

WITH TAXATION COUNTRY'S BIG

Committee of Which Senator Ogden L. Mills Is Chairman Doing Yeoman Work In New York State.

WITH the growing cost of government in towns, cities and states making the problem of taxation acute, the eyes of the country are focused on New York state, where there is at work one of the most competent and hardworking committees that ever tackled the vexed taxation problem. Taxation experts all over the country are waiting to see what New York will do. Meanwhile the committee, of which Senator Ogden L. Mills is the head, expects to reach some tangible result where committees of other years have failed to accomplish much.

Public hearings have been arranged for in many of the big cities in the Empire State. There have been a real live publicity campaign and an earnest effort to get the views of the very best minds. Condensed reports of the plans suggested have been sent to newspapers in the state, with a request for editorial opinions. There have been a campaign of education and a seeking of light. In former years the taxation question attracted not more than ordinary attention. This year, however, with a real emergency confronting the big cities and the state itself, the public mind is aroused as it has not been in years. Senator Mills and his coworkers are going right to the bottom of the matter and are hopeful of accomplishing a great deal.

Associated with Senator Mills on the committee are Senators Sanders and Boylan and Assemblymen Everett, Machold, Chase, Donohue and Gillen. Every member of the committee is giving up a great part of his time to the work in hand. In their respective communities they have delved into tax books, and today any one of them could qualify as a taxation expert.

Grandson of Darius O. Mills.

Senator Mills is a son of Ogden Mills and a grandson of the late Darius Ogden Mills. He was graduated from Harvard in 1905. His sister, Miss Beatrice Mills, is the Countess of Grand. Senator Mills represents the Seventeenth senate district of New York city, comprising the Twenty-fifth, Twenty-seventh and Twenty-ninth assembly districts. He was the personal campaign manager of John Purroy Mitchel when he ran for mayor of New York city.

For the last ten years every state in the Union has given the matter of taxation serious thought, and when the committee of which Senator Mills is the chairman was appointed they had something to start with. They got in touch with tax officials in every state in the Union and received from them the result of their labors and how the ideas which had been adopted were being worked out. They wrote to taxation experts all over the country. They wrote to many of the people who attended the New York tax conferences.

Then they went through the state and picked out certain counties and made a careful examination of their tax rolls, particularly with reference to corporations. With the co-operation of manufacturers' associations throughout the state they sent out blanks to selected lists of corporations to find out what they were paying. They had various committees of real estate men in New York city and up state real estate associations prepare careful tables to show accurately the burden of taxation borne by real estate. They consulted with savings banks, trust companies, civic associations. They intend to call before them the mayors and the officials of the largest cities in the state.

They prepared a list of questions which were sent to the officials of all the cities in the state. They interviewed and questioned the state comptroller, the attorney general and the chairman of the state tax board. They interviewed in person and by letter many of the prominent tax experts in New York and other states.

A Tremendous Increase.

Senator Mills and his committee have shown by figures and tables how the state government increased 40 per cent at an average rate of 8 per cent per year. It is held that even if the state succeeds both in stopping the increased cost of government and keeping its general administrative expenses at the present figure it will be necessary to impose during the next five years a direct state tax of from \$14,500,000 to \$19,000,000.

One of the hardest situations confronting the committee is that which exists in New York city. According to the testimony of Mayor Mitchel, even if it is assumed that the cost of government can be kept at its present level, the city will have to raise (exclusive of the state direct tax) for the purposes of interest on serial bonds, redemption of serial bonds and the quota of public improvements and (beginning with 1918) interest on subway bonds, the following amounts, which are additional to its present budget of almost \$200,000,000: 1917, \$10,137,000; 1918, \$19,400,000; 1919, \$34,719,000; 1920, \$34,554,000.

PROBLEM ACUTE MEN SEEK REMEDY

Research Has Been Conducted on Broad Lines—There Seems to Be Disposition to Favor Income Tax.

While there have been three general plans of taxation suggested by the committee, of which Senator Mills is the head—namely, an income tax, a classified personal tax and what is termed the presumptive income tax—the income tax seems to meet with the most favor. This proposed tax is a tax on net income, which shall include interest, rent, royalties, dividends and gains, profit or income derived from salaries, wages or compensation for professional services of whatever kind or from professions, business, trade, commerce or sales or dealings in property, whether real or personal, also from securities. Included in this tax

the small business, the new business and every business, big and small.

As another argument for the income tax it is held that the rates are low—one-half of 1 per cent. A man with a \$2,500 income pays \$2.50. A man with a \$3,500 income pays \$10. A man with a \$12,000 income pays \$180. A man with a \$25,000 income pays \$440. The last man, with ten times the income of the first man, pays 170 times as much tax. It is held that this is not unfair; that the big fellows have the incomes and that the tax on them never exceeds 2 per cent. This is a low rate in one sense, but it is recalled that these men pay a federal income tax rising to 7 per cent on the highest class of income.

Won't Burden Poor Owners.

It is held that the proposed state income tax will not burden the farm, the homestead or the owner of real estate who is not making money. If a family has nothing above a living income it will have no income tax to pay. The farmer and wage earner are not exempted as such. If they have incomes sufficient to keep them in comfort—i. e., about \$2,000 a year—they will pay the income tax. They ought to pay. But the average farmer or wage earner will not be taxed because his income will not be high enough to justify it. In Wisconsin, for instance, where exemptions are 5 per cent lower than those imposed in New



SENATOR OGDEN L. MILLS.

scheme are all persons residing within the state, firms, copartnerships, joint stock companies and mercantile, manufacturing and miscellaneous corporations. It is proposed to tax the entire income from all sources except that from property located or from any business or professions carried on without the state. It also is proposed to tax the entire net income from all property and of every business, trade or profession carried on in New York state by persons residing elsewhere. The net income of corporations is to be determined practically as it is under the federal income tax. Several penalties are provided for failure to make proper return. Where a corporation makes an improper return it is provided that its charter will be forfeited. In the cases of salaried nonresidents the tax will be withheld by the employers, and the collections will be made from them.

A fine not exceeding \$1,000 or imprisonment not exceeding one year, or both, is provided for in the event of any officer or employee of the tax department divulging in any manner whatever not authorized the amount or source of income, profits, losses, etc., disclosed in any return of income.

Income Tax Is Favored.

In the publicity campaign conducted by the committee there have been many arguments advanced for the income tax. It is held that the tax is generally regarded by all students of taxation as the best and most equitable substitute for the personal property tax. It is pointed out that the tax has met with unusual success in Wisconsin. At the recent general election in Massachusetts the people adopted a constitutional amendment by a vote of over two to one authorizing the imposition of an income tax. An income tax law on general business corporations is now in operation in Connecticut and West Virginia. It is held that the income tax is the fairest and most equitable because it taxes each man according to his ability to pay.

It is held that because the property tax throttles business, that it must be paid in hard times as well as in good times and that it must be paid by the struggling new enterprise as well as by the established prosperous concern, the income tax is a much better business tax than the property tax, and in an off year the income tax spares

York, less than 5 per cent of the farmers and less than 1 per cent of the laborers pay income tax.

Notwithstanding the low rates the yield of the tax will be large, it is declared. A large proportion, if not the full amount, should be returned to the localities, so that in many towns the proceeds of the income tax will make a very substantial reduction in the rate of taxation on property.

It is set forth that the income tax is the only tax which can equitably reach such classes as professional men who earn a large income, but pay no tax under the present system. In answer to the question "Will the tax work?" the committee replies that the federal income tax works. The Wisconsin income tax works. There is no reason why a good law will not work in New York. Taxpayers are not liars. They will not pay property taxes at 2 per cent on securities yielding 5 per cent a year. No wonder they will not pay such a tax! But Wisconsin experience proves amply that they will pay an income tax of 2 per cent, and the state gets more revenue out of an equitable low tax than it gets out of an inequitable high tax.

The argument that the tax is unnecessarily inquisitorial and troublesome is not sound, the committee declares. The proposed law is modeled generally on the federal law for purposes of convenience. Taxpayers will be given the option of making their reports on the copies of the federal blanks, with a brief rider asking for data in regard to those parts of the law which are different. The tax reaches the great class of people who do business in New York, enjoying most of the privileges of citizens of the state and who under the present law pay no taxes whatsoever.

It is important that the state should appropriate this source of revenue for itself before the federal government proceeds to take it all, the committee holds. This is particularly true of the state of New York, which pays a large percentage of the federal income tax. From its standpoint, it is better that an income tax should be raised and spent at home.

Money in the Mail.

Parcel post package of money broke in mail bag, and Orange (N. J.) post-office force is trying to separate 300 gummed up letters.

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(First Pub. Nov. 18-21)
Citation for Hearing on Petition for Probate of Will.
Estate of Christen Peterson.
State of Minnesota, County of Mille Lacs. In Probate Court.
In the matter of the estate of Christen Peterson, decedent.
The state of Minnesota to the next of kin and all persons interested in the allowance and probate of the will of said decedent.
The petition of Esther Larson being duly filed in this court, representing that Christen Peterson, then a resident of the county of Mille Lacs, state of Minnesota, died on the 1st day of November, 1915, leaving a last will and testament which is presented to this court with said petition, and praying that said instrument be allowed as the last will and testament of said decedent, and that letters testamentary be issued thereon to said William Mark Peterson.
Now, therefore, you, and each of you, are hereby cited and required to show cause, if any you have, before this court at the probate court rooms in the court house, in the village of Princeton, county of Mille Lacs, state of Minnesota, on the 13th day of December, 1915, at 10 o'clock a. m., why the prayer of said petition should not be granted.
Witness the Honorable Wm. V. Sanford, Judge of said court, and the seal of said court, this 15th day of November, 1915.
WM. V. SANFORD, Judge.
(Court Seal.)
E. L. McMILLAN, Esq., Attorney for Petitioner, Princeton, Minn.

(First Pub. Nov. 11-31)
Citation for Hearing on Final Account and for Distribution.
ESTATE OF MARK A. NEWMAN.
State of Minnesota, County of Mille Lacs. In Probate Court.
In the matter of the estate of Mark A. Newman, decedent.
The state of Minnesota to the next of kin and all persons interested in the final account and distribution of the estate of said decedent.
The representative of the above named decedent having filed in this court her final account of the administration of the estate of said decedent, together with her petition praying for the adjustment and allowance of said final account and for distribution of the residue of said estate to the persons thereunto entitled.
Therefore, you, and each of you, are hereby cited and required to show cause, if any you have, before this court at the probate court rooms in the court house, in the village of Princeton, in the county of Mille Lacs, state of Minnesota, on the 6th day of December, 1915, at 10 o'clock a. m., why said petition should not be granted.
Witness, the Judge of said court, and the seal of said court, this 10th day of November, 1915.
WM. V. SANFORD, Probate Judge.
(Court Seal.)
E. L. McMILLAN, Esq., Attorney for Petitioner, Princeton, Minn.

(Oct 28-31)
Notice of Partition Sale.
State of Minnesota, County of Mille Lacs—ss. District Court, Seventh Judicial District.
John L. Wetzel, Plaintiff
vs.
Jennie M. Kennedy and William Kennedy her husband, George F. Wetzel and Emma Wetzel his wife, Charles F. Wetzel, William G. Wetzel, Albert T. Wetzel and Etta F. Wetzel his wife, Ray A. Wetzel, Christian S. Neumann, also all other persons unknown having or claiming an interest in the property described in the complaint herein.
Notice is hereby given that pursuant to and in accordance with the judgment entered in the action above entitled on the 21st day of October, 1915, a certified transcript of which has been delivered to me, the undersigned referees will sell at public auction to the highest bidder for cash at the front door of the court house in the village of Princeton, county of Mille Lacs, state of Minnesota, on Saturday, the 11th day of December, 1915, at 10 o'clock in the forenoon, those certain tracts or parcels of land, lying and being in the county of Mille Lacs and state of Minnesota, described as follows, to-wit:
Parcel No. 1.—The east half of the northeast quarter of section fourteen (14), township thirty-six (36), range twenty-seven (27).
Parcel No. 2.—The west half of said north-east quarter of section fourteen (14), township thirty-six (36), range twenty-seven (27).
By said judgment it is provided as follows: Said parcels shall be sold separately, and each party entitled to a share in said property, or an incumbrancer entitled to have his lien paid out of the proceeds of the same, may become a purchaser. All sales shall be made subject to the confirmation of the same by the court, and purchasers shall be allowed 15 days from the date of confirmation within which to perform.
Dated October 25th, 1915.
ANDREW BRAYSON, Referee.
MARGA G. STANLEY, Referee.
HENRY NEWBERRY, Referee.
CHARLES KEITTE, Attorney for Plaintiff.
E. L. McMILLAN, Attorney for Defendant, Etta F. Wetzel.

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