MORNING SESSION.

WEDNESDAY, May 1, 1912.

The Convention met pursuant to adjournment, was called to order by the president, and opened with prayer by the Rev. William H. Woodring, of Columbus, Ohio.

The journal of yesterday was read and approved.

Mr. Peters rose to a question of privilege, and asked that his vote be recorded on the motion to lay the amendment of Mr. King to Proposal No. 272 on the table.

Consent was given, and his name being called Mr. Peters voted in the affirmative.

Mr. PECK: I would like to have permission at this time to offer two reports from the committee on Judiciary.

By unanimous consent Mr. Peck submitted the following report:

The standing committee on Judiciary and Bill of Rights, to which was referred Proposal No. 333—Mr. Peck, having had the same under consideration, reports it back, and recommends its passage.

The report was agreed to. The proposal was ordered to be engrossed and read the second time in its regular order.

By unanimous consent Mr. Peck submitted the following report:

The standing committee on Judiciary and Bill of Rights, to which was referred Proposal No. 334—Mr. Jones, having had the same under consideration, reports it back, and recommends its passage when so amended:

In line 6 strike out the word “apparent.”

Strike out lines 7 and 8 and the first nine words in line 9 and in lieu thereof insert the following: “or other claims and interests in and to the lands the titles to which are so registered, insured, or guaranteed, and for the creation and collection of guaranty funds by fees to be assessed against lands, the titles to which are registered.”

In line 11 after the word “recorders” insert the words “or other officers.”

The report was agreed to. The proposal was ordered to be engrossed and read the second time in its regular order.

On motion of Mr. Peck the proposal as amended was ordered printed.

SECOND READING OF PROPOSALS.

The PRESIDENT: The next order of business is second reading of proposals.

Proposal No. 329—Mr. Knight, was read the second time.

Mr. KNIGHT: I shall take about ten minutes to explain the history and the intent of this proposal. In the original Proposal No. 272, upon which we acted yesterday, section 4, as introduced, proposed to confer upon all cities in the state practically sufficient power as cities over educational matters to make a very serious inroad upon the general system of education throughout the state. As a matter of fact, a considerable number, if not a majority of the municipalities, do not have boundaries coincident with the boundaries of school districts, and consequently to confer upon the municipalities as such this power that was proposed in section 4 of that original proposal would have been fatal, or at least the committee on Education, and from the very start a number of the committee on Municipal Government, believed it would have been fatal, to any great public school system in the state of Ohio. At the same time, however, it was and is recognized that there is a great need that city schools of the state, the independent school districts and other school districts shall have the right to determine for themselves the number of members of the district school boards and the organization of the boards, not, however—

Mr. MILLER, of Crawford: This says “section 3.” Will this be an additional section?

Mr. KNIGHT: I will come to that in a moment. I am explaining the original proposal now. It is desirable that the school districts shall have the right to determine for themselves the number of members of their school boards, without in any way permitting their power to be independent, but leaving them subject to the general educational system of the state. By a conference between the Education committee and the committee on Municipal Government the agreement was reached that the old section 4 of Mr. FitzSimons' proposal should be dropped out entirely and that this proposal should be introduced here. It merely happens to bear the name of the present speaker. It might just as well bear the name of any other member of the Education committee, as it was ordered by them.

The proposal undertakes to add a section to the present article on the subject of education, which is article VI of the constitution, and to do two things, both of which the committee on Education thinks desirable:

1. In its first three lines it provides that the general assembly shall by law provide for the organization, administration and control of the public school and educational system of the state. It specifically lodges all the power in the lawmaking body of the state to organize, administer and control the educational system of the state. Desirable as this was prior to four o'clock yesterday, it is even more desirable this morning that it should be enacted. This Convention in the judgment of a good many members hastily and unwisely adopted a complete new substitute for section 7, in lieu of the one threshed out for months in the Municipal Government committee, and one of the guarding clauses of section 7 does not appear in the proposal as adopted yesterday, and it is altogether questionable whether under the proposal adopted any city having a charter for itself might not
arrogate complete control over the educational system, and deprive the state of jurisdiction over educational matters in the city. It is a matter of great regret that the Convention, in one of those lapses which often happen, should have adopted without debate and without consideration a hastily prepared amendment, when the original section in the proposal was much better than the one adopted. In view of that, whatever else happens to this proposal, the first three lines must be adopted in order to establish definitely that the state shall for all time, until the constitution is further amended, have complete control over the educational system, and that no city, village or part of territory of the state can withdraw itself, under the guise of a charter, from the public educational system of the state. So much for the first part of the proposal.

2. The second part of the proposal wants to do what is practically and subsequently necessary for the jurisdiction of the various districts of the state in order to prevent, or in order to break down, what now exists, the apparent necessity for the same sized school board for all districts, regardless of the number of schools, the amount of money and, generally, the machinery of organization. Therefore, the latter part of the proposal undertakes to embody what was the substantial undertaking between the two large committees on Municipal Government and Education. It says that each school district within the state shall have the power by referendum vote to determine for itself the number of members and the organization of the district board of education. This in no wise touches the power of the district over the school affairs. It matters not what form or size the school board is, the power of that school board over school matters would be just the same throughout the state, and preserve the educational system of the state. Then there is a further clause, that the lawmaking power — the general assembly — shall make provision for the exercise of this right. It was not deemed necessary or advisable to undertake to provide in any such proposal as this the machinery by which the thing undertaken to be accomplished here shall be worked out. As long as the first part of the proposal places in the hands of the lawmaking body of the state the complete power over the educational system, it is certainly wise and safe to leave them to enact legislation necessary to provide for the referendum vote. That is all in the proposal, a unified control over the educational system of the state, so far as the government in districts is concerned, ought to be left with the general assembly.

Mr. PETTIT: I was absent when action on the substitute for section 7 was taken, and I desire to ask whether, in your opinion, the substitution of that matter interfered with the school matter?

Mr. KNIGHT: In section 7?

Mr. PETTIT: Yes.

Mr. KNIGHT: As I said a moment ago, in the judgment of some of us the new section 7, which now appears in the proposal adopted yesterday, is at least open to a construction which might permit municipalities to do the very thing which everybody interested in education in the state does not want them to do, and it is not necessary to municipal home rule. Beyond that I do not care to go into section 7 of yesterday's proposal.

Mr. PETTIT: If that is your opinion, why not reconsider that?

Mr. DOTY: I desire to offer an amendment to Proposal No. 329, correcting the wording.

The amendment was read as follows:

In line 8 strike out “The general assembly shall make” and insert after “provision” the following: “shall be made by law.”

Mr. KNIGHT: I have no objection to that amendment.

The amendment was agreed to.

Mr. MILLER, of Crawford: What do you consider a school district?

Mr. KNIGHT: The township is a unit.

Mr. MILLER, of Crawford: Then under this proposal we could go back to the local directors for each district?

Mr. KNIGHT: I suppose it is possible, but I doubt whether in the present state of enlightenment in the state of Ohio there is any desire to go back to that, or that there will be any danger of going back. That was threshed out in the committee, and we thought that while there was power to do so, there was no probability of its being done.

Mr. HALFHILL: I offer an amendment.

The amendment was read as follows:

In line 6 strike out the colon, and insert a period, and commencing with the word “provided” in line 6 strike out all the rest of the proposal and the amendment thereto.

Mr. HALFHILL: Up to the point indicated the proposal is all right, but I think the rest of the proposal has no place in the constitutional law of this state, and does not coordinate with sections 1 and 2 of article VI.

It was the policy of those who established the educational system in the state of Ohio to make some very particular restrictions and provisions in relation thereto, and it seems to me that the educational system of the state, so far as the government in districts is concerned, ought to be left with the general assembly.

Mr. HARRIS, of Hamilton: I trust the Convention will not adopt the amendment of the member from Allen [Mr. HALFHILL]. In some of the cities the school board proposition is a very serious one. They have been clamoring for authority to regulate the size of their school board. Under the present law in cities containing over 50,000 inhabitants, the size of their school board can be regulated, providing the existing boards of education are willing to vote themselves out of office. We have that state of affairs in Cincinnati and in some of the other large cities in the state. The larger boards in the city refuse to vote themselves out of office, and this proposal now affords us an opportunity to remedy that condition. In Cincinnati we have thirty-three members.

Mr. HALFHILL: Is not that within the absolute control of the legislature?

Mr. HARRIS, of Hamilton: That is so. The legisla-
In this state that the people think they know how to take a vote the report of the committee on home rule. We have a proposal for cities, and there was legislative matter in that, and the situation is embodied. Yesterday we adopted by an overwhelming vote the report of the committee that they would attempt, so far as they are willing to do in their power, to remedy the defect by introducing a proposal covering the points named in this one. We have had considerable legislative enactment in many proposals, and there is a sound reason for doing so. You need not fear the criticism that will be raised on this proposition. It has been pointed out by the greatest publicists in this and other countries that the reason for putting legislative matters in the constitution in all the states of the United States—and it is not a matter of recent growth, but it has been developing during fifty years—is based on the fear of the people of undue influence that is brought to bear on the legislature. So certain broad fundamental matters, as we call them, or rather what might be termed statutory laws, that are far-reaching in their consequences are being incorporated by the states as part of their constitutions, this departure being based on lack of confidence in the legislature. I sincerely trust that this Convention will accept the proposal as it came from Professor Knight, with the grammatical amendment offered by the member from Cuyahoga [Mr. Doty].

Mr. WINN: Do I understand you to concede that the legislature has full power to do what is sought to be done here as to the number of members?

Mr. HARRIS, of Hamilton: Unquestionably, and I concede it and I submit to the Convention that when there is a question of sound public policy, as in this instance, there is no valid reason for refusing to make it constitutional just as we incorporated legislative provisions in other proposals.

Mr. WINN: This is one of the matters you are not willing to leave to the legislature?

Mr. HARRIS, of Hamilton: From my point of view, yes.

Mr. WINN: You made a very able speech a few days ago deploring our doing anything that the legislature could do. What influenced you to change your mind?

Mr. HARRIS, of Hamilton: I do not bow to the correctness of your memory. I have advocated many things legislative in character that should have been, ought to have been, and have been adopted by the Convention as part of the constitution. We have a proposal from the Judiciary committee in which many legislative matters are involved. There is a proposal for the initiative and referendum in which many legislative matters are embodied. Yesterday we adopted by an overwhelming vote the report of the committee on home rule for cities, and there was legislative matter in that, and the question of consistency rests with you and not with me.

Mr. DOTY: If there is any question of government in this state that the people think they know how to take care of better than any other, it is the matter of the schools. Why should we start at this stage of the game to cut off the people from saying what kind of a board of education they should have in their community, is past my understanding. I can understand why the member from Allen [Mr. HALFHILL] should introduce such an amendment, being not particularly in favor of allowing the people to attend to their own business, but why the rest of us should favor such an amendment I cannot see. Oh, Mr. Halfhill is not a reactionary. There are many more reactionary that Mr. Halfhill. Still, I will say for Mr. Halfhill he is just not actually ready at all times to allow the people to transact their own business in their own way. Now the member from Defiance [Mr. WINN] has brought up the question of the right of the legislature at present to do what this proposal seeks to provide. I think the legislature has got as much power as ought to be granted here. There has been in the past ten years a continual effort to reform our local school laws. This demand has come from Cincinnati sometimes, and sometimes in spite of Cincinnati. It has come from Cleveland, sometimes, and sometimes not. And also from Toledo and other places. What the legislature attempted to do at one time was to pass a law which would allow, not the people of a school district, but the board of education of a school district, to say what kind of a board of education they should have. A perfectly preposterous situation; but the only thing they could do under the present constitution. Now that fits in with the notion, as I understand his notion, of the gentleman from Allen [Mr. HALFHILL], that the people shall elect first somebody who shall say what the people shall do. This proposal does not do that. This proposal says that the people of a school district shall say whether they shall have a large or a small board, a board by districts or a board attached to any district. They could have a town meeting under this. Any way they cared to run the business of the board, or any way they cared to make a board, they themselves can decide, and if you go into these larger school districts with which I am acquainted, you will find that the people think they know more and in fact they do know more about their school affairs than they probably do of any other single function of their government, and to most of the people the board of education work is the most important and interesting function they have. Now we are up to the proposition of allowing them to do their own business, with a referendum on the thing that they know more about than anything else. And still I am not surprised at the action of the member from Allen [Mr. HALFHILL], but I am surprised that the member from Franklin [Mr. KNIGHT] did not at once move to lay the amendment of the gentleman from Allen [Mr. HALFHILL] on the table, where it ought to go, but having made a speech, I do not like to make the motion myself.

Mr. ULMER: I move that the amendment offered by Mr. Halfhill be laid on the table.

Mr. HALFHILL: And I demand the yeas and nays on that.

The PRESIDENT: I have recognized the gentleman from Greene [Mr. Fess].

Mr. FESS: The situation that this proposal was designed to unravel was stated clearly by the member from Franklin [Mr. KNIGHT]. When the home rule proposi-
tion for cities was brought to the attention of the committee on Education, there was one clause in it that did not seem to meet with the approval of the committee on Education, or at least that did not specialize. The sub-committee of the committee on Education was appointed to take the matter up with the Municipal committee, and after a hearing, at the suggestion of the gentleman from Hamilton [Mr. Harris], the committee omitted section 4, with the understanding that there would be a supplemental proposal offered by the committee on Education to fill in what section 4 of the municipal proposal was intended to do, and that is the reason why this proposal was agreed to be heard immediately after the proposal we disposed of yesterday. Now, I see that there is some fear that if you allow the school districts to name the number of its board by a referendum vote, there will be a lack of uniformity. That lack of uniformity can be just the same now as it can be under this proposal, for under the present law we have four classes of school districts, the city school district, the village school district, the township school district and the special school district.

Mr. Hoskins: Would it not be possible that under the provisions of this proposal, instead of having four methods of governing the schools just mentioned, we could have as many methods, with as many variations, as the legislature prescribed. The legislature says that we do not determine it.

Mr. Hoskins: We can determine the number of members and the method of organization of the district boards?

Mr. Fess: But the district is defined.

Mr. Hoskins: The method of organization?

Mr. Fess: Yes; as to the number, you could have as many as there are districts.

Mr. Hoskins: Do you think that would go any farther than to make a difference in the number?

Mr. Fess: The number and the organization and the method—

Mr. Doty: And the election.

Mr. Fess: Yes, and election. We do not have any uniformity now. We have four classes of school districts, and the law says in school districts of fifty thousand inhabitants or over the number of the school board is not to be less than two nor more than five, and for cities of less than fifty thousand, it is not uniform. The city district is fixed. The number is seven. That is fixed by law. This simply supplements the municipal form of government for cities that would come in conflict with the state law. The member from Franklin [Mr. Knight] explained that. The municipal proposal simply applies to cities. Now, here are some school districts that may take in more than a city, and that municipal proposal cannot apply to them—absolutely impossible—and we wanted to supplement that so that the same privilege and principle involved in the proposal for municipalities could be utilized for the school districts. That is all there was in mind; nothing more.

Mr. Miller, of Crawford: We have some uniformity throughout the country districts?

Mr. Fess: Yes.

Mr. Miller, of Crawford: This would permit each township to name the number?

Mr. Fess: Yes. The thing that was in your mind that disturbed you was whether you might not change the unit, or have as many units as each district might want. That is not true. Under this proposal we could define the county as a unit if we wanted to. We can reach that by law. We can make the county the unit, or the township the unit instead of the county if we want to, but after that the number of members shall be left to each district, and also the organization.

Mr. Miller, of Crawford: Under organization, do you think that means management?

Mr. Fess: Oh, I don’t think it would include that.

Mr. Miller of Crawford: It has nothing to do with the technical education?

Mr. Fess: No, nor the employing of teachers. It is nothing in the world except to give the school district that might go beyond the city the right to govern itself, as we gave the right to the city yesterday. We could not put that in the proposal yesterday as originally written, and could not go out beyond the city. The question is, Do you want to carry the principle of home rule in education to cities, with these limitations, that you cannot do certain things?

For example—I might as well be absolutely plainly—we would not want to apply the funds of a public school for sectarian purposes, and under the original plan that might have been done, and we did not want to do it. We wanted to drop the taxing power out of section 4 altogether and supplement it with this proposal.

Mr. Ulmer: I move to lay the amendment on the table.

Mr. Pettit: I want to ask a question.

The President: The question is on the motion to table the amendment offered by the delegate from Allen [Mr. Halfhill].

The motion was carried.

Mr. Pettit: Now I want to ask a question of the gentleman who was last on the floor.

The President: The member from Mahoning is recognized.

Mr. Anderson: I yield to the gentleman from Adams if he wants to ask a question.

Mr. Pettit: Does he—

The President: The member from Mahoning has the floor.

Mr. Pettit: He yielded the floor to me. I want to ask the gentleman from Greene [Mr. Fess] if this proposal goes far enough to include subdistricts?

Mr. Fess: The wording does not put in subdistricts. The question of districting will be left to the legislature. We do not define that.

Mr. Anderson: I offer an amendment.

Mr. Halfhill: I asked for the yeas and nays on that motion to table my amendment.

Mr. Knight: The gentleman had asked for the yeas and nays sometime back.

Mr. Doty: The member from Lucas [Mr. Ulmer] moved to table this amendment at a time when he did not have the floor. He made that motion, which was not in order, he not having the floor, and the member from Allen called for the yeas and nays and that motion to table his amendment. Then further remarks were preferred by various members, and the delegate from Lucas [Mr. Ulmer] again moved to lay the amendment
on the table, but this time he had recognition and was entitled to make the motion, and that motion was put and carried by a viva voce vote.

Mr. HALFHILL: Now, I want the yeas and nays on that proposition, and I ask that the vote by which that amendment was laid on the table be reconsidered.

The PRESIDENT: Does the member from Mahoning yield?

Mr. ANDERSON: Yes.

The PRESIDENT: The motion is that the vote be reconsidered by which that amendment was laid on the table.

Mr. FESS: No; the motion should be to take it from the table.

Mr. DOTY: I move that the amendment be taken from the table.

The motion was carried.

Mr. HALFHILL: Now I ask that the yeas and nays be taken on the motion to lay my amendment on the table.

The PRESIDENT: The question is on the adoption of the amendment.

Mr. DOTY: No; on the motion to lay it on the table.

The PRESIDENT: No. It was laid on the table, and now on motion it has been taken from the table.

Mr. DOTY: In order to clarify the situation I move that we lay that amendment on the table.

The PRESIDENT: And on that the gentleman from Allen [Mr. HALFHILL] demands the yeas and nays.

The yeas and nays were regularly demanded.

The yeas and nays were taken, and resulted—yeas 80, nays 19, as follows:

Those who voted in the affirmative are:


Those who voted in the negative are:

Beatty, Morrow, Holz, Hoskins, Miller, Fairfield, Bratrain, Johnson, Williams, Partington, Cunningham, Ludey, Mauke, Miller, Crawford, Stewart.

So the amendment was again tabled.

The PRESIDENT: The gentleman from Mahoning now offers an amendment.

The amendment was read as follows:

At the end of line 5, strike out the word “of” and insert therefor “in and throughout.”

Mr. ANDERSON: If the amendment is adopted it will then read, “The general assembly shall by law provide for the organization, administration and control of the public school and educational system in and throughout the state.” I think that is a broader term.

Mr. WATSON: I move to lay that amendment on the table.

The PRESIDENT: The member from Mahoning [Mr. ANDERSON] still has the floor.

Mr. ANDERSON: I believe that the delegates ought to be willing to give the educators who have made a life study of it that which they ask. We must remember that Dr. Fess and Professor Knight have given the best years of their life to study, and when we take into consideration their knowledge of law, acquired in off minutes, the great knowledge of law they have, what a wonderful knowledge they must have of education! I think this journal of the Constitutional Convention of 1912 must be wrong. I find that in article VI, page 51 in the book, there is no section 3. I know that the gentlemen who present a proposal would not make a mistake, and yet this is offered as an amendment to section 3.

Mr. MILLER, of Crawford: You stated that the school people of the state were in favor of this proposal. Do you know that they all are?

Mr. ANDERSON: Supposedly, but there may be some opposed.

Mr. MILLER, of Crawford: I have a letter from the secretary of the school federation opposing this proposal.

Mr. ANDERSON: He is not a member of the Convention?

Mr. MILLER, of Crawford: No.

Mr. ANDERSON: They didn’t think enough of him in his locality to send him here as a delegate. Mr. MILLER, of Crawford: He was not a candidate. He had more important work.

The PRESIDENT: The question is on the adoption of the amendment.

Mr. WATSON: I move that the amendment be laid on the table.

Mr. KNIGHT: The amendment is not material either way. We used the word “of” thinking it applied to the public school system throughout the state. I do not believe the amendment offered improves it or hurts it in the least.

The PRESIDENT: The question is “Shall the amendment be laid on the table?”

The motion to table was carried.

Mr. DOTY: In the first amendment I made I overlooked the same trouble in another line. I now offer an amendment to cure that.

The amendment was read as follows:

In line 4 strike out “The general assembly shall by law provide”, and insert “Provision shall be made by law”.

Mr. WATSON: I move to lay that amendment on the table.

The PRESIDENT: The member from Mahoning [Mr. ANDERSON] still has the floor.

Mr. ANDERSON: I believe that the delegates ought to be willing to give the educators who have made a life study of it that which they ask. We must remember that Dr. Fess and Professor Knight have given the best years of their life to study, and when we take into consideration their knowledge of law, acquired in off minutes, the great knowledge of law they have, what a wonderful knowledge they must have of education! I think this journal of the Constitutional Convention of 1912 must be wrong. I find that in article VI, page 51 in the book, there is no section 3. I know that the gentlemen who present a proposal would not make a mistake, and yet this is offered as an amendment to section 3.

Mr. MILLER, of Crawford: You stated that the school people of the state were in favor of this proposal. Do you know that they all are?

Mr. ANDERSON: Supposedly, but there may be some opposed.

Mr. MILLER, of Crawford: I have a letter from the secretary of the school federation opposing this proposal.

Mr. ANDERSON: He is not a member of the Convention?

Mr. MILLER, of Crawford: No.

Mr. ANDERSON: They didn’t think enough of him in his locality to send him here as a delegate. Mr. MILLER, of Crawford: He was not a candidate. He had more important work.

The PRESIDENT: The question is on the adoption of the amendment.

Mr. WATSON: I move that the amendment be laid on the table.

Mr. KNIGHT: The amendment is not material either way. We used the word “of” thinking it applied to the public school system throughout the state. I do not believe the amendment offered improves it or hurts it in the least.

The PRESIDENT: The question is “Shall the amendment be laid on the table?”

The motion to table was carried.

Mr. DOTY: In the first amendment I made I overlooked the same trouble in another line. I now offer an amendment to cure that.

The amendment was read as follows:

In line 4 strike out “The general assembly shall by law provide”, and insert “Provision shall be made by law”.

Mr. WATSON: I move to lay that amendment on the table.

The PRESIDENT: The member from Mahoning [Mr. ANDERSON] still has the floor.

Mr. ANDERSON: I believe that the delegates ought to be willing to give the educators who have made a life study of it that which they ask. We must remember that Dr. Fess and Professor Knight have given the best years of their life to study, and when we take into consideration their knowledge of law, acquired in off minutes, the great knowledge of law they have, what a wonderful knowledge they must have of education! I think this journal of the Constitutional Convention of 1912 must be wrong. I find that in article VI, page 51 in the book, there is no section 3. I know that the gentlemen who present a proposal would not make a mistake, and yet this is offered as an amendment to section 3.

Mr. MILLER, of Crawford: You stated that the school people of the state were in favor of this proposal. Do you know that they all are?

Mr. ANDERSON: Supposedly, but there may be some opposed.

Mr. MILLER, of Crawford: I have a letter from the secretary of the school federation opposing this proposal.

Mr. ANDERSON: He is not a member of the Convention?

Mr. MILLER, of Crawford: No.

Mr. ANDERSON: They didn’t think enough of him in his locality to send him here as a delegate. Mr. MILLER, of Crawford: He was not a candidate. He had more important work.

The PRESIDENT: The question is on the adoption of the amendment.

Mr. WATSON: I move that the amendment be laid on the table.

Mr. KNIGHT: The amendment is not material either way. We used the word “of” thinking it applied to the public school system throughout the state. I do not believe the amendment offered improves it or hurts it in the least.

The PRESIDENT: The question is “Shall the amendment be laid on the table?”

The motion to table was carried.

Mr. DOTY: In the first amendment I made I overlooked the same trouble in another line. I now offer an amendment to cure that.

The amendment was read as follows:

In line 4 strike out “The general assembly shall by law provide”, and insert “Provision shall be made by law”. 
Mr. KNIGHT: In this instance no harm can be done by leaving the original form, and I hope the amendment will not be adopted.

Mr. DOTY: Of course, if the other correction were made, this correction should be made. There can be no question about that. It starts wrong, and I don’t see any reason why we should allow it to start wrong. If this section is adopted it is going to be construed in the light of what is being done. Every place that we have run across that, “the general assembly shall provide,” we have changed the language to “provision shall be made by law.” That has been done in the committee on Arrangement and Phraseology.

Mr. KNIGHT: I do not want to be insistent, but it seems to me there is such a thing as overdoing a good thing, and there is no question that if left as it stands here, you give the people under the initiative and referendum the right to enact laws in the same way. I do not think any harm can result, and I think it looks better.

Mr. PARTINGTON: This was before the committee on Education, and was ordered by that committee previous to the changing of the FitzSimons’ proposal. I see no need of this third section to article VI. The school federation of the state of Ohio stated to the committee on Education that they saw no reason why the provisions in the constitution should be changed as they relate to the common schools. It has been only a few years since the educational people of Ohio were clamoring for a reform in township boards of education. At that time we had three subdirectors, and each little subdistrict was a law unto itself, and the school people of Ohio took the matter to the legislature, and the law now provides that the township board of education shall be composed of five members. A great many of the school people of the state of Ohio believe that is progress, and if this amendment goes into the constitution and is carried, we will be retrograding in our township schools. This will enable a township to have one or even three directors in a subdistrict school. It is absolutely with the people, and you are putting a provision into the constitution that will enable every little subdivision in Ohio to go back and be a law unto itself, so far as it relates to the number and the organization of its school boards. The member from Franklin [Mr. KNIGHT] said that the board of education so organized would have no power at all, outside of the mere number and the organization of the board.

It seems to me the amendment you have already voted down should have prevailed. I am unable to see how the first part of this surpasses in strength the power given to the legislature to act. In section 2 of this same article the general assembly is given power to provide for a thorough and efficient system of common schools throughout the state. That power is given now by our present constitution. There is no conflict with the municipal home rule proposal that this body passed yesterday, and I see no reason for this section 3. The people of a township should not go backward in their progress relating to the schools of the township. I do not believe there should be a provision in the constitution that will absolutely bar progress in a township. I hope the whole proposal will be voted down.

Mr. CROSSER: I think the amendment of my colleague [Mr. DOTY] should pass. Professor Knight says it does not hurt anything, but this sounds better. I think there might be some doubt if we were to use the words “general assembly” here as to whether the people could do it. I do not want any doubt left about the matter.

The amendment was agreed to.

Mr. PETITT: I offer an amendment. The amendment was read as follows:

Insert after the word “district” in line 6, the following: “or subdistrict”.

Mr. PETITT: Mr. President and Gentlemen of the Convention. I cannot agree with the gentleman last on the floor. The little subdistricts have always been very dear to my heart. All the education I ever got from books I got in a subdistrict out in the country where the people under the old three-director system controlled their own schools. We speak about having progressed by appointing a board from the entire township. We have progressed as a crawfish progresses, backward. The township-five has not worked as satisfactorily as the old system. Very often the subdistricts have to take things that they do not want to take. Five men get together and parcel out the schools, and foist a teacher on one of the subdistricts that the district does not want. As far as I am concerned I believe in the old three-director system, and if we are giving the people a right to control their own affairs, why not give the subdistricts some rights the same as the township?

Mr. KNIGHT: I want to call your attention to the fact that the gentleman to my left, who spoke a few moments ago [Mr. PARTINGTON], seems to misunderstand or misreads the constitution as it now stands. The section he quotes does not put into the hands of the general assembly complete control over the school system. All it does say is that the school system shall provide funds, that there may be an adequate school system, but whether that school system shall be completely under the control of the state, or shall be parcelled out to different cities of the state, is nowhere provided in the present constitution, and it seems to me desirable that that should be specifically stated, so that there can be no question about the control of the school systems as well as the handling of the school funds.

As to the amendment just offered by the gentleman from Adams, I am distinctly opposed to it. The unit of our educational system is the school district, and not the subdistricts, and I move that that amendment be laid on the table.

The motion to table was carried.

The PRESIDENT: The question is on the passage of the proposal.

The yeas and nays were taken and resulted—yeas 91, nays 15, as follows:

Those who voted in the affirmative are:

Anderson, Antrim, Baum, Beatty, Morrow, Beatty, Wood, Beyer, Bowdle, Brown, Lucas, Brown, Pike, Campbell, Cassidy, Cody, Collett, Colton, Cordes, Crites, Cresser, Cunningham, Davio, DeFrees, Donahay, Doty, Dunlap, Earnhart, Eby, Elson, Evans, Fackler, Farnsworth, Farrell, Fess, FitzSimons, Plute,
Organization of Boards of Education—Taxation.

Whereas, That one of our worthy and much respected members of this Convention has taken unto himself "an helpmeet"; therefore

Resolved, by the Constitutional Convention, That we pause one minute in our deliberations in deference to the gentleman from Ashland, Mr. Fluke, and his happy bride.

DELEGATES: Speech.
Mr. Fluke: President and Gentlemen of the Convention: I appreciate the kindness you are showing me. Of course, I recognize the fact that the matter under discussion, while of a good deal of importance to me, has nothing whatever to do with the business of the Convention or with a constitution for the state of Ohio. At this time I can say to you that I appreciate very much your consideration and good will for my wife and for myself.

Mr. King: I move that the rules be suspended and the resolution put on its passage.

The rules were suspended and the resolution was unanimously adopted.

The President: The next business in order is Proposal No. 170, a majority report and a minority report, which the Secretary will read.

The reports were again read.

The President: The chair recognizes the gentleman from Portage [Mr. Colton].

Mr. Doty: Before the gentleman proceeds I desire to call attention to one matter. Technically we will be under the five-minute debate on this proposal at this stage. Unlimited debate would not come until this proposal has reached its second reading. I think it is understood that whatever is done at this time will practically be final, and I therefore move that so far as this debate is concerned this question shall be considered as if on second reading.

The motion was carried.

Mr. Colton: Gentlemen of the Convention: The members of the Taxation Committee, after having considered very carefully the large number of proposals presented to them, and after having discussed them all in the utmost amicability, decided upon one thing unanimously, and that was that they could not agree on the subject of taxation. Hence it is that you have before you the two reports which the Convention without modification and considerable amendment. I understand that the question before us now is simply whether the minority report shall be substituted for the majority report, and that no amendments at present are in order.

It is essential, in order that we may discuss this question properly, that we should get a clear idea of the differences and similarities of the two reports, and I propose to go over them somewhat hastily. If I do not state the similarities and differences correctly, any member of the Committee can correct me. I cannot go into the details as closely as perhaps might be desirable under certain conditions. If this discussion had occurred earlier in the session of this Convention, it would have fur-
nished an excellent opportunity for one to branch out into certain discursive discussions, but time is now precious, and I shall seek to confine myself closely to the questions that are germane to this proposition.

In the first place, let us consider these things that I think are substantially the same in the two reports, those in which there may be slight differences, but in which the differences are not important.

In the first place, I should say that each of these reports is a substitute for the entire article on taxation. You will find these reports following Proposal No. 169 in your proposal book.

Section 1 of the majority report concerns the poll tax. The same idea is embodied in the minority report also, that there shall never be levied a poll tax. There are some differences in the wording, but they are not material. The majority report forbids the requiring of work on the roads, as required now. This, I believe, is not considered technically a poll tax. Under the law the enforcement of this is optional with the trustees of the townships and the councils of villages. It is only enforced where public sentiment favors it, and the law may be repealed if public sentiment is opposed to it. The minority report leaves this matter as it stands in the present constitution. I do not consider this that it is a matter of serious difference, and the minority will not insist on the exact wording of section 1, as they have it.

Both reports provide for an inheritance tax. In the report of the minority the uniform rule of taxation, which I shall consider a little later, is retained, and hence it is necessary to be a little more specific in the provisions concerning the inheritance tax. If you will turn to section 8 of the minority report, you will find that we have written it out quite fully:

**SECTION 8.** Laws may be enacted providing for the taxation of the right to receive or succeed to estates, and such tax may be uniform or it may be so graduated as to tax at a higher rate the right to receive or to succeed to estates of larger value than to estates of smaller value. A portion of each estate not exceeding twenty thousand dollars in value may be exempted from such tax.

It was thought to be necessary to be so explicit in order to be sure to secure the end sought.

The next thing is the income tax. This is provided for in both reports, but in the report of the minority the provision about the income tax is written out more fully, so that a progressive income tax can be provided for.

Mr. DOTY: In your opinion the majority report provides sufficiently for a graduated income and inheritance tax?

Mr. COLTON: Yes. The majority report does not include the uniform rate of taxation, and the inheritance tax is sufficiently provided for in that report.

Mr. HARRIS, of Ashtabula: As I understand, in the inheritance tax you provide for an exemption of $20,000. Is that an exemption to each heir or each estate?

Mr. COLTON: Each estate, not each heir.

Mr. HARRIS, of Ashtabula: What is meant by the language: "A portion of each estate not exceeding twenty thousand dollars in value may be exempted from such tax?"

Mr. COLTON: I do not know that I can make it any plainer than that language. Not exceeding $20,000 may be exempted from the estate, and the remainder must be taxed.

Mr. HARRIS, of Ashtabula: The inheritance tax heretofore attempted has provided where the individual share exceeded such an amount it should be taxed.

Mr. COLTON: This is not worded in that way.

Mr. PARTINGTON: Would the general assembly have the right to make a difference where there was a direct heir, or where there was one or ten heirs, in the setting aside of that portion?

Mr. COLTON: No.

Mr. PARTINGTON: The legislature would not be empowered to do that under this provision?

Mr. COLTON: I think not, under this provision. Those are provisions in which the two reports concur, and I do not think it is necessary to go very carefully over those.

The separation of the local and state tax is another point in which the reports agree. You will find in the majority report that matter expressed in section 2, just before the conclusion of it. After having enumerated the various ways in which the state may raise revenue, it says finally, "or so many of the sources of revenue aforesaid as the general assembly may deem best." The same provision is in both reports and it does not constitute one of the differences upon which we shall decide which report shall constitute the basis for the work of the Convention.

Mr. PECK: Will you state what are the reasons for that language in line 14? We are entitled to know the reasons even if the committee does agree. The Convention may not agree with the committee.

Mr. COLTON: In the first place, since the state raises its tax as it does now, by assessment on the counties in proportion to valuation, there results a tendency for the various counties to depress the valuation of their property for the purpose of evading the state tax. For instance, a given county may assess property at a value one-third of its real value, and the rate of taxes may be three times as much as it ought to be, and thus the county collects the same tax, but it evades a part of the state tax, paying only one-third as much as it regularly would pay. Again, on account of the variation in the assessed valuation it is necessary to have a state board of equalization, and that board attempts to place the valuation of property in the different counties on the same basis. They are undertaking a work that no board of men working at the capital is equal to. They cannot do it satisfactorily. If we arrange it so that the state takes whatever tax it needs to obtain by assessment, by assessing each county in proportion to its expenditures, the state board of equalization will not be longer necessary.

Then there is another point. This method of collecting state tax tends to economy in the county. Each county will be assessed in proportion to its expenditures for the little balance of the state tax which it may be necessary to collect from the county, and the tendency is rather to economy than to extravagance in the management of county affairs.

Mr. MILLER, of Crawford: The whole object of this is to eliminate the state tax?

Mr. COLTON: That is the final purpose we hope...
to attain. It does not at once eliminate the state tax. The tendency, however, is well marked in all the taxing authorities of the state, to eliminate the state tax finally, so far as the direct tax upon the property of the people is concerned.

Mr. DOTY: Are you concluding your remarks on the elimination of the state tax?

Mr. COLTON: Yes.

Mr. DOTY: I want to ask a question upon that before you leave it. While both reports provide for the elimination of the state tax, is it not true that the minority report, if it should be adopted, has not made any provision for the university school fund, and therefore, there is a difference between the two reports on that important matter?

Mr. COLTON: I will speak about that later. Another difference is found in the fact that section 3 of the original article in our present constitution, referring to taxing banks, is entirely omitted from the majority report:

The general assembly shall provide, by law, for taxing the notes and bills discounted or purchased, moneys loaned, and all other property, effects, or dues, of every description, (without deduction) of all banks, now existing, or hereafter created, and of all bankers, so that all property employed in banking shall always bear a burden of taxation, equal to that imposed on the property of individuals.

It was thought by the committee that this section had become obsolete, banks being taxed by a different method, and it was entirely omitted from the majority report. When the minority came to discuss the matter, it was thought that if this constitution goes before the people, and this section is omitted, someone will say that they have omitted that section requiring that property of banks shall be taxed like the property of individuals, and they will be able to use that as a weapon in attacking this proposal. So the minority decided to retain these lines will certainly remove a club from the hands of those who, if nothing is said on that subject, might use it to defeat the constitution.

The minority report retains the uniform rate of taxation on all property. The majority report provides for a kind of classification which I shall discuss more fully later. I need only mention that fact now.

The majority report provides for the exemption of municipal bonds, school bonds, etc., from taxation, just as our present constitution does. The minority report does not exempt bonds, and if it is adopted bonds will be placed on the duplicate as they were before the constitutional amendment of 1905 became effective.

Then in the minority report there is included a tax limit not stated in the majority report. It is provided in section 7 that the maximum rate of tax shall be that which is now designated in what is known as the one per cent tax law, one per cent with the possibility of one and one-half per cent under certain conditions. We are all familiar with that. This is not included in the report of the majority. The same section includes also a debt limit, which applies to counties, townships, villages and cities. I am not going to discuss now the correctness of the limits there designated. I call your attention simply to the fact that it provides a debt limit.

It also provides in the last clause, that "No indebtedness not payable out of current receipts shall hereafter be created, incurred, refunded, renewed, or extended, without at the same time a coincidental tax being levied, which shall be maintained sufficient to pay principle and interest at maturity."

Then in section 10, line 56 of the minority report, there is a provision that is not in the majority report: "Taxes may be imposed upon the production of coal, oil, gas, and other minerals." That is what is known as a production tax.

Now, with respect to section 2 of the majority report: "The general assembly shall provide for raising revenue for each year sufficient to pay the expenses of the state, the interest on the state debt, the state common school fund of not less than two dollars per capita of the school enumeration and the university fund of not less than seven hundred and fifty thousand dollars to be distributed between the state supported universities as may be provided by law." Here is a point of difference to which the gentleman from Cuyahoga, [Mr. DOTY] called attention a while ago.

Our present constitution simply provides that the general assembly shall provide for raising revenue sufficient to pay the expenses of the state and interest on the state debt. Under that provision revenue has always been raised sufficient to provide for the common school fund and for the universities supported by the state. We thought we might, therefore, readily omit this from the constitution, since the power has been exercised under the present constitution, and since our paragraph is the same as the present constitution.

There is another point which I should mention. Notice that the minimum fund that shall be provided each year for the support of these state supported universities shall be $750,000. Now, while we are not in any way hostile to state supported universities, and are in favor of seeing them well supported, and desirous of seeing our state universities rank with the great universities of other states, we did not think we ought to provide in the constitution for a minimum sum of $750,000 yearly for the state supported universities, especially in view of the fact that they have never received from the state in any one year for their running expenses, and that is all that is included, more than $608,000. If I had the figures correct the sum named is almost $150,000 greater than the state supported universities have ever received in any one year. I don't say it is too great, but it is nearly $150,000 greater than they received in 1910. We thought that to put that provision into the constitution would, as in the other case to which I called attention, put a club into someone's hand with which to attack the taxation provision.

Mr. DOTY: Of course, you do not undertake to say that the $150,000 is a matter of principle?

Mr. COLTON: No.

Mr. DOTY: And you do know that the $750,000 was only put in tentatively for the consideration of the Con-
Taxation.

Mr. ANTRIM: Are we to understand that the schools referred to are the State University, and the school at Athens and the one at Oxford?

Mr. COLTON: Yes.

Mr. ANTRIM: The normal schools are not included?

Mr. COLTON: The "State supported universities" would not include the normal schools.

Mr. ANTRIM: What was the object in omitting them?

Mr. COLTON: I do not know.

Mr. ANTRIM: Why put those universities in? Why not enumerate them all?

Mr. COLTON: They are not enumerated in the minority report. They are enumerated in the majority report, but are omitted from the minority report. The enumeration of the sources of revenue which the state may use is given in this section 2, but it is by no means complete, and it is possible that the enumeration of these particular sources of revenue to which the state may resort may be construed to exclude the state from resorting to other forms of revenue not mentioned here.

Now, I believe I have pointed out with sufficient fulness the respects in which the two reports agree and the respects in which they differ. Some differences are minor, and may not figure very largely in the preliminary discussions at least.

Now I want to call attention to the subject in general, more especially to the differences which exist between the two which may lead us to decide which one would form the best basis for our future work.

Mr. JONES: May I ask why in the minority report there was left out provision for taxing businesses and franchises?

Mr. COLTON: That is not in the present constitution, and we understood that the legislature had full power to do that.

Mr. JONES: That is not included in the minority report?

Mr. COLTON: No. It is in the majority report, but we did not insert it in the minority report, because we think the legislature has the power. That is a form of taxation already used.

Mr. JONES: Was the question raised in your committee that there was grave doubt as to the extent to which the rights and privileges of franchises may be taxed under the present constitution?

Mr. COLTON: I do not think it was. I am sure the minority would be glad to accept an amendment including those words, if necessary, because they are thoroughly in accord with the idea that that source of revenue should be used by the state.

Mr. OKEY: Do you think that under your minority report all classes of franchises would be taxed?

Mr. COLTON: I could not say, but I suppose they would. It was certainly intended it should be so.

Mr. HALFHILL: Does the minority report intend to preserve as a cardinal principle the uniform rule of valuation provided for in section 2 of article XII?

Mr. COLTON: That was our intention, that property should be valued according to its true value in money.

Mr. OKEY: In what way have you extended or helped business conditions in that regard?

Mr. COLTON: We have not changed the essential wording of the present constitution in that respect, although we have changed it slightly. Section 2, line 5, says "Property shall not be so classified as to permit taxes to be levied at different rates for different classes, but all real and personal property, tangible and intangible, shall be taxed by a uniform rule, according to its true value." This is somewhat different from the wording of the present constitution.

Mr. HALFHILL: Do any of these other things or items of property in any way bar the operation of the present constitutional provisions?

Mr. COLTON: I don't think so.

Mr. HALFHILL: Is there ample authority to reach everything that is in the minority report?

Mr. COLTON: We suppose so.

Mr. HALFHILL: Under the existing provisions?

Mr. COLTON: We suppose so.

Mr. HALFHILL: Then where have you helped it?

Mr. COLTON: None in that respect.

Mr. HALFHILL: Have you in any material respect improved upon the existing constitution, section 2, article XII?

Mr. COLTON: We have not improved upon it, except that we have restored bonds to taxation; it remains the same with that exception.

Mr. THOMAS: You have provided for income and inheritance taxes?

Mr. COLTON: Not in section 2.

Mr. HARRIS, of Ashtabula: It seems to me that the member from Allen [Mr. HALFHILL] must have reference to excise taxes, as they are taxes imposed in Ohio, and have been accepted by judicial interpretation, and the query is, are they provided for in this minority report?

Mr. COLTON: We have not specifically designated excise taxes.

Mr. HARRIS, of Ashtabula: The majority report seems to do that?

Mr. COLTON: The majority report does do that.

Mr. DOTY: If the gentleman will yield, I move that we recess until 1:30 o'clock this afternoon.

The motion was carried.

AFTERNOON SESSION.

The Convention was called to order by the president, who immediately yielded the gavel to Mr. Cassidy.

Mr. SHAFFER: I demand a call of the Convention.

The PRESIDENT PRO TEM: A call of the Convention has been demanded. The sergeant at arms will close the doors, and the secretary will call the roll.

The roll was called, when the following members failed to answer to their names:


The president announced that ninety-four members had answered to their names.
Mr. KERR: I move that further proceedings under the call be dispensed with.

The motion was carried.

Consideration of Proposal No. 170 was resumed, and the delegate from Portage [Mr. Colton], having yielded the floor for a motion to recess, was again recognized.

Mr. COLTON: Before proceeding with my remarks, I wish to add a little to what I said this morning in reply to a question from Mr. Halfhill [Mr. Halfhill] which may not have been understood by all the members of the Convention. The question was whether we intended to have our proposal cover the question of excise and franchise taxes completely. I want everyone to understand that we intend to cover that, that we are in favor of full taxation of franchises, and we want to have the constitution so written that excise taxes are permitted, and if the wording copied from the old constitution does not fully cover both of those sorts of taxes we shall accept an amendment to make it sufficiently explicit in that respect.

One other thing: I spoke about the debt limit and the tax limit. We incorporate in our minority report Proposal No. 309 by Dr. Brown of Highland, word for word, and in that proposal the debt limit and the tax limit are fixed. We expected Dr. Brown to be here to defend his proposal, which forms part of our report. Personally I do not swear by this debt limit at all, and I do not propose to discuss it in my talk this afternoon, but I believe it essential that a debt limit should be placed in the constitution, and especially do I believe that the tax rates should be limited in the constitution rather than by law.

It is scarcely necessary for me to say that modern government is a very expensive institution. It is evident that the expenses that are necessary to carry on modern government must come from contributions from its citizens. Thus far we are agreed, but when we reach the question of how those contributions shall be taken, mate justice may be secured: this was the earliest proposition announced by economists for controlling the distribution of taxes. This principle attempt to outline a method by which approximate justice may be secured.

First, it was said that each citizen ought to contribute to the support of the government in proportion to the benefits he receives from the government, benefits of all kinds. This was the earliest proposition announced by economists for controlling the distribution of taxes. This proposition has been practically abandoned for the reason that it has been found practically impossible to determine what are the real benefits which different citizens receive from the government, so that we cannot distribute the taxes in accordance with that principle.

The second principle, the more modern, and the one now practically universally accepted by economists, is the statement that each citizen should contribute to the expenses of government according to his ability or faculty. It assumes that communities or governments are associations of people for the common good, and that each ought to contribute toward the expenses of the government under which he lives in accordance with his ability to contribute.

Now there are two ways of determining ability to contribute to the expenses of government which may be determined. One of these is the value or the extent of the citizen's possessions, the amount of property which he holds and owns, and the other is the income which he receives. I am an advocate of income taxation. I believe a tax distributed in proportion to the income a man receives would be distributed in the most just and fair way that it is possible to distribute it; but we are not under an income tax, and it is impossible for us to pass from the property tax, under which we are now proceeding, to an income tax in any abrupt and positive way. If we have to pass to the basis of an income tax, we must pass to it gradually. The income tax is at present in an experimental stage. It has been successfully used in the old world, but thus far, as used by our states, it cannot be pronounced a success. The state of Wisconsin is the first state to adopt a very elaborate income tax, modeled after the income tax provisions of the Old World, and there the experiment of income tax is being tried out. All of the states are watching the outcome of the Wisconsin experiment, but the income tax, by itself now, is out of the question.

We are on the basis of a property tax. Now it is assumed by those who accept the value of one's property as the best measure that we have of one's ability to pay, that all property ought to be taxed at a uniform rate. I admit that the value of one's property does not furnish an accurate measure of his ability to pay. The man behind the property is an element which the property tax does not take account of in estimating the income that may be derived from the property. We may say that the value of property is in the long run proportional to the income it will yield and the amount of property a man possesses is in the long run, or in a general way, a measure of his income. This does not take into account the man himself, the man behind the property, which is a mighty element in determining what income will be gotten from it. But we cannot take that into account in the property tax, and we are left to assume that the amount of property that a man possesses is the best possible measure we have of his ability to pay taxes. That being the measure of his ability, we believe that the whole amount of property that a man possesses should be taxed at the same rate.

Now, the classification of property involves a division of property into different classes for the purpose of levying upon those different classes different rates. The rates are to be uniform throughout the same class, but different in different classes. All of these classification schemes that I know anything about place real estate—land—in one class, and they designate a variety of classes, downward from real estate, the last class mentioned on the other extreme being intangible personal property. All of these schemes contemplate placing the highest rate of tax upon land, and the lowest rate of tax upon intangible personal property. Many of those who maintain that classification is the correct method.
would be very well satisfied if we could exempt intangible personal property altogether from taxation, and tax only material tangible property. The classificationists, therefore, attack the theory of a general property tax based upon a uniform rate from different standpoints. Some of them maintain that intangible personal property ought not to pay any taxes at all. They maintain that only material wealth should be taxed. When, for instance, I sell a horse and take a note for it, there is no increase in the material wealth of the community. I have a piece of paper with certain writing upon it, but the value of that paper as material wealth is nothing. These people maintain that the note ought not to be taxed, since it is not material wealth. In reply to that we say that we do not confine our taxes to material wealth. We tax franchises; we tax corporations, not in proportion to the wealth they possess, but as going concerns. An express company operating in this state may have very little material wealth. We do not simply tax its material wealth, but we tax it in proportion to its value as a business, its value as an income-producing institution. We are taxing its material wealth to a certain extent, but the larger portion of the tax collected from an express company is not upon material wealth, but upon something nonmaterial and intangible.

In the second place I maintain that the note is property, and I presume no one here would dispute me, though I believe a court in California has decided that a note is not property. A note is property. It has value, it has market value. It can pass from hand to hand and be exchanged for money or for commodities. Not only has it a market value, but it is income producing property, and if we were on the basis of an income tax the income from that note would be taxed, just as the income from a farm or a mine or any other sort of a business is taxed.

I maintain, therefore, that a note or a bond—intangible property of that sort—is a proper subject for taxation. I may say in addition to this that the note is under the protection of the law, and if you have difficulty in collecting it the machinery of the law will be put in operation to collect it, just as the machinery of the law will be put in operation to aid you in recovering a stolen horse. So I maintain that a note, or intangible personal property, is a proper subject for taxation.

Other classificationists who admit that a note is a proper subject for taxation, assert that the note should not be taxed at the same rate as other property, and they make this assertion commonly because, as they say, intangible personal property does not bring the same income, and it ought not to be taxed at the same rate as other property. Their point of attack is deposits in savings banks. Money in savings banks yields, say, four per cent, and assuming that the rate of tax is one per cent, which I believe we are going to realize in the near future, twenty-five per cent of the income is paid in taxes and they say that is so large as to be unjust. I want to say that the classificationists in choosing this line of argument are choosing the most forcible presentation of the subject possible for them. It is not quite fair. In the first place no one deposits money in a savings bank as a real investment at all. People who deposit money at four per cent in savings banks do it because that is the most convenient way to deposit it for the time being; there is no worry or trouble about it; it is safe, and they just drop it into the savings bank and let it rest there; and then there is another reason, and that is that money in a savings bank is within easy reach all the time. We can get it when we want it. Those three things determine whether one shall deposit money there or not, and those who deposit money in this way sacrifice something in interest because of these other considerations.

Now, to apply this argument in fairness we must take the money as it is loaned commonly by business men. It is an easy matter to lend money at six per cent, and sometimes at seven per cent interest, on good security. Suppose a man lends money at six per cent interest and is taxed one per cent. He gets five per cent net on his investment. Take the higher rate, and suppose that the tax is one and a half per cent and that would leave him four and a half per cent net on his investment.

Now, I assert that three-fourths of the farmers of the state would be willing to take a net income of five per cent on the value of their farms. Let the farmer charge up against the farm his own labor, the labor of his teams, the amount paid out for labor, insurance, taxes and the deterioration of fences, buildings and farm machinery, and if his net profit is five per cent, or even four and a half per cent, three-fourths of the farmers of the state would be satisfied with their incomes. Believing that, I say that the man who loans money out at six per cent, and who pays the extreme limit of tax of one and a half per cent, thus realizing four and a half per cent, is not being dealt with unfairly. Again, there are classificationists who maintain that while it is right to tax intangible property, it is not expedient to tax it as other property is taxed. They say you are not able to get this intangible property on the tax duplicate when you tax it at the same rate at which other property is taxed. You therefore do not derive the revenue you ought to from this kind of property. If you tax it at a merely nominal rate, they claim that this property will be so thoroughly reported, that it will come from its hiding places so generally, that the revenue received from it will be greater than that received under present conditions, and as a matter of expediency, a matter of getting the greatest income from intangible property, they advocate reducing the rate to a very low point.

This method of proceeding violates my sense of what is right. I do not believe in passing a law which will release these people from the obligation to pay taxes on intangible property simply because they persistently refuse to do so. Suppose there were in our midst a group of people constantly pilfering. We cannot prove it, but we know they are constantly doing it. We cannot subject them to penalties to which ordinary pilferers are subject. Suppose finally in our despair, not being able to convict these people, we say to them "We are going to change our laws concerning you. We are satisfied you are pilfering and are subject to punishment, but we are going to change the law, so that you will not be subject to punishment. We are going to relieve you of the disgrace of being called criminals. We expect you to go on just as you have been with your pilfering, but we expect you, in return for the immunity which we grant you, to turn over to the community a small part of the amount you henceforth pilfer." That is the way the classificationists approach the people who are not reporting their
intangible property. "Because you are not reporting it, although you ought to report it, we are going to change our laws so that it will not be required that you pay in full. We are going to reduce greatly the amount you would have to pay, but we expect in return for the privilege we are extending to you that you will voluntarily donate to the community a certain small portion of what you are permitted to withhold from it."

These people argue that the low rate will bring out the intangible property to a large extent, and they cite the experience of the city of Baltimore, which seems to indicate that when the rate of taxes upon intangible property is made very low the income is considerably increased. I do not believe that this result will persist. There may be an increase in the amount of intangible property reported the first year, and it may be that taxes on that amount will increase the total taxes, but left to themselves the people will soon lapse into the old method of withholding from taxation at the low rate just as generally as they did at the high rate.

Professor Bullock, who is an ardent classificationist, makes the statement that all schemes of taxation which contemplate the taxing of intangible personal property at a low rate presume a radical overhauling in the administration of the tax laws, and in connection with that a change in the penalties which are assessed for withholding or falsely reporting one's property.

Let me refer again to Wisconsin. Wisconsin is trying an expensive experiment with the income tax. They have exempts intangible personal property from taxation by the property tax. The property tax does not apply to that, while it does still apply to other forms of property. They apply to intangible property the income tax, at a special rate equivalent to a property tax of from three-fourths of a mill to four mills, depending on the size of the income. With that rate Wisconsin is not going to get very much from personal property unless the personal property is pretty generally reported. Remember that that is a rate that varies from three-quarters of a mill to four mills on the dollar, depending on the size of the income. Now, in connection with this rate, which so largely relieves intangible personal property from taxation, they have provided by law that any man who falsely reports his income, or who refuses to report his income, shall be punished—not as in this state—for perjury, or by having his taxes increased by fifty per cent, but such a man is fined not to exceed $500 and imprisoned not to exceed one year, or both. That is the way Wisconsin gets at the people who refuse to report incomes on intangible personal property as they ought.

Now, unless you accompany the reduction of rates, as advocated by the classificationists, with additional penalties, as they have in Wisconsin for false or incomplete reports, I do not believe the lowering of the rates will be effective permanently. It may for a time bring out more intangible personal property, and it may for a time increase the amount of taxes derived from intangible personal property over what we now get, but unless penalties, and severe penalties, are imposed the people will soon lapse into the old ways.

This proposition advocates a peculiar kind of classification. It is piecemeal classification. You will notice that it provides local option in classification. Counties that vote to do so can adopt classification according to a general law passed by the legislature. The legislature will designate the classes of property and fix the rates on some of them, but not on all of them. There must be flexibility. The total rate of taxes in some counties will be greater than in others, so there must be some power in the local authorities to fix and determine the rate. I think this is classification in its worst form. If we are to have classification at all, let us have it state-wide and universal, and not classification of property in piecemeal.

Now let us see what will happen under these conditions. Suppose a certain county votes to adopt this classification plan of taxation, and suppose it does what is usually done in such cases; it reduces the tax on manufacturing companies almost to nothing, practically allowing them to operate free of tax in that territory. Of course, while the surrounding counties tax everything at a uniform rate, manufacturers looking for a location would drift into the counties that relieve them from taxation, and with the incoming of those manufacturing institutions there will be an increase of population, increased demands for laborers, carpenters, material men, merchants, and every other class of people almost, and the result is there will be a sort of boom in those counties. When these manufacturing companies begin operations and begin to compete with other companies in adjoining counties, the other companies will say to the authorities of the other counties, "Here, we can't stand this. Over there a few miles, occupying a position just as favorable for operations as ours, there are manufacturing concerns making cheaper than we are the same products that we are selling. You will have to reduce the tax here or we will have to emigrate." The result will be that the other counties will have to come down to a classification basis, and we shall have classification by piecemeal all over the state, and that entirely independent of the question whether it will be better, when the end is achieved, to be on a classification basis or on the uniform rate basis, because the counties will be compelled to classify to protect themselves against counties that have gone over on the classification basis. I believe that would be worse than if the entire state were on the basis right at once. I do not believe, as you all know, in classification. I believe least of all in piecemeal classification as outlined in the majority report.

Now these classificationists tell us that our property tax applied to intangible personal property has broken down. Three years ago if one had made that proposition to me I should have assented to it most thoroughly, and if I had seen no relief I should have been looking around for some relief in the matter of taxation. Now, why has the property tax applied in a general way at a uniform rate to intangible property broken down? It has broken down for reasons which it seems to me are rather apparent.

First, it broke down because we left the tax laws to administer themselves. Our assessors have been going about a good deal like colporteurs, leaving tax blanks as the colporteurs leave tracts. Each person fills the blank for himself and often signs the oath with a mental reservation. With this sort of assessment it is not to be expected that any system of property tax would work reasonably well. The assessor has not been a positive force. He has not been exercising the powers that the law requires he should exercise. The assessor is elected from
the community in which he lives, and must assess the property of his neighbors—a very delicate thing to do. Assessors ought to be appointed by a power outside of the community, and they should be placed under the control of some central authority to make it certain that they shall make their assessments on some definite and fixed or uniform plan.

In Wisconsin the assessor may be fined for dereliction of duty, and for every blank left in the paper, unless he can give a proper reason why the blank was not filled. We ought to have something of that kind in this state.

In response to a question by Judge Peck I said something about both of these reports advocating a separation of the state tax from the local tax. One of the reasons for this is the tendency of each county to evade the state tax by undervaluing its property. The result is that real estate has seldom been valued at half of its real value, and sometimes for not more than a quarter or a third of its real value. Now it is easy for an assessor to say, "I don't know what this land is worth," and the result of the whole thing is that the land goes in at one-third or one-fourth of its value. But when the owner of a note reports it to the assessor, that note, if it is a good note, must go in at its full face value. It cannot be put in at one-third or one-fourth of its value. Therefore, the owner of the note, knowing that the owner of the land has only put in his land at one-fourth of its value, and not being able to put in his note at one-fourth of its value, simply does not return his note. I do not know that I blame him. I do not say that every man who does this is dishonest. I have not done it myself, but perhaps I have escaped because of lack of temptation.

Then there is another objection. If the valuation is very low, of course the rate of tax must be increased correspondingly, for the county or taxing district must have sufficient income to meet its needs, and this increases the burden on the man who has intangible personal property and makes him less inclined to report it.

There is another reason why our tax system broke down, and this is the fact that municipal bonds have been exempted from taxation. I might say here that our report would restore bonds to the tax list. I firmly believe that they ought to be restored to the tax list. There is no reason why a city should be able to give its bond, which is simply a note, under conditions which relieve the holder from taxation, when if a citizen gives his note the holder of it is taxed. I cannot see any difference between the note of a city and that of an individual, so far as that is concerned. Of course, when a city can issue its notes or bonds free of taxes, it pays a lower rate of interest. It would be a nice thing for me if I could issue my notes free from taxation. I could profit also by a lower rate of interest. And it is just as fair that I should be relieved from paying a high rate of interest as that the city should.

Mr. HARRIS, of Hamilton: Do you believe that the city should pay taxes on the money it has in bank?

Mr. COLTON: I rather think so.

Mr. ANTRIM: Do you believe a city should pay taxes on its city buildings?

Mr. COLTON: No. But I was saying that the exemption of municipal bonds from taxation tends to break down our tax system. Here is a man who has money out at interest loaned in the ordinary way. His neighbor has an equal amount invested in bonds upon which he pays no taxes. The man who has loaned his money in the ordinary way says to himself, "Why should I pay taxes on my money, loaned out in the ordinary way, when my neighbor has the same amount invested in bonds and he does not pay anything at all?" So, he simply withholds his notes from taxation.

Mr. HARRIS, of Hamilton: Do you believe an individual should pay taxes on his debts?

Mr. COLTON: No, sir.

Mr. HARRIS, of Hamilton: Then if you do not believe an individual should pay taxes on his debts, why do you believe a city should pay taxes on its debts, namely, its bonds?

Mr. COLTON: I think a note is a proper subject of taxation, and I believe a note given by a city is just as proper a subject of taxation as a note given by an individual.

Mr. TALLMAN: By what process would you get upon the tax duplicate the bonds issued by municipal corporations, where they are sold to bond houses, then sold in the New York market and are owned by the people of the state of New York, and it is impossible for us to find out who are the owners of the bonds?

Mr. COLTON: I have no process to expound to cover that difficulty, and there are other difficulties I know that will arise.

Mr. TALLMAN: Is not that one reason why municipal bonds should be exempted, because the municipality would get the taxes out of it right along in the decreased interest?

Mr. COLTON: Yes, that is the reason commonly urged.

Mr. STOKES: In answer to a question to the gentleman from Hamilton [Mr. HARRIS] you say that the municipality should pay taxes on its bonds?

Mr. COLTON: Not the municipality, the holder of the bonds.

Mr. STOKES: They are not the city’s bonds. They are the individual’s bonds after they have been bought by him. That is the bond I am talking about.

Mr. COLTON: I do not mean that the city should pay taxes on its bonds. If I used that expression it was inadvertent. All other bonds should pay taxes. I was saying that it is of advantage to the city to sell its bonds tax free, because it can float its bonds at a lower rate of interest, just as it would be of advantage to the individual. Suppose one goes to a farmer and says, "I am interested in the city. It is a large city and I can sell its bonds free from tax, and you ought not to object to it—"

Mr. DWYER: Is not the fact the reason given for exempting the bonds of a municipality from taxation that the home investors buy the bonds, and the money stays in the city? Is not that the main reason given for exempting bonds, that they are purchased at home, and the money instead of going out of the state, stays in the state?

Mr. COLTON: That is urged sometimes. Of course, if they go out of the state they are taxed. There are only two states in the Union whose constitutions exempt bonds, Arizona and New Mexico. They are not taxed at the same rate in a few other states, but in a majority of the states they are taxed just the same as
other property. Now suppose an Ohio bond subject to tax, and consequently bearing a high rate of interest, is sold in Pennsylvania, where the rate is four mills on the dollar. It will be sold at a premium, and thus the city will be recompensed for the higher rate it pays on account of the fact that bonds are taxed in this state. If the interest rate named on the bond is higher than money is bringing in Pennsylvania, the bond will sell at a premium, so that if the city issues bonds with the rate a little higher on account of the taxation, they would sell in a state where they are exempt from taxation at a premium, which would recompense the city for the difference in the rate.

But I was speaking about the farmer. Suppose there are in my town two men, one owning a farm worth $10,000 and another has money invested in notes loaned out to farmers to the extent of $10,000. Each of these is taxed, the one on his farm and the other on his notes, and they pay taxes at the rate of one per cent, which would be $100 each year. That is divided between the township and county, and a small portion goes to the other property. Now suppose an Ohio bond subject to tax, and consequently bearing a high rate of interest, is sold to farmers to the extent of $10,000. Each of these farmers is paying nothing, and hence increased burdens fall on the local and state governments. Now the second man, who has his money invested in ordinary notes, changes his tax, and consequently bearing a high rate of interest. He lives right beside his friend, but he pays nothing toward the expenses of the county or the township in which he lives. Is this just?

This man with $10,000 in bonds, who lives right beside the farmer, is paying nothing, and hence increased burdens fall on the farmer. Of course, if this man who transfers his money to bonds is relieved of local taxation, anyone can see that the result is, since the same amount has to be raised, that there will be $10,000 less of taxable property, and the others have to pay a little more in taxes. You make the farmer bear an added burden in order that the city may get the advantage of a low rate of interest.

"But," someone says to the farmer, 'the growth and prosperity of the city means the growth and prosperity of the country, and your interest in the country ought to be such that you will not object to the exemption of its bonds from taxation.' It will be very difficult to so thoroughly convince the farmer by this line of reasoning that he will say to the city: "Build your palatial public buildings and your lofty viaducts, pave your streets, purchase and adorn your spacious parks and connect them with broad and sweeping boulevards, borrow the money with which to pay for them, and, so great is our desire for your welfare that we will gladly bear increased burdens of taxation in order to help you pay the interest on your debt."

Now I think I have discussed this matter as fully as I ought to, but there is one other thing that I want to say. I think the rate of taxation of one per cent, or the extreme limit of one and a half per cent, as provided by our present law, ought to go into the constitution, because people ought to know what to depend on in the way of taxation. I believe if the people were satisfied that the present tax law would be continued in force, more property would be returned for assessment, and when we fix it in the constitution, the people will know that that is settled, they will know what to depend upon, and it is likely to bring out much more intangible property than we have now.

Mr. PETTIT: I have not had a chance to read your proposal. Is there anything in there in reference to double taxation?

Mr. COLTON: Nothing said of it. Three years ago I would have agreed with anyone who condemned our system of taxation. It had broken down. In fourteen cities the tax rate was over four per cent. In one city the tax rate was over five per cent. In many cities the tax rate was three per cent. The tax rate was often higher than the interest rate paid by banks. Under those conditions no authority would have felt like going to a man who had money deposited in a bank, which was drawing four per cent, and saying to him that he must pay five per cent taxes on it. Such a condition as that precludes the forcible administration of any tax law. But bring the taxes down to a reasonable rate, one per cent, or, in an extreme case, one and a half per cent, and the taxing authorities of the state have some heart in trying to enforce the law. The legislature will have some heart in putting penalties on, so as to bring out intangible personal property. I do not suppose we are going to get it all out. I do not look forward to that condition, but I do look forward to the time when we shall get out a much larger proportion of it than we have now on the tax books, and to a time when the income from it will be much larger than it would be under any ordinary system of classification that is likely to be adopted.

Mr. WATSON: Take a farmer now, and what encouragement would there be for a man to put $10,000 in a farm appraised at $10,000, if he did not know that there was a chance for the state to become an income tax state? Suppose he would buy that and the general assembly might mark the rate up to two per cent—

Mr. DWYER: You mean the maximum rate—

Mr. COLTON: He would take that into account, and he would be less likely to invest than under other conditions.

Now I am not here to defend the Smith one per cent law. I am not posing as its champion. But I do defend a limitation of the tax rate in the constitution. I do believe that we should secure that for all time by incorporating it in the constitution.

In conclusion, may I be allowed to express a hope which embodies somewhat my idea of what we ought to look forward to in the line of taxation? My hope is that the uniform rule of taxation may be continued. We are under the property tax, and if we pass to classification we cannot avoid many of the difficulties that exist under the present uniform rule. The difficulties of assessments, etc., under classification will be the same as now. I hope that we will continue under the uniform property tax, changing the constitution so that we can have an income tax. Then I hope we will watch the experiment in Wisconsin, and if that succeeds, as I feel confident it will succeed, I hope that our state will apply the income tax with low rates at first, which will be increased as time goes on, with a corresponding decrease of the rate of the general property tax, until by and by the property tax will practically disappear, and we shall be placed on an income tax basis, the fairest possible way.
Taxation.

in which the tax burden can be distributed over the people.
Mr. Dwyer: What would be your plan for taxing land encumbered by a mortgage?
Mr. Colton: That brings up the question of the so-called double taxation. I ought not to take time to answer that fully. I think double taxation is largely a bugaboo. Double taxation is magnified in its importance and bearing on this question.

In the first place, if I have made my position clear a note ought to be taxed. When a note is taxed I know that it increases the rate that will have to be paid by the man who borrows the money sufficient to cover the tax. That is, if the rate of tax is one per cent, and if the money could be borrowed if the note were not taxed, at five per cent, if it is taxed, the man who borrows the money would have to pay six per cent. That is all right. A horse is taxed. If I hire that horse, theoretically, and perhaps actually, I have to pay more for the horse because the horse is taxed, and if a man borrows money he will have to pay more because it is taxed. It is not double taxation, but simply a shifting of taxes. Our whole taxation system is full of examples of the shifting of taxes.

Have you ever noticed how patiently a corporation submits to taxes? They don't care how much they are taxed. They simply increase, if competition permits, the price of the product, or cut down the quality of the material, or diminish wages, and shift the burden from themselves to someone else.

The same thing is true of all corporations except railroads. We have put a limit to the charges which railroads may make for carrying freight and passengers. Under this condition the railroads cannot shift the tax levied upon them so well. We have the railroad companies between the upper and the nether mill stone, but the ordinary corporation shifts its burdens easily. In the same manner if notes are taxed, there is a shifting of the tax onto the shoulders of the borrower.

Mr. Pettit: How would a man who has a farm valued at $10,000, and has a $5,000 mortgage on it, shift that?
Mr. Colton: That burden would shift onto him.
Mr. Knight: I want to be sure that I understand the gentleman rightly. Take the illustration the gentleman from Adams [Mr. Pettit] has given. If I own a farm appraised at $10,000, and have to borrow $5,000 on a mortgage in order to pay for that farm, do I understand the gentleman to say that the man who lends me the $5,000 shifts the burden over onto me, so that I practically pay the taxes?
Mr. Colton: Yes.
Mr. Knight: Then, if that is the case, I pay taxes on the $10,000 farm?
Mr. Colton: Yes.
Mr. Knight: And on the $5,000 mortgage?
Mr. Colton: Yes.
Mr. Knight: $15,000?
Mr. Colton: Yes.
Mr. Knight: And all the property I have is a $10,000 farm. Is that right?
Mr. Colton: Yes.
Mr. Knight: But the farmer pays the tax on the mortgage on his farm?
Mr. Colton: Yes.
Mr. COLTON: I suppose you were not here when shares of stock shall not be taxed on those shares, is
estate ought to be frequently appraised. Mr. HALFHILL: Has your portion of the committee
conveniences which he has of living in town, and he ought Itevmg that they would adjust themselves, and that it
but the man in town is paying a rate of taxes for the
present law, which exempts waterworks bonds from be- mittee are contending that the way the present constitu­
valued at its cash value. Heretofore it was appraised . Mr. COLTON: The stocks in the private corpora­
$10,000 and he owes $5,000. At
Convention. Dr. Brown was to have been here to defend partnership in the municipality, and do you contend that
is
located is .44, .06 less than one-half of
you given a note for it. Would not there be as much real estate and as one who pays taxes on real estate;
plaint we could do very much toward relieving the dif- very much intangible property in the state, and I take it
statement for twenty years that has investigated the uni­
reason to exempt that horse as to exempt the land in and as a man interested in real estate and as a man inter­
Mr. DWYER: I am not exempting the notes, but exempting the man who owes the note.
Mr. HALFHILL: Or shares in a corporation?
Mr. COLTON: I think not. It was intended in the minority report to leave those things as they were, be­
ing for twenty years that has investigated the uni­
Mr. ANTRIM: It was worth that much when it was appraised, but it has gone up since.
Mr. COLTON: There might be a little injustice because the appraisement has not been sufficiently recent, but the man in town is paying a rate of taxes for the conveniences which he has of living in town, and he ought not complain of that.
Mr. FACKLER: What reason did the committee have in fixing the bond limit of cities in changing the present law, which exempts waterworks bonds from being figured in the computation of the one cent limit, to a plan which considered all as municipal debts?
Mr. COLTON: I suppose you were not here when I made this explanation at the beginning of my remarks. This section which embodies that peculiarity you refer to was the proposal of Dr. Brown, of Highland, and, without investigating it very much, we incorporated it in our report. I would not swear by the debt limit at all, and I do not propose to defend that on the floor of the Convention. Dr. Brown was to have been here to defend his proposal. He does not seem to be here.
Mr. DWYER: Suppose a man has a farm worth $10,000 and he owes $5,000. At present the land is valued at its cash value. Heretofore it was appraised at about two-thirds, but now it is at its full value. He has to pay taxes on $10,000 while he owns only $5,000. Would it not be fair every year when the assessor goes around to have an affidavit attached to the blank by which the man could swear as to the amount of interest he had in the land, and ought you not to assess him on what he owns and not on what he owes? Would not that be fair?
Mr. COLTON: It would seem to be fair, but it is wholly impracticable. I do not think we can put into practice any scheme of that kind that will work.
Mr. DWYER: You have to return your personal property every year, and why not let what he owes be deducted?
Mr. COLTON: It would tend to the reporting of fictitious mortgages.
Mr. DWYER: It looks to me as if that would be the fair thing to do.
Mr. COLTON: Suppose you bought a horse and you gave a note for it. Would not there be as much reason to exempt that horse as to exempt the land in your supposed case?
Mr. DWYER: That is exceptional. That is one of the great grievances we have. The great trouble with our present system in double taxation, paying on something that you do not own. That is one of the greatest complaints we have. If we could eliminate that complaint we could do very much toward relieving the difficulties of the question of taxation.
Mr. COLTON: There was a large number of ap−
Taxation.

1851 one-half of the houses on the farms in Ohio were log houses and that farmers used oxen instead of horses. They had very little personal property and everybody knew what everybody else had. Each person knew exactly what his neighbor had, and at such a time and under such circumstances the uniform rule of taxation might have been just. As corporations increased, and by reason thereof intangible property increased in amount, the uniform rule of taxation began to work badly. I venture the assertion that today the intangible personal property of the state of Ohio is more than double that of real estate, and yet not six per cent of the intangible personal property goes upon the tax duplicate; and as a man interested in manufacturing and real estate I protest against such conditions. You never have been able under the uniform rule to bring out that intangible personal property, and you never will be able to do so.

I have read the reports of many tax commissions and have considered their reasons for their conclusions, and, without quoting their opinions or giving their reasons, I have taken down what I consider a concrete statement that seems to embody the consensus of their opinions as expressed by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.

The well known failure of our present system to reach classes of property other than real estate is known to practically everybody, and the demoralizing results of such system have been increased and magnified as the business interests of the state have grown in size and complexity. Grave evils have resulted from our attempts to administer laws which cannot be enforced, and the greatest depression and injustice has been cast upon classes in the community least able to bear such conditions. You never have been able to express by them. I believe that the following statement which I have written down properly represents those ideas.
Jones has three notes upon his table. D wishes to borrow $5,000. Being well known in the community and a man of considerable property, he arranges with Jones for his $5,000 by giving his own promissory note.

Now Jones has loaned his $20,000 and has four notes therefor. You now propose to favor Mr. Jones by making provision that the note given by A and secured by Jones has three notes upon his table. D wishes to borrow money to A, it is also double taxation in the case where Jones loaned the money to B and C, and if you are to make any exemption on account of a security being given for the loan, then I can see no reason why you should not exempt the loans made to B and C as well as the loan made to A.

Now, in a year from that time these men all come back. This constitutional proposal has been adopted and it is now in effect. A asks to renew his paper and Jones says to him, "They have changed the law. The law is now different from what it was before. We now have a recording tax and I will have to pay one-half of one per cent when I record this mortgage. If you will take the loan for five years I will pay that recording tax myself. If you want it for only one year you will have to pay it for me, as I want six per cent for my money." It is agreed, and the loan is made. B comes to Jones and says "I would like to renew the $5,000 note for another year." Jones says to him, "You know they have changed the law. If I loan money upon a mortgage I only have to pay a recording tax and will have to pay no other tax upon the loan. Now, if you want this money for another year you will have to give me a mortgage or pay extra interest to cover my taxes." "But," says B, "I don't own any real estate". Jones replies "Go out and buy some vacant lot for say $200 and I will loan you the $5,000 upon it. Just so it is a real estate loan, that is all I must have and that saves me my taxes." B goes out and buys a vacant lot for $200 and comes back and executes a mortgage upon it and gets his $5,000 by leaving the same collateral with Jones for safekeeping. Isn't it a fact that if you pursue that system you will turn all loans into mortgage loans, and will not mortgage loans be the basis of all other loans, and will it not drive us to single tax? Land will be the basis of all loans. If people want to borrow on collateral they will have to pay one per cent extra for taxation. In other words, if a person puts up any other kind of collateral than a real estate mortgage he must make the money lender good on the tax. And why is one secured debt we have mentioned any more double taxation than the other?
houses were simply a fence between the city and the bondholders.

What has happened since the change and the bonds are exempt? Here is a little community, say, building a schoolhouse. Now a little city or a village can issue bonds at four or four and a half per cent and there is a market for them. About seventy-five per cent of them are owned locally and only about twenty-five per cent of them leave the taxation district where they are issued. What is the result? Every school district, every small village and city and county is able to borrow money for about two per cent less than could have been done under the old regime. This results in a local benefit to the people of that district. But I want to tell you that in no case will you ever collect any taxes on these bonds, whether they are exempt or not. The point is this: if you keep the bonds exempt from taxes the community is benefited one per cent at least by having the right to borrow the money where it is cheaper. What sense is there in putting it on the tax duplicate when it will go out of the community where the bonds are issued and you will never find them for taxation? I remember twenty years ago or more there was $35,000 of bonds issued by a village in Lorain county and they were issued at six per cent. They were advertised and there was not a bidder found for those bonds, and as I was then interested in a bank I got the officers of the bank to put in a bid at par. That bank carried those bonds a year and could not sell them at par. Finally I went to a bond house in Toledo and negotiated a sale of the bonds and the bank lost $400 in the transaction. These bonds were good and safe, but people did not want to buy them, as they did not know about the financial condition of the village issuing the bonds. And I know you cannot sell village bonds if they are taxable. Take the bonds of the big cities and there is a constant demand for them and the price is not affected so very much whether they are on the tax duplicate or not. They don’t vary in price more than one-eighth of one per cent. I have not seen a daily paper lately or noticed the quotations, but I know exactly what the bonds of the big cities are selling for, they vary so little. The large cities are not interested in a bank I got the officers of the bank to put in a bid at par. That bank carried those bonds a year and could not sell them at par. Finally I went to a bond house in Toledo and negotiated a sale of the bonds and the bank lost $400 in the transaction. These bonds were good and safe, but people did not want to buy them, as they did not know about the financial condition of the village issuing the bonds. And I know you cannot sell village bonds if they are taxable. Take the bonds of the big cities and there is a constant demand for them and the price is not affected so very much whether they are on the tax duplicate or not. They don’t vary in price more than one-eighth of one per cent. I have not seen a daily paper lately or noticed the quotations, but I know exactly what the bonds of the big cities are selling for, they vary so little. The large cities are not interested as much as the small cities, towns and school districts.

Now, I have discussed these two side issues as to double taxation and public bonds, and possibly I may not have made myself clear. I have my own ideas and I have tried to give them to you, and I hope you won’t take any offense if I speak earnestly. I am very earnest upon this subject. I want you to bear with me if I trespass upon your patience a little. There may be people in this Convention, and I presume there are many, who have had more experience than I have had, but I have had a little and my education is from experience and is not academic, and I have not obtained my information only by using a pencil in an office; I have been out in the world some.

There may be persons at the head of tax commissions who are very learned, scholarly men, who have had great experience in manufacturing and all other industries and may have made their millions and been successful, who may be in favor of the uniform rule of taxation and may think all property should be taxed at its full value, but I doubt it, for that has not been my experience. I know in most towns we have boards of trade and chambers of commerce that want to secure factories and have factories come into their towns to build up the towns, to open up new additions to the town and to bring laboring men into the town for the purpose of helping the farmers and the merchants in selling their goods, and these people are all in favor of classification of property. How many of us have been solicited to contribute to a fund of ten or fifty thousand dollars to aid in getting manufacturing industries established in our small cities and villages, and how many of us have paid our money and never received a dividend in return! How many small corporations are operating in the small towns and villages that never pay dividends, and yet they furnish labor for hundreds of employees! I have stood at midnight as it were watching manufacturing establishments, some that I have helped to build, and I have seen hundreds of men working and a large amount of smoke pouring out of the tall smokestack, and I have wondered what the workmen would think if they really knew the financial condition of that institution. That institution may have been working night and day for three or more years, with the men who are managing it breaking their backs in an effort to get money for a payroll and to keep the institution running, but the state never hesitates to take its taxes and assessments upon the full cost of the plant, whether the machinery or property has a real earning capacity or not, and whether the fixtures owned have any true value or not. When an accident occurs, the moment it does occur lawyers are ever looking for a job, and in many cases corporations are compelled to delay a just claim to a person injured for the reason that they have not the money to pay the claim.

Take the street railway companies and interurban railway companies. You perhaps have helped to build some of them. They issue their preferred stock and common stock and bonds, and maybe a second or third mortgage bond, and after they are built and in operation what is the stock worth? Who knows what their stock or their bonds are worth? The preferred stock is quoted usually at about thirty-five cents, the common stock about four cents, the first mortgage bonds about ninety-five to ninety-eight cents, the second mortgage bonds about eighty, and the third mortgage bonds about sixty or seventy, but who knows what those bonds are actually worth? How many interurban railways have you put your money into when you did not get anything back for several years, and then finally they went into the hands of a receiver, because sometimes it only takes one large accident to put such a company into the hands of a receiver. I have heard it said here in this Convention that the attorneys who represented the injured persons were benefactors. I know oftentimes that the attorneys for the corporations were the best friends that the injured people had, because those attorneys have stayed off the time of settlement that the injured person might get some compensation and there might be some money at that time to make settlement with, whereas if a judgment had been rendered and execution issued when first the suit was started there would not have been a cent, the company would have become insolvent. I know of several instances where by getting time companies were able to pay their claims. As a general thing there is a certain class of attorneys who have their heads out of the window all the time watching for the ambulance, and when they represent an injured person they want
two amounts, one for themselves and one for the man injured. Many times we hear talk about the heartless and soulless corporations delaying payment to the poor fellow who is injured when they have not the money to pay him with and could not get the money at any bank, and the only way they can pay the poor fellow who is injured is to get an extension of time until they can earn the same or get the money from some other source.

Now, by classification of intangible property or by classification of all property, you can do justice to these corporations that are having a hard time to succeed and not help to force a failure and thereby create a loss for the owners who have put their money into the enterprise, as well as the workmen who work in those factories and the people who live in those towns. If you can classify property you can protect a lot of these manufacturing institutions that furnish the labor for so many people who built up these small towns. This does not apply to all amounts, one for themselves and one for the man injured, twenty millions of dollars of money deposited in banks that means a large amount of income that you don't get at all now. It would help the banks. Everybody would bring his money and place it in the banks, because it would be exempt from taxation so far as they are concerned. They can say, "We have money in bank". As to the individual, his money in bank would not have to pay taxes. The banks would pay the depositors less interest. But when they go on the theory that the property must be listed at its full value and pay some of the rates of taxation that towns have imposed, it simply takes from some of the depositors the full income. Say a person has $10,000 in bank at four per cent. If this is returned for taxation, or had been in times gone by, it would take all the interest and some of the principal to pay the taxes.

No matter what we may say we all know that many of the small corporations throughout the state are not paying dividends. I know of one instance in my town where a manufacturing concern, with machinery and real estate costing in the neighborhood of $200,000, went into the hands of a receiver and the plant stood idle for two years or more, and it was then sold for $35,000. The machinery was not adapted for anything else than that for which it was originally designed. Now, what are you going to do? Tax that property at its full value? What was its value? Was it not its earning power that fixed its value? Just look what the result would be if you did tax it at its full visible value. Is there any inducement to anybody to put his money into an industrial corporation to bring laboring men to a town that the city may be built up if you indorse such a system? I will say this in conclusion, that I believe that we should at this time recognize the fact that we have more than double the amount of intangible property than we have of tangible property, and we should adopt some rule whereby we can get at that intangible property and make it pay taxes according to its ability to pay, according to its earning capacity, and I say that it is not the true way to tax intangible property at its full value unless it is earning an amount equal to at least six per cent.

Under the Smith law the one per cent authorized to be levied will take twenty-five per cent of the income on the money deposited in banks. An assessor comes to my home and wants me to make out my return for taxation. I may have $10,000 borrowed from some bank, and I may have $20,000 of securities and bonds up as collateral for that loan. I do not really know if those bonds or that collateral are worth enough to pay that note. I have not got them in my possession and how easy it is to say that I have not got them, I don't own them, the title has been transferred and I don't know whether they would pay the debt, and therefore avoid returning them for taxation. I don't know that I will ever own them or have them in my possession. I may have four or five such loans as that. Everybody does business at several banks, not at just one bank. The hustling city builder, the man who comes rolling down town in his automobile, never has idle money. He always has his stocks and bonds up in some bank for money borrowed and used in the enterprises in which he is engaged.

I tell you, gentlemen, there should be some relief. Here
we are as a Constitutional Convention. The Convention will not meet again for a long time. The people should have some relief, and if there is no one else in the state of Ohio who will tell the truth about it, I will, and you can do as you please. I know it is a fact that if you can classify property tax matters can be so arranged as to bring in much more income than now, and you can avoid many of the hardships due to the present system.

I am interested in farming. I have owned several farms, and being the owner of farms I want classification of property so that the taxes can be lowered on the farms. It is a benefit to the farmer to have classification of property; it is a benefit to the manufacturing concerns who employ labor. You should not be kicking at the corporations all the time. What are you going to do if they quit furnishing the opportunity for people to labor? Therefore, I am opposed to the recording tax for mortgages, I am opposed to putting public bonds back upon the tax duplicate, and I am opposed to the uniform rule whereby all property must be taxed at its full value regardless of its earning capacity.

Mr. Watson: You speak about lessening the rate of taxation upon enterprises for the purpose of building up a city or a town. At different periods in my life I have owned blooded stock. Why should not the tax on blooded farm animals be lessened so as to let a fine lot of cattle be built up? Isn’t that just as necessary as building up a manufacturing plant, and isn’t one who engages in that just as much benefiting the farming community as the manufacturer benefits the city?

Mr. Redington: I think such property is taxed at its value, and that is correct. You brought my attention to one thing that I omitted, and I am glad you mentioned that matter.

I would exempt farming implements from taxation, and I wouldn’t tax non-dividend-bearing stock, and I wouldn’t tax household goods. Here a young couple gets married, and they have about $125 or $150 worth of household goods. Do you think they should pay taxes on those?

Mr. Winn: I want to say that as I understand you, you are in favor of classification of property for taxation?

Mr. Redington: Yes.

Mr. Winn: You are opposed to exempting bonds, notes or securities from taxation?

Mr. Redington: I am opposed to exempting private bonds from taxation, but I think municipal, county, state and all public bonds should be exempted.

Mr. Winn: How about individual notes?

Mr. Redington: I gave an illustration of that, of Jones who made the four loans. And I say, if you are going to exempt one, you should exempt the others. I would tax them all alike.

M. Winn: You are opposed to exempting public bonds. Are you opposed to the same extent to exempting private notes and securities of that sort?

Mr. Redington: I am not opposed to exempting public bonds. As to private notes and securities of that sort—I am in favor of taxing telephone company securities and street railway bonds and securities of that character—when you don’t know how to list them, and don’t know what they are worth, I would be in favor of classification, so that they can be put down at what they are worth, judged by what they produce, their income.

Mr. Winn: You are in favor of exempting manufacturing institutions?

Mr. Redington: I never said that. I said I was in favor of the classification of property, so that some fair rule could be adopted, and that they could be taxed according to their ability to pay dividends.

Mr. Winn: You are in favor of making the tax light?

Mr. Redington: Upon those institutions?

Mr. Winn: Upon those that are unprofitable.

Mr. Redington: If there were an unfortunate institution in your town not paying a cent of dividend, and the chances are that it won’t pay, I do not think it should pay taxes.

Mr. Winn: Is not that the law?

Mr. Redington: No, sir; the real estate is appraised every ten years. I believe it is appraised every four now, and the real estate and machinery and permanent fixtures are taken into account, and if that particular plant should fail, and that machinery had to be sold, not being designed for any other purpose, it is worth next to nothing. Many an institution, not worth a dollar, has gone on hoping against hope that it might make a success, but finally has gone down and the people who had their money in it never got a cent.

Mr. Stokes: Do you think it wise to classify in the constitution rather than putting it up to the legislature?

Mr. Redington: It is a legislative matter. I think the constitution should simply give the right, and that the legislature should make the law. However, I realize that we have been making laws, and if I could not get it in any other way I would be willing to get it through the constitution.

Mr. Watson: The point I was trying to draw out in the question I asked a while ago was, whether you do not think it is wrong for the state to start in building up enterprises for you as a manufacturing industry and not for me as an agriculturist?

Mr. Redington: I never advocated that.

Mr. Watson: The point I was trying to draw out in the question I asked a while ago was, whether you do not think it is wrong for the state to start in building up enterprises for you as a manufacturing industry and not for me as an agriculturist?

Mr. Redington: I never advocated that.

Mr. Watson: The point I was trying to draw out in the question I asked a while ago was, whether you do not think it is wrong for the state to start in building up enterprises for you as a manufacturing industry and not for me as an agriculturist?

Mr. Redington: I never advocated that.

Mr. Watson: The point I was trying to draw out in the question I asked a while ago was, whether you do not think it is wrong for the state to start in building up enterprises for you as a manufacturing industry and not for me as an agriculturist?

Mr. Redington: I never advocated that.

Mr. Watson: The point I was trying to draw out in the question I asked a while ago was, whether you do not think it is wrong for the state to start in building up enterprises for you as a manufacturing industry and not for me as an agriculturist?

Mr. Redington: I never advocated that.
Taxation.

any fool can make a success in farming, when it comes down to marketing crops and running a farm, but it is a different proposition when you get in an enterprise where you have to meet your payrolls, and have to go into the market and get the raw material, and where you have to do the manufacturing and selling. The farmers needn't think they have the only hard jobs.

Mr. WATSON: Don't you think you circumscribe that word "business man" by entirely too narrow limits, when you say it takes in the one and not the other?

Mr. REDINGTON: I don't say it doesn't take in the farmer, but I say there is a difference between the farmer and the manufacturer.

Mr. ELSON: In the classification of property, you know that the great obstacle in this state would be the rural vote?

Mr. REDINGTON: I hope not.

Mr. ELSON: Would you be willing to fix the maximum limit beyond which real estate should not be taxed?

Mr. REDINGTON: Yes; and I think this substitute proposal of ten mills, plus five mills under certain circumstances, is right and fair.

Mr. WALKER: If I understood you correctly, you favor concessions to corporations and industries to prevent their going out of the state? Did I correctly understand you on that?

Mr. REDINGTON: I said if you tax money unreasonably it will go out of the state, and you all know that is what they have done. There are people who claim their residence in New York who are doing business in Cleveland.

Mr. WALKER: You are in favor of granting concessions?

Mr. REDINGTON: No; I don't say grant any concessions to those people, but I say that money in bank should be paid on by the banks, and all intangible property should bear taxes according to its earning capacity.

Mr. WALKER: Say the tax rate is one per cent on real estate. You are in favor of reducing the tax rate on some other kind of property below one per cent?

Mr. REDINGTON: If it could not bear it; I would not take any of the principal.

Mr. WALKER: Would not that same principle apply also to the farmer in order to make farming profitable?

Mr. REDINGTON: I don't think the matter is analogous at all.

Mr. WALKER: If it is right to grant anything in the way of a concession in the one instance, is it not proper to grant it in the other? And is it just for the state to punish a legislator for bribery, and then itself bribe the business men in here by giving them concessions in the way of taxes?

Mr. REDINGTON: If you pass a law that will permit manufacturers to live you are not bribing anybody.

Mr. KING: Is it not a fact that in the three western provinces of Canada every municipal manufacturing corporation is relieved of taxation until an examination of their books show a profit?

Mr. REDINGTON: That is true, but I did not want to refer to it for fear they would say I was a single taxer.

Mr. COLTON: Did I understand you correctly when I understood you to say that if you would take the money away from Cleveland stagnation would result?

Mr. REDINGTON: Not exactly that. I said this: That, as a general proposition, without money, any community would not have any use for business houses.

Mr. COLTON: It is a good thing for a community to have money?

Mr. REDINGTON: Yes, and a good thing for a man to have some too.

Mr. COLTON: Didn't you say that if you taxed the bonds, that they would go out into other states?

Mr. REDINGTON: Yes, I expressed that idea.

Mr. COLTON: Would not the money come back into this state, and why would not it be a good thing to have the bonds go out and the money come in?

Mr. MILLER, of Crawford: I believe you said you believe that classification of property would reduce the taxes that are now paid generally by the people?

Mr. REDINGTON: Yes. I say that if you bring upon the tax duplicate a large volume of property that is not now there, it will help to bear the burden and reduce the burden on the lesser amount that now bears the whole of the burden.

Mr. MILLER, of Crawford: You also said, I believe, that one object of classification was to reduce the burden on the manufacturer?

Mr. REDINGTON: I say that it is unfair to tax the manufacturer that does not make any dividend. If you come to a dividend producing company that is a different thing, but as long as they do not pay dividends why tax them so extremely?

Mr. MILLER, of Crawford: If we reduced the taxes on these items where would the taxes come from?

Mr. REDINGTON: Thousands and thousands of dollars of intangible property would go upon the tax duplicate. There are hundreds of millions of dollars in Ohio that are not taxed at all now.

Mr. MILLER, of Crawford: You know that this system in New York has not been entirely satisfactory?

Mr. REDINGTON: I am not familiar with the system in New York in detail. I have not the knowledge that would let me speak on that subject. All I ask is that we do not put an iron-clad uniform rule into the constitution so that the legislature cannot classify property on some uniform basis that will be fair or just to the owner.

Mr. MILLER, of Crawford: Then we ought to refer it to the legislature?

Mr. REDINGTON: If you have men smart enough here to provide for it in the constitution I will vote for it.

Mr. WOODS: Do you infer that the men in this Constitutional Convention are not smart enough to be legislators?

Mr. REDINGTON: No, but if you have men here smart enough to do it I will vote for it.

Mr. WOODS: I understood you to say that the general assembly could classify it, but we couldn't classify it.

Mr. REDINGTON: Possibly I am not understood all the way through as I intended. I assume, in addressing the Convention, that all the Convention would do would
Mr. REDINGTON: Whenever you reduce the tax burden upon one class of property, do you not necessarily increase it upon some other class?

Mr. REDINGTON: No; not if you produce a new class of property to put the taxes on.

Mr. LAMPSON: How are you going to produce a new class?

Mr. REDINGTON: By bringing out money from the banks. Before I close, I want to refer to the states that have exempted municipal bonds and the dates when the exemption was made:

- Maine, 1909; Vermont, 1907; Massachusetts, 1909;
- New York, 1909; New Jersey, 1893; Indiana, 1903;
- Michigan, 1909; Iowa, 1909; Kansas, 1907; Wyoming, 1907; Oklahoma, 1907; California, 1902; Washington, 1907; South Carolina, 1903; Georgia, 1907; Wisconsin, 1911; Minnesota, 1911; Ohio, 1906.

Now, you see the trend of nearly of those states during the last few years is to exempt public bonds.

Mr. STOKES: What is the object of exempting municipal bonds from taxation?

Mr. REDINGTON: I thought I made that clear. Because they don't pay any revenue anyhow, and you borrow the money at a much less rate if you exempt them.

Mr. STOKES: Don't you think the farmer then might be exempted from taxation so that he might sell cheaper?

Mr. REDINGTON: Do you think it would make the farmer sell cheaper?

Mr. LAMPSON: Don't you think all of those exemptions to which you have referred were obtained through the influence of powerful lobbies in the legislature?

Mr. REDINGTON: If they were, for one time the lobby was right.

Mr. EBY: You made an illustration of an industrial corporation that was furnishing work for a lot of laborers, but said that the corporation paid no dividends. If I understand you you would reduce the taxes on such an institution or let that institution be tax free?

Mr. REDINGTON: No, I do not understand that the classification of property means tax free.

Mr. EBY: Didn't you say it would make it easy for them?

Mr. REDINGTON: They would certainly have to pay on their real estate and buildings, but under the rule of classification some reasonable and just provision should be prepared so that those people would not be unreasonably taxed if they are not paying a dividend.

Mr. PIERCE: What are you going to do with the farms that don't pay dividends?

Mr. REDINGTON: I didn't suggest anything.

Mr. EBY: I know of a dozen farmers who, after they pay their running expenses and the interest on the mortgage, are hardly ever able to make a living for themselves and families.

Mr. REDINGTON: You do not expect that any committee that would prepare a bill for the classification of property would make any such distinction on real estate, because it is assumed that real estate will pay something. You have to pay taxes on vacant property that yields no income whatever.

Mr. EBY: Under the present state tax system that property should be taxed according to its earning capacity.

Mr. WOODS: What classes of people are asking for classification of property?

Mr. REDINGTON: So many that I haven't time to tell. I think the farmer ought to ask for it. The man who owns real estate should ask for it. The banker and manufacturer—all of those should ask for it.

Mr. WOODS: Is the owner of real estate?

Mr. REDINGTON: Up our way they are.

Mr. WOODS: You say that a farmer should ask for it. Why should a farmer ask for classification? Does he want to pay more taxes?

Mr. REDINGTON: If the farmer asks for classification he does it because he realizes that there is a lot of intangible property that is not paying taxes, and by bringing that in it will reduce the taxes on his real estate. It does not stand to reason that he would ask for classification if he expected by classification to pay more taxes.

Mr. WOODS: Well, if anybody pays less under classification, somebody will pay more. If you let one class out for less than it is now taxed, somebody will have to pay that additional burden.

Mr. REDINGTON: But the class that you refer to as being allowed to get out at less are practically getting out for nothing now. They are not paying taxes at all. Our banks in our county will show $15,000,000 of money on deposit in the savings accounts. If you go to the auditor you will find that there is very little of that returned for taxation. There is not $1,000,000. Not to exceed one-twelfth of the actual money in bank is returned. Now, if you bring out that money from the banks and put it on the tax duplicate, why will it not produce new revenue, which will lessen the amount to be paid by those heretofore paying all the revenue?

Mr. COLTON: You gave eighteen states that exempted municipal bonds from taxation?

Mr. REDINGTON: Yes.

Mr. COLTON: Have you consulted the digest of the constitutions that we have here on that point?

Mr. REDINGTON: No.

Mr. COLTON: Does not that say that Arizona and New Mexico are the ones that have exempted the bonds?

Mr. KING: Well, if it says that it is not so.

Mr. COLTON: The book I got my information from gives that.

Mr. WATSON: You said, I believe, that the farmer and the coal miner were asking for classification?

Mr. REDINGTON: They are.

Mr. WATSON: Is it not the state board of commerce and similar institutions?

Mr. REDINGTON: I have not consulted them. I'm not here indorsing the State Board of Commerce or speaking for them. I am speaking for H. C. Redington.

Mr. DOTY: Do you not know that the State Board of Commerce is opposed to the majority report?

Mr. REDINGTON: No; I didn't know that.

Mr. MILLER, of Crawford: Do you know that the
Taxation.

National Tax Commission is in favor of classification of property?
Mr. REDINGTON: I know that the National Tax Commission made their report in January of this year and passed a resolution.

Mr. MILLER, of Crawford: Mr. Foote is president of that association.

Mr. REDINGTON: I don't know anything about Mr. Foote. I don't know who he is. I have gotten some leaflets signed by him, but I don't know anything else about him.

Mr. MILLER, of Crawford: Do you know who constitute the Ohio Tax Association?
Mr. REDINGTON: I know there is such an organization.

Mr. MILLER, of Crawford: And that they are in favor of classification?
Mr. REDINGTON: If they are, they are right.

Mr. PIERCE: Would there be any necessity for classification of property if the people would honestly return their property for taxation?
Mr. REDINGTON: That is a moral question. I can only answer that by saying they never have done it.

Mr. REDINGTON: I know where there was an estate of a million and a half in my section, and they made out an inventory of appraisement that showed $600,000. They had never paid taxes on that, and finally, after eight years, they came in and paid $5,600 and got a clear bill. Then they found another lot of property against the estate, and the estate had to come in and pay $1,500 the second time, and yet even then they didn't pay one-fifth of what they should have paid. The whole thing was exposed in our probate court, and there was no reason why it was not collected.

Mr. PIERCE: Is it not a fact that you are asking for the classification of property because people do not return property for taxation?
Mr. REDINGTON: If everybody would return property honestly and fairly that would be another thing, but still if they won't, and if they are not paying anything, and you had a $2500 bond that I knew of I would feel like a robber to ask you to pay taxes on that.

Mr. TANNEHILL: Will you map out some simple plan of classification and tell us how you would classify the property? If you won't do it, will you not get some other classification man to do it?
Mr. REDINGTON: Do you realize what you are asking? To get up a proper classification ought we not to have a commission formed to study the subject thoroughly and prepare a bill with due care? Do you think that Redington offhand is going to attempt to give such a bill? I am in favor of the principle, but I am not going into details.

Mr. TANNEHILL: Do you not think that the classification members of the Convention ought to submit to us simple-minded members something along that line so we can study and see what it is?
Mr. REDINGTON: I wish they could. I was on that committee, but they couldn't agree on anything.

Mr. WOODS: Did not the general assembly three years ago create a tax commission, and did not that law provide that that tax commission should make recommendations?
Mr. REDINGTON: Yes.
Mr. WOODS: Has not the president of the tax commission appeared before the committee on Taxation and made recommendations?
Mr. REDINGTON: There was a tax commission, I believe, appointed in 1906 or 1908, and after two years' study of this question they recommended classification of property.

Mr. WOODS: I am talking about the present tax commission of Ohio?
Mr. REDINGTON: I cannot answer what that tax commission has done.

Mr. WOODS: Did not the law provide that they should make recommendations?
Mr. REDINGTON: Then why didn't they do it?

Mr. WOODS: Have they not done it? Did not Judge Ditty appear here and advise your Tax committee, of which you are a member, of what they thought should be done?
Mr. REDINGTON: From what little I heard, I thought he was in favor of the uniform rule.

Mr. WALKER: Referring to that $15,000,000 and $1,000,000 on the tax duplicate, don't you think it would do better to have all of that on the tax duplicate?
Mr. REDINGTON: If you could do it that would be a very good thing, but there had been a habit growing up of not giving it in until the Smith law was passed. The taxes sometimes were four or five per cent, and the income would only be four per cent, so if the person gave the property in he would lose all the interest that it yielded him and some of the principal, and do you blame him for not uncovering property paying less than the taxes?

Mr. WALKER: That is not the question. That $15,000,000 has not been returned because of the constitutional provision about the impairment of contract. Is not that it?
Mr. REDINGTON: No; I don't know any provision of the constitution or the law that exempts that from taxation, but it simply is not reported.

Mr. WALKER: Is it not true that the legislation has been declared unconstitutional because it would impair the obligations of a contract; in other words, that the assessor could not compel the holder of the note to present it for taxing purposes or permitting it to be stamped because thereby the value of that note would be impaired? Is it not true that no legislation has been possible because of that constitutional limitation?
Mr. REDINGTON: I don't understand it that way. I understand the auditor can put you under oath and ask you, and if he doesn't believe you he can subpoena the bank. They simply don't do it.

Mr. WALKER: If there is nothing in the constitution preventing it, could not the assessor carry a stamp and stamp all of that sort of property, and could we not have a law refusing the use of the courts for purposes of collection unless it was stamped, and would not that be a way out?
Mr. REDINGTON: No, sir; not the way you put it. I would not be in favor of taxing intangible property as other property if it is not dividend-paying property. I do not believe in taking off any of the principal when there is no income.
Mr. WALKER: Your basis for taxation could be on the amount of income?
Mr. REDINGTON: On intangible property only.
Mr. WALKER: Why not tangible as well?
Mr. REDINGTON: Tangible property can be seen, and lots of it can be seen. I would even exempt some tangible property—farming implements and household goods.

Mr. WALKER: If I own a farm worth $10,000, and I am a poor farmer and do not make proper provisions for the farm or run it properly, my debts keep on increasing until finally I am hopelessly gone; but all the time I haven't been making anything. Why am I compelled to pay taxes?

Mr. REDINGTON: I cannot conceive that a man can run a farm worth $10,000 right straight along and not make anything. A man on a hundred acres of land ought certainly to make a living. If he cannot make a living on a hundred acres of land as a steady thing right along, he ought to be put in the feeble-minded institute.

Mr. MILLER, of Crawford: You say that under the one per cent law the taxes are higher than before?

Mr. REDINGTON: I understand that from the newspaper articles.

Mr. MILLER, of Crawford: Can I make a statement?

Mr. REDINGTON: You can make a statement if you want to.

Mr. MILLER, of Crawford: An inquiry was sent out by the secretary of agriculture in March, and one of the questions addressed to all was whether the taxes were higher or lower under the one per cent law than they had been before. Five hundred and sixty-two who answered said they were higher; ten hundred and sixty-four said they were lower. Nearly double the number answered Mr. REDINGTON: Can you bring it out? We had increased greatly. Mr. HARRIS, of Ashtabula: That doesn't prove it. The rate have been? Mr. REDINGTON: My understanding has been that it has increased the taxes considerably. I do not want to be personal, but the taxes on what little real estate I had increased greatly.

Mr. KELLER: I understood you to say that real estate paid more taxes under the Smith one per cent law than prior to that time?

Mr. REDINGTON: I so understand.

Mr. KELLER: Do you not know that all buildings are included in real property?

Mr. REDINGTON: Yes.

Mr. KELLER: I wish to state this—and then I have a question—that the increase of valuation under the Smith law was 62 per cent upon real property and 61.4 per cent upon personal property, which in the aggregate, as you gave it a while ago, bore out the impression that real property was paying more taxes than before. That was the impression I got from your answer, that the farmers were paying more taxes. Do you not know that all of the tangible property is upon the tax duplicate for 1911 and at practically the same figures as 1910, and that 61.4 per cent increase upon personal property has been almost exclusively upon intangible property?

Mr. REDINGTON: No; I do not know that.

Mr. KELLER: It is a fact. It certainly is a fact in my county. I can only speak for my own county.

Mr. LAMPSON: This is given, not as an argument one way or the other, but simply as a statement of fact: In Ashtabula county the gross amount of taxes to be paid in dollars and cents into the treasury on real estate was increased by forty-two thousand and some odd dollars, and there was almost a corresponding decrease upon the gross amount paid upon personal property, and of the decrease the Lake Shore Railroad saved $34,000 and the banks $12,654.

Mr. REDINGTON: I am satisfied that is correct.

In Lorain county the increase in valuation in 1911 over 1910 was $77,000,000, and about sixty-five per cent was on real estate.

Mr. HARRIS, of Ashtabula: I understood you to say that in your county some fifteen millions of tangible property or thereabouts was not listed for taxation, while a million was?

Mr. REDINGTON: That was approximately.

Mr. HARRIS, of Ashtabula: And your justification for not listing it was that the rate was 41 mills?

Mr. REDINGTON: I didn't say it was.

Mr. HARRIS, of Ashtabula: Well say 40 mills, with $1,000,000 listed and $15,000,000 not listed. Suppose the $15,000,000 had been listed voluntarily, what would the rate have been?

Mr. REDINGTON: Necessarily lower.

Mr. HARRIS, of Ashtabula: Forty divided by fifteen?

Mr. REDINGTON: No, because there was more property than that.

Mr. HARRIS, of Ashtabula: It would have been enormously reduced?

Mr. REDINGTON: I think so.

Mr. HARRIS, of Ashtabula: If it had all been brought out the rate would have been greatly reduced?

Mr. REDINGTON: Can you bring it out? We can't.

Mr. HARRIS, of Ashtabula: You say you can't bring it out. How do you know?

Mr. REDINGTON: We never have.

Mr. HARRIS, of Ashtabula: That doesn't prove anything.

Mr. REDINGTON: You ought to be elected auditor of some county. You would learn some things.

Mr. MOORE: You say it would be unjust to tax nondividend-paying bonds. Does not this proposal provide that they shall be listed at their true value in money? What would be their true value?

Mr. REDINGTON: I will try to answer that. When the assessor comes around, how can he tell the value of telephone, interurban or any industrial bonds that have not paid any dividend yet, but may pay some day? It ought to pay some tax, but it is not worth its face value, and who can tell what value ought to be placed on it?

Mr. MOORE: Should you not sell them the same as a farmer sells what he has?

Mr. REDINGTON: I've got some I would like to sell.

Mr. STOKES: Speaking of the $15,000,000 that you failed to get upon the tax duplicate of Lorain county—you spoke about those securities being held by the widows and orphans, or poor people, or something like that. Do you wish us to understand that the poor people are the ones who left out that property?
Mr. REDINGTON: I think I said old people, the people who do not care to take their money from bank and put it into industrials. Many a man when he reaches a certain age just wants a certain income, and he will put it in bank at a small per cent, but the fellows engaged in business in your town and my town, too, are not leaving much money on deposit.

Mr. STOKES: Are these people who have that $15,000,000 the poor people that you are referring to?

Mr. REDINGTON: They are the clerks and the orphans and the widows and the farmers and the old people who don't understand how to invest money.

Mr. EBY: You speak of the vast amount of intangible property not listed. What would you have pay taxes under classification that is not available now?

Mr. REDINGTON: I would have the banks make four reports a year. I would take the average amount during the year, and I would say they would have to pay taxes upon the whole volume, and I would exempt the people who had deposited it. That would put $6,000,000 on the tax duplicate.

Mr. EBY: Is not that available now?

Mr. REDINGTON: You don't do it now. They have not been able to do it, and never can.

Mr. JOHNSON, of Madison: Do you know what part of that $15,000,000 was invested in nontaxable bonds about a week before the assessor came around?

Mr. REDINGTON: I presume that some of it was. I will say that that money is the life of the city, that it is the fund that is drawn on to build up the city. That is the money that is loaned out everywhere, and is really an indication of the prosperity of the city.

Mr. JOHNSON, of Madison: You recognize the fact that at the present time they are using nontaxable bonds to escape paying taxes—simply putting their money in nontaxable bonds just before the assessor comes around?

Mr. REDINGTON: I don't think there is a great deal of that. They don't have so many bonds around.

Mr. JOHNSON, of Madison: They have to have but a few.

Mr. REDINGTON: Oh, there are other schemes than that they use to dodge taxation.

Mr. JONES: Is it not true that a large amount of what is called intangible property is not in the form of money in banks?

Mr. REDINGTON: Yes.

Mr. JONES: Can you suggest any other way than those we have already, and with which we are familiar, that we may now adopt that will bring out this intangible property?

Mr. REDINGTON: Yes; classification.

Mr. JONES: That could accomplish it, as I understand your argument, merely by reducing the rate. If you are fair with the people by reducing the rate, and by making everybody pay the taxation would it not accomplish bringing out the property just as well now by reducing the rate as by classification?

Mr. REDINGTON: I do not think it works that way.

Mr. JONES: Why not? We have never attempted in Ohio to enforce the tax laws. If we make an honest attempt to do that, and assess everybody, and attempt to bring out all this property, and then reduce the rate, why would not that be just as effective as to reduce it by classification?

Mr. REDINGTON: You say we have never made an attempt. You may be right in Fayette county, but not in Lorain. We have.

Mr. JONES: Haven't you said that you only got one dollar out of fifteen brought out?

Mr. REDINGTON: That is what I complain of.

Mr. JONES: Don't that argue strongly that there has not been any serious attempt made. But if every man who owned it were to pay on it the rate would be very much below one per cent?

Mr. REDINGTON: Yes.

Mr. JONES: Is it not entirely possible that means can be employed by the state to bring out that property under existing laws?

Mr. REDINGTON: If you could get the officers to enforce them. I know men in our county that have everything they possess on the tax duplicate, and I know other men who have ten or fifteen times as much, and everybody knows they have it, and they don't list their property. If we could get the county officers to do their duty it might be a little better.

Leave of absence was here granted Mr. Tallman for tomorrow.

Mr. WATSON: A few years ago, when the one per cent law was being discussed, the largest corporation attorney in our county argued that if we would consent to have our farms listed at the full value they would come out and list their money.

Mr. REDINGTON: What is the significance of that?

Mr. WATSON: The significance is this, that very corporation attorney, together with the banking interests, have written to me to favor classification of property as against the uniform rule. Now, what is the significance of his statement made to the farmers and his present action?

Mr. REDINGTON: He may have been a poor guesser, and I don't know his motives. I am not responsible for anyone's motives either.

Mr. WATSON: Is it not significant that the farmer and miner and mill owner are memorializing me to stand for the uniform rule, while the bankers and corporation lawyers are memorializing me to stand for classification?

Mr. REDINGTON: I do not know the view they take. I think I am right, and I am fearless enough to stand up and tell you that I think I am right. My argument may not be entertaining, but I think I am right, and I do not believe the other side is right, and I would discuss it with them, and attempt to convince them.

Mr. FOX: How do you get at the $15,000,000 on deposit? I understood you to say that the money is on interest in banks. You would get that income from the bank?

Mr. REDINGTON: Yes.

Mr. FOX: Would you do that twice a year?

Mr. REDINGTON: What?

Mr. FOX: Arrange with the bank twice a year to look after that money?

Mr. REDINGTON: I said that every bank has to make a public statement and publish it in the newspapers whenever the national bank authorities call on them. They have to give the average amount of their deposits, and if you would tax that at one-half of one per cent and
exempt the people who have the money in the bank from paying any tax, it would give us a large revenue.

Mr. FOX: Suppose they would withdraw the money for a few days, or put it on call?

Mr. REDINGTON: That has been suggested, but what effect would that have on the bank? Under my rule it would be the average, and if it were drawn out just before the tax time and put back shortly afterwards it would have very little effect.

Mr. FLUKE: Under the law now $14,000,000 of property in Lorain county is not listed for taxation?

Mr. REDINGTON: In round figures.

Mr. FLUKE: And the rate approximately is one per cent?

Mr. REDINGTON: Yes.

Mr. FLUKE: Now, in your opinion, what rate of taxation would secure the placing of that $14,000,000 of withheld property on the tax duplicate?

Mr. REDINGTON: I just answered that a moment ago. I said take the average amount deposited in bank, and put say five mills upon it, one-half of one per cent, and make the bank pay it, and the bank would pay it. Every bank in Lorain county pays four per cent on deposits.

Mr. FLUKE: Under the plan that is provided here, we could get that property just as well at a one per cent limit as at a one-quarter of one? Couldn't you get it at one per cent as well as at one-quarter of one per cent?

Mr. REDINGTON: I think not.

Mr. PIERCE: Mr. President and Gentlemen of the Convention: I am in favor of the substitution and adoption of the minority for the majority report on taxation because I believe it is more in the interests of the people. I am opposed to the classification of property for the purpose of taxation, whether it is secured by direct or indirect methods. If the people of the state want the real estate owners to pay the highest rate of taxation, and those owning personal property of various kinds to pay the least rates, I have nothing to say; but I am opposed to any plan by which a taxing unit less than the state might be subject to taxation.

It is an insidious attempt to secure classification—to favor one class at the expense of another—and it is our duty as representatives of the people to oppose it.

We should adopt the uniform rule, which is absolutely fair to all interests. I want to see all bonds of the United States has defined unjust taxation as "larceny in the form of law."

The question of taxation is the most important before this Convention, because it touches each individual in the state. That of good roads, the liquor traffic, the initiative and referendum, the short ballot, the abolition of capital punishment and the right of equal suffrage are of minor importance compared to it. It is the most important question before the people, for the right to tax involves the right to destroy. The supreme court of the United States has defined unjust taxation as "larceny in the form of law."

One of the most difficult problems the delegates to this Convention have to deal with, if it tries to do equal and exact justice to all classes of people, is that under consideration. It is a question which requires deep thought and study and should not be lightly passed by the representatives of the people.

An attempt has been made, so far as real estate is concerned at least, to list property at its full value for the purpose of taxation. Heretofore it has been placed on the tax duplicate at all kinds of ridiculous prices, ranging from a small per cent of its actual value to many times its real value. But hereafter it will be appraised at its true value as nearly as the fairness, judgment and honesty of the appraisers will permit. As this was the first attempt to appraise real estate at its actual value in money, it is not strange that gross injustices have been done in many instances, but they can be equalized and corrected in time.

It is said many of the cities cannot live under the one per cent tax rate, which may be true. For years they have been plunging headlong into debt with unparalleled extravagance, issuing bonds on slight provocation until they find it hard to economize to a degree commensurate with public necessity. But, notwithstanding, this law should be given a fair trial, and I am satisfied, if officials of municipalities will make the public dollar reach as far as the private dollar, there need be no trouble on this score. A little more economy and a little less extravagance on the part of officials will be a good thing for the taxpayers. The taxeaters may not relish it as well, but it is time to quit seasoning our official acts to the esthetic tastes of the politicians. If the cities complaining of the one per cent tax law will reduce salaries of officials commensurate to the services rendered, cut off hundreds of supernumeraries who are leeches on the body politic, and make an honest effort to live under the law, there will be much less complaint. The sooner the people take their affairs into their own hands and manage them, uninfluenced by those who devour instead of adding to the wealth of the country, the better for them.

There is another element that should not be overlooked by the taxpayers. It is the tendency to increase the rate of taxation. With the people's property appraised at its full value, and in many instances at more than it is worth, if the rate is allowed to increase above the one per cent mark, it will be virtual confiscation to thousands of property owners. It will rob them under the aegis of law of their savings of a lifetime, because
Taxation.

they cannot afford to pay the taxes, and their property will be thrown on the market and sold for less than cost because others will not want it on account of high taxes. If half the effort were expended along the lines of retrenchment and reform in the expenditure of public money that there is for a large tax duplicate the burdens of the people would be materially reduced. Therefore, it is wise to limit and restrict by fundamental law the expenditures of public money. There should be a limit beyond which the politicians could not go without submitting the question to a referendum vote.

The question of taxation is as old as government itself. It grows out of the very necessity of government, consequently it is coincident with it.

It is necessary to raise sufficient revenue for the purpose of conducting public affairs. How to raise it has been a question that has engaged the attention of statesmen from time immemorial. Various schemes have been resorted to at different times. Political economists have advocated the proportional, progressive and economic methods as the most just. Adam Smith contended that "the subjects of every state ought to contribute toward the support of the government as nearly as possible in proportion to their respective abilities." Whether this is true or not is not important, but if a citizen is compelled by law to pay more toward the support of the government than he ought to, while his neighbor is required to pay less by the same law, the system is unjust, because it relieves one of his just share of taxes while it adds to the burden of the other. If one escapes taxation, no difference to what extent, it imposes a hardship upon the other, because it is necessary to raise a fixed amount of revenue, and if the one is overtaxed the other is under-taxed. It has been said, "Unjust taxation is bad enough when the inequality is due to the fraility of human judgment, but it is worse when it is due to deliberate effort upon the part of those who desire to shirk their share of the burdens of government."

It is now proposed to classify property for the purpose of taxation, which, in my humble judgment, is the most reprehensible method yet devised by the ingenuity of man. It is illegal, unjust and wrong. It absolutely has no merit, and is an insidious attempt to shift the burden of government upon those least able to bear it. It is robbery under the guise of law, as fatal to justice and equity as the breath of the upas is to life. It should not be tolerated by a free people, and a people who tolerate it will not long be free. It will reduce them to slavery on the one hand while it will build up a privileged aristocracy on the other. It is class legislation of the most vicious kind, and if adopted the knell of this republic has been sounded. Its tomb may as well be erected and its epitaph should read, "Perished through class legislation."

Do the people of this state fully comprehend the significance of the classification of property for the purpose of taxation? Do the farmers realize what it means to them? Do the small property owners understand it? I fear not. If they did there would be such a protest against it that no man could advocate it and remain in public life. It would forever destroy all chances of political preferment.

Just think of the monstrous doctrine of letting the legislature of the state, beset by rich and powerful corporate lobbies, say what rate of taxation one form of property shall bear, and what rate another form shall bear! It would be just as reasonable to have the foxes guard the chickens or the wolf protect the sheep. Both would have the same protection that the average citizen would get from the legislature, and its proponents under all the circumstances could not reasonably expect more. It is admitted that real estate would be in a class all to itself and that the highest rate of taxation would be imposed upon it. Classification will not benefit real estate owners. They would have the highest rate to pay.

Now whom would it benefit? It would benefit the money-lender, the man who holds mortgages, stocks and bonds, and the owners of tangible and intangible property.

The legislature would have the power, if the question of taxation is left to it, to classify it so fine that the people of the state could have practically single tax under the system.

It could provide a small recording tax for mortgages when filed and thereafter they would be exempt, as some states have done. It could do the same thing with other forms of property, and gradually but surely shift the burdens upon those who own real estate. It will be argued that this method of taxation will produce more revenue than under the present system. It was argued that the one per cent tax rate would bring out much additional personal property for taxation, but such is not the fact. It has been found that people who would conceal their property on account of excessive rates of taxation will conceal it for the one per cent. It is not the amount that either makes the individual honest or dishonest, but it is due to his standard of morality. But it is not a question of more revenue; it is a question of right and wrong. It is the duty of this Convention to recommend a just system of taxation to the people. When it has done that it has fulfilled its mission in that respect. It should not concern itself whether a few individuals return all their personal property for taxation or not, or whether it would not be possible by adopting an unjust system to have a little more property returned by the assessor. The thing to do is to make the system just to all the people, and if some of them evade the law let the responsibility rest with them.

There is only one just way of doing this, which is by the uniform rule. Our fathers adopted it sixty years ago and it would still be in force except for the rascally acts of the republican and democratic parties in exempting bonds from its provisions. This was done by a trick of the parties, and bonds of all kinds should be restored to taxation as far as possible.

The question of double taxation should receive the serious consideration of this Convention. It ought to be avoided as far as possible. It is bad enough to tax property once, but when it comes to taxing it two or three times it is a serious matter. A person should pay taxes on what he owns, not on his debts as now. If a person owns a piece of real estate and has it mortgaged he pays on the full value of his property, which is wrong. He should be relieved to the extent of the mortgage, but no feasible plan has so far been presented. I hope some one will present a plan whereby double taxation may be avoided and justice be done to those who are so unfortunate as to be in debt. All bona fide debts
should be relieved of taxation, whether secured by mortgage or not. To tax them is wrong in principle.

But the taxgatherer is ever busy. He is constantly watching the hive of industry that he may exact every cent of tribute it will stand. New objects of taxation are constantly sought. The sunshine of heaven is not permitted to bring warmth and health into our homes without a tax. The very air we breathe would be loaded with a tax if the slimy hand of the taxgatherer could be laid upon it. Hardly an article the people, eat, drink, wear or enjoy escapes its tribute.

It is time to call a halt. The government is being diverted from its rightful functions. It has no moral right to exact from the hand of toil one cent more than that necessary to protect its citizens in the enjoyment of their rights.

It would be far better, more humane, it seems to me, to try to relieve the people of onerous and burdensome taxation than to grant special favors to a certain class by permitting the legislature to exempt their property altogether, or to place a mere nominal tax upon it, while other forms of property are taxed to their full limit. Why not tax the bondholder, the money lender, and exempt from taxation the man who is constantly toiling to secure himself a little home? Why not exempt him to the extent of $500 or $1,000 that he may get a home to shelter his wife and children?

It would be far better to exempt from taxation the woodland of the farmer to encourage forestry building. The farmer, owing to the high rate of taxation at present, cannot afford to either plant woods or withhold them from pasturage. Woodland, either natural or artificial, should be absolutely exempt from taxation, provided it is used exclusively for the purpose of reforesting the country. If the municipal bonds of the state were restored to taxation, where possible, and bonds to be issued hereafter were taxed as other property, as they should be in all justice and equity, it would furnish enough additional tax to relieve woodland from taxation to a large extent without any diminution of revenue to the state. I am confident it would be of more service to humanity in general to reforest a reasonable percentage of the country than to exempt from taxation the bonds of municipalities, and I think it the duty of this Convention to adopt some such measure.

If it is thought expedient, I would like to see this Convention exempt from taxation real estate to the extent of $500 or even $1,000 to encourage people to own their own homes. The number of home-owners is constantly decreasing in proportion to the population. If the poor man could hold free of taxes a little home it would encourage him to acquire it and I believe have a beneficial effect upon society. It would be an act of justice and is worthy of the serious thought of this Convention.

It is not the intention of the advocates of the classification of property to assist the poor man. It is done in the interest of avarice and greed, and there is nothing equitable or just about it. The proposition should be voted down and in its place a system of taxation recom-
it is not collected from all the property it is collected from a part of it. This is axiomatically true.

To induce the people of a state to adopt some such inequitable system of taxation, which is unjust from every standpoint, a number of catchy phrases are coined by special interests, such as—

“The taxation of personal property is in inverse ratio to its quantity; the more it increases the less it pays.”

“Instead of being a tax upon personal property it has in effect become a tax upon ignorance and honesty.”

“It puts a premium on perjury and a penalty on integrity.”

“It results in debauching the moral sense and is a school of perjury, imposing unjust burdens on the man who is scrupulously honest.”

That much personal property, both tangible and intangible, escapes taxation is admitted. Many persons deliberately perjure themselves in order to escape and practice all kinds of chicanery. This is to be expected. It has always been so, and no doubt will continue to be so until the end of time.

But has there been any better system provided? If so, what is it? Who is the author of it, where is it in force, and how does it work?

It is claimed by the advocates of classification that it will work wonders. What evidence have they of it, where has it been a conspicuous success? Will its advocates point out to this Convention what per cent of the intangible property of New York compared to the whole amount is put on the tax duplicate for taxation by reason of classification? It is no answer to say the tax duplicate has increased so many million dollars. Has it increased to the extent it should? If not, classification is a failure just as the present system. If the only difference is in the amount collected when neither plan collects practically the whole amount, it can not be defended as just.

No tax system has ever been devised, none ever will be devised, that will lay its hands upon all property alike for taxation. The cunning, the dishonest, the unscrupulous, the farseeing will always find a way to shift a part of their taxes upon the shoulders of their less fortunate brothers and sisters. This is true under the present system and it will be true under so-called classification.

The most ardent advocates of classification that have appeared before the committee on Taxation admit that they would not ask for it if the people would honestly return their personal property for taxes. Because they do not make honest returns classificationists admit they will reward their dishonesty by giving them the advantage of a lower rate. What does the average citizen think of putting a premium on dishonesty? Would it not be better to reward the honest and punish the dishonest? Why let a man take advantage of his own wrong and reward him in the bargain? Where is the equity in such a course? It may be well to be generous, but it is more important to be just. But those who advocate classification do not propose to be either, because they expect to take from one and give to another. This is neither generous nor just to either class, and when the people realize its unfairness to all they will condemn it by an overwhelming vote.

But I want to say do not increase the burden of the farmer by taxing him more. His load is already too heavy. For years he has paid more than his equitable share of taxes, and if you impose still more upon him it will be a great injustice.

Agriculture is the basis of all wealth and property. It should be fostered and encouraged, not by any undue advantage, but by equality before the law. The farmers do not ask any advantage over any other industry. All they want is absolute justice, which should be accorded them.

The farmer is the bone and sinew of the nation. He is its most valuable asset. If you destroy him, your cities will perish, because they are the product of his toil. The grass would soon grow in your streets and your property would become valueless. Let him withhold his labor from the soil for a few years and our great cities, as opulent and prosperous as they are now, would fall into decay. It should be remembered that the people are dependent upon each other. While we need the farmer, the farmer needs us, and it is wrong—criminally wrong—to array one class against another. The farmer has fed and clothed us in spite of his ill treatment in onerous and burdensome taxation, and it is unfair to longer discriminate against him. The farmer has been reasonably prosperous because of his intelligence and industry, not the favor of government.

We cannot destroy the farmer—the bulwark of the nation—by class legislation such as the classification of property without destroying ourselves, because we are absolutely dependent upon him. If he should refuse to apply his labor to the natural resources of the country we would soon be asking for bread and there would be none to give us.

The question of taxation is a serious problem—the most important that has confronted this Convention—and the happiness, prosperity and welfare of the present generation as well as the generations to come are vitally interested in its solution. It is our duty to study it well, reflect upon its seriously, ponder it thoroughly, before relieving one class of citizens of their just share of taxes and placing them upon another who have too long borne the heat and burden of the day. Do not, I beseech you, crucify the farmer on the cross of class legislation.

The thing for this Convention to do, under all circumstances, is to treat the farmer, laborer, manufacturer and business man alike when it comes to taxation. If we recommend a just system to the people and they fail to adopt it, the blame will rest with them, not with us.

There is no just rule except that of uniformity; hence the minority report should be adopted. It will restore bonds to taxation, or at least tax all those that may be issued in future, and tax property alike, whether it is in the hands of the rich or poor. If you will do this and try to hold up the hands of the tax commission of the state in its efforts to reach all personal property, I am confident the cites will be enabled to get along on the one per cent rate, and even less in many instances.

I am satisfied when the one per cent tax law has been given a fair trial, and the people realize it is to be a permanent thing, millions upon millions of personal property will come out of hiding to be placed on the duplicate. I am of the opinion we shall get as much, if not more, than we would under classification because it would rest equally upon all.
The classification of property is a far more dangerous proposition to the farmer and the small real estate owner than that of single tax. Beware of it!

Mr. Doty was here recognized, and yielded to a motion to recess, which was put and lost.

Mr. DOTY: The farmer has been crucified for sixty years, and all of a sudden we find the farmers standing up and saying, "For Heaven's sake, don't crucify the farmer." It is strange to me, after listening to some of the high-up officials of farmers' organizations, that the farmers should feel as they do about taxation, and at the same time should not strive for something better. We have had a scheme of taxation in this state for about sixty years, and in all of that time the farmer has had the short end of it. He is having the short end of it today, and the farmers in this Convention are now proposing to continue the short end of it for the farmer. We are confronted with a situation here that perhaps needs some analysis. The member from Portage [Mr. Colton] has made a very careful comparison of the two measures before you, the majority report and the minority report. The question now before the Convention is the substitution of the minority for the majority report. Let us examine first the minority report.

We find in section 1 a straight, simple declaration that the general assembly shall never levy a poll tax. That has been in the constitution for about sixty years with a few more words surrounding it for a frame, but that is the essence of the declaration, and yet we have a poll tax. There is an effort in this proposal to do away with that which we now have, which is really a poll tax.

Mr. BEYER: The old constitution says that the poll tax should never be levied for county or state purposes. The levying of a poll tax was restricted in that regard, but this is a general provision. Will not this do away with it everywhere?

Mr. DOTY: It does not do away with the possibility of passing a law that citizens may pay their road tax by service. But that is a minor matter.

The fundamental difference between the two proposals is one that we may describe simply this way: One is in favor of the classification of property for the purpose of taxation, and the other is in favor of a uniform rule—the property tax.

Now, I do not know whether you gentlemen have noticed it, but the speech of the member from Portage [Mr. Colton], and of the member from Butler [Mr. Pierce], and the constitution as we have it today, are all based upon the idea that property pays taxes. That idea ran all through both of those speeches. The description of this scheme of taxation is called the property tax, and the member from Butler and the member from Portage distinctly said that property pays taxes. In their proposal, in section 10 is found this statement: "Taxes may be imposed upon the production of coal, oil, gas and other minerals." In section 3, "All property employed in banking shall always bear a burden of taxation," etc.

Now the theory that the property pays the tax is one of the fundamental troubles with all our thought upon taxation. Property does not pay taxes. Property never did pay taxes, and property never can be made to pay taxes, and yet our whole thought runs in that direction. Our constitution for sixty years has been keyed up on that theory. The support of that theory is made upon the straight declaration that property pays taxes, and it has been written out directly in words in the minority proposal that property pays taxes. Until we come to the conclusion that people are the ones who do the tax paying, we shall not arrive anywhere, or have any basis for building tax notions and schemes and plans. You may say that people pay the taxes, and that is true, but after all, when you get to thinking of it, you always think of property paying the taxes. All the questions that have been asked are under the theory that the farm paid the taxes, and that certain property produces income. Property does not produce income. The use of certain property by people will produce income, and the use of some other kind of property by people will not produce income, but all the thinking, and all the underlying notions of the addresses here and in your farmers' institute, and by your farmer members, as they appeared before the committee and as expressed by the tax commission of the state of Ohio, are based entirely upon the fundamental idea that property pays the taxes. That never happened yet. When we get to the point where we consider that people pay the taxes, we can build upon something true and tangible and certain. Remember that all of your double tax and your single tax and your property tax come back to the fact that men must earn money to pay taxes. Property cannot do it. That may be academic and not germane to the question, but I have been going up and down the country for the past three years, talking on collateral tax matters, and I find that that notion that is expressed here is the notion of most people, and therefore that is the reason why I have taken this occasion thus to express this view.

The proposal that we have I think, is without exception the very worst I have ever seen put upon paper upon the subject of taxation. I have thought our present taxation plan of the state of Ohio was as bad as could be devised, and it is the worst in actual practice, so the experts say. But what do we find in this minority report? Here is one representative of the minority standing here and telling you that he is absolutely opposed to classification of property for tax purposes, and then he comes to section 10, and in answer to a question from the member from Allen [Mr. Halfhill], he says that he feels that coal, oil, gas and other minerals ought to be taxed at a lower rate. That is all anybody ever contended for in the classification of property. In other words, the member from Portage [Mr. Colton] is really for the classification of property, provided it is only on oil, gas, coal and other minerals. But that is a classification of property for taxation. I do not call attention to this to cast any reflections on the member from Portage [Mr. Colton]. I only call attention to the fact that even the member from Portage [Mr. Colton], with all his objections to classification of property, in a thoughtless moment, feeling that something ought to be done on that kind of property different from any other property, and not just for the moment realizing where it landed him, came out for the classification of those kinds of property.

Mr. EBY: Do you not realize that the constitution says that all property shall be taxed uniformly, and has it not been held that the tax you have mentioned—production tax—is not on the land, is not a property tax, and that there is a distinction between a property tax and a
production tax, and that the levying of the production tax does not violate the present uniform rule?

Mr. DOTY: Is not the uniform rule based on the uniform property tax?

Mr. EBY: It is supposed to be, but it is not.

Mr. DOTY: Well, do you say that this section 10, that "taxes may be imposed upon the production of coal, oil, gas and other minerals" is a property tax—is not that a production tax? And is that a classification tax?

Mr. DOTY: Yes, sir; a classification of property for taxation purposes, and nothing else.

Mr. EBY: Do you not understand that the advocacy of a production tax does not violate the principle of uniform taxation?

Mr. DOTY: I do not understand any such a thing. I understand that the member from Portage [Mr. CORTON] and those who agree with him say they are opposed to the classification of property for taxation purposes, and then they propose that there shall be one little bit of classification on the production of coal, oil, gas and other minerals.

Mr. EBY: Has not the state of Ohio for three years been levying special taxes, franchise, excise, and on businesses of corporations?

Mr. DOTY: There are so many kinds of those taxes on everything that I can't keep run of them, but I am willing to agree that you are right.

Mr. EBY: Have not the courts decided that that is not a violation of the uniform rule?

Mr. DOTY: I have been compelled to admit on several occasions that my legal education is limited. I do not know about that, but if you say so, I will admit it.

Mr. LAMPSON: In that provision is not the tax proposed or authorized to be levied upon production, and not upon the coal, and not upon the oil, and not upon the minerals?

Mr. DOTY: Really it is a tax upon the man that does the work of producing coal and oil. That is what it is.

Mr. LAMPSON: It is not the same kind of tax that would be levied upon oil stored in tanks and barrels instead of being stored in the earth?

Mr. DOTY: That is right.

Mr. LAMPSON: It is a tax upon the opportunity to get the oil out of the earth?

Mr. DOTY: It is the classification of property for taxation purposes.

Mr. LAMPSON: In other words, a tax upon a certain franchise?

Mr. DOTY: Call it that if you want to. We have all sorts of classification of property now.

Mr. LAMPSON: But that cannot be classification of property.

Mr. DOTY: Well, call it a classification of effort then, because property is the result of effort.

Mr. LAMPSON: It is not classification or a tax upon coal, oil, or mineral or any other property; it is a tax upon the production of certain things.

Mr. DOTY: That is, a tax upon the man producing.

Mr. LAMPSON: A tax on production.

Mr. DOTY: Upon the man who produces.

Mr. LAMPSON: The man is not property.
Mr. DOTY: Of course, it is a tax upon the man that made the income. The property didn't make the income.  
Mr. EBY: Is it a tax upon that property?  
Mr. DOTY: No.  
Mr. EBY: Then our contention that an excise tax is only a tax on incomes—  
Mr. DOTY: But I haven't disputed that; I have not criticised it, nor have I approved it. I am only calling attention to the fact that the people favoring the uniform rule of taxation cannot themselves keep from classifying. They do not want classification now, and we really have always had classification. Most of our classification, however, has been by assessment.

Mr. LAMPSON: After all, ought not those people who have never asked for special exemptions be permitted to hunt around for something to make up for the burden that is unloaded on them?  
Mr. DOTY: Yes; I think they should be allowed to grope around in the right direction, if they want to. Here are three or four hundred thousand people in the state of Ohio who are grooping around for some way out. Most of them are asking that mortgages be free from taxation. That is nearest at hand and they can see the injustice of double taxation, and they are asking for relief in that direction. I presume that four-fifths of the people on this bunch of petitions that I have here on this desk, asking for exemption from taxation of mortgages, if you were to put the proposition up to them for the so-called uniform taxation, they would stand up just as the member from Ashtabula [Mr. LAMPSON] and talk for a uniform rule of taxation until their arms fell palsied by their side and their tongues cleave to the roofs of their mouths, over the wrongs of the farmers, and yet where they see a concrete case where it does do an injustice they want relief.

Mr. WOODS: Is it not a fact that it is the people who own the mortgages that are asking relief, and not those who give them?  
Mr. DOTY: Both kinds.  
Mr. WOODS: Give the names.  
Mr. DOTY: I have not sorted them out that way.  
Mr. WOODS: Is it or not a fact that it is the people who have never asked for special exemptions be permitted to hunt around for something to make up for the burden that is unloaded on them?  
Mr. DOTY: Yes, because you have an idea that the farmers ought to pay more taxes than their just share.  
Mr. WOODS: And they are asking for that just simply because they will be benefited if it is done.  
Mr. DOTY: Did you ever know of anybody to ask for anything that was not for his benefit, or that he did not think was for his benefit?  
Mr. WOODS: I am opposed to classification—  
Mr. DOTY: Yes, because you have an idea that the farmers ought to pay more taxes than their just share.  
Mr. WOODS: We farmers—  
Mr. DOTY: We farmers! The farmers in the state of Ohio are paying taxes on their labor and on their land value, and members like the member from Guernsey [Mr. WATSON], who says he is farmer, and the member from Medina, who is not a farmer at all, but a lawyer, come up here and want to enact this iniquitous scheme compelling the farmer to pay some of the taxes
of the city man. You can shake your head all you want to, but you can’t prove anything to the contrary.

Mr. WATSON: Will you show me how the farmers of Guernsey county are going to compel the city man to pay his taxes?

Mr. DOTY: What is the name of the city in your county?

Mr. WATSON: Just take any cities, the farmers of Ohio. I am talking generally.

Mr. DOTY: Just keep to your own fireside. Maybe you can see something then. Cambridge is your city, is it not?

Mr. WATSON: Yes.

Mr. DOTY: Any other cities?

Mr. WATSON: That is all.

Mr. DOTY: The people of Cambridge are imposing upon Mr. Watson, and Mr. Watson does not know it. That is the fact of the matter, and there is no living man on earth who can make Watson see it. Now, I will show you how inconsistent Watson is. Watson is a friend of mine. I have nothing against Watson except that he is wrong on so many things. Now, I will go back to a little history on this thing. We started out progressive. Watson was a great progressive. He and I sat up at nights trying to beat the reactionaries, and we nearly did it. Then we came down to the initiative and referendum fight, and we had quite a fight about that.

Mr. WATSON: Watson didn’t want it “safeguarded”.

Mr. DOTY: No, sir; but he now wants the farmers safeguarded so that they will get it square in the neck. He is for safeguards all right. Then he got into this taxation fight, and you remember how vigilant Watson was.

Mr. WOODS: Mr. President—

Mr. DOTY: You just wait a minute. I will take care of you after I get through with Watson. Watson stood up here and fought the fight of the people on the initiative and referendum. We were not afraid of the people. We were not afraid of letting the people say what they wanted. The people were great. They never made a mistake, or if they did, they were entitled to make it. Watson was a very good soldier. He went right up and down with the rest of us. He was for the people. What do we find now?

Mr. KING: How about Watson on the recall?

Mr. WATSON: And what do the people think about the Cuyahoga delegation on the initiative and referendum?

Mr. DOTY: Don’t you worry about the Cuyahoga members. They can keep their end up on the progressive game with you. Now what do we find? I find in 1891, twenty years ago, there were 303,000 people in the state of Ohio who voted for classification of property. That is quite a respectable bunch of people so far as numbers, but that was the first time they had a chance to vote for it, and it might have been a flash in the pan. Some fellows like me might have gone around and fooled them. We do recognize the fact that progressives can be fooled occasionally. Then we find that in 1893, two years later, we had another vote, and 326,600 people voted for classification of property, an increase of 19,000. So it evidently was not a flash in the pan, and they really wanted properly classified for taxation purposes.

Mr. WATSON: A question.

Mr. DOTY: Just let me go for a minute. It ran along ten years and then 326,000 people voted for classification, another slight increase. Five years later 339,000 so voted. You see every time they had a chance the number of people who voted for classification increased. The people of the state of Ohio were actually foolish enough to want a change in their taxation arrangement.

Now we find that Mr. Watson, notwithstanding that there are 300,000 people in Ohio who want to vote on this question, is afraid to put up the Worthington proposal to the people of Ohio, and mind you the Worthington proposal is only a halfway proposal for classification. It perpetuates the present so-called uniform scheme, and provides for classification for counties whose people vote for it, the people that Brother Watson and I are not afraid of on the initiative and referendum proposition, but of whom Brother Watson is afraid of on this proposition.

Mr. WATSON: I am not afraid of the people—

Mr. DOTY: I say you are afraid, and you know you are afraid, and you are not the only member of that committee who is afraid of the people. There are several of the members who signed this minority report that know better. There is Donahay. He knows better. I don’t know whether Mr. Fluke does, but Donahay knows better. He does know that the farmers in his community are afraid, and you are not the only member of that committee who is afraid of the city man. You can shake your head all you want to, but you can’t prove anything to the contrary.

Mr. WATSON: I am not afraid of the people except when it comes to taxation. Brother Tetlow stated in a speech a while ago that he has not studied the question of taxation much, and he doesn’t pretend to know where he ought to be. I think I am the least to be blamed of any man on this report. I skip over Brother Colton and Brother Cunningham. They are always afraid of the people. They are never willing to trust the people.

Now, come to Brother Pierce. Brother Pierce knows better. He does know that the farmers in his community are paying more than their share of the taxes, and they are paying part of the taxes of the city of Hamilton, but unconsciously he is attempting to continue a system that will perpetuate that situation and compel the farmers of Butler county to pay the taxes of the city of Hamilton, and he is also afraid to allow the people to vote upon this question and let the people of the various counties say what they shall have in the way of taxation. Then here is Mr. Crites. He did say to me privately that he didn’t think much of either report, and I will let him out.

Mr. CRITES: Do you know that I am one of the largest manufacturers and landowners in the Convention, and do you know that I have sense enough to know that we don’t want classification of property?

Mr. DOTY: I don’t want to have to pass upon the good sense of any member.

Mr. MARSHALL: Do you not think that all the farmers of the house—

Mr. DOTY: Wait a minute. I don’t want to criticise anybody with the idea of saying that they haven’t sense enough to know this or that. The member from Pickaway makes an assertion that no doubt is true, and I say when the member from Pickaway goes into Pickaway county and puts up a manufacturing institution, he is do-
ing a good thing for that county regardless of whether he
is doing a good thing for himself or not. We, of course,
know that he is doing a good thing for himself, or thinks
he is, or he would not do it. But when he puts up that
manufacturing institution in Pickaway, he does do some­
thing good for the county. Instead of being applauded
for what he has done you say that he ought to be fined
for doing it. I say that is immoral and an outrage upon
him, and you not only do that this year, but the next and
the next. Of course, as long as you keep on fining a man
for doing a thing he is more apt to do that thing. So they
want the farmer to keep on just as he has been, paying
more taxes than he ought to.

Mr. MARSHALL: I want to ask you if while you
are talking for the farmer, you are really a singletaxer?

Mr. DOTY: That is absolutely true. I am talking
for the farmer, and I am telling him what is so, but I
couldn't make you believe it.

Mr. MARSHALL: Do you not believe in single tax?

Mr. DOTY: Yes.

Mr. MARSHALL: And you are talking about the
farmer paying too much now, and you want to saddle it
all on him?

Mr. DOTY: I never said and no singletaxer ever did
say that he was in favor of a tax on land. That is the
trouble. You don't know what it means.

Mr. WALKER: I want you to finish an idea that
you started in answer to Mr. Watson's question. You
said you were going to—

Mr. DOTY: I didn't say I was going to, but I said I
would.

Mr. WALKER: Well, finish that idea.

Mr. DOTY: Well, I will attempt to tell you a little
of what the single tax theory is, a little of what makes
land values. Take a farm in a county of 50,000 inhabi­
tants. That farm in worth $75 an acre. All the farms
in that neighborhood are worth $75 an acre. That is what
we are taxing. How much of that $75 an acre was pro­
duced by Mr. Watson, say, if he owns a farm, or his
predecessor, and how much by the fact that there are
50,000 people in that county? The fact that 50,000 peo­
live in a county produces a certain amount of land
value. It is greater nearer the centers, where people
can get to it.

Now, how much of that $75 is due to the fact that
there are 50,000 people there—$5 or $10? Now, that is
the part that should be taxed. Because we tax more
than that is the reason why farmers are paying taxes
above what they should be.

Mr. MOORE: Does not every burden of taxation—
interest, dividends, tariff, increased rates, charges of all
kinds, increased burdens of all kinds—fall in every case
in its last analysis on the most defenseless class of
society?

Mr. DOTY: That is a pretty long question, and you
have to assume who are the most defenseless class of so­
ciety and several other things. I expect there is some
truth in it, though. You cannot produce anything, how­
ever, except land values, without labor.

On motion the Convention here took a recess until
7:30 o'clock this evening.

### EVENING SESSION.

The Convention met pursuant to recess and was called
to order by the vice president.

Mr. DOTY: I think you all know I am always willing
to attempt to answer questions, and I tried to do that
this afternoon. I do not want to be understood this even­ing
as declining to answer questions, but I ask the in­
dulgence of the Convention that I may say a few things
in as connected a way as it is possible for me to say them,
reserving the time for questions until a little later.

There is a matter on this question of classification to
which I would like to call attention by illustration only,
to show how a certain class of our business men are
striving for classification of property for taxation, as
the member from Medina [Mr. Woos] says, because
they have an interest in that phase of taxation. Before
one of the meetings of the tax committee the member
from Montgomery [Mr. Stokes] appeared with several
building and loan and savings bank men of his city, ask­
ing us for a classification of property to the extent of al­
lowing a different rate of taxes to be paid upon money in
bank, and we had a hearing to that end. That is one of
the phases that appears from time to time. Here is a set
of business men in Dayton—they are in every city—and
they are up against a situation that appears to affect their
business. That is the reason they can see it. That is one
phase of it. I apprehend that the members from Mont­
gomery—I don't know, but from the indications and the
questions one or two of them asked, and the general
trend of things, it made me believe that the members from
Montgomery are not in favor of the classification of
property for taxation, and yet one of the members of
that delegation appeared before the committee and asked
to have us recommend that to the Convention.

That is one of the gropings we find on the part of the
business men toward some relief from this fast, iron-clad
scheme that we have now bound around our heads in the
matter of taxation. I have referred already to these
petitions. I shall not read them. There are too many.
Most of them are in favor of doing away with the tax
on mortgages. Some are for relief in other directions.

We have the same manifestation of this groping to­
ward some change in this Convention itself. Did you ever
realize what the members of the Convention have been
doing toward some relief from the present method of
taxation? Omitting the one by the member from Ash­
tabula, inasmuch as that was not in regard to taxation
anyhow, we have to do with Proposal No. 19 by Mr. Eby,
relative to taxation. It appears to be a modification of
the present tax scheme, and winds up by saying that no
direct property tax shall ever be levied for the support
of the state except in time of war. That seems to be all
the new things in that.

Mr. Brown, of Pike, brought before us a proposal,
to make the maximum rate on all taxable property one
and one-half per cent, showing that in his mind and in
the minds of the people in his part of the country
there is something the matter with our present scheme.
They have an idea it is the tax rate. That is the thing
they can see easiest. It is the thing people talk most
about. Why, the speeches of the member from Portage
Taxation.

The position of the Gazette in opposing the Smith tax law has again been vindicated. We have asserted that this nefarious law was robbing the school systems of the state and putting a serious setback to rural progress along the line of good roads.

There you are, and he is right:

The Gazette does not object to the limiting of the tax rate to 15 mills, but did object to the methods of assessing land at full value before anything of real worth has been attempted to get corporate and personal property on the duplicate at full value.

We have already shown how railways save over $35,000 in Ashtabula county, banks over $12,000 and how farms and village homes pay over $48,000 more than before.

Now what is the result of this law all over Ohio?

Farmers as a whole in this county and in all of Ohio pay more taxes than ever, and yet their children have less money to be used for their education. Corporations and men with money in taxable investments pay less — making their savings out of robbing the youth of the state of proper school funds.

Farm lands were increased for tax assessment 167 per cent as against city increases of 151 per cent and against increases on corporate and personal property of 133 per cent. Thus the breach between real estate and personal property has been widened and the burdens on homes increased instead of decreased.

E. C. LAMPSON.

I call the attention of the member from Ashtabula [Mr. LAMPSON] to the fact that this is a nefarious law, and I have it upon the authority of the Jefferson Gazette. I do think the member from Ashtabula [Mr. LAMPSON] ought to hesitate, as I hope and feel that he really will, before he votes to incorporate a nefarious statute into the fundamental law of the state of Ohio.

Now, let us take up this matter of putting any limit of the tax levy. As I stated a little bit ago, we have allowed ourselves to be educated to think of a tax matter as one of rates entirely, as if when we fix a rate we have solved the problem. That is all a mistake. The rate is about the last thing that ought to be attended to in the matter of taxation. The matter that ought to be attended to first is the method of assessment, and when I come to that I want to show you why the so-called uniform rule will not work. Most of you think it will not work because some official is dishonest, or some county official is incompetent, or because people haven't consciences or are dishonest. Various reasons for the non-workability of the so-called uniform rule have been assigned. The reasons usually given are not the reasons at all. The reason is because of the method of assessment. Now, leaving aside for the moment all reference to land and land values, and all reference to money — that is, actual cash — and to all other kinds of property, there is no standard in existence upon which you can base an opinion of value, not one, and I defy any mem-

and of the member from Butler were made up largely of the tax rate. And it is no wonder that the people of Pike county got that idea, and that Mr. Brown of Pike, introduced his proposal. We have one from Mr. Watson. He is quite an expert. This is one of the earliest, Proposal No. 28. That re-enters the present uniform tax rate, but this is the one that takes out the tax exemption of municipal bonds. He knows there is something the matter with the present scheme. So he introduced this to correct the evil that he could see.

So I might go through the proposals, and all through there is some attempt at doing one thing and another attempt at doing another, but all the proposals show an indication that there is in the minds of somebody somewhere the idea that there is something rotten in Denmark on this taxation matter, that there is something the matter with the present scheme of taxation. They may not all be right. I am not saying whether any are right or any are wrong. I am only showing you how widespread this unrest is. It is not only manifested in these petitions from various parts of the state, it is not only manifested by the appearance of the member from Montgomery [Mr. STOKES] with his constituents in the banking business, but it is also manifested throughout the various counties, as shown by the action of the members in introducing proposals, first one and then another scheme or change in the present taxation laws. There is something the matter and these proposals are proof that a great number of you believe that there is something the matter, but never until this minority report, as it is called, was made had a proposal that combined as many evils in the one document been shown. They are scattered through the proposals, but this combines them all into one place, so that we can see them grouped together.

There is one particular feature of the minority report to which I desire to call attention, section 7:

The maximum rate of taxes that may be levied for all purposes shall not in any year exceed ten mills on each dollar of the total value of all property, as listed and assessed for taxation, in any township, city, village, school district, or other taxing district. Additional levies, not exceeding in any year a maximum of five mills, for all purposes, on each dollar of the total value of all the property therein, etc.

This incorporates the so-called Smith tax law into the constitution. But before I go any farther, and before I forget it, I desire to read into the record the following from the Ashtabula Gazette — I was mistaken. It is the Jefferson Gazette, but it is still a good paper.

Mr. LAMPSON: Yes; Jefferson is the county seat.

Mr. DOTY: And the member from Ashtabula [Mr. LAMPSON] lives there, and he used to own this paper, and it made him rich, and almost sent him to congress, and may send him there yet.

Mr. PECK: How did it come to have the name of "Jefferson"?

Mr. DOTY: I desire to have the member from Ashtabula remember this editorial when he votes upon the minority report. This is the paper that made him rich, and his son is the editor now, and he is contributing editor, and I think he has control:
number of this Convention to produce a method for producing a standard for comparison. Now, if you have not a standard for comparison, how can you get an opinion that is worth while? The matter of valuation is but a matter of opinion except for money. Money, being that which we use to express our opinions, therefore is a standard for all expression of price. Money, of course, is of itself expressive of its own value. But when you come to anything else, eliminating now all reference to land value and money, you have no way of standardizing your valuation or standardizing your opinion. There are not two pieces of personal property in the state of Ohio that are valued on the same basis by comparison. There is not a standard by which you can make a comparison. To illustrate: Take one of these desks and the chair that goes with it. Where is the standard that gives you a chance for comparison, an expression of your opinion of the value of that as compared with the Harrison building across the street, or as compared with your piano in your house, or as compared with your watch in Toledo? There are 4,500 assessors in the state of Ohio trying to assess personal property. They are working without any standard and without any possibility of any standard, and there are 4,500 classifications of property for taxation purposes right now, today, under your so-called uniform rule, and there cannot be any other way, because each assessor must furnish his own standard. He must carry his standard with him in his own mind, and he must be a valuation law unto himself. He has no method of comparing his opinion of value with the opinion of the assessor in the next county or in any other part of the state. The result is, in a crude way, he attempts to carry a standard in his mind. That is the best he can do. And yet he himself, working on two different days, necessarily uses a different standard of value. A man will have a different standard of value before dinner than he has after dinner. That is just as true as that the sun rises in the morning, and yet you send this man out and furnish him no standard for the purpose of expressing value, and you expect all these assessors to assess property so that there will be equality when they get through. Now, as long as you are attempting to do that impossible thing so long you will fail, and you do not fail because of anybody's dishonesty or incompetency. There are not two men in this room, I don't care what two you pick, who will go out and do the same piece of work in the same way and produce the same result, and do you not think that is just as true in assessing property? Yet we had 4,500 of those men at work in Ohio last month and we expected them to assess property equitably. The truth is they don't do any assessing. They take a piece of paper and go around to assess our property. Each one of us has a standard of value, and we express our opinion with reference to our own standard of value. We have all that kind of classification of property, and that kind of classification of property is inevitable, and it is unfair and untrue to charge a person involved in it with being dishonest.

Mr. EVANS: Will you permit a friendly question?

Mr. DOTY: All of the questions put to me are friendly.

Mr. EVANS: If Mr. Doty's appraisal company had out 4,500 appraisers, and fixed a standard and had them appraise the personal property, would that not come nearer to a true appraisal than what we have now?

Mr. DOTY: Absolutely not. There is no one who can devise any standard for the appraisal of personal property. It is impossible.

Mr. EVANS: Would you not come nearer to it than now?

Mr. DOTY: What is the difference between five or six per cent when you want 100 per cent? I might do a little better, but still it would be inequitable, inevitably so, because I could not procure a standard. There is no scientist or economist, politician or chairman of a tax commission, that can get a standard by which you can value the piano in your home and I value a piano in my home and do it on the same basis. That is impossible, and that is what we have been failing to do for sixty years.

Mr. HOSKINS: I would like to have you answer a question before you get through, and that is how these inequalities in valuation that you have been discussing can be remedied under classification? I ask for information.

Mr. DOTY: I don't think they could be remedied to the last degree. I do think that the tendency by lowering the rate on a certain class of property would be to bring more of that property out. I am not a classifier of property for taxation purposes with any fool notion that it is fundamentally sound. That is not fundamentally sound. It is a step in the right direction to my mind, and why? As long as we have this, so-called uniform rule, which amounts to a stone wall right around the state of Ohio — until we break into that wall some way and somewhere, we can never get any improvement in our tax methods, and whether we make much improvement in what we do is not of so much value in my mind as it is to get some change so that we can make some kind of an additional experiment in the matter of taxation.

Mr. HARBARGER: Will that be a perfectly exact and just way of assessing property, and if it is one step, what is the goal of classification?

Mr. DOTY: It is not necessarily a goal, but it is simply to allow the people of the state of Ohio to try as many plans of taxation as they care to. It amounts to this: If all the chemists in the world had been compelled to do their experimenting in only one way for sixty years how many experiments would they have carried to a successful termination, and how many things would they have taught us, and how many things in chemistry would we have learned? Not any, except what that one experiment produced. Now, all the difference between the majority report and the minority report is that the majority report is allowing one additional experiment, namely, the classification of property. I am not one of those who think that the classification of property is the beginning and end of all things in taxation. I do not think it is, but it is worth while trying, because it cannot be any worse than what we have had, and it does give the people a chance for an option of one or two things, and perhaps, if they continue to try one and then another, they may finally find that they want to try something else, and having gotten in the habit of trying things we may finally solve the tax problem, but we can never solve it when we stick to the iron-clad,
iron-bound, hard-and-fast rule that we have had for sixty years. Mind you, there are many people in Ohio who want to try something else. There were 330,000 of them twenty years ago, and that number increased to 350,000 five years ago, and several votes between those times showed that some people wanted some kind of relief. A proposal that you yourself introduced, Mr. Harbarger, shows that you think there is something the matter with the tax laws, and that you may be right or wrong is neither here nor there. You represent a very large number of people, and you think you are right, and they ought to have a chance to say whether you are right or wrong, and if you can get this plan that you propose at work, people like you, those who feel as you do, will have a chance sooner or later to put in operation their ideas on taxation.

Mr. ANDERSON: Is it your idea that the minds of the taxpayers are always at work against tax laws, trying to get the best of them, and that the only way we can arrive at perfection is by evolution from time to time, as the times seem to demand a change?

Mr. DOTY: I think that is a fairly good expression. That is the way in any other line of human endeavor. We don’t make progress sticking to one thing.

Mr. ANDERSON: Evolution means growth?

Mr. DOTY: And it means change, too. The only objection I have to this proposal is that it doesn’t allow any change.

The whole question of whether a tax scheme is right or wrong is not based on the rate, but on the method of taxation itself. The tax rate is the last thing to fix. The amount of money you spend is the same, fixed by necessity. The amount we spend is fixed by necessity, and the amount of property that we have to levy upon is fixed by the growth from time to time, either up or down. That is, some property appreciates in value and some property depreciates in value, but there is usually a net increase in the value of property in any given district. That is so in all growing cities, and so in most of our districts, though there are some places where there has been a depreciation. Those two things are fixed, one by necessity and the other by the growth in value.

Now, naturally, the thing that is the result of those two, one being divided by the other, produces the rate. That rate ought not to be fixed by law, but by those two things that we start with, that we have no control over. The rate won’t fix the amount you spend nor the amount you own. Property is not produced by tax rates. We do not know one that wouldn’t be worth much, and I know that there would be a difference of value in the whole one hundred and nineteen. Money is the only thing about which there is no different standard. You have no standard for any of them. You say par value. That is just where you start. That is a matter of starting to compute. You compute up and down, and because the par value is $100 that doesn’t mean that every bond is worth $100.

You have a scheme to get at the value of personal credit or stocks or bonds or anything except money. Look at your railroad bonds and stocks. There is no standard for any of them. You say par value. That is just where you start. That is a matter of starting to compute. You compute up and down, and because the par value is $100 that doesn’t mean that every bond is worth $100.

You have a scheme to get at the value of personal credit or stocks or bonds or anything except money. Look at the different ways of valuing watches that we find in any city. There are not two watches in any city valued upon the same basis. Every watch is in a class by itself. Why, you have had all sorts of classification, and you didn’t know it. It results in this kind of a proposal. It results in 330,000 people knowing that something is wrong, and who voted for something else, although they may not have known what they wanted.

Of course, something is wrong. The whole scheme of assessment is wrong, and you will never get anything you get through and try to tax the owners of things that can move, they will move.

There are two reasons why owners of land and buildings are more easily taxed. The first and most apparent reason is that they cannot move. That is not quite true of buildings. They will not come into existence so numerous if you overtax them. Buildings and land can be seen and cannot move, and therefore we say we will tax them. That is not the reason we ought to tax them, but that is the reason why it is easier to tax them. Now it is possible to get up a standard of comparison for the expression of opinions of value on buildings of various kinds. Buildings may be classified according to their use, and they can be sub-classified according to construction, and it is possible for experts to get at the cost per square foot, and it is possible to get at the reproducive cost, and it is possible to get up a table showing depreciation by reason of age and condition or obsolescence. It is also possible to get up a plan for a standardization of land values in cities. In the country districts we have already a unit of quantity, the acre, but in the cities we are coming to a standardization by agreeing upon the unit foot as the quantity upon which to express values. I will not go into that except to say it is possible to get a unit of quantity upon which to express judgment of value for land in cities. All that is possible for any state board to work out is a general classification plan by which assessors in the various parts of the state will use substantially the same methods of expressing their judgment.

In fact, it will not vary more than three to five per cent. When you have done that, you have gone as far as any tax commission or any living man can go in getting at a unit of quantity except in the matter of money. Even notes have no standard of value. Why? If you were to take a note for $1,000 from each member of this Convention, each one would not be worth the same. I know one that wouldn’t be worth much, and I know that there would be a difference of value in the whole one hundred and nineteen. Money is the only thing about which there is no different standard. You have not any way of getting at the comparative value of credit or of stocks or bonds. They vary in value. A United States bond is worth more than a municipal bond, and a municipal bond is worth more than a county bond, and some county bonds are worth more than some township bonds.

Look at your railroad bonds and stocks. There is no standard for any of them. You say par value. That is just where you start. That is a matter of starting to compute. You compute up and down, and because the par value is $100 that doesn’t mean that every bond is worth $100.
better as long as you try to do the impossible. You and your neighbor don't value a horse the same way, and your tax duplicate shows that your horses are not valued on the same basis. Cows are not valued on the same basis. Pianos are not valued on the same basis. You have not a single item of property in the state that is on the tax duplicate upon the same basis with similar articles in some other part of the state.

Mr. HALFILL: Yes, there is.

Mr. DOTY: What?

Mr. HALFILL: Dogs.

Mr. DOTY: I said articles of value.

Mr. ROEHM: Dogs are articles of value. I have some that are worth a good deal and I pay taxes on them.

Mr. DOTY: What I am attempting to show is that this tax rate is the last thing that ought to be put into any constitution. My own notion of a tax rate is that a tax rate ought to be fixed by the people who have to pay the taxes and have to raise the taxes to pay their expenses. I don't believe that any farmer knows all about it. And speaking of farmers, you are always speaking about the farmer as knowing not only all about how to run his farm, but to run our cities. I don't think there is any farmer member of the legislature who knows enough about the necessities of a city government to fix a tax rate for us to raise money to pay our bills with. That man does not live on a farm in Ohio, outside of Cuyahoga county at least, and I don't undertake to say that I know how much should be raised in Cincinnati or in any farming community. The whole idea of fixing a tax rate is pure political buncombe. It was put up for political purposes, simply to fool some people. The member from Crawford [Mr. MILLER] this afternoon informed the Convention that in a vote taken—I guess you only gave the number of those whose taxes under the Smith law were raised?

Mr. MILLER, of Crawford: I gave one.

Mr. DOTY: I think there were 500 raised and 1,000 lowered. Now just see how misleading that statement is. I don't mean that the member from Crawford [Mr. MILLER] made any misleading statement, but the paper is gotten out as a part of the political buncombe of the state. It is gotten out by the agricultural department, is it not?

Mr. MILLER, of Crawford: Yes.

Mr. DOTY: And that was gotten out to bolster up the so-called Smith law, and they tried to show, and the member read it as if it did show, that the Smith tax rate had raised or lowered taxes. Perfectly preposterous.

Mr. MILLER, of Crawford: That was only one of forty questions.

Mr. DOTY: I didn't know that, but I have stated the number right?

Mr. MILLER, of Crawford: Yes.

Mr. DOTY: That is the only one of the forty in which I am interested at this time. Of course this Smith one per cent tax rate didn't raise or lower anybody's taxes. That is not the way taxes are raised and lowered. Taxes are raised and lowered either because you spend less or spend more money, or provide to spend some more money next year, because taxes are raised a year ahead. The tax rate has nothing whatever to do with it. The tax rate of that thousand people would have been lowered whatever the tax rate would have been, and the taxes of the five hundred would have been raised whatever the tax rate was. The tax rate didn't have anything to do with it, and it is pure unadulterated buncombe to put the tax rate in a state law or a constitution and get out statistics that would mislead a gentleman like the gentleman from Crawford, and make him get up and make a statement and read statistics as he did, because I know he knows the tax rate did not raise or lower those taxes. Yet to carry this political buncombe further, we are asked to embalm it in the constitution of Ohio, and I hope my friend from Ashtabula won't forget this when he votes on that question.

Mr. DWYER: Was not the rate fixed by the legislature with a view of getting more personal property on the tax duplicate?

Mr. DOTY: I am glad you said that. That is true. I heard the chief executive make that statement in Memorial Hall. He said if you put real estate up to 100 per cent it will bring out personal property in the state of Ohio. But what has it done? Of course, every one has to speak of his own county. All they are doing in our county is to multiply the old personal property assessments by three, and bring the amount of the assessment up so that the amount of the Smith law will raise the revenue needed. That is the way the property is assessed. Outside of land and buildings there is not any property in Ohio assessed on any kind of a basis.

Mr. EARNHART: Is your argument in favor of the majority report or the minority report, or is it an argument in favor of single tax?

Mr. DOTY: Of course, that is a matter of opinion. I have never concealed the fact that I am in favor of the single tax, as far as I know. But outside of a slight reference to it before supper I have not made any reference to the single tax. It seems to me, however, that this idea of charging the state authority and the general assembly with having no scheme of assessing personal property has nothing to do with the single tax. It is simply a question of common honesty. I say it is time to stop attempting to do the impossible, and if you classify property we will tend to get away from that impossible task, because the personal property is not assessed on any uniform basis at all. You don't produce any wealth on your personal household property, and why should you be assessed or taxed upon the basis of ownership of such property?

Mr. EARNHART: How are you going to tax personal property at all under classification? How are you going to arrive at a conclusion as to the value?

Mr. DOTY: I have tried to show you that you cannot arrive at it.

Mr. EARNHART: Then that is single tax.

Mr. DOTY: No, sir; not within forty miles. Don't be afraid of single tax. It is not here, and will not be for quite a while.

Mr. DWYER: You remember when this rate was fixed by the legislature some action had been taken in the city of Baltimore, and it was claimed in the city of Baltimore that by reason of the system they had adopted they increased many million dollars on the tax duplicate?

Mr. DOTY: You are mistaken about one part. If I remember rightly, all there was to that Baltimore busi-
ness was that they reduced the tax from the property tax standard to a filing tax on bonds—

Mr. HARRIS, of Hamilton: A stamp tax on mortgages.

Mr. DOTY: The member from Hamilton [Mr. Harris] can state the facts on that.

Mr. HARRIS, of Hamilton: The facts were set forth before the committee on taxation in a printed report from the state board of taxation in Kentucky, urging the legislature and the governor to change from the uniform rule of taxation to the classification tax, and in this printed report they quoted the following statistics in round numbers from Baltimore, where the law had been recently changed from uniformity to classification:

In 1896 under the uniform rule of taxation the city of Baltimore reported $50,000,000 and odd of personal property, on which the state collected $150,000. The law was then changed to classification, and under classification the city of Baltimore, inside of ten years, reported in round numbers $160,000,000, which under a reduced rate under classification brought to the city of Baltimore $450,000 in taxes.

Mr. DOTY: I am reminded by the member from Butler that the tax commission has attempted to value certain public utilities at a unit for expression of value. The commission has arrived at a unit for the valuation of certain utilities. But coming to the matter my friend from Warren speaks of, no man has ever devised a scheme of standardizing the opinion of the value of what we call personal property—credits, stocks and bonds or notes.

Mr. FLUKE: You said the assessor left a blank with you and you made your own assessment?

Mr. DOTY: I make a return, a pure guess.

Mr. FLUKE: Is that the rule in the state of Ohio?

Mr. DOTY: I don't know. I only know that is the rule in my neighborhood. I don't care whether it is a rule or not, if an assessor comes into your house with a paper in his hand and attempts to assess property belonging to you, he still has no standard for the expression of his opinion that compares with a standard that is used by the man next to him or in the next county. I do not care how carefully the work is done, or how much thought or care the man attempts to put upon it, I only say that he must do that. I leave it to the gentlemen here as to whether that practice that I have referred to is not prevalent?

Mr. KNIGHT: I want to say that the custom Mr. Doty has referred to exists in Franklin county.

Mr. DOTY: And in all the large counties. The Smith law was the result of a joke. There was a bill before the taxation committee of the house. It provided for a limit of one and one-half per cent. The members were talking it over in a desultory way, and one of the members thought it was such a preposterous thing to provide such a levy that he would make a joke of it, and he moved to strike out the one and one-half and make it one. That is where the thing started. It started as a joke on the floor, and then both sides took hold of it and the first thing you know the law was passed and we were all hurt by it.

Mr. MARSHALL: Who was hurt?

Mr. DOTY: The city of Cleveland, the city of Cincinnati, the city of Columbus, and every growing city.

Mr. MARSHALL: How are they hurt?

Mr. DOTY: They cannot get enough money to run themselves, because that is not the way to raise taxes. It is immoral. By what authority do you people in Coshocton want to tell us what to do in Cuyahoga county? You haven't any business to do it.

Mr. MARSHALL: Can you fix that right?

Mr. DOTY: We are trying to fix it. We are trying to fix it here. If you want to help us do right, vote for the majority report. I am afraid you won't do it. You say you are in favor of the initiative and referendum and home rule, but your votes don't show it. I hope you will finally vote with us yet.

Mr. MARSHALL: You said a minute ago that there was no man in Cleveland who was able to fix a uniform rate of taxes?

Mr. DOTY: No; I didn't say that. I said there was no man living on earth who knew how to fix a standard for the correct valuing of personal property.

Mr. MARSHALL: Then, if there is no man who is able to do that, what remedy can you have?

Mr. DOTY: Use a system that doesn't attempt to do it. Don't try the impossible. Don't do it at all.

Mr. MARSHALL: That's what I say.

Mr. DOTY: Then you agree with me all right.

Mr. EBY: I have the last printed report of the auditor of state, and I find that in Cuyahoga they have 650,000 people, and they return less than $2,000,000, while Preble county, with 23,000 inhabitants, returns over $2,000,000. You return less than $3 for each inhabitant and we return $50. Do you not think there is some truth in what the tax commission said, that the trouble was not in the one per cent tax law —

Mr. DOTY: I don't claim that the one per cent tax law produces that. It was the method of assessing. The tax rate is not to blame for many things that the people blame it with, and it does not produce the good result that anybody claims.

Mr. EBY: What cure are you going to have for the situation?

Mr. DOTY: I want practical classification, and the first thing is to do what they do in Pennsylvania, eliminate the attempt to tax people on nonproductive personal property. You do not make any money out of household goods. A few people do by keeping boarders, but the most of us do not. What is the use of taxing people on nonproductive goods? Now that could be classified so low as to amount to exemption. As the member from Lorain said, I do not propose to stand here and get up a whole new tax code. It cannot be done. I am pretty smart, but I am not that smart.

Mr. LAMPSON: Suppose the county under classification would exempt money in a savings bank entirely from taxation. What effect would that have on money in savings banks in an adjoining county where it is taxed?

Mr. DOTY: It would have this effect: In my judgment, if it turned out to be a good thing and a wise and beneficial thing to do, that particular county next to the county that exempted such deposits would have to do the same thing to retain its deposits.

Mr. LAMPSON: They would be compelled to do it?
Mr. DOTY: Yes, if it were a good thing.
Mr. LAMPSON: It would be a good thing for the people owning money that was exempt.
Mr. DOTY: Yes.
Mr. LAMPSON: What about the rest?
Mr. DOTY: It would be just as the gentleman from Preble said. How much money did you say there was, Mr. Eby?
Mr. EBY: Two million dollars.
Mr. DOTY: Do you know that there is more money on deposit in one bank in the city of Cleveland than in all the banks of all the cities of the rest of the state put together? Did you know that?
SEVERAL DELEGATES: That is not true.
Mr. DOTY: Yes, it is true, and it gives me a chance to boom our town a little, and out of all that money there are only $2,000,000 on the tax duplicate.
Mr. HARRIS, of Hamilton: Our clearing house shows a great deal more than the clearings of Cleveland.
Mr. DOTY: We have got the money in bank.
Mr. PECK: We do business with ours.
Mr. DOTY: Let me tell you something about the clearing house in Cincinnati. If the clearing house in Cincinnati will only comply with the national rules when reporting their clearances they won't be so big.
Mr. PECK: They do.
Mr. DOTY: I beg your pardon—
Mr. PECK: You have to beg my pardon. You don't know.
Mr. DOTY: The last time I knew anything about it they didn't, and that was just a year ago.
Mr. PECK: I would suggest that you confine yourself to facts that you are acquainted with.
Mr. DOTY: I am confining myself to facts that I know about, and I know there is more money on deposit in Cleveland than all the rest of the cities of the state put together.
Mr. PECK: You haven't got any bank in Cleveland with as much money as the First National Bank of Cincinnati. I will leave that to Mr. Antrim or any other banker. You have a savings bank that has a very large deposit, but your active commercial banks haven't half as much as the banks of Cincinnati.
Mr. WOODS: Why, we have more money in Medina than in Cleveland apparently.
Mr. HARRIS, of Hamilton: If the city of Cleveland would pay its debts, it wouldn't have any money in bank at all.
Mr. DOTY: That may be, but the city of Cincinnati owes more than we do.
Mr. HARRIS, of Hamilton: We have got a great deal more to pay it with, too.
Mr. DOTY: Well now, to come back, there are $300,000,000 on deposit in the city of Cleveland, and, just the same, that is very much more than they have on deposit in Cincinnati. But that is not what I am coming to. The member from Preble says that we only have $2,000,000 on the tax duplicate.
Mr. EBY: The actual money returned for taxation is $2,000,000.
Mr. DOTY: That is what I thought you meant. Out of $300,000,000 we have $2,000,000 on the tax duplicate. What a farce that is. Some people say that if the people of Cleveland were honest that would all be on. That is not true. The people of Cleveland are just as honest as any other people, including Cincinnati, and I believe Judge Peck will agree with me on that.
Mr. PECK: I don't know much about that.
Mr. DOTY: My statement ought to be good to you for that.
Mr. PECK: All right.
Mr. DOTY: It is not the dishonesty on the part of the tax officials. It is simply that we are trying to do an impossible thing. All of you have been trying that same sort of thing, and you have been trying it and trying it, and had all kinds of drastic laws, and you have never succeeded yet.
Mr. WATSON: Will a change to one per cent or one-quarter of one per cent bring that out?
Mr. DOTY: It will bring out a good deal. If you will put your taxes at one-tenth of one per cent you will get more and more taxes on it.
Mr. WATSON: That's a question of honesty.
Mr. DOTY: Yes, and I say to you that if you put your taxes at one-tenth of one per cent, you are going to get more money returned and more taxes will be collected than if you had it at 1.37.
Mr. WATSON: Then the lowering of the tax rate to one per cent or a quarter of one per cent or one-tenth of one per cent is the premium you ask us to pay on the dishonesty of those people who fail to give in their money.
Mr. DOTY: There is not a premium on dishonesty. It is not a premium on anything. It is a matter of common ordinary horse sense, to do what we can do, and not attempt to do what we cannot do.
Mr. WATSON: What reason have we to believe that the man who will not pay his taxes when they are one per cent will pay them if they are one-quarter of one per cent?
Mr. DOTY: Lots of people will lie for one per cent who will not lie for one-tenth of one per cent.
Mr. LAMPSON: I reduces itself to lying after all.
Mr. DOTY: That is what is going on in every city in the state, and on every street, and in every house on every street. Talk about lying, of course it is. You compel us to lie. You are putting a tax on honesty. That is all the property tax is. The man who is ultra-honest will put his money in at a full rate and pay even up to four per cent, because the law says he shall. Well you and I and the rest of us, putting us all together, don't do it. You can call it lying if you want to, or you can call it anything you choose. It has been going on for years and years, and it will go on for years and years more if the member from Guernsey and the member from Portage have their way about it.
Mr. EARNHART: Would it not be wise under existing conditions for our tax commission to make an example of some of those fellows in Cleveland?
Mr. DOTY: Oh, yes; it will have a great effect. The fact is we have had some examples made, and that is all it has amounted to. A treasurer of our county, after he had been elected the second time, said that he was going to collect the personal property tax, and he got a great big moving van, and put a sign up "Tax Collector," and he gave it out that he was going to back that van up to the place where the property was, and he was going to collect that tax. He lasted about three days. I never did
know what became of the moving van. I never heard that he collected any taxes. He gave it up, although he had given out that he was going to make a horrible example of somebody. The tax laws! We have had a whole lot of horrible examples made in different counties of the state. They have made them in other places than in Cleveland, and how much property was there on your tax duplicate after you got through making the horrible example? Not fifteen cents. The member from Lorain gave the figures from his county. They put on the duplicate two or three millions.

Mr. REDINGTON: They didn't get it on.

Mr. DOTY: But it was in their county. Take any county where they had a tax inquisitor. They had several thousands of back taxes, or several millions, that they said ought to be on the tax duplicate, and they proceeded to put it on there, so they said. But if they put it on there, the tax duplicate ought to have gone up, but the tax duplicate next year wasn't affected by it much. But just find a county in the state of Ohio where the tax duplicate was that much greater the next year. Not in one case can you do it. That is the horrible example. How does that happen? What is the explanation of it? They move to New York or Chicago or Jersey. They move out of the county. If they don't move, they resort to all sorts of subterfuges, and you can't get that property. If you attack them too closely people with movable property, just move. They take their property with them. Horrible examples! We have horrible examples by the score. As the member from Preble points out, there is less money on the tax duplicate in the county of Cuyahoga than in some other counties in the state where we know they haven't anything like the money that Cleveland has.

Mr. EBY: Do you know that by the untiring efforts of the state tax commission they had less in 1911 than in 1910?

Mr. DOTY: I didn't know that. I am not complaining of the tax commission. They are doing good work. So far as I have been able to observe they are doing their duty to the best of their ability, and with courage, and it takes courage to run the job they are running. But the thing I criticise them for is that they stand for this uniform rule that they know can never be carried out.

Mr. WATSON: Do you agree with us that the tax commission has been doing noble work along this line, and that they have been making some improvements, and if that is so, why not let them try this matter out to a conclusion, and let them finish it?

Mr. DOTY: I have no objection to that. Do you agree to that?

Mr. WATSON: Under the uniform rule.

Mr. DOTY: Well, why not let us postpone the whole matter and let them work it out?

Mr. WATSON: Oh, no.

Mr. DOTY: You won't agree at all. You just want your way.

Mr. WATSON: This minority report is in harmony with their work.

Mr. DOTY: I will tell you what I am willing to do as a sort of compromise. The member from Medina [Mr. Woods] asked us why we didn't take the recommendation of the chairman of the tax commission. Will you take that?

Mr. WATSON: I have not read it.

Mr. DOTY: Do you not think they know what is in line with their program?

Mr. WATSON: Mr. Doty is in line with Allan Ripley Foote —

Mr. DOTY: It is always Allan Ripley Foote. Allan Ripley Foote is against the majority report, and so are you. Don't say you don't know he is. There is no use denying that.

Mr. WATSON: He has never made any report to me.

Mr. DOTY: Nor to me, but I report it to you, and I know what I am talking about. If you will take the direct recommendation of the state tax commission and frame that in a proposal and send it back to the people, all well and good.

Mr. WATSON: What part of the minority report is not in harmony with that recommendation?

Mr. DOTY: The tax rate.

Mr. WATSON: Do you propose to put Judge Ditty's speech in?

Mr. DOTY: I am talking about the specific recommendation. Of course I do not propose to enact that speech. It was the ablest speech ever made in furtherance of an erroneous scheme of taxation.

Mr. WATSON: You said you were in harmony with his speech before the Taxation committee?

Mr. DOTY: Let us take Judge Ditty's specific recommendations if we are in favor of the state tax commission program. Let us give them what they ask, and let them go on for four years and work it out. There is no sleeper in this. You can understand it in half an hour.

Mr. KEHOE: You said a while ago that you thought the tax commission was the best thing that ever happened. How would a subcommission, operating with the state commission in the different counties, improve its work?

Mr. DOTY: I do think that our scheme of assessing real property could be very much improved upon by having one assessor for each county, not a number of assessors, but one assessor, one man.

Mr. KEHOE: One chief in each county?

Mr. DOTY: Let him carry on the work under a plan that can be worked out. It is being done in other places where you get better uniformity in the valuation of lands and buildings. I think that would be a great improvement. I maintain this, that the assessing divisions ought to be coextensive with the larger tax divisions. Take my county, and we have twenty-six assessing divisions in Cuyahoga, and that means there are twenty-six judgments on the valuation of lands and buildings, each one separate from the other, and after those twenty-six separate judgments have operated, and have put their opinions on paper, there are necessarily inequalities of valuation in various parts of the county. That could be largely obviated by a single-head assessing division, the assessing division being co-extensive with the taxing division, and one man at the head, with a proper amount of authority to assess, could do quite a job of assessing so far as land and buildings are concerned. It could not help much on the other.

Mr. HALPHILL: Referring to the question asked you by the member from Brown county [Mr. KEHOE],
how would you have that tax commissioner for the county elected?  
Mr. DOTY: My notion is he ought to be selected by the tax commission. That is the best way to get the most efficient service. Of course, I recognize the fact that the political aspect might interfere with that program, but in my judgment that is the best way to do it.

Mr. HALFHILL: Then you would govern the whole arrangement from Columbus?

Mr. DOTY: Yes; I would standardize the method, and that can only be done from a central authority. Of course the question of exercising judgment ought not to be governed from here, and cannot be. You cannot get up a scheme to govern a man's judgment, but you can get up a plan by which various men will exercise their judgment substantially in the same way, using substantially the same standards of comparison. But the matter of valuing the thing is a mental process. It cannot be done by law. It cannot be done by any central board or any other kind of body. It must be exercised by the man in charge of the work. That is mental work and you can get up a system that will assist him in using his mental faculties in substantially the same way and along the same line as others. He can use the same yardstick with which to do his measuring.

Mr. HALFHILL: Would not you be getting the government a good way away from the people by putting this in charge of a commission appointed by the governor?

Mr. DOTY: It is according to what you call government. Of course, I, myself, believe in centralized authority, and centralized responsibility. Now there can be no centralization so far as mental operations are concerned. There is no way to make a man think in Cuyahoga and Montgomery and Highland the same way.

Mr. HALFHILL: Why have not the people the right to elect their own assessor?

Mr. DOTY: Suppose they have a right to elect their own assessor. If you want to produce inefficient results, let them elect their own assessor. Of course, that officer should not be selected as you would select a lock-tender or a hay-weigher or a policeman.

Mr. HALFHILL: Is not this centralization, getting government away from the people, a little dangerous thing?

Mr. DOTY: I don't think so.

Mr. LAMPSON: Is it possible that we cannot after all trust the people?

Mr. MILLER, of Crawford: Do we understand that we now have twenty-two progressives?

Mr. DOTY: I didn't know that you had gone back on us yet.

Mr. MILLER, of Crawford: I referred to you.

Mr. DOTY: Oh, no; I apprehend I missed Brother Halfhill's question. Probably the joke is on me. I didn't understand it, but I will ask him about it when I get through.

Mr. WATSON: Is this safeguarded?

Mr. DOTY: Yes; for your benefit I will say it is. You are in the safeguarding class, the jigger class.

Mr. LAMPSON: Is there anything about this doctrine that is squarely "de novo"?

Mr. DOTY: I must make a point of order on that, because it is clearly out of order to raise the "de novo" point when the member from Highland [Mr. Brown] is not here.

Mr. MOORE: Going back to this matter of the chief assessor in the county, is not that function now performed by the county auditors, who call in the various assessors and instruct them in the manner referred to by the member from Brown county?

Mr. DOTY: You are referring to land and building assessors?

Mr. MOORE: Yes.

Mr. DOTY: No; that is not just exactly what is done. He does call them in, but when they get away they are a law unto themselves. He has no control over them. He ought to have, but he has not.

Mr. MOORE: He may not have the legal authority, but he controls them.

Mr. DOTY: He does if he is a political boss, but he does not legally.

Mr. ULMER: The legislature gave the governor power to appoint the tax commission?

Mr. DOTY: I think so.

Mr. ULMER: Now the tax commission is working?

Mr. DOTY: Yes.

Mr. ULMER: And would it not be wise to let the whole tax question rest, leaving it to the legislature, and let us wait until that commission has worked out a system by experience? Would not that be much better, to leave the whole thing to the legislature after they get the reports and recommendations from the commission?

Mr. DOTY: There is force in that. I thought Brother Watson had almost agreed to that, but he went back on me.

Mr. STOKES: Will the classification of property tend to make the judgment of the assessors any better than under the uniform rule?

Mr. DOTY: No, but it would tend to make the owner of the property a little more nearly honest.

Mr. DWYER: My experience with these assessors is that the most of them are broken down politicians. They are selected by their wards out of sympathy. Half of them are selected for political sympathy, and they are entirely incompetent to do the work they are selected to do. I know that has been the way with us. I know one man who was selected as the decennial assessor who had a hat store. That is the kind of man selected to value real estate and buildings, and how could we have a correct assessment?

Mr. DOTY: My observation on the competency of the assessors has been somewhat wide. I have investigated the assessments in fifty American cities in the last few years, and I find this to be the fact: That while there is some incompetence on the part of the assessors occasionally, and some slight dishonesty, but not much, the great trouble is with your system, by which they may express their judgment. Take the man you speak of, who sold hats. He might have been able to make a good assessment. The kind of men who are elected in cities need not necessarily be what you call land-value experts. It is not a question of knowing what the value is, the thing is to know how to find out what the value is. The people in your city who know more about the value of the land than anybody else are the people there who use the land. The people in this city know more about the value of the land here than any five men living elsewhere. The
Mr. DOTY: I am glad you called my attention to
the real estate expert really—not necessary for a good as-
assessment, and I don’t say this as casting any reflection on
real estate men; but men dealing in real estate are really
not the best judges on the value of real estate usually.
The best judges of the value of real estate in cities are the
merchants and the men who will say how much they will
pay to get this or that place to do business in. They are
the best judges of land values in the cities. The trouble
of expressing your idea of the value of land in cities is
because at present in most cities you have not any unit
of quantity upon which to express your judgment. In
the country that is not true. In the country we have al-
ways had a unit of quantity upon which to express our
judgment of value, namely, the acre. Every man in the
country knows what is meant by an acre. If you say
there are ten acres, he takes a survey in his mind on
what that means, but when you come to say that land is
worth so much a foot in the city you are then attempt-
ing to use a unit of quantity that does not mean anything.
A foot on High street is worth more than a foot some
place else. It has depth. It may be irregular. It may
go to an alley; it may not. It may be far from a corner
or on a corner, and all those things must be taken into
consideration, and must be known before you can express
your opinion of value. There is no unit of quantity.
The way to do that is to assume a foot wide in the middle
of the square with an an agreed depth, say one hundred
feet, and with no alley. Then you have a unit that is the
same everywhere. That is a unit of quantity on which
you can express yourselves, and then you can express your
opinion of the value of the street. We really do
not value land in a city, but we value streets. I only
give you a little of this to show you that there is a way
possible to standardize your city land values, but I
defy any man in the room to show me a method of
standardizing a unit of quality, or a standardization for
the consideration of the value of personal property of
any kind except money.

Mr. HALFHILL: Did you as chairman of the com-
mittee on Taxation, or did your committee have brought
to its attention, any constitutional provision in any state
which attempts to fix a limit of tax rate, or a limit beyond
which no tax can be levied for counties, cities and vil-
lages, school districts, etc.?

Mr. DOTY: I do not recall any, and I think not.

Mr. HALFHILL: In section 3 of this minority report
there is a provision that seems to correspond with section
11 of the majority report, as I understand it. Now,
I would like to know just what those two sections mean,
whether there is any difference?

Mr. DOTY: I am glad you called my attention to
that. I forgot it. Of course, it is necessary under the
majority report to do away with the state tax levy. That
has to be done to make this proposal workable. Why
they put it in the minority report, I do not know,
except to have as much of the majority report in the
minority report as possible. There is this difference in
the two. If I am wrong Mr. Watson will correct me.

Mr. WATSON: Will the gentleman yield for a mo-
tion for recess?

DELEGATES: No.

Mr. DOTY: The only difference that I know of is
in the manner of providing the common school fund and
the university fund. Years ago it was insisted that the
universities should come to the legislature, and there on
handkerchiefs, three each year beg for bread and
butter. That is what it amounted to. That is, they had
to come before the finance committee of the house and
senate, and lay before them a long list of things they
needed for tuition and repairs, and a whole rigmarole
of things that were needed to keep up the university and
we usually called those bread-and-butter bills. There was
jealousy between three or four institutions that resulted
in a good deal of pulling and hauling. Sometimes there
would things happen here that verged almost on scandal.
At any rate it was a very distressing situation, both for
the schools themselves and for the members of the legis-
lature. What we were really doing was to employ a
president of the university to run the university and then
compelling him to come up and beg money out of us to
pay his salary. About fifteen years ago it was decided by
the general assembly, and this policy has been main-
tained until today, that the tax levy should be placed
on all the property of the state for university purposes
and whatever money that produced should be divided
between the four institutions upon an agreed basis, which
has never been changed. That put the universities in
a position of not having to come up and beg for bread
and butter every year, and that has been the situation for
fifteen years. Now, of course, in the wording of the
proposals, when it was determined to put up a proposi-
tion that necessarily did away with the levy for state
purposes, it was also necessary to do away with the
state levy for university purposes, and then one of two
things will be necessary. Either the universities
would be compelled to go back to the old program of begging
for their bread and butter, or we must provide for them
in a way that they will at least have as much as they have
been having for the last few years, and the latter was
agreed upon by the subcommittee of the majority, and
that is why this provision was put in lines 9, 10, 11 and 12.

Now $750,000 is a little higher. I think Mr. Colton
was in error last night about $625,000, but it was distin-
ctly stated that this was considerably higher, but if
this is too high it can be easily modified in the Conven-
tion if they adopt the majority report. This was put
in with the idea that we might call attention to it, and it
could be fixed to satisfy the majority of the delegates.
I think that is the only place where there is a difference
in the two proposals upon doing away with the state levy.
That is true, Mr. Colton, is it not?

Mr. COLTON: I think so.

Mr. DOTY: Mr. Colton has dwelt upon the advisa-
ibility of doing away with the state levy, and as I agree
with him in that particular, I do not need to go into it
further.

Mr. HALFHILL: How about the school fund?

Mr. DOTY: The school fund has been paying $2
per capita for the last few years for each enumerated
youth. That is paid to the counties and by the counties
paid back to the school district, and if we do away with
the state levy we would do away with the levy that pro-
Taxation.

vides that money out of which that $2 is paid, and we provide for that as well as the university fund.

Mr. KNIGHT: The state school fund has for years been receiving a specific fraction of a mill upon the tax duplicate out of which this distribution is made.

Mr. DOTY: That is true. There is a direct levy for that purpose, and has been for more than fifty years. For twenty or thirty years it was $1.50 and for twenty years more it was $2, and we put that as low as it has been for the last twenty years. I think those two items are all.

Mr. HALFHILL: I want to ask a question, and I shall have to read from the report to get the question. Section 3 provides: "Every assessment upon the counties of the state under the preceding section, shall be apportioned among such counties ratably in proportion to the aggregate amount expended during the preceding year in each county, by the county and all political subdivisions thereof." What does that mean? That same thing practically is in section 11 of the minority report.

Mr. DOTY: The provisions of the minority report are based upon the possibility that the legislature may do away with the state levy, but in the majority report the state levy is done away with. Section 3 of the majority report provides for a method of getting enough money to run the state government after you have levied all possible under the excise and other taxes provided in section 4. The state is allowed first to get all the money it can—I don't find it just this moment—but we are levying all sorts of taxes. We will raise about half the money on corporations by way of excise taxes, and that is to be continued, and the difference between that and what the state needs will be charged ratably against the counties, and each county will be required to pay enough to the state treasurer ratably in proportion to that which the county expended in the aggregate the preceding year.

Mr. HALFHILL: It doesn't seem plain to me.

Mr. DOTY: First, we provide that the state may raise a certain amount of the necessary money by excise taxes, and assume that is $2,000,000. Now, assume that the state requires $4,000,000 to run its business.

Mr. HALFHILL: Yes.

Mr. DOTY: It has raised $2,000,000 by excise taxes, and it needs $2,000,000 more. That is charged against the counties, and the statements go to the counties, and the $2,000,000 is assessed against the counties ratably in proportion to what each one used for its own expenditures the year before.

Mr. HALFHILL: Of its own funds?

Mr. DOTY: No, sir.

Mr. HALFHILL: Well, that is not plain to me.

Mr. DOTY: Perhaps there may be a word or two necessary to make it clear. What it means is in the way of expenditures in the county of county funds.

Mr. HOSKINS: Would that cover an expenditure by a county to build a court house?

Mr. DOTY: I think not, but under the provisions of that proposal it would be up to the legislature to provide what should or should not be used.

Indefinite leave of absence was granted to Mr. Stalter. Leave of absence for the remainder of the week was granted to Mr. Smith, of Hamilton.

Leave of absence for Thursday was granted to Mr. Tallman.

Mr. Harris, of Hamilton, moved to recess until 9 o'clock tomorrow morning.

The motion was carried and the Convention recessed.