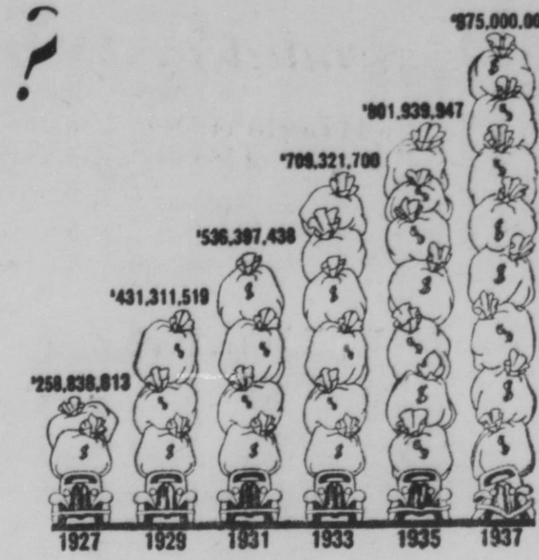
WHO *PAYS*

The BILLION DOLLARS?

***$1,000,000,000** is a lot of money but motorists of this country will pay nearly that amount this year in gasoline taxes. Chart shows the sky-rocketing year by year.*



AN old fable tells the story of a man who invented a perpetual-motion salt-making machine. In universal use, salt until recently was a relatively precious article of commerce, and many fortunes were made in it by traders the world over. The inventor of the salt-machine put it in a ship and started it working. Unfortunately, once started the device could not be stopped. It kept turning out salt until the ship was filled. Under the heavy weight of the salt, the vessel sank, carrying down with it the salt machine, which still keeps working and, according to the legend, that is the reason why the sea is salty.

In the United States a modern version of this old fable now is being re-enacted. A tax machine was set in motion in 1919 that now is far out of control and is running wildly, like an engine without a governor. That machine is the gasoline tax. This year it will pile a billion-dollar burden on the users of automobiles - an amount equivalent to seven per cent of the total wages received by all industrial workers in manufacturing pursuits in the entire country, an amount of money equal to what will be collected annually in social security taxes on industrial payrolls. That billion dollars is greater than the amount of individual income taxes currently being received by the federal government. Yet most of the 20,000,000 car-owning families in the United States who pay gasoline taxes have incomes of only $20 to $30 a week. They possess no such financial ability to pay taxes as do those who pay income taxes. Contrary to popular thought, most motorists in the United States are persons with modest means.

When the gasoline tax machine first started grinding in Oregon in 1919 the rate of the tax was 1c per gallon and the yield was approximately $1,000,000. The principle of that tax was that motor vehicles need better roads and that real estate, which previously had borne virtually all taxes for roads on the theory that they are needed for access to and from homes, farms and factories, should not be required to pay the entire costs of roads as in the past. Other states adopted the gasoline tax and by 1929 all the states were taxing gasoline. In that year, the pre-depression peak year, the states collected $431,000,000 in gasoline taxes.

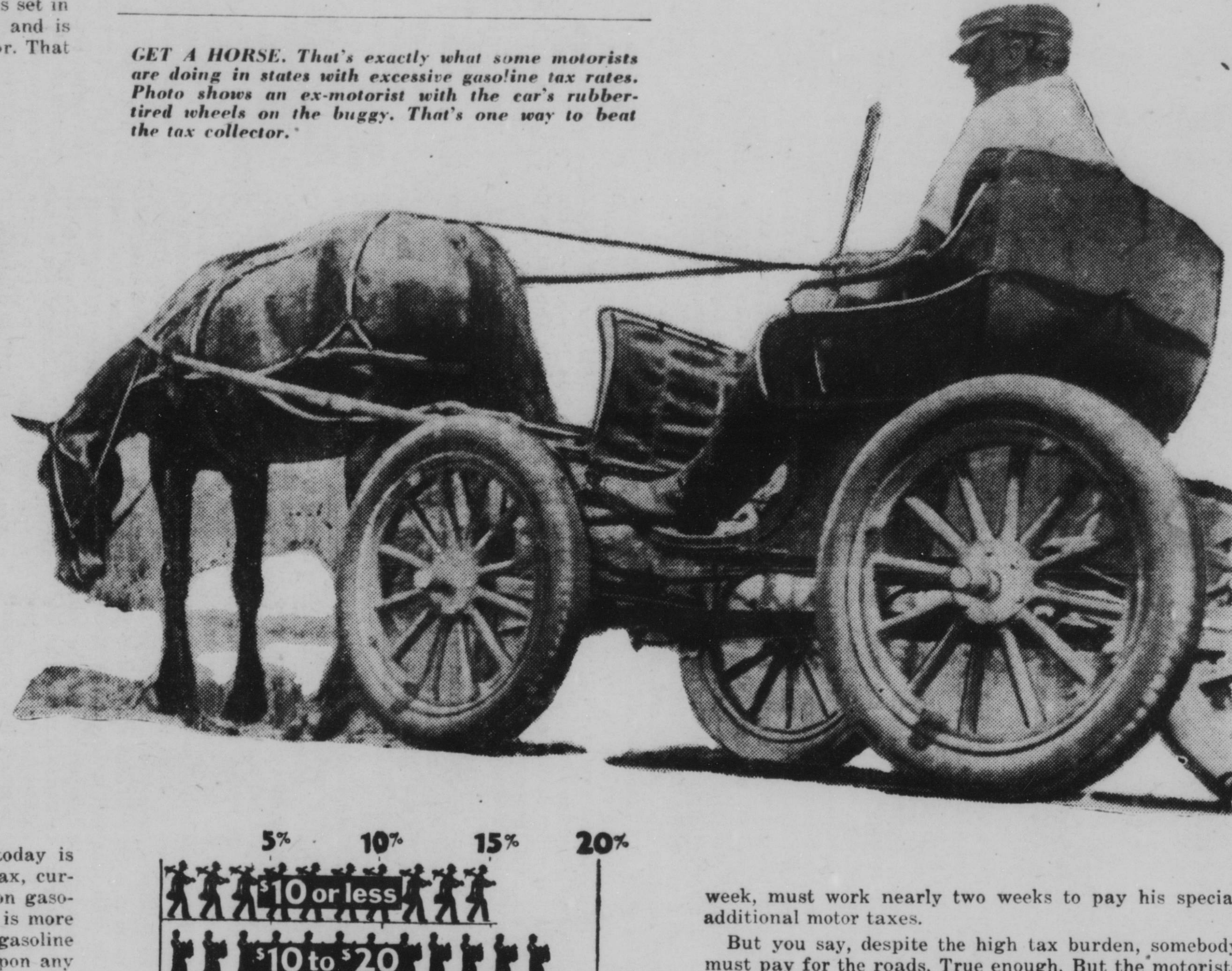
In 1932 the federal government, despite the fact that all the states were taxing gasoline heavily, imposed a duplicating tax on motor fuel. The states generally increased their rates and the average state tax the country over today is about 4c per gallon. The duplicating federal tax, currently at 1c per gallon, brings the tax burden on gasoline to an average of about 5c per gallon. This is more than one-third of its average retail price. The gasoline tax has become the highest sales tax imposed upon any generally-used essential commodity.

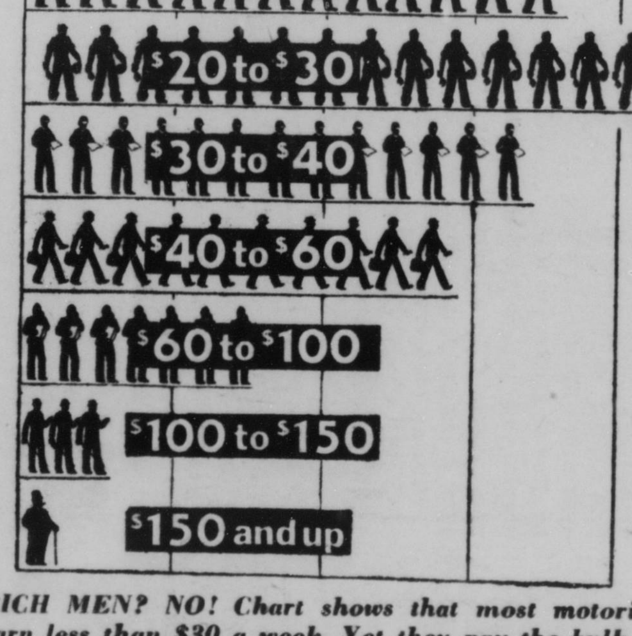
While the tax rates on gasoline were being increased, the automobile was becoming more and more an integral part of American life. When the states first imposed their 1c per gallon gasoline levies, the automobile was still largely a luxury. Only one out of every six families owned a car. But all that has changed. Two out of every three families in this country now own automobiles. Not only do more families own automobiles, but they depend upon them more to get about. Fifteen years ago the average annual consumption of gasoline per motor vehicle was about 400 gallons. Now it is about 650 gallons. And increased use of motor vehicles, plus a five-fold increase in gasoline tax rates, have pushed the annual gasoline tax burden on automobiles from $5 to more than $30.

Motorists of the United States will pay in 1937 nearly $1,000,000,000 in gasoline taxes to the state and federal governments. That is four times what they paid 10 years ago and approximately $100,000,000 more than was paid in 1936. Automobile ownership is increasing by 2,000,000 cars a year and now there are about 30,000,000 automobiles on the highways, of which about 25,000,000 are passenger cars and 5,000,000 trucks. Besides paying $1,000,000,000 in gasoline taxes, owners of these motor vehicles will pay an additional $500,000,000 in registration fees and other levies.

Who will pay these taxes? The rich? Far from it. The little fellow carries this tax burden. Surveys have indicated that more than half the motorists in the United States earn less than $30 a week. Less than half of the motorists have ever owned a new car. There are millions more "used-car motorists" than there are new-car motorists. The value of the cars operated by these "typical" motorists with medium incomes is less than $200 and the average annual tax burden is more than $50, or 25 per cent of the value of the vehicle. The "typical" motorist, earning as a class less than $30 a week, must work nearly two weeks to pay his special additional motor taxes.

GET A HORSE. That's exactly what some motorists are doing in states with excessive gasoline tax rates. Photo shows an ex-motorist with the car's rubber-tired wheels on the buggy. That's one way to beat the tax collector.





RICH MEN? NO! Chart shows that most motorists earn less than $30 a week. Yet they pay the bulk of the $1,000,000,000 gasoline tax bill. Studies also show that most motorists in the United States have never owned a new car.

But you say, despite the high tax burden, somebody must pay for the roads. True enough. But the motorists of this country are paying about $2 for every $1 worth of road they get. Misuse of highway funds diverted to non-highway purposes, burdensome highway debts unwisely incurred, unsound division of funds with political sub-divisions of the states, competition of the state and federal governments for the motorist's tax dollar, and other tax-wasting policies depreciate automotive tax dollars and give less roads. If tax-squandering were eliminated in some states, the gasoline tax could be abolished and the revenue from registration fees would be sufficient to carry out the state's highway program. In other states the gasoline tax rates could be cut in half—if wise financing methods were introduced and misuse of funds stopped.

Expansion of automobile ownership and use has pushed up state gasoline tax receipts by 25 per cent during the last three years. That in itself should enable most of the states to lower their gasoline tax rates by 1c, or one-quarter of the average state tax rate of 4c per gallon.

How long will the gasoline tax machine keep grinding out a heavier and heavier burden on the nation's motorists? This year it is one billion dollars, or more than twice that of the pre-depression peak year of 1929. The average gasoline tax bill per vehicle has increased in the past 15 years from $5 to $30. Is the sky the limit?

THE "TYPICAL" U.S. MOTORIST