

THIRD BIENNIAL REPORT
OF THE STATE TAX COMMISSION
FOR THE YRS 1935-36

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Our primary purpose in asking that the appraisal of estates be made by the Tax Commission is that we believe under the present system the appraisements are not uniform throughout the State. The present method of appraisal also accounts for the fact that the cost of administration of the Interitance Tax law is too high. As an exemple, in one of the counties of the State, each of three inheritance tax appraisers was paid the sum of \$225.00 for duties rendered in one month. While this is higher than the average, it is illustrative of the point that the cost of administering this tax is too high. The average monthly sum paid to inheritance tax appraisers throughout the State is \$470.50. The system which we recommended in our second biennial report corresponds to the method used by the Federal Government.

We again make the observation that the law relative to the taxation of transfers of property owned by joint tenants with right of survivorship is in our opinion, inequitable and unjust. We believe that the proper method of taxing such transfers is to tax only that portion contributed by the decedent.

It is our opinion that the exclusion of life insurance in any amount from the gross estate casts an inequitable burden upon persons owning assets other than life insurance. It is our opinion that a definite exemption should be given to life insurance and that all over that exemption should be included in the gross estate of the decedent, and should be subject to tax the same as other transfers of property.

BEER TAX

With the enactment of the Liquor Control Act effective March 25, 1935, and the resulting establishment of the Liquor Control Commission, the licensing of manufacturers, distributors and retailers, of beer, passed to the Liquor Control Commission. Since then the Tax Commission has been primarily concerned with the collection of the excise tax on beer through the medium of tax stamps of designated values, which must be affixed to all containers of beer.

Promptly after the publication of the Act and the printing of stamps, the Tax Commission conducted an investigation to determine that all beer containers were properly stamped and endeavored to instruct the beer dealers concerning the requirements of the Act. The manufacturers and vendors now appear to be thoroughly familiar therewith, and are generally complying with the law.

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Liquor Control Act
Liquor Control Commission
Tax stamps
affixed to all containers of beer

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BE TAX

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During the fiscal year ending June 30, 1935, the beer tax collections approximated \$143,000 (exclusive of license fees) as compared with approximately \$104,000 for the fiscal year ending June 30, 1936. Though the tax collections are reduced, these figures are indicative of increased consumption when consideration is given to the fact that effective with the new Act the tax was reduced.

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The brewery industry is adopting the use of new style containers, in metal and in different shapes and sizes of bottles, making it difficult to securely affix stamps and neck labels as designated in Section 104. It is recommended that Section 104 be amended to permit the use of such tax stamps, either neck labels or body labels, as are adaptable to the type of container used. Because of the difficulty experienced by the brewers in getting stamps to adhere to metal containers, it is recommended that the law be amended to permit the imprinting of the tax on can lids and crowns under the direction of the State Auditor, upon approval and recommendation of the Tax Commission.

PUBLIC UTILITY REGULATION FEE

The Commission is required, under an act passed by the 1935 Legislature, to collect a special fee from public utility corporations. The amount of this fee is to be equal to three-fourths of the amount appropriated for the support and maintenance of the Public Service Commission, which fee for the present biennium amounted to \$75,000 or \$37,500 per year.

Assessment of the fee is based on the gross income derived by the public utility corporations from intrastate business, a levy being fixed to produce the required revenue. The levy applied to such gross income for the year 1934 was \$.00195 and for 1935 \$.00182. A question was presented as to the interpretation of gross income and this Commission, by regulation, provided that the gross income upon which the fee is to be based included only that derived from public utility operations, and non-utility operations were not to be considered. This ruling, we believe, resulted in a fair and equitable distribution of the burden of the fee. No serious collection difficulties have been experienced.

The following table shows the fees assessed as based on the gross income for the calendar years 1934 and 1935: