OPPOSE THE NYE BILL

Taxation of Intangible Property Disapproved.

ADVERSE REPORTS FILED

Commissioners Declare the Proposed Method Is Impracticable.

AN UNEQUAL BURDEN IMPOSED

Views Outlined in Letter Forwarded to Chairman Smith of House District Committee.

"A theoretical method of taxation that is impracticable of execution," is the special brand put by the Commissioners upon the Nye bill to tax intangible assets. This is but one shred of the adverse comment made by the Commissioners in a long report made today to Representative Smith, chairman of the House committee on the District.

The Commissioners do not want this kind of taxation, and their report on it bears adverse criticism in every line. Authorities are quoted to bear out the statement that the method of taxation is impracticable.

The old saying that taxation of intangible assets would make perjurers of every one is born out in the quotation from an encyclopedia, in which a person who gives a fair valuation of intangible assets to the assessor is called a "good-natured oddity."

The measure is styled inquisitorial. It is styled a dead letter, because no machinery is provided for the establishment of inquisitorial proceedings and no penalty is attached by which the authorities may punish a man for refusing to divulge his personal secrets.

Views of the Commissioners.

The report follows:

"The proposed legislation is apparently designed to provide for raising additional and needed revenue, and to equalize the methods of taxation of personal property in the District of Columbia.

"Concerning the first object, it is difficult to estimate just the amount that can be raised by adding a tax on intangible property. The amount cannot be large, but the Commissioners believe that the income which this measure would add could with more ease and surety be raised by the equalization of real estate taxes which is now being made, and which will result in a material increase in the revenues.

"With respect to the purpose of equalization, it is the testimony of experience that tax on intangible property tends to inequality in taxation instead of fairness, and that those who are specially intended to be taxed are the ones who escape. All taxes on loans can be and are easily shifted to the borrower, with the result that the mortgager pays on both the real estate and the mortgage. The working of such laws has accordingly been unequal and unjust.

Burden Is Unequal.

"The tax on intangible property is paid by the honest part of the community, while those with an elastic conscience either go free or pay but a small part of their just share. In other words, it is a theoretical method of taxation that is impracticable of execution. This seems to be the opinion of the majority of officials in the different states where such a tax is required, although public opinion keeps the law on the statute books.

"A recent authority on taxation in the Americana discusses the difficulty in the way of a just assessment of intangible personal property, as follows:

"'As far as real property is concerned, lands, houses, and those physical objects that are immovable and clearly visible, there is little complaint. The trouble lies with personal property. It seems that the assessors can reach but a small part of the vast wealth that is embodied in stocks, bonds, notes, mortgages and other easily concealable forms of personal property. Laws have tried to reach these forms of wealth by giving the assessor power to ask taxpayers the most searching questions in reference to their property and to require them to reply upon oath, but notwithstanding this, just assessments cannot be made. After the tax officers have done their best the largest part of personal property must be assessed by the owners themselves if it is assessed at all, and experience has taught that but few men will do this honestly. Those who do give the assessor a full and fair account of all their personal property are regarded as good-natured oddities.'

Sweeping Proposition.

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"'As a reform it is proposed that personal property be dropped from the assessment rolls and that the personal property tax be abolished and other forms of taxation be substituted therefor. By the confession of all this is a sweeping proposition and one that public opinion would be slow to support, yet it is also quite generally confessed that the personal property tax has failed and is failing so utterly that it no longer has a place in a scientific system of taxation.'

"In a report made to Gov. Griggs of New Jersey in 1897, it is stated that

"'In New Jersey, as in other states, the only ones who now pay honest taxes on personal property are the estates of decedents, widows and orphans, idiots and lunatics.'

"Another report from West Virginia states that 'as regards paying taxes on this class of property, it is almost as voluntary and is considered pretty much in the same light as donations to the neighboring church or Sunday school.'

"When the measure now known as the personal tax law of 1902 was being discussed the question of a tax on intangible property was considered and the Commissioners of the District of Columbia, in their report on the measure, said:

"'The principal objection to a personal tax system would arise from the inquisitorial feature of it which has obtained under the law of many jurisdictions. This bill has been framed with a view to avoid such offensive provisions and is intended to apply only to property easily seen and appraised, without recourse to an unnecessary espionage upon the citizens' private business affairs. The Commissioners would deprecate the inclusion in this bill of more drastic measures.'

Exceeds Rate in States.

"When that personal tax law was passed the banks and trust companies consented to pay 6 per cent on their gross earnings, which is a greater tax than that paid in any other state, with the understanding that their depositors would not be taxed on their bank balances, nor their stockholders on their individual holdings of stock. It was further intended to tax all the public service and quasi-public service corporations in an amount high enough to make it unnecessary to tax the individual holders of stock. With a few amendments to the present law, which are embodied by the Commissioners in a draft of a bill which is in course of preparation by them and will be submitted later, this result may be accomplished.

"In the present personal tax law the objectionable inquisitorial features are reduced to a minimum, and the property values are fairly obtainable as now assessed. The valuation of personal property in the District of Columbia is $35,882,940, and is larger than that of some of the states, and approximates the valuation of other states both as to tangible and intangible property.

Regarded as Dead Letter.

"If it is determined, however, to provide for the assessment of intangible property, some comprehensive measure should be framed, as the above bill, if enacted, would be a dead letter. It carries no provision for the manner or time of assessment, and provides no penalty for the non-payment of the tax. If the legislation proposed in the bill under consideration should be deemed advisable, it should be made amendatory of the present personal tax law and carry such other requirements as to make it as clear and effective as possible.

"As it therefore appears that only property fairly subject to assessment is that which may be viewed or estimated with substantial accuracy, the Commissioners recommend adverse congressional action upon this bill.

The expressions of the Commissioners in their report of March 29, 1910, upon H. R. 22842, "Providing for taxation of and fixing the rate of taxation on inheritances, etc.," apply with equal pertinence to the bill under consideration.

Substance of Report.

The report is as follows:

"That it is but fair to consider that a tax should be levied upon a community only as necessity compels, never for the purpose of repelling growth at home in the interest of growth elsewhere, which, moreover, could not be thus attained, and never added so long as the community is readily able, by existing levies, to provide for current expenses and completion of needed or desirable improvements within an economical period while providing for extinguishment of its bonded and floating or other debt within a reasonable time.

"The board finds that the District's half of the present bonded debt, plus a floating debt to its other partner, aggregated about $9,000,000 on the 1st of last July.

"'By the approval of the bill (S. 3260) now before Congress, submitted by the board of Commissioners, and acceptable, so far as the board is aware, to the committees of both houses of Congress, it is clearly demonstrated that the government of the District of Columbia can be maintained, very large improvements carried to completion within twelve years, and this debt be totally extinguished in at least twenty-five years, and very probably in twenty years, and, therefore, it does not appear necessary to the board that the combined resources of the partnership should be increased by adding any tax to existing levies unless it is thought to be desirable to undertake improvements in addition to those comprehended in the above bill.'"

FIX VACATION PERIODS.

Time Apportioned Among District Supreme Court Justices.

The justices of the Supreme Court of the District of Columbia in general term have apportioned the vacation time. They also confirmed the change of courts by the various justices, to go into effect next October.

The month of July will be divided between Justices Stafford and Wright, the former sitting until July 16 and the latter until August 1. Justice Barnard will preside from August 2 to 17, inclusive, and Justice Gould from August 18 to September 2. September 3 Justice Anderson will return and hold court until September 18, to be followed by Chief Justice Clabaugh until October 3.

With the convening for the fall term October 4 Justice Stafford will preside in Equity Court No. 1 and in the bankruptcy court. Justice Gould will return to Equity Court No. 2, where he presided before serving two terms on the criminal bench, and will also hold the Probate Court. Justice Anderson will be transferred to Circuit Court No. 1, and Justice Barnard to Circuit Court No. 2. Justice Wright will sit in Criminal Court No. 1, and Chief Justice Clabaugh in Criminal Court No. 2. The chief justice will also have charge of District Court matters and the trials of contested will cases.

SANE FOURTH DONATIONS.

$867.50 on Hand and Fund Steadily Increasing.

Although no great effort has been put forth to obtain subscriptions to the safe and sane Fourth of July fund, money comes in daily. The amount on hand today is $867.50.

The latest subscribers are Christian Heurich, $50; John W. Foster, $25; M. Goldenberg, $10; L. A. Coolidge, $10; D. J. Kaufman, $10; Hoge & McDowell, $10; S. J. Prescott, $10.

UNITED BRETHREN IN SESSION.

Board of Control Discusses Denominational Problems.

The board of control of the United Brethren Church in the United States began an all-day session in Memorial Church, North Capitol and R streets northwest, this morning at 9 o'clock.

The general topic was "How to Conserve the Sunday School Forces to the Denomination." Dr. H. H. Fout of Dayton, Ohio, discussed the subject.

Other subjects and those who discussed them were "Thorough Teacher Training," Rev. H. A. Darling, Little Rock, Ark.; "Cradle Roll," Bishop W. M. Weakley of Kansas; "Thorough Religious Education," Prof. M. A. Hamline of Dayton, Ohio.

An adjournment was taken for lunch. At 1 o'clock the convention began its second session.

"Permanent Mission of the Young People's Societies" was discussed by H. F. Shoup of Dayton, Ohio. "The Men of the Church" will be the topic of O. P. Buckley of Harrisburg, Pa. At 8:15 o'clock this evening Bishop Bell of Los Angeles, Cal., will speak on the subject, "Taking Men Alive."

The convention is attended by about 100 bishops, Sunday school and field workers. Many are here to attend the world's Sunday school convention.

ALDRICH IS COMMITTED.

Former Restaurant Waiter Charged With Taking Money and Watch.

J. H. Aldrich, formerly employed as a waiter at a chophouse, 14th and F streets, who was brought to this city from Cleveland, Ohio, yesterday to answer two charges of embezzlement and grand larceny, was committed to jail in default of $500 bond in each case by Judge Mullowny in the Police Court today to await the action of the grand jury. Aldrich entered pleas of not guilty in both cases. Emile C. Flesher, proprietor of the chophouse, charged that Aldrich took $20 and a watch from Flesher's safe April 14.