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## FEDERAL INCOME TAX RETURNS

### FEDERAL INCOME TAXES

The Federal income taxes paid by North Carolina individuals and corporations for the income year ending December 31, 1922, amounted to \$16,374,568, or one percent of the total income tax paid by all the states. Of this total corporations paid \$11,465,957 and individuals paid \$4,908,611.

The corporations reporting net incomes numbered 3,486, or 61 percent of all corporations in the state. How many of these actually paid an income tax is not reported. Two-thirds of all North Carolina Federal income taxes were paid by corporations. These corporations reported a gross income of nearly 941 million dollars, but they paid income and excess profit taxes on only 99 million dollars in round numbers. In other words, their net taxable income was less than one-ninth of their gross income. The deductions under the law amounted to more than eight-ninths of their gross income.

The Federal income taxes paid by our corporations for the income year 1922 were as follows:

889	Manufactories	\$7,701,561
251	Transportation etc.	1,904,856
1117	Trade concerns	993,791
890	Financial corporations	693,242
172	Personal service concerns	50,640
14	Mines and quarries	25,196
29	Miscellaneous	21,429
78	Agricultural corporations	8,623

These totals do not include the stamp taxes on tobacco and tobacco products, which amounted to nearly 137 million dollars in North Carolina for the year ending June 30, 1924.

### Personal Income Taxes

The individuals who filed Federal personal income tax returns for 1922 numbered 58,009, with an aggregate net income of nearly 172 million dollars. Of the total number reporting net incomes, 35,335 actually paid no income tax because of exemptions allowed under the law. The personal income taxes, aggregating nearly five million dollars, were paid by the 22,674 people, who, after all exemptions had been deducted, had net taxable incomes. The table which appears elsewhere shows in detail the income classes, the number of returns filed by each class, the net income, and the taxes paid.

The population of North Carolina totals two million seven hundred thousand in round numbers, of whom 22,674 paid Federal income taxes for 1922! Which means that less than one percent of the total population paid Federal income taxes, or about one family out of every twenty-five the state over. In other words, ninety-nine percent of the population pays no income tax to the Federal government.

By way of parenthesis we might say that income taxes comprise the main source of revenue for the operation of our state government and the facts relating to the number who pay income taxes are approximately correct for state income tax payers, individual and corporation. In the aggregate, our state government is cheap, very cheap, for about ninety-nine percent of us who pay no state income taxes, but expensive to the bare handful of people and corporations on whom almost the entire burden of the cost of the state government falls. The support of our state government needs to be borne by more shoulders, and it must be or the limit of expansion in state government activities will soon be reached.

### Who Pays Income Taxes

Income taxes are paid mainly by urban dwellers. The study in last week's News Letter dwelt on this point. And they are paid in the aggregate by a bare handful of urban dwellers.

For instance, the 54,844 individuals with reported incomes ranging up to six thousand dollars paid all told less than six hundred thousand dollars of income taxes. Three individuals with net incomes of more than four hundred thousand dollars paid more than six hundred and fifty thousand dollars in taxes. The eighty-eight indi-

viduals with net incomes of more than fifty thousand dollars each, paid more than half of the entire Federal personal income tax, largely because of the high rates on large incomes.

### Sixty-five Millionaires

Just how many millionaires there are in North Carolina no one knows. Using the accompanying table and assuming that a person with a net income of sixty thousand dollars, is a millionaire, there are at least sixty-five millionaires in the state. There are seventy others who are approximately millionaires, with net incomes ranging from forty thousand to sixty thousand dollars after all exemptions allowed under the law have been deducted from their gross incomes.

These are only a few of the pertinent facts suggested by studying the accompanying table, taken from the recent Statistics of Income issued by the Federal Treasury. The table is full of interesting facts for the reader who cares to study it.—S. H. H., Jr.

### COUNTY GOVERNMENT

Prof. A. C. McIntosh, member of the faculty of the school of law of the University of North Carolina, has an article both timely and interesting in the February number of the National Municipal Review on County Government in North Carolina. It is a remarkably clear exposition of what county government in this state is, and in conclusion Professor McIntosh points out what he considers some of its defects.

He finds that there is a lack of uniformity in organization which he readily admits "may not be altogether a defect, since conditions are not the same in all sections of the state."

### No Headship

He is more emphatic in his assertion that county government "is not well co-ordinated, but rather loose-jointed in that the various offices and departments are more or less independent of each other. And this suggests what may be the most apparent defect, that it is a community government without even a nominal head. No particular officer can be considered, in any sense, the responsible head of the county government. The chairman of the board of commissioners may be such in theory, but he is in fact only what his title implies, the presiding officer of the board at its meetings and he has no duty or authority otherwise unless it has been delegated to him as the representative of the board. In the few counties which now have a whole-time chairman, with definite duties prescribed, there appears to be some recognition of the necessity for such a head officer."

Professor McIntosh finds that "the compensation generally provided for the county commissioners and the board of education would seem to be inadequate for the duties and responsibilities involved. It appears to be a cheap form of government, but that often proves to be an expensive form. No question is raised as to the honesty and good intentions of the men selected for these positions, but they are often men without the experience and business training required for such duties. The short term and the popular election may make them particularly responsive to the public will, but the change which may take place every two years may seriously interfere with working out any well defined policy. While they are not strictly political officers, party affiliation is nearly always considered in their election, but there is no criticism that the office is made the opportunity for graft or political corruption. There is no definite and generally accepted plan for making reports of finances so that they may be readily understood, and in many instances it might be difficult to ascertain the exact financial condition of the county at a particular time."

While this is a commission form of government, in that it is a government by commissioners, Professor McIntosh finds that "it is far from the commis-

### EDUCATION SPEAKS

I am Education. I bear the torch that enlightens the world, fires the imagination of man, feeds the flame of genius. I give wings to dream and might to hand and brain.

From out the deep shadows of the past I come, wearing the scars of struggle and the stripes of toil, but bearing in triumph the wisdom of all ages. Man, because of me, holds dominion over earth, air, and sea; it is for him I leash the lightning, plumb the deep, and shackle the ether.

I am the parent of progress, creator of culture, molder of destiny. Philosophy, science, and art are the works of my hand. I banish ignorance, discourage vice, disarm anarchy.

Thus have I become freedom's citadel, the arm of democracy, the hope of youth, the pride of adolescence, the joy of age. Fortunate the nations and happy the homes that welcome me.

The school is my workshop; here I stir ambitions, stimulate ideals, forge the keys that open the door to opportunity. I am the source of inspiration; the aid of aspiration. I am irresistible power.—Selected.

form as found in municipal corporations. In at least one county the latter form has been recognized in making the commissioners whole-time officers and assigning to each one a particular department of the public work. There is a state organization of county commissioners which meets annually to discuss the various questions of county government, and this may lead to a more general knowledge of the conditions in the different sections of the state, and bring about finally a more unified and consistent plan."

### An Agency of the State

"The county is considered only as an agency of the state for governmental purposes and not an organization for local self-government as in a municipality; and for this reason little legislative power has been conferred upon it, except that involved in taxation, and no police power in the sense that it may pass ordinances for its internal government. This is as it should be, since there are in the state one hundred of these separate governmental agencies, all engaged in the same work and to carry out the same purpose, and it might lead to greater confusion to confer upon them any extensive legislative or police power."—Durham Morning Herald.

### EXTENSION WORK GROWS

An amazing growth in the work of the Extension Division of the University of North Carolina is revealed in a biennial report which Director Chester Snell has just issued. During the last two years, it is shown, the University gave instruction to exactly 3,369 North Carolina folk who for one reason or another could not come to the campus for residence study.

These 3,369 non-residence students fall under two divisions, those enrolled for class work conducted by University professors just as the work is conducted on the campus, and those taking correspondence courses by mail. During the two-year period 2,158 non-residence students registered for 2,307 courses in 139 classes held in 49 towns, while 1,211 non-residence students were enrolled in 1,841 correspondence-study courses in 98 counties.

But class work and correspondence courses, while standing out among the major endeavors of the Extension Division, are by no means the only concern of this phase of University activity. Its activities are manifold and varied. It furnishes most anything the average Tar Heel wants in the way of a mental menu. Its growth is like

that of a big tree, with its trunk ever becoming deeper rooted and its branches ever extending outward until both have reached their full stature. The University is the tree and the Extension Division its branches.

### Summary of Activities

For the sake of brevity its other principal activities during the last two years may be summarized as follows: eighty-seven thousand people heard one or more of the 207 educational lectures scheduled by the division in 110 communities; 568 physicians took summer post-graduate medical extension classes in 36 centers of the state; 1,757,950 pieces of second-class mail (educational bulletins, circulars, news letters, etc.) were issued during the biennium; 6,800 high-school students took part in the state championship debating and athletic contests, 980 people were reached by the Bureau of Design and Improvement of School Grounds; 2,600 requests for educational information were taken care of by the School of Education; 13,075 members of women's clubs studied programs or used library facilities; 5,951 package libraries containing 23,091 books and pamphlets were sent upon request; 950 people were reached by the field work of the School of Commerce; 5,960 letters were written in answer to requests for general information; 1,940 people were reached by the extension services of the School of Welfare; 25,000 people attended home-talent plays and pageants directed by the Bureau of Community Drama; 8,150 people were served by the work of the Bureau of Community Music; 8,800 letters requesting information about North Carolina were answered by the Department of Rural Social-Economics; 16,000 homes received the University News Letter every week during the two-year period; 814 communities were reached by one or more forms of University Extension service.

### Began Under Graham

It was Edward Kidder Graham, the late President of the University, who conceived and put into execution the

## FEDERAL PERSONAL INCOME TAXPAYERS

### In North Carolina, by classes, 1922

Based on Statistics of Income, issued by the Federal Commissioner of Internal Revenue, for the income year ending December 31, 1922, showing (1) the number of individuals who filed personal income tax returns, by classes, (2) the incomes of each class, and (3) the taxes paid by each class.

In North Carolina 58,009 individuals filed returns covering the income year 1922, 35,335 of whom actually paid no tax. The net income of these 58,009 individuals was \$171,929,259, and the tax paid amounted to \$4,908,611.

Department of Rural Social-Economics, University of North Carolina.

Income Class	No. Returns	Net Income	Total Tax
Under \$1,000*	2,597	\$1,860,264	—
Under 1,000	50	32,362	\$1,119
\$1,000 to 2,000*	8,237	12,879,654	—
1,000 to 2,000	10,183	14,146,276	149,325
2,000 to 3,000*	19,747	47,079,271	—
2,000 to 3,000	3,278	8,243,892	112,914
3,000 to 4,000*	3,969	13,356,043	—
3,000 to 4,000	2,924	10,182,761	108,903
4,000 to 5,000*	625	2,954,091	—
4,000 to 5,000	2,020	9,047,451	119,621
5,000 to 6,000*	110	586,707	—
5,000 to 6,000	1,054	5,742,595	102,958
6,000 to 7,000	724	4,700,586	96,989
7,000 to 8,000	480	3,586,789	87,299
8,000 to 9,000	341	2,899,002	81,267
9,000 to 10,000	254	2,403,088	72,534
10,000 to 11,000	211	2,215,750	74,936
11,000 to 12,000	153	1,756,640	65,036
12,000 to 13,000	120	1,497,930	60,238
13,000 to 14,000	86	1,159,599	46,982
14,000 to 15,000	81	1,169,764	52,578
15,000 to 20,000	280	4,858,088	252,101
20,000 to 25,000	142	3,173,951	214,309
25,000 to 30,000	80	2,180,487	172,963
30,000 to 40,000	78	2,702,668	267,591
40,000 to 50,000	47	2,115,422	264,253
50,000 to 60,000	23	1,267,882	183,719
60,000 to 70,000	10	634,876	107,326
70,000 to 80,000	13	972,332	155,491
80,000 to 90,000	10	854,995	181,922
90,000 to 100,000	8	754,401	176,139
100,000 to 150,000	12	1,463,633	401,251
150,000 to 200,000	5	917,171	339,192
200,000 to 250,000	2	460,213	156,374
250,000 to 300,000	2	567,003	150,842
300,000 to 400,000	—	—	—
400,000 to 500,000†	2	—	—
500,000 to 750,000†	1	1,515,622	652,539
Total	58,009	\$171,929,259	\$4,908,611

\*Paid no tax because exemptions exceeded net income.

†Classes grouped to conceal net income and identity of taxpayer.