

# Changes In North Carolina Sales Tax Being Studied

## Levy In State Faces Changes

### Possibility of 1 Per Cent "Gross Receipts" Levy Comes in For Study

Raleigh.—With practically all doubt regarding the retention of the state's 3 per cent sales tax having been removed, members-elect of the North Carolina General Assembly convening here January 9, as well as others interested in such legislation are turning their attention toward a study of sales tax acts now on statute books of other states.

A compilation just made shows half of the nation's 48 states now have in operation some form of a sales tax and that in all but two of them it is in the form of an emergency measure and subject to revision or repeal at the next sessions of the several state legislatures.

North Carolina's sales tax, which exempts from taxation nine basic food commodities, is virtually certain to undergo changes in the coming session of the legislature. It has not brought in the revenue it was estimated to bring in and there is a rather widespread feeling that the present exemptions will be eliminated in the hope that the collections will be considerably larger.

Chief objection to the elimination of the food exemptions, however, is that it would make the tax more burdensome on the poor, but advocates of the exemption plan assert that if all exemptions were removed it would make the tax easier to collect for the merchants as well as the State Revenue department. It is said the exemptions have offered many loopholes for those who would like to evade the tax and that many have evaded it by reason of such exemptions.

The present state sales tax is one that day in and day out makes the public tax conscious. Efforts undoubtedly will be made in the next legislature to provide a system that will make the tax less obnoxious if possible.

It is reported here on reasonably good authority that at least three state senators-elect have spent more time and effort since the June primaries to develop a sales tax program to replace the one now in effect if it is found the sales tax as a revenue measure for emergency use must be retained. The word is out that if Governor Ehringhaus, who has indicated rather strongly he will ask re-enactment of the sales tax, makes no definite recommendation regarding the form of sales tax, to be put into effect, one or more of the plans now being studied will be pushed.

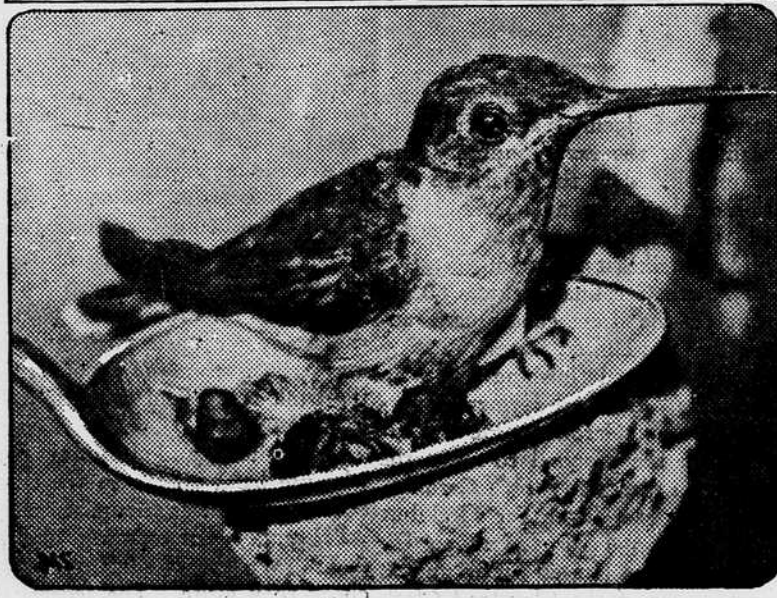
Records show eight states have, or have had, a tax on gross receipts, or gross income of all corporations and all individuals. By virtue of the levy being spread out, it is argued, so as to include everybody and every activity, the rate naturally is much lower than the 3 per cent now in effect on retail sales to consumers in North Carolina.

Persons, who have been working on yields and estimates are in agreement to a great extent that, if a "gross receipts" measure is adopted without exemptions, around \$12,000,000 can be raised on a 1 per cent rate. Advocates of such a plan feel it would serve to bring about a compromise with the retail merchants of the state.

The gross income tax law of South Dakota, which was enacted in February, 1933, and which has a 1 per cent base, also is coming in for quite a bit of attention. It is said to be "painless and non-irritating" and the state, which has a population of only 693,000 as compared with North Carolina's 3,300,000 or more, is said to be getting an annual return of about \$3,600,000. The cost of collection of such a tax is said to be low.

Those who have studied this plan say the only important exemptions

Whole Humming Bird Family in Teaspoon



NEW YORK . . . Here is a remarkable photograph showing a whole hummingbird family living in a teaspoon. The mother is a ruby-throated hummingbird. The photo was taken at the Bronx Zoo here by Dr. C. W. Leister and Dr. A. A. Allen.

extended are to those classes of business which are taxed upon the basis of gross earnings by a previously existing law, farm and agricultural products are also exempted except the production and sale of livestock for profit.

The rate on manufacturers is said to be quite low, being but one-fourth of one per cent. It is argued that this one item alone in North Carolina at the same rate would yield about \$3,000,000 yearly without penalizing any one particular company or industry to any great extent. It also is argued the tax could be invisibly passed on to consumers the world over.

Under the South Dakota plan, wholesale sales are taxed one-fourth of one per cent, while the levy on retail sales is one per cent. On smaller items this is absorbed by the retailer, but on higher priced articles he is given latitude and the price to the customer is arranged to include the tax. This is said to be so arranged that it reimburses the merchant for any discrepancy or loss on the absorption of the low priced articles.

Gross earnings of banks pay 1 per cent. Amusements and amuse-

ment companies pay the same rate as do transportation companies. Real estate sales, trades and transactions also pay a 1 per cent levy. Mining and forestry products are taxed 1 per cent also.

Probably the most interesting feature of the South Dakota plan is that employers deduct from salaries or wages at time of payment a sliding scale ranging from 1 per cent up to \$2,000 to two per cent at \$5,000, or any amount in excess. Fees for personal or professional services are taxed in similar manner.

No names can be used just yet regarding the identity of advocates of the South Dakota plan, but one such advocate had this to say about it:

"To many persons who have studied the South Dakota plan, it appears sound and scientific with very low cost of collection. The rates are low and it is non-duplicating. A man who has no income and no job pays no tax. In other words, it is the general sales tax reversed to a fair and workable basis."

The idea that schools are for children only will be badly out of date in the next few years.

## U. S. Report Shows Greater Employment

### Heat Retards Sale of Heavy Goods; Flow of Farmer's Gold Slows Down After Summer Spending

Washington. — October saw strikes fewer and smaller, with thousands of employes resuming work. The rush of retail buying evoked by crop returns and big relief payments eased off slightly. Drouth still affected trade in southwestern cotton and wheat sections. Many cities reported warm weather retarding heavy goods sales at retail. Manufacturing, retail buying and wholesaling made good comparisons with September and with October a year ago. Collections were the best in months.

Washington. — October saw were up two points on the smallest October business since 1921. Bond sales were larger, but prices dropped 1 1-2 points.

Cotton goods and steel production gained. Steel scrap advanced twice. Automobile making dropped off. Lumber output fell.

Predictions are that price regulation in cotton may lose this country a large part of its chief single export.

Weakness in farm products was marked in October, the Dun & Bradstreet Index dropping 2 per cent from the four year peak.

## Control Mice Damage With Poisoned Bait

Field mice are an orchard pest that most fruit growers are unaware of until it is too late to save their trees, says H. R. Niswonger, extension horticulturist at State College.

Most of the mouse damage, he says, occurs during the winter months in orchards where a heavy od covers the ground.

The mice work just beneath the surface and are not noticed until the trees begin to die or fail to bud in the spring. At first the damage may be slight, but eventually the mice eat away the bark from the trunk a few inches below the soil so as to completely girdle the tree.

The common meadow mouse migrates to the orchards when

their food supply in the open fields becomes scarce. The short-tailed pine mouse is most destructive, doing worst damage to orchards growing near timbered areas.

Niswonger urges orchardists to examine the areas around their trees, looking for mice runways and injuries to the trees. If evidence of mice is found, they can be destroyed by putting out wheat bait which has been poisoned with strychnine. Detailed information how to mix the bait and place it around the trees may be obtained free from the horticultural department of State College in Raleigh.

As a supplementary control measure, Niswonger suggests the digging up of grass and weeds under the trees. This breaks up the tunnels and runways and causes the mice to seek their food in areas farther from the trees.

Few farmers will join in giving thanks for bumper crops.

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## Texas Lady Tells How Black-Draught Laxative Helps All Her Family

Here's how Black-Draught fills the needs of a family laxative in the home of Mrs. J. S. Stoker, Fort Worth, Texas: "The grown-ups in my family," she writes, "have always taken powdered Theodor's Black-Draught for biliousness, headaches and other ailments (due to constipation) and found it a reliable remedy. I was very pleased when I saw Syrup of Black-Draught advertised. I bought it and gave it to my little daughters, ages 6 and 4. They needed something to cleanse their systems and Syrup of Black-Draught acted well." . . . Your druggist sells this reliable laxative in both forms. "Children like the Syrup."