ABOLITION OF PERSONAL TAXATION

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The subject of this paper means the abolition of the general property tax on personal property. It does not mean the abolition of the special taxes on personal property which now yield far more revenue than the miserable remnant of personal property still subject to local taxation.

During the last thirty years tax after tax has been invented and imposed, sometimes in lieu of the property tax and sometimes in addition to it. To-day we are obtaining a revenue from various special taxes on personal property far in excess of the revenue from the general personal tax. The revenue from bank shares and mortgages alone exceeds the revenue from the personal tax. Personal taxes are rarely a burden on the rich, but they sometimes confiscate the meagre income of the poor. It is high time we finished the work and made an end of a scandalous condition.

Actual Conditions

The last report of the State Board of Tax Commissioners is for 1909 and an analysis of personal assessments discloses interesting conditions. Personal assessments were as follows:

Total for the State	$550,081,116
The city of New York	435,774,611
All other cities	54,710,973
All towns	59,595,532

The figures for New York are misleading and probably they are for other cities also. In New York taxes were not collected on as much as $300,000,000 and the assessment had dropped in 1910 to $365,000,000 which was still excessive.

The figures of the other cities show plainly enough that in some the law is quite disregarded and in most of them its enforcement is a matter of voluntary contribution or compromise and bargain. To show how the law is nullified I have selected ten cities and compared their statistics with four others. The ten are Buffalo, Lackawanna, Tonawanda, Niagara Falls, Port Jervis, Rensselaer, Mt. Vernon, Dunkirk and Lockport. The four cities are Hudson, Utica, Geneva and Ogdensburg.

	Population	Real estate	Personal
Ten cities	577,282	$393,501,589	$7,840,495
Four cities	114,215	53,168,474	7,916,011

The ten cities have five times the population, nearly eight times the real estate value and less personal property. Now we will omit Buffalo, Dunkirk and Lockport and the remaining seven of the group of ten compare thus with the four:

	Population	Real estate	Personal
Seven cities	118,376	$78,006,968	$380,870
Four cities	114,215	53,168,474	7,916,011

The personal assessment in the seven cities is less than one-half of one per cent of the total assessment while the personal assessment in the four cities is 12.96 per cent of the total assessment. The per capita assessment of personal property in the four cities is 69.31 and in the seven cities it averages $3.21 and ranges from $5.66 in Mt. Vernon to $1.52 in Port Jervis and two cents in Lackawanna.

Dunkirk, New Rochelle and Lockport are rich in personal assessments compared with the celebrated seven but it does not seem as though personal assessments trouble them much. These three cities have a population of 64,058 and the assessments are as follows:

Real estate, $43,898,506; personal, $610,125; per capita personal, $9.52.

If all the forty-eight cities except New York are arranged according to the percentage of their assessment of personal property of their total assessments we have this result:

In 7 cities personal assessments are .49 per cent.
In 3 cities personal assessments are 1.37 per cent.
In 5 cities personal assessments are 2.36 per cent.
In 6 cities personal assessments are 3.37 per cent.
In 23 cities personal assessments are 5.28 per cent.
In 4 cities personal assessments are 12.96 per cent.

In many of these cities only a part of the personal tax levies are collected and their finances are demoralized by carrying as assets personal taxes which will never be collected.

Now let us see what the report shows as to the condition of the towns. There are 922 towns and the assessed value of their real and personal property is nearly the same as that of the forty-eight cities:

Nine hundred and twenty-two towns, real estate, $1,194,622,456; personal, $59,595,532.

Sixteen towns assess no personal property.

One hundred and thirty-six towns assess $5,000 or less.

Three hundred and thirty-four towns assess between $5,000 and $25,000.

This shows that 136 towns get about $100 a year or less from personal property and 334 towns get from $100 to $500 a year. But perhaps you may say: "Consider the homes of the millionaires in exile, Tuxedo and Tarrytown." Well, Tuxedo assesses $672,500 and Tarrytown $3,387,550. What's the use?

I might give many illustrations of the shifts and devices to which we drive our rich men and corporations, but many instances will doubtless occur to you of men who prefer to own taxable bonds of some western railroad and vote in Tuxedo rather than the bonds of our own Manhattan Railway or other New York mortgages and vote for the mayor of New York. You have doubtless heard of domestic corporations who have palatial offices in New York and yet prefer to hold their annual meeting at their humble birthplace in their master's kitchen at Wading River or Painted Post.

Why keep up the farce any longer? Is it because some city or town can humbly pass the hat and get a few small contributions from some man or corporation that thinks it looks well to pay something? You can't dignify what they pay by the name of tax for a tax is a contribution enforced by a sovereign power and in this State no rich man need be liable for personal taxes unless he desires to be.

You may occasionally force some poor woman to pay half her income and call the payment taxes, but I don't. I call it blood money.

In some places the law is enforced rigorously; in some it is not enforced at all. Enforcement produces gross injustice and often drives away capital. On the other hand, nullification of any law is politically demoralizing. Some few persons still think that a more stringent law would work better. They think this because they have never really considered the economic effect of personal taxation and because they have not studied the results of stringent personal tax laws when they have been on the statute books for sixty years.

It is futile to consider what would happen if all personal property were taxed, for it can't happen, so long as the constitution of the United States and the constitutions of men and things endure. If personal taxes are too severe in one state rich men flee to another as they have fled from Ohio and settled in New York. When capital commands a net return of four or five per cent men will not endure the taking of two or three per cent, or more, even when this confiscation is called taxation. Some may lie about their property and some may move. The result is the same, the law fails. If all capital invested in manufacturing and merchandizing were equally and heavily taxed, the tax would be added to the cost of the goods and burden consumers. All capital cannot be so taxed unless all states agreed to follow the same policy. They will not agree, and it is a very good thing they

will not, for consumers pay too big a bill now and monopoly pays too little.

Anyone who will read the Ohio assessment-rolls and compare the results for the last sixty years will agree with Ohio Tax Commissioners, who say that the Ohio law with its demand for self-assessment by sworn itemized returns is a failure and a fraud; that it drives capital from the state, imposes unjust burdens on the honest and defenceless and makes Ohio a community of liars.

The law is bad all the way through, bad in theory and bad in practice. The stronger it is, the worse it is.