

THE FARMER PAYS

Our Tax System Has Increased His Burden.

Figures That Show Farm Property Pays More Than Its Fair Proportion of State Revenue.

When the last constitutional convention in Kentucky drew up the present organic law of the state, it found existing throughout the state a general feeling of dissatisfaction, because through the faulty administration of the old revenue law one exemption after another had crept in until the old system was full of inequalities. The convention desired to perfect a tax system which, it believed, would secure absolute uniformity in the burden of taxes. It, therefore, inserted in the constitution section 171, which says that taxes shall be uniform upon all classes of property within the territorial limits of the authority levying the tax. This was done in the belief that uniformity of method would produce a uniformity of result and of burden.

It was urged in behalf of this proposed section that it was demanded in justice to the farmer, in order that, since his property was of a visible and tangible nature and could not escape assessment, all other property should be put in the same boat.

No one ever disputed that this ought to be done. The only dispute was as to whether or not it could be done by this method. It was contended that certain classes of property, which were of a kind that could be concealed, would escape assessment and taxation if the burden of taxation put upon them was too heavy, and that the result would be that the real estate and such visible personal property as the farmer's live stock and the merchant's goods and the householder's furniture would bear an unequal proportion of the burden of raising the public revenue.

But the general property tax was included in our constitution, and we have been trying it harder than ever for the sixteen years that have elapsed since the constitution was adopted, and it has proved anything but uniform and has not served to distribute the burden of taxation equally. Under this system, a great deal of property in our cities escapes taxation. In spite of the activity of auditor's agents, much of it is no brought to light. The consequence of this is that an unfair burden on the support of the state falls upon those who own property that can not be hidden away, and these people are chiefly the farmers.

The farmer pays more tax on personal property in proportion to real estate than does the city man under the present system. In the five counties in the state which contain all the cities of the first and second classes—Jefferson, Kenton, Campbell, Fayette and McCracken, the assessed personal property is 20 per cent of the total assessment. In the rest of the state it is 24 per cent of the total assessment. The five counties named, which may be called urban counties, contain 36.62 per cent of all the realty in the state and assess only 21 per cent of all the personalty.

The amount of money, bonds, accounts and similar personalty, assessed by these counties, is less than 7 per cent of their total assessment. In the rest of the state the amount of such property assessed is nearly 11 per cent of the total. Manifestly, it is true that the man in the country does not find it so easy to conceal his personal property, and he has not the incentive furnished by a high tax rate to conceal it.

In the county of Jefferson, containing the city of Louisville, personalty is 22.5 per cent of the total assessment. In Kenton county, containing the city of Covington, personalty is 11.2 per cent of the total; in Campbell, with the city of Newport, it is 16 per cent. Fayette county, with Lexington, does better, its personalty being 24 per cent of the total, but it is well known that the rural portions of Fayette county contain an amount of wealth unusual in any agricultural community.

On the other hand, take the following counties, which are distinctly agricultural, and note how much larger the percentage of personalty than in the strictly urban counties:

Garrard county 25 per cent
Allen county 26 per cent
Marion county 30.5 per cent
Adair county 31 per cent
Knot county 33.6 per cent
Monroe county 36 per cent

Through the entire state the rule generally holds and where the contrast is not so marked, the exceptions will generally be found due to unusually high valuation of farm lands.

Who Pays the Freight?

There is still another way of ascertaining that the present system does not make things easier for the farmer. For the year 1906 the assessment of the state divides itself as follows:

Per Cent
Farm lands 43
Farmer's personalty (live stock, implements, etc.) 7.1
Moneys, etc., assessed to farmers 2.6

Total for farmers 52.7
Town lots 32.5
Town personalty 14.8
Total town property 47.3

In arriving at the percentage of moneys, etc., set down as given in by farmers for taxation, only that given

in by counties having no town larger than the sixth class is included, and a small percentage of this character of personalty given in by counties having larger towns and yet distinctly agricultural. The figures probably are under, rather than over the mark. Farm property, therefore, by a conservative estimate pays nearly 53 per cent of the state taxes exclusive of franchise taxes, while town property pays only about 47 per cent. Of the state revenue collected by the sheriffs of the state from assessor's lists, 43 1/2 per cent is paid by farm lands, 34 per cent by town lots, about 9 1/2 per cent by moneys and securities, about 7 1/2 per cent by live stock and farmer's implements, etc., and 6 per cent by other personalty. It is time the Kentucky farmer realized that the present system bears heavily upon him.

Equivalent to 10 Per Cent Income Tax.
The tax commission of the state of California has this to say about the operation of the general property tax on farmers in that state:

"The taxes paid by farmers in California are equivalent to an income tax of 10 per cent. This is in contrast to many other industries; for example, the taxes paid by manufacturers, which amount only to 2 per cent on income. The persons engaged in agriculture, with an average yearly income of about \$500, pay \$50 per capita per annum in taxes. The persons engaged in manufactures, with an average annual income of \$370, pay \$17.50 per capita per annum."

The California system here denounced is the same that we have in Kentucky, and from which the legislature can afford us no relief without a change of the constitution.

FARMERS IN MANY STATES WANT RELIEF FROM UNFAIR TAXATION.

Constitutional amendments are being given thorough attention by farmers of the country. In Ohio, Hon. F. A. Dertthick, master of the State Grange, in discussing a proposition to permit of classification of the sources of tax revenue, said:

"There is a common ground upon which we can all stand. We must have in increasing amount of revenue, and that means a more just return of the property in the state. Where is the injustice of laying a reasonable tax on the deposits reported by the banks of the state, the same to be charged to depositors? True, not all depositors are residents of Ohio, but they enjoy the protection of our laws and in large measure draw their interest from our people.

"This could, at least, be done with resident depositors and they would be relieved from the temptation to commit the crime of perjury."

The Kentucky Grange.
The Kentucky State Grange had this same subject before it at the meeting held in Frankfort October 21 to 23, 1907. Mr. F. P. Wolcott, Master of the State Grange, discussed the question in a very interesting manner, as follows:

"The order has been most active in behalf of the just regulation of taxation, recognizing that the farmer is losing more from our present system and has more to gain from the establishment of a just and equitable system of taxation than has any other class of citizens. The order in representing the agricultural class, always endeavors to be fair and honorable with all other interests, and has the right to demand like treatment in return. In nearly every state in the Union the cry has been loud against unjust revenue laws, and steps are being taken to remedy the evils.

"Various State Granges have, by their action, declared it wrong to legislate into the organic laws of a state any provision which shall exempt from taxation property aggregating vast sums, in the possession of the wealthy, and often kept by them invisible, thus leaving the small holdings of the masses of people of moderate means to bear the burden of doubled taxation.

"The present constitution of Kentucky binds us to the general property tax—that is, to the system of levying the same tax upon all classes of property for all purposes. There should be an amendment to our constitution which will allow the legislature to separate the sources of revenue—that is, to raise the state revenue from certain classes of property, leaving other classes of property to be taxed for local purposes only.

"It has been argued by some that this would throw too much power into the hands of the legislature. Should such an amendment prevail, then would it devolve upon the voters of the state to pay stricter attention to the selection of their representatives than has obtained in the past in both city and country.

"The Kentucky State Development association and other organizations have honored the Grange by placing upon its joint committee on taxation, a member of this order as representative of the agricultural interests of the state, and it is important that the views and demands of the farmers be clearly defined at this state session. It is recommended that this body promptly and emphatically take action in favor of just and equitable revenue laws, and for the establishment of an official tax commission, to be composed of five members—four representing respectively the great industries, agriculture, manufacturing, mining and commerce, and a fifth member, noted for the highest integrity and for superior legal ability.

TAX CONFERENCE

Students of National Fame Will Discuss Taxation at Columbus.

In response to a call in August by Governor Harris of Ohio, there will be held in Columbus, Ohio, November 12, a national conference of the National Tax association. Delegates have been appointed to this meeting by the governors of all the states, and it will, in addition, be attended by many tax experts from all over the country. The discussions will take a wide range, covering every phase of the question of taxation.

Such a gathering as that which is to be held in Columbus will result in disseminating a great deal of information on the subject of methods of taxation and is bound to stimulate still further the interest in this reform. Governor Beckham has appointed three gentlemen to represent the state of Kentucky. It is very much to be hoped that they will attend, as Kentucky has as great an interest as any other state in this question and very much greater interest than some other states that have made more progress than we have toward a better tax system.

The Proposed Reforms.
The purpose of the conferences are thus announced:

To secure an authoritative and an exhaustive discussion of the subject of state and local taxation in all of its details.

To produce a volume of proceedings containing the best thought of those who, by reason of their special educational training and practical experience, are qualified to speak with authority upon the special branch of the subject they may elect to discuss.

To furnish to the members of the legislatures of the several states a concrete, up-to-date statement of the economic and business principles that should be applied in state and local tax legislation, to be used as a guide for their action when considering proposals to improve the tax laws of their respective states and in the administration of the same.

By this means to secure the application of correct economic and business principles in all tax legislation, and thus develop a high degree of uniformity in the tax laws of the several states.

By securing uniformity in state tax laws, to eliminate the evil of changes in legal residence and in the location of business undertakings induced by differences in state tax laws, and to create conditions of high value in aid of the effective and economical management of the financial affairs of all state and local governments.

The following partial list of papers, and their authors shows that the discussions at this conference of the many branches of the subject of state and local taxation will command the attention of the intelligent public throughout the country:

The Topics Proposed.
"Separation of State and Local Revenues." By Professor Edwin R. A. Seligman, Columbia university, New York city.

"Separation of State and Local Revenues." By Professor T. S. Adams, Wisconsin university, Madison, Wis.
"Taxation of Public Service Corporations." By Carl C. Fleish, professor of finance and statistics, University of California, Berkeley, Cal.; expert on taxation and public finance, state of California commission on revenue and taxation.

"Taxation of Public Service Corporations." By Professor Adam Shortt, Queens university, Kingston, Ontario; member of tax commission, province of Ontario.

"Outline of a Model System of State and Local Taxation." By Lawson Purdy, president of board of taxes and assessment, New York city.

"Home Rule in Taxation." By Solomon Wolf, member of Louisiana state tax commission, New Orleans, La.

"Enoch Ensley's Contribution to Taxation Literature." By M. E. Ingalls, chairman executive committee, C. C. & St. L. Railroad company, Cincinnati, O.

"Incidence of Taxation." By A. C. Plydell, secretary of New York Tax Reform association, New York city.

"Substitutes for Personal Property Tax." By Harry G. Friedman, New York city.

"The Economical and Statistical Value of Uniform State Laws on the Subject of State and Local Taxation." By L. G. Powers, chief statistician of the bureau of the census, Washington, D. C.

"Methods of Assessment, as Applied to Several Classes of Subjects." By James E. Boyle, professor of economics and political science, State University of North Dakota, Grand Forks, N. D.

"Taxation of Income." By Charles Lee Raper, professor of political economy, University of North Carolina, Chapel Hill, North Carolina.

"Unit Rule." By William O. Matthews, attorney of Ohio Tax league, Cleveland, O.

"The Single Tax." By C. B. Fillebrown, president of the Massachusetts Single Tax league, Boston, Mass.

"Relation of Taxation to the Credit System." By W. G. Langworthy Taylor, professor political economy and commerce, University of Nebraska, Lincoln, Neb.

"Taxation of Money and Credits." By Frank G. Pierce, secretary of the League of Iowa Municipalities, Marshalltown, Ia.

TALK ABOUT TAXES

Various State Grangers On the Subject.

Demand For Study of the Question by the Farmer For His Own Interest.

The farmers composing the Grange, an organization that has done much to study the real interests of the farmer, has been taking a good deal of interest in the subject of taxation lately and some very pertinent utterances on this question have been given out in the addresses of the Masters at annual sessions of various state Granges.

At a recent meeting of the Washington State Grange, the Master gave considerable attention to the question of taxation. He said, in part:

"I urge every Grange in this state to take up the study of taxation in all its phases earnestly and seriously during the coming year, for I feel strongly that we farmers have hardly realized the importance of thoroughly understanding the fundamental principles of taxation.

"In considering the subject of state taxes, in the brief time I have been able to give it since my mind has been fully aroused to its importance, I have come to doubt very much the wisdom of our present method of assessing state taxes. Section 2 of Article 7 of our state constitution is as follows: 'The legislature shall provide by law a uniform and equal rate of assessment and taxation on all property in the state, according to its value in money.' (This is the general property tax similar to Kentucky.)

"The above constitutional provision is similar to that of many of the western states and enjoins a system of taxation which has been tried in practically all the states of the Union. It requires the application of the same rules of taxation to forms of property totally different in character. Most of the older states, such as New York, Connecticut, Massachusetts, New Jersey and Pennsylvania, have constitutions which impose no restraint on the power of the legislature, or very little more restraint than that imposed by the federal constitution. Those states have developed systems of taxation more in harmony with modern conditions.

"The attempt to tax all kinds of property by the same rules, has in all times, and in all countries, imposed heavier burdens upon rural districts than cities, and in a large degree has measured the tax to be paid by each citizen by the amount of his consumption, rather than by the opportunity he enjoys to acquire wealth under the protection of the state.

"The plan adopted by our neighbor, Oregon, is to apportion the state tax in proportion to the revenue raised by each county. Oregon made the mistake of not carrying out the principle to its logical conclusion. The tax should be apportioned in proportion to the entire revenue raised by each county, and all the taxing districts within each county.

"It is very easy to see that the more highly developed and more densely populated a county may be, the more money it needs for local purposes in proportion to its taxable values, and the greater is the power to pay taxes. The tax apportioned in this manner will shift from the poorer and remote rural counties the burden they now bear, and impose it on the more thickly settled and prosperous counties. This change would do away with the universal temptation to undervalue property in order to shift the state tax to other communities. A study of the experience of other states shows that one of the greatest evils has been this incentive to undervalue. It produces inequality and dissatisfaction, if not downright fraud."

The Ohio State Grange.
In Ohio they are proposing an amendment to the constitution that will permit of a classification of the sources of revenue, such as is now in effect in Pennsylvania. The difficulty with the Ohio constitution is exactly similar to that in Kentucky. They are proposing there an amendment to the constitution which will make it read this way: "Taxes shall be levied at a uniform rate upon all property of the same class." The Ohio constitution now requires that taxes shall be uniform upon all classes of property, the provision being similar to that of the constitution of Kentucky. The Master, Honorable F. A. Dertthick, commenting upon the proposed amendment to the constitution, said:

"To pull up every stake in our constitution seems heroic treatment, and if done would throw upon the people added responsibility in the selection of their representatives. If classification is to be the plan adopted, it should be left to a commission of at least five members appointed by the governor, one from each of the four sisters, whose combined efforts have made us all we are—one from manufacture, one from mining, one from commerce, one from agriculture. This board should be reinforced by the appointment of a member of well-known integrity and great legal ability.

"The farmers are not committed to the idea of classification, but we wish to join in the study of tax revision. The Ohio State Grange, assembled in annual session, December 11 to 13, 1906, by a unanimous vote expressed the desire of an organized body of taxpayers, fifty thousand strong, to cooperate with all other interests in devising a tax system that shall be just and fair to every legitimate interest in the state."



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Estray Notice.

Taken up as astray on October 25, 1907, by C. W. Leisure, living three miles south of Rosine, Ky., near Mt. Pleasant church one black mare mule 4 years old, about 15 1-2 hands high, left hind foot a little large, has been hurt, white spots on each side of back, supposed to be saddle marks, some white hairs on right shoulder, collar marks on weathers, rough shod all around and is worth \$150. Given under my hand as justice of the peace for Ohio county, Kentucky. This October 29, 1907.

W. P. MILLER, J. P. O. C.

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Big Corn Yield.

Mr. Alley of Princeton owns a farm on the river near town. On a five-acre tract of his land he raised 630 bushels of corn. Corn is worth 50 cents at the Princeton mills, at this price the corn is worth \$65 per acre. Mr. Alley estimates that it cost \$5 per

acre to raise this corn, leaving a profit of \$58 per acre for the land, which would be nearly 6 per cent, on a thousand dollars per acre. If this corn had been raised in Texas, Oklahoma or Kansas, all the world would know it. People have not awakened to the real value of good corn land. There are many fields in Sullivan County where the average yield will be fifty bushels, making an allowance of \$10 per acre for cultivating, which is liberal, it leaves a margin of \$15 per acre at the selling price of corn or 10 per cent, on \$150 besides the stock field. —Milan Republican.

Wonderful Eczema Cure.

"Our little boy had eczema for five years," writes N. A. Adams, Henrietta, Pa. "Two of our home doctors said the case was hopeless, his lungs being affected. We then employed other doctors, but no benefit resulted. By chance we read about Electric Bitters; bought a bottle and soon noticed improvement. We continued this medicine until several bottles were used, when our boy was completely cured." Best of all blood medicines and body building health tonics. Guaranteed at all druggists. 50c. m

Clean Handed Man.

If Kentucky just had to have a Republican for Governor there is comfort in the thought that the Republican who was elected to that high office is a clean-handed, conscientious and amiable gentleman, with a keen sense of the dignity and responsibilities which the citizens have put upon him. —Louisville Times.

Doctor's Rich Fee.

A French nerve doctor was called to treat an American visitor for acute neuralgia. Electricity was applied with excellent results. The patient, gratified, promised to send the doctor a check. The next day the medico was astonished to receive a check for \$4,000. He went and asked if a mistake had not been made and received further expressions of gratitude. A few days later the American sent the title deeds for a house near Arc de Triomphe of the value of 1,000,000 francs. Gil Blas vouches for the story and says the doctor has just moved into the house given him. —Paris Cable to the New York Herald.