

\$5 License Tag Fee Would Wreck State Highway System, Says Leader In Reply To Political Addresses

By Harriet M. Berry, Secretary, N. C. Good Roads Association

In reading a speech recently made at Charlotte before the Republican State Convention by Mr. Clifford Frazier of Greensboro, I was amazed and saddened to think that any responsible citizen of North Carolina would advocate a proposal which would wreck the State Highway System on the altar of political ambition. Our highway system is the greatest service which the State is giving our people whether engaged in agriculture, trade, industry, commerce, serving the doctor who must quickly reach his patient in the remotest cove of the mountains; making possible a great rural school system by the use of buses; enabling the farmer to receive his mail and parcel post as well as to deliver his products even to remote markets; widening the trade territory of our merchants.

The law of 1921 was founded in a spirit of justice and fairness and insured to every county fair treatment. It particularly held out in the drafting of the act, for minority representation on the commission and the right of participation for every county. However remote it might be from the centers of population or difficulties of construction it might present, I have frequently heard Frank Page say that he would build roads where needed regardless of politics or religion; that where physical conditions permitted and traffic justified it, all would share and share alike. The Republican counties of the west with their wonderful but difficult mountainous requiring costly construction, have been without their tourists? The valley counties of the east with large Republican population, have been given expensive roads and bridges making easy of access their remote beaches. The State, itself has been unified and welded into a real State, both physically and spiritually by these ribbons of concrete and asphalt, and the motorist is getting a service which he now takes for granted but which ten years ago he might believe possible of achievement.

Let's analyze Mr. Frazier's proposal of a flat \$5 license tag for all cars (whether Ford or Rolls Royce) and Mr. Duke Nowell's proposal of a \$3 tag. The average price now charged for all motor vehicles is \$14.65. Mr. Frazier would cut this approximately a third and Mr. Nowell a much more. The revenue derived from this source (1933) was approximately \$5,500,000, from gas tax \$14,500,000, totalling \$20,000,000 per annum.

What are the duties and responsibilities now imposed on the Highway Commission?

1. Maintenance of 10,430 miles of State highways.
2. Maintenance and betterment of 45,000 miles of county road.
3. Care and use, so far as possible, of approximately 8,000 prisoners, state and county.
4. Engineering service for construction on Federal aid projects or any new projects that may be authorized from Federal-State funds.

MAINTENANCE FUND NOW FAR BELOW DANGER POINT

The counties spent \$9,000,000 per cent on the county system alone. The State considered an adequate maintenance fund on 6,000 miles of State roads, \$1,500,000.

The legislature of 1933 reduced the maintenance fund for both State and county highways, care of the entire prison population, to \$7,500,000, less by \$1,500,000 than the counties used on the county highways alone. The result in the last year has been that many of our expensive highways have lost rapidly in their surface values. For every dollar saved, I should say

the State has lost \$10 in the value of the roads. A continuance of this policy would in three or five years mean absolute disruption of our highway system and a dirt road would be a boulevard in comparison to broken down concrete and asphalt roads.

For Mr. Frazier's information, I would say the amount of bonds issued by the State for highways amounted to \$115,000,000 instead of \$85,000,000 as he was quoted as saying. He is also reported to have advocated no more construction until the bonds are paid. With uninterrupted payments, this will occur in 1935, 34 years hence. Perhaps Mr. Frazier has all the roads he needs in Guilford, but is he so unfair having been served first as to deprive his friends in Wilkes or Avey or Mitchell or Cherokee a like advantage? In all fairness to the people who have not been so fortunate as Mr. Frazier in being first at the feast the State should continue to match Federal Aid for new and reconstruction for those who have waited with such patience, and use whatever funds which may have accrued from the raid on the maintenance fund by the 1933 legislature, to bring back to standard roads which have deteriorated through inadequate maintenance during the present biennium as well as further extend the usefulness of the State highway system.

Debt service per year (slight advances until 1937) ... \$2,000,000
Minimum sum for maintenance (including state and county highways and prison costs) ... 10,000,000
Maintaining and reconstructing city streets traversed by state highway) ... 1,000,000

Total ... \$20,000,000

With an anticipated increase in revenue for 1934 we should be able to match Federal Aid and gradually extend to those who are now clamoring for it in each of the 100 counties.

In his advocacy of a reduced income, what would Mr. Frazier sacrifice?

Would he return to the counties and the now overburdened home owners and farmers the 48,000 miles of county highways, when the State Highway Commission has demonstrated that it can do a better job for half the money spent by the counties? Surely he would not again have that plaintive refrain, "property sold for taxes," go forth again in the land?

Would he have the State Highway System, regarded as the finest in the land, sacrificed for a political slogan and dump North Carolina into a quagmire of a broken-down transportation system, plus a possible default in the State's obligations; in other words, economic chaos?

When all is said and done Mr. Frazier, this is an economic question, not a political one, and the person or party responsible for bringing about such an unthinkable state of affairs would be regarded by this and future generations as Public Enemy No. 1 once the people came to realize that they had sold the birthright for a few paltry dollars.

The old "carpet-bagger" bonds foisted upon this state, in a by-gone day have cost us plenty in the sale of our bonds, as it furnished the bankers of Wall Street a stick to crack over our heads in the matter of interest rates.

Would he return to the counties and overburdened General Fund of the state all prisoners, at an operating deficit?

Surely, Mr. Frazier of Guilford, you would not set back the hands of the clock ten years and jeopardize the greatest service North Carolina has rendered her people?

The average motorist, if he re-

The North Carolina Sales Tax

BY
Capus M. Waynick, State Senator
and
Director National Reemployment Service for N. C.

In the campaign in which the 170 members of the 1935 general assembly will be chosen, much will be heard in denunciation of the present fiscal policy of the state. The sales tax will be condemned and its repeal demanded. Appeals will be made to the self-interest of those bearing heavy tax loads. There will be more speakers giving the voters dependable impassioned facts about the state's affairs. Yet when the tumult dies, I am confident men will be in office who will do their duty by North Carolina. There is a saving sanity in this old state.

TAX LOAD IS INEVITABLE

Taxation is the issue obscuring all others in the campaign. I believe the people are convinced the costs of state government have been reduced to a low level that compensation for officers and teachers is too low for the most conscientious campaigner to get far in advocacy of further reductions. Yet by a queer power of self-misnomerism some say they are, still convinced the tax load imposed by the state can be greatly reduced in 1935. Others do not foresee reduction but advocate relief for the distressed taxpayer by transferring the load to the other fellow. Reduction is made farther or more unlikely by the fact that the trend of the day is toward a greater social service by the state and a consequent greater outlay by the common treasury.

The problem, then is not so much one of reducing the expenditures of the state as it is the elimination of waste, the promotion of efficiency in government and the proper distribution of the costs.

WHY THE SALES TAX?

Propagandists charge the governor and general assembly of 1933 with grossly blundering in the enactment of the sales tax. They say it was foisted upon the people by representatives incompetent in their trust and influenced by predatory interests.

Consider the plight of the state government when the last general assembly met. A deficit had accumulated for three years to amount to \$14,000,000 in June, 1933. The people were growing angry; the tax load was demanding further; the tax payers in thousands of cases had thrown up their hands in despair and quit trying to meet the levies. Outside creditors were reluctantly renewing the state's notes and demanding the highest legal rate of interest. General industrial and commercial conditions were extremely bad. Before the revenue plan was adopted, all the banks throughout the country had closed.

When the issue was drawn, the legislator had to decide whether to vote for a measure which held out some reasonable hope to restore the state's credit and preserve its essential public services, or whether to cling to an old system under which the state was plunging further and further into financial chaos. That was the issue the governor and general assembly faced and resolved.

It was only after long weeks of arduous search for another way out, that the assembly became convinced of the inexorable character of the choice which had already forced itself on the members of the finance committee.

SOME APPARENT RESULTS

What of results? The state's credit has been restored and its securities are in demand at a reasonable interest rate. The schools are open to all North Carolina children and other essential public services are being rendered, even though under conditions frequently punishing to the public servant.

An argument against the sales tax was that it would accelerate the rate of bankruptcy among merchants. Bankruptcies have decreased, because business is better. We find many merchants are withdrawing more or less quietly from active co-operation with the anti-sales tax forces.

I am not contending the sales tax has increased the merchant's business and saved him from bankruptcy. I am not suggesting the sales tax has caused the volume of trade in North Carolina to increase at a faster rate than that of Virginia in the very months when prophets of disaster said our business would be going to Virginia.

I submit however, as a reasonable conclusion that restored confidence ten years back will realize that the toll he is now paying in fees and gas taxes, is a mere bagatelle as compared to his costs in life of his car, repair bills, time save, gas saving, etc., under the old order. A few broken axles, tires cut by jagged concrete and general wear and tear would cost more than any tax he may now be paying.

MR. FRAZIER OF MECKLENBURG

There is another Frazier operating from Charlotte, originally from Guilford, a possible kinsman of Mr. Clifford, certainly a kindred spirit, seeking to build up membership in some sort of automobile association by spreading the fetish of lowered license tags in many sections of Western North Carolina. Apparently not troubling to inform himself as to facts, but playing on the very human desire to escape any possible taxes, he is leading the motorist to believe he is entitled to a lowered tag tax but keeping the fact that this policy will result in very shortly depriving the motorist of the road service which has led to the investment of over \$50,000,000 in motor vehicles in North Carolina.

This effort to inform the people of North Carolina as to the true facts regarding our highway system is made possible, through the generous co-operation of the press, who rendered such valiant service in the passage of the original act. There will be further discussions in future articles.

tax is the ability of the state to meet its financial and moral obligations has had much to do with stimulating industry and inspiring public faith.

Why have we concluded that the most luminous prospect before the state is the possible effect on business of a tax inflated hunt for revenue to operate the state government and the public schools?

IN ACCORD WITH NEW DEAL

The theory under which the state administration, as well as the national, is now proceeding, is that a greater buying power may be distributed among the people.

The new deal of President Roosevelt includes a more abundant distribution of the benefits of labor. Governor Ehringhaus has given himself with a passionate devotion to advancing the same high purpose in North Carolina. Witness his co-operation with the federal program, his leadership in procuring better prices for tobacco and other crops. The buying power of the people of this state has been increased by government effort, many times the whole sales tax bill.

Isn't it a better policy to work for a fair distribution of buying power among all the people, and the estate liquidation of a broad tax base, than to look only to concentrated wealth for support of the state while the people are left headed towards a condition not unlike serfdom?

SALES TAX IS EFFECTIVE

Some publicists spread the charge the sales tax has failed to produce the estimated revenue. What are the facts? The highest estimate of revenue from a 3 per cent sales tax was \$9,000,000 and this was reduced to \$8,400,000 when certain basic commodities were exempted.

The first six collections brought in \$3,317,745 and it is not unreasonable to expect the 12 months to produce double that amount, or \$6,635,490. It is not unlikely the final record will be \$7,000,000 for the year. Short of this mark, but enough revenue to be a vital consideration in rewriting the state's fiscal policy.

WAS IT THE FINAL RESORT?

I submit the only doubt about the justice of asking for the general contribution to the public service arises from a question as to whether the state has allowed wealth to escape its fair share of the tax load at the state turns to the masses of the people for help in the sales tax.

The state is bound constitutionally to levy by uniform rule on real and personal property when it levies ad valorem. It cannot graduate the

levy, and when property taxes threaten confiscation of some, the state has the choice but to continue the confiscation of some, or relent towards all. It seems a matter of common consent that ad valorem taxes for support of the state cannot be adopted.

Consider the abilities and their tax burden. At present my state in the union takes a larger percentage of the gross income of public utility corporations than does North Carolina. When taxes rise, rates must be advanced and, as always, the consumer pays the bills.

Consider the other corporations. These products can be taxed as much as the traffic will bear but at an unknown point in the loading, taxation defeats its own purpose by encouraging a transfer of operation to other states. Our franchise and other levies are high now. Constructive state-ship will not close the door to a nation of industry. This does not forbid strict examination to determine whether those able to pay are paying all they should to the support of the state.

The state has a constitutional limit on income taxes, set at 6 per cent of the net. It has a constitutional bar to taxing small incomes. It behooves all of us to consider dispassionately, either what part of the public service we are willing to throw in the scrapheap, or what revenue will be secured if present levies are abandoned.

FACE THE PRESENT FACTS

Am I of the opinion we have a satisfactory plan of taxation of the state? I am not. The system is unbalanced and unscientific. I know of no tax plan in use that has what I would desire as adequate fairness and simplicity. A better way to im-

pose an indirect or consumption tax than our sales tax would be a national levy on commodities with a per capita allocation of the income to the state. A 2 per cent tax of this sort would give North Carolina for instance, about \$14,000,000 per year.

Perhaps a better tax plan would be an almost universal income tax with graduated changes, coupled with the taxation of tangible wealth and business, but we are barred from that recourse by our constitution. All that I am suggesting is the wisdom of facing the facts about our case examining with care plans for a horse-trade in the middle of the emergency, and carrying on with courageous patriotism until improved general conditions help reduce our tax burden.

Pedestrian (to boy leading a skinny mongrel pup): "What kind of a dog is that, my boy?"

Boy: "This is a police dog."

Pedestrian: "That doesn't look like a police dog."

Boy: "Nope, it's in the secret service."

L. The drawing from the talk concerned friendship.

"I have heard it said," remarked Mrs. Smith, "that in China friendship is sealed by breaking a piece of china."

Just then a terrific crash was heard coming from the kitchen.

"Mum!" murmured Mrs. Robinson.

"It sounds as if our maid is a very special friend of ours."

Th. Bore: "I'm rather good at imitations. I imitate almost any kind you care to name."

She (stifling a yawn): "How about a homing pigeon?"

AN ORDINANCE AUTHORIZING THE ISSUE OF \$55,000 REFUNDING BONDS

Be it Ordained by the Board of Aldermen of the Town of Waynesville, N. C. that Bonds of the Town shall be issued to the maximum aggregate principal amount of \$55,000 for the purpose of refunding the following bonds of the Town now outstanding and payable now or within one year hereafter, namely:

Date	Purpose	Interest	Maturity	1933	1934
May 18, 1931	Funding and Improvement	5%	July 1	\$ 6,000	2,000
Jan. 1, 1928	Street Improvement	5%	Jan. 1	11,000	11,000
Feb. 1, 1922	Local Improvement	6%	Feb. 1	1,000	1,000
Feb. 1, 1922	Funding	6%	Feb. 1	7,000	3,000
Aug. 1, 1922	Street Improvement	6%	Feb. 1	2,000	2,000
Aug. 1, 1922	Water Extension	6%	Oct. 1	1,000	1,000
July 1, 1925	Street	6%	July 1	2,000	2,000
July 1, 1926	Street Improvement	6%	July 1	2,000	2,000

2. A tax sufficient to pay the principal and interest of the bonds shall be annually levied and collected in the manner and amount to be hereafter specified by resolution.

3. A statement of debt of the municipality has been filed with the clerk and is open to public inspection.

4. This ordinance shall take effect upon its passage and shall not be submitted to the voters.

The foregoing ordinance was passed on the 3rd day of May, 1934, and was first published on the 10th day of May, 1934.

Any action or proceeding questioning the validity of said ordinance must be commenced within thirty days after its first publication.

HEDWIG A. LOVE,
Town Clerk

No. 296 - May 10-17

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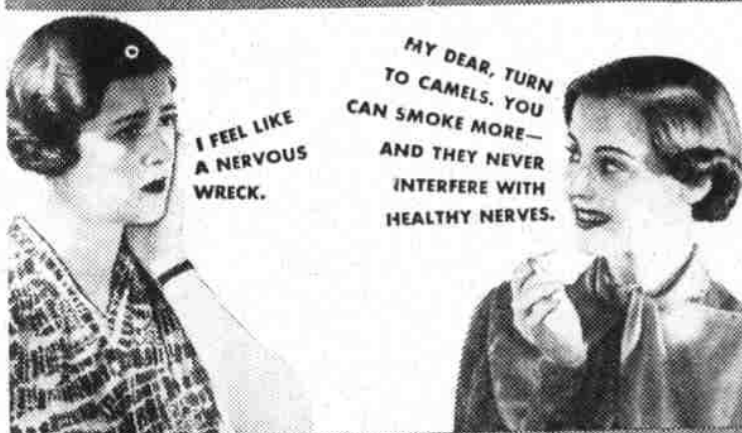
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