

**REPORT OF THE COMMISSION
APPOINTED BY GOVERNOR
GRIGGS TO INVESTIGATE
THE SUBJECT OF TAXATION**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649691036

Report of the Commission Appointed by Governor Griggs to Investigate the Subject of Taxation
by New Jersey Tax Commission

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Cover @ 2017

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NEW JERSEY TAX COMMISSION

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THE SUBJECT OF TAXATION**

New Jersey Tax Commission,
1896-1897.

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1897

REPORT OF THE COMMISSION

APPOINTED BY

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GOVERNOR GRIGGS

To Investigate the Subject of Taxation

—IN—

THE STATE OF NEW JERSEY

HON. JOHN P. STOCKTON, CHAIRMAN,

ABRAHAM M. REYNOLDS,

JAMES F. RUSLING,

WILLIAM H. VREDENBURGH,

CHARLES C. BLACK.

WILLIAM H. VREDENBURGH, SECRETARY.

TRENTON, N. J. :

MACCULLISH & QUIGLEY, PRINTERS, OPPOSITE POST OFFICE.

1897.

HJ
2422
A 59
1897

**Concurrent Resolution Regarding Taxation, Passed
by the Legislature of 1896.**

WHEREAS, The method by which the practical and permanent solution of the question of taxation of railroads can be accomplished with justice to all parties and all localities is a subject of great importance, upon which there exists wide diversity of opinion and a great conflict of evidence; and

WHEREAS, It is not possible for this Legislature, without a more thorough examination of the subject, to arrive at a fair determination of the matter, except at the risk of jeopardizing the efficient law passed 1884, under which the State has been able to dispense with a direct tax on the property of its citizens:—

Resolved, (The Senate Concurring)—That the Governor be and he is hereby empowered to appoint a commission, to consist of five persons to be by him selected, to investigate the whole subject of assessment and taxation of the property in this State and report to the next session of the Legislature the result of such investigation, with recommendation of such legislation as such commission shall deem proper; such commission when appointed shall have full power to use any process of the Courts of this State to compel the attendance of witnesses and the production of books, papers and documents.

Adopted March 25, 1896.

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Recommendations.

FIRST:—That the State relinquish its revenue of one-half of one per cent. or Five dollars (\$5.00) on the thousand dollars of valuation derived from the property used for railroad and canal purposes on real estate other than main stem and known as “second class property.” The value of this property, as returned by the State Board of Assessors for the year 1895, was \$41,120,216.00 Dollars, from which the State derived a revenue of \$205,601.08 for the use of the State. This amount so relinquished (\$205,601.08) to be distributed to the local taxing districts in proportion to the amount of such property located in the several local taxing districts.

SECOND:—That the Act of 1884 as revised and amended in 1888, under which the main stems of railroads and water ways of canals, the franchisees and tangible personal property, etc., are taxed, be preserved, except in the above particular.

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25-1-84 M. L. W.

General Report.

To the Legislature of New Jersey :

THE COMMISSION APPOINTED BY HIS EXCELLENCY, JOHN W. GRIGGS, GOVERNOR OF THE STATE OF NEW JERSEY, IN PURSUANCE OF THE CONCURRENT RESOLUTION PASSED BY THE LEGISLATURE, AT THE SESSION THEREOF, IN 1896, RESPECTFULLY SUBMITS THE FOLLOWING REPORT :

Preliminary Statement.

The question of a just, efficient, and constitutional method of valuation, assessment, and taxation of Railroad and Canal Companies, and the property used for Railroad and Canal purposes, has been, in the State of New Jersey, a controverted point, from the origin of such companies to the present time—several systems, methods or principles having been tried and abandoned. The law, under which the property used for Railroad and Canal purposes is now taxed, was passed at the session of the Legislature in 1884, P. L. 1884, page 142, and was revised and amended at the session of the Legislature in 1888, P. L. 1888, page 269, 376, General Statutes of New Jersey, Vol. 3, page 3324, Sec. 212.

The Act of 1884 was assailed by the Railroads in the Courts, and after a protracted and expensive litigation with the State by the Railroad Companies, the Supreme Court held the Act of 1884 unconstitutional in its entirety, 19 Vroom, 1. That decision of the Supreme Court was carried to the Court of Errors and Appeals by the State, which held the act to be constitutional, reversing the decision of the Supreme Court, 19 Vroom, 146. It is under this law that the Railroad and Canal Companies of the State are now taxed. It is the operation of this law, and particularly its just operation, in comparison with the laws, under which the property of individuals and other corporations is assessed, valued, and taxed, and the just distribution of the tax so raised between the State and its political subdivisions or local taxing districts, that the Commission authorized by the last Legislature was to investigate and report to the present Legislature.

The Act of 1884.

In brief and in general, it provides; that the property used for railroad and canal purposes may be segregated from the property owned by other corporations and individuals, valued, assessed and taxed as a class by itself, for the purpose of taxation, the property of such corporations being distinguished by characteristics sufficiently marked and important, to make it a class by itself. The use to which the property is devoted being the basis of classification, and thus satisfy the requirements of the amended constitution that "property shall be assessed "for taxes under General Laws and by uniform rules according to its true value" Const. of N. J. as amended in 1875, Article 4, Sec. 7, Par. 12, so declared by the Court of Errors and appeals, 19 Vroom, 146.

The valuations and assessments of the property so segregated i. e. property used for railroad and canal purposes, are made and the taxes computed, by a State Board of Assessors consisting of four members, appointed by the Governor, by and with the consent of the Senate. For the purpose of fixing and ascertaining the rate at which the values are to be computed, it further divides the property, so segregated into four parts, or makes four distinctions, or sub-classes:—

FIRST:—The "main stem" of railroads which includes the road bed not exceeding one hundred feet (100 ft.) in width, its rails and sleepers and depot buildings used for passengers connected therewith, and the "water way" of canals which includes the towing-path and "berme bank;" this is usually designated as "first-class property" or "main stem."

SECOND:—All other real estate used for railroad or canal purposes in each taxing district, other than the "main stem," and "water way," which is usually designated as "second class property."

THIRD:—Tangible personal property of each railroad and each canal company.

FOURTH:—Franchises—P. L. 1884, page 143. P. L. 1888, page 269, 376. General Statutes of New Jersey, Vol. 3, page 8324, Sec. 212.