

## TAXATION AS IT AFFECTS THE DIFFERENT INDUSTRIES.

By Hon. H. N. WILLIAMS, of Towanda, Pa.

[Read at the summer meeting.]

Governments are established and maintained for the protection of the people, within their several jurisdictions, in their public and private rights.

This protection should extend and reach all the inhabitants equally and alike whatever may be the condition, situation, and pursuit of the individual member of the government, and wherever and whenever this is not done, injustice is done to the governed. Organized governments protecting the industries and accumulations of the people is the foundation stone of the progress and advancement of mankind to his present civilized educated, and enlightened condition.

Governments create burdens as well as bestow benefits upon the governed. Large sums of money are required to bear the expenses, and carry forward the various departments and divisions of the governments to the end that the rights of the citizen in his individual capacity shall be secured, and that his highest good, and social and intellectual advancement attained.

This vast sum of money must be obtained from the people governed; those receiving the benefits must bear the burdens incident thereto. These burdens should be equally and justly imposed on all persons and property, without reference to kind or ownership, and all alike pay its just and proper ratio of taxation.

Our discussion is limited to Pennsylvania, and her departments and divisions of government and methods of taxation will be considered only; and in doing so, we shall designate the several departments and divisions of the State government, and the costs of conducting them. Then designate the various kinds of property owned by the people of the State; how it is at present taxed, and for what purposes the money is used, and lastly, consider their effect upon the industries of the State. In fixing the expenses of the several departments and divisions of the government, accuracy can be attained only in those, and the others will have to be estimated and approximated. Only three of the several divisions of the State have responsible heads making reports to the people. These are the State government, covered by the Auditor General's report; the school, covered by the report of Superintendent of Public Instruction; the affairs of the several counties of the State, found in the report of the Secretary of Internal Affairs.

The State government, with its legislative, executive, and judicial departments, the payment of the interest on, and the reduction of, the public debt, and appropriations for the public schools and charities, requires the sum of \$3,226,959 38.

The aggregate county taxes imposed and collected in the State, to maintain the county government, with expenses, amounts to the sum of \$15,544,520 27.

The support of the public schools costs \$9,463,221 81; but as one

million is paid by the State, there is to be raised in the school-districts, \$8,463,221 81.

Here statistics end, and there are no means of accurately getting at expenses of towns, cities, boroughs, and poor-districts, as it is impossible to refer to the records of all these divisions of the government of the State. From the sum raised for county purposes, and with some knowledge of rates of taxation, it is safe to say city, town, and borough taxes exceed that of the counties, and it is not too high to put the figures for these purposes to \$15,500,000.

The aggregate poor tax needed to care for the unfortunate is very large. The poor we always have with us, and they must be cared for, and the sum required is not less than \$3,000,000.

Thus we find that the aggregate costs of the government of the people of the State of Pennsylvania amounts to the enormous sum of \$48,634,700 56, and will undoubtedly reach the sum of \$50,000,000.

Our next proposition is to designate the various kinds and classes of property within the State that ought to share these burdens, and state how it is now taxed.

We will begin with corporation property.

The report of the Secretary of Internal Affairs shows that the paid-up capital stock of all the railroad companies of the State is \$699,049,767. The same report shows that the bonded debt of these companies is \$653,447,689, a total of \$1,352,797,456. The cost of construction and equipment of these roads amounts to \$900,000,000, with a large ownership by many railroad corporations of mineral lands, wharves, store houses, and steamship lines; therefore, it is safe to say the railroad property of the State alone reaches \$1,000,000,000.

The paid-up stock of the passenger railroad companies of the State is fixed by the same authority at \$26,943,663; canal property at \$50,000,000; telephone property at \$10,000,000; telegraph property, \$54,000,000. The report of the Secretary of State to the Legislature gives the stock of the corporations organized under the act of 1874 at the sum of \$450,000,000.

The other corporations organized under the act of 1784, and under prior laws, will reach the sum of \$150,000,000.

The Insurance Department shows the capital of fire insurance corporations of the State to be \$54,576,100, with a surplus of \$36,945,610, and the life insurance capital to be over \$60,000,000.

Limited partnerships, which are taxed the same as corporations, will reach \$50,000,000.

These sums make the corporate property and franchise of the State reach the sum of \$1,792,466,673, and undoubtedly to-day are worth \$2,000,000,000. This class of property is among the best of investments of money—yielding the highest percentage of income. They are taxed for State purposes only, and in only two ways—upon gross receipts and a percentage on dividends. The entire amount realized in taxes from this property is \$2,219,334 75. It amounts to but little above one mill to the dollar of the actual cash value of the property.

Bank stock, national, and other chartered banks is \$62,212,580. These banks hold a surplus of \$40,000,000, which serves the banks as well for all banking purposes as so much capital stock, making the banking capital of the State \$102,212,580. It is taxed six mills to the dollar, for State purposes, on capital stock, nothing on surplus or banking buildings, and pays none of the local taxes of the places where located.

The private bankers and brokers doing business in the State have, in their business, a large amount of money; which, beyond all doubt, is fully \$50,000,000. It is taxed for State purposes only, and at the rate of three per cent. on its net income. It yields to the State the sum of \$71,467 22—about one and one fourth mills to the dollar. I am told by the Auditor General that there are over forty private bankers in the State who have made no report to him of their business under the law. No report is required unless there is an income. Bradford county shows no private bankers by the Auditor General's report.

If all the property mentioned hereinbefore is not justly and equally taxed with the other property hereafter to be named, it is the fault of the law, and should be corrected.

The next item we mention is money at interest. The amount, as returned for the entire State, is \$115,833,154. This sum is not one tenth of the true amount. It exceeds \$1,000,000,000, and is falsely and fraudulently kept from the assessment rolls, and so well is this known, it is the common talk of the streets. It is not so much the fault of the law that it is not on the assessment books for taxation as it is the duplicity and deceit of the money-lenders, and gross negligence of assessors.

This kind of property is taxed at the rate of four mills to the dollar for State purposes, and also for county and school purposes. It pays no road, town, poor, or borough and city taxes.

The next item to be considered is the real estate of the country, consisting of lands, improved and unimproved, houses, buildings of all kinds, and minerals owned by individuals and corporations, except such lands as are owned by the corporations for their corporate purposes. The value of this property, as shown by assessments for county taxes, is \$1,663,562,490, a sum quite too low. The returns show the strangest inequality of assessment in the several counties of the State, some being as high as eighty-five per cent. of actual value, while others are as low as fifteen per cent. of the value. There is no reason or sense in this, for real estate pays no State taxes; it pays all other taxes. In my judgment, the value of taxable real estate in Pennsylvania is fully \$2,000,000,000, and pays an average of two per cent. on its actual value, many times above the ratio of corporate property, money at interest, and banking capital.

Horses, mules, and neat cattle above four years old, are taxed for all purposes except for State purposes. It is returned at \$39,929,649; its actual value is twice this sum, and will reach \$75,000,000. Horses, mules, and cattle under four years of age, sheep and swine, are not taxed for any purposes. There is no reason for this; it keeps from the assessment rolls at least \$25,000,000, and a large number of farmers in the State are wholly devoted to raising cattle, and dispose of them before they reach taxable age, as the law now stands, and thereby escape taxation.

Household furniture, including plated and silverware, above the value of \$300, is taxed for State purposes and for county and school purposes. The returns of this property amount to \$2,292,855, and the most remarkable discrepancies and inequality of assessment are shown. Bradford county returns \$300 worth—only one man, and only one man in this county has furniture enough to be taxed, and he lives in Athens. Erie county, with her city, returns \$600; while Forest county, the least populous and poorest of the counties, returns twice what Bradford and Erie combined do.

If this property should be taxed—and I know no reason why it should not be—it would add \$200,000,000 to the assessed property of the State, and there is no reason why it should not pay its just share of all the taxes.

Pleasure carriages are taxable for State, county, and school purposes, and the same strange differences as in assessing household furniture exist here. Bedford county returns \$95,000 worth, while other counties of twice her wealth and population return from \$2,500 to \$5,000. The aggregate value returned is but \$4,548,998. It should be \$50,000,000.

Gold and silver watches pay a specific tax for State purposes; \$1 00 on gold, seventy-five and fifty cents on silver, and here again the worst of carelessness prevails among assessors. We have in Pennsylvania 1,267,767 taxables, and yet the whole number of watches returned is 40,847. Armenia, the least and poorest township in the county, returns gold and silver watches. Freyboro', the richest of its size, returns none, and with other towns in this and other counties, there is no reason why this property should not be taxed for all purposes, at its value, as the single cow is that furnishes milk to the laboring man's family. And were all watches taxed at their market value, it would add ten millions to the property of the State. Offices of emoluments, such as judges, sheriffs, clerks of our courts, are also taxed, as well as occupations, such as physicians, lawyers, and engineers, for State purposes. There is no reason these offices, &c., should not be taxed for all purposes. The aggregate valuation of this property is \$77,859,261, a sum considerably too low. It should reach a hundred millions, at least, and there is no reason why a railroad president with a salary of \$10,000 per year, or a lawyer or physician, whose business reaches a like sum, should not be taxed at the same rate as the amount of property yielding a like income is taxed. It is but simple justice, bearing alike the burthens of the government, giving protection to these persons.

Hacks, cabs, and stage-coaches are also taxed for State purposes only, and amounts to only \$1,229 10. The number of hacks, cabs, and stage-coaches is not given, nor is there any valuation put on them. Undoubtedly, at a fair value, this property would be fifty times this sum.

This closes the list of property taxed as property only within the State of Pennsylvania. There is, however, other kinds of property of very great value untaxed for any purposes whatever. It consists in diamonds, pearls, jewelry, paintings, and pictures and statuary. This kind of property is indulged in only by the wealthy. That it should be taxed, is not for me to say; but when the poor man's little home and only cow are taxed at two per cent., it is well to respectfully listen to his protest. Reverse the condition of these people, place the poor man amidst all this finery and its owner. Make the rich man the laborer. Would not the same protest come up? Human nature is alike in all, and must be respected by governments. This kind of property costs more to protect than the little home, the only cow. The thief is tempted by the size and value of the prize. There is a large municipal indebtedness of cities, boroughs, counties, and towns, held by individuals of the State that is taxed for State purposes. This nets the State the sum of \$140,715 30. Will some one give a reason why it should not pay its share of all taxes?

There is a large amount of property invested in the mercantile and

commercial affairs of the State. It will reach from two to three hundred million dollars. It is untaxed as property. The operators pay only a license for State purposes, for the privilege of dealing as merchants. This license nets the State the sum of \$301,558 61, and this sum is not a mill to the dollar of the capital invested in the business.

That it can be improved, I am unable to say. Then there is a large moneyed interest invested in hotels, saloons, railways, billiards, peddling, theaters, circuses, and patent medicines that pay only a license for State purposes. It nets the State \$572,508 65, a sum for taxation probably equal to the highest percentage imposed on any property. These licenses grant special privileges, and many of them are of doubtful moral good, and certainly, in their results, cost the Government vast sums of money in protecting the community. Why should not this tax aid the local governments? And it may well be increased and so applied. Give us the high license laws. It will do us good. Large moneyed interests seek employment within our State by foreign insurance companies and other corporations that are taxed by way of license, which, perhaps, is the only way of reaching this capital for taxation. It yields the State the sum of \$280,560 72. This gives us all the taxable property of the State, and how and in what manner it is taxed under the present law. The figures given show the value of all the property of the State to be six billion of dollars. If all of this property was brought upon the assessment rolls and taxed alike, the percentage of taxation would be very much lessened to cover all the expenses of running the State Government in all its divisions.

The people of the State show a remarkable ability in evading taxation, and it is alike with everybody—the carpenter and banker, the lawyer and farmer, human nature is the same with all. Half the industry used in bringing out taxable property, and having it put upon the assessment rolls, would do as much to equalize taxation as anything that can be done.

That the tax laws of the State are unequal and unjust is universally admitted, discussed, and talked of. There is no part of our jurisprudence so much needs revising and codifying as these laws. We complain of agrarian and communistic doctrines, and justly, too. It is the only element now threatening the peace and quiet of the land, and yet it is not too much to say that the tax laws of the State alone justify an organized protest from the classes charged with agrarian and communistic tendencies.

Note the effect upon the industries of the country. Almost everything is done by corporations—the aggregation of large capital concentrating many kinds of business under one management. It reaches out and covers nearly all manufacturing enterprises and mining industries; is engaged in farming, cattle-raising, wool-growing, and mercantile operations.

These methods of conducting the business affairs of the country aggregate large capital and consolidate many different classes of business under one control and single management. Money is sensitive, and rapidly changes from one investment to another for small percentage of profits, and the difference alone of taxation on corporate stocks, banking investments, and money-lending is enough to take money made in farming to these enterprises and investments because of the greater profit received that otherwise would go to improving and beautifying the home and the farm, thus leaving the fields covered

with stones and brush, fences and buildings going to decay, impoverished and uncared for. But this is not the worst effect upon the community. It drives out the small operator and capitalist doing a single business, and utterly destroys him as an independent operator by force of the monopolist engaged in the same industry, who gathers all these industries under one control, makes him a servant, an operative, a laborer, thus increasing the number of dependent laborers, and deprives him of his independence as a laborer by limiting and decreasing the number of places of employment and thereby controlling wages and the value of labor. The centralizing of business in a few colossal enterprises ruling the industries of the country injures the community in two ways. It invests a few with wealth and power dangerously great. It reduces men who would otherwise be principals in independent branches of industry to positions of subordinates, and not only comparatively impoverishes them, but it robs the community of the energy and skill which they would be stimulated to exercise as independent workers when guiding their own affairs and their indifferent employés, glad when the day's work is done.

There is not time on this occasion to carry this discussion to its end; very many topics in the subject would alone consume more of your time than you could spare.

Among them are—

Whether property invested in mercantile pursuits is properly taxed by assessing the vendor, or should it be valued and assessed as land, horses, mules, &c., are?

Whether the road-way of railroad companies should be taxed as real estate, and the local taxes of the places and towns where the road runs, or by the larger division of the governments, like counties, or wholly for State purposes, as now fixed, thereby giving every taxable the benefit of this property?

Is not the education of the children of the State a State matter? and should not the support of the schools mainly come from the State, raised by taxation of corporate property, thus relieving lands from taxation, and making the school more efficient than at present?

Ought the owner of real estate to pay all the taxes on it when he is indebted largely for its purchase price?

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## WHAT FARMERS MOST NEED TO KNOW.

By Hon. JOHN A. WOODWARD, *Howard, Pa.*

[Read at the annual Meeting.]

If, when I take my seat, those who hear me through shall note that I have failed to answer the query which forms my title, I trust they will charitably forbear the criticism that I have imitated that eminent agricultural lecturer who announced as his subject, "Milk," and then failed to refer to it, even in the most remote manner, during his entire discourse.

I once happened to be a guest at a dinner given to the alumni of one of our agricultural colleges, when, between nuts and coffee, some one was asked to respond to, "What does the Farmer Most Need to