

Gov. Bickett's Message to the Legislature in Special Session

The message read to a joint session of the legislature by Governor Thomas W. Bickett and which exclusively concerns taxation, follows:

"For many years the tax books of North Carolina presented the comedies of error and tragedies of injustice. These unlovely exhibitions were not due to any vicious principle in our organic law, nor to any moral perversion of our people. The construction has always required property to be listed for taxation at its true value. The several citizens have always desired to speak the truth and to do equity. The errors and inequalities that have made our tax books look like the minutes of an Ananias club were born of machinery acts utterly unsuited to modern conditions and hopelessly inadequate to execute the virtuous wishes of the people, as declared in the plain language of the constitution.

"This general assembly at the regular session of 1919 consecrated itself to the task of devising a machinery act that would find all the property in the state and determine its true value. I am grateful to report that this high purpose has been accomplished with remarkable completeness and precision. For the first time the citizen and the stranger within the gates may go to the tax books and find a fairly accurate inventory of the property of the state and a fairly accurate appraisal of its value. In the new machinery acts the people were, for the first time, seriously asked to tell the truth and they have responded to this appeal in noble fashion. From every quarter of the state word has come that the people are happy to get away from the old system of concealments and evasions and to let the exact truth about their property stand forth. No such august array of witnesses has ever been assembled as appeared in the high instant that has just been completed. For in the diligent and devout search for the ultimate facts every property owner in the state was put upon the stand and solemnly sworn to tell the truth, the whole truth and nothing but the truth. The finding follow the testimony. The values fixed are the crystallization of the sworn evidence of all the people.

"Taking the state as a whole seventy-five per cent of the assessments were made at substantially the values sworn to by the owner of the property; twenty per cent were substantially increased, and five per cent were decreased.

"The law gives to every property owner the right to appeal from the judgment of the county board to the state tax commission. The local authorities approximated true values than it has heretofore paid, while the

so closely that not one person in a thousands appealed from their judgment. This is a record without parallel. The real grievance voiced by a few people is not against the failure of the act, but is against its success.

"The high objective of the act is to equalize the burdens of taxation and to wipe out discriminations. And just in proportion as true values have appeared on the tax books, errors and inequalities have vanished. True values are always equal values, but neither wisdom nor virtue, nor principalities nor powers, nor length nor breadth, nor height, nor depth, nor things present, nor things to come, nor any other creature can equalize a kettle of lies.

"Illustrations are always better than arguments. By their fruits ye shall know them. Therefore I give to you four typical illustrations of what has been done in every nook and corner of the state.

"1. In one of our county seats there lives upon the same street a lawyer and a widow. The lawyer owns a valuable piece of property in a desirable portion of the town, and this, under the old system was assessed at \$3,850. The widow had \$10,000 that she had received from life insurance policies on her husband. This money was loaned on real estate mortgages which were listed for taxation at their par value of \$10,000. Under the revaluation act the property of the lawyer was valued at \$15,000, and he can get this amount of money for it any morning before breakfast. Under the old law the widow in proportion to her real worth was paying four times as much as the lawyer. Under the new law this wickedness is wiped out, and both the lawyer and the widow are paying according to what they are really worth. The result is that the lawyer is cursing the revaluation act and avenging that he is going to repeal it, while the widow is praising God and the general assembly of 1919 for its enactment.

"Gentlemen, what are you going to do about it? Are you going to make the lawyer chuckle with satanic glee, or strengthen the faith of the widow in God and in man?

"2. In one of our Piedmont counties the experts of the tax commission examined two cotton mills. They found that one mill was on the tax books at 17 per cent of its real value, while the other mill was on the books at 65 per cent of its real value. Under the revaluation act, this vicious inequality disappears. Both mills are placed on the books at their true value, and this year the 17 per cent state tax mill will pay a great deal more taxes than it has heretofore paid, while the

65 per cent mill will pay a great deal less.

"3. In a certain county, and in the same neighborhood, there lived two farmers, one on twelve acres and the other on a fifty acre farm. Under the old law the twelve acre farm was assessed at \$600 and the fifty acre farm likewise at \$600. Now when these farmers received their questionnaires the twelve acre farmer swore that his land was worth \$650. The fifty acre farmer swore that his land was worth \$4,000. Under the revaluation act, the two honest citizens, when they have the opportunity to do so, corrected a rank injustice.

"4. In another county a man had a son and daughter. In his will he stated that he desired to give them an equal amount of property. He had a farm which, in his will, he said was worth \$10,000, and it is worth that. It will bring that amount on the market any morning. He gave this farm to his son and then he gave his daughter \$10,000 in money. When the sheriff came around he collected from the daughter five times as much taxes as he did from the son. The daughter naturally complained about it and asked the sheriff why she should have to pay five times as much taxes as the brother, when their father had given them as stated in his will, exactly the same amount of property. The sheriff explained to her that the land was assessed at only \$2,000, though he admitted that it was worth ten thousand, while the money was assessed at ten thousand, and that he, (the sheriff) had no power to change it. The revaluation act does change it. It carries out the will of the dead father and makes the son and daughter equal before the law.

"Inequalities like those just cited (and there are tens of thousands of them in the state) have been tolerated because they were not known. All that was necessary to kill them was to uncover them, all the revaluation act is exposing them in all their naked ugliness. Who wants to throw over these inequalities, the mantle of an old machinery act that always went blind when the true value of property appears?

"The beloved and lamented John Charles McNeill, in one of his choicest poems writes:

"I knowd a' ol' woman wut scrubbed and hood
En never didn't go nowhar,
En when she died the people knowed
Dat she had supp'n hid 'bout dar."

"For sometime there has been a growing suspicion that many men, when the tax lists came around, had supp'n hid about dar.' One of the

chief objectives of the new law was to uncover these hidden treasures. There is no claim that in this respect the machinery of the act has functioned with perfect efficiency. What piece of machinery, mechanical or government, ever did perfect work the first time it was tried. For two years the Wright brothers tested their flying machine on Killdevil hill in this state. Compared with present day performances it was crude work, but none the less it was a miracle, for they left the ground—they actually did fly, and the mighty airships of the present day are the logical developments of their earnest endeavors.

"And so while the machinery of the revaluation act has not at its first trial uncovered all the opportunity that has heretofore been kept off the tax books, what it has done in this respect constitutes a miraculous book of revelations.

"In Mecklenburg county the total valuation of personal property in 1919 was fifteen million dollars; in 1920 it is 40 millions, an increase of 25 million dollars.

"In Gaston county the total valuation of personal property in 1919 was 8 million dollars; in 1920 it is 22 million, an increase of fourteen million dollars.

"In Guilford county the total valuation of personal property in 1919 was 12 million dollars; in 1920 it is 29 million, an increase of 17 million.

"In Durham county the total valuation of the personal property in 1919 was 20 million dollars; in 1920 it is 53 million, an increase of 33 million dollars.

"In this county three corporations this year listed personal property to the amount of 42 million dollars, a sum twice as much as the whole county listed two years ago.

"In Forsyth county the total valuation to the personal property in 1919 was 22 million dollars; this year it is 63 millions, an increase of 41 million.

"In this county a single corporation this year listed personal property to the amount of 47 millions. Last year all the property listed in Forsyth county, real, personal, individual and incorporated, amounted to 42 millions. It will be seen that this year a single corporation listed 17 millions of dollars more in personal property than the whole county, including this corporation, listed last year.

"The total personal property listed in this state in 1919 was \$426,000,000; the total this year is \$1,300,000,000, an increase of 387 millions.

"The revaluation act also found and put on the tax books a large amount of solvent credits not heretofore listed. The solvent credits listed for taxation in 1919 amounted to 90 million dollars; in 1920 to 213 millions, an increase of 123 millions.

"The incomes listed for taxation in 1919 amounted to 13 million dollars; in 1920 to 33 millions, an increase of 20 million dollars.

"The machinery of the act also found and put on the tax books \$1,034,790 acres of land not heretofore taxed. The average value per acre of land on the books this year is forty dollars per acre. This makes the new lands put on the tax books worth forty-one million dollars. The average county in North Carolina contains 279,000 acres of land. It will be seen therefore that the revaluation act found and placed on the tax books of the state four counties of average size. It is plain that as a finder of the bacon the revaluation act is a remarkable success.

"The total value of all real estate listed for taxation last year amounted to \$506,000,000; the total value for this year was \$1,981,000,000.

"The total value of all corporate property listed in 1919 was \$298,000,000; the total value this year is \$671,000,000, an increase of \$373,000,000.

"The value of the cotton mills listed in 1919 was 58 million dollars, in 1920 205 million.

"The value of knitting mills listed in 1919 was seven million dollars; in 1920, 19 million.

"The value of furniture and wood work plants listed in 1919 was eight millions; in 1920, 24 millions.

"The value of public service companies listed in 1919 was 138 million; in 1920 345 million.

"An analysis of the values placed on real estate in some of the larger counties will be interesting.

"For convenience I give below a summary of the returns:

"The total value of all property of every kind listed in the year 1920 was \$3,139,000,000. The total value of all property of every kind, listed in the year 1919 was \$1,959,000,000, an increase of \$2,040,000,000.

"The total value of all real estate listed in 1920 was \$1,981,000,000. The total value of all real estate listed in 1919 was \$506,000,000, an increase of \$1,475,000,000.

"The total value of personal property in 1919 was \$413,000,000.

"The machinery act this year allows an exemption on personal property of \$270 for each tax payer. Upon a fair estimate this takes off the tax books 101 million dollars. For purposes of comparison this amount should be added to the amount actually on the tax books making the personal property found this year amount to \$914,000,000. It should be remembered also that the personal property is listed every year and there is a gradual increase while the real estate is listed only once in four years. The last year the real estate was listed the personal property amounted to \$210,000,000, or against \$914,000,000 this year. As stated heretofore the personal property for 1920 was \$426,000,000.

"The total value of corporate property in 1920 was 671 million dollars, increase of 373 million dollars.

"The total solvent credits for 1920 was \$213,000,000. Total solvent credits for 1919 was 90 million dollars, an increase of 123 million.

"Total value of all public utilities in 1920 was 245 million. Total value of all public utilities in 1919 was 136 million, increase of 207 million dollars.

"There are inspiring figures to show every North Carolinian can point with pride. They demonstrate that North Carolina in no respect is the very richest state in South. When this legislature adjourns we will

have the lowest tax rate of any state in the American Union.

"It has been suggested that these are inflated values, that money is cheap and that labor and property are high. To this criticism there are two answers.

"1. While lands and houses and lots have in a good many communities sold at aerial figures, these fancy prices are not reflected on the tax books. The appraisers had before them the sworn testimony of all the property owners. They considered the number of witnesses, their character, their bias, their conduct under examination and reached their conclusions. Taken as a whole tax values throughout the state are conservative values. The average value placed on land is only forty dollars per acre. Last year this land produced crops greater in value per acre than any other lands in the United States, according to government reports.

"I make this direct challenge to the critics of the act. For every piece of property that they show me that will sell for less than its tax-value, I will show them 100 pieces that will sell for more.

"The cheap dollar that inflated the value of property is the same dollar with which we pay our taxes. We already understand that when we sell our labor and products, and when we buy the necessities of life, that the dollar we receive and the dollar we pay is relatively worth forty cents.

"But when we go to pay our taxes we must that a dollar is worth 100 cents yesterday, today and forever. Any material falling off in values can be taken care of by an amendment to the revaluation act providing that any property owner may have his property revalued by showing to the satisfaction of the authorities that its value has substantially decreased since May 1, 1919. I urge the adoption of such an amendment.

"In order to meet the fears of the timid, for I myself do not fear the people, nor their representatives, I recommend that the present constitutional limitation of 66 2-3 cents on the \$100 worth of property be reduced to fifteen cents. The limitation does not apply to tax levied for the support of the schools. The people of the state in 99 counties have voted that the public schools must be maintained for six months and that no constitutional limitation must stand in the way of this supreme mandate. The income tax amendment and the amendment reducing the limitation from 66 2-3 cents to 15 cents are to be treated as one. This amendment will bring to the state by levying a graduated tax, from 1 to 2 1/2 per cent on all incomes, an additional revenue of two and a quarter million dollars. After going into the matters thoroughly and considering every possible phase of the question, I am satisfied that the reduction to 15 cents is a wise and safe one.

"The present income tax levied on earned incomes is graduated from 2 to 2 1/2 per cent. For the immediate future a similar graduated tax on unearned incomes would produce a revenue sufficient to enable the state to refrain from levying any tax on real and personal property for state purposes, and leave all this property to the counties and towns.

"The pledge made by this general assembly not to collect from property this year an amount greater than ten per cent in excess of what was collected last year, was made in the utmost good faith and I assure you that there is no disposition on the part of any member of the general assembly to ignore this binding contract made with the people. At one time it was hoped that the state would be able to get along without taking advantage of the ten per cent increase allowed under the statute, but the cost of labor and material necessary for the operation of our state institutions, have so tremendously increased since the general assembly of 1919 made its appropriation that practically every one of these institutions face a deficit. Moreover, the ten per cent increase that would go for maintenance of public schools will not be sufficient to pay the increased salaries to which the teachers are justly entitled. If the entire ten per cent, that goes to the state should not be needed, then it could be used to make up the amount necessary to pay the teachers.

"Some practical provision will also have to be made to meet the distressing conditions that confront the most of our cities and towns. Since the revaluation act was written the cost of everything a city has to buy in order to maintain a decent city government including wages and salaries, has greatly increased. It appears that a number of cities can not levy on the ten per cent increase fixed by the act of 1919. I suggest that a bill be drawn providing that whenever the governing authorities of a city shall, by a unanimous vote find that as a fact that it is impossible for the city to maintain its government on the ten per cent increase allowed by the act of 1919, that they shall publish this fact, together with a statement of the actual increase of revenues necessary, and if within ten days after this publication, ten per cent of the voters of the city shall ask for an election on the question one shall be ordered to determine whether or not such increased taxes shall be levied. If such a petition shall not be filed then the governing authorities shall be authorized to levy the taxes without an election.

"The tax year ought to be the same as the calendar year. Such a year avoids confusion and makes for efficiency. It is practically impossible to do efficient work in getting property on the tax books when you do not begin the work until May 1. It is as plain as day that by requiring all property to be listed as of January 1 the state gets the benefit of many million dollars worth of property belonging to foreign corporations, that it is shipped out of the state between January and May. I am profoundly certain that the change is to the advantage of the agricultural interests of the state, that in the long run it reduces their taxes.

"This year we have not done a perfect job in respect to personal property because of the colored work that had to be done in the revaluation of the

real estate. But the returns this year show that the change from May 1 to January has operated to the benefit of the rural sections. There are in the state 411 distinctly urban townships, that is townships in which there are no town lots. In these townships the personal property listed for taxation in 1919 amounted to 66 million dollars; in 1920 to 89 million, an increase of \$23 million. As against this we have the showing of 130 distinctly urban townships which in 1919 listed personal property for taxation to the amount of 129 million dollars, and in 1920 to the amount of 206 million, showing an increase of 77 per cent. Personal property listed in city townships an increase of 33 1/2 per cent listed in rural townships. I refer the general assembly to the very able report of the tax commission that deals with this phase of the situation.

"I know that there is considerable sentiment among the farmers in favor of this change from January to May. For this sentiment I have vast respect. It would be personal joy to me to mention the views of the farmers on this question, but, Gentlemen, we are here to serve, and I believe in doing the people good, even though they stone me for doing so.

"The revaluation act was not intended to cure all the tax evils to which the human race is heir. From the day Augustus Caesar issued his immortal edict that the whole world should be taxed, all the nations of the earth have been wrestling with tax problems, and I doubt not that a thousand years from today the general assembly of North Carolina will be exerting all its energies and mind and soul and body to devise a tax system that will provide adequate revenues to maintain a decent civilization and at the same time convince their constituents that the legislators are not a band of highwaymen, bent on confiscating all the property of the people.

"The revaluation act was designated to do three things:

"1. To make the tax books in N. C. speak the truth.

"2. To wipe out discriminations and inequalities between different classes of people and property.

"3. To find and place on the tax books property that has heretofore escaped taxation.

"Gentlemen, the record is before you and it demonstrates with the convincing certainty of mathematics that the first two objects have been obtained with remarkable accuracy and completeness and that while the third object has not been fully reached, we are traveling far in that direction.

"The revaluation act is not a perfect piece of machinery; but it is headed straight towards truth and justice—a Godly government in a godly land. Egypt lies behind.

"Gentlemen, I trust that I do not unduly reverence the office I hold, but to me it is a sacred thing. It would be as impossible for me to stand in this high presence with deception on my lips or injustice in my heart, as it would be for me to stand before the Great White Throne, and lie to the Lord God Almighty.

"On the hustings I am a robust partisan, but in this chamber and in the office downstairs, I am the representative of precisely 100 per cent of the people of North Carolina. No man can read my inaugural address and my several messages to the general assembly and say that there is in any one of them trace or taint of partisanship. No member of the minority party can say that during these years he has ever been discriminated against by word or deed on account of his political affiliations.

"I am deeply grateful that every big measure I have advocated has been supported with equal enthusiasm by Democrats and Republicans in the legislature and out of it. In my resume of the work of the general assemblies of 1917 and 1919 I was careful to give to the representatives of the minority party full credit for their patriotic record in these halls.

"I deeply regret that there is a disposition on the part of the people to drag this great reform, essentially non-partisan and potent with blessings for all the people, down into the smoke and dust of a political campaign. Gentlemen, I beseech you, by the memories of a great record to yield not to temptation. Last year you fought a good fight for truth and righteousness. This year keep the faith.

"In the beginning when the earth was without form and void and darkness was upon the face of the deep God said let there be light. The true valuation act is a conscientious effort to execute that high command. Let there be light! Let the white light of truth beat and blaze on the tax books of North Carolina, and in its shining presence no injustice will live."

Eels migrate only in the dark.

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