Governor Clyde M. Reed correspondence, tax matters

Section 2, Pages 31 - 60

This is the third file of four including subject correspondence relating to tax matters. Topics in the correspondence cover but is not limited to the Kansas Intangible Tax Law, fiscal year tax evaluations, and real estate taxation. This file is part of a bigger collection of Governor Clyde M. Reed correspondence. See also Unit Ids 450971, 450972 and 450974.

Creator: Kansas. Governor (1929-1931 : Reed)

Date: 1929-1931

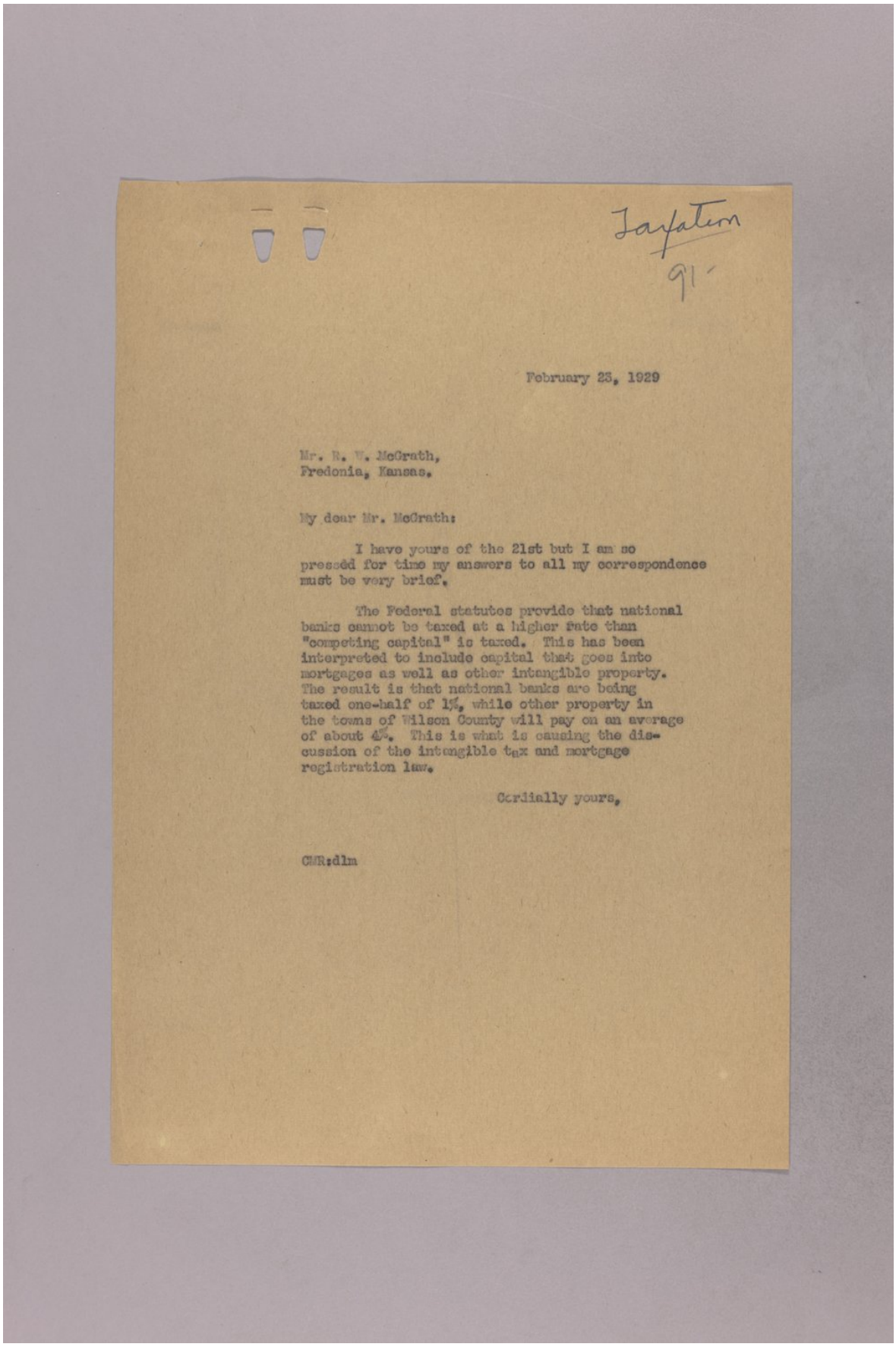
Callnumber: Governor's Office, Governor Clyde Reed, Correspondence Files, Subject Files Box 20 Folder 6

KSHS Identifier: DaRT ID: 450973

Item Identifier: 450973

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Governor Clyde M. Reed correspondence, tax matters



Taxation
91

February 23, 1929

Mr. R. W. McGrath,
Fredonia, Kansas.

My dear Mr. McGrath:

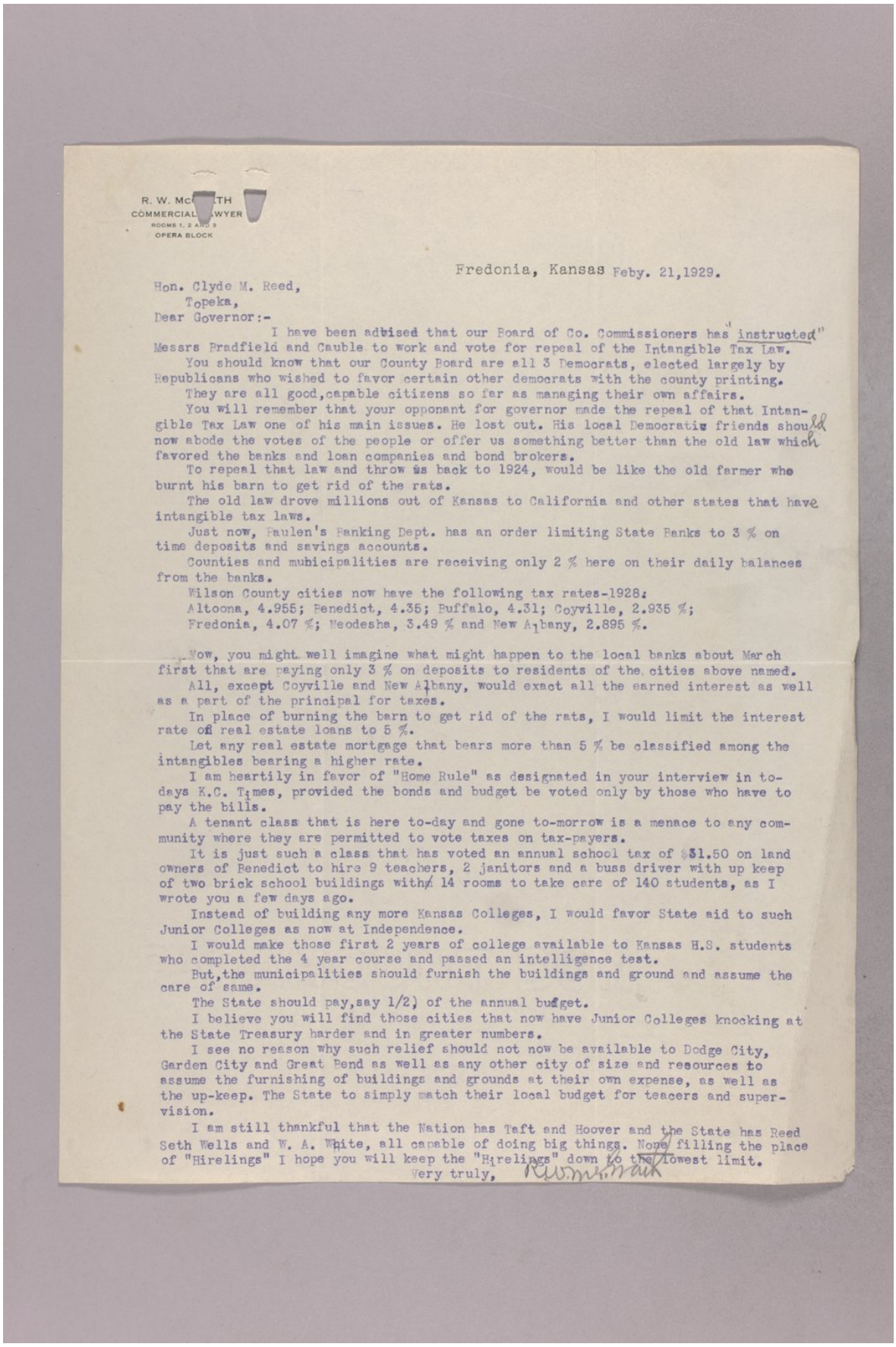
I have yours of the 21st but I am so pressed for time my answers to all my correspondence must be very brief.

The Federal statutes provide that national banks cannot be taxed at a higher rate than "competing capital" is taxed. This has been interpreted to include capital that goes into mortgages as well as other intangible property. The result is that national banks are being taxed one-half of 1%, while other property in the towns of Wilson County will pay on an average of about 4%. This is what is causing the discussion of the intangible tax and mortgage registration law.

Cordially yours,

CMR:dlm

Governor Clyde M. Reed correspondence, tax matters



R. W. Mc[illegible]TH
COMMERCIAL [illegible]WYER
ROOMS 1, 2 AND 3
OPERA BLOCK

Fredonia, Kansas Feby. 21,1929.

Hon. Clyde M. Reed,
Topeka,
Dear Governor:-

I have been advised that our Board of Co. Commissioners has "instructed" Messrs Bradfield and Cauble to work and vote for repeal of the Intangible Tax Law.

You should know that our County Board are all 3 Democrats, elected largely by Republicans who wished to favor certain other democrats with the county printing.

They are all good,capable citizens so far as managing their own affairs.

You will remember that your opponant for governor made the repeal of that Intangible Tax Law one of his main issues. He lost out. His local Democratic friends should now abode the votes of the people or offer us something better than the old law which favored the banks and loan companies and bond brokers.

To repeal that law and throw us back to 1924, would be like the old farmer who burnt his barn to get rid of the rats.

The old law drove millions out of Kansas to California and other states that have intangible tax laws.

Just now, Paulen's Banking Dept. has an order limiting State Banks to 3 % on time deposits and savings accounts.

Counties and mubicipalities are receiving only 2 % here on their daily balances from the banks.

Wilson County cities now have the following tax rates-1928:
Altoona, 4.955; Benedict, 4.35; Buffalo, 4.31; Coyville, 2.935 %;
Fredonia, 4.07 %; Neodesha, 3.49 % and New Albany, 2.895 %.

Now, you might well imagine what might happen to the local banks about March first that are paying only 3 % on deposits to residents of the cities above named.

All, except Coyville and New Albany, would exact all the earned interest as well as a part of the principal for taxes.

In place of burning the barn to get rid of the rats, I would limit the interest rate on real estate loans to 5 %.

Let any real estate mortgage that bears more than 5 % be classified among the intangibles bearing a higher rate.

I am heartily in favor of "Home Rule" as designated in your interview in todays K.C. Times, provided the bonds and budget be voted only by those who have to pay the bills.

A tenant class that is here to-day and gone to-morrow is a menace to any community where they are permitted to vote taxes on tax-payers.

It is just such a class that has voted an annual school tax of $31.50 on land owners of Benedict to hire 9 teachers, 2 janitors and a buss driver with up keep of two brick school buildings with 14 rooms to take care of 140 students, as I wrote you a few days ago.

Instead of building any more Kansas Colleges, I would favor State aid to such Junior Colleges as now at Independence.

I would make those first 2 years of college available to Kansas H.S. students who completed the 4 year course and passed an intelligence test.

But,the municipalities should furnish the buildings and ground and assume the care of same.

The State should pay,say 1/2) of the annual budget.

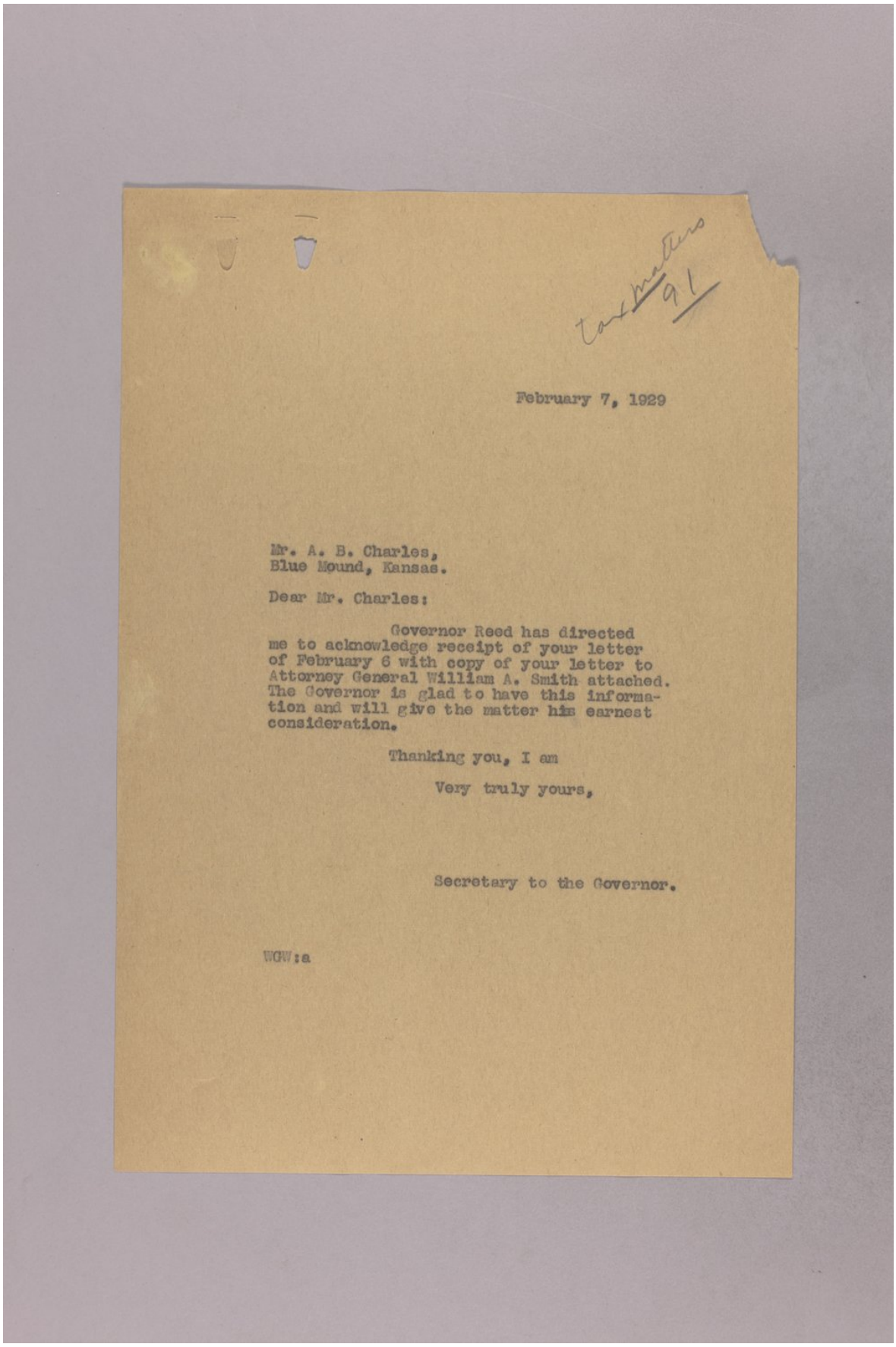
I believe you will find those cities that now have Junior Colleges knocking at the State Treasury harder and in greater numbers.

I see no reason why such relief should not now be available to Dodge City, Garden City and Great Bend as well as any other city of size and resources to assume the furnishing of buildings and grounds at their own expense, as well as the up-keep. The State to simply match their local budget for teacers and supervision.

I am still thankful that the Nation has Taft and Hoover and the State has Reed Seth Wells and W. A. White, all capable of doing big things. None filling the place of "Hirelings" I hope you will keep the "Hirelings" down to the lowest limit.

Very truly, R. W. McSmith

Governor Clyde M. Reed correspondence, tax matters



Tax matters
91

February 7, 1929

Mr. A. B. Charles,
Blue Mound, Kansas.

Dear Mr. Charles:

Governor Reed has directed me to acknowledge receipt of your letter of February 6 with copy of your letter to Attorney General William A. Smith attached. The Governor is glad to have this information and will give the matter his earnest consideration.

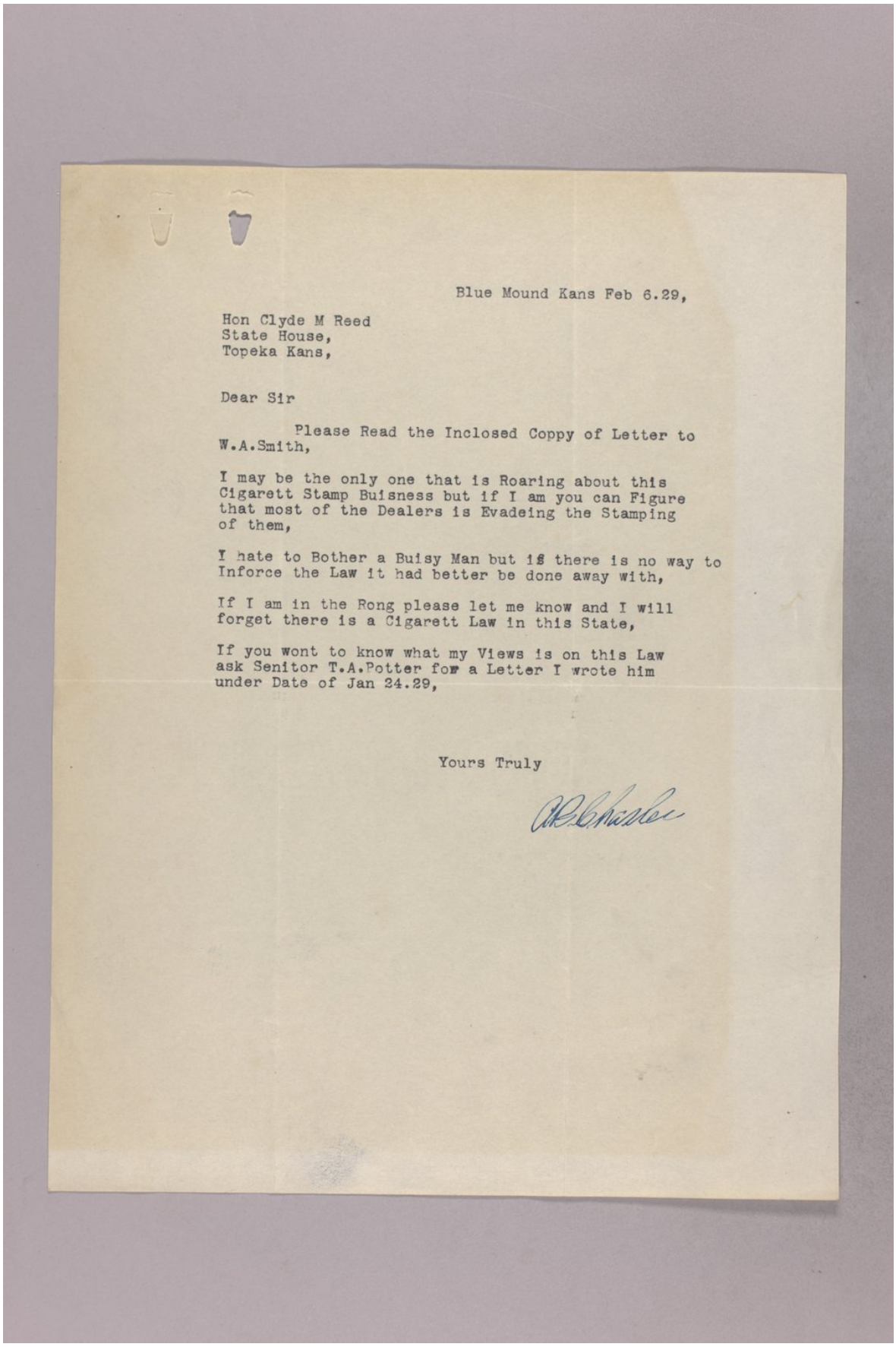
Thanking you, I am

Very truly yours,

Secretary to the Governor.

WGW:a

Governor Clyde M. Reed correspondence, tax matters



Blue Mound Kans Feb 6.29,

Hon Clyde M Reed
State House,
Topeka Kans,

Dear Sir

Please Read the Inclosed Coppy of Letter to W.A.Smith,

I may be the only one that is Roaring about this Cigarett Stamp Buisness but if I am you can Figure that most of the Dealers is Evadeing the Stamping of them,

I hate to Bother a Buisy Man but if there is no way to Inforce the Law it had better be done away with,

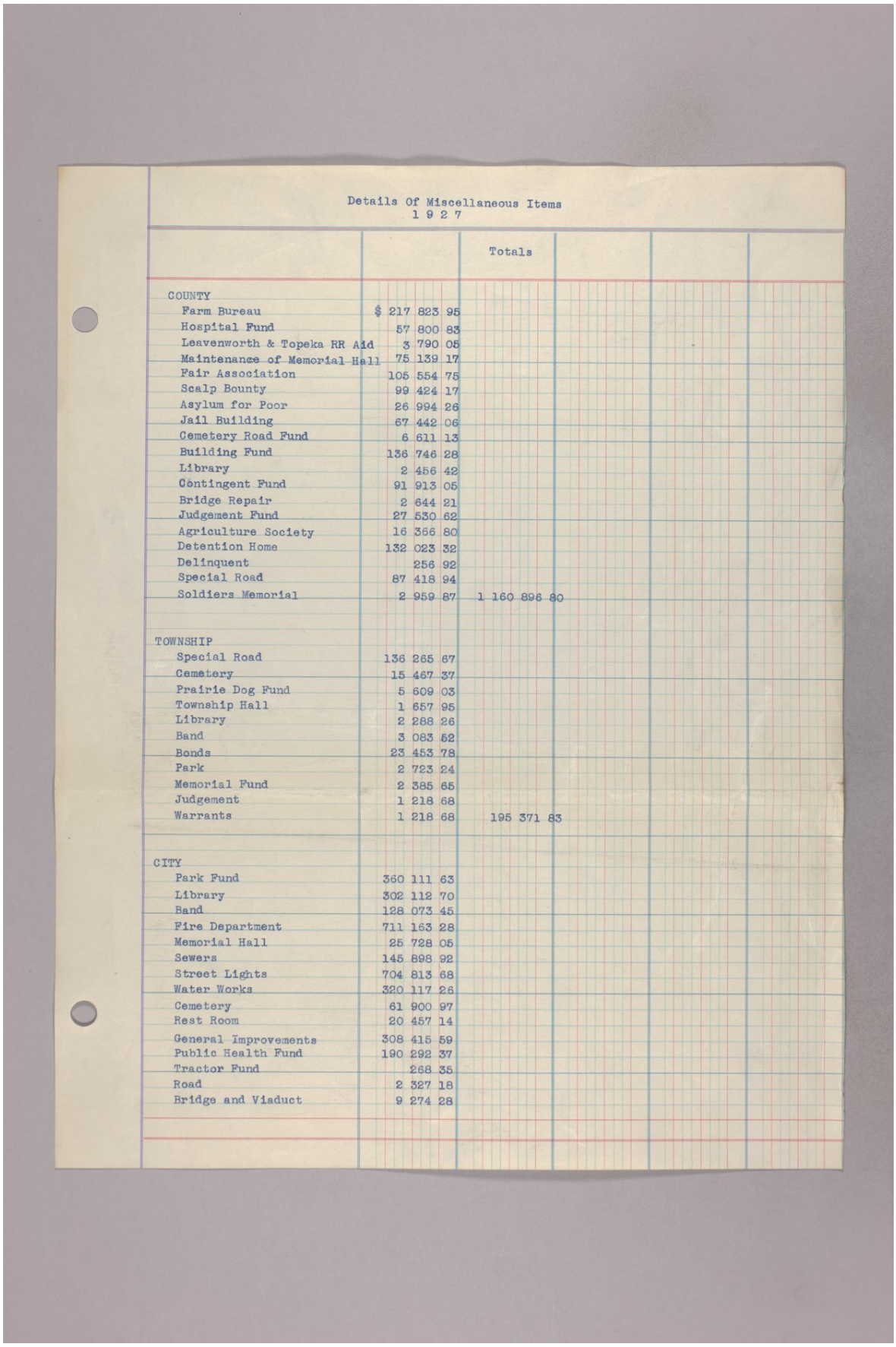
If I am in the Rong please let me know and I will forget there is a Cigarett Law in this State,

If you wont to know what my Views is on this Law ask Senitor T.A.Potter for a Letter I wrote him under Date of Jan 24.29,

Yours Truly

A.R. Chesley

Governor Clyde M. Reed correspondence, tax matters



Details Of Miscellaneous Items
1 9 2 7

		Totals
COUNTY		
Farm Bureau	$ 217 823 95	
Hospital Fund	57 800 83	
Leavenworth & Topeka RR Aid	3 790 05	
Maintenance of Memorial Hall	75 139 17	
Fair Association	105 554 75	
Scalp Bounty	99 424 17	
Asylum for Poor	26 994 26	
Jail Building	67 442 06	
Cemetery Road Fund	6 611 13	
Building Fund	136 746 28	
Library	2 456 42	
Contingent Fund	91 913 05	
Bridge Repair	2 644 21	
Judgement Fund	27 530 62	
Agriculture Society	16 366 80	
Detention Home	132 023 32	
Delinquent	256 92	
Special Road	87 418 94	
Soldiers Memorial	2 959 87	1 160 896 80
TOWNSHIP		
Special Road	136 265 67	
Cemetery	15 467 37	
Prairie Dog Fund	5 609 03	
Township Hall	1 657 95	
Library	2 288 26	
Band	3 083 62	
Bonds	23 453 78	
Park	2 723 24	
Memorial Fund	2 385 65	
Judgement	1 218 68	
Warrants	1 218 68	195 371 83
CITY		
Park Fund	360 111 63	
Library	302 112 70	
Band	128 073 45	
Fire Department	711 163 28	
Memorial Hall	25 728 05	
Sewers	145 898 92	
Street Lights	704 813 68	
Water Works	320 117 26	
Cemetery	61 900 97	
Rest Room	20 457 14	
General Improvements	308 415 59	
Public Health Fund	190 292 37	
Tractor Fund	268 35	
Road	2 327 18	
Bridge and Viaduct	9 274 28	

Governor Clyde M. Reed correspondence, tax matters

TEN YEARS OF SPENDING

Chart F

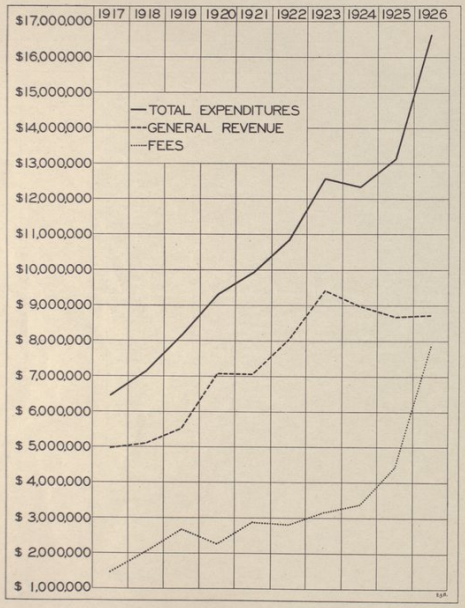


Chart G

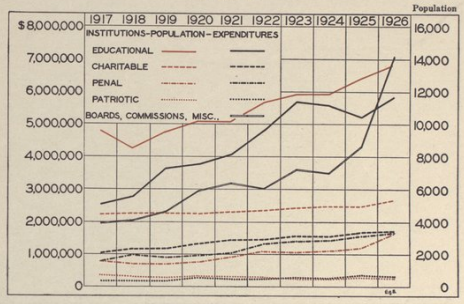
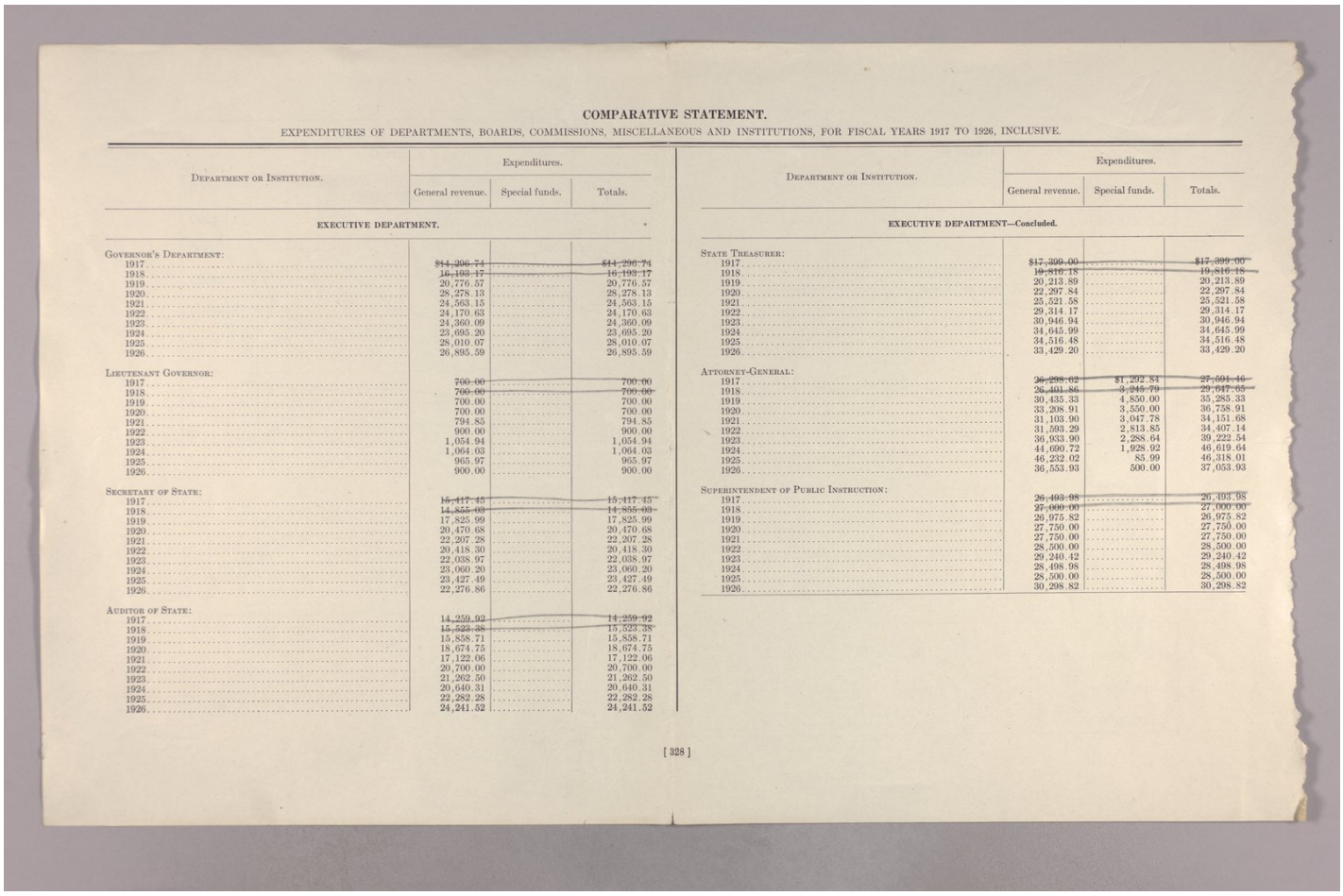


Chart F shows total expenditures of the state government increased from approximately $6,500,000 in 1917 to nearly $17,000,000 in 1926. General revenue expenditures increased from approximately $5,000,000 in 1917 to approximately $9,500,000 in 1923; then decreased to a little over $8,500,000 in 1926. Fee expenditures increased from approximately $1,500,000 in 1917 to nearly $8,000,000 in 1926. A large part of this increase is due to the motor-vehicle license and gasoline taxes.

Chart G shows the relative rise and fall of expenditures and population (or attendance) at the institutions in the last decade; also the expenditures of state boards, commissions, etc., during that time.

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Governor Clyde M. Reed correspondence, tax matters



COMPARATIVE STATEMENT.

EXPENDITURES OF DEPARTMENTS, BOARDS, COMMISSIONS, MISCELLANEOUS AND INSTITUTIONS, FOR FISCAL YEARS 1917 TO 1926, INCLUSIVE.

Department or Institution.	Expenditures. General revenue.	Special funds.	Totals.
EXECUTIVE DEPARTMENT.			
Governor's Department:			
1917	$14,296.74		$14,296.74
1918	16,193.17		16,193.17
1919	20,776.57		20,776.57
1920	28,278.13		28,278.13
1921	24,563.15		24,563.15
1922	24,170.63		24,170.63
1923	24,360.09		24,360.09
1924	23,695.20		23,695.20
1925	28,010.07		28,010.07
1926	26,895.59		26,895.59
Lieutenant Governor:			
1917	700.00		700.00
1918	700.00		700.00
1919	700.00		700.00
1920	700.00		700.00
1921	794.85		794.85
1922	900.00		900.00
1923	1,054.94		1,054.94
1924	1,064.03		1,064.03
1925	965.97		965.97
1926	900.00		900.00
Secretary of State:			
1917	15,417.45		15,417.45
1918	14,855.03		14,855.03
1919	17,825.99		17,825.99
1920	20,470.68		20,470.68
1921	22,207.28		22,207.28
1922	20,418.30		20,418.30
1923	22,038.97		22,038.97
1924	23,060.20		23,060.20
1925	23,427.49		23,427.49
1926	22,276.86		22,276.86
Auditor of State:			
1917	14,259.92		14,259.92
1918	15,523.38		15,523.38
1919	15,858.71		15,858.71
1920	18,674.75		18,674.75
1921	17,122.06		17,122.06
1922	20,700.00		20,700.00
1923	21,262.50		21,262.50
1924	20,640.31		20,640.31
1925	22,282.28		22,282.28
1926	24,241.52		24,241.52

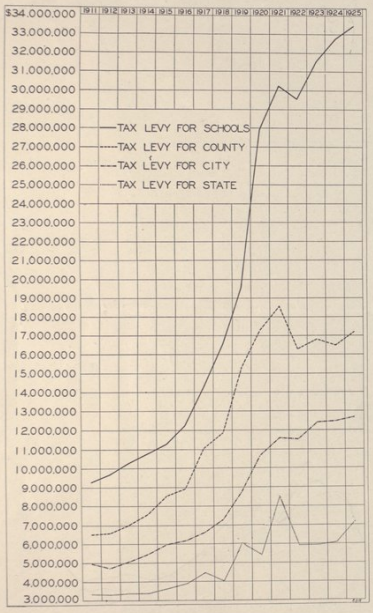
Department or Institution.	Expenditures. General revenue.	Special funds.	Totals.
EXECUTIVE DEPARTMENT—Concluded.			
State Treasurer:			
1917	$17,399.00		$17,399.00
1918	19,816.18		19,816.18
1919	20,213.89		20,213.89
1920	22,297.84		22,297.84
1921	25,521.58		25,521.58
1922	29,314.17		29,314.17
1923	30,946.94		30,946.94
1924	34,645.99		34,645.99
1925	34,516.48		34,516.48
1926	33,429.20		33,429.20
Attorney-General:			
1917	26,298.62	$1,292.84	27,591.46
1918	26,401.86	3,245.79	29,647.65
1919	30,435.33	4,850.00	35,285.33
1920	33,208.91	3,550.00	36,758.91
1921	31,103.90	3,047.78	34,151.68
1922	31,593.29	2,813.85	34,407.14
1923	36,933.90	2,288.64	39,222.54
1924	44,690.72	1,928.92	46,619.64
1925	46,232.02	85.99	46,318.01
1926	36,553.93	500.00	37,053.93
Superintendent of Public Instruction:			
1917	26,493.98		26,493.98
1918	27,000.00		27,000.00
1919	26,975.82		26,975.82
1920	27,750.00		27,750.00
1921	27,750.00		27,750.00
1922	28,500.00		28,500.00
1923	29,240.42		29,240.42
1924	28,498.98		28,498.98
1925	28,500.00		28,500.00
1926	30,298.82		30,298.82

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Governor Clyde M. Reed correspondence, tax matters

TAXES LEVIED FOR THE YEARS 1911 TO 1925, INCLUSIVE.

DIRECT PROPERTY TAXES



The levy for schools (state educational institutions not included) aviated from approximately nine and one-half million dollars ($9,500,000) in 1911 to over thirty-three million dollars ($33,000,000) in 1925, an increase of about 347 per cent.

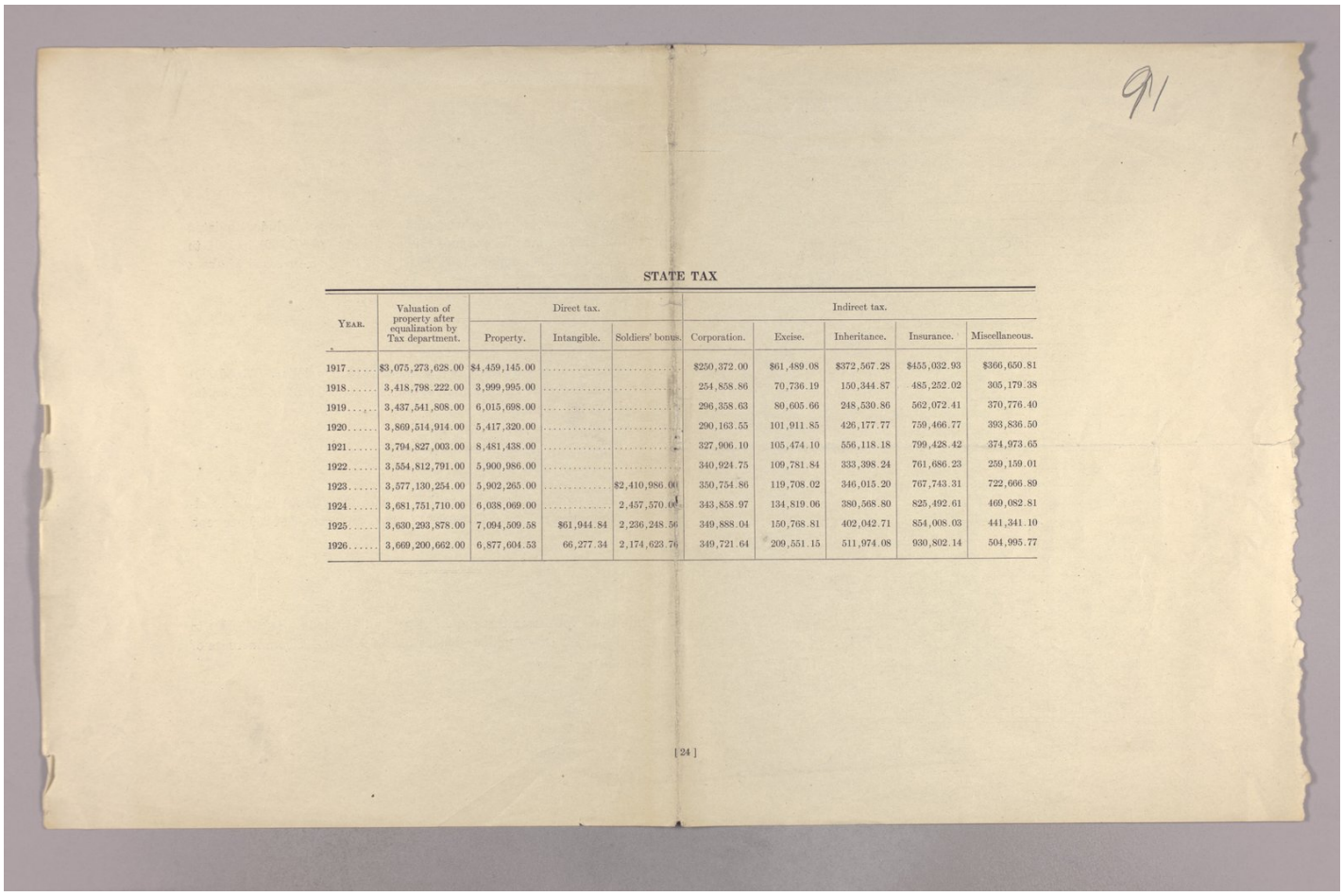
County taxes jumped from six and one-half million dollars ($6,500,000) in 1911 to a little over seventeen million dollars ($17,000,000) in 1925, an increase of about 262 per cent.

City taxes mounted from five million dollars ($5,000,000) in 1911 to almost thirteen million dollars ($13,000,000) in 1925, an increase of 260 per cent.

State taxes rose from three and one-half million dollars ($3,500,000) in 1911 to a little over seven million dollars ($7,000,000) in 1925, an increase of 100 per cent.

[23]

Governor Clyde M. Reed correspondence, tax matters

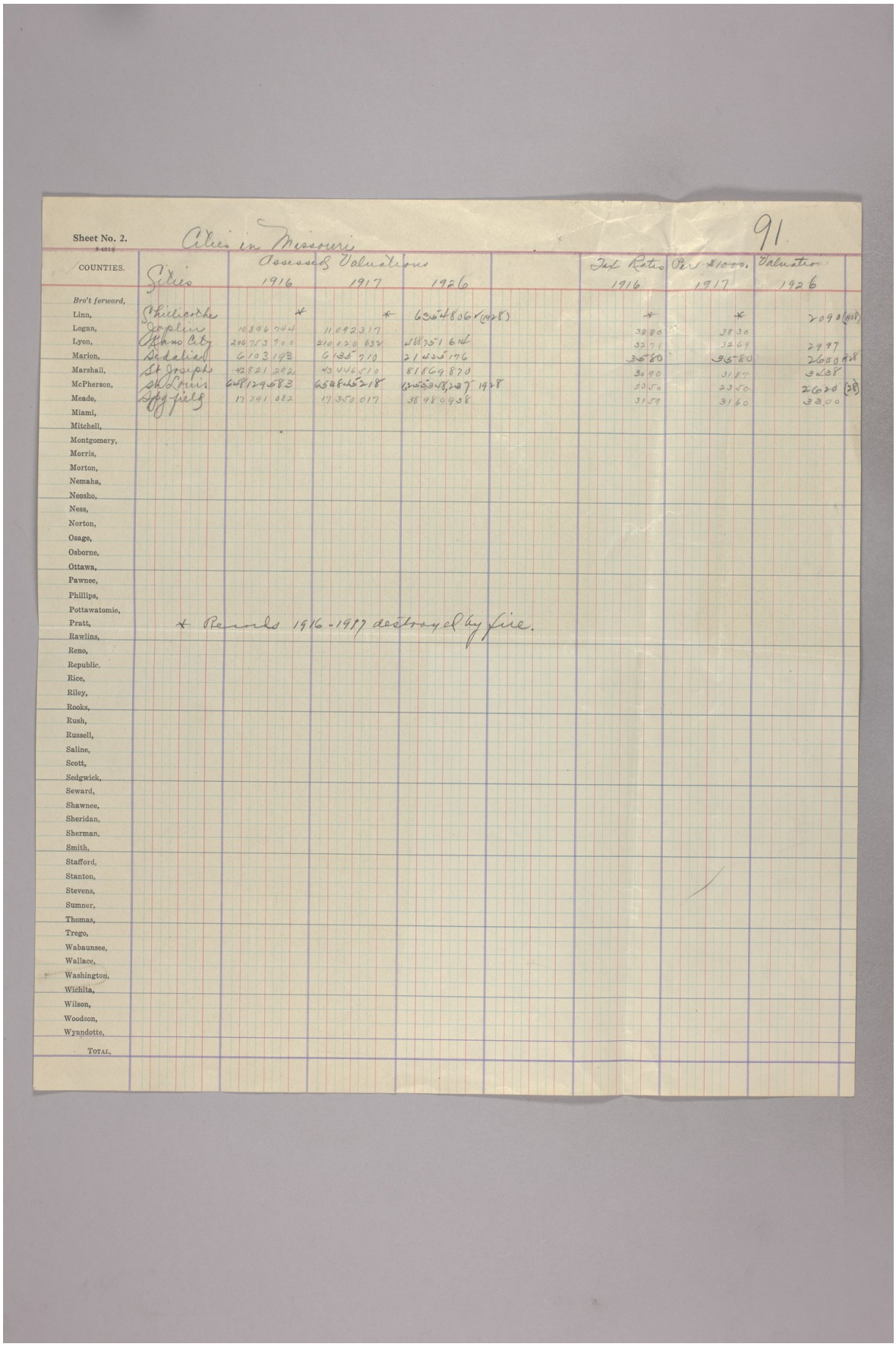


91

STATE TAX

Year.	Valuation of property after equalization by Tax department.	Direct tax.			Indirect tax.				
		Property.	Intangible.	Soldiers' bonus.	Corporation.	Excise.	Inheritance.	Insurance.	Miscellaneous.
1917	$3,075,273,628.00	$4,459,145.00			$250,372.00	$61,489.08	$372,567.28	$455,032.93	$366,650.81
1918	3,418,798,222.00	3,999,995.00			254,858.86	70,736.19	150,344.87	485,252.02	305,179.38
1919	3,437,541,808.00	6,015,698.00			296,358.63	80,605.66	248,530.86	562,072.41	370,776.40
1920	3,869,514,914.00	5,417,320.00			290,163.55	101,911.85	426,177.77	759,466.77	393,836.50
1921	3,794,827,003.00	8,481,438.00			327,906.10	105,474.10	556,118.18	799,428.42	374,973.65
1922	3,554,812,791.00	5,900,986.00			340,924.75	109,781.84	333,398.24	761,686.23	259,159.01
1923	3,577,130,254.00	5,902,265.00		$2,410,986.00	350,754.86	119,708.02	346,015.20	767,743.31	722,666.89
1924	3,681,751,710.00	6,038,069.00		2,457,570.00	343,858.97	134,819.06	380,568.80	825,492.61	469,082.81
1925	3,630,293,878.00	7,094,509.58	$61,944.84	2,236,248.56	349,888.04	150,768.81	402,042.71	854,008.03	441,341.10
1926	3,669,200,662.00	6,877,604.53	66,277.34	2,174,623.76	349,721.64	209,551.15	511,974.08	930,802.14	504,995.77

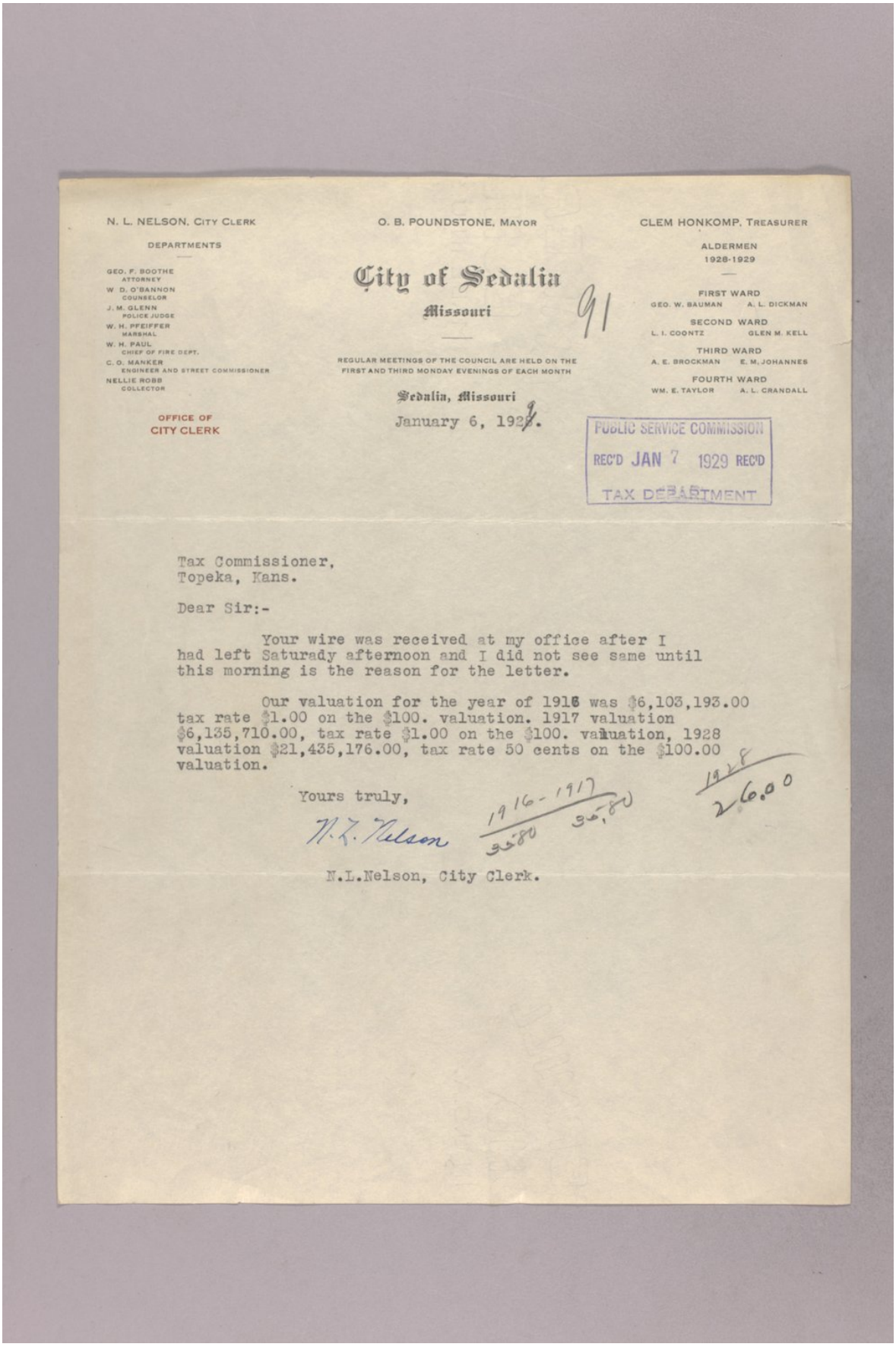
[24]



Sheet No. 2. Cities in Missouri. 91

COUNTIES.	Cities	Assessed Valuations 1916	1917	1926	Tax Rate Per $1000. 1916	1917	Valuation 1926
Bro't forward,							
Linn,	Chillicothe	*	*	6306806 (1928)	*	*	2090 (1928)
Logan,	Joplin	10896744	11092317		3880	3830	
Lyon,	Kans City	206753900	210630632	588751614	3271	3269	2997
Marion,	Sedalia	6103198	6136710	21435176	3580	3580	2600 (1928)
Marshall,	St Joseph	42821202	43446510	818649870	3090	3187	3488
McPherson,	St Louis	648129683	658645218	1,905,348,287 1928	2350	2350	2620 (28)
Meade,	Springfield	17791082	17350017	38980938	3159	3160	3300
Miami,							
Mitchell,							
Montgomery,							
Morris,							
Morton,							
Nemaha,							
Neosho,							
Ness,							
Norton,							
Osage,							
Osborne,							
Ottawa,							
Pawnee,							
Phillips,							
Pottawatomie,							
Pratt,							
Rawlins,							
Reno,							
Republic,							
Rice,							
Riley,							
Rooks,							
Rush,							
Russell,							
Saline,							
Scott,							
Sedgwick,							
Seward,							
Shawnee,							
Sheridan,							
Sherman,							
Smith,							
Stafford,							
Stanton,							
Stevens,							
Sumner,							
Thomas,							
Trego,							
Wabaunsee,							
Wallace,							
Washington,							
Wichita,							
Wilson,							
Woodson,							
Wyandotte,							
TOTAL,							

* Records 1916-1917 destroyed by fire.



N. L. NELSON, City Clerk

DEPARTMENTS

GEO. F. BOOTHE, Attorney
W. D. O'BANNON, Counselor
J. M. GLENN, Police Judge
W. H. PFEIFFER, Marshal
W. H. PAUL, Chief of Fire Dept.
C. O. MANKER, Engineer and Street Commissioner
NELLIE ROBB, Collector

OFFICE OF CITY CLERK

O. B. POUNDSTONE, Mayor

City of Sedalia
Missouri

REGULAR MEETINGS OF THE COUNCIL ARE HELD ON THE FIRST AND THIRD MONDAY EVENINGS OF EACH MONTH

CLEM HONKOMP, Treasurer

ALDERMEN
1928-1929

FIRST WARD
GEO. W. BAUMAN — A. L. DICKMAN

SECOND WARD
L. I. COONTZ — GLEN M. KELL

THIRD WARD
A. E. BROCKMAN — E. M. JOHANNES

FOURTH WARD
WM. E. TAYLOR — A. L. CRANDALL

91

Sedalia, Missouri
January 6, 1929.

PUBLIC SERVICE COMMISSION
REC'D JAN 7 1929 REC'D
TAX DEPARTMENT

Tax Commissioner,
Topeka, Kans.

Dear Sir:-

Your wire was received at my office after I had left Saturady afternoon and I did not see same until this morning is the reason for the letter.

Our valuation for the year of 1916 was $6,103,193.00 tax rate $1.00 on the $100. valuation. 1917 valuation $6,135,710.00, tax rate $1.00 on the $100. valuation, 1928 valuation $21,435,176.00, tax rate 50 cents on the $100.00 valuation.

1916-1917 30,580 / 30,580

1928 / 26.00

Yours truly,

N. L. Nelson

N.L.Nelson, City Clerk.

Governor Clyde M. Reed correspondence, tax matters

Form 1206 A

CLASS OF SERVICE DESIRED			
DOMESTIC		CACLE	
TELEGRAM		FULL RATE	
DAY LETTER		DEFERRED	
NIGHT MESSAGE		CABLE LETTER	
NIGHT LETTER		WEEK END LETTER	

Patrons should check class of service desired; otherwise message will be transmitted as a full-rate communication.

WESTERN UNION

NEWCOMB CARLTON, PRESIDENT J. C. WILLEVER, FIRST VICE-PRESIDENT

NO.	CASH OR CHG.
CHECK	
TIME FILED	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

Topeka, Kansas,
January 5, 1928.

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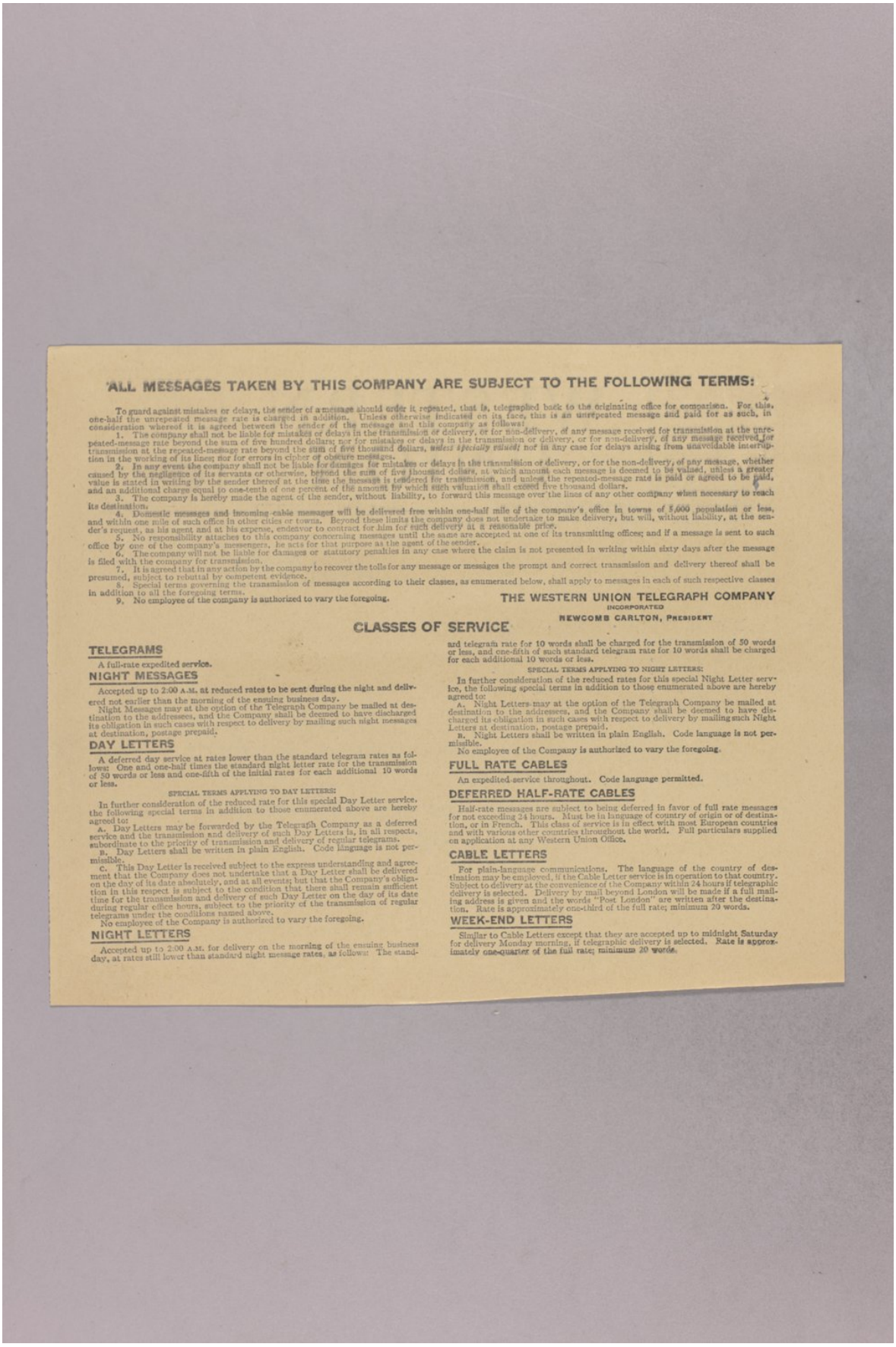
City Clerk, St. Louis, Mo.
City Clerk, Kansas City, Mo.
City Clerk, Joplin, Mo.
City Clerk, Springfield, Mo.
City Clerk, St. Joseph, Mo.
City Clerk, Sedalia, Mo.
City Clerk, Chillicothe, Mo. ✓

Please wire at once collect assessed valuation and total tax rate years 1916, 1917 and 1928.

CLARENCE SMITH, TAX COMMISSIONER

Topeka, Kansas.

Governor Clyde M. Reed correspondence, tax matters



ALL MESSAGES TAKEN BY THIS COMPANY ARE SUBJECT TO THE FOLLOWING TERMS:

To guard against mistakes or delays, the sender of a message should order it repeated, that is, telegraphed back to the originating office for comparison. For this, one-half the unrepeated message rate is charged in addition. Unless otherwise indicated on its face, this is an unrepeated message and paid for as such, in consideration whereof it is agreed between the sender of the message and this company as follows:

1. The company shall not be liable for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the unrepeated-message rate beyond the sum of five hundred dollars; nor for mistakes or delays in the transmission or delivery, or for non-delivery, of any message received for transmission at the repeated-message rate beyond the sum of five thousand dollars, *unless specially valued;* nor in any case for delays arising from unavoidable interruption in the working of its lines; nor for errors in cipher or obscure messages.

2. In any event the company shall not be liable for damages for mistakes or delays in the transmission or delivery, or for the non-delivery, of any message, whether caused by the negligence of its servants or otherwise, beyond the sum of five thousand dollars, at which amount each message is deemed to be valued, unless a greater value is stated in writing by the sender thereof at the time the message is tendered for transmission, and unless the repeated-message rate is paid or agreed to be paid, and an additional charge equal to one-tenth of one percent of the amount by which such valuation shall exceed five thousand dollars.

3. The company is hereby made the agent of the sender, without liability, to forward this message over the lines of any other company when necessary to reach its destination.

4. Domestic messages and incoming cable messages will be delivered free within one-half mile of the company's office in towns of 5,000 population or less, and within one mile of such office in other cities or towns. Beyond these limits the company does not undertake to make delivery, but will, without liability, at the sender's request, as his agent and at his expense, endeavor to contract for him for such delivery at a reasonable price.

5. No responsibility attaches to this company concerning messages until the same are accepted at one of its transmitting offices; and if a message is sent to such office by one of the company's messengers, he acts for that purpose as the agent of the sender.

6. The company will not be liable for damages or statutory penalties in any case where the claim is not presented in writing within sixty days after the message is filed with the company for transmission.

7. It is agreed that in any action by the company to recover the tolls for any message or messages the prompt and correct transmission and delivery thereof shall be presumed, subject to rebuttal by competent evidence.

8. Special terms governing the transmission of messages according to their classes, as enumerated below, shall apply to messages in each of such respective classes in addition to all the foregoing terms.

9. No employee of the company is authorized to vary the foregoing.

THE WESTERN UNION TELEGRAPH COMPANY

INCORPORATED

NEWCOMB CARLTON, PRESIDENT

CLASSES OF SERVICE

TELEGRAMS

A full-rate expedited service.

NIGHT MESSAGES

Accepted up to 2:00 A.M. at reduced rates to be sent during the night and delivered not earlier than the morning of the ensuing business day.

Night Messages may at the option of the Telegraph Company be mailed at destination to the addressees, and the Company shall be deemed to have discharged its obligation in such cases with respect to delivery by mailing such night messages at destination, postage prepaid.

DAY LETTERS

A deferred day service at rates lower than the standard telegram rates as follows: One and one-half times the standard night letter rate for the transmission of 50 words or less and one-fifth of the initial rates for each additional 10 words or less.

SPECIAL TERMS APPLYING TO DAY LETTERS:

In further consideration of the reduced rate for this special Day Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

A. Day Letters may be forwarded by the Telegraph Company as a deferred service and the transmission and delivery of such Day Letters is, in all respects, subordinate to the priority of transmission and delivery of regular telegrams.

B. Day Letters shall be written in plain English. Code language is not permissible.

C. This Day Letter is received subject to the express understanding and agreement that the Company does not undertake that a Day Letter shall be delivered on the day of its date absolutely, and at all events; but that the Company's obligation in this respect is subject to the condition that there shall remain sufficient time for the transmission and delivery of such Day Letter on the day of its date during regular office hours, subject to the priority of the transmission of regular telegrams under the conditions named above.

No employee of the Company is authorized to vary the foregoing.

NIGHT LETTERS

Accepted up to 2:00 A.M. for delivery on the morning of the ensuing business day, at rates still lower than standard night message rates, as follows: The standard telegram rate for 10 words shall be charged for the transmission of 50 words or less, and one-fifth of such standard telegram rate for 10 words shall be charged for each additional 10 words or less.

SPECIAL TERMS APPLYING TO NIGHT LETTERS:

In further consideration of the reduced rates for this special Night Letter service, the following special terms in addition to those enumerated above are hereby agreed to:

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B. Night Letters shall be written in plain English. Code language is not permissible.

No employee of the Company is authorized to vary the foregoing.

FULL RATE CABLES

An expedited service throughout. Code language permitted.

DEFERRED HALF-RATE CABLES

Half-rate messages are subject to being deferred in favor of full rate messages for not exceeding 24 hours. Must be in language of country of origin or of destination, or in French. This class of service is in effect with most European countries and with various other countries throughout the world. Full particulars supplied on application at any Western Union Office.

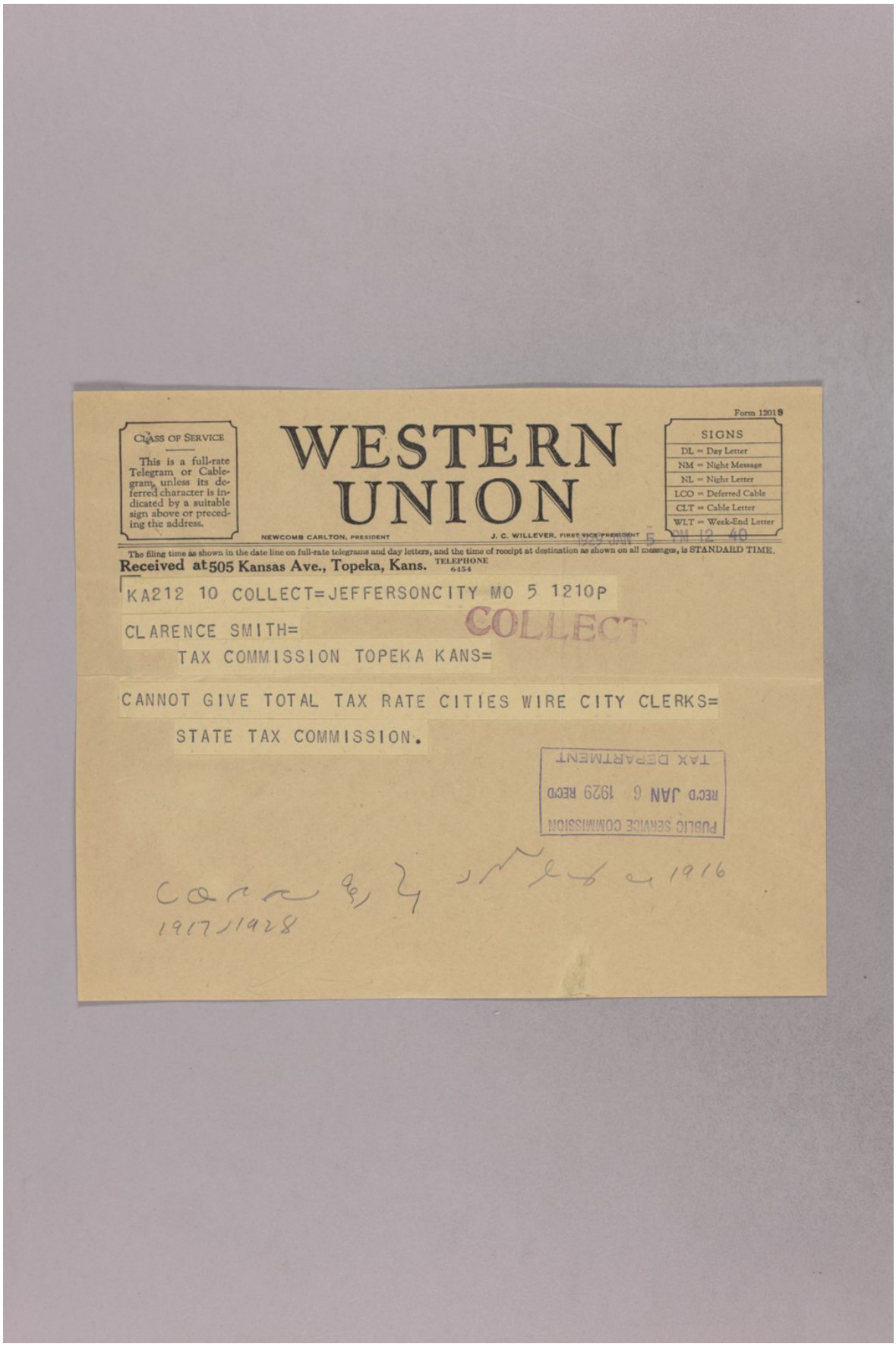
CABLE LETTERS

For plain-language communications. The language of the country of destination may be employed, if the Cable Letter service is in operation to that country. Subject to delivery at the convenience of the Company within 24 hours if telegraphic delivery is selected. Delivery by mail beyond London will be made if a full mailing address is given and the words "Post London" are written after the destination. Rate is approximately one-third of the full rate; minimum 20 words.

WEEK-END LETTERS

Similar to Cable Letters except that they are accepted up to midnight Saturday for delivery Monday morning, if telegraphic delivery is selected. Rate is approximately one-quarter of the full rate; minimum 20 words.

Governor Clyde M. Reed correspondence, tax matters



Form 1201 S

CLASS OF SERVICE

This is a full-rate Telegram or Cablegram, unless its deferred character is indicated by a suitable sign above or preceding the address.

WESTERN UNION

NEWCOMB CARLTON, PRESIDENT J. C. WILLEVER, FIRST VICE-PRESIDENT

SIGNS

DL = Day Letter
NM = Night Message
NL = Night Letter
LCO = Deferred Cable
CLT = Cable Letter
WLT = Week-End Letter

5 PM 12 40

The filing time as shown in the date line on full-rate telegrams and day letters, and the time of receipt at destination as shown on all messages, is STANDARD TIME.

Received at 505 Kansas Ave., Topeka, Kans. TELEPHONE 6454

KA212 10 COLLECT=JEFFERSONCITY MO 5 1210P

CLARENCE SMITH= COLLECT

TAX COMMISSION TOPEKA KANS=

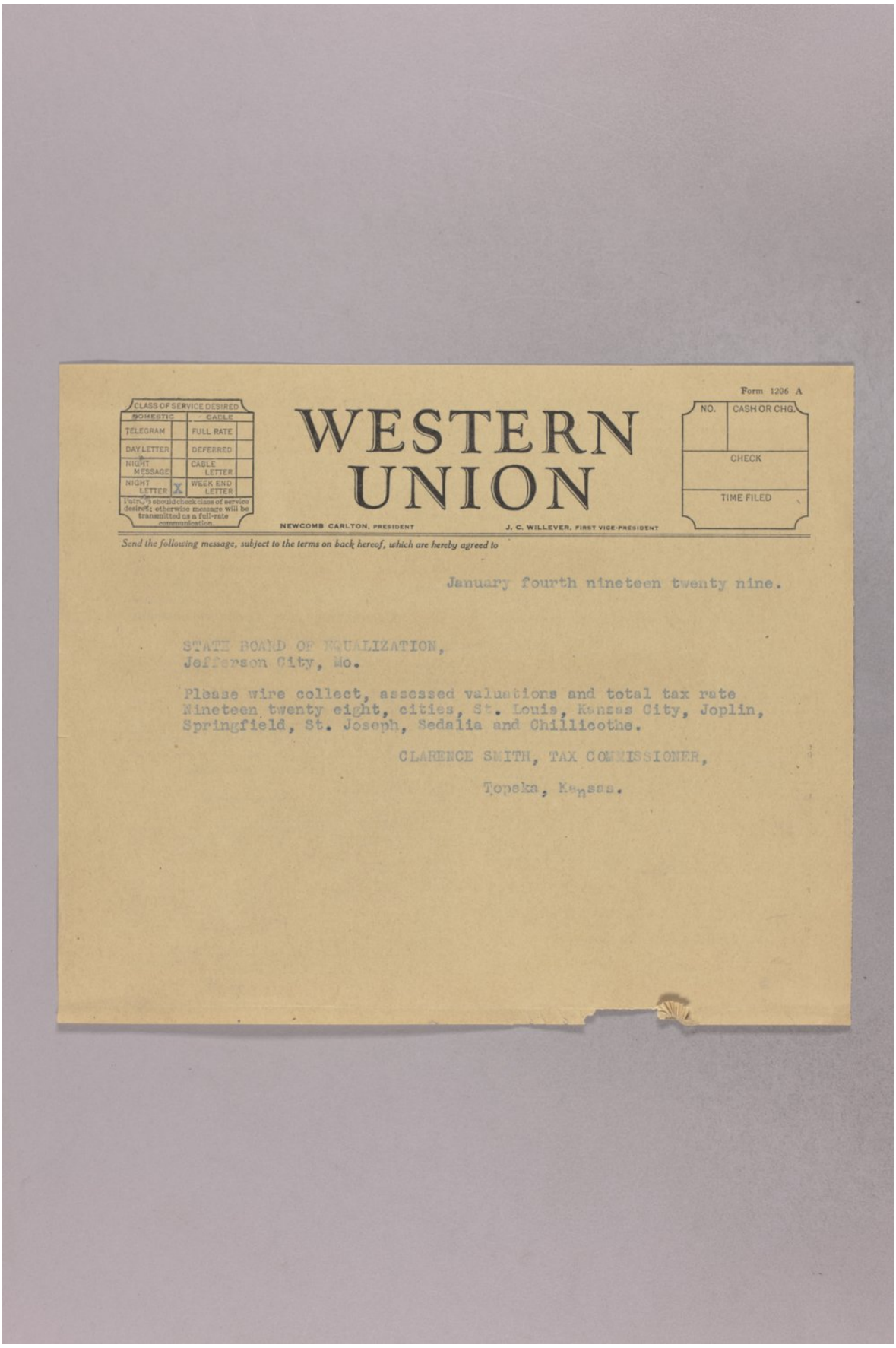
CANNOT GIVE TOTAL TAX RATE CITIES WIRE CITY CLERKS=

STATE TAX COMMISSION.

PUBLIC SERVICE COMMISSION
REC'D JAN 6 1929 REC'D
TAX DEPARTMENT

Corr re 1916
1917 / 1928

Governor Clyde M. Reed correspondence, tax matters



Form 1206 A

CLASS OF SERVICE DESIRED

DOMESTIC		CABLE	
TELEGRAM		FULL RATE	
DAY LETTER		DEFERRED	
NIGHT MESSAGE		CABLE LETTER	
NIGHT LETTER	X	WEEK END LETTER	

If no mark is placed opposite class of service desired, otherwise message will be transmitted as a full-rate communication.

WESTERN UNION

NEWCOMB CARLTON, PRESIDENT J. C. WILLEVER, FIRST VICE-PRESIDENT

NO.	CASH OR CHG.
CHECK	
TIME FILED	

Send the following message, subject to the terms on back hereof, which are hereby agreed to

January fourth nineteen twenty nine.

STATE BOARD OF EQUALIZATION,
Jefferson City, Mo.

Please wire collect, assessed valuations and total tax rate Nineteen twenty eight, cities, St. Louis, Kansas City, Joplin, Springfield, St. Joseph, Sedalia and Chillicothe.

CLARENCE SMITH, TAX COMMISSIONER,

Topeka, Kansas.

Governor Clyde M. Reed correspondence, tax matters

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NO. 28,817.

D. A. VORAN, for himself and for and on behalf of 114 other persons similarly situated, PLAINTIFF, v. JOHN M. WRIGHT, as County Treasurer of Shawnee County, and O. B. EDDY, as County Clerk of Shawnee County, DEFENDANTS.

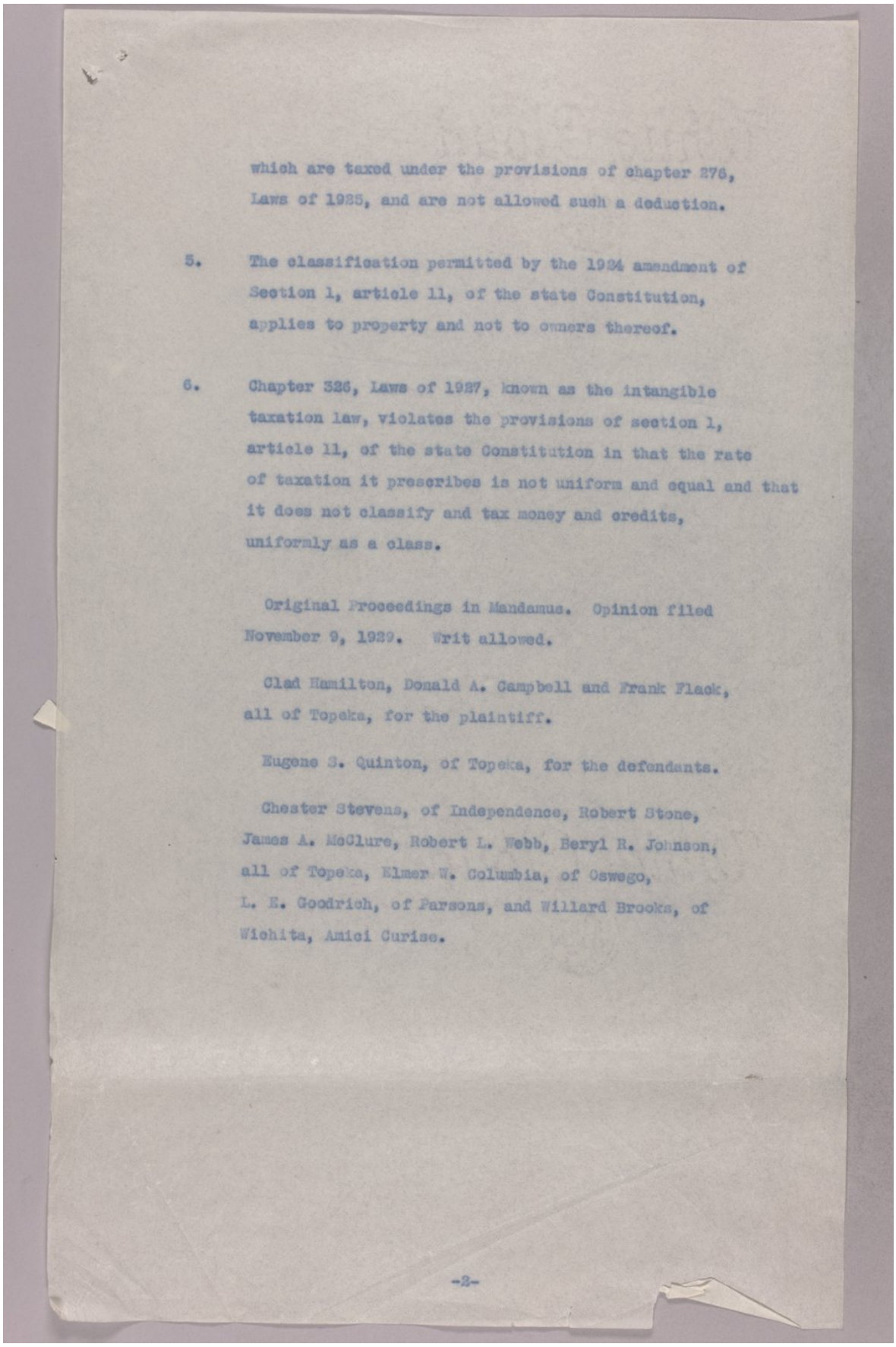
SYLLABUS BY THE COURT.

1. Repeals by implication are not favored, and where laws concerning the same subject matter are enacted at the same session of the legislature andmade effective only a few days apart, they should be considered together in order to determine the truemeaning and purpose thereof.

2. Any tax imposed on the shares os stock of a national bank which is at a greater rate than that assessed upon other moneyed capital in the hands of individual citizens of the state coming into competition with the business of national banks, is in violation of Rev. St. U.S. 5219.

3. The provisions of Chapter 326, Laws 1927, are in violation of the requirements of Rev. St. U.S. 5219, in which they permit and authorize a discrimination in the rate of taxation between the stockholders of national banks and other corporations and individual citizens having moneyed capital coming into substantial competition with the business of national banks.

4. The allowance for taxation of a deduction from the capital stock of an incorporated mortgage company of real estate mortgages that have been registered as provided by Chapter 273, Laws of 1925, is a discrimination against the stockholders of national and state banks,



which are taxed under the provisions of chapter 276, Laws of 1925, and are not allowed such a deduction.

5. The classification permitted by the 1924 amendment of Section 1, article 11, of the state Constitution, applies to property and not to owners thereof.

6. Chapter 326, Laws of 1927, known as the intangible taxation law, violates the provisions of section 1, article 11, of the state Constitution in that the rate of taxation it prescribes is not uniform and equal and that it does not classify and tax money and credits, uniformly as a class.

Original Proceedings in Mandamus. Opinion filed November 9, 1929. Writ allowed.

Clad Hamilton, Donald A. Campbell and Frank Flack, all of Topeka, for the plaintiff.

Eugene S. Quinton, of Topeka, for the defendants.

Chester Stevens, of Independence, Robert Stone, James A. McClure, Robert L. Webb, Beryl R. Johnson, all of Topeka, Elmer W. Columbia, of Oswego, L. E. Goodrich, of Parsons, and Willard Brooks, of Wichita, Amici Curiae.

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The opinion of the court was delivered by

HUTCHISON, J.: This is an original proceeding in mandamus brought by D. A. Voran, a stockholder in The Fidelity Savings State Bank of Topeka, for himself and for and on behalf of one hundred and fourteen other stockholders in that bank against the county treasurer and county clerk of Shawnee County, to compel them to accept and receipt for the tender made by the bank of $1,001.68, as and for the first half of the taxes of the bank for its stockholders for the year 1928, calculated upon the intangible property tax rate instead of the amount levied and assessed against the bank and its stockholders computed on the general tangible property, or ad valorem rate of taxation, the tender being made and refused December 19, 1928.

Plaintiff avers as reasons for the issuance of such writ that certain clauses and provisions of chapter 326 of the Session Laws of 1927 under which the tangible property rate was levied and assessed against the bank and its stockholders was in violation of the Constitution of the United States in that it was taking property without due process of law (Amendment 14, Bill of Rights), and in violation of the recent amendment to section 1 of article 11 of the state constitution if it is to be construed as denying the bank, the plaintiff and his fellow stockholders of the privilege of being taxed at the intangible rate. Plaintiff further avers that there is unjust, arbitrary, capricious and unreasonable discrimination under the provisions of chapter 326, Laws of 1927, in that under a recent decision of the Federal Court national banks and their stockholders are relieved from the assessment under the tangible property rate, and also that the act itself relieves other moneyed corporations and individual citizens engaged in like business as the state bank in which the plaintiff is a stockholder from the burden of assessment and levy under such rate. Plaintiff further avers that on the 1st day of March, 1928, more than 97 per cent of the personal property of The Fidelity State Bank was invested in intangible securities.

An alternative writ of mandamus was issued and the defendants filed answer thereto on return day.

Defendants in their answer admit they are the officers as alleged, that plaintiff and those for whom he pleads are stockholders as alleged, and that the tender was made as alleged but deny generally all other allegations of the petition. They especially "deny that they refused to accept said tender so alleged to have been made by the bank in behalf of its stockholders, and issue receipt therefor upon certain invalid and unconstitutional provisions of Chapter 326 of the Session Laws of 1927 but did urge and claim that the said plaintiff and his fellow stockholders were, by virtue of the laws of Kansas controlling, towit: Chapter 276 of the Session Laws of 1925 under legal obligation to pay the sum of $3,021.75 being the half tax claimed and demanded upon the value of said stock computed at the general tangible property rate".

Defendants further aver that the general property tax rate of the city of Topeka for the year 1928 was $3.50 per hundred dollars valuation and as such was levied and assessed against the plaintiff and his fellow stockholders in the bank as provided by law might be done under the amendment to the Constitution, Article 11, section 1, and under and pursuant to chapter 276, Laws of 1925. Defendants further aver that the bank of which the plaintiff is a stockholder furnished the assessing officer under oath a list of all the stockholders and the number of shares of each and all the requirements set forth in Chapter 276, Laws of 1925, as a basis for the assessment so made by the assessor, and that according to such information so furnished under said law the correct amount of the first half of the taxes for the year 1928 was $3,021.73, the amount demanded by these defendants when the tender was made and is still demanded by them.

The pleadings make an issue of law, no evidence being offered. Chapter 276, Laws of 1925, which amended and repealed R.S. 79-1101 prescribes the method of assessing shares of stock issued by national and state banks and other banking organizations

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assessing to the shares of stock the proportionate share of the value of the capital stock, surplus and undivided profits, less certain allowance for real estate. This is the act under which the assessment complained of was made. It became effective March 17, 1925. It provided that: "shares of stock issued by national banks and by state banks and savings banks, or other banking organizations, and by loan and trust companies, located in this state, shall be assessed to the individual shareholders at the place where the particular bank, or loan and trust company is located." It amended and repealed R.S.79-1101, which was section 1 of chapter 306, Laws of 1919. The only change made, however, by the amendment was the allowance of one half of the amount of the combined capital and surplus instead of one third, to be deducted from the original gross valuation of the shares of stock for real estate owned by the bank. The act of 1919 in turn was an amendment of chapter 34, Laws of 1876. The two earlier enactments differ greatly in phraseology from the two later ones but they outline the same general method of assessing the shares of stock of banks and other moneyed institutions engaged in the same or similar business. These four laws have frequently been upheld as constitutional and valid, among which decisions are the following: National Bank v. Fisher, 45 Kan. 726, 26 Pac. 432; Dutton v. National Bank, 53 Kan. 440, 36 Pac. 719; Bank v. Lyman, 59 Kan. 410, 53 Pac. 125; Bank v. Geary County, 102 Kan. 334; 170 Pac. 33; State Bank v. State Tax Commission, 114 Kan. 267, 217 Pac. 304; Ranchmen's Trust Co. v. Duncan, 114 Kan. 308, 219 Pac. 525.

A most exhaustive study and complete and thorough discussion of the many features involved in the assessment of the shares of stock of banks and loan and investment companies under the statute of 1891, was made by Justice Burch in the Geary County case above cited. The first paragraph of the syllabus is as follows:

"The tax contemplated by section 11236 of the General Statutes of 1915, relating to taxation of national banks, state banks, and loan or investment companies, is a tax on shares of stock in the hands of stockholders, and not a tax on capital stock or assets, the property of the corporation."

Continuing, the opinion points out the method of arriving at the true value of the shares of stock and separates the deductions allowed from those not allowed under the law. It also sets out the reason for this law, and the grouping of national and state banks and other moneyed corporations engaged in like business.

National Banks, being governmental agencies, would not be subject to a tax imposed by the state, and the only way to reach such property was by the indirect method sanctioned by act of congress. It is argued that the state could have taxed the shares of stock in such banks without the permission thus granted by Congress, but it has been granted with requirements and restrictions, and this state and all others have attempted to comply with the restrictions and terms imposed rather than try to accomplish the same in disregard of such consent, even if it could have been so done.

Instead of taxing the national bank on the valuation of its property, the act authorizes the state to tax its shareholders on the basis of the true value of the shares of stock, but the act prescribes that such tax shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of the state coming into competition with the business of national banks. This act is known as Section 5219 of the Revised Statutes of the United States, which was amended in 1923, and is as follows:

"Sec. 5219. The legislature of each state may determine and direct, subject to the provisions of this section, the manner and place of taxing all the shares of national banking associations located within its limits. The several statesmay tax said shares, or include dividends derived therefrom

-6-

in the taxable income of an owner or holder thereof, or tax the income of such association, provided the following conditions are complied with:

"1. (a) The imposition by said state of any one of the above three forms of taxation shall be in lieu of the others.

(b) In the case of a tax on said shares the tax imposed shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such state coming into competition with the business of national banks: Provided, that bonds, notes or other evidence of indebtedness in the hands of individual citizens not employed or engaged in the banking or investment business and representing merely personal investments not made in competition with such business, shall not be deemed moneyed capital within the meaning of this section."

Our statute, chapter 276, Laws of 1935, above quoted, in an attempt to literally comply with the provisions of this Act of Congress, grouped together national banks, state banks, saving banks and other banking organizations and loan and trust companies, and provided for the assessment to be made against all the individual shareholders in all such organizations. From this grouping of banking institutions whose stockholders are to be assessed and taxed, there has arisen a confusion as to classes for taxation, especially under the amendment to section 1, article 11, of the Kansas Constitution, which is as follows:

"The legislature shall provide for a uniform and equal rate of assessment and taxation, except that mineral products, money, mortgages, notes and other evidence of debt may be classified and taxed uniformly as to class as the legislature shall provide.

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All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, and personal property to the amount of at least two hundred dollars for each family, shall be exempted from taxation." (ch. 255, Laws 1923).

A careful reading of this amendment compels the conclusion that the classification therein permitted is of property and not of the owners thereof, as is sometimes urged in connection with our grouping of stockholders, of merchants and manufacturers, and of others ih our statutes. An inadvertent expression of this kind is found in the opinion in the case of Davis-Wellcome Mortgage Co. v. Haynes, 119 Kan. 1, 237 Pac. 918, which was evidently not so intended and was not pertinent or essential to the decision therein reached. This amendment was adopted in 1924 and the new part of the section is that which permits the classification of mineral products, money, mortgages, notes and other evidence of debt, but requires that such property be taxed uniformly as to class, as the legislature may provide.

At the 1925 session of the legislature two acts were passed classifying property for taxation, chapter 273 included real estate mortgages only and imposed a registration fee as the only tax to which they would be subject. The other act, chapter 277, classified money and credits and imposed an annual tax of 25 cents on each $100. of fair cash value thereof, and exempted them from all other taxation. One section of this act was amended by chapter 278, which extended the definition of money and credits, but made no other change. Both these acts became effective March 7, 1925. Section 2 of Chapter 277 contains the following provision:

"Provided, That nothing in this act shall be construed to apply to money or credits, as herein defined, belonging to persons or to corporations incorporated under the laws of this state, the taxation of which is otherwise provided for by law, or

to any national banking association, or the stock thereof."

It is urged by the defendants that there is no conflict between these acts as to taxation of money and credits, and chapter 276, which was enacted at the same session and became effective ten days later, but if for any reason there should appear to be any conflict, then the act which became effective later will repeal the former acts by implication, and chapter 276 would be controlling. We think that where different acts affecting the same subject matter are enacted at the same session of the legislature and take effect about the same time, they should all be considered together to ascertain the real legislative purpose and intent.

> "Laws enacted by the same legislature about the same time and concerning the same subject-matter, being in pari materia, are to be taken and considered together in order to determine the legislative purpose and arrive at the true results."
> (In re Hall, Petitioner, 58 Kan. 670, 17 Pac. 649).
> (See also, Railway Co. v. Railway Commissioners, 85 Kan. 229, 116 Pac. 896; State, ex rel., v. City of Lawrence, 98 Kan. 808, 160 Pac. 217.)

But both these chapters, 277 and 278, were repealed and amended at the 1927 session of the legislature by chapter 326, the first and second sections of which are as follows:

> "Section 1. That for the purpose of this act the term 'money' shall mean and include gold and silver coin, United States treasury notes, bank notes and other forms of currency in common use. The term 'credits' shall mean and include notes, mortgages, foreign stocks, bonds, annuities, royalties, contracts, copyrights, claims secured by deeds and every liquidated claim and demand for money, shares of stock in building and loan

associations, other than permanent stock, or other valuable thing, except notes or obligations secured by mortgages on real estate, which mortgages have been recorded in this state, and registration fee or tax paid thereon, and shares of stock upon which taxes are otherwise payable under the laws of this state: Provided, that nothing in this act shall be construed to apply to money or credits, as herein defined, belonging to persons, partnerships, associations or corporations, the taxation of which is otherwise provided for by law, or to any national banking association, or the stock thereof, or to moneyed capital in the hands of individual citizens of this state coming into competition with the business of national banks: Provided, further, that bonds, notes or other evidences of indebtedness in the hands of individual citizens not employed or engaged in the banking, loan or investment business and representing merely personal investments, not made in competition with the business of national banks, shall not be deemed such moneyed capital.

"SEC. 2. That money and credits as hereinbefore defined are hereby separately classified for taxation purposes and shall hereafter be taxed annually at the rate of five mills on the dollar of the actual value thereof; and hereafter such money and credits shall be exempt from all other taxation."

It will be observed in this act as well as in chapter 277, Laws 1925, there is a definite effort to avoid interfering with the provisions of chapter 276 of the Laws of 1925, which may be considered as an effort to support and sustain the taxing provision of chapter 276.

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It not only provides that nothing in the act shall be construed to apply to money or credits belonging to persons, partnerships, associations or corporations, the taxation of which is otherwise provided for by law, but also specifically exempts it from applying to national banks and its stockholders and individuals whose moneyed capital comes into competition with the business of national banks. The special emphasis here exercised, to avoid any possible danger of having the act construed as general, is quite in harmony with the provisions of section 5219 of the Federal Statutes. It will be noted that section 5219 does not exact that stockholders of national banks are not to pay a greater rate than stockholders in other banking institutions, but they are not to pay a greater rate than individual citizens whose moneyed capital comes into competition with the business of national banks. Our chapter 276 only reaches corporations having capital stock. The fact that it does not cover the whole field does not affect its validity. It is all right as far as it goes, but a scrupulous compliance with its provisions will not meet the full protection exacted for the stockholders of national banks. Individuals and partnerships do not issue shares of stock, and must therefore be otherwise taxed. Chapter 326 also mentions and exempts corporations, the taxation of which is otherwise provided for by law. There are several such, the merchants and manufacturers for instance, and those of a general class provided for in R.S. 79-310. This last mentioned statute was the one under consideration in connection with the mortgage registration act, chapter 275, and the intangible taxation act, chapter 277, in the case of Davis-Wellcome Mortgage Co. v. Haynes, supra, where it was held that an incorporated mortgage company and manufacturers and merchants were not entitled to the benefits of the intangible taxation act because their taxation was otherwise provided for by law, viz., R.S. 79-310 and R.S. 79-1001 to 1007. Chapter 277 was upheld as constitutional but the mortgage company was held to be entitled to a deduction from its capital stock of the amount it had invested in real estate mortgages, by virtue of the mortgage registration act.

This case is referred to in the case of Central Nat. Bank v. McFarland, 20 Fed. (2d) 416, where the federal court held there was an unjust discrimination in applying the ad valorem rate of taxation to stockholders of the plaintiff national bank, and the intangible and mortgage registration rate to others whose moneyed capital came in competition with the business of the national bank. This decision was rendered February 2, 1927, in the District Court, Kansas, First Division, and was later affirmed by the Circuit Court of Appeals, Eighth Circuit, 26 Fed. (2d Ser.) 890. This decision which relieves the stockholders of national banks from the obligation of paying the ad valorem rate of tax is one of the discriminations plead and urged by the plaintiff as unjust, capricious and unreasonable when the plaintiff and his fellow stockholders are expected and required to pay at that rate. But defendants contend that this decision should not be followed because it attempted to construe and determine the validity of a state statute, which is the special province and duty of the state courts, and that federal courts should accept the construction placed thereon by the state courts; and, further, that the state courts are not required to accept and follow such ruling when made prior to any ruling thereon by the state courts. There is no question but that the state courts would have a right to place a different construction upon one of its own laws than that given it by the federal court, and continue to adhere to such construction, but in a matter of this character, would that do away with the discrimination of which complaint is made? The stockholders of the national banks are relieved from the payment of the ad valorem rate of taxation because of discrimination in violation of section 5219, Federal Statutes. They would continue to adhere to that favorable ruling, and whether right or wrong, their failure to pay would make a discrimination between them and the stockholders of the state banks.

Besides, the matter determined in the federal court was not wholly the construction of a state statute, but the application of its terms to the requirements of an act of congress concerning an instrumentality of the federal government -- a national bank.

> "A bill to enjoin the collection of taxes assessed against a national bank and against the stockholders on their shares, on the grounds that the taxation was double, that the stockholders were not allowed to set off debts against the valuation of their shares, and that the board of equalization illegally increased the assessment, raises the federal question of the validity of the tax, under Rev. St. U.S. 5219, prescribing the method in which national bank shares may be taxed." (Sioux Falls Nat. Bank v. Swenson et al. 48 Fed. 621, syl. 1.)

Only a few weeks after this decision in the Central National Bank case was handed down by Judge Pollock, a decision was rendered by the Supreme Court of the United States, opinion written by Justice Stone, in the case of First National Bank v. Hartford, 273 U.S. 548, on appeal from the supreme court of Wisconsin, where a similar statute exempted certain intangible property from taxation, but continued to tax shares of bank stock at the ad valorem rate. It was there held:

> "The validity, under Rev. Stats, 5219, of a state tax on national bank shares at a greater rate than that assessed on other moneyed capital depends upon whether or not the moneyed capital thus favored is employed in such a manner as to bring it into substantial competition with the business of national banks." (Syl. 2.).

"The requirement of approximate equality in taxation (R.S. 5219) is not limited to moneyed capital invested in state banks or to competing capital employed in private banking; it applies wherever capital, substantial in amount compared with the capitalization of national banks, is employed in a business, or by private investors, in the same sort of transactions as those in which national banks engage and in the same locality in which they do business." (Syl. 5.)

"In this case the evidence shows substantial competition with national banks by untaxed capital in the business of making loans and selling credits and also by capital of private individuals who, as investors of surplus funds, were engaged in lending money at interest on real estate mortgages and other evidences of indebtedness, normal to banking." (Syl. 6.)

On the same day another decision was handed down by the Supreme Court of the United States in the case of Minnesota v. First National Bank, 273 U.S. 561, to the same effect, where by statute the state of Minnesota assessed the shareholders of national banks at 40 per cent of the full value of the stock, but for money and credits only a rate of 3 mills. It was held to be discriminatory and in violation of section 5219. See, also, Georgetown Bank v. McFarland, 273 U.S. 568, where in consideration of a Kentucky statute a different result was reached on the evidence that was before the court, but the decision in the Wisconsin case, above cited, was approved. A similar holding was made by the same court in a recent case from Montana, Mont. Bank v. Yellowstone County, 276, U.S. 499:

"A substantial discrimination against national banks in favor of incorporated state banks resulting