



Let the Report of the
Citizens' Tax Assembly
People Speak

Let the People Speak

**Report of the
Citizens' Tax Assembly**

New Jersey Coalition for the Public Good
145 W. Hanover Street
Trenton, New Jersey 08618

Funding for the Citizens' Tax Assembly and this report was provided by:

The Fund for New Jersey
Geraldine R. Dodge Foundation
The Schumann Fund for New Jersey

FEBRUARY 2004





New Jersey Coalition *for the Public Good*

145 W. HANOVER STREET, TRENTON, NEW JERSEY 08618

To the People of New Jersey:

The New Jersey Coalition for the Public Good is a volunteer, nonprofit organization aimed at promoting good government policies and practices in New Jersey through forums, activities and reports. We are pleased to publish this report on the work of the Citizens' Tax Assembly, *Let the People Speak*.

This report provides the background, proceedings and conclusions of an extraordinary event that took place in Trenton on September 13-14, 2003. The Citizens' Tax Assembly was democracy in action. More than 90 men and women from all across the state came together to discuss how to improve New Jersey's system of raising revenues for government services. The ability of the delegates to engage in the give-and-take, make the tradeoffs and come to consensus on the tough decisions that would have to be made in addressing the state's tax problems was encouraging and impressive.

The Citizens' Tax Assembly reached some broad conclusions about what needed to be done. However, their willingness to take on the challenges and work toward consensus was as important as the decisions they reached. At a time when elected officials are reluctant to address New Jersey's over-reliance on local property taxes and other related issues, the Tax Assembly showed that citizens can in fact consider, rationally, civilly and productively, issues that the political structure avoids as "too hot to handle."

The Citizens' Tax Assembly was just a beginning. Our hope for this report and other activities that will follow is to help spark long overdue debate in New Jersey about our tax system. We urge government officials and the public to take careful note of the information in this report, and the potential that the Citizens' Tax Assembly has demonstrated for meaningful change. The *Participant's Guide* that was given to delegates in advance of the Assembly is a particularly useful resource for getting the discussion started.

What the citizen-delegates accomplished over a weekend in September needs to be replicated throughout New Jersey. The citizens of this state are ready, willing and able to face the challenge.

On behalf of the New Jersey Coalition for the Public Good, we extend our thanks to the delegates to the Assembly, and to all of the other individuals and organizations that helped to make the Citizens' Tax Assembly a reality and a success.

New Jersey Coalition for the Public Good

Neil Upmeyer, Chair
Jerold Jacobs, Vice Chair
Richard Sullivan, Vice Chair
Lorraine Kulick, Secretary/Treasurer
Bruce Coe
Sally Dudley

Table of Contents

INTRODUCTION	4
THE IMPETUS FOR ACTION.....	5
IMPLEMENTATION OF AN IDEA.....	6
THE FINDINGS	8
TOPICAL ISSUES AND OBSERVATIONS.....	10
NEXT STEPS TOWARD REFORM.....	11
CONCLUSION.....	12
APPENDICIES	
Participant's Guide.....	13
Delegate Statements.....	26
Citizens' Tax Assembly Delegates.....	30
Moderators and Recorders	31
Citizens for the Public Good	31



Introduction

The citizens of New Jersey are willing and able to provide guidance to the state's policy makers when it comes to the hard choices necessary for fiscal reform in New Jersey.

Those citizens want better schools, fairer taxes, a more efficient system of local government and a clean environment.

They feel the state relies too heavily on local taxation of real estate and they are receptive to the tradeoffs involved in increasing or imposing other taxes to reduce property taxes.

Those are among key findings that emerged from the Citizens' Tax Assembly. This summary report provides an overview of those proceedings, including the origin, rationale and outcome.

There is a general perception that changes need to be made in New Jersey's tax system. It is a system that relies heavily on the local taxation of real estate, with resulting concerns about the fairness in the distribution of tax burdens among individuals and among jurisdictions. Long-time residents are fearful of losing their homes, the courts have ruled that children in some areas do not receive an adequate education, municipalities engage in a competition for ratables that contributes to sprawl and the state confronts annual budget shortfalls that lessen its ability to help distressed citizens and municipalities. The situation seems to worsen with each passing year.

Over the weekend of September 13-14, 2003 more than 90 men and women from across New Jersey gathered to

discuss a variety of issues related to how this state should raise the money needed to provide government services. Brought together in a Citizens' Tax Assembly sponsored by the New Jersey Coalition for the Public Good, this group of delegates showed a willingness to engage in the sort of wide-ranging, open debate that New Jersey policymakers have for the most part avoided for many years.

The deliberations exceeded the expectations that the Coalition had for discourse in which citizens could clarify the values they hold and reach agreement on a tax system that reflects those values. The experience makes it clear that regular citizens can evaluate facts and ideas; they can conduct a civil, meaningful conversation with each other, respectful of all viewpoints even as they deal with contentious issues. They are able to grasp the many complexities and tradeoffs that are inherent in a system for raising revenues.

As productive and constructive as the weekend was for participants and observers, it was not—nor was it intended to be—an end in itself. The Citizens' Tax Assembly is just a beginning down the path of democratic engagement that will lead New Jersey to new levels of citizen understanding and action. Clearly, this is what the delegates want to see happen. They got a chance to tackle a perplexing, important set of issues and they want their fellow citizens to experience the same opportunity.

We hope the summary of the Citizens' Tax Assembly contained in these pages will enlighten and inspire others in New Jersey to join the discussion.

The Impetus for Action

The Citizens' Tax Assembly grew out of discussions among a bipartisan group of New Jerseyans, including former elected and appointed government officials and leaders from the business, academic and nonprofit communities, who were concerned about the lack of progress on issues crucial to the state's future. They formed the Citizens for the Public Good, deriving its name from this phrase in the New Jersey state constitution:

Government is instituted for the protection, security, and benefit of the people, and they have the right at all times to alter or reform the same, whenever the public good may require it.

Citizens for the Public Good came to the same conclusion as many others: New Jersey relies on a patchwork system of raising revenue that seems neither fair to those who pay taxes nor adequate to provide the funding needed for services that residents and businesses want. The group shared the frustration palpable throughout New Jersey over the inability of elected offi-

cial—indeed, of the political system itself—to resolve this longstanding issue.

When the Legislature failed to take actions to devise a new tax system or to allow a proposal for a statewide convention on taxes to be decided by the voters, Citizens for the Public Good resolved to create a forum in which New Jerseyans could speak their minds on taxes and demonstrate that reasonable solutions to the current situation are possible. It would be an experiment. No one had ever put together a diverse cross-section of the New Jersey populace and asked them to come to consensus on tax reform.

Conventional wisdom suggested that citizens could not handle such a task. Discussions among regular citizens, it was assumed, would reflect their lack of understanding of the complexities of the problems and so would prove divisive, inconclusive or impractical, according to the naysayers. "Average" people would be prone to simplistic explanations or would be unable to understand and make the tradeoffs needed to craft a fairer tax system. After all, if that were not the case, wouldn't the people sent by voters to Trenton to handle the state's business have been able to do just that?



Implementation of an Idea

The plan went forward, and significant partners joined the planning process. Citizens for the Public Good spun off the New Jersey Coalition for the Public Good, a non-profit corporation that does not lobby but does undertake research and education on key issues. It is chaired by Neil Upmeyer, whose experience includes having been president of the Center for Analysis of Public Issues, vice president of the Gallup Organization and director of the New Jersey Division of Elections. The Coalition took the lead in planning and organizing the Citizens' Tax Assembly, and began by engaging the services of Public Agenda, a New York-based nonprofit organization that specializes in nonpartisan public opinion research, citizen education materials and public engagement initiatives. New Jersey's philanthropic community joined the effort, with strong backing provided by The Fund for New Jersey, the Geraldine R. Dodge Foundation and The Schumann Fund for New Jersey.

It was essential that delegates to the Citizens' Tax Assembly represent a diverse range of viewpoints and experience. They would not likely be tax or policy experts, but concerned, motivated citizens—just the sort of individuals who might become candidates to become a delegate to an actual Constitutional Convention on tax reform. The process would not be programmed to reach any particular conclusion; delegates would be free to engage in give and take leading towards whatever resolution of the issues seemed most reasonable to them.

To begin the process of delegate recruitment, the Coalition for the Public Good sent letters to more than 2,000 leaders of organizations across the state asking for nominees to be considered for selection as delegates. Op-eds were printed in newspapers urging those interested

in the tax issue to nominate themselves. These appeals produced nearly 600 nominees, from which the Coalition culled 100 delegates. The selection process was based on random selection, balanced by considerations of gender and geography. The goal was to have a group of delegates that was broadly representative of the state's population and reflected each county's relative share of the total state population.

As the delegate selection process went forward, Public Agenda conducted several focus groups around the state. The intent was to get a sense of how people in New Jersey think and talk about taxes. Before developing materials for the actual delegates to consider, it would be important to know what issues might arise and to have a general sense of the different directions that a conversation about taxes might go. The focus groups were useful. Participants were engaged in the issue and their conversation helped to clarify how their views on the subject of taxes were structured.

Information gleaned from the focus groups was instrumental in producing a Participant's Guide for the Citizens' Tax Assembly (it is included as an appendix to this report). The guide laid out a framework of alternative approaches to developing tax policies that encouraged delegates to enter the conversation with a range of choices in mind. However, delegates were free to mix and match ideas presented in the guide and certainly to come up with their own as well. Aspects of the Participant's Guide also were incorporated into videos that were shown at the start of the Citizens' Tax Assembly. The videos included brief interviews with a number of experts in various aspects of New Jersey's tax system, who represent a wide range of views.

To facilitate the discussions among delegates, the Citizens' Tax Assembly asked Graduate Fellows of Leadership New Jersey to serve as moderators and recorders. Trained by Public Agenda, they facilitated small discussion groups in which delegates engaged in the detailed analysis and negotiations on which the Assembly process was based.

The Assembly included eight discussion groups, the members of which would stay together for the entire Assembly. The moderator would make sure all voices were heard as the groups went through steps designed to draw out opinions and confront important issues. The recorders would capture the group's discussion in writing for use at the final session of the Citizens' Tax Assembly and in this report.

The logistics of the Assembly were organized in a way that promoted open discussion and in a setting that would demonstrate to delegates and observers the importance of the work to be accomplished. Delegates gathered first at Thomas Edison State College, down the block from the State House. After the first day's session they were welcomed at a reception in the historic Old Barracks Museum followed by a dinner at the War Memorial Auditorium. Delegates were housed overnight at the Marriott Hotel in Trenton. The Assembly's final session took place in the New Jersey General Assembly Chamber in the State House.



The Findings

Reports from the eight discussion groups revealed a consensus on directions in which changes in New Jersey tax policy should move. That consensus was based on an agreement on the values the tax system ought to reflect and on specific changes to make the system more equitable, effective and efficient.

Three statements characterized the reports of all discussion groups as they were delivered on September 14.

1. New Jersey should realign its tax structure to protect seniors and others with low or fixed incomes by reducing reliance on the local property tax.

2. Providing schools with the resources needed to give all children a quality education requires that the state reduce reliance on local property taxes and increase use of progressive taxes that are based on the ability to pay.

3. Holding down the costs of government and education requires that New Jersey promote cooperation among its municipalities and school districts to avoid duplication, improve efficiency and make regional planning possible.

The groups also were asked to develop concrete policies that would move in the directions suggested by these themes. The policy statements from each group do not necessarily reflect agreement by every member of the group, and some statements may be incompatible with others. But, taken together, the policy ideas do establish a range of possible actions that seemed to participants to be important for consideration. What follows is in no particular order with respect to how much support they received:

New Jersey should realign its tax structure...

Other taxes should be increased to reduce reliance on local property taxes. Groups mentioned the state Gross Income Tax most frequently in this regard. Other suggestions included:

- Imposing a new consumption tax on luxury items
- Increasing the state tax on gasoline
- Making the overall tax system more progressive so that it is based to a higher degree on people's ability to pay than is now the case
- Some sales and excise tax increases
- Targeting tax relief based on the percentage of their income that people pay in property taxes
- Consideration of personal property taxes and realty transfer tax
- After a 5-year phase-in, property taxes should be one-third of the total revenue that comes from property tax, state sales tax and state income tax

Providing schools with the resources needed...

Discussion groups produced a variety of ideas aimed at determining how to pay for education, making sure the burden is fairly shared and helping to eradicate disparities in educational quality. Suggestions included:

- The state should pay 100% of the cost of providing the requirements of a “thorough and efficient” education
- The state should pay at least 50% of school costs (the national average): the current figure is about 40%
- Increase the state income tax and dedicate the additional revenue to schools
- Increase the Corporate Business Tax and use the revenue for schools and infrastructure
- Change state law to eliminate citizen voting on school budgets
- Impose a surcharge on the state income tax to be used for education
- Cap local school spending, but allow districts to impose a tax on something other than property if they decide to exceed the cap
- Shift at least 90% of education costs paid now by property taxes to other revenue sources

Holding down the costs of government and education...

There was a strong sense that the way New Jersey divides itself in terms of governmental and educational jurisdictions causes problems that need attention. Suggestions included:

- The state should increase financial incentives for consolidation to a level high enough to ensure participation
- Make state block grants available to local jurisdictions that share services and cooperate in other ways
- The state should define regions and strengthen infrastructure, giving counties more power to collect tax and allow them to eliminate wasteful, duplicative local spending
- Retain some elements of local decision-making, but limit the number and increase the rationality of local jurisdictions
- Encourage a statewide tax system that follows the State Development and Redevelopment Plan



Topical Issues and Observations

How much to reduce reliance on the property tax

Not every discussion group chose to recommend a specific target for the reduction of New Jersey's reliance on the property tax. Those that did (Groups 1, 2, 3 and 5) set that target at 30% to 35% of total tax collections, well down from the 44% that property taxes now contribute to state and local revenues.

Controlling spending

While some mentioned it more than others, each discussion group recognized that the reform of taxation is linked inextricably to reforms in spending. Most delegates were concerned that spending reforms are needed to deliver on the promise that a new system must reduce property taxes *permanently* when more progressive taxes are increased. Circuit breakers to protect property taxpayers from future increases were prominent in the discussions of several groups.

The recognition of the need to control costs led several discussion groups to consider New Jersey's fragmented system of local government that divides the state into 566 municipalities and more than 600 school districts. The reports of many groups emphasized the need for

shared services, consolidation of government units and providing rewards for governmental units that invest political capital or budget dollars in making their systems more efficient.

State share of school funding

Many groups explicitly called for state government to meet a larger share of the cost of local schools. Their concern for control of spending with increased state spending led several groups to call for a legally binding definition of the dollar cost of a "thorough and efficient" education. That definition, in the view of many, would have to be nuanced. As one group phrased it: "Establish a realistic 'thorough and efficient' per pupil dollar amount that recognizes differences across the state in demographics and the cost of living."

Taxes and environmental quality

Quality of life, environmental quality and the control of sprawl became important considerations for many groups as they wrestled with the details of tax system design. Groups called for a tax system that "follows the tenets of the State Plan," that "promotes sensible planning," that "discourages the chase for ratables" and that "protects the environment."

For a summary of the work of each of the groups over the two days of the Citizens' Tax Assembly, go to the New Jersey Coalition for the Public Good web site at <http://www.njcpg.org>.

Next Steps Toward Reform

The strongest consensus on what should result from the Citizens' Tax Assembly was that follow-up, both by citizens and policy makers, should be pursued vigorously based on a sound plan that reflects the more widely shared conclusions of the Tax Assembly.

It is worth noting that the concept of a tax convention along the lines of what has been proposed in legislation passed in 2003 by the New Jersey General Assembly was raised by a delegate during the concluding discussion of the Citizens' Tax Assembly. A show of hands made it clear that a majority of delegates supported a convention, but a significant number of delegates were opposed. While the tax convention proposal did not produce a strong consensus, the reports from each discussion group certainly made it clear that each one wanted the momentum of the Citizens' Tax Assembly to be continued.

Most groups asked for a public relations, educational or marketing plan to raise awareness of the issues and of the consensus reached during the Assembly. Participants felt that the initiative should include meetings with editorial boards, letters to newspapers from delegates, press conferences, presentations at public meetings convened by a variety of citizens groups and discussions on local radio stations.

Others said they found the Assembly process to be so useful that they wanted another meeting of the CTA with greater attention to specific numbers. Others suggested an Assembly on spending priorities and tax administration and the creation of mini-Assemblies at the local level.



Conclusion

The breadth and depth of the consensus reached by delegates was remarkable. The intention of the Assembly was to determine whether citizens could conduct a civil, meaningful conversation on a volatile and complex topic and arrive at realistic policy positions. There turned out to be a significant area of common ground on a potentially divisive topic.

The Assembly achieved its goals. Delegates reached considerable agreement on themes and trends, but broad agreement is not unanimity. Indeed, on many points the views of delegates diverged. Nor was there time for delegates to try to win over each other on every matter of concern. This report describes the deliberations as they occurred and puts agreements and disagreements in perspective. While the common ground was broad, it was not necessarily ground that was universally held.

Comments from representative individual delegates are presented later in this report. Each delegate was given the opportunity to review this report in draft form and to contribute a brief statement in response.

The Citizens' Tax Assembly made a tremendous start toward addressing problems with, and potential solutions for, New Jersey's tax system. The discussions were so fruitful and encouraging, the spirit of democracy in action so tangible, that there can only be optimism for what could be accomplished if this discussion were not limited to 90-plus delegates but broadened to include the entire state. And so to the Legislature and Governor, and to all who say the people of New Jersey cannot do this, the message of the Citizens' Tax Assembly rings true: *we are ready*.



INTRODUCTION

HOW DID WE GET HERE?

Taxes in New Jersey stem from a series of laws passed at different times for different reasons to meet different needs—to the point where a whole system has evolved that many people feel has become plagued with too many problems. Unfortunately, changing the tax system is not easy. There is no one vote that can be cast at any level of government to change the entire tax system. Moreover, taxes are one of those topics that few political leaders are willing to touch.

The Citizens' Tax Assembly steps in to help fill this void. The Assembly is an opportunity for a cross-section of New Jersey residents to take stock of taxes in their state and talk about how to improve the system. It aims to demonstrate that New Jersey citizens can engage these issues in a meaningful way. And it aims to help policymakers better understand what is most important to citizens when it comes to taxes and tax reform.

WHAT ISSUES WILL THE ASSEMBLY ADDRESS?

This Citizens' Assembly will address the best ways to raise revenues in New Jersey to pay for government services such as roads, schools and public safety. It will help answer the question: What is the best way to raise the resources for the public services we decide we want?

Our discussions will focus specifically on state and local (not federal) taxes. Of course, we recognize that many factors influence the mix of taxes imposed, and the level of revenues collected. For example, government spending is important and may well come into the discussion if it helps people sort out their views on taxes. But such spending is not the main focus of the Assembly. This is not to say that how much we spend and what we spend it on are unimportant. On the contrary, these are vitally important questions for a democratic society to address. And, obviously, government decisions on how much to spend in a given year do affect your taxes. But spending questions come up for debate and decision each year in votes by the Legislature, local councils, school boards and, in some instances, directly by citizens themselves.

In contrast, how we organize our tax system does not come up for debate in any comprehensive fashion on a regular basis. This is not to say that individuals across the state do not voice a great deal of concern, and even anger, about problems stemming from the way we tax ourselves—that they surely do. And proposals for change in the tax system arise from time to time. But people rarely, if ever, have good opportunities to learn more about the tax system as a whole, think about the values they want it to reflect, and consider the best ways to improve it.

In sum, no matter how much we decide to spend on government in any given year, New Jersey should have a tax system that makes sense for obtaining that money, and that reflects the values of its citizens. Whether state and local budgets are large or small, how we tax ourselves to raise the money we need will bring up such issues as fairness and efficiency. We have to raise enough to meet the needs we decide are most important, and we want to do it in a way that best promotes the public good—recognizing that no system is perfect, but that important progress can be made.

HOW WE WILL ADDRESS THE ISSUES

The discussion framework that follows this introduction will help Assembly participants sort through a number of key issues surrounding New Jersey's tax system. The Assembly was conceived by the Coalition for the Public Good, a New Jersey-based nonprofit organization that concerns itself with issues of "good government." The Coalition turned to Public Agenda to help develop the discussion materials. Public Agenda is a nonprofit, nonpartisan organization based in New York that specializes in creating fair and accessible citizen education materials that have been used in thousands of communities across the country. To make sure the discussion materials would be as fair and useful as possible for everyone, Public Agenda conducted focus groups and interviews with a broad range of New Jersey citizens across the state.

As a means to help Assembly participants explore the directions New Jersey can go to improve its tax system, we will review four contrasting approaches to state and local tax policies, each with its own advantages, disadvantages and tradeoffs. The job of the Assembly will be to decide together which approach, or which parts of several approaches, are most important for policymakers to concentrate on in their efforts to improve the tax system. As part of this conversation, we will consider the kinds of taxes, and the balance among them, that will produce a system that most of us agree makes the most sense. The Assembly will conclude by summing up the lessons that we think policymakers should take from our deliberations.

THE AGENDA

To ensure that everyone has the best possible opportunities to participate, most of our discussion will take place in small groups, with carefully prepared discussion-starter materials and trained, neutral moderators. These moderators are not policy experts. They are volunteers who have been trained to facilitate the discussion, keep everyone on track and help everyone participate. Each group will also have a recorder to keep notes. The agenda is:

SATURDAY MORNING

Large Group Brief overview of Assembly goals and format
Small Groups Introductions and Ground Rules
 What direction(s) should we go to improve New Jersey's tax system?

SATURDAY AFTERNOON

Small Groups Continued discussion of direction(s) to improve the tax system
Large Group Preliminary small group reports for day 1

SATURDAY EVENING

Dinner and informal discussion among participants

SUNDAY MORNING

Small Groups Recommendations for improving the tax system
Large Group Final small group reports
 Summing up of Assembly deliberations

Following the Assembly, participants can continue their dialogue online. Organizers will also create an Assembly Summary Report, and all participants will receive a draft so that they can comment on it before it is finalized. Finally, organizers will keep participants informed of any reactions and responses to the Assembly and of future initiatives that participants may want to engage.

IMPROVING NEW JERSEY'S TAX SYSTEM: WHAT DIRECTION(S) SHOULD WE GO?

“The hardest thing in the world to understand is [taxes].”

*Albert Einstein,
former
New Jersey
resident*

Deliberating on government spending is important. We as a society constantly grapple over funding priorities: What should we spend to educate our children, preserve the environment, maintain roads, and support other services we expect from our government? But taxes are different. As noted earlier, they stem from a series of decisions, large and small, made at different times for different reasons to meet different needs. It is time to step back and take stock, and ask if the system that has evolved is the one we want to keep. And if it's not, how should it be changed?

A LITTLE BACKGROUND

New Jersey, like most states, relies on three main sources of tax revenues to raise funds for public services such as schools, police, roads, public health, and the like. The three main sources of tax revenues are the **state personal income tax**, the **general state sales tax**, and the **local property tax**. Together they generate about 83% of tax revenues raised in New Jersey. (Additional revenue sources include New Jersey's corporate income tax, as well as a variety of what are called “excise taxes,” which are special sales taxes on such items as gasoline and cigarettes.)

NEW JERSEY'S THREE MAIN SOURCES OF TAX REVENUES

The state's **personal income tax**, like the federal income tax, is a tax on what people earn through wages or investments. Forty-three states have income taxes, but New Jersey was relatively late in joining them, only imposing an income tax in 1976. Under the state constitution, income tax revenue may be used only for school aid, municipal aid and other forms of property tax relief.

Supporters of the income tax say it's the fairest, most “progressive” tax, because it's based on how much money you earn. The more you make, the more you pay. (State income tax rates in New Jersey range from 1.4% for those with lower incomes to 6.37% for those with higher incomes. Very poor people don't pay it at all.)

Critics, however, say the state income tax discourages economic investment by penalizing people who earn a lot. Also, states that rely heavily on the income tax find it can be undependable: During boom times it brings in a lot of money, but when there's a recession, incomes drop and so do income tax revenues. The budget crisis facing many states this year is at least partially caused by declining income tax revenues.

The **general state sales tax**, currently set at 6% in New Jersey, is paid at the cash register whenever a customer buys a taxable item. Groceries, clothes, disposable paper products, and prescription drugs are exempt from sales taxes; most other consumer items are taxed. Some services are covered as well. Only five states make do without a sales tax.

(In distinction to the general state sales tax, which covers many items that consumers purchase, are sales taxes on some special items, such as alcohol, cigarettes and gasoline. These are called “excise taxes.” While they may have a different rate from the general sales tax, otherwise they work in pretty much the same way. When an excise tax is used for social purposes, such as discouraging smoking by making cigarettes more expensive, they are often called a “sin tax.” And when they are geared toward items that only wealthy people are likely to buy, they are often called a “luxury tax.”)

Supporters of the general state sales tax say it provides a stable source of revenue, based on how much people consume. Some also point out that the state sales tax offers individuals some control over how much they pay: If you want to avoid it, just buy less.

Critics, though, say the general state sales tax is one of the most “regressive” taxes, meaning that it hits lower-income people the hardest, even when food and clothes are exempted, as is the case in New Jersey. The reason is that lower and upper income people alike need bedding, housewares and other basic products, but buying these necessities will take up a bigger percentage of a low-income person's limited paycheck than it will from that of a rich person.

The **local property tax** on real estate dates back to colonial times and was the main revenue source for state and local government in New Jersey until the 1960s. Local tax assessors determine how much buildings and grounds are worth. Then local authorities set the property tax rate, depending on how much needs to be raised and the total value of the property in the community. (The rate is usually expressed as a dollar-and-cents figure per \$100 of the assessed property value. For example, a property tax rate of \$2 per \$100 of assessed value would mean the owner of a \$200,000 house would pay \$4000 in property taxes.)

While property owners pay only one property tax bill, many property taxes appear on that single bill. Everyone pays municipal, school and county property taxes, but depending on where you live you could also pay for a regional school district, county library, fire commission or other special service.

On the plus side, people point out that property taxes are a relatively stable revenue source, since property values generally don't dip suddenly. Supporters also say that the property tax offers local voters a lot of say, since decisions about them are made at the local, municipal level.

But critics say property taxes unfairly hit low- and fixed-income people the hardest. If you lose your job, your income tax will likely go down because you don't have as much income. But a house worth \$150,000 will be taxed at the same rate whether the people living there are employed or jobless, married with kids or single, bringing in two incomes or one Social Security check. Also, wealthy towns with high property values will have more money to spend than lower-income communities, which therefore generally have the worst public services. Some also contend that the property tax encourages suburban sprawl, as towns pursue development in order to gain property tax revenues.

BALANCING THE THREE MAIN KINDS OF TAX

New Jersey is unusual in the way it balances the three main revenue streams (the state personal income tax, the general state sales tax, and the local property tax). The table below illustrates this by showing how states on average compare with New Jersey in balancing various sources of tax revenue.

TYPE OF TAX	PERCENTAGE OF ALL TAX REVENUES RAISED BY STATES ACROSS THE NATION	PERCENTAGE OF ALL TAX REVENUES RAISED IN NEW JERSEY
State Individual Income Taxes	24%	22%
General State Sales Taxes	25%	17%
Local Property Taxes	29%	44%
Excise Taxes <i>(Special sales tax on selected items such as gasoline, cigarettes or luxury items.)</i>	11%	8%
State Corporate Income Taxes	4%	4%
Miscellaneous Taxes	7%	5%

Source: "Government Finances 1999-2000," issued by the Census Bureau in January 2003.

As you can see, while most states rely fairly equally on property, income and sales taxes, New Jersey relies more heavily on local property taxes. In fact, New Jersey relies on local property taxes more than any other state except New Hampshire—a state with neither a sales nor income tax.

Does it matter that New Jersey taxes its citizens in this unusual way? Some say the system is unfair, arguing that too many residents simply cannot afford their property taxes as housing values shoot through the roof. At the same time, too many communities cannot afford decent schools, simply because their property values are depressed. Others may disagree, saying property taxes are preferable because they give local voters a lot of control over their tax bills and community affairs. Besides, they argue, rising property values just make homeowners richer. They say there are other, more important things we can do to improve New Jersey's tax system, such as giving better tax breaks to fixed-income homeowners, or giving municipalities more control and tools so they can better manage their own affairs.

WHAT VALUES SHOULD OUR TAX SYSTEM REFLECT?

Different ways of organizing the tax system will have different practical consequences and reflect different values and tradeoffs. When it comes to New Jersey's tax system, what values are most important to you?

Equity, so everyone pays their fair share of the burden—but no more or less than that.

Efficiency, so the system is streamlined and wastes as little money as possible.

Stability and predictability, so that both policymakers and taxpayers can plan with confidence.

Adequacy, so that all the services citizens and officials decide they want are funded at acceptable levels.

Simplicity and transparency, so everyone can easily understand how much they can expect to pay in taxes and how the tax revenues are being spent.

Economic soundness, so that the tax system helps New Jersey compete for business and development.

Environmental soundness, so it helps maintain New Jersey's natural resources and quality of life.

A FRAMEWORK TO GET THE DISCUSSION GOING

To help us take stock of New Jersey's tax system and how it might be changed for the better, we have created a discussion framework to aid us in sorting through the issues. The framework makes the case for four different approaches:

1. We should stick with what we've got, a tax system that maximizes local control while using state assistance to address problems.

Under the current system, which relies heavily on local property taxes, communities can make most of their own decisions, while state aid provides support for local, municipal services—most notably, aid to under-funded school districts. It may need a few minor adjustments, but it's the right general idea.

2. We should take the state out of the picture and let each community solve its own problems.

This is how it used to be, before we had a state income or sales tax and we relied almost completely on local property taxes and local decision-making. Under this system, we'd have real home rule again, and each town could figure out for itself the best ways to manage its own taxes and affairs.

3. We should give towns new ways to raise tax revenues and control costs. This could include new powers to levy local sales taxes (on parking, for instance) and new incentives from the state for neighboring towns to consolidate schools and services to contain costs. This is a more realistic way than going back to the old system to provide towns with the ability to manage their own taxes and affairs.

4. We should create a more equitable system by relying more on statewide taxes and less on the property tax. By relying more on state taxes (especially the state income tax) and less on the local property tax, we can create a better balance among the major revenue sources. In this way, we can raise revenues more fairly, distribute them more efficiently, and bring property taxes down.

These four approaches, explained on the pages that follow, offer a starting point for our discussion. They provide a framework to help Assembly participants begin to think through and discuss ways to improve New Jersey's tax system. You may also have other ideas, or see ways to combine aspects of several approaches, all of which is welcome. But as a means to help us begin to think and talk together, we'll start by reviewing the four approaches and find out which one is closest to your own views—and why.

1.

WE SHOULD STICK WITH WHAT WE'VE GOT, A TAX SYSTEM THAT MAXIMIZES LOCAL CONTROL, WHILE USING STATE ASSISTANCE TO ADDRESS PROBLEMS.

The current system relies heavily on local property taxes while using state tax revenues mostly for narrowly defined purposes. Even though this system evolved in fits and starts, there are good reasons behind it.

The state's personal income tax was created in 1976 so we could provide state school aid to low-income communities and rebates to seniors and other homeowners struggling to deal with high property taxes. At the same time, we wanted to maintain as much local control as possible. The current system may need some technical adjustments, but it has the right goals and takes the right approach — help under-funded school districts and the most vulnerable taxpayers through state aid while still letting communities make and support their own budget decisions through their local property taxes. Of course, that help from the state would have to come from state taxes.

WHAT SHOULD BE DONE:

- Adjust the state aid formula to make sure the poorest communities get the money they need to improve services. School districts, for example, should get the money they need to improve student achievement.
- Ease the property tax burden on those hardest hit, by funding programs such as the Homestead Rebate and NJSaver rebate at the highest possible level.
- Stabilize property tax relief by locking in rebate levels and tying them to inflation, rather than letting them go up or down depending on the overall state budget.

PROS:

- By relying heavily on local property taxes, this approach maintains local control and home rule while limiting state government.
- This approach uses state taxes for the right reasons: to alleviate the burdens of the most vulnerable people in our society: senior citizens and children in under-funded schools.
- Helping under-funded schools is not only required by New Jersey's Abbott court ruling requiring better school funding for poor districts, it is the right thing to do.
- Rebates to homeowners and senior citizens should be a core commitment in the state budget, not something that changes from year to year depending on financial or political circumstances.

CONS:

- These Band-Aid approaches have been tried and tried, and they haven't solved the problem. We need more far-reaching reform that more completely overhauls the system.
- Wouldn't it make more sense to lower property tax bills to begin with, rather than let taxes go up and then pay the administrative costs of sending people a rebate check later on?
- Creating a fairer overall tax system would do more for under-funded school systems and homeowners than the complicated and often unpredictable aid-and-rebate system we have now.
- We may have local control in theory under the current system, but with the state playing such a large role in education policies and municipal decisions, "home rule" has become more myth than reality.

2.

WE SHOULD TAKE THE STATE OUT OF THE PICTURE AND LET EACH COMMUNITY SOLVE ITS OWN PROBLEMS.

This is how it used to be, before we had a state personal income tax and we relied almost completely on local property taxes and local decision-making. If we return to relying more on local property taxes, we can cut or maybe even eliminate the personal state income and state sales taxes. We should also eliminate most of the rules and regulations Trenton has imposed on local governments and schools.

Under this approach, we'll have true home rule again, and each community can decide for itself what services are needed and how high their taxes should be.

WHAT SHOULD BE DONE:

- Dramatically reduce state taxes.
- Cut back most of the rules and regulations imposed by the state that determine how towns should operate.
- Eliminate the appeals process that allows state officials to overrule local voters and reinstate a rejected school budget.

PROS:

- This will give people the maximum amount of control over their government, so they can make real choices about what they want to happen in their community and how much they're willing to pay.
- This will allow communities to control government spending, which is what drives taxes.
- This way, people will see their tax revenues stay in their own community and serve needs that are important to them, and not be sent off somewhere else.
- If some communities have more resources than others, it encourages people to work harder and move to where they want to live.

CONS:

- This does nothing to address the fundamental unfairness of the property tax. In fact, low-income people and those with fixed incomes may find their tax load gets worse.
- Without help from the state, many school districts will be unable to support decent schools that raise student achievement.
- When some communities have bad schools it affects everybody, because of increased crime, poorly trained workers and higher social service bills.
- We expect more from government than we did in the 1960s, and many towns simply cannot provide the kinds of municipal services people demand without state help.

3.

WE SHOULD GIVE TOWNS NEW WAYS TO RAISE TAX REVENUES AND CONTROL COSTS.

We're asking our schools and municipal governments to do more and more, but we've only given them one way to raise money: the property tax. We need to give communities more ways to raise their own revenues, as well as new ways to cut costs. This could include new powers to levy local sales taxes (on hotels, for instance) and new incentives from the state to consolidate (that is, combine) schools and other local services to contain costs. This is a more realistic way than going back to the old system to provide towns with the ability to manage their own taxes and affairs.

WHAT SHOULD BE DONE:

- The Legislature should allow local voters to impose a “local-option” sales tax on top of the state sales tax. Also, towns should be allowed to tax parking, entertainment or other items within their own boundaries.
- The state should provide meaningful financial incentives that encourage consolidation of small school districts and other municipal services, such as police, to cut costs and save money.
- The state should also help towns be able to share in tax revenues when development in a surrounding community affects their town.

PROS:

- A big reason property taxes are so high is because local governments have no other choice when it comes to raising money. If they're given other tools, communities will be able to spread out the tax burden among other sources of revenues and shift away from the property tax.
- We already have “enterprise zones” in certain communities where the state sales tax is cut to encourage shopping. Why not also let communities create new revenue sources, such as a local sales tax, if they need the money and decide it is a good idea?
- We have far too many municipalities and school districts in New Jersey, which drives up costs. Yet we've also made it extremely complicated for communities to merge and share services. Encouraging and supporting consolidation would cut waste and duplication and drive down costs.
- Giving communities new ways to raise revenues and cut costs would strengthen New Jersey's tradition of home rule.

CONS:

- Creating a confusing patchwork of local taxes across the state will interfere with business and inhibit New Jersey's economic development.
- Some communities, particularly in rural areas, may not be able to take advantage of these new taxes—not every town can have a hotel, for example.
- This will lead to more unwanted development and sprawl as communities compete for new businesses, like hotels, that they can tax.
- The reason we have so many towns and school districts is because people like having local control. Consolidation would undermine home rule. Besides, it's doubtful it would save enough money by itself to make a big difference in most people's property taxes, and for many communities—particularly larger cities—it is not a viable option.

4.

WE SHOULD CREATE A MORE EQUITABLE SYSTEM BY RELYING MORE ON STATEWIDE TAXES AND LESS ON THE PROPERTY TAX.

The biggest problem with taxes in New Jersey is that they're fundamentally unfair. And the main reason for that is because, as a state, we rely too much on the property tax. This means many residents are "property rich, but income poor," stuck paying exorbitant taxes on modest homes they bought years ago, before property values shot up. It also means that people unlucky enough to live in poorer communities cannot afford decent schools for their children or other municipal services people in other towns take for granted.

The state needs to step in and level the playing field, using state taxes, such as the state personal income tax, to replace the property tax as much as possible.

WHAT SHOULD BE DONE:

- Raise the state income tax—and/or other state taxes that are based on one's ability to pay—and use the money for schools and other local services, to bring property taxes down.
- The state should pick up at least half of the costs of running local schools, which is the U.S. average. Right now, the state of New Jersey pays only about 40 percent.
- Make it hard to increase property taxes (through a cap, for instance) so once they are brought down, they cannot easily creep back up.

PROS:

- The income tax is much fairer than the property tax, because it's based on the individual's ability to pay. Some people, and certainly wealthier residents, will probably pay a higher income tax, but property taxes in most towns would go down for virtually everyone.
- People won't be forced to pay heavy property taxes just because they happened to buy a house decades before housing prices skyrocketed. This will enable more people to stay in their homes when they retire, instead of having to sell their homes and move to another part of the state—or even to another state altogether.
- This will even out the differences among school systems, where low-income communities end up with bad schools just because they can't raise enough money to make improvements.
- This could help check suburban sprawl, because towns will have less incentive to compete for the property tax revenue new development brings.

CONS:

- This will mean the end of home rule—if the state is passing out the money, then pretty soon the state will end up telling communities how they can spend it.
- Raising taxes on upper-income people sounds good, but it will hurt the economy by curtailing how much they buy and spend—the "trickle-down effect."
- In boom times, the income tax will bring in lots of money that government will spend, fueling the growth of government and leading to an unpredictable "boom and bust cycle" of government expenditures.
- Property tax caps don't work, as California found out with Proposition 13. They end up handcuffing local governments as vital needs go unmet.

APPENDIX: ADDITIONAL BACKGROUND DATA

NEW JERSEY STATE SCHOOL AID SELECTED DISTRICTS

SCHOOL DISTRICT	STATE AID, 2001-2002 FISCAL YEAR	STATE AID PER PUPIL, 2001-2002 FISCAL YEAR	SPENDING PER PUPIL, 2001-2002 FISCAL YEAR	ENROLLMENT 2001-2002 FISCAL YEAR	MEDIAN HOUSEHOLD INCOME, 1999
Newark [Essex]	\$435,336,754	\$9,703	\$12,600	44,867	\$26,913
Toms River Regional [Ocean]	\$61,579,024	\$3,425	\$7,647	17,978	\$55,659
Woodbridge Town- ship [Middlesex]	\$13,278,876	\$1,023	\$8,638	12,975	\$60,683
Hopatcong [Sussex]	\$11,217,101	\$4,044	\$8,419	2,774	\$65,799
Maurice River Township [Cumberland]	\$3,613,469	\$5,842	\$8,633	618	\$43,182
Saddle River [Bergen]	\$248,619	\$662	\$17,630	375	\$134,289
New Jersey state average	\$5,867,668,326	\$4,381	\$9,598	1,339,458	\$55,146

Note: All districts are K-12 except for Saddle River and Maurice River Township, which are K-8. State aid excludes transportation aid.
 *Median household income includes only Chatham Township.

Source: New Jersey Department of Education

NEW JERSEY STATE TAXES AS A PERCENTAGE OF INCOME

	<i>LOWEST 20%</i>	<i>SECOND 20%</i>	<i>MIDDLE 20%</i>	<i>FOURTH 20%</i>	<i>TOP 20%</i>		
	Under \$19,000	\$19,000- \$34,000	\$34,000- \$56,000	\$56,000- \$94,000	Next 15% \$94,000- \$193,000	Next 4% \$193,000- \$571,000	Top 1% \$571,000- or more
Sales & Excise Tax	7.2%	5.2%	3.9%	3.1%	2.2%	1.6%	0.9%
Property Taxes	5.6%	4.1%	4.3%	4.6%	4.2%	3.2%	1.5%
Income Taxes	-0.4%	1.0%	1.6%	2.0%	3.2%	4.7%	5.9%
Total Taxes	12.4%	10.2%	9.8%	9.7%	9.7%	9.4%	8.2%
Federal Deduction Offset	-0.1%	-0.2%	-0.6%	-1.2%	-1.9%	-2.4%	-2.5%

Note: Federal Deduction Offset is the calculation of the benefit of deducting income and property tax

Source: *New Jersey Policy Perspective*

Delegate Statements

Most of my comments are directed to the findings of Statement 1 as they pertain to seniors and others on fixed income: that any offsets should be means dictated. People who can afford it should pay their fair share.

Also, I thought it was agreed that state-mandated as far as any legislation directed at cities, counties, etc., should be funded accordingly—not dropped on the individual entities.

—*Delores Ruple*

New Jersey has an over-reliance on home rule (overly heavy reliance on property taxes). This leads to bad public policy decisions in development, disparities in funding for critical services and fear among fixed income citizens of an increasing tax burden. Very few of us actually live our lives in only one place. Work, play and necessities take us to many places. I found myself in a dilemma at the Assembly. I could see that it was important to raise more revenue at the regional or state level, but I also had little confidence in state government to make good decisions on that money, that I felt necessary to send them. As we move to rebalance revenue sources, we must learn to do a better job of regional and state governance.

—*Chris Allyn*

I disagree with the section that is headed, “Holding down the costs of government and education...”

First, it is a myth that consolidation will result in savings. It will only result in less local control and masking the amount of money that I spent. Bureaucracy breeds more bureaucracy and that is exactly what will happen if this so-called solution is pursued.

Second, any discussion on the fairness of the tax system must include spending. After all, if it weren't for spending increases, there would be no complaints about property taxes.

Finally, the devotion of effort to education misses a huge opportunity: cutting county government. Everything that is done by county government is a duplication of a service provided by either local or state government.

—*Larry Dunning*

There are many themes throughout this report, one being to shift some portion of the property taxes to a more progressive system based on the ability to pay. This was stated in many ways in various groups.

I strongly urge the Citizens' Tax Assembly to review and support the NJ SMART (New Jersey Save Money and Reform Taxes) bill and others in the pipeline that meet our objectives—with the goal of applying pressure on legislators to have them enacted.

—*Larry Corsi*

The following are my comments in order of importance: 1) spending was not sufficiently addressed in the summary; 2) incentives to consolidate school districts should be a huge priority for our Legislature; 3) the state should fund 75 percent of public education and negotiate all teacher union contracts; 4) school board and budget elections should be held in November; 5) revamping the tax structure to support education should be revenue-neutral; 6) property tax valuations must be equitable and current; 7) legislators must be held accountable for their districts' educational results as outlined in the federal rules stating no child should be left behind.

— *Ed Szabo*

A remarkable event happened the weekend of Sept. 13-14, 2003. Ninety New Jersey citizens gathered in Trenton to deliberate on one issue: the over-reliance on property tax. However, more remarkable was the fact that within 24 hours consensus was reached in three areas. The over-reliance on the property tax is problematic and greater reliance should be placed on progressive taxes, a fair and equitable distribution of funds to ensure quality education must be developed and monetary incentives that create a climate conducive to cooperation and shared services between and among municipalities and school districts must be initiated. It is clear the Legislature must act now to creatively solve the property tax burden and school funding issues.

— *Sheila Brogan*

The most important thing that must be done, first and foremost, is that we must once and for all times make it illegal to raid trust and dedicated funds. History has proved it. Look at the mess we are in now. The next biggest problem is education: how to fund and control it and who has the last word. I feel the counties should have a much greater say and control.

— *Milton M. Itell*

New Jersey's tax structure punishes low-, moderate- and middle-income citizens and also punishes municipalities by driving bad planning and development and pushing property taxes out of control. I would like to see property taxes abolished because they are patently unfair, having no consistent relationship to ability to pay, thus pricing low- and middle-income residents out of their homes. The bad development spiral continues to ruin our state, destroy its natural resources and its livable communities and leave all of us facing a future that we do not want.

We need to have the courage to implement the best goals and principles of the State Plan, revamping the tax system to remove property taxes and impose a truly graduated income and business tax structure is one of the keys.

— *Margaret McGarrity*

I agree with the many consensus objectives, but I need to take the one that deals with "holding down the costs of government and education" to a much higher plane by restating it to "significantly reducing the costs of government and education."

I reject the opinion that the amounts we pay for services, though high, are probably the right amounts. I know that significant cost reduction is possible. We did it in a number of federal and state institutions, but only after they recognized that they were on a "burning platform" and had to take drastic action. There is no doubt in my mind that public service and education costs in New Jersey can be reduced by at least 25 percent without a sacrifice in quality. Do we need to be on a burning platform to make this happen?

— *G. Robert Marcino*

The Citizens' Tax Assembly included education, spending, the environment and the infrastructure of our government. Although these are worthy goals, I feel that if we are to make taxes fair we need to be more focused. Legislators deal with one issue at a time and we want them to deal with unfair property taxes.

Our Citizens' Tax Assembly needs to prioritize its objectives. We as a group need to analyze the SMART bill, constitutional convention, millionaires' tax—and support bills designed to solve these problems. Let's work to dispel the myth that "an income tax increase is bad for you." Legislators promising never to raise income taxes regardless of the benefit to the public are not working for the vast majority of their constituents. Now is the time for us to act.

— *John A. Meyerle*

Should much greater income tax increases not go over well, I offer this modification requiring "only" about \$3 billion more revenue from the New Jersey income tax: just exempt 90 percent of the first \$250,000 in market value of homes from the school property tax.

Let me add that our group also made mention of increasing state aid being directed only to homes. Present state aid to towns is diluted by the portion going to plants, shopping centers, etc. Limiting or directing aid in this way will decrease the dollars required to help those people most in need.

— *Matthew House*

Sustaining quality education in New Jersey requires a shift in education funding from the municipal level to the state level, providing property tax relief through an increase in the state income tax. Those who oppose such a shift correctly observe that income tax revenue is volatile, rising and declining in step with the business cycle. For this reason, I believe that sustainable tax reform requires, among other things, a constitutional change to allow income tax revenues to be collected and disbursed over multi-year periods, producing a more predictable revenue stream. Multi-year revenue allocation must be formula-driven, to preclude legislative or gubernatorial misallocation.

— *Steve Latz*

The current tax system creates an ever-increasing burden on the property owners of this state, which leads to negative effects on senior citizens, sprawl, education, etc. Most leaders of this state recognize the inequity of this situation but have failed to tackle the problem head-on. To remain in the status quo is easy, but the problem will continue to grow and will impact negatively on the quality of life in this state. We need to generate support, and lobby for the leaders who would like to address and fix the problem. However, we should also be realistic enough to realize that it will require give and take from all sides. The end result should be pragmatic and should have the goal of maintaining equilibrium for the property taxpayers, wage earners, corporations and the state.

— *Elizabeth Wong*

Some of us questioned the need to specifically identify seniors. Why not say "protect all New Jersey citizens with low or fixed incomes?" This, of course, would include those seniors with low or fixed incomes.

— *Nancy M. Brail*

What the groups did not address is the opposition to any change to the status quo that will be mounted by every school board in New Jersey. At present, school boards act as independent fiefdoms, holding their own elections and levying their own taxes. To have to submit a standardized budget for approval and funding to a state Department of Education is particularly repugnant to the school boards.

— *Bobbi Bauer*

I am a proponent of dedicating the gas tax for highway/transportation purposes. Thus I feel that a suggestion to increase this tax should also recommend that all or at least a significant part of any increase in this tax should be specifically earmarked for these purposes by statute.

With regard to an increase in the income tax at the higher level of income, I would be concerned with the disincentive this might have on further corporate development in New Jersey. This concern would also be a serious consideration in proposed increases in corporate taxes. Increases in the sales tax should be coupled with possible exemptions for the poor through the income tax structure.

Dependence on surcharges and rebates as part of a modified tax structure should be avoided. This method is too transitory and subject to change at the whim of the next Legislature.

— *Richard A. Tompkins*

Most of the taxes addressed relate to support of schools and government. I believe the first step is to define what is meant by a “thorough and efficient” education, and its cost to the state and nation when it is deficient. The cost of inefficient government should also be ascertained.

Perhaps the Coalition for the Public Good should hold a seminar on values. Why are we willing to spend so much on sports, cheap entertainment, huge homes and gas-guzzling cars, and so unwilling to give money for poor people here and abroad? As a capitalist state and nation we need to put a dollar value on soil, air and water. Those values should be expressed in heavy taxation for violating those natural systems we all depend on for life.

— *Virginia Felsen*

One of the most insidious aspects of the current tax situation is the politicization of educating the state’s children without acknowledging the real costs in terms the electorate can understand.

Given the awareness and shockwaves that resulted from the recent election, I strongly believe that time and place have coincided, opening a window of opportunity for the taxpayers of New Jersey.

I was an enthused delegate when I arrived in Trenton and even more enthused when I left at the end of the weekend. We did a good job that was collegial, reasoned and conducted out of a strong sense of civic responsibility.

— *C. James Steinbaugh*

I have one specific disagreement in my group’s summary. Please input the following: One group member wanted to focus taxes on a person’s total wealth as a means to ensure all pay their fair share (i.e., a low taxable income, high net worth, non-homeowner pays their share) as well as a significant increase in the real estate transfer tax to ensure those homeowners who benefit from lower property taxes pay their fair share when they sell their appreciated asset.

— *David Chitty*

Delegates

Christopher Allyn, Morristown
Niladri Nath Bagchi, Kearny
Bobbi Bauer, Cresskill
Lisa Erickson Becker, Barnegat
Barbara Belasco, South Orange
Ann. N. Bergenstock, Point Pleasant
Mark Bombace, Ridgewood
Linda B. Bowker, Mount Laurel
Loretta Bradley, Passaic
Nancy M. Brail, Beach Haven
Sheila Brogan, Ridgewood
Peter A. Cantu, Plainsboro
Dave W. Chitty, Wall
Roget J. Cohen, Glen Ridge
Martin I. Cohen, Paramus
Katie Cole, Pompton Lakes
Lorenzo Corsi, New Providence
Marie A. Curtis, Oakhurst
Christian Davis, Newark
Robert N. Davison, Caldwell
Evelyn de Castro, Nutley
Lynn J. Dell, Iselin
Margaret Drozd, Spotswood
Ernest Dubay, Columbus
Lawrence S. Dunning, Brielle
Geoff Eaton, Old Bridge
Abigail Fair, Green Village
Virginia E. Felsen, South Belmar
Leslie M. Ficcaglia, Port Elizabeth
Raymond P. Flynn, Old Bridge
Steve Fonda, Manasquan
Ann M. Franzeo, Voorhees
Malcolm C. Fraser, Cape May Point
Peter J. Furey, Moorestown
Monifa Banks Harrison, Trenton
Alan M. Haveson, Berkeley Heights
Gemma Hayes, Long Branch
Robert G. Herbert, Neptune
William A. Hobday, Lakewood
Barbara Horl, Red Bank
Matthew House, North Brunswick
Milton M. Itell, Lakewood
Milton Keenan, Woodbury
Patricia Kelly, Ramsey
Vivian Sanks King, Newark
Caroline Knauss, Ramsey
Joseph Krimko, Ocean Grove
Louis J. Lanzerotti, New Vernon
Steve R. Latz, Maplewood
Sylvia M. Lee, Kendall Park
Christine M. Leone-Zwillinger, Cherry Hill
Helen S. Manogue, Hoboken
Robert Marcino, Galloway
Nancy A. Martin, Helmetta
William E. McCracken, Warren
Margaret McGarrity, Andover
Alvin J. Melveger, Flanders
Barbara E. Melveger, Flanders
John Meyerle, Point Pleasant
James J. Miller, Deptford
Allison E. Mitchell, Stockton
Carleton Montgomery, Medford
Gerald P. Mulvaney, Marlton
Rosalie Murray, Blairstown
Gary J. Passanante, Somerdale
Pareg P. Patel, Edison
Creed S. Pogue, Estell Manor
Stan G. Puszcz, Sparta
Patrick M. Rumaker, Pitman
Delores Ruple, Wenonah
David M. Scheck, Springfield
Medline Scott, Monroe
Samuel J. Serata, Bridgeton
Victor Shousha, Paramus
Norman J. Sissman, Princeton
Wayne Smith, Irvington
Barbara Stalker, Browns Mills
Jim Steinbaugh, Toms River
Herbert D. Stiles, Jr., Elmer
Edward A. Szabo, Newton
Peter Taft, Hopewell
Michael L. Tickin, Roosevelt
Joan Tomlin, Lawrenceville
Richard A. Tompkins, Hamilton Square
Tsang-Bin Tzeng, Cherry Hill
George T. Vallone, Flemington
George A. Vallone, Sr., Hamburg
Algernon Ward, Jr., Trenton
Millard Wilkinson, Jr., Berlin
Lindy W. Wilson, Maplewood
Elizabeth Wong, South Orange
Douglas A. Zellman, Stanhope

Moderators and Recorders

Denise Anderson
Dale Robinson Anglin
Dorothy Leung Blakeslee
Sally Dudley
Mary E. Forsberg
Beth Gates
Felipe Gorostiza
Joyce W. Harley
Michael W. Klein

Mark M. Murphy
Thomas Michael Murphy
Jon Shure
John Tiene
Nelida Valentin
George W. Williams
Susan M. Zellman
Kenneth H. Zimmerman

Citizens for the Public Good

Candace Ashmun
B. Thomas Byrne, Jr.
Judith Cambria
Timothy L. Carden
Bruce Coe
Henry A. Coleman
Carol Cronheim
Christopher Daggett
Sally Dudley
Douglas Eakeley
John Farmer, Jr.
Hon. James J. Florio
James Gilbert
Jerrold Jacobs
Nicholas Katzenbach

Lorraine Kulick
Susan Lederman
Leonard Lieberman
Roland Machold
Thomas O' Neill
Franklin E. Parker
Sharon Ransavage
Frank P Reiche
Richard Roper
Bill Schluter
Linda Stamato
Gerald Stockman
Richard J. Sullivan
Neil Upmeyer
Richard L. Wright

Public Agenda Consultant

Will Friedman

New Jersey Coalition for the Public Good
145 W. Hanover Street
Trenton, New Jersey 08618

DEDICATION



NEIL UPMEYER, CHAIR

NEW JERSEY COALITION FOR THE PUBLIC GOOD

The Coalition for the Public Good dedicates this report to Neil Upmeyer, who led the creation of the Coalition and serves as its chairman.

The conception of the Citizens' Tax Assembly reflects Neil's unshakable belief in the responsibility of citizens to point the way when elected officials cannot or will not act in the public interest. The design of the Assembly grew out of his understanding of the links among public opinion, politics and public policy. Its foundation was his trust in the ability of committed citizens to see their way through complex issues that resist solution by slogan.

Because of the untimely death of his beloved wife, Mimi, and the worsening of his own health problems, which would have crushed a weaker spirit, Neil could not play the active leadership role in the Assembly that we all envisioned. Nevertheless, his quiet counsel and the words of encouragement that he has continued to offer have enlightened and inspired us.

Neil graduated from Duke University and served as an Air Force officer during the Vietnam war. He and Mimi met while working in Washington for Common Cause. Neil's career has been dedicated to the public good and it has led directly to the Tax Assembly. He came to New Jersey to administer the nation's first public financing law for a gubernatorial campaign. He was Director of the Election Division in the Department of State and was selected as a Fellow of the Eagleton Institute of Politics at Rutgers.

As a Vice President in the Gallup Organization Neil conducted surveys in the Soviet Union, laid the groundwork for the first Gallup research in Eastern Europe and directed the only national survey on South Africans' attitudes on economic sanctions and corporate disinvestments. In 1990, he became President of the Center for Analysis of Public Issues and edited its magazine, *New Jersey Reporter*. Under his leadership, the non-partisan institution issued award-winning reports on key state issues, including health care, land use, race relations, lobbying and campaign finance.

After leaving the Center, Neil consulted on several campaign fund-raising and policy projects, most recently on the campaigns of Rep. Rush Holt. He also devoted himself to land conservation as chair of the Delaware and Raritan Greenway and a trustee of New Jersey Future.

We hail his accomplishments and look forward to his future service to New Jersey.



New Jersey Coalition *for the Public Good*

145 W. HANOVER STREET, TRENTON, NEW JERSEY 08618