



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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FEB 19 1975

The Honorable Harrison A. Williams, Jr.
United States Senate



Dear Senator Williams:

This is in reply to your May 9, 1974, request with which you enclosed a copy of a letter from Mr. Christopher J. Burke, Executive Director, New Jersey Public Interest Research Group.

In his letter of April 22, 1974, Mr. Burke expressed concern about the apparent abuse of taxpayers' money in acquiring land for the Corps of Engineers' Tocks Island Lake project in Pennsylvania and New Jersey and asserted that

- the purchase of 650 acres of Minisink Island property for \$650,000 in May 1973 was a peculiar transaction;
- similar islands downstream from Minisink Island have commanded far lower prices, particularly Poxono Island;
- between 1969 and 1973, truckloads of topsoil were removed from the Island by the Minisink Loam Company; and
- one of the richest archeological sites for Indian artifacts in the Delaware Valley was being destroyed.

Our review of the Corps' acquisition of the Minisink Island properties at the Tocks Island Lake project included examining Corps' documents, corporate records maintained by the State of New Jersey, and deeds recorded in the Sussex County Clerk's Office, Newton, New Jersey. We also interviewed Mr. Burke, Corps officials at district and project office levels, two anthropology professors who were working in the project area, and other individuals associated with the Minisink Island properties transaction.

On September 11, 1974, we briefed your office on the tentative results of our review. This letter presents our findings and essentially confirms the information given in the briefing.

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PURCHASE OF MINISINK ISLAND PROPERTIES

Mr. Burke stated that 6 years after the Tocks Island Lake project was approved, a group of real estate speculators from Newton, New Jersey, bought two adjoining tracts of riverfront land in the project area. Mr. Burke stated the land was purchased as follows: a 517-acre tract, including part of Minisink Island, was sold to the Newton group in June 1968 by the Brace Equipment Company for a \$1 consideration, and in August 1969 Theodore Brace, founder of the Brace Equipment Company, sold his 137-acre tract, the remaining portion of the island, to the Newton group for \$96,600. Mr. Burke said the Corps bought the property in May 1973 for \$650,000.

Purchase by the Newton real estate group

The Newton real estate group began business in 1968 to invest in real estate.

Information recorded in the Sussex County Clerk's Office, Newton, New Jersey, shows that on June 12, 1968, the Newton real estate group, hereinafter referred to as Minisink Properties, purchased five tracts of land containing 499.66 acres from the Brace Equipment Company. The deed shows that "one (\$1.00) dollar and other good and valuable consideration" was paid for the property. Although a higher price was actually paid for the property, this was a common phrase on most deeds up to about 1969. Federal revenue stamps normally give an indication of the purchase price of the property; however, this transaction occurred during a period between the expiration of a Federal act and the enactment of a State law. That is the Federal Government revenue stamp act expired on January 1, 1968, and the State of New Jersey enacted a realty transfer fee effective July 3, 1968. As a result, neither tax was involved in this transaction.

However, Mr. John H. Lewis, spokesman for Minisink Properties, provided us with a copy of the closing statement which showed a purchase price of \$250,000 for the land. Mr. Lewis said Minisink Properties also incurred costs of about \$8,000 for mortgage service and legal fees, increasing the total purchase price to \$258,000.

On December 15, 1969, Minisink Properties acquired from Theodore A. Brace and Jane P. Brace, his wife, three tracts of land totaling 139.1 acres. The deed for this transaction was filed and recorded in the Sussex County Clerk's Office on January 6, 1970. County records show that \$96,600 was paid for the property. However, the closing statement shows

that the purchase price was \$97,370. Mr. John H. Lewis said the sellers agreed to take a personal note for the difference and this amount was not shown in the deed.

Corps' purchase of Minisink Island properties

The Minisink Island properties involved in the transaction referred to by Mr. Burke include the following parcels of land and acreage as identified by the Corps.

<u>Tract number</u>	<u>Acres</u>	<u>Other information</u>
10645-1	252.74	Property in New Jersey across the Delaware Mine Road at Minisink Island
10645-2	14.23	Property on the New Jersey shore at Minisink Island
10645-3	1.59	Property on the New Jersey shore at Minisink Island
10645-4	2.38	Property on the New Jersey shore at Minisink Island
10645-5	3.15	Island on the New Jersey side of Minisink Island
10645-6	51.81	Island on the New Jersey side of Minisink Island
10645-7	152.11	Southern half of Minisink Island
10645-8	21.40	Island on the Pennsylvania side of Minisink Island
10817	<u>151.49</u>	Northern half of Minisink Island
Total	<u><u>^a650.90</u></u>	

^aDetermined by real estate surveys done by the Aero Service Corporation for the Corps of Engineers. It is about 12 acres more than was shown in the records of the Sussex County Clerk's Office.

The Corps purchased these properties from Minisink Properties on June 15, 1973, for a total price of \$650,000.

The Corps' policy when acquiring land for Federal projects is to pay a price that is fair to the landowner and to the Government. Before negotiating with the owners for the purchase of their land, the properties are appraised using either qualified Corps personnel or a professional appraiser under contract with the Corps. The appraisal report is submitted to the Corps for review and approval. Negotiations with the owners are based on the approved appraised value.

The Corps engaged an independent contract appraiser on August 11, 1971, to inspect and appraise the properties to estimate the fair market value. In the appraisal process, three general approaches of estimating fair market value are normally considered (1) reproduction cost approach, (2) income approach, and (3) market data approach. The appraiser stated that he used the market data approach because the other two approaches were not applicable in valuing vacant land, such as the subject property. Under the market data approach, the fair market value of a property is determined by comparison with recent open market sales of similar properties in the vicinity.

In estimating the value for the properties, the appraiser segregated the nine tracts into three distinct categories. Tract 10645-1 was valued on a per acre basis primarily because subdividing the rear portion of the property would be prohibitively expensive. Tracts 10645-2, -3, and -4 were valued on a per lot basis primarily because two parcels were building lots meeting the zoning requirements and the third parcel showed potential for subdividing with very little expense to the owner. The appraiser compared the subject property to recent sales and adjusted these sales for time, location, and topography. The appraised value for this property was \$323,700.

The appraisal report contained detailed information on the sales of comparable properties used by the appraiser in arriving at the value of the property being appraised. For several of the comparable properties, we verified the date of sale, sales price, location, and description.

Tracts 10645-5, -6, -7, -8, and 10817, containing 379.96 acres, are island properties and were valued as one unit on a per acre basis. Tracts 10645-7 and 10817 make up the entire island of Minisink and contain 303.60 acres.

The appraisal report contains information that the appraiser made an extensive survey of the entire Delaware River area and was unable to find island sales similar to the property being appraised. He, therefore, had to rely on the previous sale of tract 10817 on December 15, 1969,

for \$96,600. The deed for this sale shows the property contained 139.1 acres, which would indicate a purchase price of about \$700 an acre. The size reported by the Corps is 151.49 acres, which would indicate a purchase price of about \$638 an acre.

The appraiser adjusted the sale price upward for time and low purchase price and arrived at an estimated value of \$133,600, or about \$750 an acre (per Corps determined acreage). The appraiser then applied the \$750 an acre price to the entire 379.96 acres to arrive at a value of \$285,000 for the property.

On December 29, 1971, the appraiser submitted his appraisal report which showed the fair market value for the 650.9 acres to be \$608,700 as of November 12, 1971. The appraiser reported that the subject tracts were purchased by the then-current owners during 1968 and 1969 and concluded that the property had been sold at below market value.

The appraisal report was reviewed and final approval was given on March 13, 1972, by the Department of the Army, Office of the Chief of Engineers. In approving the report, the Corps noted the high potential use of the real estate in this area along with the overwhelming escalation in recent land sale prices.

The Corps made an initial offer of \$608,700 on May 23, 1972. This offer was rejected by the owners who made a counteroffer of \$1,000,000. During the ensuing discussions the Corps suggested a compromise offer of \$650,000 subject to the approval of higher authority. The owners countered with an offer to sell for \$750,000 and the Government restated its offer of \$650,000 which the owners accepted on July 27, 1972. The Corps' negotiator recommended to higher authority that the purchase price of \$650,000 be approved even though it was 6.7 percent higher than the approved appraisal because:

1. It was conceivable that another appraiser might place a higher value on the property.
2. If these tracts were placed in condemnation, the award and cost of trial could exceed the amount of the counteroffer.
3. Acceptance of this offer by the Corps would have no adverse effect on future negotiations.

The purchase price of \$650,000 was approved by the Office of the Chief of Engineers, Washington, D.C., on May 8, 1973.

SIMILAR ISLANDS HAVE COMMANDED
FAR LOWER PRICES

Mr. Burke stated in his letter that similar islands downstream from Minisink have commanded far lower prices. For example, he stated that Poxono Island was bought by the Corps for \$25,000.

Poxono Island is mostly covered with timber, gently rolling in topography, and contains 88 acres. Part of the area near the center of the island has a high elevation which is above all but the major flood levels. However, there are some areas on the island which are much lower and these areas showed evidence of flooding during high water periods. Accessibility to the island can be a problem in high water periods. During low water periods it is possible to walk from the New Jersey mainland to the island, if permission can be obtained to cross over land owned by others.

By comparison, Minisink Island is cleared and semi-cleared farm-type land, partially wooded, varying in terrain from nearly flat to rolling, and contains 304 acres. Accessibility to the island can be a problem in high water periods; however, the island is easily accessible during low water periods from the New Jersey mainland. The owners were able to move some farm-type machinery over their mainland property to the island during low water without crossing land owned by others.

During July and October 1974, two GAO representatives, accompanied by personnel of the National Park Service and the Corps, inspected Minisink and Poxono Islands. Aside from the descriptions of the islands mentioned above, it appeared that Poxono Island was more affected by the waters surrounding it than was Minisink Island. For example, on Poxono Island we saw several low spots, three of which contained water. We could not locate one of these bodies of water on any maps of the island. We saw several depressions in the land which led to the water's edge and it appeared that water could very easily run through these depressions to the center part of the island. In addition, we saw tall grass which was matted and bent as if water overran the area. We did not observe any of these conditions on Minisink Island.

The Corps had two appraisals made of Poxono Island before negotiating with the owner for its purchase. One appraisal was made by a contract appraiser on April 30, 1968, and the other by a Corps' staff appraiser on June 2, 1969. Both appraisers used the market data approach in arriving at an estimated value for the property.

The contract appraiser estimated the fair market value of the property, as of April 30, 1968, to be \$13,300. However, the Corps disapproved the contract appraiser's report because (1) the comparative sales used were 2 years old or older, (2) the appraiser failed to substantiate his valuation, and (3) the report lacked the necessary data to support the final value.

As of June 2, 1969, the Corps' staff appraiser estimated the fair market value of the property to be \$25,000. In estimating the value of the property, the appraiser used three sales which he considered the most comparable. The sales used by the appraiser consisted mostly of mainland property with the exception of one sale which included half of an island (Minisink) in the Delaware River. The sales were adjusted for location, access, physical characteristics, time, and potential uses of the properties. The appraiser concluded that the estimated market value of the property being appraised was \$25,000, or \$280 an acre. An official of the Corps stated that this appraisal would not be accepted today because it was not sufficiently documented to enable a reviewer to understand the analyses leading to the appraiser's conclusion of value.

Negotiations for the purchase of the property were conducted on the basis of the approved appraised value of \$25,000. On August 26, 1969, the Government made an initial offer of \$25,000 for the property. This offer was rejected by the landowner. On December 3, 1969, the landowner made a counteroffer of \$36,000. This offer was rejected by the Corps on December 17, 1969, and both parties to the transaction agreed that the matter should be settled by the court. After updating the appraisal, the Corps filed a declaration of taking on March 9, 1970. Before the case went to trial, the landowner entered into an agreement with the Government on May 7, 1974, to accept \$32,500 as just compensation for the property.

REMOVAL OF TOPSOIL FROM MINISINK ISLAND

Mr. Burke stated that between 1969 and 1973 truckloads of topsoil were removed from the island by the Minisink Loam Company.

On September 18, 1969, Minisink Properties, former owner of the property, entered into an agreement with the Minisink Loam Company, Inc., for the removal of a minimum of 10,000 yards of topsoil each calendar year from Minisink Island. The Minisink Loam Company was to pay Minisink Properties at the rate of \$1 a yard plus 2 cents a 50-pound bag, as and when marketed.

We were advised by a spokesman for Minisink Properties that it had received payments totaling about \$17,000 for the removal of topsoil from the island. The topsoil was removed during 1969 and stockpiled on Minisink Properties' mainland property until 1971. This individual estimated that 15,000 yards of topsoil were removed, about 1 percent of the total available. He further stated that no more than 9 acres of land were affected and no topsoil had been removed from Minisink Island since 1969.

On August 11, 1971, two members of the contract appraisal firm, engaged by the Corps, made an inspection of the property. They stated that their inspection did not disclose any evidence that topsoil had been removed.

On July 17, 1974, two GAO representatives, accompanied by a ranger of the National Park Service and the Reservoir Management Assistant of the Corps, inspected Minisink Island and found no indication of recent diggings on the island. The Corps and Park Service representatives pointed out that due to the growth of vegetation in the despoiled area, no digging had occurred on the island for at least 2 years.

We could find no evidence that topsoil was removed from Minisink Island after calendar year 1969.

DESTRUCTION OF ARCHEOLOGICAL SITES

Mr. Burke stated that one of the richest archeological sites for Indian artifacts in the Delaware Valley was being destroyed.

In this connection, Public Law 86-523, dated June 27, 1960 (16 U.S.C. Sec. 469), calls for the preservation of historical and archeological data which might otherwise be irreparably lost or destroyed as a result of flooding and/or other alterations of the terrain caused by the construction of a dam by any U.S. agency.

Under this law, the National Park Service, Department of the Interior, had initiated contracts with Seton Hall University and Franklin and Marshall College to conduct archeological excavations and investigations at selected sites within the project area.

Contractor representatives stated that the National Park Service has had a contract with Seton Hall University for 8 years and with Franklin and Marshall College for 10 years. These representatives stated that

--Minisink Island is one of the richest late woodland archeological sites in the area;

--artifacts taken from the island date back to about 1200 A.D. or 1300 A.D.;

--the island and adjacent areas on the mainland have a heavy concentration of Indian artifacts; and

--until recently, little was known about the Indians in the area and credit should be given to the Federal Government for providing the initiative to explore the area.

We were also told that Mr. Rudolph Ludwig, a former owner of the island, removed between 20,000 and 25,000 artifacts. These items, known as the Ludwig Collection, are displayed in the Carnegie Museum, Pittsburgh, Pennsylvania.

Although Minisink Island will be submerged upon completion of the dam, the Government has been conducting excavations and investigations in the project area for preserving historical and archeological data.

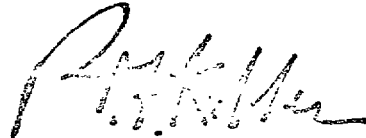
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We are returning the document that you sent us with your request.

As requested by your office, we did not ask the Corps to review or formally comment on this report. We did, however, discuss our findings with Corps officials.

We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



Acting Comptroller General
of the United States

Enclosure

ENCLOSURE

New Jersey Public Interest Research Group

32 West Lafayette Street
Trenton, New Jersey 08608

njpirg

(609) 393 7474

April 22, 1974

U. S. General Accounting Office
Washington, D. C.

Dear Sirs:

The New Jersey Public Interest Research Group is calling on your agency to immediately investigate a peculiar transaction in the Tocks Island Dam impact area that involved \$650,000 of the taxpayers' money, the destruction of one of the richest archaeological sites for Indian artifacts in the Delaware Valley, the sale of topsoil to a corporation headed by a New Jersey State Senator, and the purchase, in May 1973, of the 650 acres of Minisink Island and bottomlands for the astounding rate of \$1,000 per acre by the U. S. Government.

Six years after enabling legislation for the Tocks Island dam project was approved a group of real estate speculators from Newton, New Jersey (Francis and Florence Cadden, E. C. Galloway, Horace and Victoria Mills, Bernard and Eugenia Ramsey, John Lewis and Lillian and William Baring) bought two adjoining tracts of riverfront land in the Tocks Island impact area. In June 1968 a 517-acre tract, including part of Minisink Island, was sold to the Newton group for a \$1.00 consideration by Brace Equipment Inc. In August 1969, Theodore Brace, former Montague Township mayor and committeeman and founder of Brace Equipment Inc., sold his 137-acre tract, the remaining portion of the island, to the Newton Group for \$96,600. Between 1969 and 1973 truckloads of topsoil were removed from the island by Minisink Loam Company, a North Jersey Company headed by Richard Stout, a former New Jersey State Senator. Minisink Island is an archeological site of extensive Indian burial grounds and other pre-historic artifacts.

In May 1973 the Army Corps bought the property, totaling 650 acres for the price of \$650,000. Similar Delaware islands downstream from Minisink have commanded far lower prices. For example, Poxono Island, totaling 88 acres, was bought by the Corps for \$25,000. Deeds for all these transactions are on file at the Sussex County Courthouse.

The New Jersey Public Interest Research Group urges your office to conduct a thorough inquiry into this apparent abuse of taxpayers' money. This office will be happy to supply you with any additional information.

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ENCLOSURE

U. S. General Accounting Office
April 22, 1974
Page 2

Please advise NJPIRG of any action taken by your office in this regard.
Thank you very much for your consideration.

Sincerely,

Christopher J. Burke

Christopher J. Burke
Executive Director

CJB:ab

cc: Sen. Clifford Case
Sen. Harrison Williams
Sen. James Buckley
Congressman Frank Thompson
Congressman Joseph Maraziti

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PIRG ACTION

VOL. 2, NO. 3

New Jersey Public Interest Research Group

Trenton, New Jersey

APRIL, 1974

Help stop Tocks!

Save the free-flowing river!



WILL THIS BE LOST? View of the Delaware Valley looking upstream from a point near the Delaware Water Gap. Tocks Island is the small island in the upper middle on the right (left coming downstream) of the river.

Delaware Valley... NJPIRG sues Army Corps

Announcing the beginning of action to protect the Delaware Valley, NJPIRG recently filed suit against the U.S. Army Corps of Engineers to stop bulldozing of historic sites in the Delaware Water Gap National Recreation Area. The suit charges that the Corps has neglected, vandalized, damaged and demolished sites of inestimable historic value as part of an overall effort to destroy the history of the Delaware Valley and promote construction of the Tocks Island dam.

NJPIRG, on behalf of 11,000 supporters and all visitors to the Delaware Water Gap National Recreation Area, joined four other plaintiffs, including the Sierra Club and the Delaware Valley Conservation Association, in bringing the action.

Recently the Army Corps has lessened the historic value of the Valley by bulldozing several historic pre-Revolutionary War houses. The suit also mentions Old Mine Road, which extends the length of the Valley and is reportedly the oldest improved road in North America.

Commenting on the recent court action, PIRG Executive Director Chris Burke said, "These historic sites represent an invaluable asset to every American and should be preserved.

The fact that the Army Corps has destroyed them before final authorization of the dam demonstrates their callous desire to build the dam and destroy the Valley. The citizens of New Jersey and Americans everywhere will not stand for such primitive and wanton acts of destruction. We are taking this action in hopes that the Valley can and will be preserved."

The Delaware River, north of Trenton to the Catskills of New York, is one of the few remaining, unpolluted, free-flowing rivers in the Northeast. The U.S. Army Corps of Engineers, backed by special interests like the power companies and the Chamber of Commerce, has a plan to construct a 160-foot dam that would destroy this river at Tocks Island, a few miles north of the Delaware Water Gap. The 37-mile reservoir would flood an invaluable resource for New Jersey and one of America's most scenic and historic valleys.

Justification for the dam: Water supply

Studies have shown that both of the main justifications for the project, flood control and water supply, could be provided by alternate means. For example, New York City gets half its water, 600 million gallons a day, from the Delaware, and takes none from the Hudson. New York City could reduce its demand by millions of gallons a day merely by installing water meters that would reduce waste. New York City could also tap much of its water from the Hudson upstream and thereby release much of its Delaware demand for northern New Jersey.

Flood Control

The initial incentive to build Tocks occurred after the freak floods on the

Delaware in 1955 when two hurricanes swept over the Valley in three days. All loss of life and 60 per cent of the property damage occurred on tributaries which would not be affected by Tocks Dam. Furthermore, reduced flood plain development, partly resulting from enactment of New Jersey's flood plain legislation is the best insurance against future flood damage.

Power Generation

Power generated by the hydroelectric plant at the dam site (70 megawatts) is relatively negligible compared to our overall power demands or even the amount of power generated from a conventional fossil-fuel plant (500 megawatts).

A pumped storage facility is also planned by major power companies which is one of their motives for pushing the project. This wasteful operation would pump water to a reservoir on Kittatinny Ridge (the Appalachian Trail will have to be rerouted around rubble walls 20 stories high) and release it into the Tocks reservoir during periods of high electrical demand. The process generates only two kilowatts of electricity for every three kilowatts used to pump the water, and thus wastes tremendous amounts of electricity. Fluctuations in

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Stop Tocks

Dam!

(Continued from Page 1)

the level of the reservoir, up to three feet daily, would also result from the pumped storage plan.

Recreation

As required by law, the Army Corps has completed a cost-benefit analysis to assure that for every taxpayer's dollar spent at least one dollar is returned in benefits. One quarter of the benefits are in the form of recreation: picnicking, camping, hiking, water sports, and fishing.

However, the Corps fails to recognize that *all* these benefits exist today, and the reservoir will actually destroy, not enhance, recreational opportunities. The flooding will virtually destroy the wonderful fishing and canoeing on a free-flowing river. Because the reservoir will be used for storage, water will frequently be "drawn-down" exposing in a normal year 3,200 acres of mudflats! Furthermore, the unsolved problem of eutrophication, the slow, dying of the reservoir, will create a serious water quality problem within the reservoir itself.

All in all, the Tocks Island Dam sounds like an outdated boondoggle. The real driving forces behind the dam are hard to determine but increasingly apparent. The Army Corps needs projects to keep their bulldozers humming (like the infantry needed Vietnam to keep their guns warm) and the power companies need Tocks to supply water for eleven nuclear power plants secretly proposed for the Delaware Valley.

The final decision for construction of Tocks will be made this spring. The Delaware River Basin Commission has scheduled hearings on April 23 in Trenton to consider the project. In a move which will obviously hamper citizen participation, Congress has scheduled hearings in Washington the day after to consider appropriations for the project. If you are able to attend either of these hearings, particularly the one in Trenton, we need your support!

Public officials in Washington and Trenton who will make the final decision on Tocks need to hear from you. Write Governor Byrne NOW! As the only governor in the Basin not committed to the project, his decision is crucial. Act now, while the river still flows...

PIRG Offices

State Headquarters, 32 W. Lafayette St., Trenton, 08608 (609) 393-7474. (six days a week)

Rutgers College—New Brunswick, Consumer Watch, Rutgers Student Center, Rm. 312, College Ave., New Brunswick, 08903 (201) 932-7131.

Rutgers Law School Camden, Consumer Hotline Office, Rm 101, 5th and Penn Sts., Camden, 08102 (609) 964-1766, ext. 328.

Seton Hall University, Seton Hall Student Center, So. Orange Ave., So. Orange, N.J. (201) 762-9000, Ext. 552.

Other PIRG offices, which are not open on a regular basis are located at Rutgers-Newark Law School, Seton Hall Law School, and other colleges organizing throughout the state.



On the campuses...

Over 40 Rutgers, Douglass, Stockton State and Rutgers Law students are receiving academic credit this semester for their work with NJPIRG. Hundreds of Seton Hall, EDU, and South Jersey students are volunteering their time. Among the many projects students are involved in are:

Clean Water Action Project - Industrial polluters all over New Jersey are being approached and forced to comply with the '72 Water Pollution Control Act because of NJPIRG action. Students have so far turned over names of scores of industries in the state to the Environmental Protection Agency, as part of PIRG's overall effort to stop pollution and instill corporate responsibility.

Consumer Watch - Rutgers undergrads, with the assistance of law students at Rutgers-Camden Law School, continue to operate the complaint center that actually solves most of the complaints received. (Call 201-932-7131 if you have a complaint.)

Energy Waste Hunt - Students on ten campuses are helping PIRG survey

commercial establishments throughout the state to determine compliance with Federal Energy conservation guidelines. This project is part of NJPIRG's continuing effort to present the real facts about the energy squeeze... The consumer sector uses only 30 per cent of our total energy demand. Thus efforts to conserve energy should be directed at the commercial and industrial sectors of the economy which use almost three-quarters of our energy demands.

Unfortunately preliminary survey results indicate businesses and industries are not making the conservation efforts they should. For example, several Seton Hall students found that Woodbridge Mall, one of the largest shopping centers in New Jersey, had a uniformly high temperature of 75 degrees and lighting levels were nearly twice what is necessary for good vision.

NJPIRG will next survey the largest industrial establishments in New Jersey, oil refineries and petrochemical factories, to see what steps they are taking to conserve energy.

(Continued on Page 3)

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We want you to know

Exxon underassessed by \$38 million

In our last edition of PIRG ACTION we reported that Exxon's land in Linden, home of the second largest oil refinery in the U.S., is underassessed to the tune of \$330,000 a year. Recently NJPIRG completed a report on the problem and our findings are even more alarming.

—The total undervaluation of Exxon's land in Linden is about \$38 million, costing the city and taxpayers of Linden approximately \$1,180,000 each year in tax revenues.

—Exxon land, though ideally located on the N.J. Turnpike and Arthur Kill, is assessed on an average valuation of 28.9 cents a square foot while the remaining Linden property owners pay on an average valuation of 55.3 cents a square foot.

—Exxon owns 57 per cent of the land in Linden, yet accounts for only 27 per cent of Linden's tax revenues.

NJPIRG's Tax Reform Group is watching carefully to see if Exxon's new valuation eliminates these inequities and distributes Linden's tax burden fairly to all property owners. Students and staff are continuing their efforts to promote real reform with additional studies of similar tax inequities and loopholes.

Campuses...

(Continued from Page 2)

Campus Organizing - Students at Stockton State, Ocean County College, Brookdale Community College, Trenton State and Fairleigh Dickinson University are forming NJPIRG chapters this semester. Petition drives are underway at many of these campuses, and there's more to come. If you are a student at any of these campuses and want to help with organizing or get involved in a project, contact the PIRG office, come to a meeting announced on campus, or call (609) 393-7474 for more information.

tax News

Report forces bank to pay taxes

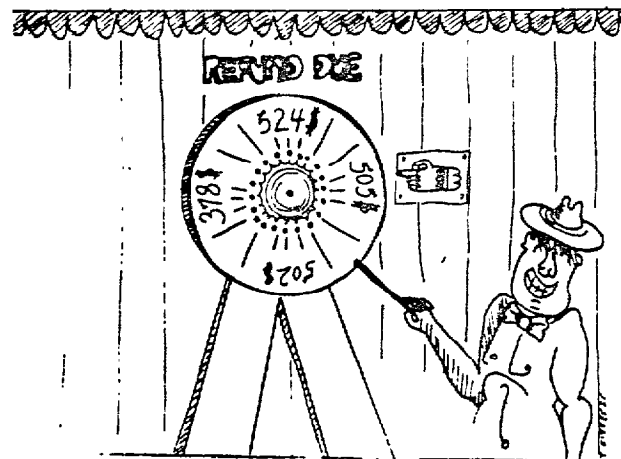
Within 18 hours of release of a study of tax delinquents in the City of Trenton the National State Bank which owed the city more than \$11,000 immediately paid the debt. The National State Bank was number one on the list of the top 13 tax delinquents in Trenton named in NJPIRG's report.

The report demonstrated that large property owners can actually profit from paying taxes late because the maximum penalty for not paying taxes is only a 12 per cent per year

interest charge. Money invested elsewhere could earn more than 12 per cent. For example, dividends from stock in the oil industry have exceeded 12 per cent for the last 9 years.

Since release of NJPIRG's report, three bills have been introduced in the State Legislature which would raise delinquency rates on tax bills over \$1,000. NJPIRG will continue to promote meaningful tax reform as the Legislature prepares for its special session this summer to consider restructuring New Jersey's antiquated property tax system.

IRS TAX ADVICE



IRS Shortchanges taxpayers

A recent NJPIRG survey of four I.R.S. offices in New Jersey shows that the free income tax assistance offered by I.R.S. is inadequate and unfair. NJPIRG tax researcher Jim Hely approached I.R.S. offices in Newark, Trenton, New Brunswick and Perth Amboy and requested assistance in filling out his income tax form. The results show discrepancies that could have cost Mr. Hely \$110

cordial and willing to lend assistance. Hely commented, "The difficulty lies in determining just how a tax rule is to be administered. It is not only the average person who can't figure out his or her tax forms. Three out of four of the tax advisors at the various offices called for supervisory help in my case. Even with the supervisor's advice the I.R.S. offices did not concur."

The present disparities pointed out by NJPIRG's survey hit lower and middle income wage earners the hardest, as they are the ones who cannot afford to pay tax experts. NJPIRG is urging I.R.S. to take immediate action to strengthen and standardize their operations so that the public's faith in our tax system is restored.

	Total Tax Computed	Refund Due
New Brunswick	\$1204.00	\$524
Trenton	\$1223.00	\$505
Newark	\$1226.00	\$502
Perth Amboy	\$1350.00	\$378

Noting that the I.R.S. people were

Job opportunities

Campus Organizers and Researchers — good organizing or research abilities, self-starting ability, 60-80 hrs. per week...\$100/week plus

Lawyers — articulate speaker and writer, experience with public interest issues, compatibility with other people. Salary starts at \$5,000/year.

Application for these positions should include a resume, writing sample, and references and should be sent to the Trenton office.

Volunteers Needed — work on projects described in this newsletter or one of your own design. Call NJPIRG — 609/393-7474.



Visiting DC?

Then visit PCVC! No, it's not a new chemical or some Defense Department gismo...PCVC stands for Public Citizen Visitors Center, which is a new storefront facility located at 1200 15th St., N.W. (15th & M Sts.). Formed by Ralph Nader this spring, PCVC offers the Washington tourist information on numerous public interest activities in the Capital and will answer the need-to-know questions of the millions of D.C. visitors that come away from Washington feeling inspired but helpless to act.

Books & Reports Available From Trenton

NJPIRG reports for sale — \$.25 each

NJPIRG Testimony: The Real Causes of the Energy Crisis

Hamburger in N.J. More Fat for your Money

Unsafe Toys in N.J. 1973: Commercialism without concern

Bank and Loan Company Credit Survey

The Arrested Person's Access to the Outside World

Food in New Brunswick: Where to Shop and Eat

Tock Island Dam Environmental Destruction and Economic Boondoggle

Property taxes, Exxon and Linden

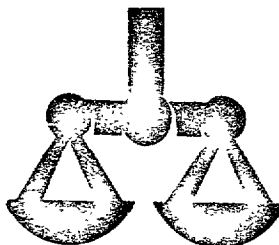
Off-shore Oilport Testimony: Economic Impact and feasible alternatives

Tax Delinquency in the City of Trenton.

NJPIRG Guidebooks for sale — \$1.00

Consumer Guides — complete information covering the maze of problems confronting the consumer and how they can be avoided

N.J. Citizen's Guide — a comprehensive guide to New Jersey State Government including public interest lobbying techniques, legislative information, and how to investigate a government agency.



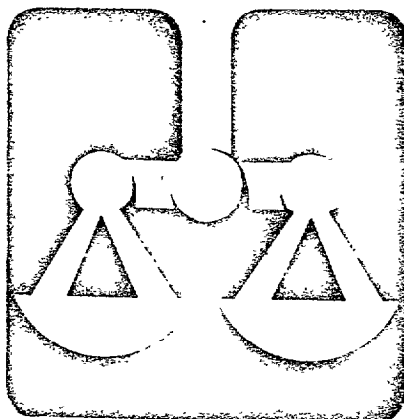
What can I do?

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