

# INSURANCE, POWER COMPANIES RESIST

## Argue What They Consider Injustices of Proposed New Taxes

Daily Dispatch Bureau, In the Sir Walter Hotel.

Raleigh, Feb. 26.—Power and life insurance companies were the first to go to bat here before the joint finance committees in leading off the fight against the McDonald-Lumpkin proposals to increase corporation franchise and insurance premium taxes in order to displace the sales tax.

The life insurance companies, represented by John Umstead, Jr., and Julius Smith, argued that they should not be taxed any more than at present for the reason that insurance companies, through the issuance of policies, lessen the drain on the public treasury. They submitted that but for life insurance policies, many dependents of deceased or disabled workers would be thrown upon the State for support. They stressed the point that life insurance premium policy holders and that because policy holders are thrifty, such a levy would penalize thrift. They pointed out that 36 per cent of all North Carolinians are holders of life insurance policies and that the proportion of beneficiaries would run still higher.

Life insurance companies doing business in North Carolina are already taxed at a rate that is 49 per cent higher than the average for all the states it was pointed out. Smith also pointed out that many of the greatest improvements and developments in the State could be traced directly to insurance companies because of their investments in State and other bonds, as well as through the loans made by insurance companies to policy holders to finance various private projects.

The insurance companies protested the proposed increase of more than \$350,000 in the premium taxes, which would have to be paid by policy holders, on the grounds that because of reciprocal agreements made by North Carolina with other states, their taxes would be increased in 47 other states in the same proportion if the McDonald-Lumpkin proposals should be adopted. This would work a greater hardship on companies headquartered here in North Carolina than upon any others, it was pointed out.

The Duke power interests and the Carolina Power and Light Company, represented by N. A. Cooke and L. V. Sutton, respectively, added their protests to the McDonald-Lumpkin plan to increase franchise taxes and to levy an ad valorem tax on all property held by corporations.

Sutton, who is vice-president of Carolina Power and Light Company, pleaded for consideration of the fact that his company had reduced power rates to consumers and that further reductions would be impossible if additional taxes are levied. "We cannot compete with companies that pay no tax if we are to be taxed at high rates," he said, "and the Federal Government through its power operations such as the TVA, are exactly that—the TVA pays no taxes."

He argued that when rate reductions already made are considered that his company had received no actual reduction in taxes. High taxes on power companies are reflected in high power rates, so that leaping off one end merely transfers the portion lopped off to the other end, said Mr. Sutton.

N. A. Cooke, of Southern Public Utilities, a Duke company, said, "A survey of electric rates shows that our rates are below the average charged in other states. On the other hand, taxes on power companies in North Carolina are a trifle higher than those assessed by other states. Thus, an increase in taxes is incompatible with our reduced rates."

Both Sutton and Cooke quoted tax rates in other states and compared them with North Carolina's taxes.

Dr. McDonald, co-author of the sales tax substitute plans, said immediately after the hearing that power taxes levied by the State of North Carolina are high in comparison with other states when State taxes only are considered. "But," said the doctor, "one must remember that there are levied local taxes as well. I am sure that our rates, when both local and State taxes are considered, are very low."

### Painful Piles

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It takes only one bottle of Dr. J. S. Leonhardt's prescription—HEM-ROID—to banish itching, bleeding or protruding piles. This internal remedy acts quickly even in old stubborn cases. HEM-ROID succeeds because it heals and restores the affected parts and removes blood congestion in the lower bowel—the cause of piles. Only an internal medicine can do this, that's why salves and cutting fail. All druggists say one bottle of HEM-ROID Tablets must free you from your Pile misery or money back.—Adv.

### FORECLOSURE SALE.

By virtue of power contained in a deed of trust executed 1st day of July 1925 by Saul Martin (not married) and recorded in the office of the register of deeds of Vance County in book 140 at page 7, default having been made in the payment of the debt therein secured, at the request of the holder of the same, I shall sell, by public auction, to the highest bidder, for cash, at 12 o'clock, noon, at the Court House door in Henderson, N. C., on the 8th day of March 1936, the following described property: Begin at a stone, Henry Hawkins line, Saul Martin's new corner and run thence Eastward along Hawkins line 50 feet to a stone. Cook corner, thence Northward along Cook line 200 feet to stone on edge of East or Eaton Street, thence along said street 50 feet to stone, thence southward and parallel with Cook line to the place of beginning a distance of 200 feet, being known as the Saul Martin home place. This 5th day of February, 1936. T. S. KITTRELL, Trustee.

low. The State has taken over complete control of schools, roads and prisons. What the taxes are spent for as well as how much the tax bill amounts to must be considered. It is said, however, that only one state, California, collects a higher franchise tax from power companies than North Carolina. California, however, levies no income tax such as imposed in North Carolina. The battle is on. The real fight will, however, take place on the floor of the legislature.

### Legislature Goes On Spending Spree

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the making of appropriations to all other agencies except for public schools in 1931 and 1932 was due to the State taking over the full support of the six months school term from the counties in 1931, increasing the state appropriation for schools from a little more than \$6,000,000 a year to \$15,642,923 in 1931-32 and to \$15,555,472 in 1932-33. The 1933 session then expanded the term to eight months and fixed the appropriation for the eight months term at \$16,000,000 a year. In order to get this much for schools it was necessary to squeeze the appropriations for all other state activities down to a minimum.

But this legislature is not only in favor of expanding the appropriation for schools to \$20,000,000 or even \$22,000,000 a year, but seems to be in favor of increasing the appropriations for almost all of the other activities at least 25 per cent. It is now regarded as certain that the appropriations committee will recommend not less than \$20,000,000 a year for schools, and it would not surprise any one here if the House decides to boost this figure to \$22,000,000 a year, regardless of whether the money is in sight in the revenue bill or not. The appropriations committee has already tentatively approved the request of the University of North Carolina for an increase of 25 per cent in its appropriation for all three units—the Chapel Hill unit, as well as the State College unit here and the Women's College in Greensboro. It is generally agreed that if the appropriations committee agrees to a 25 per cent boost in appropriations for the public schools and the university, it will have to make about the same increase in the appropriations for all the other State institutions and agencies and thus approve the total of requested appropriations amounting to at least \$34,500,000.

In addition to the items in the appropriations bill, the appropriations committee has also voted already to appropriate \$300,000 for a new tubercular hospital in the western part of the State, and is expected to approve numerous other smaller requests for appropriations contained in other bills.

But that is not all. The House and Senate have already passed the special bill to permit the State Highway and Public Works Commission to have and use \$3,000,000 of its present surplus between now and July 1, when the new fiscal year goes into effect, with little or no opposition except from a few of the diversionsists

# Little Sister

BY MARGARET WIDDEMER

## CHAPTER 51

MRS. JOHNSTON-HEDGES

marched toward the house, where by now something might be stirring. She carried, Leila noticed now, her brief case. She was unquestionably going to have a business talk with Addison. She was going to make a strong effort to cement the joint dynasty of Fernwood Waters and Fernwood Manor, now that Fernwood Waters was automatically at the head of all the other developments. She might succeed; though Leila, remembering Red DeFries' cool eye and cheerful sly face, remembering above all that behind everything now was Hargess Huntington, as capable and intelligent as five Mrs. Hedges, doubted it. But at least she was going to be right about Addison. Addison was on his way. By 50 he would be twice as conventional as his father ever was. Bet would be even more so. Their children would grow up to bolt like rabbits one by one even further and faster than Bet and Addison had from the united pressures of their parents in the directions of rules and regulations and how to live your life.

Leila sat back on the grass with a long breath. The brief excitement of standing up to Mrs. Johnston-Hedges was gone, leaving a revulsion to insignificance of the deepest dye. What use was it all, anyway? She stared out over the sunset, vied through a gap in the wooded estate behind her. Bet and Addison, riding the waves now, full of property and self-admiration, had cost her Jerry. And the change in her had cost her the position of Orton Johnston-Hedges' queen-consort, by the mere act of teaching her not to want it.

"In fact," said Leila to Jane very dolefully, "I have paid all the bills and had none of the credit. And in spite of what Jerry said, it is horrible!" She didn't know how long it was who wanted to hold onto this highway surplus to divert to other purposes later. The Senate has passed the bill to set up a State commission for the blind, carrying another appropriation of \$25,000 a year and indications are it will pass the House. The bill to increase the salaries of all State employes making up to \$1,800 a year, including school teachers, highway employes, prison employes and the employes of all other State departments and institutions, is now before the House and regarded as likely to pass there, although at first it was not regarded as having much of a chance. No one knows yet how much this bill would increase the State's salary payroll for the balance of this fiscal year, but it is agreed that it would increase it well in excess of \$1,000,000 between now and July 1. Some think it would amount to more than \$2,000,000. Since no revenue is in sight for this increase, it would throw the budget out of balance and carry the deficit over into the next biennium. The advocates of this bill frankly admit they have an eye on the highway surplus and that if they can get this bill through they will have a strong argument to compel the diversion of enough cash from the highway into the general fund to make up this difference.

sat under the oak, a brown leaf dropping on her shoulder now and again, absently stroking Jane. It was gorgeous autumn weather; crisp, windy, sunny, smoke-smelling. The kind that lifts your heart. . . . But what good did weather or devoted Scotties or heart-lifting winds or anything do you if you had a heart completely unfixable because it was broken? . . . Somebody was whistling his way nearer, softly and clearly. It was one of those tunes by which Jerry Redmond indicated to such as knew his habits the course of his thoughts, or of events about him. . . . This was too much, thought Leila, even as the heart she had thought broken turned over with a wild flop. Was there a procession coming out here to make her unhappy, just as everybody had said "bush" to her last night at the banquet table? . . . Perhaps Jerry wouldn't see her. The green linen was almost the color of the grass, and the tree was big. He would go somewhere else to announce with rejoicing that secret of Polichinelle, his engagement to Mary. She sat very still.

But Jane, little wretch, had always adored Jerry. At her shrill welcoming bark, Jerry stopped strolling, and began to lope. He went on whistling. It was Irving Berlin (it usually was, Jerry's musical tastes were not class)—something out of the dark areas.

"What'll I do When you Are far away And I am blue? What'll I do?"

She disdained to move. Besides, where she sat there was no choice between running into him or the dog-wire. He came parallel to her, he sat down on the grass across from her, coiling his long legs comfortably. "Good-morning," he said. "Good-morning," said Leila. "You'll find Addison in the house. I'll snuff coffee. I think somebody's up." "I don't want Addison. I don't want coffee. I merely came to say good-by, and to leave a message with you for Addison and Bet, et al. It would take me too long—too much conversation—to explain. You

can, and put all the blame on me." "Go on." (He wasn't even there to say good-by to her!) "Go on."

"Tell him not to worry over that Jaracki business. I never told him Jaracki was in jail, or that he was cleared completely; and it struck me this morning that perhaps you never had either."

"No. I never knew." "Heavens, I thought I'd told you! I settled everything for good and all. The cop who was hottest on the trail—you remember Flynn—managed so Addy's name wasn't mentioned."

"Oh, Jerry, how could you?" "Quite easily." He was laughing in the old way. "I managed a page write-up for Flynn in the tab I had most full with. He was happier than anything you ever saw, and quite forgot to pursue his duty to the letter end. After all, it was a bit of unnecessary bother for him. . . . He's starting a scrapbook all about himself."

"I don't mean that. I mean how could you?" "I have told you before, Leila: you can only rule the unreasonable, or adolescent, mind by fear or hope of reward. I wasn't going to see poor little Miss Minnie lose out. I'm fond of Addy . . . and Bet's your sister."

"She regrets it from time to time." Leila said dryly. "That needn't worry you. In reality she'll be in pain the rest of her life from time to time because she can't keep neck and neck with the smart and wealthy Mrs. Orton Johnston-Hedges."

"And your friends will be quite as gratifyingly jealous of all you'll get with Mary Martin. I'm sick of you all!" said Leila, angry, so that she wouldn't show how he had hurt her. "You that talked so nobly against my marrying Orton for what there was in it, without thinking or knowing what made me have to—and now you're marrying the same life, and let me tell you, a much worse person. Let me tell you, you'll be dragged down from your fine ideals to a lot deeper than I ever would have been with Orton," said Leila. She put her head down on Jane. Jane loved her.

(TO BE CONTINUED)

### Emergency Road Repair Bill Passes

(Continued from Page One.)

reference to committee of the Griffin bill to require the vaccination of every child between the ages of six and 12 months against diphtheria and finally sent the measure back to the health group.

The House started consideration of the compulsory driver's license bill after passing a number of local bills. Partisan elections will be provided in Asheville hereafter under one local measure passed.

Morning committee meetings resulted in little major legislation being reported out.

### Progressives Talk 10 Billions Relief

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much fewer resources. If we are willing to be taxed there is no danger at all so far as the government's credit is concerned. It is much like a war; that were to come tomorrow, there would be no talk about the government's credit, nor of balancing the budget."

### CAPPER

Senator Arthur S. Capper of Kansas in a quiet manner, is becoming talked of as a presidential candidate. He is a liberal conservative, whose remarks are quoted often by progressives.

For example, here is a Capper statement quoted widely: "No one questions the necessity nor

the desirability of having children brought up to take their share in the work of the home. This (child labor) amendment is aimed not at the work children do at home, but at their exploitation in factories, mills or mines—or wherever it occurs. MUSSOLINI STRATEGY

Observers are beginning to believe that the threats of Mussolini against Abyssinia were timed to ward off economic distress in Italy.

The lira had been acting as if financial distress was at hand and the chief persons called to hand were the young men of employable age who probably were unemployed.

### WAGNER TO BREAK?

Will Senator Robert Wagner of New York, hitherto close to the White House, break with the President if the administration opposes his labor bill? Wagner has let it be known he will push his bill to the limit.

Last year Senator Wagner permitted the administration to emascuate his bill.

This year he says: "Employers have been given the right to organize and they have used it. Now we must give workers the same right. I consider this bill the most important that will come before Congress this session."

### 1815—Historic victory of U. S. Constitution off Cape Vincent.

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