

Sales Tax Bill for Schools Passes House by 39-21 Vote

THREE MILLION REVENUE EYED

Marion Delegation Opposes Measure; Education Need Stressed in Debate

The privilege of sales tax bill, providing for a one and one-half per cent levy on all gross sales of tangible personal property and upon utility service, designed for the relief of the public schools, was passed by the lower house of the legislature Friday by a decisive margin of 39 to 21. If approved by the senate it will be referred to the voters for final decision.

The bill is designed, its sponsors say, to raise between \$2,500,000 and \$3,000,000 annually and to prevent a financial breakdown in the state's elementary school system.

The fight for the sales tax was led by Representative Lonergan of Multnomah county who said the time had arrived when something tangible would have to be done to insure an education for the children of this state.

"The members of this legislature were called to Salem to provide relief for the schools and the unemployed," Lonergan declared. "We already have passed bills for unemployment relief and it is now incumbent upon us to provide funds for the schools. Any person who would throttle the elementary educational system is not true to the fundamental principle of government. Teachers are holding unpaid warrants and many schools will be forced to close if relief is not provided."

Figures submitted by Lonergan showed that there are now 441 school districts in the state whose warrants are delinquent for more than a year.

"The argument that the voters of Oregon previously defeated the sales tax is a myth. The same voters defeated the income tax law on five different occasions but it is now a law."

Lonergan said the tax and revenue committees had searched every source for school revenues and that the bill now before the house was the only one that would provide actual relief.

Representative McCormack reviewed briefly the work of the tax and revenue committee in its efforts to outline a plan for school relief.

The bill was opposed by Representative Hilton on the ground that a sales tax was defeated by a vote of nearly four to one less than a year ago. "There are other methods through which funds for the schools could be raised," Hilton averred. "This tax is a sop, and Governor Meier has demanded its approval regardless of the previous action of the voters. The proponents of this bill are tax-eaters and not taxpayers."

Representative Gordon declared that the argument for diversion of other state funds for school relief were not sound.

A charge that the sales tax bill was tied onto the schools as a means of arousing sympathy was voiced by Representative Abrams. "I am disappointed in our tax and revenue committee," Abrams said. "This bill, if it had been found necessary, should have been reported out a week ago. It is unfair to ask the members of this legislature to pass on such an important measure with such scant consideration. There has been no change of sentiment in Marion county since the sales tax was defeated last July."

The plight of the farmer was stressed by Representative Nichols. He said the sales tax was in the interest of the agricultural group. "If you don't pass this law there are a large number of farmers in Oregon who will lose their property," Nichols continued. "It is certain that the farmers of Oregon cannot pay any more property tax."

Other house members who spoke against the bill were Representatives Beckman, Paulus, Oleen and Cooter.

Speakers for the bill also included Representatives Snider, Clarke, Scott, Winslow and Judd.

The vote follows:
For—Belton, Best, Brockway, Childs, Chrisman, Clarke, Dammasch, Duerst, Gordon, Gouley, Graham, Hall, Herron, Hill, Horan, Huntington, Judd, Keasey, Lonergan, McAlear, McCloskey, McCormack, McPhillips, Miller, Nichols, Oaker, Paget, Price, Scott, Semon, Snider, Stockdale, Taylor, Turner, Walker, Weatherford, Wells, Winslow.

Against—Abrams, Allen, Beckman, Bennett, Cooter, Deitch, Dickson, Eckley, Hilton, Johnson, Lang, Lewis, Lynch, Martin, Oleen, Paulus, Ryan, Snedecor, Staples, Wyers and Snell.

Under the provisions of the bill the tax would be passed onto the consumer and would not affect personal or professional service or wages. The law would expire on July 1, 1936.

Bill to Permit Loans to Cities Loses in House

Representative Hilton's bill authorizing incorporated towns and cities of Oregon to borrow money from various funds went down to defeat in the house Friday afternoon.

The house approved a bill by the insurance committee reducing the bond of real estate brokers from \$2000 to \$1000 a year.

Approval also was given a bill calling a special election at the same time of the primary election at the same time of the primary election next May to vote on all referred measures.



Under the Dome

WHAT does Dr. Knox look like? Who is he? Such questions have arisen under the dome as the party in question was more and more the center of the eddies swirling in the stream of legislative progress. Dr. Knox listened intently at the senate debate Friday morning. He is a man of medium height, about 45 years old, with black hair, iron grey at the temples. A studious, serious appearing fellow, he wears the rimless nose glasses characteristic to a scholar. He is carefully, conservatively groomed. His face is brown. His eyes are penetrating. He has an intensity as a surgeon might follow a lecture on dissection. In his own profession Dr. Knox is respected. His practice is large. An anti-prohibitionist for years, he has nevertheless realized the curse of uncontrolled liquor and has sought to perform a public service in the new control following repeal of the 18th amendment. For a number of years he has been Governor Meier's personal physician, attending him in the illness the governor underwent two years ago.

Early Friday morning the senate gallery was crowded in anticipation of the Knox control debate. Inside the rail were various partisans of the lobby. Attentive sat George Neuner, former United States district attorney, who rushed to Salem Thursday when the Van Winkle opinion came out. Wilbur Henderson, leader of the druggists, a former Multnomah county representative. Mrs. Julius L. Meier left her apartment at the Royal Court to be a careful listener as she sat near Senator Francisco. Standing in the gallery was Arnold Biltz, Portland brewer, more interested in the pending "beer" and wines than in the Knox control measure. Near to Senator Corbett sat Hal M. Moore of The Oregonian, ill these last few weeks and now pale as a bit drawn, with a streak of black mustache standing out as one saw him across the chamber.

Hundreds of letters are already being received at the chief executive's office from jobseekers who want placement with the state liquor control system when that is established. Uniformly the answer sent out states that, if, when and as the commission is set up, the inquirer's letter will be handed that body for consideration. Undoubtedly there will be thousands of requests for jobs, only a small percentage of which can possibly be filled. It is expected that the liquor commission will set up uniform blanks for personnel applications.

Frank Bennett, Tillamook superintendent of schools, has the weightiest problem on school finances he ever experienced. Up to last August, his district had an assessed valuation of 6 1/2 millions and controlled a large tract in the gerrymandered area district which constitutes the Tillamook school district. Tongues of flame during the summer licked up three millions of that valuation. Bennett has cut an additional 25 per cent from his school budget, but even so, a far higher levy for schools this year was necessary. He is hopeful that a greater state base will be provided for the schools. Meanwhile he is happy that a bonded debt of \$217,000 in effect when he took control at Tillamook, has been reduced to \$39,000 and that by next summer this will be \$10,000 less.

The school men, belatedly, were rallying to the sales tax Friday. Some one had sent out the word and the clan was on hand. A comprehensive outline of HB 110 had been laid before each member by E. F. Carleton, executive secretary, Oregon State Teachers association. Noted in the lobby were Rex Putnam, Albany superintendent; Fred Wolf, Salem high school principal; Miss Winifred Graham, red-headed secretary to Mr. Howard. The tax which went through the house 39 to 21 at lunch time Friday now has the support of the Oregon Teachers' association, the League of Oregon cities, the county judges and commissioners' group and the Affiliated Teachers' Council of Portland. If a score or more schoolhouses are closed down by early spring, the argument will

be potent in these powerful organizations, pleading for "our children." The outcome of the present sales tax if voted in May may be different now that it is hooked up to a tangible objective: not the indefinite "relief of real property and the bolstering of state finances."

TAX PENALTY BILL TAKES SIDETRACK

The house, by a vote of 31 to 39, Friday afternoon postponed indefinitely the bill by Herrman, placing a 10 per cent interest charge and penalty of 2 per cent on delinquent taxes and authorizing a rebate of 2 per cent in cases where taxes are paid on or before the due date.

Representative Snedecor declared that this bill was equitable and just and that it would have a tendency to speed up the collection of taxes. Representatives Winslow and Herrman also spoke in favor of the measure.

The bill was opposed by Representatives Nichols, Wyers and Oleen. Nichols alleged that the farmers were not able to pay their taxes under present conditions and that an additional burden was not justified.

SENATE NOTES KNOX PROGRAM

Vote is 28 to 2 on Final Passage; Real Test is On Substitutions

(Continued from page 1)

Liquor business and yet remove the profit motive from liquor, which he averred, had been the curse of the liquor traffic. "My plan would save the state from the menace of powerful political machine built up around the liquor business," he said. "The plan I propose involves less expense, provides more immediate revenue and more numerous outlets which in itself would largely remove the excuse for patronizing the bootlegger," he stated.

Senator Upton talked for one hour and 20 minutes, opposing the Knox plan and asking support for his substitute proposal. He said he did not think the drinking habits of the state could be changed by the plan, holding people wanted hard liquor instead of wines and beers. He declared himself strongly opposed to the state going into business. Upton disapproved at length on the home-rule features of the state constitution, holding the Knox plan unworkable in the face of these.

Upton said 80 per cent of persons starting the grocery business fail. Ninety-nine per cent of these failing men are more capable than the state liquor commission of handling a business, he averred. He held state management would be a great and expensive failure. Upton cited the Klamath Falls "revolt" as indicative of the temper of Oregon cities on the Knox plan. "Dr. Knox, doesn't want a mockery made of his plan," the senator averred. "I am against another commission and a bureaucracy," Upton declared.

Senator Booth followed Upton with a straightforward request for a vote on the original Knox plan, not the amended proposal. "I drink and vote dry," the Lebanon senator said. "I don't like to be carried off on minority reports. I have great respect for the Knox liquor commission, for men like Neuner, Nelson and Lang who worked on it. They approved the plan in the face of home-rule. The latter question is one for court determination in any instance."

Senator Ashby Dickson, chairman of the senate committee on alcohol, liquor control, defended his committee's 77 amendments as needed changes to a bill which came from the house incomplete. He scored Senators Goss and Upton for not submitting their proposals earlier. For the first 10 days of the session, HB 1 was the only bill on liquor control before the assembly. Dickson pointed out. Characterizing himself as a staunch dry, he described the Knox plan as the best substitute proposed for prohibition. "Put the Goss plan and the Upton plan into oblivion," the chairman counseled.

"You can't control liquor but I believe state control is the best method of trying its control proposed," declared Senator Staples in opening his remarks. He said he thought the committee on which he had served had made too many amendments and argued the original Knox bill should be passed. The four lawyers, who

with Staples comprised the senate committee which considered the Knox plan, proved too much for the Multnomah senator, he observed.

A spirited defense of the Knox plan was made by Senator James Haskell of Hood River. "Ninety per cent of my people want the Knox plan," the senator said. Quoting the Rockefeller report, he declared any plan adopted without widespread public approval would fail. He held the Knox plan had this support.

"There is no solution to the liquor problem as long as mankind remains as it is," the senator commented. "It is best that we choose the system which permits liquor to do the least harm."

Senator Allan Byron opened the afternoon debate by exhorting Senator Dickson's attack on Andrew Mellon and other republicans. He declared that the democratic party had created the greatest bureaucracy in history at Washington, and during Mr. Hoover's administration had been a constant source of propaganda against the president whereas republicans now are defending the recovery program.

Control Paramount Says Allan Byron

Byron then outlined the salient features of the Knox, the Goss and the Upton plans. He stressed the fact that the Knox plan would not emphasize and force the sale of liquor and that the state would be in direct control of all liquor. He said the concern of the state was control, not revenue. He said he had learned the state could buy liquor on credit and that one firm was willing to stock the state with 25,000 cases of liquor on credit.

The senator discussed at length the home-rule opinion by Attorney-General Van Winkle. He said he thought additions made to the Knox bill bolstered up its weakness on this point and pointed out that the people might vote out the home rule amendment next May if the supreme court did not strike it out before. Byron said he was against the private profit motive in the liquor traffic. Widespread distribution of liquor by private interests will stimulate sales, he said.

"Has private business so conducted itself in handling liquor in the past that it can be safely entrusted to handle liquor in the future?" queried Senator Harry Corbett. Answering it, he took the negative view, pointing to the political corruption, the excesses of the saloon and unsocial conditions which brought prohibition. The latter, he said, was inevitably followed by the bootlegger and the racketeer and the breakdown of law and order. "I don't believe we can return to the former status," the senator argued. "The saloon must be kept out; so must the bootlegger be banned. We now must try some plan in advance of the two plans we heretofore tried."

Dallas Firemen Get First Call In Two Months

DALLAS, Dec. 8.—After two months of inactivity the Dallas fire department received its first call since the latter part of September last night when a fire was discovered at the Dallas Machine and Locomotive Works. The fire was confined to a box car housing a snow plow being constructed for the Willamette Valley Lumber company. The plow had been in operation during the day and a fire had caught in the timbers under the fire box. Men working on the plow had apparently put the fire out but it broke out again in the oil soaked timbers about 7 o'clock last night. Firemen managed to stop the fire before any serious damage had been done.

"Let anyone go into the business and stopping it is impossible," he declared. "If you give the business to the hotels, you must give it to the druggists. If you give it to the druggists, you must give it to the grocers."

State Handling is Deemed Economical

He contended that state sale of liquor could be handled more economically than any other system.

At 3 p. m. Senator Goss began the closing argument on his motion to refer. "If you have any glimmering hope that we should go back to prohibition, the Knox plan is the last one you should adopt: it stops return to prohibition." Goss also contended that once the state is in the liquor business, the bureaucracy therein established would prevent any inauguration of the sale of liquor by private interests. Goss held newspaper propaganda had pushed all the senators into approval of the Knox plan.

The senator from Coos county contended his plan more effectively took profit from liquor than the Knox plan. "You are simply substituting the state's motive for profit for private profit which I propose to restrict. Any good administrator will seek to make a good profit. Your administrator will quickly hook you up to a big plant," the senator declared.

He held the Knox bill the only bill the newspapers had to feed to the public. There was a lack of time for the legislature to meet the problem of prohibition's repeal which came on space. "The Knox commission itself never saw this bill," held Goss.

"The saloon is dead; playing the saloon is a legitimate pastime for all those who talk on liquor" emphasized the senator. "The tactical situation of the Knox bill has been perfect," said the sen-

ator. "Here in the closing hours of the session we are compelled to swallow this plan without modification."

Senator Upton closed the debate on the minority report. Mrs. Dorothy McCullough Lee opened the debate on the main question. She characterized herself as a dry, anxious under the "new deal" to see the best control of liquor effected that is possible. She indicated her hearty support of the Knox bill as it came from the house. She indicated that there were certain changes in the senate committee's majority report which she would like to have made.

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Eating After Divorce Plea

Disliking the practice of eating food after it had been sampled by the family cat, caused Wilbur L. Moorman to file a multitude of charges in circuit court yesterday in an attempt to obtain a divorce from his wife, Lois L. Moorman. According to the complaint, filed by the law firm of Carson and Carson, for the plaintiff, the defendant allowed the family cat to sample food which was being prepared for the table. The affected area would be cut away and the balance of the food served, the pleadings read.

"Many times the defendant left the remainder of the food and soiled dishes from one meal for consumption and use (except for broods thereon and some cleaning thereof made and effected by said cat) at the following meal," the complaint charges.

In addition to his dislike of eating at the "second table" after the cat, the plaintiff charges his wife with entertaining men friends during his absence, intoxication and laziness. He asks custody of the three children.

The Moormans were married in Salem in 1922. A second divorce action, instituted yesterday by Leona E. Ostrander charges her husband, Clarence A. Ostrander, deserted in 1928, one year after their marriage. A daughter was born shortly after the alleged desertion.

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