

Dian S. Arnold.
Rt. 1st Box 297
Fairhope, Ala., 36532
July 17, 1979

Dear Fellow Georgist:

As promised I am again making a report on legal and legislative happenings in re : Fairhope Single Tax Corp. Wed. July 11, at 9 A.M. the House Judiciary Committee held hearings on the bill to abolish the Fairhope Single Tax Corp. which had already passed the Senate. Following the Hearing the committee reported the bill out favorably and it was put on the House calendar. The vote was 13 for, 2 against, and 1 abstention.

The Chairman, Rick Manley sent the bill to the Ala. Supreme Court for rulings on three points concerning the bill, and today the Court ruled that the bill did indeed violate the U. S. Constitution in all three areas (I believe the last two were in violation of State constitution). So we have again won a battle. The State Legislature has not been in the habit of flying in the face of the Supreme Court by passing legislation they ruled unconstitutional, so it seems unlikely the bill will go any farther.

I personally feel we won because we are legally right, but not because we did anything right; and we still havn't won any friends or influenced any people.

I want to take this opportunity to thank each and everyone of you for your support; we did need it so very much, and I hope that the Fairhope Single Tax Corp. members will now take a long hard look at their responsibility to continue this demonstration with renewed interest in upholding the ideals of pure site value taxaction, and will make some constructive effort to improve our image and communications with our lessees and legislators. Any help and/or suggestions along these lines or any others that come to your mind will be greatly appreciated and to those of you who have already offered assistance, you will be hearing from me in the near future as to the individual offer, but for now this letter is to keep everyone posted as soon as possible.

I am enclosing news paper clippings which give more detailed accounts of the hearings.

Again my most sincere thanks,

Dian S. Arnold

Baldwin County News

Fairhope Single Tax loses battle in Alabama Senate

By VIVIAN CANNON
Register Capital Bureau

MONTGOMERY, Ala. — A bill sponsored by Sen. Bob Gulledge to dissolve the Fairhope Single Tax Corporation passed the Senate Thursday.

The vote registered showed 15 senators for the bill, three against and one abstaining.

Only one person, Senator Dewey White, Birmingham, spoke against the legislation which he called "a controversial issue." He said "these people signed the contract ...they new what they got into ...they bought it and signed."

"Now they want to take the property from its owners and divide it among others," said White. "That is 100-percent socialist."

Reactions from Single Tax offices in Fairhope were grim but determined.

"We're very disappointed," Single Tax President Donald Goodman said. "But we plan to fight on down the line."

"I'm tickled that it passed," said Joe Potter, President of the Fairhope Single Tax Lessees Association, a group whose stated goal is abolition of the 84-year-old land lease corporation by legislative or judicial action. "We'll be working now on the House side to get it through there," he added.

White said passing this type of legislation would be "a bad precedent to set because it would extend to other people who have 99-year leases."

Gulledge then moved for a third reading of the bill. Those who voted in favor of the bill were Sens. Chip Bailey, Dothan; Doug Cook, Tarrant; Bobby Denton, Tuscumbia; Robert Hall, Birmingham; Don Harrison, Montgomery; Dutch Higginbotham, Chenix; Donald Holmes, Oxford; Larry Keener, Gadsden; Charles Martin, Decatur; Hinton Mitchem, Albertville; Ed Robertson, Northport; Mac Parsons, Birmingham; Cordy Taylor, Prattville; Pat Vacca, Birmingham; and Gulledge.

Those who voted against were Sens. U.W. Clinton, Birmingham; Richmond Pearson, Birmingham; and White. Senator Ted Little, Auburn, abstained.

There were several other senators in the chambers but they did not vote.

The bill now goes to the House where there will be a public hearing on Wednesday July 11, at 10 a.m.

A group of the lessees, supporting the bill and protesting increases in their rent being paid to the corporation, were in the Senate balcony to applaud the bill's passage.

Senate Bill 214 'unconstitutional'

-BALDWIN SECTION

Thursday, July 19, 1979

Single Tax issue soon in limbo

By GRAHAM HEATH

Press Register Reporter

FAIRHOPE, Ala. — Legislation to abolish the Fairhope Single Tax Corp. may be in limbo following an Alabama Supreme Court opinion handed down Tuesday saying that Senate Bill 214 is unconstitutional in three areas.

However, an attorney for Fairhope Single Tax Lessees Association Inc., a group attempting to abolish the 84-year-old land lease corporation, said Wednesday an attempt may be made to rewrite the pending legislation, using the court's opinion as a basis.

"I haven't seen the opinion yet and really can't comment," the attorney said. "The Alabama Supreme Court decision, as I understand it, outlines what is wrong with the bill. If time permits, we'll alter the bill. But now we've got to assume that their advisory opinion is correct."

Two legislative days currently remain on this session's House calendar.

Rep. Rick Manley, Demopolis, who last week requested Alabama Supreme Court help in determining the constitutionality of abolishing the organization by legislative means, said following the ruling that he expects the controversial legislation to die on the House floor.

Meanwhile, local reaction from Buddy Richmond, chairman of the Single Taxers — a recently formed group backing the corporation's attempts to block the legislation — Wednesday expressed satisfaction with the court decision.

"We're for the most part satisfied," Richmond said. "The lessees feel their rights were discriminated against and that needs to be cleared up."

Richmond's group Monday also had filed a brief with the Alabama Supreme Court citing discrimination and freedom of speech issues as two primary points for disposing of the bill.

Specifically, the brief alleges that Section 1 of Senate Bill 214, which calls for the revocation of corporate charters for any corporation organized "for the purpose of demonstrating the single tax principle" is contrary to the first amendment.

"Revocation of the charter of a corporation whose purpose is to demonstrate an economic and/or political principle without a compelling governmental reason," the brief charges, "is violative of its free speech protection."

The brief continues that the bill "violates the equal protection clause of the U.S. Constitution because it treats differently one corporation formed under those sections without any compelling state interest justifying this different treatment."

"Had we had the opportunity last Wednesday regarding the two articles of law contained in the brief," Richmond said, "Mr. Manley probably would have included these points of law for an opinion of the Alabama Supreme Court, also."

In Tuesday's opinion, the Alabama Supreme Court said revocation of the charter would "unconstitutionally deprive members of those

property rights if such revocation did not comply with the demand of due process as guaranteed by Amendment 14."

By VIVIAN CANNON
Press Register Capital Bureau

MONTGOMERY, Ala.—Leaders in the House of Representatives anticipate having an answer this week from the Alabama Supreme Court concerning the constitutionality of a Senate bill that would abolish the Fairhope Single Tax Corporation.

Rep. Rick Manley, chairman of the judiciary committee which last week conducted a hearing for people both against and in favor of the bill, introduced the resolution asking for Supreme Court opinions in three areas concerning the pending legislation.

"We should have an answer back before any action is taken on the bill," said Manley of Demopolis. "It will not take very long to hear."

The bill itself was passed by members of the committee and is on the calendar.

Manley, however, wants to know if the bill violates Amendment 14 of the U.S. Constitution. The ruling comes as taking property without the due process of law.

In his resolution, Manley also questions whether the bill by revoking the charter of a corporation in such a manner does injustice to stockholders and violates Article XII, Section 238 of

the Alabama Constitution of 1901.

The section reads: "The Legislature shall have the power to alter, amend, or revoke any charter or incorporation now existing and revocable at the ratification of this Constitution, or any that may be hereafter created, whenever, in its opinion, such charter may be injurious to the citizens of this state, in, such manner, however, that no injustice shall be done to the stockholders."

Supreme Court Judge Bo Tolbert and associate judges have also been asked for a ruling concerning the violation of Article I, Section 22 of the state Constitution whereby pairing contracts might be involved.

That section reads: "That no ex post facto law, nor any law impairing the obligations of contracts, or making any irrevocable or exclusive grants of special privileges or immunities, shall be passed by legislature; and every grant or franchise, privilege, or immunity shall forever remain subject to revocation, alteration, or amendment."

Sen. Bob Gulledge is sponsor of the bill that would abolish single tax corporations in the state but does affect only the Fairhope organization established 84 years ago.

The legislation stems from a

group of lessees who, in the past 10 years, have become unhappy with an increase in rent on land owned by the corporation. Court suits have been carried to the Alabama Supreme Court and the U.S. District Court, which have ruled in favor of the corporation.

Joe Potter, spokesman for the lessees in favor of the legislation, said at the public hearing in Montgomery last week that "we will be back" if the Legislature fails to pass the bill. It has already passed the Senate where it

originated and, following a favorable report of the committee, has been put on the House calendar.

Norborn Stone, attorney for the corporation, told the committee that if the bill is passed he would advise his client to test the constitutionality of the bill's actions. He said the bill is taking property from the corporation, or owner, without due process.

Fairhope Mayor James Nix said the bill has far-reaching applications since it deals with the confiscation of property.