

'HOME RULE' ON BOND ISSUES IS LOST FOR NEXT 2 YEARS

TAX BOARD IS GIVEN VIRTUAL 'DICTATORSHIP'

Attorney-General's Opinion and Bonding Lawyers' Agreement, Cause.

NOT LEGISLATIVE INTENT

Court Challenge Likely to Protect Interests of Communities.

BY DANIEL M. KIDNEY
Dictatorship power over all local governmental bond issues has been conferred upon the state tax board, and the last vestige of "home rule" has been abolished for the next two years, it was disclosed today.

This position, opposed by the state tax commissioners themselves, has been brought about by an interpretation of the 1931 budget limitation law by the attorney-general's office and Indianapolis bond attorneys.

Construction people contend that it will impede public work at a time when in urgent in such work has been urged by President Hoover and other leaders to aid in solving the depression and unemployment problems. They point out that more construction can be done right now for the tax dollar than at any time in recent history.

Each unemployed worker given a job will thus be taken from the "dole" paid now by township trustees, they also point out.

Attorneys in New Stand

Several city bond attorneys conferred with Joseph Hutchinson, deputy attorney-general and author of the opinion, Wednesday.

The opinion, given to Chairman James Showalter of the tax board several weeks ago, had held that interest and sinking fund items must be considered as coming under the budget limitation law.

The bonding attorneys went a step farther and agreed not to approve any local governmental bond issues for their client banks and bond houses unless it first is approved by the state tax board.

Up to now the board has had only appellate power, the proposed bond issues being taken before them upon petition of local taxpayers.

Now the local taxpayers will have nothing to do with the matter.

Not Bill's Intent

That this was not the intent of the legislature was the opinion expressed today by Phil Zoercher, veteran tax board member, who always has urged that the tax commissioner's powers be limited to appeals.

"The law was intended to not permit current expenditures of local governments to exceed during the next two years the budget of 1930," Zoercher explained. "By budget it generally is understood that it doesn't mean the bonded indebtedness costs, as a method of curbing them has long been provided by the appellate power of this commission."

Zoercher said that Chairman Showalter and Commissioner Pliny Walford of the board are agreed with him that if they must hear all bond issues they do not intend to burden the local officials and citizenry by making them come to Indianapolis, but that hearings will be held in the local communities.

Court Challenge Likely

That this dictatorship, said to have been created without legislative intent, may be challenged in the courts was being considered today by construction interests who are vitally interested in local road bond issues.

Attempt to cut out local road bond issues was made by the Indiana Taxpayers Association during the 1931 session, but failed. Harry Miesse, director of the association, long has advocated tax board control of them and now he has it, although not anticipating such a drastic interpretation when the law was passed.

Charles Kettleborough, director of the legislative reference bureau, who drafted the bill which became the budget limitation law, is reported to have expressed the opinion that the bond issue business was not the thing which this particular bill sought to curb, but only current governmental expenditures.

LET STATE HOTEL JOB

McCormick's Creek Canyon Hotel Contract Given City Firm.

Krebay Construction Company, Indianapolis, has been awarded a \$42,285 contract for construction of a twenty-two-room new hotel building at McCormick's Creek Canyon state park. Award was made by the conservation department.

Director Richard Lieber stated that the Krebay company was the lowest of ten bidders on the work.

The building will be made out of prison-made brick, three stories and fireproof, designed for future expansion. The present inn will remain open during the construction period.

AIR TOUR IS DELAYED

Flight Order Grounded at Huntington Because of Poor Field.

By United Press
HUNTINGTON, W. Va., July 9.—Airplanes of the national air tour were delayed here today by uncertainty as to adequacy of the landing field at Middlesboro, Ky., scheduled as the next stop, before the flight today to Knoxville, Tenn.

Word that the Kentucky field was small and was surrounded by high-tension wires caused officials to ground the tour until they could get further information on facilities at Middlesboro.

Fire Destroys Garage

Fire of unknown origin Wednesday night destroyed a garage at the residence of E. I. Roth, 1512 South Belmont avenue. The blaze communicated to another, also owned by Roth and damaged two automobiles. Aggregate loss was estimated at \$500.

Takes a Fair One to Win This Ride



"Open house" is being held on the piazza of the federal building this week. The occasion is a steam shovel party with crowds of curious onlookers as guests.

Miss Betty McPhetridge, 1030 North Sterling avenue, for a short time was a guest of honor. She climbed into the giant scoop to learn how she might feel if suddenly cast in the role of a hunk of dislodged brick and stones.

The floor of the "veranda" is being torn up so that a new one of concrete can be constructed.

Charles D. Sherry, who has guided the steam shovel in many huge city projects, is the boss of the job.

DEBTS HOLIDAY 'FINE GESTURE,' SAYS SCHWAB

Anything for Optimism Is for Better, New Stutz Chief Asserts.

BY JAMES S. DOSS

President Hoover's debt moratorium is a "fine gesture," Charles M. Schwab, chairman of the board of Bethlehem Steel, and one of America's outstanding financial leaders, said here today on his tour of inspection of the Stutz Motor Car Company in the role of principal stockholder.

Affable and wearing the much-publicized Schwab smile, the steel king intimated that while the debts accord might not strike at the heart of the world-wide depression, it at least was a step in the right direction, if it acts as a stimulant to world markets.

"Anything," he declared, "that tends to produce a general spirit of optimism is for the better, although we must allow for some retroaction." "I'm a believer in that old adage that 'a watched pot never boils, and if we take things in stride, conducting our affairs from day to day as unconscious as possible of any depression, the first thing we know depression will be in our wake and prosperity looking more and more closely in the foreground."

Denies Official Connection

Schwab denied he would have any official connection with the Stutz Company other than the all-important one of principal stockholder, which he became Tuesday when with his associates he acquired 70 per cent of the common stock.

Seeing continued improvement in the financial affairs of the Stutz company, Schwab pointed to its bond retirement record which includes a reduction from the original \$1,000,000 issue to \$359,000 to date and a \$92,000 slash effected during the first six months of the present year.

Quick assets of the company, he said, have been converted from a ratio of 1.6 to 1 into a ratio of 114 to 1, representing an addition of \$82,000. Surplus of the Stutz company, according to the officers' report, has been increased by \$2,250,000.

Silent on Expansion

Silent on any contemplated expansion, Schwab nevertheless asserted that "we (himself and Chicago and New York banking interests) intend to back company officials to the limit."

He paid a glowing tribute to E. S. Gorrell, president of the company, and his associates for the progress made since the first of the year.

The former \$1-a-year man during the World War expected to leave Indianapolis late today, following his inspection of the local plant, and continue his tour of the Schwab interests in Detroit, Toledo, O., and Wheeling, W. Va., and Pittsburgh.

He refused to comment on the status of the Bethlehem Steel-Sheet and Tube Steel merger and his feud with Cyrus Eaton, Republic Steel magnate and "heir apparent" to the steel throne.

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