes” or “no.” And, for example, in debt that we have incurred appropriately, in my judgement, for open space preservation -- that debt went to the people for their approval.

Assemblyman Merkt, who has worked hard on this issue, is correct that our debt is now at \$33 billion. We have the third level of debt

in the nation among the 50 states, even though we are 11th in population. And that debt has increased -- and I hope the audience recognizes this -- dramatically over the last 10 years. And, whereas, New Jersey's debt, traditionally, had been at the lower end of the scale, it's now at the very top of the scale, given what has occurred.

Assemblyman Merkt and I will be pursuing this issue before this Committee, which deals with constitutional issues, because we are of the belief -- and I am certainly of the fundamental belief -- that all debt in New Jersey should go to the people for their approval, whether it's issued by the General Treasury, or by the Economic Development Authority, or some other authority.

And I hope that one of the recommendations of this distinguished Committee is that, moving forward, we do not incur debt on the backs of our children and, in some cases, our grandchildren, without voter approval.

Thank you, Mr. Chairman.

ASSEMBLYMAN BURZICHELLI: Thank you, Senator.

MR. KEALEY: Thank you very much.

ASSEMBLYMAN BURZICHELLI: I don't think we're allowing you to leave just yet, Rob.

MR. KEALEY: Okay.

ASSEMBLYMAN BURZICHELLI: Because I think Assemblyman Manzo wanted to jump in.

ASSEMBLYMAN MANZO: I just wanted to concur with Senator Lance and Assemblyman Merkt. I think one of the problems we have is that our Constitution clearly calls for us to put a vote of debt to the

people, or a bond to the people. And when we allow these autonomous agencies to run around that law, we're basically destroying the foundation on what this country was founded -- and what its Constitution says -- basically, "No taxation without representation," even from elected officials.

So I will be joining you, Senator and Assemblyman, in hopefully moving that.

SENATOR LANCE: Thank you, Assemblyman.

ASSEMBLYMAN MERKT: Mr. Chairman.

MR. KEALEY: Thank you very much. I would encourage you to start looking out for us.

Thank you.

ASSEMBLYMAN BURZICHELLI: I don't think you can leave just yet. I think Assemblyman Merkt would like to say something. (laughter)

ASSEMBLYMAN MERKT: I would just like to add, Mr. Chairman, one thing -- that this is really for the good of the audience, too -- and that is to understand that although the outstanding debt of the State of New Jersey, at this point, may be \$33 billion, that's not what you get to pay back. There's this thing called *debt service*, the interest on paying this money back. And by the time you get done, this obligation is not really \$33 billion. It's probably somewhere more in the neighborhood of \$55 billion to \$60 billion. That's the amount we'll actually have to pay back over a period of years to resolve these debts. And, frankly, there's more coming. And therefore, I think this is an area that--

By the way, what's important about the debt service is that the debt service is paid out of the State budget every year. And as you can

imagine, given the limited resources of the State government, as the State debt burden -- State debt service grows as a percentage of the budget every year, it is squeezing out other needed activities, including property tax relief.

And so that's the relevance of this. And I just wanted to touch on that.

Mr. Chairman, thank you.

ASSEMBLYMAN BURZICHELLI: Thank you.

I think, Senator Madden, you'd like to close out on this topic before we let Rob head back to Mays Landing.

SENATOR MADDEN: Thank you, Chairman.

My statement has been made numerous times in relationship to the State debt. There are legislators who have been in the Legislature a very, very long time, letting this happen.

The constitution convention bill, as much as it's been kind of attacked tonight, has an awful lot of good reasons to it. Had we addressed the Constitution when I first introduced it in '04, we'd be sitting here with meaningful property tax reform in New Jersey, today, and having lived it for at least nine months this year.

The reality of it is simply this: The debt is out of control. Senator Lance is right. My colleagues on this panel know it. I will be siding with them on all debt being approved by the people.

In my first budget as a junior legislator sitting here -- my first budget -- the borrowing was through the roof. The debt that was acquired at that particular budget-- My 25-year-old daughter will be 65 years of age when some of that debt is paid down. It's absolutely ridiculous. People

have testified tonight -- we are putting debt on the backs of our children and grandchildren. They are absolutely accurate. And to be quite frank with you, this Committee is charged with doing the best it can on reforming the Constitution.

Earlier a woman had spoken and said, "What's wrong with the Constitution? Where is it broke?" We're giving you examples as to where there is not maybe breakage in it, but loopholes. There's issues about whether or not somebody can have five acres of ground, farm it, and get a farm tax assessment, and pay about one-tenth of their neighbor who doesn't farm one acre of that five acres of ground. All you have to do in New Jersey is farm produce \$500 worth of business a year, and you qualify for a farmland assessment. I personally think we need to freshen up that clause, also.

There are issues with the Uniformity Clause, in which we've heard testimony before we hit the public, and now when we came out in the public. People do not want changes to the Uniformity Clause. The irony of that is, it's a double-edge sword. The real factor is that there are senior citizens who are getting a \$1,250 rebate every year. In my first year in the Legislature, I tried to get a bill through the house that would allow those people to opt out of the rebate system, take \$1,200 right off their taxes up front. The shame of it is, the language in the Constitution prevents a partial tax exemption. We cannot, by constitutional restrictions, even permit that bill to go through.

We need to address the Constitution. Your testimony today was heartfelt. The people here tonight have said some tremendous things. But I assure you, when you have one bill -- whether it's the convention or

the SMART Bill -- each House has its own personality, each House has its own challenges with their-- And there's a lot of debate going back and forth. But the reality is, ladies and gentlemen, those bills are simply that. They're bills and their statutes. What we're looking to do today is reform a document that hasn't been addressed in almost 60 years -- and that is to reform the Constitution.

So we do have much, much more work to do. But your testimony from each and every one of you -- and your testimony today, sir -- sure goes a long way to giving us a true sense as to where the people feel -- not that we don't already know it. But sometimes I think legislators that have been sitting in the walls of the State House for a very long time need to hear real people tell real stories. And it kind of gets them back on track as to why they ran for office in the very, very beginning.

So thank you for your testimony.

MR. KEALEY: Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you, Senator. Well put.

I'm going to call some names that I called earlier, that were not present, didn't step forward. I don't want someone who arrived late -- because we've been through our list of testifiers.

Billy Carroll.

MR. CARROLL: I'm here.

ASSEMBLYMAN BURZICHELLI: Oh, that's right. I'm sorry. That's right. You told me you didn't need to testify. Thank you.

I'm sorry, Billy. I didn't mean to do that to you.

Raymond and Carol Shapella.

RAYMOND SHAPELLA: Yes.

ASSEMBLYMAN BURZICHELLI: Thank you.

I take it you're Raymond. (laughter)

MR. SHAPELLA: Yes, I am.

ASSEMBLYMAN BURZICHELLI: Very good.

Raymond, where do you reside at?

MR. SHAPELLA: Collingswood.

ASSEMBLYMAN BURZICHELLI: Welcome. So you had the longest commute of the evening. The gentleman before you was from Mays Landing.

But welcome, and we welcome your testimony.

MR. SHAPELLA: All I have to say is, I've lived in this town for 35 years. When we moved in, our taxes were \$600. Now they're over \$6,000, close to \$7,000 -- up 100 percent. And I don't see any change where this 100 percent is being spent, either in the State or in the community, or in the county. The county schools are already talking about -- they need a takeover in the Camden County schools.

Now, where is all our money going, and what's it being spent on? I don't see it.

I was educated at Collingswood High School. And I'm sure it cost money. But does it cost a hundred times more now, if you're saying the school budget eats up a big portion of the taxes in the state? I don't see the services for the costs we're paying.

That's my big gripe.

ASSEMBLYMAN BURZICHELLI: Thank you, Raymond. We appreciate your testimony.

MR. SHAPELLA: Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you.

Has Jeanette Pinto arrived? (no response)

This is the last call on the names, folks.

Did Martin Davidoff make it?

UNIDENTIFIED SPEAKER FROM AUDIENCE: He's lost.
He's on his way.

ASSEMBLYMAN BURZICHELLI: We may not be in a
position-- This is the last call on the list.

How about George Kuetemeyer?

G E O R G E K U E T E M E Y E R: Right here.

ASSEMBLYMAN BURZICHELLI: George, welcome, please.

George, your place of residence?

MR. KUETEMEYER: I resident in Collingswood.

ASSEMBLYMAN BURZICHELLI: Very nice. Thank you.

MR. KUETEMEYER: Actually, I resided in Philadelphia until
very recently. I moved to Collingswood about a year ago.

And I can understand why the State of New Jersey has various
budget problems, if my case is anything like others.

When I lived in Philadelphia, I paid the city wage tax. I also
paid around \$2,600 a year in state income tax. I moved to Jersey. I'm still
paying the city tax, because I still work in the city. But instead of paying
\$2,600 in State income tax, I wound up getting a rebate for \$500. So it's a
\$3,100 swing. So I don't really understand. I mean, it's nice now, but
when I retire, it's not going to be so nice, because my property taxes will be
much higher.

ASSEMBLYMAN BURZICHELLI: Well, hopefully, through the effort of this legislative process -- as you head to retirement, there is going to be changes made that will allow you to be a little more at rest as to what you're heading into on the property tax side. That's the goal of this effort.

MR. KUETEMEYER: I just get the feeling that a sales tax is a regressive tax. And a property tax also, in a way, is regressive tax. It usually impacts the worst on people who can least afford it. So I'd rather see an income tax. Because with an income tax, when you make a lot of money, you're paying more tax. When you're making less money -- like you're retired or whatever -- then you're paying less. So it just makes sense to me.

ASSEMBLYMAN BURZICHELLI: It could be that all taxes are regressive. It would be nice if we didn't have to have any of them.

MR. KUETEMEYER: Right.

ASSEMBLYMAN BURZICHELLI: Thank you very much.

Our last testifier this evening is Vic Bellace. Did I pronounce that right?

Bear with me. I'm sorry.

Your name is-- You are--

Take the center chair, sir. And your name is--

N I C K N A U M: This one?

ASSEMBLYMAN BURZICHELLI: No, sir, who are you?

MR. NAUM: My name is Nick Naum.

ASSEMBLYMAN BURZICHELLI: Nick, I don't have you--

MR. NAUM: I've lived in Cherry Hill for 51 years.

ASSEMBLYMAN BURZICHELLI: Bear with me a moment.
Please sit in the center chair.

MR. NAUM: Right here? Is this the one?

ASSEMBLYMAN BURZICHELLI: Yes, sit in the center chair
if you would. That way you'll get both microphones.

MR. NAUM: How's this?

ASSEMBLYMAN BURZICHELLI: That's excellent.

And, I'm sorry, your name again?

MR. NAUM: Nick Naum, N-A-U-M.

ASSEMBLYMAN BURZICHELLI: Nick, the reason I didn't
call you is because we had you down as not wanting to testify -- no
testimony.

MR. NAUM: I'm sorry. They misunderstood, then.

ASSEMBLYMAN BURZICHELLI: Very good. But you are
welcome.

Thank you.

MR. NAUM: I've been on the citizens' tax committee for four
years in Cherry Hill. I've worked with the Senate and Assembly. And
we've been trying to have what we call a constitutional convention. We
thought we had it licked last year when the Assembly passed it. And when
it got to Codey -- they wouldn't give it to the Senate, because he wanted
some other ideas.

We wanted it on the referendum last year so it would get voted
on. Granted, this is not going to change everything overnight. But the
politicians have been playing around with this for 20 years, and they're still
doing the same thing.

I've been watching all the four Committees -- what they've been doing up there. And, believe me, they're just spinning their wheels. If you don't come up with some kind of resolution or something to give the Governor by November 15, he's going to put on a constitutional convention.

The constitutional convention -- we have to change the system. Real estate taxes should not fund schools, period. I've been paying taxes in Cherry Hill for 51 years. They come up to me-- I'm involved with any citizen group in Cherry Hill, plus the veterans. I'm a voice for the seniors and the veterans. I'm 85 years old. I'm a World War II veteran, and I'm bitching and moaning, because I'm tired of what's happening.

And I see the same thing year and year -- over again. I'm getting tired. Really I am. So this is my last year, because I'm going to push away.

I just want to say something. When I read what's happening in the four different Committees, that have been brought up there for school budgets-- I don't want to go on that either -- because I can go on that too. But if we don't come up with something to keep these citizens-- What you're doing right now -- you're splitting the seniors from the younger people. If the seniors vote against the school budget, you're against education. We're not against education. We just want it passed where it's legitimate for everybody -- pay their share. And it's not that way.

And the politicians have these friends and their buddies, and they're not going to vote against some of these things. They don't have the guts to do it. And we've got to change it, or else it's going to be the same

thing over and again. I'll be here-- If you're here again next year, and I'm still alive, I'll be looking at you again. (laughter)

Thank you very much.

ASSEMBLYMAN BURZICHELLI: Thank you.

Now, the gentleman who was making his way prior -- Vic Bellace.

Am I pronouncing it right, Vic? (affirmative response)

And I have you as the South Jersey Citizens for Property Tax Reform.

And you make your home where, sir?

V I C B E L L A C E: Cherry Hill.

ASSEMBLYMAN BURZICHELLI: Very nice.

Welcome.

MR. BELLACE: Thank you.

I'm affiliated with the same organization as Nick.

ASSEMBLYMAN BURZICHELLI: Is it a different message?

MR. BELLACE: I am about the same age, but I have half his enthusiasm.

I just wanted to present an opinion of our group. We meet regularly. We try to educate each other on what is going on in Trenton, what is going on with the situation with property taxes, because that is what we're focused on.

And we have basically come to two conclusions over many, many months of meeting, and talking, and exchanging papers and e-mails. Number one, we are very much supportive of a constitutional convention. Even though some of the people in our organization are in the field of

education, our stance is that we think the problems that we face today, in the State of New Jersey, are so severe that band-aids and short-term solutions are not adequate. If it takes three years or more to do it right, then let's do it right. We think the constitutional convention is the right way to do it.

There are a number of options within that convention that could be explored, most important of which is redefining the sources of taxes that we presently have in the State and changing the balancing of them. We certainly feel strongly that property taxes are much too high and are an inappropriate form of major taxation because of the situation with senior citizens.

The second area that we think should be explored carefully is an entire restructuring of our State government organization. We think our State has much too much government, much too much government employees. And it is logical that when you have so many people working in so many areas that overlap -- and working for the same boss, the State of New Jersey -- it's very easy to have people doing things wrong, people taking advantage of situations. And that's why New Jersey has a bad reputation as a corrupt state. And it is not a corrupt state. It's a small percentage of the people who might be corrupt.

But we think the entire organization should be restructured. And our discussions have led us to believe that a number of layers of government should be eliminated. The primary form of government should be centralized around the municipality. We don't need as many counties as we have. We don't need as many fire districts as we have. We don't need

as many boards of education as we have. We don't need as many sewer commissions as we have.

ASSEMBLYMAN BURZICHELLI: Vic, if I may, that discussion is with the other Committee on regionalization and consolidation.

MR. BELLACE: Then I'll just finish by saying that we think restructuring of our government should be a primary function of a constitutional convention, and it should be looked at very carefully.

ASSEMBLYMAN BURZICHELLI: Thank you very much.

MR. BELLACE: Thank you.

ASSEMBLYMAN BURZICHELLI: Thank you.

I'm going to call-- Has Martin Davidoff made it in, or has Jon Aneson made it in? (no response)

If not, we have concluded with those who have signed up to testify. Is there anyone who signed up to testify that I haven't called? (no response)

If not, I want to say to all of you the following: The Constitution of this State -- last and major overhaul was in 1947. In fact, Senator Lance's father was part of that group who accomplished that considerably great work.

Many people feel that it's a document that is away from them -- they feel orphaned from it. The Constitution of this State is not a hard document to read. It's available online, if you haven't read it. This Committee is working within this document, particularly Section 8. Is that correct, Senator? I -- make sure the section's correct, which is the revenue section, the tax section; which is where we're concentrating.

This is all of ours. This is our State Constitution. And many people feel that they're removed from it. It's, like, in granite. But this can change. And how this process works-- If this Committee advances that it suggests a change that moves through both Houses, it will eventually find its way onto a ballot. We can't change it. The people in New Jersey have to change it.

So this testimony you've brought us tonight-- Some of you may think that we don't listen. Believe me, we listen. And it all adds up, over time. We've heard, probably, near 30 people tonight -- in that range -- that have spoken to us. At Livingston -- Rutgers University -- last week we heard from in excess of 30 people, average people, wanting to talk about this issue.

So I tell all of you that we are very sincere about this. And your continued input is needed. There is a Web site you can participate with us on. It is mentioned at these Committees. The ones that originate out of the State House are televised in some fashion. So you can stay with us on those steps.

To everyone who has participated tonight-- I say thank you to each and every one of you. And we'll continue to make our best effort. You'll see our work product on or about November 15. And with a little bit of good luck, we will be able to do something very significant.

That being said, I'll ask that this meeting come to a close. And we will work with you as time passes.

Thank you.

(HEARING CONCLUDED)