

TAX LAW IS UPHELD

UNITED STATES SUPREME COURT HOLDS CORPORATION TAX IS CONSTITUTIONAL.

LONG CONTEST AT AN END

Justice Day Reads Decision—Law Provides That All Incorporated Bodies Shall Pay Tax on Net Income Above \$5,000.

Washington.—Without a dissenting opinion the Supreme court of the United States Monday handed down its decision holding the corporation tax law constitutional. Thus ended a controversy waged almost continuously since President Taft suggested its enactment to congress.

Justice Day read the decision in the corporation tax case suits testing the law having been brought from every section of the country. By its affirmation the revenues of the national treasury are increased annually more than \$25,000,000 from the tax on the net incomes of corporations doing business for profit, in addition to which the principle of the right to levy such a tax is vindicated and, the most of all, that for which the government has been striving, access to the books of the big corporations and full publicity with regard to their affairs is absolutely assured.

The main points of the opinion, as read by Justice Day, are:

It was within the power of the senate to insert the corporation provisions in a tariff law which originated in the house.

The tax is an "excise tax on the doing of business," which is exactly the basis on which the government defended the law.

The provisions of the law are not the arbitrary exercise of a power. This was urged in argument as one reason why the law should be held unconstitutional.

The tax is regarded as measured by income rather than being a tax on income.

Of all the objections to the tax raised by suits in all parts of the country none of them was found sufficient to nullify the law.

Near the outset of the opinion is the statement that the tax "is imposed not upon the franchises of the corporation, irrespective of their use in business, nor upon the property of the corporation, but upon the doing of corporate or insurance business, and with respect to the carrying on thereof in a sum equivalent to one per centum of the entire net income over and above \$5,000 received from all sources during the year—that is, when imposed in this manner, it is a tax upon the doing of business with the advantages which inhere in the peculiarities of corporate or joint stock organizations of the character described. As the latter organizations share many benefits of corporate interests it may be described generally as a tax upon doing business in corporate capacity."

The tax is one per cent. of the entire net income over and above \$5,000 received from all sources.

"The income," said Justice Day, "is not limited to such as is received from property used in the business strictly speaking, but is expressly declared to be upon the entire net income above \$5,000 from all sources excluding the amounts received as dividends on stocks in other corporations, joint stock companies or associations, or insurance companies also subject to the tax. In other words, the tax is imposed upon the doing of business of the character described and the measure of the tax is to be the income with the deduction stated, received not only from property used in business, but from every source."

Justice Day drew the distinction between the corporation tax and the former income tax law, which was declared unconstitutional, in answering objections that had been raised against the corporation tax. He said the income tax was held to be direct because imposed on property simply because of its ownership.

"In the present case," said Justice Day, "the tax is not payable unless there is a carrying on or doing of business in the designated capacity and this is made the occasion for the tax, measured by the standard prescribed. The difference between mere ownership of property and the actual doing of business in a certain way."

Justice Day first considered whether, as claimed, the law made an unconstitutional distinction between the corporations and partnerships or individuals. He said there was a substantial difference between the carrying on of business between corporations taxed and the same business when conducted by a private firm or individual.

Measurement of the tax by the net income of the corporation or the company received by it from all sources was defended by Justice Day in his opinion as not being so unequal and so arbitrary and baseless as to fall outside of the taxing power.

Ogden Mills Reid Wedded. Racine, Wis.—Whitelaw Reid, United States ambassador to England, and his family attended the wedding of his son, Ogden Mills Reid, to Miss Helen Miles Rogers of Fond du Lac, which took place Tuesday at the Racine college chapel.

Fisher Is Sworn In. Washington.—Walter L. Fisher of Chicago took the oath of office Monday as the successor of Richard A. Ballinger, secretary of the Interior in the cabinet of President Taft.

NO CAUSE FOR WORRY



Uncle Sam—Don't Worry, Gentlemen, I'll Do All the Intervening Necessary to Protect Your Property.

FIGHT TWO BATTLES

REBELS MEET REVERSES IN NORTHERN MEXICO AT HANDS OF FEDERALS.

100 KILLED AND WOUNDED

Machine Gun Fire Repulses Insurrectos, Who Attack Diaz' Force of 300 at Agua Prieta—Band of 120 Trapped, 50 Slain.

Mexico City.—Conditions bordering on panic reign throughout northern Mexico. According to reports received here Sunday the federal troops were victorious in two battles fought against the revolutionists in which 100 men were killed and wounded.

At Agua Prieta, across the border from Douglas, Ariz., 500 rebels Sunday attacked 300 federal troops, but were unable to withstand the fire of the machine guns and retreated. The rebels were armed with rifles only. The total casualties are placed at thirty-five.

A body of 120 insurgents at San Bartolito Pueblo Saturday. More than fifty were killed, eleven seriously wounded and twenty-seven captured. Owing to the fact that the rurales have adopted the revolutionists' tactics of ambushing their enemy, none of their number was killed and only a few wounded.

Colonel Guerrero, in command of the rurales, upon learning the rebels were marching to attack the municipality of Nativitas, sent 100 of his men to meet them. Fifty others were ordered to cut off the retreat.

The first force selected a favorable position overlooking a ravine through which the rebels must pass, and when they were in the trap opened a merciless fire on them. The rebels are said to have made a stubborn fight but at the end of a half hour they were completely demoralized.

The rebels have answered President Diaz' order suspending the civil guarantees with an order to give no quarter. This is taken here to mean that the fighting hereafter will be marked by all the barbarity of medieval times.

Thoroughly aroused by the spread of brigandage and vandalism incident to the revolution, and determined to protect property, the Diaz government will wage against the lawless element a pitiless war of extermination.

Resurrecting a provision of the Mexican constitution not used for 15 years, and acting under its authorization, the government will set aside for six months certain personal guarantees.

All persons detected in the act of highway robbery, of raiding a village or farm, or train wrecking, or cutting telegraph or telephone wires or even of removing a spike from a railroad track or throwing a stone at a train will be summarily shot.

The bill providing for this drastic measure was sent to the permanent commission of the federal congress. It was signed by Miguel Macedo, secretary of the department of the Interior, and says its enactment is the wish of the president.

Pass Anti-Treating Bill. Jefferson City, Mo.—The house passed Saturday, by a vote of 83 to 17, a bill to prohibit treating in saloons. Representative Bedworth, a preacher, who introduced the bill, said it will solve the liquor problem.

Bowman Accepts Presidency. Cedar Rapids, Ia.—James H. Trewin, president of the state board of education, Saturday received the letter of acceptance by John A. Bowman of New York of the presidency of the state university.

JAPAN TREATY BEST

TAFT COMMENDS CONGRESS, BUT ALSO CENSURES.

Declares Failure to Enact Reciprocity Agreement Was Great Disappointment.

Atlanta, Ga.—In an address before the Southern Commercial Congress Friday President Taft declared that the failure to enact reciprocity with Canada was the greatest disappointment of the Sixty-first congress, and that the greatest achievement was the ratification of the treaty with Japan.

He reached the convention hall shortly before 12 o'clock and was given a tremendous ovation.

The president was introduced by former Governor Francis of Missouri.

"The Sixty-first congress just closed has enacted more useful and progressive legislation in its three sessions than any congress since the war."

"One of the crying evils of the present day is the expense of litigation. This congress has passed an act making substantial reductions in the cost of appealing cases from the courts of first instance to the courts of appeals."

The president then enumerated several other laws that were passed.

"A great disappointment of the session," he continued, "was the final defeat of a permanent tariff board."

"Finally, and the most important thing which was done in the session just closed, was the ratification of the treaty with Japan."

"Of course, the greatest disappointment of the session was the failure of the senate to follow the lead of the house in ratifying the reciprocity agreement made with Canada."

"When we entered upon the negotiations I authorized the secretary of state and his commissioners to offer free trade in everything, but the Canada could not grant us."

"Canada is at the parting of the ways. If we now reject this opportunity we shall throw away an opportunity for mutual benefit not likely to recur."

"Under my promise to use my utmost efforts to secure the ratification of this agreement by congress I have felt it my duty upon the failure of the senate to act to call an extra session for the purpose of securing the ratification of the agreement. I feel confident that a test of six months of this agreement will so vindicate the wisdom of adopting it as to remove it from political discussion thereafter."

FREED OF BRIBERY CHARGE

Illinois Legislators Declared "Not Guilty" of Conspiracy in Connection With Furniture Contracts.

Springfield, Ill., March 13.—After three and one-half hours' deliberation, during which time about twenty-one ballots were taken, the jury in the trial of State Senator Stanton C. Pemberton of Oakland and of former Representative Joseph S. Clark of Vandalla, who are charged with entering into a conspiracy to secure money corruptly for their votes in awarding the contract for the furnishing of the senate and house chambers of the state house, returned a verdict of "not guilty."

At the first trial, two months ago, the jury failed to agree.

Pemberton and Clark were members of a special committee named by the legislature to purchase furniture for the house of representatives. It was charged that they attempted to secure a bribe from representatives of furniture companies, which bid on the contract.

ROUGH RIDERS HOLD REUNION

Colonel Roosevelt Has Happy Time With Old Friends of the Saddle.

Albuquerque, N. M.—Former President Roosevelt was in his glory last Wednesday, renewing friendships with old comrades in arms of the Spanish-American war. The Rough Rider regiment, of which Roosevelt was colonel, opened its annual reunion here, and the colonel was the principal speaker at the opening exercises. The reunion will come to a close tomorrow.

Mrs. and Miss Roosevelt joined the colonel's party here and will stay with him during the remainder of his trip. Governor Sloan of Arizona met the Roosevelt party here and will act as their guide during the visit to the Grand Canyon.

ELECTION RIOTS IN SPAIN

Republicans and Socialists Clash at Bilbao—Many Hurt and Many Arrested.

Madrid.—The provincial elections passed quietly as a rule, but there was an outbreak at Bilbao, where the Republicans and Socialists clashed in the streets. As a result of the fighting the police were compelled to disperse the crowds. They charged repeatedly and many persons were hurt. Many arrests were made. The returns show the election of seven Republicans and seven Monarchists as deputies.

Bandits Rob Utah Hotel. Ogden, Utah.—The Reed hotel, in the center of the business district of this city, was robbed by two masked men Monday. The hotel is within a half block of the central police station. Clerk Unander and five guests were lined up against the wall and while one of the bandits pointed a pistol at the men, the second robber made Clerk Unander open the safe and empty about \$700 into a bag. The robbers then left without molesting the five men lined up against the wall.

Deputy Sheriffs Are Slain. Stearns, Ky.—H. M. Holloway and J. T. Lovett, deputy sheriffs, were shot and killed here Monday while guarding the Cincinnati, New Orleans & Texas Pacific railroad coal chutes. Both men were shot from ambush.

New Orleans Firm Fails. New Orleans.—At the opening of the cotton exchange Monday the suspension of the brokerage firm of Kepling & Brown was announced. No effect upon the market was noted at the opening.

STOCK YARDS BILL

LOWER HOUSE FINALLY AGREES ON THE MEASURE

WILL PASS AS RECOMMENDED

Nebraska State Railway Commission Has Power to Issue Orders Regulating Service.

The house stock yards bill, introduced by Taylor of Hitchcock and Dolezal of Saunders, was ordered for third reading and will probably be passed by the house when it comes up for passage. The bill had been made a special order for the afternoon and before beginning upon it several conferences had been held among the leaders leading to an agreement. The senate bill of this year by Ollis is still in the hands of the house committee.

The bill as it will be passed is as follows:

"Section 1. All stock yards operated in this state or organized under the general corporation laws of this state or by special charter, which receive live stock for the purpose of exposing or having the same exposed for sale, and doing a business for a compensation, are hereby declared to be public markets. Provided, that the railway department of any stock yards company used as a common carrier of freight shall not be affected by the provisions hereof.

"Section 2. The Nebraska State Railway commission shall have power to issue orders regulating the service and charges of such stock yards and the same shall be enforced in the same manner and under the same penalties as orders regulating common carriers. Provided, that where no other penalty is provided by law for a violation of any such order, it shall be punishable by a penalty of not less than \$100 nor more than \$500, and where the violation is a continuing one each day thereof shall constitute a separate offense.

"Section 3. Any person, company or corporation owning or operating any public stock yards in this state under the provisions of section 1 of this act shall annually on the first Monday of January of each year file with the State Railway commission an itemized statement certified and sworn to by its owners or managers setting forth the number of head of cattle, calves, hogs, sheep, horses and mules received in his or their public stock yards, also make a statement of the gross receipts and expenses of the last preceding year.

"Section 4. Every such stock yards shall keep a record showing the time of delivery and turning over at the yards of said stock to the consignee, agent or owner."

The bill is less drastic than the senate bill. It does not provide any time limit on handling stock in the yards and in its terms is a little more ambiguous.

Wants Irrigation Bill Amended. Unless a public corporation is named a common carrier and is proven to be such the state railway commission has no authority over it unless by the consent of the corporation. This is the view taken by Senator Hoagland of the powers of the commission as delegated by the constitutional amendment, and for that reason he will attempt to have an irrigation bill which has already been passed by the senate amended in the house. This bill gives the commission power to fix rates for water.

State Board of Control. House Bill No. 84, providing for a state board of control for dependent and neglected children, passed the house by 2 yeas. Three members constitute the board and are appointed by the governor. A secretary with a salary of \$1,500 a year is provided for.

Oppose Insurance Bill. The executive committee of the Omaha Commercial club adopted a resolution in opposition to H. R. 273, a bill requiring insurance companies to deposit securities with the state auditor. The federation of Nebraska retailers in session in Omaha adopted resolutions of a similar nature.

Anti-Treat Bill Dead. The Evans anti-treat bill, H. R. 298, was killed by the house by a vote of 33 to 52. The vote came after a filibuster which the minority had been maintaining for four hours. The bill provided that the barkeeper or saloon owner should be held responsible for violations of the present anti-treat law and was violently opposed.

No Opposition to Bill. Among the measures passed by the Senate is one prohibiting public exhibitions of hypnotic influence and other psychic or magnetic forces. This bill met with no opposition.

Defects in House Bills. Governor Aldrich has discovered technical defects in five house bills passed and sent to him for his signature. He has suggested that they be recalled and the defects corrected before the five days within which he must either sign or veto them.

VOTE ON INITIATIVE.

House Passes Its Own Measure After Discussion.

The house passed its own initiative and referendum bill after a two-hour fight. The vote, as it finally stood, was 75 to 23, but 18 votes represented those who got into the band wagon when it started to move in spite of their opposition. Those were Doastal, Kotouc, Eggenberger, Grueber, Prince, Bonham, Hellinger, Eastman, Clarke, Metzger, Bartels, Puls, Weener, Busse, Fries and Murphy. The vote during the call of the house stood 58 to 40 and 60 votes were necessary for passage. Doastal was the man who made the decisive change, and when he was followed by Kotouc the vote stood 60 to 38. After that a number of men who had been hanging back hurried to get into the records on the prevailing side.

The house bill as passed differs in two important features from the bill the senate passed. The house bill provides that 75 per cent of all votes cast in the last election be required to pass amendments to constitutions, while the senate bill extends that percentage to all measures.

The house bill requires 15 per cent for the initiative petition to submit an amendment to the constitution, a provision not required by the senate bill. The senate bill will not pass the house unamended Wednesday, when it is to be considered. Friends of direct legislation do not like it and opponents of direct legislation will try to slip in a joker or two, hoping that they will later get by the senate.

The Skiles initiative and referendum bill, senate file No. 1, passed by the senate, was amended by the house so as to conform to the Hatfield bill in requiring 15 per cent to initiate amendments to the constitution and 35 per cent of all votes cast at election to adopt constitutional amendments.

As now framed, the Hatfield and Skiles bills are just alike, except that the Hatfield bill requires but 5 per cent for referendum.

Both measures will go to the senate and the fight for real direct legislation will have to be made over again.

Pool Hall Bill Killed. The Moody pool hall bill was defeated in the house by a reasonable majority. The vote was 44 in favor of the bill to 48 opposed to it. It was divided strictly on the idea of restriction versus liberals, that is, between "wets" and "drys." The bill provided that pool halls in unincorporated villages should be under the control of county commissioners and the latter should have a right to deny applications for license, just as now they are given control over saloons in unincorporated villages. A license fee of \$25 each and \$5 per year for each extra table was called for in the bill.

County Option Bill Defeated. County option failed in the house by one vote. As soon as the initiative and referendum was out of the way county option came up and the house proceeded to vote upon it without debate. The first roll call showed 49 votes for it and 48 against it. A call of the house brought in Clarke of Cherry, who voted aye, making the total 5 to 48.

Kotouc's Insurance Bill. Kotouc's insurance bill, which passed the house, requires that all insurance companies deposit with the state auditor securities representing their guarantee funds. The companies which hold real estate as representative of their reserve funds are required to create a lien upon such real estate and give that into the control of the auditor.

The House Concur. The honks concurring in the senate amendments to House Bill No. 71, by Grueber, the hours of service measure, pushed by railway employees.

The Guaranty Law. Members of the present legislature seem inclined to amend or change in some degree the bank guaranty law, in spite of the fight being made to the contrary. Supporters of the present law assert that any changes in the bill made by the present legislature will simply give the opponents of the measure in the courts again on some new point.

Signed by the Governor. Governor Aldrich notified both the house and senate that he had signed three more bills, all originating in the house. One bill carries the 1 mill levy for the maintenance of the state university, another appropriates \$8,000 to cover the deficiency at the state orthopedic hospital.

Pension Fund for Library. The senate on Friday passed a number of important bills, including Reagan's bill providing a pension fund for employees of the Omaha public library and the bill requiring railroads to build underground crossings when the person owns the land on both sides of the track.

Omaha Charter Bill Passes. The Omaha charter bill passed the house by a vote of 77 to 3. The act contains the emergency clause which will make it a law and put it into effect immediately after being signed by the governor.

Cutting Telegraph Tolls. Burhman's bill cutting telegraph tolls to 20 cents for a ten-word message and 1 cent for each word in excess thereof was ordered engrossed after Burhman had been defeated in committee of the whole.

MAIL SACK CLEARS SUSPECT OF THEFT

FOR THIRTY YEARS CLERK HAD BEEN HELD ACCOUNTABLE FOR MONEY LOSS.

BLAMED BY THE INSPECTOR.

Bag Repairer Finds Registry Envelope Caught by Corners at Bottom of Old Sack Where It Was Held While Sender Cried Thief.

Peoria, Ill.—Rev. Charles Burdette, brother of "Bob" Burdette, the humorist, has been vindicated after 30 years of any blame in connection with the disappearance of \$5,500 from a registered letter package sent out by the Peoria postoffice of which he was registry clerk.

The \$5,500 disappeared after it was put in 13 registered letters by John Comstock, a wealthy resident. The evidence was all against young Burdette and after the first investigation had been made Comstock demanded that Gen. B. W. Magee, veteran of the Civil war and postmaster at Peoria, immediately discharge the registry clerk.

"Can't do anything for you," said the old general. "I've known Charles since he was able to walk. I know all his folk. They are honest and the boy is honest. They are friends of mine and I won't discharge a man unless I know he is innocent." Then Comstock carried the matter to Washington and an inspector came down from Chicago to make a full report.

"Charlie" told him how Comstock appeared at the registry window with the names of 13 men to whom he was sending money and asked that the letters be registered. Comstock had asked him to watch him put the money in the envelopes, which he did.

He also told the inspector he had placed the 13 envelopes in one large one and had put this large envelope at the bottom of a mail sack, in accordance with the custom at that time, with the registry book on top of the registered mail. On top of this he placed the regular mail.

The railway mail clerk, who had sent the registry book back with these

12 letters unrecipited for, was investigated. He said they were not in the mail sack and Burdette said they were.

The inspector made his report and it was unfavorable to Burdette. When the report had been considered at Washington a letter came to General Magee advising him of what the inspector had reported and suggesting that the best thing to do under the circumstances was to discharge young Burdette.

General Magee wrote to Washington: "This boy is all real and I am not going to brand him by discharging him." And Burdette continued as registry clerk.

Burdette was working to get money to study for the ministry and when he was ordained as a minister was assigned as a missionary in Assam, India. In far away India Burdette made good as a missionary and after 30 years' service came back to the United States and accepted a call to an eastern church. He now has a pastorate at Springfield, Mass.

Into the repair shop at San Francisco a few days ago an old battered sack was sent to be patched. It was a veteran and to repair it meant practically to make a new sack.

The first man to inspect the sack decided it needed a new bottom and, with a knife, he ripped the leather bottom off. Then he saw above it a big manila envelope, caught by the corners, which served practically as a false bottom. He opened the envelope and found it to contain the 13 Comstock letters and the missing \$5,500.

The manila envelope was not much different in color from the leather. Sharp eyes had been peering into this mail bag each time it was emptied for 30 years without discovering the treasure. Turning the mail bag upside down and shaking it had no effect on the envelope, for it was held firmly against the leather under which its corners had slipped.

Start of the Ill-Fated Letters.

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