Bulletin No. 2 Sixth Year

WHY

YOU SHOULD BECOME A

SUSTAINING MEMBER

OF THE

NATIONAL TAX ASSOCIATION

Work Proposed.
Results Accomplished.
Objects and Resolutions.
President's Annual Address (extracts).

National Tax Association

Office of President,
Columbus, Ohio.

Office of Secretary,
29 Broadway,
New York City.

NAME.

The National Tax Association was organized under that name in 1906. At the Second Conference (Toronto, 1908), the name was changed to "International," so that the work might be broadened to include Canada. At the Fifth Conference (Richmond, 1911), the name was changed again to National Tax Association.

This action was taken because experience has shown that Canadian tax laws and systems present problems widely different from those demanding immediate practical consideration in the United States.

OFFICERS AND MEMBERS OF THE EXECUTIVE COMMITTEE.

Officers.

President, E.R.A. Seligman
~~Allen Ripley Foote, Columbus, Ohio~~. N.Y. City
~~President Ohio State Board of Commerce.~~

Vice President, S.T. Howe. Topeka
~~Lawson Purdy, New York City,~~ Kan.
~~President Department of Taxes and Assessments.~~

Treasurer, A. E. Holcomb
~~Foster Copeland, Columbus, Ohio~~. N.Y. City
~~President City National Bank~~.

Secretary, T. S. Adams — Madison
~~Arthur C. Pleydell, New York City~~. Wisc.
~~Office, 29 Broadway~~.

Executive Committee.

E.R.A. Seligman
~~Allen Ripley Foote, Chairman,~~
~~Columbus, Ohio~~.

James E. Boyle,
University of North Dakota, Grand Forks, North Dakota.

William H. Corbin,
State Tax Commissioner, Hartford, Conn.

Douglas S. Freeman,
~~Secretary Virginia Tax Commission~~,
Richmond, Va.

Charles V. Galloway,
State Tax Commissioner, Salem, Oregon.

Nils P. Haugen,
Chairman State Tax Commission,
Madison, Wis.

Alfred E. Holcomb, Treas?
Assistant Secretary, American Telephone & Telegraph Co., New York City.

Samuel T. Howe, Vice Pres.
Chairman State Tax Commission,
Topeka, Kansas.

Samuel Lord,
State Tax Commission, St. Paul, Minn.

~~E. F. Noel~~, W. O. Hart New Orleans
~~Governor of Mississippi, Jackson, Miss~~. La

~~Arthur C. Pleydell,~~
~~29 Broadway, New York City~~.

Lawson Purdy,
Hall of Records, New York City.

T. S. Adams - Secy

Honorary Members.

A. J. Matheson,
Provincial Treasurer, Toronto, Ontario.

J. W. Harris,
Assessment Commissioner, Winnipeg,
Manitoba.

BY BECOMING A SUSTAINING MEMBER of the National Tax Association you will have opportunity effectually to express your views, and to know what others are doing, on the following propositions, which, among others, are under discussion by this Association:

1. That all property taxable on an ad valorem basis shall be assessed and taxed at a uniform rate throughout the jurisdiction of the taxing district in which it is located.

2. That personal property shall be classified and taxed by special rules and rates, best adapted to the just taxation of each class.

3. That taxes shall not be arbitrary exactions, but shall be reasonable and fair assessments.

4. That double taxation, through taxation of the same property by two state jurisdictions, shall be prevented by the enactment of appropriate legislation in the several states.

5. That all taxes to be paid on any one parcel of property or by any one person or corporation, shall be shown on one bill and paid to one collector.

6. That efficiency in the collection and expenditure of state and local revenues, and in the administration of all laws, shall be promoted by proper accounting and publication of comparable statistics for the information of taxpayers and their representatives in local governing boards and state legislatures.

7. That state and local tax laws and their administration shall be made uniform by state action to such an extent that no state shall enjoy an artificial economic advantage over any other state by reason of its tax system.

SUSTAINING MEMBERSHIP—SCHEDULE OF ANNUAL DUES.

Constitution: Article III.

Section 1. All persons, partnerships and corporations are requested to become sustaining members of this Association and to pay annual dues based on the amount of their annual tax bills as follows:

Amount of Tax Paid Annually.	Annual Dues
Less than $500	$10.00
Over $500 and less than $750	25.00
Over $750 and less than $1000	50.00
Over $1000	100.00

To make it certain that all correspondence, literature and documents issued by this Association will be received by a person who will give attention to the same, **partnerships and corporations** are requested to furnish the address of a person in whose name the membership for which they pay dues will be registered.

SEC. 2. **All annual dues** shall be due and payable in advance, on the date of the application for membership.

NOTICE: Make checks for membership dues payable to the order of the NATIONAL TAX ASSOCIATION. Make remittance to the *National Tax Association, Columbus, O.*

RESULTS ACCOMPLISHED.

The value of the work performed by this Association through its committees and through holding annual conferences is indicated by recent legislation in various states, and especially by the changes made in the inheritance tax law of New York in conformity with the recommendations of this Association.

At the first conference held in 1907, one of the resolutions adopted recited that:

"Inheritance tax laws should be so amended that the same property shall not be taxed by two jurisdictions at the death of the owner."

The subject was further discussed at the second annual conference, 1908, and, subsequently, a committee was appointed to draft a model inheritance tax law to be recommended to the several states for enactment which would avoid double taxation. This committee reported the text of such a model law to the fourth annual conference, 1910, which was endorsed by that conference.

At the 1911 session of the New York Legislature the inheritance tax law of that state was amended in exact conformity to the text of the model law recommended by this Association, so far as it related to double taxation, with the result that **intangible property of non-resident decedents is no longer taxable in New York** as was the case prior to the legislation enacted in 1911.

The immediate benefit of this legislation to residents of other states is, that they may keep bank balances or deposit securities in the State of New York, or invest in shares of corporations organized under the laws of that state without being liable to inheritance taxes in New York.

The future effect of this change in the law will be to induce other states to make similar changes so as to abolish the double, and sometimes multiple, taxation which now occurs under the inheritance tax law of sever states.

Other changes in tax laws directly resulting from the annual conferences held by this Association are the enactment in Iowa and Minnesota in 1911 of laws classifying moneys and credits for taxation at a low rate uniform throughout the state.

Three states established permanent tax commissions in 1911 to secure better administration of their laws and more equitable assessment of property.

In all states delegates and visitors who have attended the annual conferences of this Association are most helpful and active in securing improvements in the tax laws of their respective states.

Members of tax investigating commissions from nine states have attended the Conferences and their reports have attested the value of the information derived.

Reports and recommendations of permanent tax commissions in a number of states refer directly to the addresses and discussions and approve the work of this Association.

HOW THE NATIONAL TAX ASSOCIATION CAN PROFITABLY USE A LARGE MEMBERSHIP FUND.

It has taken six years to answer the question which was so generally asked when this association was organized: What use can the association make of a large annual income from membership dues?

The one direction in which the general work for tax reform needs strengthening is that in which the sentiment for tax reform comes into immediate contact with the difficulties and concrete problems of practical affairs. To reconcile the two requires knowledge of the practical side of political life, and to make any progress in this field it is necessary to enlist the services of thoroughly competent men to carry on scientific inquiry and to produce definite and authoritative conclusions which may in turn be made the basis of education and argument that will appeal to practical men who are charged with the conduct of state government, the enactment and administration of tax laws.

OBJECTS OF THIS ASSOCIATION.

Constitution: Article I, Section 2.

Its objects shall be to formulate and announce, through the deliberately expressed opinion of an annual conference, the best informed economic thought and ripest administrative experience available for the correct guidance of public opinion, legislative and administrative action on all questions pertaining to state and local taxation, and to interstate comity in taxation.

PRACTICAL RESOLUTIONS ADOPTED BY ANNUAL CONFERENCES.

1907. CONSTITUTIONAL RESTRAINTS.

WHEREAS, The greatest inequalities have arisen from laws designed to tax all the widely differing classes of property in the same way and such laws have been ineffective in the production of revenue, and

WHEREAS, the appropriate taxation of various forms of property is rendered impossible by the restrictions upon the taxing power contained in the constitution of many of the states;

RESOLVED, That all state constitutions requiring the same taxation of all property, or otherwise imposing restraints upon the reasonable class fication of property, should be amended by the repeal of such restrictive provisions.

Inheritances.

1907. THE SAME PROPERTY SHOULD NOT BE TAXED BY TWO STATE JURISDICTIONS.

WHEREAS, The principles of international and interstate comity require that the same property should not be taxed by two jurisdictions at the same time, and the laws for taxation of the transfer of property at death commonly transgress these principles; be it

RESOLVED, That succession and inheritance tax laws should be so amended that the same property shall not be taxed by two jurisdictions at the death of the owner.

RESOLVED, That the same principles should be applied in all tax legislation to the end that no property should be taxed by two state jurisdictions at the same time.

1910. UNIFORM STATE TAXATION OF INHERITANCES.

WHEREAS, This Conference is of the opinion that the adoption by the several states of the Union, of an inheritance tax law framed along the lines of that submitted by the special committee of the Association would provide a fair return to the state treasuries, avoid double taxation, and promote interstate comity,

RESOLVED, That the Secretary of the International Tax Association be requested to forward to the proper officials of the several States of the Union a copy of the proposed law together with the text of this resolution, with a request to submit the same to the proper committee of the legislature at its next session.

Public Service Corporations.

1908. TAXATION OF PUBLIC SERVICE CORPORATIONS.

WHEREAS, In some states the system of taxing the property and franchises of public service corporations requires the action of a large number of assessing bodies and the laws are frequently indefinite, resulting in costly litigation and delay in payment of taxes,

RESOLVED, That a rational system of taxation requires greater simplicity and certainty and action by the smallest possible number of assessing boards.

1911. COMMITTEE ON PUBLIC SERVICE CORPORATIONS.

WHEREAS, The taxation of public service corporations in the several states exhibits a total lack of uniformity in the methods and underlying theory,

RESOLVED, That this Conference requests the National Tax Association to appoint a committee to consider the subject of the taxation of public service corporations.

Taxation of the Business of Insurance.

1909. Uniform Taxation of the Business of Insurance.

Whereas, The taxation of the business of insurance is a problem different from that presented by the taxation of other corporations,

Resolved, That the laws of the several states relating to the taxation of insurance companies should be uniform so far as permissible by State Constitutions, and that all retaliatory legislation be abandoned as contrary to interstate comity, and that this conference recommends that the executive committee of the International Tax Association appoint a committee of three to investigate the question of insurance taxation and report to the next annual conference.

1910. Uniform Method of Taxing Premium Receipts of Life Insurance Companies.

Whereas, A tax measured by domestic premium receipts of companies engaged in the business of insuring lives in the several states is easily and accurately calculated and accords with the amount of business transacted with the policy holders in the several states; therefore, be it

Resolved, That it is the sense of the Conference that a uniform method of taxing the domestic premium receipts of all companies, foreign and domestic, engaged in the business of insuring lives should be adopted in the several States of the Union.

Resolved, That the Conference make no recommendation as to the amount of the rate.

1910. Failure of the General Property Tax.

Whereas, A committee was appointed under a resolution adopted at the Louisville Conference to inquire into the causes of the failure of the general property tax:

Resolved, That this Conference endorses the conclusions of the said committee and finds that the general property tax under the higher rates of taxation caused by the increase of public expenditures in the United States, has broken down in so far as it applies to personal property; and

Resolved, That this Conference finds that the taxation of personal property has not been more successful under strict administration than under lax; that states which have modified or abandoned the general property tax show no intention of returning to it; and that in states where the general property tax is required by constitutional provisions, there is a growing demand for the repeal of such provisions; and

Resolved, That the failure of the general property tax, in its application to personal property, is due to the inherent defects of its theory; that even reasonably fair and effective administration is unattainable; and that attempts to strengthen such administration simply accentuate the inequalities and unjust operation of the system.

1911. Improvement of Local Assessments.

Whereas, The present administration of the general property tax, from which seventy-five per cent of the state and local revenue is derived, is unsystematic, antiquated and unequal, and substantial improvement can be secured by improving the ordinary local assessment work, RESOLVED, (1) That there should be such a readjustment of local assessment systems as will insure to local assessors better pay for their work; (2) That where practicable local assessment districts should be made sufficiently large to justify the employment of the whole time of a competent assessor; (3) that a central supervisory board which will assist and supervise local assessors either directly, or through a district supervisor, can secure great improvement in the original assessment work and minimize inequalities.

1911. METHODS OF ASSESSING REAL ESTATE.

RESOLVED, That as steps toward an equitable and scientific assessment of real estate, we earnestly recommend that the method of assessment *in rem* be extended to all districts in all states; the preparation and use of tax maps in each taxing district; the separate assessment of land and buildings and the use of standard units of measurement as a basis of valuation for both land and buildings to assist the assessor in the exercise of his judgment, such standards of value to be determined for each locality by its officials, with the greatest possible co-operation of its citizens, having due regard to local conditions.

Efficiency Statistics.

1911. COLLECTION AND PUBLICATION OF STATISTICS.

WHEREAS, Statistical comparison and the determination of the economic effects of taxation are impossible without complete and comparable statistics of state and local revenues;

RESOLVED, That provision should be made in every state for the collection and publication of statistics of assessment, taxes and other public revenue.

Extracts from

PRESIDENT'S ANNUAL ADDRESS

Fifth Annual Meeting, September 8, 1911.

As the purpose of our work becomes more thoroughly and broadly understood, the better able we shall be to give it a precise and definite application in each of the several states.

Problems for the improvement of tax laws, and of their administration, will not be identical in any two states at the same time, but they will be identical for all states at **some** time. On this account, experience gained in methods of procedure in creating a public opinion in support of desired improvements to be undertaken in any one year, or during a legislative period; experience gained in the preparation and management of legislative measures, and experience gained in administrative work, and gains made as the result of such work, in whatever state recorded, will be a source of inspiration, information and guidance of high value for any other state when in its turn it undertakes to deal with questions that have been developed and acted upon elsewhere. This will be found to be especially true in efforts to secure freedom of action for state legislatures through the adoption of appropriate and necessary constitutional amendments on the subject of taxation.

In such work, all persons seriously and actively interested must be free givers in order that they may receive freely when in need. Every one should therefore add his yearly contribution to the fund of general information from which all may draw as taxation problems take form and demand settlement in their respective states.

Problems of administration are of fundamental importance. No tax law can ever be enacted that will enforce itself. Efficient and intelligent administration will get better results out of a bad law than inefficient and unintelligent administration can get out of a good law. I think that all well informed students of taxation problems are agreed that efficient and economical administration is not possible unless the position of **administrator of tax laws** is recognized and provided for as a profession. This requires a tenure of office during good behavior and the performance of efficient service. It requires the appointment of all tax administrators, including local tax assessors and state officials, under civil service regulations, and the placing of the entire system under the supervision of a central authority—a permanent state tax commission.

To make a **profession** of tax administration work, all who engage in it, from the local assessor to the supervising state officials, must be animated by a true professional spirit. They must become students of taxation problems. They must study the literature in which these problems are discussed and explained. They must establish and maintain a feeling of comradeship with all who are similarly employed by getting in touch with them in state conferences and through membership in this National Tax Association.

The day is not far distant when the value of establishing conditions such as I am describing will be fully recognized. When that day comes, legislators and state officials will regard the cost of such membership, and of attending state conferences for local officials and national conferences for state officials, as an economical use of public funds. In securing such recognition the reports to Governors of States, made by delegates appointed by them, on the methods, work and purposes of our annual national conferences on state and local taxation will be a most effective aid. In addition to this, the reports of permanent and special state tax commissions will be an ever increasing source of strength.

CONDITIONS TO BE ESTABLISHED.

(1) **A full set of the proceedings** of the Annual National Conferences on State and Local Taxation placed in every public library of the first class in each state, where they can be consulted by any one interested in the subject:

(2) **An active membership** held by every instructor in economics and public finance in all educational institutions, and by each state and local taxing official, who, by this means, will become well and correctly informed regarding the improvements made in tax laws and in administration of the laws in other states, also regarding the reasons for proposed legislation undertaken for the improvement of the laws in their own state;

(3) **A reasonable number of sustaining memberships** held by public spirited business men, fairly representative of all taxpaying interests in each state.

These conditions well established will make it possible to secure the legislation desired in any state through the co-operative action of a State and National Conference.

In such work, all persons seriously and actively interested must be free-givers in order that they may receive freely when in need. Every one should, therefore, add his yearly contribution to the fund of general information from which all may draw as taxation problems take form and demand settlement in their respective states.