

The National Outlook Prospects For Tax Legislation

By RALPH ROBEY

There will be tax legislation in the new Congress. The big question, just as in the case of labor, is what kind of legislation it will be.

Four fairly technical bills are pretty well assured.

First is a new method for taxing insurance companies. For some years such companies have been taxed under a temporary formula. One of the basic difficulties with this has been that a company never knew whether the formula would be continued and in consequence could not calculate its tax until Congress acted. In the next Congress this uncertainty will be eliminated. Hearings in the problem already have been held and the Ways and Means Committee has held several executive sessions, to decide upon its recommendations. There has been no leak from these executive sessions but it is expected that the new formula will result in an increase of taxes. Estimates of the increase have ranged up to \$150 million.

Second, we shall have new legislation designed to encourage private foreign investment. Hearings also have been held on this problem and many technical suggestions have been offered. No conclusions have been drawn as yet. There is support for a change by business management and within the Administration, but the Treasury Department opposes any change which will materially reduce government revenues.

Third, there probably will be consideration of some new proposal for handling depreciation of business capital assets. A few years ago a law was passed which gave a choice of various methods of calculating depreciation, and this has been of substantial help. But most foreign nations have moved well ahead of us in the rapidity with which capital assets may be charged off, and with depreciation charges now amounting to an estimated \$6 billion below a realistic figure, there is real need for further legislative action.

Finally, there may well be action on depletion charges. Such charges are permitted in many natural resource industries. The theory back of them is that by such charges a company is enabled to recover tax-free the capital represented in the natural resource, the recovery being at the presumed rate of the exhaustion of the resource. The particular depletion charges most under criticism is the 27 1/2 per cent in the oil extractive industry. Spokesmen for the industry insist that the depletion rates is no excessive, but many other persons regard the current rate as a major tax loop-hole. A determined effort is expected to be made for a thorough review of present depletion charges, with a view of getting them reduced. Odds are that some changes will be made but whether this effort will be successful remains to be seen.

Of these four bills two would have the immediate effect of reducing revenues and two would increase revenues. The two which would lower the amount of taxes paid are the bill to encourage foreign private investment and the bill to liberalize depreciation charges. The two which would increase tax payments are the new method of taxing insurance companies and the revision of depletion charges. From the view

point of the budget, therefore, these four measures should have little over-all effect.

But this is only a part of the tax picture facing the nation today. We need—need desperately—basic reform in the income tax rate structure.

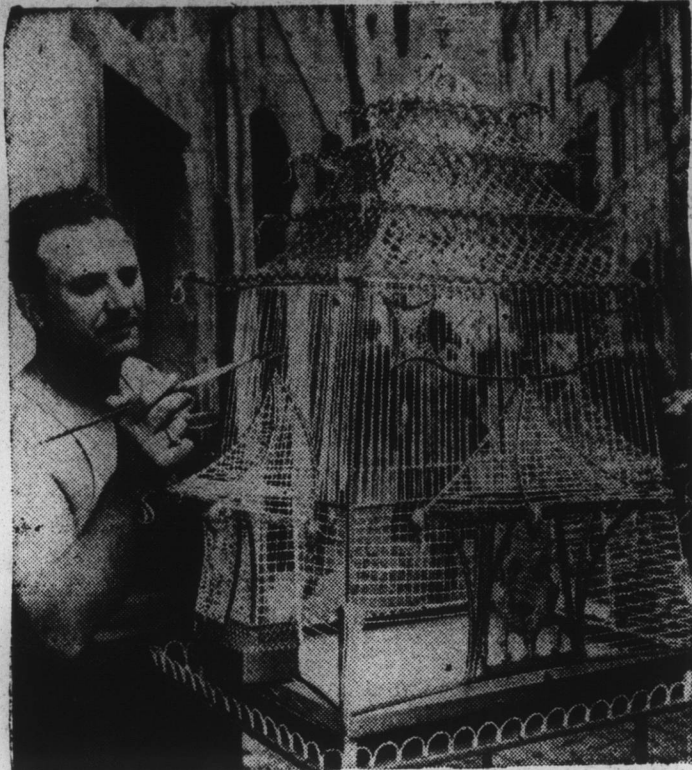
This past year there was a bill which provided such reform. This was the Sadlak-Herlong proposal. That was a five year program which would have reduced all personal income tax rates, from top to bottom, and also would have lowered the corporate tax rate. The bill also included a provision for delaying the reductions for any one year in the event it was obvious that the budget would be unbalanced.

In January and February the Ways and Means Committee held hearings on tax reform and enormous support was given for the Sadlak-Herlong bill. However the growth of the recession, the decline of federal revenues, the development of a huge deficit, and opposition by the Administration, prevented the bill being reported out by the Committee. And it is obvious that this particular measure is no longer suitable, or the proper vehicle, for income tax rate reform.

But some bill involving the principle of forward scheduling of rate reductions will be introduced in the new Congress. It will be opposed, of course, on the grounds that with a deficit it is no time to consider rate reductions. At first glance this argument appears to make sense but basically it is a complete phoney. A reduction of rates across the board, both personal and corporate, to moderate levels would bring larger revenues to the Treasury. And if we added to this an overhaul of the present hodge-podge of excise taxes, there would not need to be any loss of revenues. Further, such changes in our tax laws would add immeasurably to the basic strength of our nation and to the growth of our economy.



FETCH THE MISTLETOE—Fairfax Smathers is Florida's Poinsettia Queen for '58. The "southern" beauty, shown with an armload of the Christmas flowers at Cypress Gardens, Fla., hails from Atlantic City.



GILDED CAGE—Any bird looking for a gilded cage should wing to builder Vittorio Falchi, who puts the finishing touches to a gilded pagoda in Rome. The craftsman sells his cages for about \$100.



Senator Kennedy and I are any person pursuing such objectives.

The penalty under the provision of the bill upon conviction would be a fine of not more than \$1,000 or imprisonment not more than one year or both; and, if death results from a violation of the provisions of the bill, the convicted would be subject also to the death penalty or to imprisonment for any term of years or for life.

The bill also provides that whoever, through the use of the mail, telephone, telegraph, or other instrument of commerce, willfully imparts or conveys, or causes to be imparted or conveyed, information, knowing the same to be false, concerning an attempt or alleged attempt being made, or to be made, to perform any act prohibited, shall be imprisoned not more than one year or fined not more than \$1,000 or both.

The people of the nation are deeply concerned with the bombings of churches and schools in various communities. They are likewise concerned with the use of explosives in labor disputes as brought out by recent McClellan

Committee hearings.

No Encroachment
Under the Constitution the Congress has no power to deal with offenses of this character which are entirely local in nature. This limitation was wisely imposed by the founding fathers who knew that police powers should be retained by the states and local governments which are closest to the people. The provisions of our bill are therefore restricted to offenses which are interstate in nature. The bombing is neither purely local nor federal. Here both local and federal authorities must cooperate to eliminate such lawless acts.

Hospital Patients

Visiting Hours 10 to 11 A. M., 2 to 4 P. M., and 6 to 8 P. M. Children under 12 years of age not permitted to visit patients.

Patients admitted to the Chowan Hospital, Inc., during the week of December 8-14 were:

White

George W. Eure, Hertford; Mrs. Julia Harrell, Hertford; Dewey H. Berryman, Jr., Hobbsville; Mrs. Helen Wilson, Edenton; Mrs. Etta Green Bunch, Edenton; Mrs. Annie P. Whit, Creswell; Mrs. Lillie Mae Jones, Edenton; Mrs. Ella Williford, Windsor; Mrs. Verdie Alexander, Columbia; Mrs. Jessie McAteer, Pennsylvania; Arthur McAteer, Pennsylvania; D. W. Wheeler, Edenton; Mrs. Kathryn Barrow, Edenton; Mrs. Inez Sawyer, Hertford; Mrs. Joyce Payne Sims, Hertford; Alphonsa Roberson, Merry Hill.

Negro

Annie P. Sawyer, Creswell; Priscilla Long, Edenton; Claudie White, Hertford; Mary Louise Bond, Edenton; Luther Felton, Hertford; Myrtle Rivers, Edenton; Hannah Clemons, Windsor; Jessie Parker, Corapeake.

Patients discharged from the hospital during the same week were:

White

Thomas Nixon Tarkington, Roper; Mrs. Elizabeth Hawkins, Edenton; Preston Parks, Edenton; Reuben Bass, Edenton; Rudy Parks, Hobbsville; Mrs. Alice Casini, Edenton; Mrs. Shirley Berryman, Hobbsville; Lonnie Proctor, Hertford; Dewey Berryman, Jr., Hobbsville; Mrs. Helen Wilson, Edenton; Mrs. Ella Williford, Windsor; D. W. Wheeler, Edenton; Mrs. Kathryn Barrow, Edenton.

ton; Alphonsa Roberson, Merry Hill.

Negro

Jerry Felton, Hertford; Roy Lee Brothers, Edenton; Marcella Lilly, Hobbsville; Priscilla Long, Edenton; Claudie White, Hertford; Myrtle Rivers, Edenton; Hannah Clemons, Windsor.

Births

Births during the same week were: Mr. and Mrs. Aubrey Sims of Hertford, a son; Mr. and Mrs. Raymond Rivers of Edenton, a son; Mr. and Mrs. William Clemons of Windsor, a son.

Visiting ministers for the week of December 15-21 are: White

the Rev. R. O. Denton; Negro, the Rev. George Rountree.

EASTERN STAR MEETING

Edenton Chapter No. 302, Order of the Eastern Star, held its regular meeting Monday night, after which a Christmas party, arranged by Mrs. W. A. Harrell, worthy matron, was enjoyed. Refreshments were served following which the group sang Christmas carols with Mrs. Grace Byrum and Mrs. Frances Wilkins at the piano.

We make a living by what we get, but we make a life by what we give. —Winston Churchill.

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