

Governor Clyde M. Reed correspondence, taxation from the special legislative session

Section 4, Pages 91 - 95

This file includes subject correspondence relating to the special legislative session to focus on taxation. Topics in the correspondence cover but is not limited to intangible and registration tax law, questionnaires from the Kansas League of Women Voters, and Salina retaining the intangible tax law. This file is part of a bigger collection of Governor Clyde M. Reed correspondence.

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system and the adoption of modern methods of assessment and collection of taxes, and by the adoption, as recommended by the Governor, of an income and other new forms of taxation, looking to the more equal distribution of the tax burden.

In infer from your letter that you are satisfied with the repeal of the intangible tax law. If the intangible tax law had not been repealed, all the banks of the state would have been practically eliminated from the tax rolls, thereby taking off over fifty million dollars of value from the tax rolls, and causing a still greater increase in the tax on real estate and personal property. Had the Legislature failed to repeal the intangible tax law, the tax on your and my land would have been higher for the year 1930 than it now will be. In regard to the suggestion that the repeal of the intangible tax law removes the opportunity to invest savings in investments carrying a low rate of taxation, the investment of savings in real estate mortgages, taxed one fourth of one per cent for the life of the mortgage, is still open, and is a desirable investment for any savings by residents of Kansas. Confronted by the same problem, other men have loaned their savings on real estate mortgages, and are deriving therefrom reasonable income.

Respectfully,

RAE/MCW

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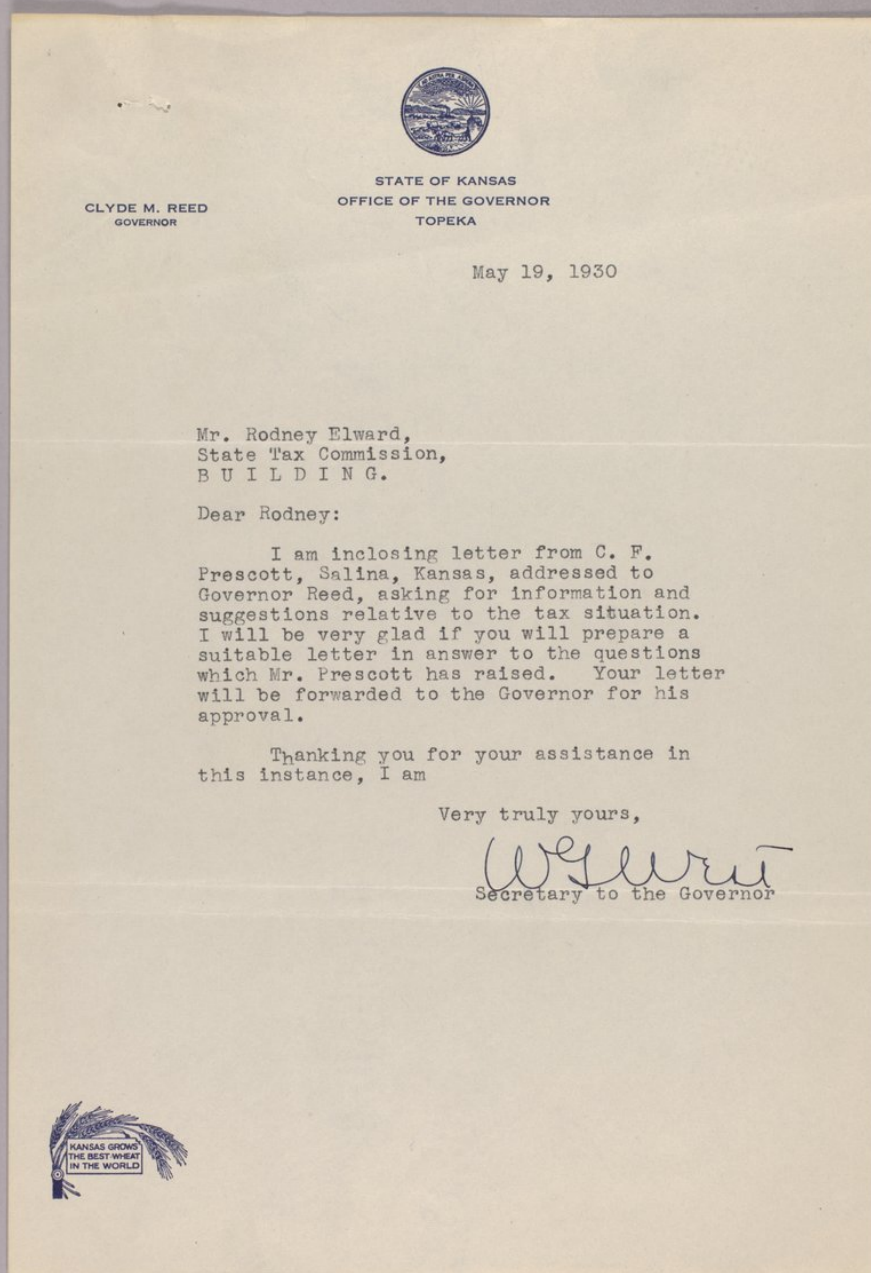
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Salina, Kansas.
May 17, 1930.

Hon. Clyde M. Reed,
Topeka, Kansas.

Dear Sir:

The campaign on which your administration went into office led taxpayers to believe that the burden of taxation would be lightened, that new sources of revenue would be tapped and that holders of property, particularly real estate, would be benefited.

The results from the last session of the legislature have disillusioned us. The recent visit of the assessor shows us that the tax burden has become still more burdensome and unjust. The assessor tells us that not only has the intangible tax been repealed, which we knew, but that the attempt is being made to make that action retroactive and apply to returns of March 1st, of this year, although the repeal was made after that date. That would appear manifestly illegal to the average layman; but even if technically legal it is certainly unjust and seems undefensible. In fact, our whole system of taxation in this state dates from the days of the tallow candle.

I am a wheat grower. Income from wheat farms is declining while taxes grow steadily each year. Statistics show that while income from the farms of the United States have increased little since 1913, taxes have increased about 150%. For the wheat raiser the comparison is still more unfavorable.

Now since the action on the intangible tax, what can a wheat grower turn to to invest past savings, or future savings if lucky enough to have any? Shall he buy more highly assessed and heavily taxed land? He has too much of that already. Shall he deposit with a Building & Loan Association paying 5%? After paying \$3.30 on the hundred dollars as in this locality he is left an income of 1.7%. It is the same or worse with bank deposits, savings accounts, bonds, or stocks of any but a Kansas corporation. What incentive is there to work and save?

The tax situation in Kansas forces me, whether a farmer trying to make ends meet, or a man of means, large or small, to one of the following alternatives:

(1) To be honest and accept a return on his work and savings which not only does not afford a decent living but will eventually bankrupt him.

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(2) To conceal his property as far as possible, make a false return and trust to getting by with it; and the present tax laws in Kansas are an inducement to, and put a premium on, swearing to a false return.

(3) Sell out, take his loss, and move to some other state. I have already heard of one family which is leaving the state largely for this reason and I am told others are considering it.

As Governor of this state which of these alternatives do you suggest?

This letter is not written with any political prejudices or bias, for I have none, and I realize the difficulty you and the legislature were confronted with regarding the intangible law and the whole question of taxation. It is written with a sincere desire to get some enlightenment as to what the future holds for the property owner, particularly the wheat farmer. The taxpayer is desperate, and while entirely willing to pay his fair share of the public revenues, he wants relief, and speedy relief from an intolerable situation.

I would appreciate an early, frank and full reply.

Respectfully,

C. F. Prescott