OFFERS SOLUTION OF TAX PROBLEMS

State Commission Recommends Two Amendments to Constitution.

PROVIDE CLASS TAXATION

People and Legislature Given Power to Provide Exemption Law Like One Recently Invalidated by Supreme Court Decision,

Anticipating the Supreme Court knockout to the \$330 household exknockout to the \$350 household exemption law, the Oregon Tax Commission in its report recommended two constitutional amendments, which would make such an exemption valid, and also give the legislative power to the people and the Legislature of taxing all property in classes, as in Michigan, Minnesota and Colorado, and as in modified form in New York, Massachusetts and Pennsylvania, thus enabling, as the Commission explains, a more facile solution of tax difficulties more facile solution of tax difficulties than is possible under the present ri-gidity of the constitution and a more equitable placing of tax burdens, without the double taxation that otherwise would make such attempts unconstitu-

In Oregon the separation of property for taxation into classes has been at-tempted for the purpose of raising rev-enue for state purposes, as distin-guished from local. This has produced the franchise or privilege tax on cor-porations, fees of state officers, inheritance tax and the gross-earnings tax, which, however, are not regarded by the constitution as taxes on property. but on privilege; otherwise they would

not hold.

"However," says the Commission,
"this principle has been extended almost as far as now seems possible, inasmuch as under our present constitutional provisions, such taxes ordinarily
designated as specific taxes must be
entirely supplemental to the general
property tax contemplated by the constitution. Unless our constitutional
provisions be made more elastic, it is
difficult to see how this principle can
be further extended."

Constitution Limits Taxation.

Taxation in Oregon is limited by two constitutional provisions. These pro-visions, with the amendments proposed by the Commission, are as follows, the

by the Commission, are as follows, the amendments being in bold type:

Article I, Sec. 32—No tax or duty shall be imposed without the consent of the people or their representatives in the Legislative Assembly; and all such taxes shall be equal and uniform UPON THE SAME CLASS OF SUBJECTS WITHIN THE TERBATORIAL LIMITS OF THE AUTHORITY LEVYING THE TAXES.

Article IX, Sec. 1.—TAXES SHALL BE LEVIED UPON SUCH PROPERTY AS SHALL BE PRESCRIBED BY LAW. The Legislative Assembly shall provide by law for uniform and equal rate of assessment and taxation, UPON THE SEVERAL CLASSES OF SUBJECTS OF TAXATION, WITHIN THE TERRITORIAL LIMITS OF THE AUTHORITY LEVYING THE TAXES; and shall prescribe such regulations as shall secure a fust valuation of all secure as fust valuation of all secure a fust valuation of all secure as fust valuation of all sec and shall prescribe such regulations as shall secure a just valuation for taxation of all property TAXED, EXCEPT PROPERTY SPECIFICALLY TAXED.

"The amendments recommended." says the Commission, "are based partly upon a consideration of somewhat similar pro-visions in the States of Michigan, Minnecola and Colorado. The constitutional changes suggested by the Commission are calculated to extend further than a mere giving to the law-making power a choice in the methods of taxation, for they place in the hands of the law-making power a discrimination as to exemption, and this is highly necessary in order to avoid the problems of double taxation. avoid the problems of double taxation, equality thereby better conforming to the tax-paying capacity of corpor-ations and individuals."

Hinders Equitable Taxation.

This difficulty of "double taxation" and equality is a great obstacle to the work equitable distribution of tax burdens in Oregon, among the several classes of property, under the existing systems of general property tax. Were it possible to classify the various kinds of taxable property and levy on each class a tax in conformity with modern conditions and with due allowance for such exemptions as would avoid double taxation, the tax problems with which the state is now wreating and the restrictions which now bind the taxing power in making equitable distribution of tax burdens would be largely removed, and the householder ex-emption could stand; furthermore the bickerings between counties over their relative apportionments of state taxes would cease and the difficulties as to personal property taxation would largely

Under the present rigid provisions of the constitution all property must be bunched together for "uniform and equal rate of assessment and taxation. order to get around this requirement and still keep within constitutional bounds the Legislature has had to make other taxes under the guise of franchise and license taxes, as distinguished from prop-erty taxes and this same thing was done by the people under the initiative in the last June election, when they imposed a gross earnings tax on express compa-nies, telephone, telegraph, sleeping car

Household Exemptions.

Speking of the household exemption, Speking of the household exemption, the Commission sid:

The constitutional provisions of this state have been found in the past to be unnecessarily rigid. Apparently by tacit consent they have been waived in certain instances; for example, for many years exemptions have been allowed, not permitted by the constitution, of one class of property or another, such as exemptions to householders and of the personal property of persons who by reason of infirmity, age or poverty may in the cplnion of the assessor be unable to contribute toward the public charges. By custom, perhaps by necessity, several classes of property have been omitted from assessment for taxation, although the plain consifiutional mandats is that the Legislative Assembly shall prescribe for a just valuation for taxation of all property. It may be that under our present constitution no such exemption seems to be contemplated, but its justness is now generally recognized as a certain amount of property is necessary for the bare support and existence of a family before it can be said to have any taxable capacity.

In Oregon two main forms of tax have

In Oregon two main forms of tax have been employed, defined by the Commis-sion as follows: First, the "general property tax"—levied on all the taxable wealth of the state, for state, county, city and school purposes; and second the "specific tax"—levied on franchises, inheritances, insurance premiums and such like. In other states where the classifi-cation system is possible, a so-called "property tax" may be levied on a particular class of property, such as fran-chises and other intangible assets of cor-porations, while in Oregon, on the other hand taxes must be levied on all kinds of property in the same manner and at the

There remains a possibility." continue the report. "that the specific tax provided for by law may be sufficient to de the report. "that the specific tax pro-vided for by law may be sufficient to de-fray the entire expenses of the state; First and Alder streets." Take Sell-wood or Oregon City car, starting from

this we doubt. In that event the property tax would be needed only for county and municipal purposes. Your Commission has drafted the following amendments to the constitutional provisions quoted (given above), which it believes are sufficiently elastic to permit the selection of the chasses of taxable property by the Legislature, the assignment of one class of property for either the application of the property tax or the specific tax, beyond the privilege tax, and yet will maintain the present requirements of uniformity and equality within each class likelf.

"The beneficial results of such consti-

The beneficial results of such consti-"The beneficial results of such consti-tutional enactments would be that the state could utilize either the general property tax or the property tax, where such methods of taxation seem desirable and specific taxation, where such a meth-od would seem desirable, under classifica-tion, and each system of taxation would be co-ordinate to the other."

Much Property Escapes.

Speaking further of the general property tax which has been mostly employed in oregon for revenue, and which the Con stitution contemplates as the sole source of revenue, the Commission contines: The investigations of this Commission have led it to believe that under the present method of assessments a large amount of property exapes assessment for taxation. It has been the uniform history of the general property tax that the tangible property, that which is most eas-ily found and ascertained by the Assessor, that which cannot be removed or secreted and particularly real estate, and which has an actual visible existence, bears the brunt of taxation. For instance, in Oregon in 1906, real property (not including railroads) bore 74.84 per cent of the total property taxes of the state.

"The investigation of reports of tax

"The investigation of reports of tax ommissions of other states clearly shows that the general property tax results in the placing of the burdens of taxation on real property and that is true in this case. Under its operation the tax falls largely upon visible personal property and that, too, in the hands of those that pay the tax on real property.

"Reformers in taxation have concerned thomselves either with a remedy without departing from the general property tax itself, or by completely discarding the itself, or by completely discarding the general property tax and substituting in its place other methods of taxation. Where the general property tax has been retained it has been sought to reach personal property by an exhaustive listing system, whereby the taxpayer is compelled practically to assess himself by furnishing a detailed list of all species of personal property owned by him. (At the present time this system is supposed to be in force in Oregon, but it is not as theroughly carried out as in other states where it is the rule.) This system in practice has not been effective. It results in evasion and deception; it is not calculated to reach intangible personal property.

Attraction of these interesting but not convincing explanations for about an hour and then, upon adjournment, informed the fender men that before they would make any selection there would have to be practical tests. This was satisfactory to most of those who had something to sell, and the next time the committee listened to these interesting but not convincing explanations for about an hour and then, upon adjournment, informed the fender men that before they would make any selection there would have to be practical tests. This was satisfactory to most of those who had something to sell, and the next time the committee. nal property. "The Commission is impressed with

the fact that the proper remedy for the defects of the personal-property tax as now administered, is by reform in the taxation of corporations. By amending the Constitution of the state in accordance with the suggestion to the Commission an effective law could be enacted. A law of this kind should be in the nature of an ad valorem tax. Professor Seligman, in his discussion of taxation of corporations. (Essays on Taxation.)

There were all kinds of fenders offered. First-Corporations should be taxed separately and on different principles from in-dividuals.

Taxation of Corporation.

Eacond—Corporations should be taxed locally on their real estate only.

Third—Corporations should be taxed for state purposes on their capital and loans. (This commission suggests rather than a tax on capitalized carnings at the average rate of taxation for all purposes for the year before the employ, real estate to be deducted to avoid double taxation.)

Fourth—Only so much of total carnings or capital should be taxed, as it actually received or employed within the state. In the case of transportation companies a convenient and fairly accurate test is mileage.

Fifth—Where capital and loans are taxed the residence of the shareholder or bondholder abould be immaterial.

Sixth—There should be no distinction between domestic and foreign corporations. Each should be taxed for its business done or capital employed within the state.

Seventh—If corporations are taxed on their property, their property beyond the state should be exempt.

Eighth—If corporations are taxed on their capital stock, they should not be taxed again on their property.

Ninth—Where the corporate stock or prop-

capital stock, they should not be taxed again on their property.

Ninth—Where the corporate stock or property is taxed, the shareholder should be exampt. If corporate loans are taxed the bond-helder should be exempt. (Constitutional limitations prohibit this in Oregon.)

Tenth—Where the corporation of the shareholder or bondholder are residents of different states, the tax should be divided between the states by interstate agreement. (Not feasible.)

Eleventh—An additional tax should be

Eleventh—An additional tax should be isvied on corporations which through natural, legal or economic forces become monopolistic enterprises.

Would Reach Intangible Property.

"Not only would such a system have the result of reaching intangible personal property, but it would also sep-arate state from local revenue upon an ad valorem basis, as distinguished from ad valorem basis, as distinguished from specific taxation other than privileged taxes, and would confine the taxation of the real property of corporations to local purposes. The property tax would be made a supplemental state tax until such a time as this plan, taken together with privileged taxes and inheritance tax, would raise sufficient revenue for state purposes. In that event, the property tax for state purposes should be abolished, the real estate tax be confined to defraying local expenses and the personal property tax upon individuals discarded, or made supplemental to the real estate made supplemental to the real estate

tax for local purposes.
"To accomplish these reforms in the tax system of Oregon the Commission points out that it will be necessary for the people to adopt the constitu-tional amendments recommended, thereby enabling the classification of property and the avoidance of double taxation, which would be impossible unless classification be permitted.

FOR SUBURBAN FIRE FUND

Money Being Raised for Fire Protection at Arleta.

The Volunteer Fire Company at Arleta, on the Mount Scott line, gave a suc-cessful open-air social Wednesday night at Kern Park to help raise money with which to purchase fire apparatus for that section. Citizens generally turned out and a considerable sum was raised. It is desired to get a chemical engine, if the money can be secured to pay for it. The water supply is not sufficient to justify the placing of hydrants, and hence it is judged that some sort of chemical engine, or a lot of fire extinguishers can be used to advantage in that neighborhood. Nine residences have that neighborhood. Nine residences have been destroyed within the past three months , and it is recognized that the neighborhood must have some fire pro-

Lumber Company Incorporates.

Articles of incorporation of the Hills-Articles of incorporation of the Hills-boro Lumber Company were filed in the County Clerk's office yesterday by E. M. Ward, J. C. Hare and George A. Morgan; capital stock, \$18,000. The in-tention of the company is to buy and sell timber and timber lands and man-ufacture lumber.

Milwaukle Country Club.

Council Committee Wrestles With Inventors and Their Devices for Protection.

MANY ARE IMPRACTICABLE

Vice-President Fuller Declares Hi Company Is Anxious to Solve the Problem, No Matter What the Cost.

Hundreds of fenders for street-cars have een patented but the special comm appointed by the Council is unable to select even one that will fill the needs of Portland. Nor has the Portland Railway Company been more successful, and al-though Vice-President and General Man-ager Fuller of the company met with the members of the committee yesterday,

nothing has been done. Inventors and representatives of com-panies presented their patents before the committee yesterday. They explained in detail why their invention was the best upon the market, and how it was utterly impossible for a man, woman or child to be run over provided the cars carried their type of fenders, but could make but little impression upon the members of the

thing, from a cat to a 200-pound man, without even so much as a ruffle of the hair or clothes. But when a drawing of the marvel was exhibited it was seen that the fender projected something like four or five feet ahead of the car. With the long cars and narrow streets such as are in Fortland, cars equipped with such elongated life-savers would sweep so far out from the track when turning curves It should embody most of the pro-visions contained in the conclusion of Professor Seligman, in his discussion clared several of those present

Some were automatic, others worked with a trigger arrangement, and one was fash-loned after a cow-catcher, like that seen upon a railway engine. The inventor of this particular type proudly explained that for himself he would rather be tossed aside by a street-car with a "cow-catch-or" than be ground to donth. There was one type of fender that projected out ahead of the car about three inches above the track. But Manager Fuller explained that such fenders would strike the ground when the cara started to go up steep grades.

"We wish to obtain the most practical and best fender there is, and with us it is not a question of expense," and Manager Fuller. "There is no fender to my knowledge that will prevent accidents. There are some that will catch persons

when they are in an upright position, but fall to do the work when there is a man or woman or child lying upon the track."
"I have a fender here that will do all that," spoke up one of the inventors. Cost Is No Object to Company.

"If you have, all the street-car companies in the country will be hot after you." replied Manager Fuller. "I know of companies that employ master mechanics to do nothing else but experiment with fenders. A fender that will work fairly well on level streets, because it can be placed close to the track, will not do so well where there are grades which necessitate its being much higher up. If you can show us one that will fill all requirements we would take extreme pleasure in placing them upon our cars, as one accident might cost us more than a whole outfit of fenders."

committee and submitted samples were M. L. Keisur, of Baker County; B. L. Bennett, H. C. Gordon and W. R. Mc-Garry, of Portland. Mr. McGarry repre-sented an outside company, and the oth-ers were boosting inventious of their own.

Library Cat Mourns Loss of Family

Grief-Stricken Portin Temporarily Censes War on Mice-When Resumed, Has Strange Experience.

HERE was great joy in the house hold of the Portland Library when "Portia," the all-wise library cat, pre-sented four fine kfftens as her donation to the circulating department, and the new arrivals were promptly cata-logued. But all that joy has turned to grief now, for the offspring of the all-wise Portia succumbed to the heat, and have all passed on to cat heaven. Portia was inconsolable and mourned the loss of her family for several days, refusing all overtures from admiring visitors and the faithful staff members who have catered to her every whim since she came to live in the library as a kitten herself.

a kitten herself.

Even the mice noticed that Portia was dull and inert, and they became unduly brave. As the hereaved mother sat in the basement the other day, thinking what bright cats those kittens would have become had they grown to cathood, a rodent whisked over a pile of books almost in front of her nose. Instinct proved stronger than grief in this case, and immediatethan grief in this case, and immediately Portia was plunging through space after Mister Mouse. But the best-laid plans of mice—and cats—"gang aft agice," and in the fraction of a second Portia collided with a large bottle of disinfectant.

disinfectant.

She is chemically pure now, but the consensus of opinion is that bleached hair is not becoming to her, and the library staff is holding its breath for fear the Humane Society may become inquisitive and want to know the whyness and the wherefore of the several bare spots on Portia's formerly gray coat.

CONCERT TONIGHT

Programme Will Be Rendered in Chapman Square.

The Park Band will render the following programme at Chapman Square, opposite the Courthouse, tonight at 8 o'clock: March, "Buffalo News". Lamps Waltz, "Tales of Vienna Woods". Strauss Overture, 'Bohemian Girl". Balfo Caprice, "Just a Little Gossip' (new). Rollinson Medley of popular songs, "The Star" (naw). O'Hare

Intermissis Intermission.

Descriptive piece, "A Hunting Scene" (Request). Bucalossi Intermezzo. "Dew Drops" (new) Armstrong Scenes from "The Serenade". Herbert Danse un Reve, "Love's Dream After the Ball'. Cabulka Giblin Two-step, "Chicken Chowder." Giblin

THE HOP TRADE

Big London Firm of Wiggins, Richardson & Co. Will Come to Oregon.

WILL BUY FROM GROWERS

Middlemen and Their Commissions Will Be Cut Out-Largest Merchants in Hop Trade Retaliate Against Horst.

The largest hop firm in the world is coming to Oregon to buy hops direct from the growers. It is proposed to eliminate the commission of several sets of middlemen, which will mean an immense saving of money to the buyers. In the nature of men, which will mean an immense saving of money to the buyers. In the nature of things the Oregon hopgrowers will profit by this arrangement, for they will undoubtedly get better prices for their hops. The firm that is thus going to revolutionize the hop trade of this section is Wiggins, Richardson & Co., of London. The Pacific Coast representative of the firm will be John Carmichael, naw in the hop business at Salem. The principal office on the Coast will be at Salem, in the heart of the Oregon hop belt. Branches will be maintained in Washington and in California, and the men who will have charge of the firm's buying in those states, under Mr. Carmichael, have already been engaged.

A representative of Wiggins, Richardson & Co. Is now on his way from London to confer with Mr. Carmichael and set the new scheme in operation. The plans have already been perfected, and it is said that all that remains to be done is the signing of the papers that will delegate to Mr. Carmichael the necessary authority to buy up a large portion of the Oregon cron.

to buy up a large portion of the Oregon

Profits of Middlemen Cut Out.

This deal will to a considerable extent revolutionize the hop business, as it is conducted on the Pacific Coast, as it will mean a departure from the old method of buying through two or three middlemen and consequently paying two or three commissions before the hops reach the consumer. It is well known that English buyers dislike to depart from the old-established methods of protecting the hop ablished methods of protecting the hop actors, who make certain fixed commis-sions, but the modern method of doing pusiness has been introduced in England

business has been introduced in England by American merchants, and the former must adapt themselves to the changed conditions or go out of business. It may be a surprise to hopgrowers to know the enormous amount they are pay-ing to have their product marketed in foreign countries. The firm of Wiggins, Richardson & Co., for example, has a fac-tor in London who probably receives one cent per pound commission on all his transactions. Another firm in New York receives one cent, and a third firm on this reassections. Another firm in New York receives one cent, and a third firm on this Cosst from one-half to two-thirds of a cent a pound. By coming here to the center of production and operating through its own representative, which the company can afford to pay a big salary, the London traders will save themselves thousands of follars every assets and at the sands of dollars every season and at the same time, to get hope of the choicest quality, pay the Owegon growers more on the open market than they were ever paid

FALL ARRIVALS

BIGELOW RUGS

We have just received a shipment of Bigelow Rugs in various grades and sizes, including

> 9x12 Bagdad Wiltons and Wellington Wiltons 8.3x10.6 Arlington Axminsters And Small Rugs in All Grades

The Bigelow name is the highest guarantee of artistic and material excellence. The new designs and colorings are especially handsome and harmonious.

Exclusive Carpet House 86-88 THIRD STREET

Exclusive Carpet House

PHIL METSCHAN, President and Manager.



European Plan - - - - - - - \$1.00, \$1.50, \$2.00 per Day.

year. They are clearly the largest hop merchants in the world. This firm has purchased in the past five or six seasons, through agents on the Pacific Coast, from 20,000 to 30,000 bales of hops annually. That 20,000 to 20,000 bales of hops annually. That amount of business was done through factors in London and New York and subagents on this Coast. George Bird & Co., of London, the purchasing agents of the big house, had as their sub-agents in Oregon Faber & Neis and Krebs Bros., of Salem; Ed C. Herren, of Aurora; E. C. Kirkpatrick and Ralph Williams, of Dallas, and T. A. Riggs, of Monmouth. Simmons & Sons, of New York City, who have been represented by John Carmichael in this state for years, also purchased for Wiggins, Richardson & Co.

Hop Trust in England.

The importance of this change in the hop business of the Coast and the conditions that brought it about can be better appreciated when it is known that the English hop trade is practically in the hands of a hop trust, which exists, however without a written agreement or comhands of a nop trust, which exists, how-ever, without a written agreement or com-bination, so far as any one knows. Some years ago, so the story is told by hopmen, Straus & Co., a well-known Lon-don firm, attempted to break into the trade of Wiggins, Richardson & Co. by selling hops directly to Bass and the other The magnitude of the business conducted by Wiggins, Richardson & Co. by selling hops directly to Bass and the other realized when it is known that this firm great brewers there. They purchased the

most famous hop crops in the world, which had been used by the Bass brow-Wiggins, Richardson & Co. Mr. Straus thought by buying this most excellent growth and handling it even without profit he could open up connections with the big brewers, whose requirements are probably 20,600 bales of hops each year.

As the story goes, Mr. Straus went to Bass' purchasing agent and offered this particular crop of hops. He was told that it was the custom of the brewery to always buy its supplies from the same merchant and the traditions of the brewery could not be altered. In the end Mr. Straus was compelled to dispose of his famous hops at a loss to Wiggins, Richardson & Co., which in turn resold them to the Bass people at a handsome profit. to the Bass people at a handsome profit.

This merely goes to show how the Pinglish trade is held down by its ancient customs. It is a difficult matter for an outsider to break in, and when an American sider to break in, and when an American tries to invade that field he is not cerfain of smooth sailing. This the E. Clemens Horst Company, of California, has found out. Mr. Horst, who is the leading hop merchant in this country, and said to be backed by the unlimited capital of the Armours, went over to London a few years ago and succeeded in establishing connections with some of the heavy consumers of hops there. His intrusion was resented by the great English merchants. resented by the great English merchants. various steps have been taken to art his purposes. The coming of Wiggins, Richardson & Co. to Oregon is one of these.

Hops Firm at 16 Cents.

SALEM, Or., Aug. 2.-(Special.)-The local hop market seems to be strong at is cents, but there is no confirmation of re-ports of offers above that. Lachmund & Co. bought 300 bales today at 16 cents. McKinley Mitchell bought two crops af Mount Angel, and Pincus of Tacoma bought 500 bales at Reedville, Washingbought so bales at Receiving, washing-ton County, all at 15 cents. Buyers re-port that growers are firm holders, as a rule, and that contracts are hard to get. Selling would in all probability be more active if the price should drop back a cent or two and give the growers a scare,

STRIKES WIFE'S ESCORT

Captain Jack Reid Objects to Her Walking With Male Companion.

Captain Jack Reid, formerly of the Captain Jack Reid, formerly of the launch Fox, created a scene in the Postoffice yesterday when he as-saulted a stranger who was walking with Mrs. Bertha. B. Reid, Captain

Reid's wife,
Captain Reid is now living at
Washougal, Wash, while his wife remains in Portland, living at Eleventh
and Washington streets. She attends a local business college. Relations be-tween the two have been strained for some time and Captain Reid gave his wife notice recently that if he saw her on the street with a man he would whip him.

Upon arriving from Washougal yes-terday, Mr. Reid ran across his wife with a male companion and he fol-lowed the couple to the Postoffice, where the interloper was put down and out by a blow from Captain Reid's

GET IN THE SWIM.

The A. & C. R. R. sells \$2.50 excursion round-trip tickets to Seaside, good going Saturday morning, afternoon, evening and Sunday morning, returning Sunday even-Spend a delightful two-day vacation at Seaside. Ample accommodations at reasonable rates for all. Tickets at 248 Alder street and the Union Depot.

THE BIG 5.

Bargains at Le Palais Royal today: No. 1, \$1.50 shirtwaists at 69c; No. 2, \$3 waists at \$1.39; No. 3, \$7.50 dress skirts at \$3.95; No. 4, \$5 skirts, \$2.05; No. 5, \$4 misses' skirts at \$1.95.

Rates for Klamath Excursion.

The Southern Pacific has made a more favorable rate for the Klamath excursion of business men than was formerly an-nounced. Fare for the round trip will be \$18.70, with \$2.50 additional each way for Pullman accommodations. Already many Portland business men have signed up for the jaunt, and many more are expected to join the party. The excursion will leave Portland Friday, August 10, and tickets will be good for 15 days. An issue of 1000 vest-pocket itineraries of the trip are being printed by the Southern Pacific and will be ready for distribution in a

Rich red blood naturally results from taking Hood's Sarsaparilla. It tones the whole system.



SAN FRANCISCO AS IT LOOKS TODAY