

Gross Tax Breach Reported Widening; Income Levy Studied

Retailers' Leader Charges
State Needs Better
Business Sense.

Retailers and Administration
Senate leaders were reported at
greater odds today over the bill to
cut the gross income tax rate as
the former charged that "more
business-like" administration of
State government" would enable
Indiana to live within its income.

Governor Townsend yesterday re-
fused to confirm or deny the re-
ports that there was Administra-
tion "heat" on this measure. He
said, however, that if the gross tax
rate is cut the money will have to
be made up in some other way or
the State's distribution to schools
will have to be curtailed.

In a statement today, C. L.
Jones, president of the Associated
Retailers of Indiana, said:

"Reasonable economy, coupled
with more businesslike administra-
tion of the State government, would
not only enable Indiana to live
within its income, but would make
unnecessary talk of reduced pay-
ments to schools and teachers and
heavier taxation of property. Re-
tail merchants would not approve
of legislation that would either
handicap the schools or put addi-
tional burdens on property tax-
payers."

"Reports have been circulated to
the effect that bills are being pre-
pared for introduction in the Leg-
islature providing for a reduction
in the amount distributed by
the State for payment to schools
from \$700 per year to \$400, for each
teacher unit. It has been stated
that if these bills, or similar ones,
were adopted, the State would be
saved an annual expense of \$6,000,-
000, and that this amount would be
shifted back to general property
taxpayers.

"Introduction of a bill of this
character would be, in my opinion,
intended merely to influence legis-
lation now under consideration by
the General Assembly, and I do not
believe any one would be deceived
by it. Representatives of the Asso-
ciated Retailers of Indiana have
contacted sufficient numbers of
legislators to assure that no legis-
lation will be passed making
any such reduction in amount paid
to the schools, or shifting any addi-
tional burdens to property tax-
payers. Certainly retail merchants
would be opposed to any such leg-
islation."

When Committee members asked
him about enforcement Mr. Givan
said:

"Just because we can't always
convict a murderer is no reason for
not having a law against murder.
The very best example of the law would
be one of the best acts in the statute
books."

Gregg Approves Bill

Ralph Gregg, 12th District Repub-
lican chairman, said that the bill
would "correct the evils of unjust
incomes."

Committee members asked Mr.
Givan if he would be willing to
have the bill go back an additional
10 years. He replied that as far as
he was concerned the bill could be
amended "to go back 18 years."

In speaking for the net income
tax bill, Rep. Dausman told the
Committee that Indiana was the
only state having a gross income tax
and declared it was "a pest."

"It is impossible to enact a fair
gross tax law but a proper net tax
law can be enacted."

"The Federal Government annual-
ly takes \$40,000,000 from Indiana in
net income taxes. It is only a matter
of time until the Supreme Court
reverses its stand on the in-
tangibles tax. That is clearly un-
constitutional."

"Don't toss this bill aside lightly,
gentlemen, because there is going to
be a lot of pressure for a net income
tax to replace the gross income tax."
Rep. Dausman's bill would repeal the
gross income tax.

Rep. Dausman's bill would be the
first to do in trying to have funds to
pay the excessive taxes which have
been levied against us, the State un-
doubtedly would be able to live
within a reasonable budget and without
unfair taxation on any group of our citizens."

The possibility of a reduction in
State distributions to schools was
suggested by a Senate leader at a
conference with the Governor fol-
lowing passage of the bill by the
House, according to a Democratic
publicity man.

Public Hearing Thursday

The bill passed would reduce
the retailers' rate from 1 per cent
to $\frac{1}{2}$ of 1 per cent and also the
exemption from \$3000 to \$1000.

Retailer groups have requested
the reduction because, they claim,
they are being "forced to the wall"
by the present rate. They also at-
tributed a large number of busi-
ness failures to the tax, which they
charge discriminates against them.

The bill has been referred to the
Senate Finance Committee which
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'HOME RULE' STUDY IS VOTED BY HOUSE

Commissions for Manager
Plan Probe Proposed.

The House of Representatives to-
day passed and sent to the Senate a
concurrent resolution providing
that a Commission be named to
decide on the best method for In-
diana cities to obtain the city man-
ager form of government.

The vote was 67 to 9.

An identical resolution was passed
by the Senate several weeks ago but
it was not sent to the House be-
cause a motion was filed with the
Senate clerk asking for recon-
sideration.

Democratic Senators have indi-
cated this action was taken to per-
mit them to change the reporting
time of the Commission from Oct. 1
to Dec. 1, 1940, in order that the
city manager question will not be-
come an issue in the 1940 general
election.

Rep. Howard Batman (D. Terre
Haute) asked the House to pass the
resolution today on the grounds that
the cities should have the right to
choose the government under which
they live and should not be "sad-
dled" with one type.

He said it was generally conceded
that the question of how this "home
rule" should be brought about is so
complicated that an exhaustive
study of the matter is necessary to
settle it.

SOUTH SIDE LEADER HITS ELEVATION BILL

Measure Doesn't Compel
Road to Act, He Says.

Charges that the rewritten House
elevation bill does not "com-
pel any railroad to join with the city
and county in an elevation project,"
were hurled today by E. H. Wisch-
ner, track elevation committee
chairman of the South Side Civic
Club.

He declared the measure "is poorly
drawn and tosses years of work by
the South Side into the waste-
basket."

The House election bills were
drafted by the Republican State

54 NEW BILLS PUT ASSEMBLY TOTAL AT 869

House Holds Extra Session In Effort to Break Legislative 'Jam.'

(Continued from Page One)

A House bill which would levy a
75 per cent tax on incomes "swollen
because of political influence" was
held for further consideration by
the Ways and Means Committee to
day after proponents said its pas-
sage would bring the State \$500,000.

The Committee also heard Rep.
Guy W. Dausman ask for a favor-
able report on his net income tax
law to replace the gross income tax.

In speaking on the "unjust en-
richment tax" bill, Clinton Givan,
Indianapolis attorney, said:

"This bill would not only add
\$500,000 to the treasury but would
also restore the good name of the
state."

"If enacted people couldn't say as
they do now, 'go up to Indianapolis
and see so-and-so and he'll fix it
for you.'

Called Constitutional

As drafted the bill would bring a
75 per cent "unjust enrichment tax"
on net incomes of beer importers,
attorneys, salesmen and agents, who
have received large sums of money
from the State because of political
influence.

It also would set up a State Un-
just Enrichment Tax Board to col-
lect the tax which is made retro-
active for 10 years and provides
that gross income tax records be
kept by tracing persons who
would come under the act. An ap-
propriation of \$50,000 annually for
collection of the tax would be made
"more than 10 to 1," Mr. Givan said.

Money collected would be used
to a common school relief fund.

"It is clearly constitutional," he
added, "and would be one of the
best bill which could be passed in
Indiana. It follows closely a Fed-
eral Act which has been declared
constitutional."

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