A Proposed Tax System for Maryland

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There is perhaps no subject of greater importance to the average citizen of Maryland than taxes. And we might add that few topics should be of greater interest, because taxation constitutes approximately one-half of the subject of public finance, which is vital to every citizen of the State. However, the collecton and expenditure of public moneys is generally left to a comparatively small group of persons, mostly politicians, and about the only interest the remainder of us show in the matter is to pay the assessments and occasionally grumble at the enormous amounts which we have to pay. And after registering our futile protests at the inequities of the system we go serenely about our business without doing anything about it. It is because of the general lassitude on the part of the tax-paying public that I venture to offer some suggestions for a more equitable tax system for Maryland.

Th old adage about death and taxes being inevitable contains more truth than wit. As long as people live organized governments they will have to provide funds with which to carry on those governments. In modern economic society such funds must be raised in the main from taxation. However onerous taxes may be, they are necessary in our modern civilization. What form they may take and from what sources they are derived is quite another matter. Admitting, for the time being, that taxes are burdensome, it remains for the intelligent public to arrive at some conclusion as to what is probably the best system for our State and then to proceed, through legislation, to make such a system effective.

Theoretical economists and students of public fiance have generally agreed that a sound tax system should be based on certain requisites. The principal ones of these are as follows: (1) Fiscal adequacy; (2) Economy; (3) Equity; (4) Elasticity; (5) Simplicity; (6) Diversity; (7) Flexibility. Different writers on the subject of taxation and public finance have a variety of statements of requisites, but the above list sems to be in general, sufficiently comprehensive for the purposes of this discussion. It should be remembered that these requisites may not all be present in the same degree, and that they should be considerd as standards that are relative rather than absolute. No tax system can ever be made perfect, and in laying down requisites and setting up sandards all we can hope to do is to approach relative degrees of perfection. However perfect a system may appear from a theoretical standpoint, weaknesses and inequities will appear that will work hardships or some individual or group. We should strive, therefore, to construct a system that will reduce these to a minimum.

In the first place, state and local revenues should be derived from different sources. The present system of property taxation is inequitable in that it constitutes the principal basis for all state and local revenues. This places an undue burden on the property owners, many of whom have been unable to pay all of their taxes during the recent depression. Some relief, therefore, should be given this class of taxpayers in order that the costs of government may not be overburdensome or oppressive.

In the second place, there are many people living in Maryland who enjoy as many benefits from the state as do the property owners, and who pay few er no taxes to support the governments which make these benefits possible. A just system of taxation should require that every person living within the boundaries of the state should make some contribution, however small, towards the support of the government which provides the protection and enjoyments which they have.

On the theory then of a separation of sources of state and local revenues, I suggest that the tax laws of the state be revised so as to provide that all state revenues be derived from the following sources: (1) A State Inheritance Tax to be levied upon the transfer by gift or bequest of any property, real or prsonal, or of any interest in or income from the same, in trust or otherwise, to persons or corporations. The rate of such a tax should be based upon the degree of relationship. Estates left to children should be taxed on a graduated scale, from one per cent up to $25,000, to six per pent on gifts exceedng $1,000,000. Collateral kin should pay from three per cent on $10,000 to twelve per cnt on excess of $500,000. Strangers to the estate should pay from seven per pent on $10,000 to twenty per cent on amounts in excess of $500,000. (2) In Estate Tax, The State law should provide here for limiting this tax to the exemption, or eighty per cent of that imposed by the Federal Government, to prevent duplication of payment in State and Federal estates taxes through a reciprocal provision of the Federal law exempting tax on estates up to eighty per cent of those imposed by any state. (3) A State Income Tax. This tax should be collected, in lieu of a state property tax, from the net income of every resident of Maryland, from domestic and foreign corporations, and from non-resident individuals having a business or agency in the state, in proportion to the net income or profits of business or agency. The rates should be reasonably low and exemptions should be provided of $1000 for single persons and $2000 for married couples with a $300 exemption for each minor child or other actual dependent. (4) A State Lieense and Franchise Tax, imposed for the privilege of carrying on business or engaging in any trade or profession in the state. These taxes should be under various classifications and rates and should cover licenses to trades and professions, general business licenses, and for marriages. They should also include licenses for railways, public utility companies, corporations (franchises), boat companies, private ferries, and privately owned toll bridges, busses and freight trucks. All persons engaged in agriculture should be exempt from this class of fees. (5) A State Highhway Tax, to be levied on motor vehicles owned and operated for pleasure or profit within the state (including busses a nd trucks), and on the retail sales of gasoline, oils and other motor fuels sold within the state. The present rate on gasoline is not generally considered excessive. The tag fees for motor vehicles should be adjusted slightly so that the average would be about ten dollars per car. These highway taxes should be used exclusively for highway building and maintenance and under no circumstances diverted to other purposes. (6) A Retail Sales Tax of not more than one per cent levied on all retail sales within the state (except on foods, and feed for agricultural animals and poultry.) The present gross sales tax should be abolished. It is extremely unjust and inequitable. Because of competitive conditions existing in the field of commerce some busi nesses cannot pass the tax on to the consumer while others can, thus laying a heavy penalty on some concerns to their great disadvantage. A retail sales tax, on the contrary, can be passed on to the consumer, and if the rate be low it would not work any severe hardship on anybody.

The above system would provide ample revenue for all state purposes, hence the state taxes on all forms of property, real and personal, tangible and intangible, should be abolished. Such a system would require that every resident of Maryland above the age of twenty-one years would relieve some of the excessively heavy burden now carried by the property owners of the state.

For local revenues (county and municipal) a general property tax should be levied. While there are many theoretical and practical objections to property taxation, no adequate substitute for it has been found, and until some better plan has been devised for raising funds for local governmenal purposes, the general property tax will serve best to provide local revenues. Such taxes should be levied only on tangible property. Taxation of intangibles can best be accomplished through an income levy. Multiple taxes are always obnoxious and should be avoided wherever possible. County and municipal assessments and levies should be made by local authorities according to the needs of their respective communities.

However, in view of the variegated and unscientific set-up of the different county fiscal systems in Maryland and in the light of the very excellent State Budget system which we now have, the State Legislature should pass a uniform county fiscal act which would provide for better methods of county government, and which would accomplish certain important reforms in county fiscal administration. This law should provide for (1) a county budget system; (2) a limitation on county debts; (3) the issuance of county bonds only by popular consent; (4) compulsory provision for sinking funds for the retirement of bonds and making them inviolable; (5) the establishment of a fiscal control agency in each county; and (6) a state advisory commission to assist county officials in solving their problems in the light of the best modern practice. Such a law properly enforced would do for the counties in Maryland what the State Budget System has already done for the state.

Such, then, is a brief outline of the proposed tax system for Maryland. Numerous objections can and will be raised, for various reasons. Perhaps a better sysem can be found. Leaving out of consideration the pleas of special interests, I think the system here set forth is a more equitable one than that under which we live in Maryland today. Intelligent study of the problem and a due consideration of the interests of all the people of the state should lead us to put forth efforts to improve the governments under which we live, to relieve as many of the inequities and injustices to our people as possible, and to make it possible for us to have a happy, contented, and relatively prosperous people living in what we like to call the Free State.

AT THE MOVIES NEXT WEEK



EVERYNIGHT AT EIGHT

George Raft leading the ceremonies, which include Alice Faye, Frances Langford and Patsy Klly, in Paramount's screen riot based on radio amateur-hours, 'Every Night at Eight.' The picture, a Walter Wanger production, comes on Monday and Tuesday, September 2 and 3 to the New Lyceum

Film producers having lured many celebrities from the radio world, air officials have launched a counter attack with an offer in the form of a five-year singing contract to three motion picture actresses providing they give up all screen work.

Alice Faye, Frances Langford and Patsy Kelly, principals appearing opposite George Raft in Walter Wanger's Paramount musical comedy drama, 'Every Night at Eight,' coming on Monday and Tuesday, September 2 and 3 to the New Lyceum theatre, received the radio proposal from Raymond Paige, Western Musical Director of the Columbia Broadcasting Company. Paige became enthusiastic about the singing of the three girls after witnessing a pre-preview of 'Every Night at Eight' in which they appear as a sister singing trio.

Miss Langford and Miss Faye, both protegees of Rudy Vallee, were well-known on the air before entering films. Miss Langford has been singing on the Hollywood Hotel Hour major radio program in addition to her picture work. Miss Kelly is the surprise member of the group as she is known to film fans only as a comedian and not as a singer, although she won fame on Broadway as a musical-comedy favorite.

'Every Night at Eight' is a gay romantic comedy with music depicting the rise of three girls as workers in a mint julep factory to world wide renown as radio stars. An amateur radio hour, the first time to appear in a feature picture, is one of comedy highlights of the film. Walter Catlett and the Radido Rogues are in the supporting cast. Raoul Walsh directed.

Some of the hit tunes include 'I'm in the Mood For Love,' 'Then You've Never Been Blue,' 'Take It Easy,' 'Speaking Confidentially.'

The part played by alert metropolitan newspaper reporters in solving mysterious crimes is to be demonstrated on the screen in 'The Murder Man,' new Metro-Goldwyn-Mayer feature starring Spencer Tracy with Virginia Bruce, which shows at the New Lyceum on Friday and Saturday, September 6 and 7.

Unlike some other films that have treated the subject somewhat superficially, 'The Murder Man' goes into the mysterious sanctums of a New York daily newspaper and depicts how editors and reporters, working with the precision of an army, go about gathering information that is disseminated as news, but frequently leads to the arrest and conviction of dangerous criminals.

Tracy plays the star reporter of the newspaper, an expert on crime and calld 'The Murder Man' by his associates because of his success in solving mysteries of violence. Miss Bruce is the 'Advice to the Lovelorn' editor who can advise others but finds herself helpless when smitten by romance.

With the principal players is a capable cast which includes Harvey Stephens as a sharpshooting confidence man, Robert Barrat as a typical managing editor, Lionel Atwill as a police captain who is glad to accept the newspaper's help, Theodore von Eltz Lucien Littlefield, William Collier, Sr., Robert Warwick, Louise Henry, Ralph Bushman, Fuzzy Knight, Charles Trowbridge and a score of others.

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