

Initiative Measure No. 50

BALLOT TITLE

"AN ACT relating to the taxation of real and personal property and limiting the aggregate annual rate of levy thereon for general state, county, municipal and school district purposes to 40 mills."

AN ACT relating to the taxation of real and personal property and limiting the rate of levy thereon by the state, counties, cities, towns and school districts.

Be it enacted by the People of the State of Washington:

SECTION 1. Except as hereinafter provided, the aggregate of all tax levies upon real and personal property by the state, county, school district and city or town, shall not in any year exceed forty mills on the dollar of assessed valuation, which assessed valuation shall be fifty per cent of the true and fair value of any such property in money, and the levy by the state shall not exceed five mills, the levy by any county shall not exceed ten mills, including the levy for the county school fund, the levy by or for any school district shall not exceed ten mills, and the levy by any city or town shall not exceed fifteen mills; *Provided*, That nothing herein shall limit the power of any county to levy taxes, at the rate provided by law, for any taxing district, other than a school district, where such taxing district includes less than the whole county: *Provided further*, That the limitations imposed by this section shall not prevent the levy of additional taxes to pay interest or principal on bonds issued by or

through the agency of the state, or any county, city, town or school district, nor the levy of additional taxes to pay interest on, or toward the reduction at the rate provided by statute, of the principal of county, city, town or school district warrants outstanding at the time of the taking effect of this act: *Provided further*, That any county, school district, city or town shall have the power to levy taxes at a rate in excess of the rate specified in this act, when authorized so to do by the electors of such county, school district, city or town by a three-fifths majority of those voting on the proposition at a special election, to be held on the Tuesday next preceding the first Monday in October of the year in which the levy is made, in the manner provided by law for holding general elections, which special election may be called by the board of county commissioners, board of school directors, or council or other governing body of any city or town, by giving notice thereof for two successive weeks by publication and posting in the manner provided by law for giving notices of general elections, at which special election the proposition of authorizing such excess levy shall be submitted in such form as to enable the voters favoring the proposition to vote "Yes" and those opposed thereto to vote "No."

STATE OF WASHINGTON—ss.

Filed in the office of the Secretary of State February 21, 1924.

J. GRANT HINKLE, *Secretary of State.*

ARGUMENT FOR INITIATIVE No. 50
LIMITS PROPERTY TAX TO 40 MILLS ON 50% OF THE CASH VALUE
WILL REDUCE TAXES—FORCES SPREADING OF TAX LOAD—
ONLY TAX REDUCTION MEASURE OFFERED.

A just distribution of the tax burden in this state will relieve the owner of a farm or home from paying more than his fair share of the cost of schools, state, county and city government and require those now escaping taxation to pay their proportionate share.

Backward in Tax Reform

Washington has not changed its tax laws to meet modern conditions but operates today under the same tax system adopted when it became a territory in 1853. Real property then constituted the principal asset; it is now less than half the total wealth of the state, and other forms of wealth greatly multiplied remain untaxed.

An Emergency Exists

The general tax rate has increased at an alarming rate and is sure to go higher and higher unless checked, stopping all land development.

Real property also bears the sole costs of street improvements in cities and towns, drainage, diking and irrigation, projects in the country.

Taxable Property Diminishes

As our lands become confiscated for non-payment of taxes, and are taken from the tax rolls, which is in process to an alarming extent throughout the state; and the vast acreage of land that is being denuded of its natural wealth—the timber—disappears from the tax rolls, we find our already narrow base diminishing and the load upon the remainder of taxed land more consuming and impossible.

The taxes on many good farms added to other expenses consume more than the gross earnings, leaving nothing for the owners. This condition is the rule rather than the exception.

Taxing System Needs Revision

In 1921 the State Legislature enacted the following:

"Whereas, real property and tangible personal property are now bearing the entire burden of taxation; and, whereas, this class of property cannot be any more burdened without confiscation * * *."

In May, 1924, the Washington Education Association and the Washington State Parent-Teachers Association adopted resolutions, reciting: " * * * We realize the antiquated and inequitable character of the general property tax and the imperative need of tax revision looking toward the relief of real property."

Economy measures have failed because the general public is demanding more and better service.

The home and farm owners have rebelled against the high taxation and joined in many efforts to reduce the taxes through economy, only to see the tax rate mount higher and higher each year. It is therefore evident that the home and farm owner can get relief only by forcing owners of other forms of wealth, who receive equal benefits from government and schools, to bear a fair share of the burden.

65,000 Petitioners Seek Relief

Responsive to the unwritten law of self-preservation, property owners formed an organization to obtain relief. Initiative No. 50, their constructive measure, limiting the tax on land and tangible personal property, was signed by 65,000 citizens. This argument is submitted on their behalf.

Fixed Tax Limit Sound Principle

The burden that anything can bear is limited. Experience proves and experts agree that 40 mills (on 50% valuation) is all land can bear and prosper. Materially more than this defeats its own purpose, depresses values, forces property off the tax rolls, drives industry elsewhere and hinders normal growth and general prosperity.

Not Experiment

Other States Recognize Limitations

Maximum tax rate limits are recognized by law or practice in Massachusetts, New York, Ohio, Oklahoma, California and other states. Ohio fixes the limit at 20 mills (possibly too low) and Oklahoma's constitution fixes the maximum limit at 31½ mills for all purposes. New Mexico has maximum of 5½ mills, Louisiana, 5¼ mills, for all state purposes.

Argument Favoring Initiative Measure No. 50

Initiative No. 50 provides 5 mills maximum for state purposes.

The present tax rates of Seattle, 71.84 mills; Tacoma, 74.97 mills; Olympia, 85 mills and most Washington cities, are more than double that of San Francisco, 34.7 mills, and nearly double that of Los Angeles, 39.60 mills and Portland, 40 mills.

Oregon and California spread the tax load; Washington does not.

Indebtedness Not Repudiated Voters May Increase Rate

While the main provision of Initiative No. 50 limits the tax on real and personal property to 40 mills, it is provided that such limitation shall not prevent the levy of additional taxes to pay interest or principal on outstanding bonds and warrants.

The bill also provides that any county, school district, city or town shall have the power to levy taxes in excess of the limitation, by special election which may be held annually after the boards of equalization have acted and before the final consideration of budgets, which time is months before contracts with teachers and others for the year under consideration are made.

A 3-5 favorable vote of those voting is required, not an unreasonable provision where the district tax limit is entirely removed and where the voting is not limited to direct tax payers.

Washington Schools Generously Supported

The tax payers of this state have been exceedingly generous with our educational institutions. No other function of government receives so large a portion of the tax revenues. Over 40% of every dollar of taxes paid in this state goes for educational support.

The sponsors of Initiative No. 50 are in favor of ample provision for the schools; in fact have seen to it that the schools are well cared for. Initiative No. 50 provides that they must receive at least 25% in the cities and at least 40% in the country, of all taxes and the people may vote any additional tax for schools which they choose in addition to giving the

schools their portion of the county and state levy.

Opposition

The opposition will claim that 40 mills will not raise enough money. If this were true, under the Constitution the Legislature must tax other sources of revenue.

Some now escaping their fair share are naturally opposed because they feel they would be compelled to pay under a 40 mill limitation.

Another group, paying little or nothing, are satisfied, and oppose any change. Those who oppose this measure are either on the receiving end, or fear they will be placed on the paying end.

Taxpayer for Initiative No. 50.

Because Initiative No. 50 means live and let live.

Forty mills is all property can bear.

A 40-mill limit will force efficiency and economy.

A 40-mill limit will encourage ownership of homes and farms.

A 40-mill limit will increase land values, will aid liquidation of land debts, lower interest rates, help those who rent, bring in new capital.

Its passage will bring new industries to this state, and a new statewide development, giving more employment to our people and giving every man and woman a better chance.

Remember to vote for Initiative No. 50. It stands for "50-50."

Justice in taxation, prosperity and progress.

J. W. WHEELER, Ch'm,
PHIL T. BECHER,
Pres. Spokane Real Estate Board.
ALBERT S. GOSS,
Master Washington State Grange.
JOHN F. ADAMS,
Pres. Seattle Real Estate Board.
HON. W. R. MOULTRAY,
Member State Senate.
H. B. CREEL,
Special Rep. Farm Bureau.
W. C. RALEIGH,
Pres. Tacoma Real Estate Board.
For 65,000 PETITIONERS
and 40-MILL TAX LIMIT
STATE COMMITTEE.

STATE OF WASHINGTON—ss.

Filed in the office of Secretary of State, July 17, 1924.

J. GRANT HINKLE, *Secretary of State.*

ARGUMENT AGAINST INITIATIVE No. 50

THE 40 MILL TAX LIMIT BILL

The passage of the 40 mill limit bill, Initiative 50, spells ruin for the common schools of the state as well as for many other absolutely necessary state agencies.

Initiative No. 50 limits the total taxes (now averaging 71 mills) that may be levied on real estate to forty mills. State taxes now twelve to fifteen mills are to be held at five mills. County taxes now eight to thirty mills are limited to ten mills. School district taxes now ranging from nothing to twenty mills have ten mills as their limit. Cities may levy up to fifteen mills. The total reduction in the state's income would be approximately \$30,000,000. No provision is made, however, for raising revenue to make up for any part of this reduction. Consequently the effect upon the common schools, the higher educational institutions, and other governmental agencies of the State would be nothing short of disastrous.

Effect on Common Schools

How would the enactment of this measure affect the common schools of this State? The public schools of Washington are supported by taxation from three sources amounting in all to \$25,000,000, the state supplying \$7,500,000, the counties \$3,750,000, and the school districts, \$13,750,000. State and county support, the life blood of our present school system, have been growing slowly for 30 years, because of the failure of the inequitable district support due to the varying wealth of the districts.

Now, this bill by reducing the total state tax to five mills practically eliminates state support for the common schools; it reduces the county school support in most counties and eliminates it entirely in others. The district support cannot go higher than 10 mills (20 mills by a 3/5 vote of the people). This means that for many districts the only revenue available for school purpose would be about one-fifth of the present state apportionment plus the district levy; we would then be back where we were before 1895 when the famous Barefoot School

Boy Law saved the common schools of the state.

Effect on Institutions of Higher Learning

Our institutions of higher learning are now on a millage basis, the result of long years of study and constructive effort by the best friends of education. These institutions together now require 2 mills state tax. On a pro rata reduction from 12 mills to 5 mills for the state they would receive less than five-sixths of one mill. They could not exist on this.

A Drastic, Revolutionary Measure

This bill is a drastic measure; it is not scientific; its ultimate effects have not been thoroughly studied nor are they clearly understood by its proponents. Its one and only aim and purpose is to relieve real estate. Its one certain effect will be a cut in the total income of the state to a point where governmental activities including the schools will have to be curtailed on an average of 50 per cent.

The proponents of the bill assert that a drastic measure of this kind will force the legislature to provide substitute income from sources of wealth now untaxed, but the sources of this substitute revenue are indeed vague, of uncertain extent, and most strongly entrenched.

Any initiative measure that reduces the revenue of the State of Washington \$30,000,000 must, to merit favorable consideration, provide for revenue substitutes of proved and measured producing power. If direct legislation makes such a cut, direct legislation must provide the substitute revenue.

MRS. VICTOR H. MAHLSTROM,
President, Washington State Parent-Teachers' Association.

A. S. BURROUGHS,
Chairman, Legislative Committee,
Washington Education Association.

MISS CLARA JOHNKE,
President, Washington Education Association.

ELMER L. BRECKNER,
Vice-president, Washington Education Association.

STATE OF WASHINGTON—ss.

Filed in the office of Secretary of State July 28, 1924.

J. GRANT HINKLE, *Secretary of State.*