

# TAX FACTS

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## The California Plan

**Noted lumberman would encourage reforestation by law. Future welfare of State depends upon wise legislative action. Cites experience in similar cases. California Plan popular with the people.**

"Reforestation is a vital necessity to California," says David Woodhead, well known lumber dealer, and president of the Woodhead Lumber Company. "It is necessary not only to provide lumber for coming generations, but to prevent erosion of deforested areas, and the destruction of agricultural lands. The rapid, not to say wasteful, cutting of our forests will soon leave us dependent upon second growth timber.

"Lumbermen of vision," says Mr. Woodhead, "have already done something toward reforestation. One company has planted a million and a half of trees during the past year. Other companies are trying to work out a program by which the timber within reach of their mills will be replaced as fast as cut.

"Second growth timber is the lumberman's crop in the same sense that wheat or cotton is the farmer's crop; but it takes forty years or more to mature. Forty years is a long time to wait. Many things may happen between planting time and harvest. Fires may come. Oppressive and foolish laws may be passed. But even should the owner escape these and other disasters he is visited annually by the tax collector.

"Former Governor Frank O. Lowden of Illinois says, 'Our tax laws are the worst enemy of both conservation of such forests as we have, and of reforestation everywhere.' Donald McDonald, of the Pacific Lumber Company, which is making large plantings, declares, 'Some relief must be had in the matter of tax-

ation in order to encourage further reforestation work, and enable those who have already undertaken this work to successfully carry it on.'

"The answer is obvious to the thoughtful mind. We must adopt the Constitutional amendment submitted by the California legislature, which exempts from taxation growing trees until they reach maturity. This amendment is in conformity with the well established California plan of progressive tax exemption to industry.

"The wisdom of encouraging industries and farming by exempting the product from taxation has been proven beyond a doubt. California already exempts from taxation ships, growing crops of farmers, young trees and vines. She exempts improvements and personal property for street pavements, and in irrigation and storm drain districts. And no one ever thinks of going back to the old way.

"Progressive-minded men and women believe the time has come to extend the California plan in order to further encourage business, farming and home owning. California needs more capital, more machinery and factories to employ labor and produce goods for the world. She needs also more home-owning and farm-owning citizens.

"This need will be met by the measure put out by the Tax Relief Association, which exempts from taxation \$2,000 worth of improvements and all personal property."

# California's Tax System

Now

Gives Substantial Bonus to Industry—Gradually Exempting Merchants, Manufacturers, Home Owners and Farmers from Burdensome Taxes

## The California Plan

**Exempts Shipping** from taxation.

**Exempts Farmers** from taxation on growing crops, young orchards and vineyards.

**Exempts Farmers** as to improvements and personal property in irrigation systems.

**Exempts Mortgages** and other securities based on lands within the state.

**Exempts Buildings** and all personal property from the cost of street pavements, sewers, sidewalks, storm drains, etc.

**Assesses Foreign Securities** only 7c on the dollar. 1-14 Rate on other property.

By Constitutional Amendment to be voted on at the next election it proposes to exempt trees on re-planted timber lands.

Is Now

Considering proposal to exempt all personal property, including machinery and stocks of goods; and all homes and farms up to \$2,000 worth of improvements.

### THE LOST SOUL

A few years ago the late lawyer, L. A. Russell of Cleveland, received a call from two old ladies whom he had known when he was a boy.

"Oh, Mr. Russell, we need your help! We have received a blank from the tax assessor, who says we must make a full list of all of our property for taxes," exclaimed one.

"That is the law," said Mr. Russell.

"Oh but, Mr. Russell, we have so little. We have to pinch so hard to live respectably. Even a few dollars would make a great difference. This tax would take nearly half our income."

The ladies were in tears over the prospect. By questioning, Mr. Russell learned that their property consisted of furniture, some old jewels and pictures, a savings bank account drawing 4 per cent interest, a few shares of stock in a foreign corporation and a small mortgage. It was a small income. Mr. Russell advised them to write to the assessor that they had no taxable property.

"Oh but, Mr. Russell, that would be telling a lie! We can't do that! We are members of a church."

"Well," said the lawyer, "I'm a lost soul anyway; I will do it for you."

"Oh, dear Mr. Russell, will you be so kind?" exclaimed the old ladies in chorus, and they left the law office in a happier mood.—Howard Morrill Holmes in *Ohio State Journal*.

### A WORTHY AMBITION

My long and varied experience of life and political activity has led me to the conviction that in a democratic form of government the chief business of life for the wise and generous citizen is politics. I interpret politics as furthering the living together of individuals, communities and nations in peace and harmony, with consequent fruitfulness in the highest realms of human progress which is the supreme achievement of humanity.—George Foster Peabody, *New York Banker*.

### TENANCY—THE CREEPING PARALYSIS

It is all too true, farm tenancy, like city tenancy and all other forms of land tenancy, is on the increase and is going to so continue as long as our idiotic taxation laws permit the holding of land out of use for speculating purposes. The present system is a gradual concentration of land in the hands of the few, which can only mean one thing—ultimately America will become a nation of tenants, the same as European countries. Thus the process continues; it is the fault of our system of land tenure and all the protests of all the agricultural and business interests of America can not prevent the certain result—a nation of tenants.

The one and only remedy with which to overcome the monopolization of the land by the few to the detriment of the many is the adoption of such legislation as will remove the speculative value from land.—Hartselle, *Alabama Enterprise*.

## CREDIT FOR HOME BUILDING

"Bankers, realtors and builders" in California are expressing the opinion that if adequate housing accommodations at reasonable rentals are to be had, State control of mortgage companies is imperative. The charge is made that, since the present law does not allow commercial banks to loan on second mortgages, such loans must come from mortgage companies, and these companies have so little competition that they are able to charge enormous rates, running as high as 25 per cent.

A bill was introduced in the last legislature to prevent mortgage companies from abusing this power. But the bill was killed. Possibly it would be ungenerous to say that legislature was unfriendly to the common citizen, yet its action gives color to that charge.

Another instance. Not in many years has a measure been introduced in the legislature that would do so much for the man struggling to get a home as the Tax Relief Amendment, which provided for the exemption from taxation of \$2,000 worth of improvements, and all personal property. This measure not only directly lightens the tax burden on the man trying to establish a home or a farm; but indirectly it would aid him by lowering the interest rate and stimulating business by attracting capital from outside the State.

But this measure, like the bill to regulate mortgage sharks, was voted down. Those measures were voted down at the same time, the bill was passed assessing non-California securities and all solvent credits at 7 per cent of their value. Possibly the legislature knew best what was good for the common people, but it does look strange that it should enact a law to tax the little home and the small farm at 100 per cent, and the foreign securities and solvent credits at 7 per cent of their value. Perhaps the big fellows need the money, but the common man is likely to wonder—when he sees his tax bill—why the legislature let the rich security holder off at one-fourteenth the rate of his own tax. Perhaps.

## WHY GOUGE THE GROCER

To tax grocers is fiscal stupidity. It increases the cost of living. All groceries go through many hands before reaching the consumer, and at each step the tax must be added to the price. What you pay for groceries includes the taxes of the jobber, the distributor, the manufacturer, the dealers in raw materials, etc. All these together with the grocer's own tax are in the price he must charge customers. Why thus gouge the grocer when revenue may be raised in other ways without increasing the cost of living?—*George A. Briggs.*

## DOG IN THE MANGER

The same reasoning that denies the right of the American Indian to hold a continent as a hunting ground for a handful of people, when it is needed for the millions who live by cultivating the soil, forbids the holding of idle acres by speculators, when bonafide settlers are ready to use the land.

## RENTED HOMES UN-AMERICAN

When men find it cheaper to rent homes than to own them, when the pressure of taxation becomes so great that it requires building and real estate corporations to meet it, when young married couples find detached homes impossible and must resort to a modern form of cliff dwelling, when ownership moves away from individuals and becomes more and more centered in syndicates, then a change is coming over the United States that is un-American. And if it is our system of taxation that is at the bottom of it, then our taxation is un-American. Any system which taxes the American citizen out of ownership into tenancy cannot by any stretch of loyalty be termed American. And an endeavor to remedy such a state of affairs in the interest of restoring widespread ownership to citizens cannot by any stretch of imagination be described as un-American.—*Dearborn Independent.*

## NOTES

The perplexing problem is to get the tolerant to tolerate the intolerant.—*Toledo Blade.*

When a belief rests upon nothing you cannot knock away its foundation.—*John Butler Yeats.*

Consider the woodpecker, he uses his head to make a home for himself.—*Wichita Realtors' Message.*

The personal property tax is the vermiform appendix of business. It should be cut out.—*Marshall Beck.*

Women learn to swim sooner than men because the men have to teach themselves.—*New York American.*

This country would be in great shape if law enforcement were as inflexible and unrelenting as a sugar tariff.—*Detroit News.*

When this younger generation is old, what do you suppose it will tell the next generation that it didn't do?—*Milwaukee Journal.*

There is nothing that spurs us on and makes us get results at times like a few words of encouragement.—*Southwest Realty Board Bulletin.*

Natural laws were enacted for man's conduct, and he breaks them all; and when his fines fall due he talks piously of afflictions from the Almighty.—*Country Gentleman.*

When you set out to commend your gospel to men who don't want it, there is only one way to go about it,—to do something for them that they'll be sure to understand.—*Wilfred T. Grenfell. Missionary to Labrador.*

Every failure in business is a loss to all business. Every business failure ruins a prospective customer. Every loss suffered by any one lessens his capacity to buy, and the prosperity of buyers is essential to the success of all lines of business.—*The Typosium.*

Next to war, commercial litigation is the largest single item of preventable waste in civilization. Wars, however, are mostly sporadic and localized, while litigation is continuous and universal. As a remedy to this condition arbitration stands supreme. The human mind has not devised a solution more logical, satisfactory or efficient.—*A. J. Wolfe, Chief of the Division of Commercial Laws, Federal Dept. Com.*

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## BUSINESS MEN AND TAXATION

Achievements in business are second only to the wonders worked by science and invention. The combination of credits, the union of effort, and the economy of forces have marked the rebuilding of the industrial world.

But though business men have accomplished so much in their own immediate field, they have not shown the same interest in vital things that lie beyond that field, yet are a part of their problem. Business men, with rare exceptions, have concerned themselves with politics only when they wanted from the government some privilege or advantage.

This has left government too much in the hands of politicians, theorists, and dishonest business men. The great, creative minds have for the most part held aloof in disgust. But the inevitable result is now compelling attention. Business is so burdened by oppressive taxes that the effect can no longer be ignored.

Jacob Pfeiffer, president of the Miller Rubber Company of Akron, Ohio, gives a graphic description of the present situation in the Nation's Business for June. He enumerates 23 kinds of taxes paid by his company. These taxes total \$1,000,000 a year, while the payroll of the company amounts to \$7,000,000 a year. That is, every eighth man that comes to the pay window is a tax collector.

Mr. Pfeiffer analyses the problem in many ways, but always with the same result, taxes are crushing business. Quoting his words:

Taxes are unduly, even unjustly, high. They constitute the greatest single handicap to prosperity today. They must be lowered. They will be lowered if we can find the way to do it. Otherwise continued governmental confiscation of earning will inevitably bring stagnation to American enterprise.

So we have set out, after the better part of a lifetime spent in manufacturing, to learn a new and unfamiliar trade—the trade of government, so to speak—so that we may be able to save our way of making a living from being throttled by the hand of the tax collector.

Mr. Pfeiffer's indignation is a hopeful sign. When the constructive minds in business consider the tax question as earnestly and as intelligently as they have the other overhead items order will come out of chaos. And in discovering what is the matter with business, they will find the cause of nine-tenths of the trouble in politics.

Business men have accomplished stupendous results by taking advantage of and conforming to natural laws in mechanics, chemistry, conservation of energy, and so on. Politicians have failed because they have ignored natural law, and, buffeted about between ignorance and cupidity, have been led into passing laws that have brought all manner of mischief upon the industry of the country.

Communists, Socialists, and other theorists, seeing the evils, and not knowing the remedy, condemn what they call capitalism, and declare the present order must all be swept away. But this gets us nowhere. It will be the sober-minded people of the country, the farmers, laboring men, and business men who will work out the solution.

It is not a question of tearing down the structure in order to build anew, but of correcting the errors and mistakes as they appear. Every wideawake business man knows that taxes on industry are added to prices, that higher prices limit consumption, that less consumption stops production and throws labor out of employment. If these evils are to be avoided, taxes on production must be removed as fast as may be without disturbing business.

Mr. Pfeiffer stresses the fact that whereas federal taxes are decreasing, local taxes are rapidly increasing; and the Taxpayers' Union, of which he is the moving spirit, has been formed for the purpose of discovering why.

Let the Union consider this: A flood of bonds has been put out by local communities for public improvements, for roads, schools, public buildings, etc. Payment of these bonds is made out of the general tax, of which industry pays the larger share.

If the Taxpayers' Union will secure a readjustment of the tax laws that will lighten the burden on industry, bond issues will be confined to necessary improvements.

Has the Union the courage to go to the bottom of the problem?