

Governor Henry J. Allen, correspondence files, box 19

Section 22, Pages 631 - 660

These folders contain correspondence subject files with Governor Allen. Some subjects included are land for soldiers, rifle practice, requests for assistance, the 35th Division, Fort Dodge Soldier's Home, the Tuberculosis Sanatorium, unemployment, venereal disease, and vocational education.

Creator: Kansas. Governor (1919-1923 : Allen)

Date: 1919-1923

Callnumber: Governor's Office, Governor Henry J. Allen, Correspondence Files, Subject Files Box 19

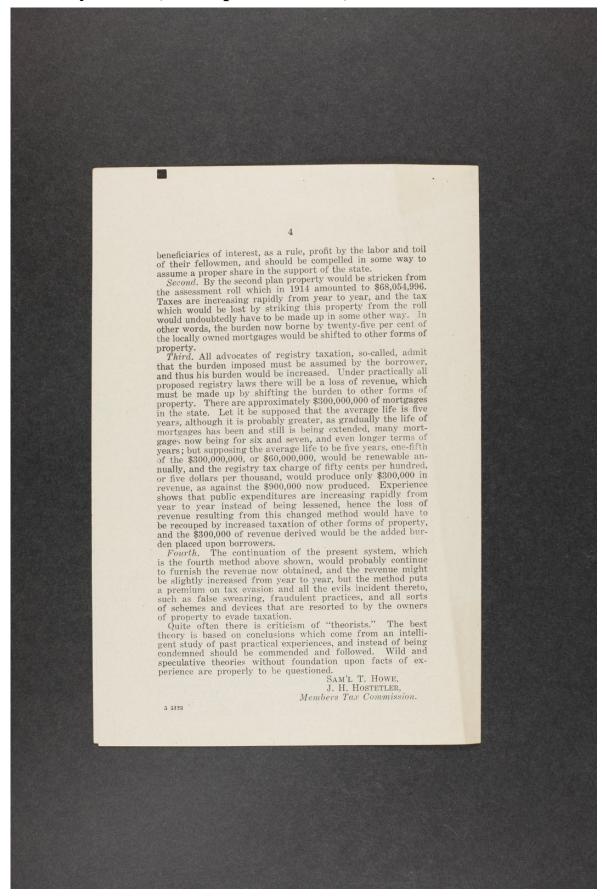
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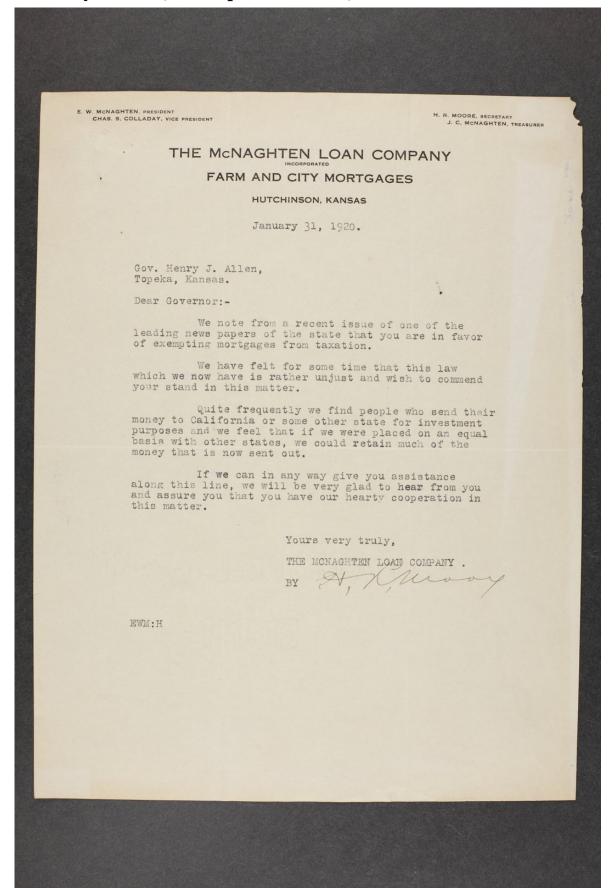
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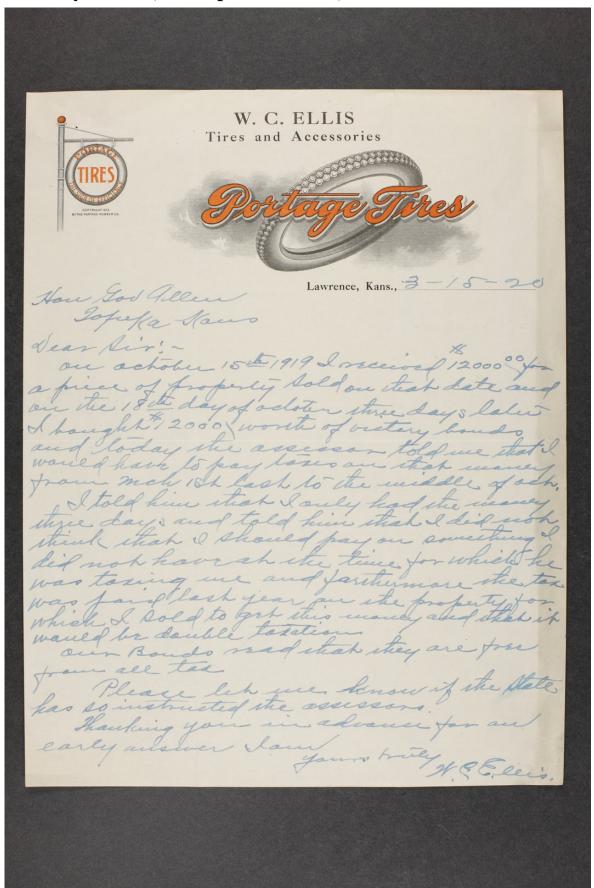




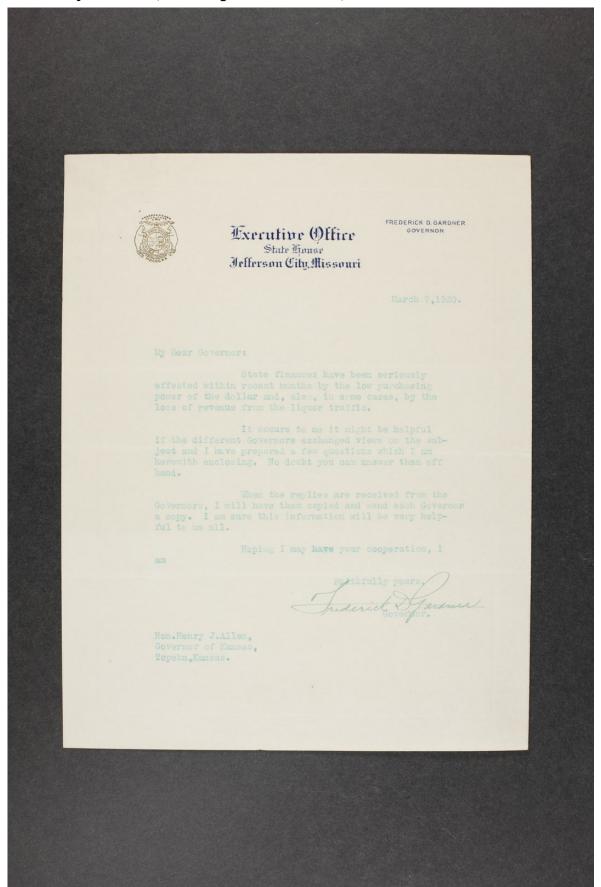




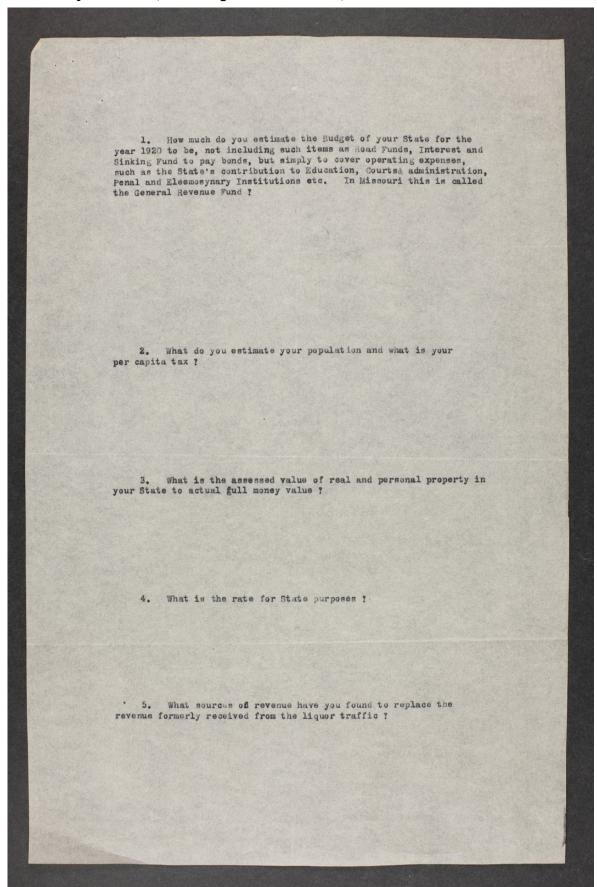




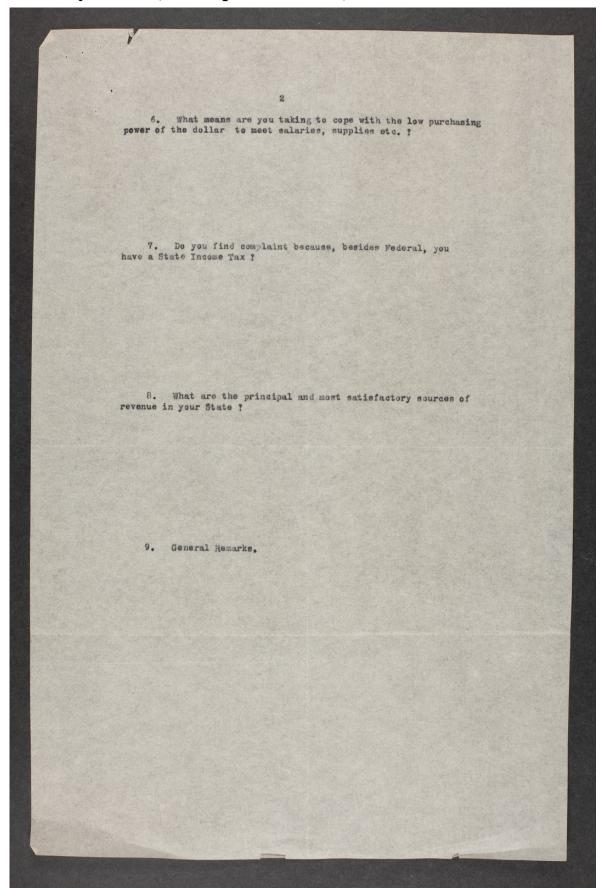




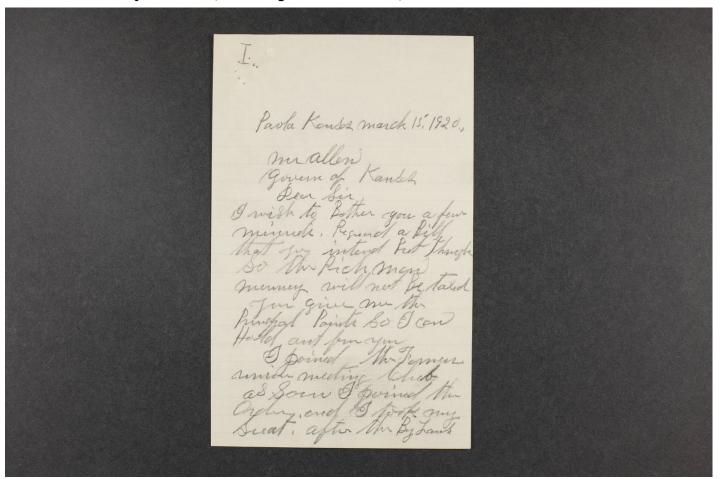




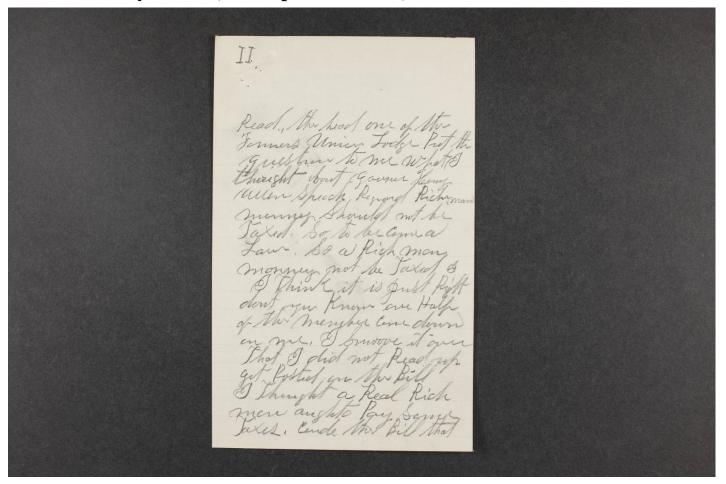




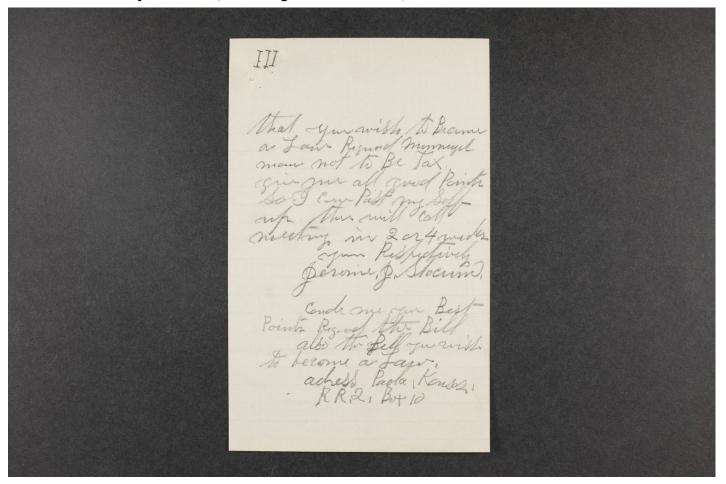








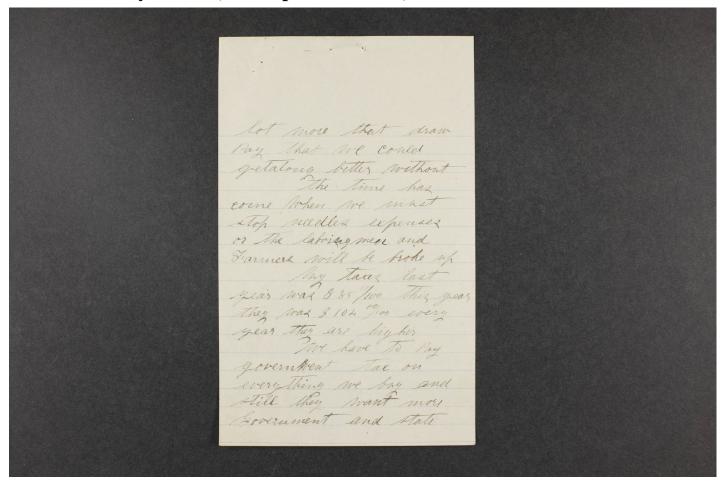




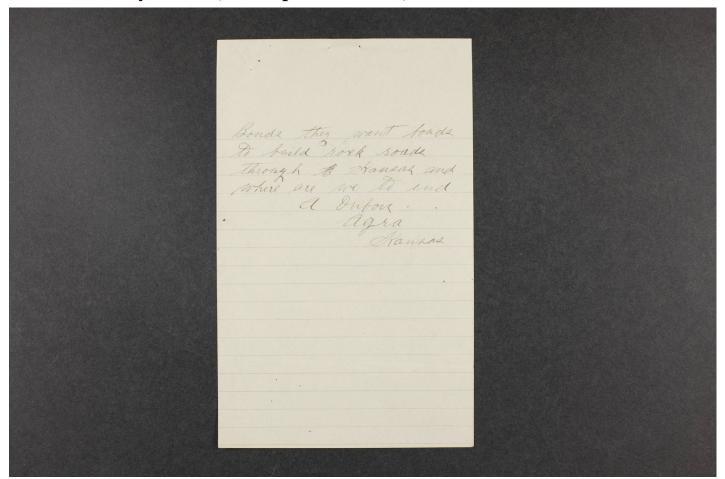


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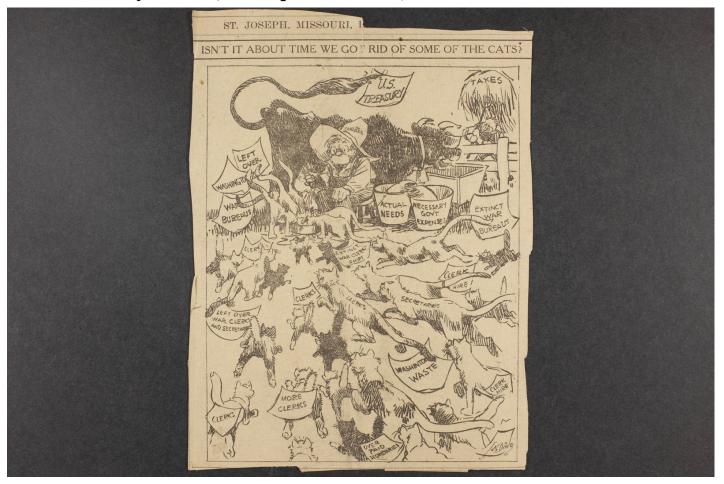








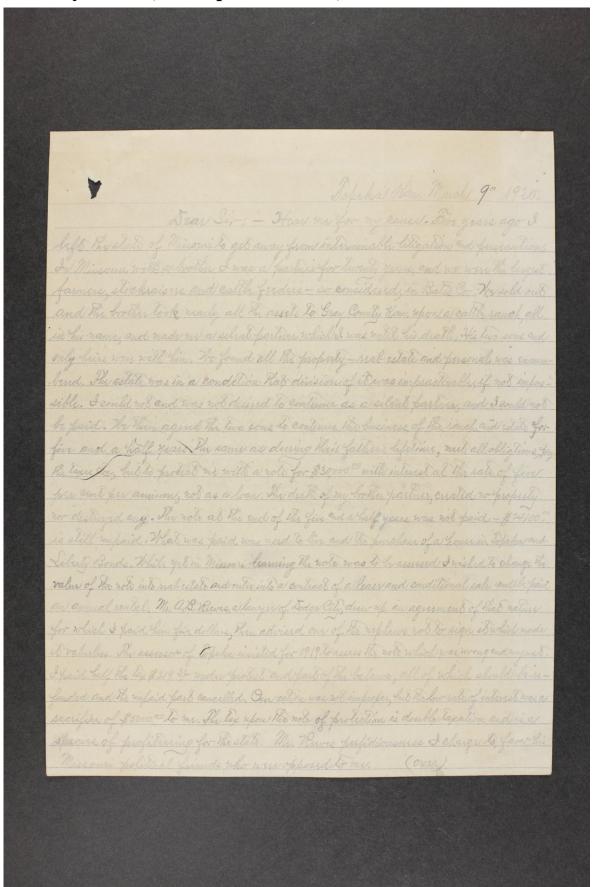




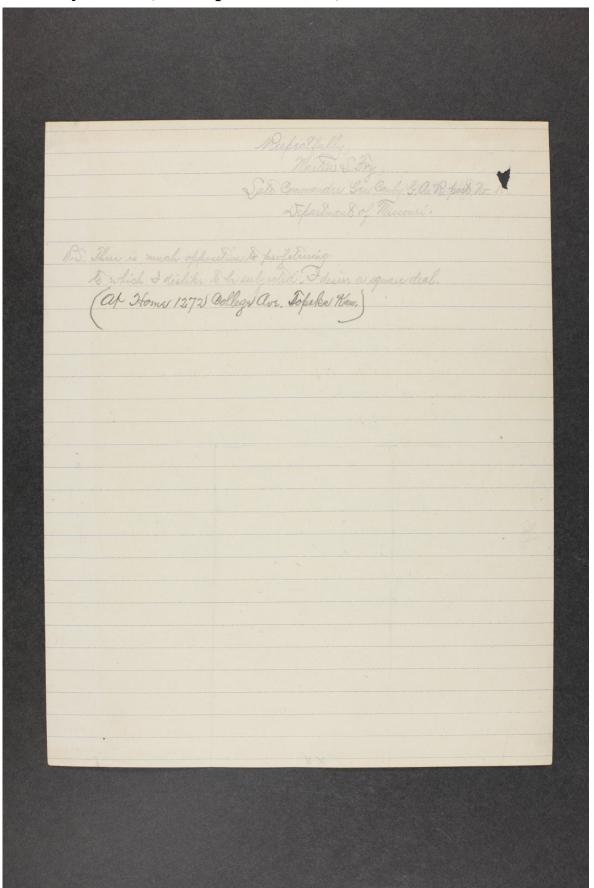




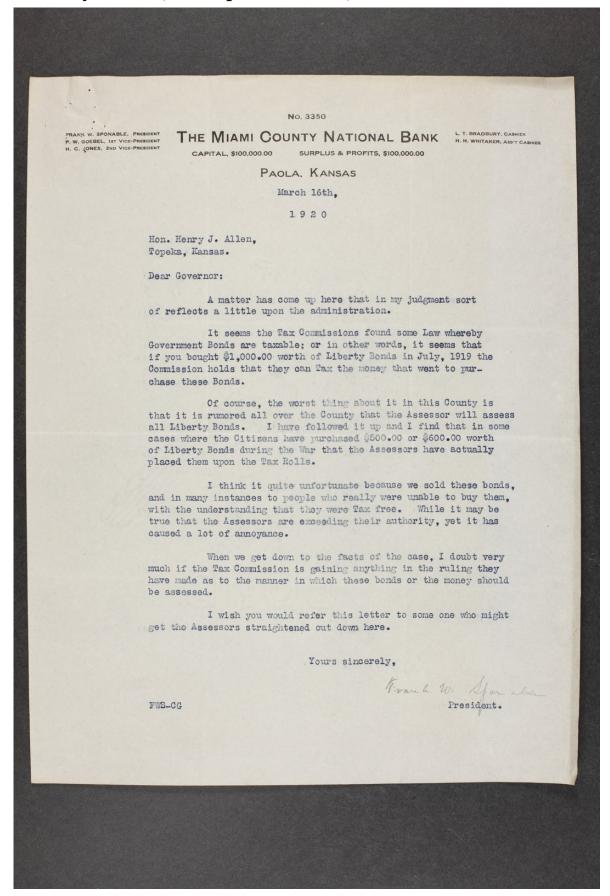














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March 17, 1920.

Hon. Frank W. Sponable, Pres., The Miami Co. Nat'l Bank, Paola, Kansas.

Dear Sir:

Your letter of the 16th inst. to Gov. Allen with respect to the question of taxing moneys invested in Federal securities, has been referred to the Tax Commission for answer, and I am directed by the Commission to say that the question involved is merely one of the administration of the law of assessment and taxation.

Gov. Allen on many occasions has publicly announced his dissatisfaction with the present Kansas system of taxation and has pronounced in favor of the proposed amendment to the constitution submitted by the legislature of 1919, which if adopted will open the way to a more equitable system than now exists. No one can question Gov. Allen's sincere desire to resolve all questions in favor of the public when within his power to do so, but the Governor is not authorized to suspend the operation of the law of assessment and taxation as enacted by the legislature; neither are the officers charged with the administration of the law given discretion to say whether this, that or the other statute shall not be enforced.

The question you suggest in your letter to the Governor has not arisen because of any new proposition, but has been the rule in this state for many years.



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Section 11161, General Statutes of 1915, which was enacted as section 10, chapter 34, Laws of 1876, in providing for the listing of property for taxation, has among the listing requirements the following:

"15. All interest on bonds of the United States.

16. All bonds and interest on bonds of any state, county, district or municipality.

17. All other bonds, not exempt from taxation."

This statute has been modified by the act of the legislature of 1907 excusing the owners of municipal obligations from listing such obligations for tax purposes.

Section 11163, G.S. 1915, which was enacted as section 11 of chapter 34. Laws of 1876, has this provision:

"But where bonds of the United States have been purchased by any person during the year prior to the first day of March, where property is required to be listed as of that day, the value of such bonds in money shall be divided by twelve, and the quotient shall be multiplied by the number of months or fractional parts of months remaining after deducting the time which such bonds were owned, and such product shall be listed as money on hand on the first day of March by the party."

This statute since its enactment in 1876 has always been observed except as to the war obligations floated by the government to secure funds to finance the war. The application of the statute to investments in those bonds was carefully considered by the departments of the Attorney General and the Tax Commission jointly, and the conclusion was reached that the purpose of the flotation of t those bonds was such as to justify the suspension of the law as to them while the government was feeling its emergency need for funds, but after the war ceased and after the government stopped issuing its war obligations the reason for the suspension no longer existed, and again, upon consultation of the two departments it was decided



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that the law is applicable to moneys used to purchase Federal obligations, of whatever kind or character, during the year preceding March 1st of the current tax year.

The departments may have erred in holding investments in the war obligations not subject to the law, but from every direction came intimations that if they were considered subject to the law the government would be seriously embarrassed in placing the loans with the people, and it was felt that the patriotic motives which inspired the public generally in subscribing to those loans took them out of the class which the legislature had in mind when it enacted the law, but since raising moneys to finance the war by popular subscriptions ceased the motives inspiring investments in these obligations are no different from those in respect of investments in other Federal securities. Now investments are chiefly for three purposes -i.e., to secure nontaxable investments, for speculative purposes, and in some cases to evade taxation.

As to ordinary obligations of the government the rule mever was suspended, and moneys invested in accordance with the statute have always been assessable under the rule of the statute, and as to the war securities the Commission holds that the statute is applicable only to those which have been purchased since the government ceased its flotation of war obligations which was toward the close of May in 1919. Assessors have been advised everywhere that they should not cause the taxpayers to list moneys invested in war obligations prior to June 1st of 1919.

The obligations themselves are of course not taxable as the state cannot tax obligations of the Federal government, but a law of Ohio, similar to the Kansas law, was litigated through to



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the Federal Supreme Court, and that court decided that a statute of the kind was valid; that it did not either directly or indirectly tax Federal securities.

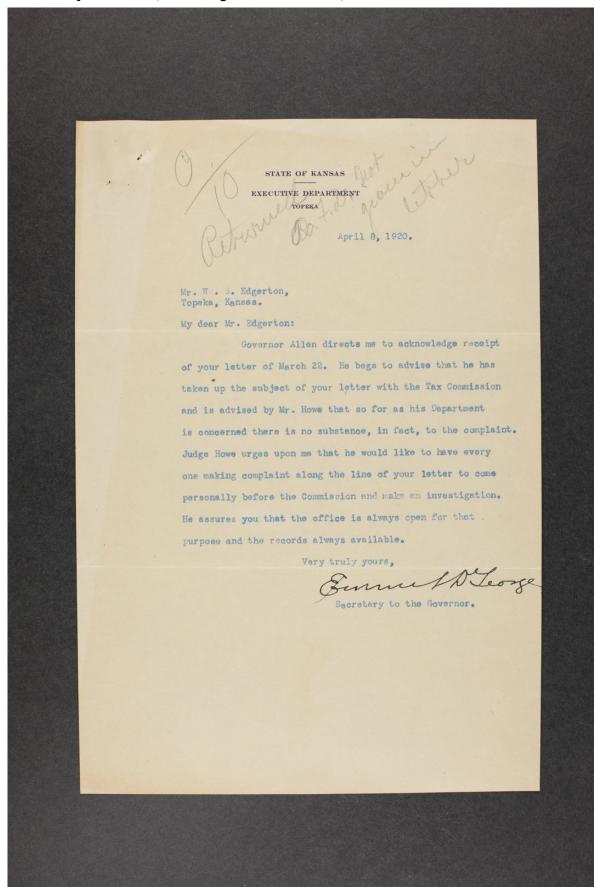
There can be no proper criticism against any person who sees fit to make a legitimate investment in tax-free securities. So long as the law permits such a privilege just so long a citizen is entitled to the privilege without criticism, but when he thus gains entrance into a class which is privileged and limited in number comparatively, and is entitled to the benefits thereof in after years, it is felt that he should at least submit to the slight burden that the law imposes in the attainment of the privilege.

Objections to the law are of course to be addressed to the legislature or to the courts, but not to administrative tax officers. Many citizens are constantly objecting to the requirements of the present law, and some devise and use various shifts to avoid sharing in the public burden, but the only answer administrative officers can make to such objectors is that the rule of the law is applicable to all citizens whose financial transactions bring them within its operation, and that because some object is no reason why they should be excused from the obligations, and especially so in view of the fact that a great many citizens make no objection and attempt no evasion.

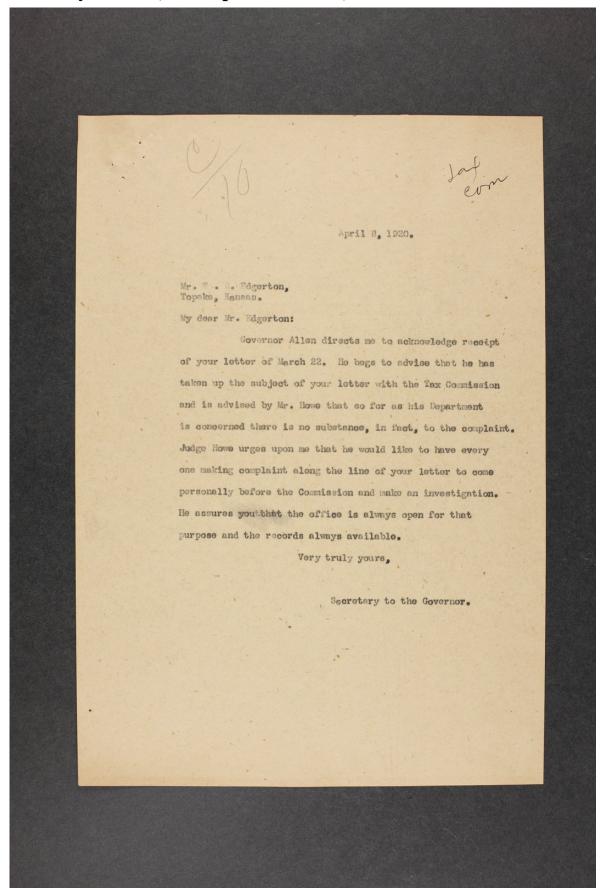
Yours truly,

Secretary.

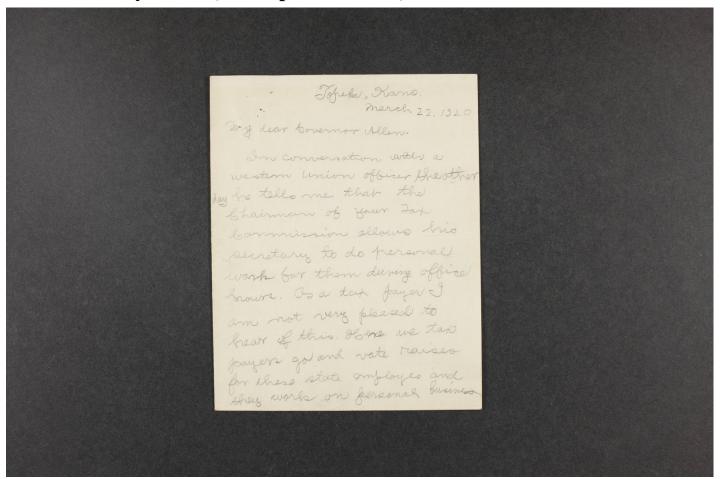




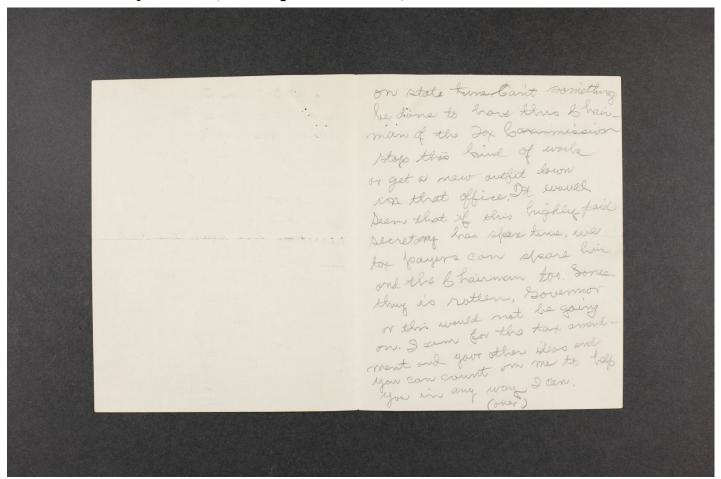




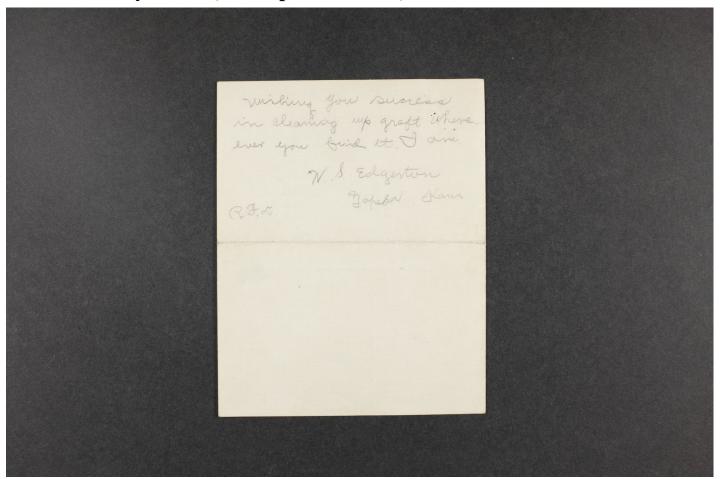




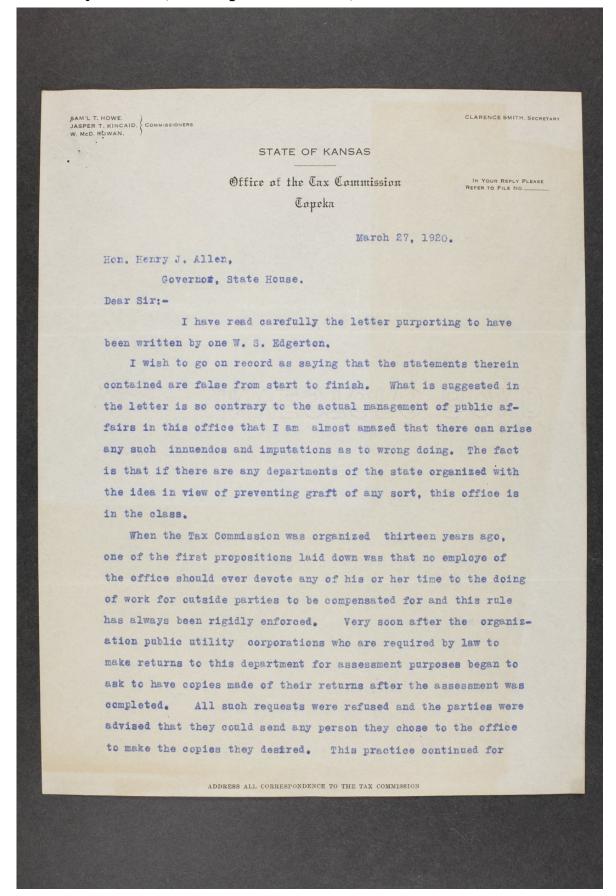














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some years when it was represented to the Commission that it was more expensive to get the work done in this way and that they would prefer very much to have the work done by some employ of the office who was familiar with the records and the work. In all such cases prompt advice was given that no such work could be done by any employe of the office during the official time of such employe, but if anyhody in the office could be prevailed upon to work over time, that is to do the work outside of office hours, there would seem to be no objection, and this has been done in some cases, but never to my knowledge has the time of any employe during the regular office hours been used in any such way and I think I am in a po-As a matter of fact the railsition to know what is going on. roads send their personal representatives here to copy these returns as do many other utility corporations. It is only occassionally that there is a request made that the work be done outside of office hours by some employe.

I wish to call attention to the fact that office hours in this department are not surpassed in length in and by those of any other state department; in fact, it is doubtful if there is any other department in which the employes are required, day in and day out the year round, to commence work promptly at 8 o'clock

A.M. There has always been complaint among the employes because they have not been allowed privileges and holidays equal to those enjoyed by employes of other departments, but the work of this department is so heavy and so pressing at all times that there is no time to be spent by any one on the pay roll in idle moments.

I could cite you to many things which prove conclusively that the management of the department has always been against anything



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which in any wise might have the appearance of graft. Within two minutes after the Edgerton letter was received it was shown to the secretary in the presence of another member of the commission, and inside of an hour Mr. Cox, Manager of the Western Union appeared in the office and orally stated to the members of the commission that the statements in the letter were false from start to finish—that it had always been understood by him that work would not be done by any employe of the office during office hours. Mr. Cox is the only person in the Western Union service who has anything to do with this department.

It is beyond my imagination what could have given rise to such a letter and I challenge Mr. Edgerton, or any other person, to controvert what I say herein.

It has been a source of pride to me that I have always been associated with men whose ideas were just as extreme in opposition to any sort of graft as is possible. It is an unfortunate thing that public servants are always open to charges of the kind made by irresponsible people, generally made through ignorance, or it may be sometimes for malevolent purposes. Just what inspired this letter I do not know, but I would like to have Mr. Edgerton or any other person having views as he suggests to personally appear before the Commission and make his investigation. The office will always be open for that purpose and the records always available. Ordinarily I pay no attention to criticisms of the kind and would not now had you not sent the letter to me.

Very truly yours,

P.s. The Edgerton letter is returned herewith.



