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# FARMERS AND MERCHANTS BANK AND FARMERS LOAN AND TRUST CO.

## THE STATE SHOULD NOT TAX SMALL FARMS AND HOME

Give Every Man a Chance to Own His Home—Plan to Assist Tenants To Become Property Holders, Too

The following paper was read by W. W. Ball before the Kosmos club of Columbia:

Before any substantial progress in a political way can be made in South Carolina, two improvements are necessary, one of them a better election system, which I shall not discuss tonight and the other a better taxation system.

We have in South Carolina what is known as the uniform property tax. "All property subject to taxation shall be taxed in proportion to its value," reads section 6 of article 1 of the state constitution of 1895. Repeal of this section and other amendments of the constitution by which the way will be cleared for a system of classified taxation to be substituted for the uniform property tax should precede the adoption of the reforms which I shall suggest, though I am not saying that they are impossible without constitutional

amendment. Amendments are probably necessary to it. Our local assessing methods are hopelessly at fault. Under their operation every ward and township is jealous lest it pay state taxes at a higher rate than do contiguous wards and townships and there is the same jealousy between the several cities and counties. We must have a system under which taxable values generally, shall be assessed and equalized by a board or boards representing the state and not the counties and smaller subdivisions. The need of this reform has long been observed and has been emphasized in the press of the state. Its enactment would present no serious difficulties.

**Novel in This State.** The abolition of the uniform property tax, although it has been accomplished, I think, in various American states, has not been freely discussed in this state. Prof. Raper of North Carolina in his "Founders' day" address before the university, discussed both the proposed reforms, but our people have been accustomed always to the uniform property tax and, at first, the novelty of destroying it may shock the minds of assessors, quietly ignoring the law, sometimes put it into practice. For example, improvements on land and the land itself are not always if usually assessed at the same rate here in Columbia. Whether "single taxers" or not, most of us will agree that a 16-story building that cost \$500,000 ought not to carry so heavy a share of the tax load as should the land it stands on while owners of one-story buildings on the other side of the street neglect to improve their property in a measure proportional to the value of the land and so grow rich from the unearned increment, refusing to sell their ground to those who would improve it. Other illustrations of the unfairness and unwisdom of the uniform property tax might be cited. Our income and corporation taxes imply admission that the old taxation principle that we have rested upon is unscientific and no longer adequate. This paper does not pretend to work out a detailed taxing plan but the centralization of assessing and abolition of the uniform property tax are impressed as essential preliminary changes to the plan applying to certain quantities of property.

If an income tax be just at all and which I shall proceed to outline. Extension of the Principle. An exemption from it of persons hav-

ing incomes of \$2,500 and under be just, it is equally just to extend the principle of exemption to other forms of taxation.

Our constitutional homestead exemptions of real estate of the value of \$1000 and personalty of the value of \$500 seem to commit the state to the principle that the head of a family ought to have property of that value. Ought not the converse of the proposition on which the homestead exemption rests to be true—that the state should place no obstacle in the way of the head of a family acquiring property of that value? In practice, the homestead exemption is unfair. The head of a family having real estate worth \$1000 and personalty worth \$500 can not be deprived of that property by his creditors. Were the 176,000 farmers in the state to go into bankruptcy, the 65,000 owning farms would remain owners and the 111,000 tenants would remain tenants, albeit the 65,000 owed debts to or greater than the value of their homesteads. The state constitution, fixing an arbitrary minimum for land holdings for the man who once had them (unless he voluntarily alienates them) undertakes to create a class occupying a higher level than the class already landless.

**The Precedent.** Before the constitution of 1895 was adopted cities and counties were allowed to exempt certain manufacturing concerns from certain kinds of taxes. The present constitution allows municipalities to exempt them for a term of years. The aim of these laws was and is to induce factory construction and 20 years ago it served a great purpose—perhaps a good purpose. I make bold to say that on grounds of expediency a similar exemption of small industrial plants would be not less just.

Speaking from the non-Socialist point of view, all of us will, I suppose, agree that the encouragement of small holdings of land is beneficial to the state; that they are an improvement on the plantation system when the average holding was 541.2 acres, an in 1860. All of us will agree that, in the present social order, good citizenship is promoted by home ownership. The more home owners we have the more conservative and dependable body of citizens we shall have. agricultural region non-resident

All of us will agree, too, that in an ownership of land is injurious to the general welfare. The Exemption Plan. My plan, then, briefly, is that every home owner's property in land and in the tools of his trade shall be exempt from all taxation for general purposes, state, county and municipal, up to a value fixed by law. The exemption might be permanent or it might be for definite periods, the exemption decreasing by gradations as time passed. Further, the exemptions should apply to fixed areas, a number of acres in

the county and to fractions of an acre in the towns and cities.

Let us say that the exemption be \$2,500 for a farmer and apply to not more than 50 acres, while for the citizen it be \$2,500 and a quarter of an acre lot. In no case would the exemption apply unless the man lived on the land. Manifestly, the result would be that the farmer would strive to develop his 50 acres while the cotton mill operative or other artisan would build a cottage on his lot. Every tenant would try to acquire a lot or a farm.

In practice, how would the scheme work?

The total value of all property as assessed for taxation in South Carolina is in round numbers \$296,000,000, according to the comptroller general's report for 1913.

**The Assessed Property.** The total assessed value of real estate is \$153,700,000.

To make the latter sum 18,788,688 acres of country land are assessed at \$72,691,306 and the 211,863 buildings on them at \$81,200,144. The average assessment per acre is \$3.86 and per building \$386. The average assessment of 50 acres with one building would be \$279. Let us suppose, however, that the average farm of 50 acres to be exempted is now assessed at \$500 and we find that the total exemption of 64,350 farms in the state owned by farmers and operated by themselves, as reported by the census of 1910 would be \$22,177,000. This estimate is probably far too great, the number of acres being only one-sixth of the number now assessed in the state, and the estimate being a little more than one-third of the total assessment of \$60,891,450. It is to be remembered, however, that the 18,788,688 acres includes unimproved land. The number of acres in farms in 1910 was 13,512,628 and of these 6,097,999 were improved. Twenty-five million dollars would probably cover the proposed exemption, but taking the former estimate of \$22,177,000, the value of lands in the state assessed would be reduced from \$90,914,500 to \$68,737,500.

**The Large Holdings.** A farmer in Marlboro or Dillon owning a plantation of the value of \$50,000 would be entitled to his exemption of \$2,500 only; a considerable tending to make my estimate of the total exemption too large. Non-resident land owners would have no exemption. About 8,000,000 of the 13,000,000 acres in farms are under the control of tenants and none of this land would be exempted. There remain 5,000,000 acres not included in farms, much of which is valuable timber land that ought to bear a share of the tax burden much heavier than that it does bear. By the census report the total value of farm property is \$332,128,314 and the average value of each farm is \$2,228, of which \$1,387 is in land and buildings, \$256 in live stock, \$60 in implements and machinery.

Were the burden now borne by the part to be exempted to be shifted to the unexempted part, the tax rate on

that part on the basis of larger estimate of the exemption would be increased about 33 per cent.

Census figures of town and city property are not available to me, and the estimates must be even more indefinite as to them. By the comptroller's report for 1913, the number of town and city lots is 112,288, assessed at \$22,732,731. The number of buildings is 81,163 assessed at \$4,136,023. The total of urban real estate is \$62,868,754. These sums are, I think, exclusive of buildings owned by cotton railroads and certain other corporations.

**Dwellings in South Carolina.**

According to the census, there are 303,842 dwellings in the state, so that, deducting 176,040 dwellings of farmers and 25,000 cotton mill cottages, there remain 97,000 urban dwellings. Of these a very large proportion are rented houses, not occupied by owners. Thousands of them are cabins tenanted by negroes. The heavy urban values are mercantile and office buildings and the ground they stand on. I think \$15,000,000 would be an outside estimate of the total exemption of urban assessment of South Carolina real estate of \$153,000,000 would be reduced by the exemption of \$47,000,000 to \$106,000,000.

There would be required to supply a deficit of revenue on \$47,000,000 but this is to be subtracted from the total assessment of \$296,000,000 of property in the state. Thus an additional tax burden, amounting to about 20 per cent. increase would fall on owners of property assessed at \$249,000,000, but it is within bounds to say that the actual value of property assessed at this last figure is nearer \$600,000,000 or \$700,000,000.

Various methods besides the property tax might be resorted to to supply the deficit, among them an inheritance tax, which to my mind is the fairest of all taxes. Some of the states raise their revenues without directly taxing property but so long as it is and shall constitute the large proportion of our land tax necessary and, relatively, wealth that it does, we shall find a speaking desirable. The adoption of other methods of taxation than the property tax to supply the deficit would be merely a redistribution of the shifted burden. The exempt part of the population would still be exempt.

**The Average Farm.** The average size of a South Carolina farm in 1910 was 76.8 acres. Since 1860 the size of the farm has been decreasing yearly, and its average value has been increasing. In 1860 the average farm was 541.2 acres. Between 1900 and 1910 the total farm acreage of the state decreased 3.4 per cent. The number of South Carolina farms has increased 40 per cent. during the last 40 years, while the net increase in the amount of land in farms has been only 11.6. In other words, the tendency has been and is for the more careful cultivation and development of the land, and the acceleration of this ten-

## A MESSAGE TO GARCIA

Taking it up one side and down the other, as well as we can gather, there is around 66 2-3 or 70 per cent of a stand of cotton in this section. The Government report puts it 72 per cent. Some sections of the State may have better stands than we have, and so taking it up one side and down the other, our stand as well as we can gather, is around 66 2-3 or 70 per cent of a perfect stand. While this is not ideal, still there is enough cotton up to make a good crop of cotton if you will feed it and nurse it and pomper it.

If you will side dress it once or twice, putting from 150 to 200 pounds of fertilizer to the acre, each time, you get all out of your crop that can be gotten. And that is all that you can do.

You can get more out of this 66 2-3 per cent of a stand by feeding it and nursing it and pompering it than you can get out of an ordinary stand where you don't side dress it. But in side dressing this crop, you want the very best goods made for this purpose. It is no time for experiments, the business of this crop requireth haste; it is no time to take chances, you want a sure thing.

The side dressing fertilizer made by the Anderson Phosphate & Oil Company is the best made. Remember that side dressing makes more bolls and larger bolls, stands drought better, stands anything better, it is better fed and is stronger. Remember, too, that 1300 pounds of seed cotton that has been side dressed, will make as heavy a bale of cotton as 1500 pounds that has not been side dressed. But it takes the best fertilizer to do this. When you buy side dressing get the best. Get the best and forget the rest.

## ANDERSON PHOSPHATE & OIL CO.

It will pay you to pomper your corn crop too this year. It will be pretty rough to make a short cotton crop, and then buy corn. It pays handsomely to fertilize corn.

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The least amount of work tired me out. My head would swim, and I would tremble for an hour or more. Finally, I took Cardui, the woman's tonic, and I am not bothered with pains any more, and I don't have to go to bed. In fact, I am sound and well of all my troubles."

Cardui goes to all the weak spots and helps to make them strong. It acts with nature—not against her. It is for the tired, nervous, irritable women, who feel as if everything were wrong, and need something to quiet their nerves and strengthen the worn-out system.

If you are a woman, suffering from any of the numerous symptoms of womanly trouble, take Cardui. It will help you. At all druggists.

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