TIMELY REAL ESTATE GOSSIP

C. F. Harrison Reads Report on Taxation Before National Meeting.

PLAN BOULEVARD ABOUT CITY

Omaha and Council Bluffs Are to Be Encompassed by Boulevards Now Being Planned by Park Commissioners.

One of the interesting and instructive papers read at the convention of the National Association of Real Estate Exchanges at Louisville was that of C. F. Harrison, member of the executive committee and a leading member of the Omaha Real Estate exchange. Mr. Harrison was chairman of the committee on taxation, which drafted the following report read at Louisville by him:

"That the taxing power is of vital importance; that it is necessary to the existence of government, are truths which it cannot be necessary to reaffirm." This statement of Chief Justice Marshall in an early tax case was quoted by Judge Brewer in a late tax decision and expresses a vital truth.

"When I consider the amount of literature published on this subject; the number of experts engaged in trying to solve its difficulties, to say nothing of court decisions, statutes and administrative methods proposed, I realize the difficulty of adding anything of value on the subject.

"This body of men, which probably controls, as agents or owners, the majority of the property which pays two-thirds to three-fourths of all the direct taxes in this country, ought to be interested in this subject. Strange to say, although we claim to be experts and to know something of all the facts relating to our business, as a matter of fact we know very little about this one item of taxation, although it has a very controlling influence on the value of real estate. From reliable sources I learn that from one-sixth to one-twelfth of the gross income of all improved real estate goes for taxes; that is, one to two months' rent is required. The tax item is usually larger than any single item of expense.

Conditions Affecting Business.

"At no time since the foundation of the government has there been so much discussion upon the fundamental things pertaining to organized society. The success in our particular line of business depends not only upon our special knowledge of it, but also upon those more general conditions upon which our business depends. We suffer at times, not because special conditions affecting us are bad, but because general conditions are uncertain. While we are not directly interested in the tariff question, yet the lowering or raising of tariff revenues affects us. The tariff is the source of national revenue, paid indirectly by the people. The shifting of the tariff or the changing of the national revenue system affects conditions in the whole business world. When such changes are made, involving such large matters, all business must be adjusted to the new basis before normal conditions prevail. Our business, while a distinct and segregated one, requiring particular expert knowledge, is not segregated in the sense that it is not affected by the conditions affecting all other business. The national organization is an attempt to raise the real estate business to a national plane, taking it out of its strictly local conditions. This organization should know general conditions. In doing so we cannot ignore the fact that the old order of things, not only in taxation, but in other matters of government, is being questioned as never before in our history. In taxation the old order is passing and a new one being instituted. The general property tax is giving way to scientific methods of taxation. In some states, notably Wisconsin, California and Oregon, new methods have been applied to the new conditions.

Systems of Taxation.

"Ohio, in adopting a new constitution, had an opportunity to change the old order, but I understand not much change was made in taxation. Missouri is passing this fall upon the single tax. Oregon has local option in taxation. Local option, it was contended, was in contravention of the constitution of the United States, which provides that each state shall be guaranteed a republican form of government. The supreme court, however, holds that this provision is not infringed upon by state local option law, but that the question is a political one. A state has power to pass such a law. The people themselves of the state must determine whether it is wise or unwise. In othr states it has been proposed to classify property; that is, to put different rates of taxation upon different kinds. Classification has also been passed upon by the supreme court and declared not to be in contravention of the national constitution, the supreme court saying that the United States does not guarantee to each state equal taxation. It is within the power of a state to determine methods and rates of taxation. These revenue changes in the state governments are not only radical, but fundamental.

"The inheritance tax has now become a fixed tax in many states. The state has power also to levy an income tax, although by a decision of five to four, the United States supreme court held that the national government could not lay such a tax. The states, however, are not restricted in this respect. Wisconsin, as far as I know, is the only state which has an income tax, and it is an experiment. Naturally it will take time to get it adjusted to the taxing system. Personally, I am not prepared to condemn or to commend some revenue proposals such as the single tax. I, however, quite agree with Mr. Frederick, who said, in substance, last year, that whatever opinion one might have of the Henry George theory of the single tax, it certainly was true that there might be an increase in taxes on vacant property and be a somewhat diminished tax upon the improvements placed on the same. In other words, as far as possible, refrain from penalizing the investor who improves his property.

"A word more and I am through.

Must Be Experts.

"Our most important concern, as members of the national association and as individuals, is primarily to become experts in order to render a real service to our clients. Secondarily and reinforcing the first, to know those collateral things of wider range upon which our business indirectly depends. The most important of these larger things are government and taxation

"In my judgment there has been, and is, a wrong conception of these things and this wrong conception has gotten into the very structure of our laws and court decisions. Government has been conceived as something imposed upon us by an outside power, antagonistic to our interests instead of something which we control and have imposed upon ourselves. The very nomeclature of the books conveys a wrong conception of a tax. It defines a tax as a 'burden or charge imposed upon persons and property for the support of government.' It is easy to go from the word impose to imposition. No such meaning ought ever to have been given to taxation. It is not in any sense an imposition except when it is unusual and unfair. It is a necessary thing which every good citizen impliedly agrees to.

"Lastly, in my judgment, the way out of these tax difficulties is not along the way of stringent laws with affidavits attached to returns, ferrets and tax officers prying into private affairs. It is conceded that these methods have absolutely broken down.

Better Valuation Plan.

"The way to tax reform and abundant revenue for all needs of our modern civilized life is along the way of scientific valuation of property and the application of fair and equal tax laws under modern conditions and an appeal to the moral sense of fairness in the American people. In my judgment the first step in the right direction to get better conditions is to abandon the antiquated conception of government and taxation, namely, that they are naturally antagonistic to the individual and his rights, that the one should be opposed and the other escaped if possible, taking the broader and better view, namely, that the government is nothing les than a convenient form for the expression of the people's will and taxation a vital necessity of organized society without which the fabric of government wou - fall. Respectfully submitted,

"C. F. Harrison, Chairman, Omaha.
"C. A. Bingham, Cleveland, O.
"William H. Harwood, Des Moines, Ia.
"Henry C. Boehmer, Cincinnati, O.
"J. A. Stebbins, Fresno, Cal.
"Evan J. Lester, Philadelphia, Pa.
"D. P. Black, Pittsburgh, Pa., committee on taxation."

THE HOME BUILDERS PAGE

Some Pointers on Paint

By Arthur C. Clausen.

ABOUT the first thing in the new home which shows defects is the paint and varnish. Any one of a number of things can be the cause of the paint and varnish troubles. While the failure of paint or varnish to stay on is often laid to the material, it is as often the fault of the man who applies it as it is the fault of the man who manufactures it.

Assuming that the paint is a first-class article, it will in most instances permit of slight adulteration, with pure raw oil, never, however, to exceed one quart to the gallon on dark colors, with a smaller quantity for light colors. This makes it flow a little easier, and paint should always flow easy and be brushed on, for if put on too thick, it will invariably crack and peel off. This is one reason why it is advisable not to put on more than two coats the first year, including the priming coat.

A paint on outside new woodwork has a tendency to shrink, making a cracked surface very similar to the crazed glazieg on an old china plate. Water and dirt get in through these cracks, soaking into the wood, and darkening the color of the paint, and for this reason, the third coat should not be put on until about one year after the completion of the building, so as to fill up these microscopic cracks.

While it is not possible, in public print, to state which manufacturers make poor paint, and which make good paint, the buyer is safe when buying paint that has the contents specified on the label of the can. Several of the better class manufacturers follow this custom for, as they truthfully point out, having nothing to hide, they are glad to let their customers know what the paints contain.

The superiority of one paint over another paint is not because of any secret processes known by one manufacturer, and not known by another, but simply because of the difference in cost, proportion and quality of the raw materials used in mixing.

Paints with a large percentage of zinc in them are better than those containing lead only, in addition to the other ingredients.

Never thin out paint with turpentine. Always use the best quality of linseed oil. Be sure that the priming coat and each succeeding coat is thoroughly dry before applying the next coat. While a good paint appears dry in about two days, a better job results from allowing it to stand for about ten days before applying the next coat. Even good paint, if put on too thick or on wet or damp wood, will peel off.

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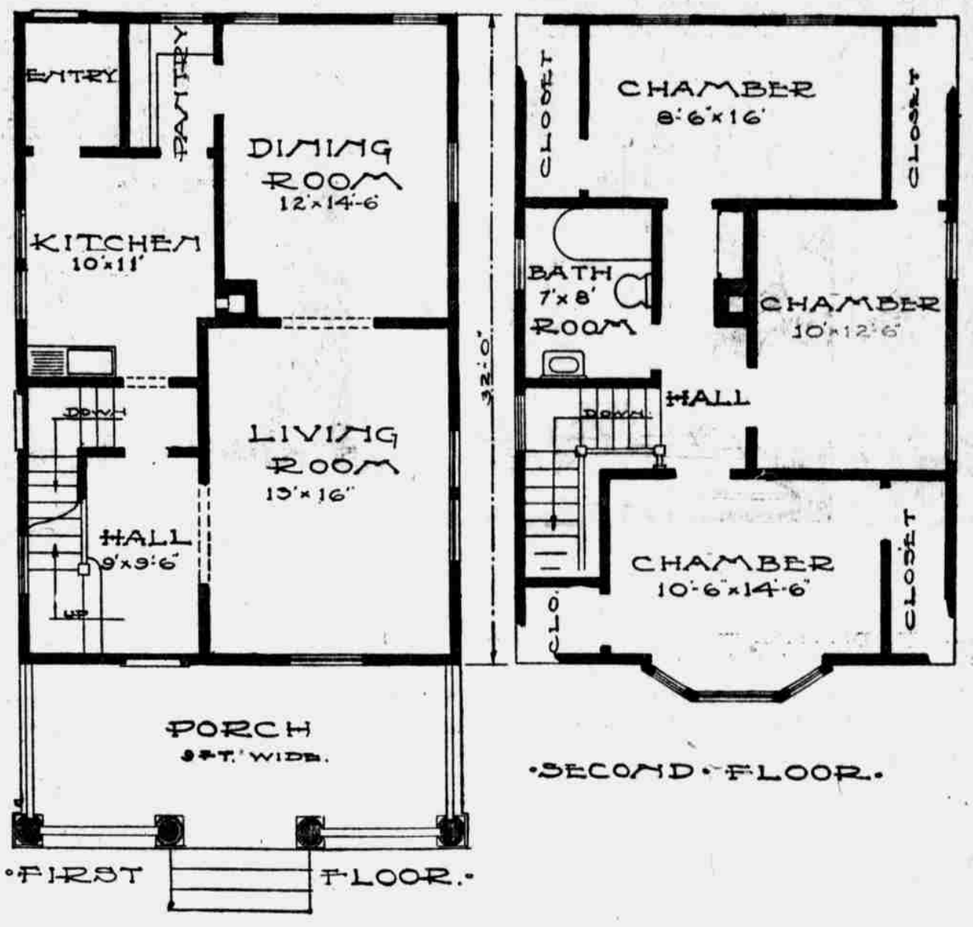

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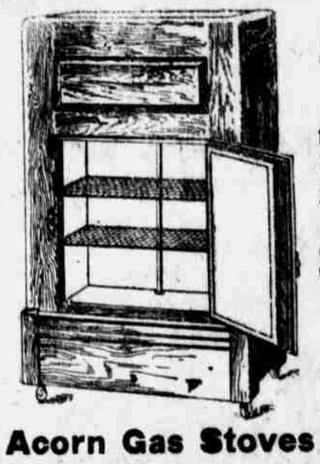

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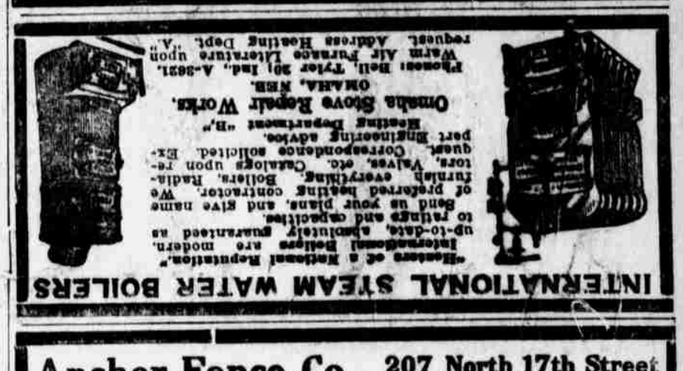

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FINANCIAL STATEMENT OF THE
OMAHA LOAN AND BUILDING ASSOCIATION
JULY 1ST, 1912.

ASSETS

Loans on First Mortgages	$4,632,826.00
Loans on Association Shares of Stock	97,071.05
Interest Due from Members	4,265.56
Real Estate Acquired Through Foreclosure	10,826.88
Foreclosures Pending	3,620.84
Furniture and Fixtures	150.25
Home Building	152,515.20
Contract Sale Douglas Block	31,500.00
Sundry Persons and Accounts	2,190.29
Cash on Hand and in Banks	251,225.04
	$5,186,191.11

LIABILITIES

Running Stock and Dividends	$4,515,271.69
Paid Up Stock and Dividends	365,716.32
Due Sundry Persons on Account Incomplete Loans	165,228.26
Reserve Fund	107,955.05
Undivided Earnings	32,019.79
	$5,186,191.11

Increase of Assets during fiscal year ending July 1st 1912 ..... $793,421.86
Dividends paid to members during year ending July 1st, 1912 ..... $250,140.71
Increases in Reserve Fund and Undivided Earnings ..... $ 21,402.44

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