Bulletin No. 4 Fifth Year

International Tax Association

CONSTITUTIONAL PROVISIONS.

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INTERNATIONAL CONFERENCES HELD

Full Text of Resolutions Adopted.

First Conference, Columbus, Ohio, November 12–15, 1907.

Second Conference, Toronto, Canada, October 6–9, 1908.

Third Conference, Louisville, Kentucky, September 21–24, 1909.

Fourth Conference, Milwaukee, Wisconsin, August 30–September 2, 1910.

Committees to Report to the Fifth Conference, 1911.

International Tax Association

Columbus, Ohio 29 Broadway, New York City

OFFICERS.

President,
ALLEN RIPLEY FOOTE, Columbus, Ohio.
President Ohio State Board of Commerce.

Vice President, United States,
LAWSON PURDY, City of New York.
President Department of Taxes and Assessments.

Vice President, Dominion of Canada.
A. J. MATHESON, Toronto, Ontario.
Provincial Treasurer of Ontario

Treasurer,
FOSTER COPELAND, Columbus, Ohio.
President City National Bank.

General Secretary,
M. C. SNYDER, Columbus, Ohio.
Office, Chamber of Commerce Bldg.

Corresponding Secretary, United States,
A. C. PLEYDELL, New York City.
Office, 29 Broadway.

Corresponding Secretary, Dominion of Canada.
J. W. HARRIS, Winnipeg, Manitoba.
Assessment Commissioner.

EXECUTIVE COMMITTEE

THE OFFICERS OF THE ASSOCIATION, AND

PROF. CHARLES J. BULLOCK, Cambridge, Mass.
Harvard University.

ERNEST C. KONTZ, Atlanta, Ga.
Kontz & Austin, Attorneys.

E. F. NOEL, Jackson, Miss.
Governor of Mississippi.

JUDGE N. S. GILSON, Madison, Wis.
Chairman State Tax Commission.

J. J. THOMAS, Salt Lake City, Utah.
Clerk State Board of Equalization.

JOHN B. MCKILLIGAN, Victoria, B. C.
Surveyor of Taxes and Inspector of Revenue.

CONSTITUTIONAL PROVISIONS.

Objects of the Association.

The objects of the Association as stated in its Constitution are as follows:

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 and international comity in taxation.

Membership and Voting Power of the Association.

The constitution of this Association provides for two classes of Members:

Active Members. Annual dues two dollars. All city, county and state officials, members of the judiciary, members of legislatures and librarians are eligible to membership in this class.

Sustaining Members: Schedule of Annual Dues. 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 Annual Tax Paid	Annual Dues
Less than $500	$ 10
Over $500 and less than $750	25
Over $750 and less than $1000	50
Over $1000	100

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. Corporations paying taxes in more than one State are requested to pay dues for one membership in each State in which they operate, and to furnish the address of a person in whose name the membership for each State will be registered.

The Annual Conference—Its Organization, Personnel and Voting Power.

An annual international conference on state and local taxation shall be held under the auspices of this Association, during the month of October in each year, or at such time and place as its executive committee may determine. The details of each conference shall be arranged by the Executive Committee, in co-operation with such special and standing committees as may be created by this Association at its Annual meetings for such purposes.

The educational personnel of each annual conference shall be composed of delegates representing universities and colleges that maintain a special course in public finance, or at which that subject receives special attention in a general course of economics; and public men, editors, writers and speakers who hold no educational or official position but who have developed a special interest in the subject of state and local taxation.

The administrative personnel of each annual conference shall be composed of **three delegates** appointed by the Governor of each State and the Premier of each Province, and public officials holding legislative and administrative positions charged with the duty of investigating, legislating upon or administering tax laws.

The voting power in each conference upon any question involving an official expression of the opinion of the conference, shall be vested in **one delegate** who shall cast **one vote** for each university and college, or institution for higher education, represented in the conference, and **one vote** for each delegate present appointed by the Governor of a State or by the Premier of a Province, but no delegate shall vote as the representative of an educational institution and also as the representative of a State or Province.

Voting by proxy shall not be allowed.

No member of this Association shall have the right to vote in any annual conference by virtue of such membership.

The last session of each annual conference or so much of it as may be necessary shall be devoted to the consideration of the report of the conference Committee on **Resulutions and Conclusions.** The report of this committee, as adopted by the conference, shall be its official expression of opinion, and it shall not be held to have endorsed any other expression of opinion by whomever made. The voting power of the conference upon an official expression of its opinion, is limited to delegates representing educational institutions and delegates representing States and Provinces by appointment of their Governor or Premier, with the purpose of safeguarding the conference from the possibility of having its expression of opinion influenced by any class interest; or consideration for those who devote their time to the work or management of this Association; or favor for those who contribute money for its support. The annual conference will be the means used by the Association for carrying into practical effect its purpose to secure an expression of opinion that will formulate and announce 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 and international comity in taxation.

The temporary and permanent chairman, secretary and official stenographer; address of welcome and response to the same· meeting place, accommodations for delegates, and all necessary preliminary details for each conference, and also the program of papers and discussions, shall be arranged for the conference by the Executive Committee of this Association, in co-operation with a local committee and such other committees as it may appoint. All other details of the organization and work of the conference shall be arranged by the delegates present in such manner as they may from time to time decide.

FIRST CONFERENCE, COLUMBUS, OHIO, NOVEMBER 12-15, 1907.

PERMANENT CHAIRMAN.

CURTIS GUILD, JR., Governor of Massachusetts.

Number of States Represented—33.
Number of Provinces Represented—3.
Number of Universities Represented—31.

Resolutions Adopted, Unanimous Vote.

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 constitutions of many of the states:

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

Taxation of Inheritances.

WHEREAS: The several states are now taxing inheritances with marked success, and need all the revenue that can properly be drawn from this source, and

WHEREAS: The federal government can readily raise additional revenue, when required, from other sources,

RESOLVED, That it is the sense of this Conference that inheritance taxes should be reservd wholly for the use of the several states.

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.

Retaliatory Tax Legislation Should Be Repealed.

WHEREAS: Retaliatory taxation is contrary to interstate comity and is in the nature of interstate war; be it

RESOLVED: That all retaliatory legislation be repealed.

Public Debts Should Be Exempted from Taxation.

WHEREAS: The United States Supreme Court truly stated that a tax on public debts is a tax on the power of states, counties and municipalities to borrow money,

RESOLVED: That all public debts of all states, counties and municipalities should everywhere be exempted from taxation.

Sources of State and Local Revenue Should Be Separated.

WHEREAS: The reliance by state governments for revenue upon the taxes ordinarily imposed on property as assessed by local officials has produced sectional injustice and jealousy and local inequality, and whereas the general property tax as a source of state revenue enforces a rigid uniformity which can take no account of actual conditions; be it

RESOLVED: That the state and local revenue systems should be so far divorced that by general laws the appropriate local governing bodies may, if deemed expedient, be granted certain limited and carefully prescribed powers over the licensing of occupations and the selection of subjects of local taxation and the rate of assessments upon such subjects.

SECOND CONFERENCE, TORONTO, CANADA, OCTOBER 6-9, 1908.

PERMANENT CHAIRMAN,

DR. R. A. FALCONER, Pres., University of Toronto.

Number of States Represented—24.
Number of Provinces Represented—5.
Number of Universities Represented—18.

Resolutions Adopted, Unanimous Vote.

Reaffirmation.

RESOLVED: That this Conference reaffirms the resolutions adopted at the meeting held at Columbus, Ohio, November 12–15, 1907.

Tax Laws to Encourage Growth of Forests.

RESOLVED: That it is within the legitimate province of tax laws to encourage the growth of forests in order to protect watersheds and insure a future supply of timber: and legislation, or constitutional amendment where necessary, is recommended for these purposes.

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.

States and Provinces Requested to Make Appropriations for Purchase of Proceedings and to pay Expenses of Official Delegates.

RESOLVED: That this Conference respectfully requests the legislatures of the several states and provinces of the United States and the Dominion of Canada to include in their appropriations an annual allowance for the purchase of a suitable number of copies of the volume containing the proceedings of each conference for distribution under the direction of the Governor or Premier of each state or province, and for paying the actual traveling and personal expenses of three delegates to represent each state or province in the annual conference.

Reservation of the Taxation of Inheritances as a Source of Revenue for the Several States.

RESOLVED: That the President of the International Tax Association be requested to take appropriate action to bring to the attention of the governors of the several States of the United States the preamble and resolution adopted at the first National Tax Conference in relation to the reservation of inheritance taxes to the uses of the several States, with a view to securing the adoption of suitable resolutions by the State legislatures of the several States and by the Congress of the United States.

THIRD CONFERENCE, LOUISVILLE, KY., SEPTEMBER 21-24, 1909.

PERMANENT CHAIRMAN.
AUGUSTUS E. WILLSON, Governor of Kentucky.

Number of States Represented—40.
Number of Provinces Represented—3.
Number of Universities Represented—27.

Resolutions Adopted, Unanimous Vote.

No Partisan Political Significance.

WHEREAS: An effort has been made outside this conference to attach a partisan political significance to the discussion of the conferences and its committees on the Federal Income and Corporation Tax questions,

RESOLVED: That we place on record the fact that no partisan political considerations have at any time entered into the deliberations of the conference or its committees, and that reports to that effect are untrue.

Adjustment of National to State and Local Taxation.

WHEREAS, The adjustment of national to state and local taxation is a matter of vital concern to the States, as well as to the Nation, since the revenues of both are affected by such adjustment, and,

WHEREAS: This subject requires serious and thorough consideration from the point of view of the State, as well as that of the Nation, and,

WHEREAS, The organization of the proposed association of Governors will afford opportunity to secure such consideration;

RESOLVED: That this conference requests its permanent chairman, the Governor of Kentucky, to submit the subject for the consideration of the Governors at the first meeting of their association.

Uniform Classification of Real Property.

WHEREAS, The Bureau of the Census desires to prepare and publish exhibits of real property valuations, so arranged as to show for each civil division the value of various classes of real property, showing the value of land separately, and,

WHEREAS: Such classification will tend to secure a more equitable assessment of real property;

RESOLVED: That the Conference recommends to the International Tax Association that a committee be appointed upon uniform classification of real property, which shall prepare and submit to future conferences and to the legislatures of the States and Provinces, a classification of real property, such as is contemplated by these resolutions, and to submit to future conferences such further recommendations as the committee may deem advisable to secure the early adoption by our several States and Provinces of such uniform classification of real property as will aid the Bureau of the Census, and will assist in freeing the administration of the general property tax from the inequality partly due to the absence of any uniform or other classification of real property values.

State Laws Relating to Corporation Taxation.

RESOLVED: That this Conference commends the recent compilation by the United States Bureau of Corporations of State Laws relating to corporation taxation, and urges the early publication of similar compilations of the laws of other states and territories relating to the same subject.

Causes of the Failure of the General Property Tax.

WHEREAS: The working of the general property tax depends upon the efficiency and thoroughness of its administration, which in most States is confided to officials locally elected or appointed: and, WHEREAS: The general property tax as thus administered is severely criticised by students of the subject as unjust and unequal between taxpayers in the same district;

RESOLVED, That a committee of three members be appointed by the executive committee of the International Tax Association to investigate whether the failure of the general property tax is due to inherent defects in the system itself, or to weakness in its administration, and to report to the next annual conference its conclusions upon this subject; including in the investigation, if deemed necessary, the further question of the advisability of substituting an income tax in whole or in part for the personal property tax.

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.

FOURTH CONFERENCE, MILWAUKEE, WISCONSIN, AUGUST 30—SEPTEMBER 2, 1910.

PERMANENT CHAIRMAN,
J. O. DAVIDSON, Governor of Wisconsin.

Number of States Represented—35.
Number of Provinces Represented—2.
Number of Universities and Colleges Represented—16.

Full Text of Resolutions Adopted.

Failure of the General Property Tax.

1. 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 the 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.

Committee to Investigate Methods of Administering Tax Laws.

2. Resolved: That this Conference recommend to the International Tax Association that the Association appoint a committee to investigate the methods of administering laws relating to the taxation of property in the several states and provinces, and prepare a report for the information of future conferences.

Committee to Investigate the Subject of Substitutes for the Personal Property Tax.

3. Resolved: That this Conference recommend to the International Tax Association that the Association appoint a committee to investigate the subject of a practicable substitute or substitutes for the present tax on personal property.

Uniform State Taxation of Inheritances.

4. 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.

Committee on Uniform Classification of Real Estate, and Rules, Tables and Instructions for the Assessment of Real Estate.

5. Resolved: That this Conference request the International Tax Association to continue the Committee on Uniform Classification of Real Estate, and to request said Committee to report to the next Conference, such rules, tables, and general instructions for the assessment of real estate as it may recommend.

Uniform Method of Taxing Premium Receipts of Life Insurance Companies.

6. 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 policyholders 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 the amount of the rate.

COMMITTEES TO REPORT TO THE FIFTH CONFERENCE TO BE HELD IN 1911.

1. Committee on the administration of tax laws.

2. Committee on practicable substitutes for the personal property tax.

3. Committee on the classification of real estate, and rules, tables and general instructions for the assessment of real estate.

4. Committee on the taxation of banks and financial institutions.

5. Committee on the taxation of mercantile and manufacturing corporations.

6. Committee on model inheritance tax law. (Continued.)

7. Committee on uniform insurance tax laws. (Continued.)

8. Committee on the publication of an official journal for the Association.

9. Committee to co-operate with the United States census bureau in the preparation of its report upon wealth, debt and taxation.