

LEGISLATION DENOTING PROGRESS IN OUR DIRECTION.

Considerable progress has been made in several States towards an improved system of taxation, especially in the direction of lightening the burden of taxation upon thrift.

The most important legislation probably was in Missouri, where the legislature has provided for the submission to the people of a constitutional amendment that will permit the abandonment of the general property tax, and the establishment of local option in taxation.

This amendment was recommended by the special tax commission appointed by Governor Folk, who reported that the first step in tax reform was the separation of the sources of State and local revenue, so that the different rates of assessment in the different counties would no longer produce inequality in the State tax paid. "Furthermore, each county could adopt, subject to the constitutional requirement of uniformity, such modifications of the general property tax upon real and personal property as would be found most effective and best suited to the needs of that locality."

The Missouri constitution now requires the assessment and taxation of all property at the same rate. The amendment proposed by the commission and passed by the legislature provides that "the general assembly shall separate the sources of State and local (that is, county, school and municipal) revenue and establish local option for the counties and municipalities of the State in the selection of the subjects of taxation."

There are some more sections to the amendment setting forth that the legislature must discontinue the levy under the general property tax, and that, while the counties and cities may exempt any class of property within their jurisdiction from taxation either wholly or by reduction of the rate, any taxation or exemption shall be uniform upon the same class of subjects within such territory.

While this amendment has yet to be voted on by the people there has been no opposition manifested so far, and the chances for its adoption seem good.

The Oklahoma constitution recently adopted is in line with the recent changes elsewhere in the direction of leaving legislatures free to modify existing systems. It provides that the power of taxation shall never be surrendered or contracted away, but allows the legislature to classify taxable property, subject only to the usual restriction that taxes shall be uniform on subjects in the same class.

Minnesota voted last fall on a constitutional amendment to remove the restriction that required the general property tax, and permit the legislature to classify the

subjects of taxation. This amendment was reported to have been adopted by the people, and the legislature proceeded to discuss various changes in the law. It adopted a mortgage recording tax similar to that in New York, in spite of the opposition of non-resident money-lenders who profited by the increased rates of interest due to the attempts to tax residents on their mortgages as personal property. The legislature also had before it a bill to put a "tonnage tax" on the iron mines owned by the Steel Trust. A similar tax some years ago was declared unconstitutional, and this year the proposition was defeated because it was seen that such a tax was really a tax on production. Nevertheless the mine-owners became frightened and instigated an agitation for a "recount," which is now in progress, and which has so far cut down the reported majority for the amendment that the result is in doubt. To meet the situation should the recount declare the amendment lost the last legislature adopted a bill resubmitting it to the people.

The Washington constitution requires the taxation of all property and an amendment changing that feature has passed the legislature. Meanwhile, the constitutional requirement has been evaded by the amendment of the tax law, so that "mortgages, credits, public bonds" and other intangibles are declared not to be property within the meaning of the word as therein used; consequently the assessors have no authority to assess them. That this law is constitutional is open to doubt, but more important is the fact recently reported that there was an error in its enacting clause. Nevertheless the assessors have been acquainted with the desires of the people, and it is a safe guess that very little intangible property will be found on assessment day.

The New York mortgage recording tax law of last year has been amended so that the holders of old mortgages may secure exemption from personal property assessment by payment of the recording tax.

Alabama has adopted a franchise tax law that provides for the taxation of public service corporations on the difference between their taxed tangible property and their value as going concerns; that is, on their "intangible, privilege values."

Altogether, the tendency of recent legislation seems to have been towards the exemption, or lessening of taxation on mere evidences of property already taxed, and in the direction of increasing the taxes on various forms of privilege.

An increase of \$400,504,542 in the total value of New York city real estate is recorded for 1907 by the city's tax assessors, according to President Lawson Purdy, of the Tax Board.