

# GENERAL ASSEMBLY IN SNARLING DEADLOCK

## SENATE AGAINST SALES TAX

### And Raises Tax on Tobacco and Power for Equalizing Fund

#### JOINT COMMITTEE

(Special To The Herald)

Raleigh, April 23.—The Senate and House of Representatives of the North Carolina General Assembly are in a deadlock over State support of public schools—whether hopelessly or not may be indicated early this week, when the joint conference committee attempts to straighten out the snarl.

More of the give and take spirit will have to be displayed before the differences can be adjusted. For, on many matters the Senate and House have locked horns and a conference committee has been necessary in more than the usual numbers to get the two houses together.

Although a deadlock was not unexpected, it became more apparent when the House received from the Senate last week the Revenue Bill for concurrence in the many changes made after it left the House. The House voted on a motion not to concur and to name a committee to meet with a Senate Committee to seek to bring order out of the chaotic condition of the bill.

The Senate marched right through the bill and by the middle of last week had eliminated the general sales tax provision, along with the full support by the State of the six months school term, as contemplated in the MacLean act, substituting

therefor the Folger-Grier plan of a \$10,000,000 equalizing fund for the schools, and increased revenue so it would amount to more than \$3,500,000 increase provided in the equalizing fund.

In fact, the Senate increased the tax of tobacco companies 47 per cent. It also adopted a mild merchants sales tax of one-tenth of one per cent, which is estimated to bring in \$900,000. It increased the income tax mildly and added materially to the taxes paid by power and public service corporations, over the House provisions and over the present amounts paid.

The Senate refused to adopt the Baggett proposal of a sur tax of 15 per cent then 8 per cent of the profits of corporations, over 10 per cent, and based on the assessed valuation, by a vote of 28 to 21, and, by vote of 26 to 20 turned down another Baggett proposal to tax stock on foreign corporations, but did put a tax on the income from such stock. That body voted down the general sales tax by about four to one and killed 26 to 24. Threat of reintroduction of the general sales tax when the bill reached the third reading in the Senate did not materialize, and it went to the House, which body could hardly recognize its child.

Speaker Willis Smith named on the conference committee Union L. Spene, Moore; H. C. Connor, Wilson; Claude W. Allen, Granville; R. L. Harris, Person, and R. G. Cherry, Gaston, and then added A. D. MacLean, Beaufort, and Gurney P. Hood, Wayne. He made the point that although he is opposed to either sales or luxury taxes, he named a majority of the committee members from the supporters of one or both of these taxes.

President R. T. Fountain of the Senate, named Frank Dunlap, Anson, and John H. Folger, Serry, oppon-

ents of the two taxes, and J. W. Himsdale, Wake, introducer of the luxury tax bill, and W. G. Clark, Edgecombe, mildly opposed to the sales tax. The Senate declined the invitation to name one or two more when the House increased the number by two.

The conference committee is spending the week-end trying to work out some solution which both houses will approve, but it is a herculean task. On the committee is a majority for the State support of the six months school term, and a big majority for one or the other of the two taxes. Some, however, for one tax, are bitterly opposed to the other. Whether a deadlock will be reached is committee remains to be seen. Whether the two divisions of the tax proponents can get together enough to have a majority over the opponents of any tax is still a question.

And when the committee goes back to the two houses with its report, if it can reach an agreement, more far is bound to fly. The House apparently is as strong for carrying out the provisions of the MacLean measure as is necessary to get it through that body, although there have been numbers of breaks from the original ranks. The Senate, although by a smaller majority, is just as strongly opposed to any kind of sales or luxury tax, other than the small one it wrote into the Revenue Bill. The committee may be able to come to terms and get the two houses to follow, but the way is not apparent.

Any suggestion of a solution is little more than a wild guess. Suggestion is that a modified sales tax, selective commodity tax, be included to raise say, \$15,000,000 or \$18,000,000, with the other sources provided, turn that over and require the six months term to be operated on the greatly reduced amount. But most every community would object to cutting the schools to the standards

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necessary to operate on the funds available.

Another suggestion is an increase of equalizing fund to \$11,000,000 or even \$12,000,000, by increasing the rate of the small sales tax in the Senate measure from one-tenth of one per cent to two or three of four-tenths. But this would not completely remove the ad valorem tax on real estate, and would be opposed. This, however, may be the solution. In fact, the opinion has been expressed by friends of A. D. MacLean that he would be willing to accept an equalizing fund of \$11,000,000, or even \$10,000,000, rather than keep the

Legislature in session longer than is necessary.

The Senate increased the appropriations to the State's institutions, cut down from the Advisory Budget Commission's recommendations by the House, about the original figure. The Senate did not tackle the appropriation made by the House for complete State operation of the schools. That will wait for a determination of what comes of the revenue measure in that respect.

The House spent large parts of two or three days on the re-appointment of members of the House of Representatives, and redistricting the Senatorial districts and finally adopted plans which many of the members hope the Senate will work out more satisfactorily.

The last "short ballot" bill, to have the Governor appoint Commissioners of Agriculture, Insurance and Labor and Printing, and Corporation Commissioners, sponsored by John A. McRae, Mecklenburg, passed the House, subject, however, to approval by the people in the 1932 election. It's fate in the Senate is problematical.

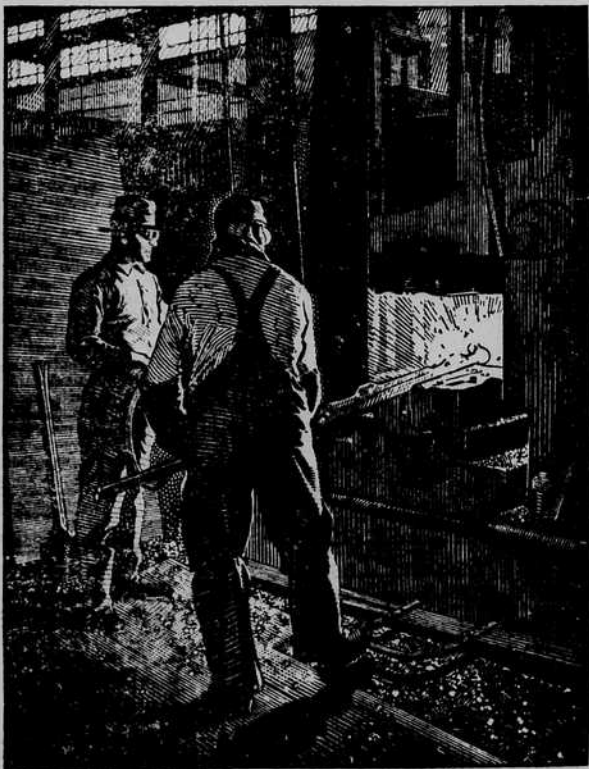
Governor Gardner's measure to establish a Division of Personnel has been passed, as have all but one or two of his measures. His "batting average" is high and climbing, exclusive of two or three measures he abandoned.

About 25 Senate bills and 30-odd House bills last week, brought the totals to 565 in the Senate and 1265 in the House, a grand total of 1830 so far. Thirteen public bills were ratified during the week and about three times as many local bills.

The session has passed its 102nd day. Prognosticators have stopped trying to predict the end. It may be next week—and then it may not be.

The omnibus bill naming the boards of education for the counties finally passed, but echoes of local trouble are being heard. The bill to establish a rating and inspection bureau for compensation insurance, under direction of the Insurance Commissioner is a law. Another new law limits the hours of work of women in in-

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dustry to 55 hours a week. Court clerks are now required to report annually names of all practicing attorneys in their counties to the Commissioner of Revenue. Bids on contracts for buildings or repairing buildings at State institutions must be competitive. A method has been provided for filling a vacancy in the Advisory Budget Commission membership.

A resolution relating to the death of Samuel M. Gattis, Sr., Orange County, who was speaker of the House in 1903, was unanimously adopted.

Some of the new bills introduced last week follow:

To promote standardization of school children; to leave optional with county commissioners revaluation of property for taxation; to take from the Commissioner of Agriculture and place in the hands of Commissioner of Revenue inspection and collection of fees for gasoline and illuminating oils; transfer the theft bureau to the State Highway Patrol; to provide for additional jurors from another county instead of removal of

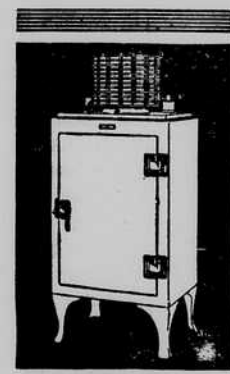
case to another county; to provide for the incorporation of co-operative organizations; to refund tax on gasoline used for mining purposes; to prevent the highway commission from ruling animal-drawn vehicles off shoulder of roads; to authorize county commissioners to abolish county recorder's courts.

Friends of Mrs. G. E. Buckner will be glad to know she has returned to her home after being a patient in the Roanoke Rapids hospital.



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