

TIMBERMEN DO NOT PAY TAX

(Continued from Page One)

speculating on the result of the failure of timbermen to pay taxes and on the outcome of the reported lawsuit. Many seemed to think that maintenance and operation of public works would be seriously retarded and curtailed as the result of the timbermen's action.

The present crisis is the climax of a dispute between the county court and timber interests revolving around the re-cruise of Klamath timber, a project which was instituted four years ago during the tenure of R. H. Russell, as county judge, and continued during the administration of County Judge P. H. Goddard.

Timber Cruise Seen
Timber interests at various times have appeared before the board of equalization, or before the county court to protest methods, prices and results of the timber cruise. They claimed that the re-cruise in many instances was grossly in error, that they should not be taxed for milled woods, that beetle killed trees should not be taxed, and that the price charged by the firm of Ed-

gar and Cullison which has held all contracts up until this last one, was exorbitant.

The re-cruise did show a huge gain in stumpage and this fact, coupled with advance in taxation caused by railroads being built into timber brought a marked gain in timber taxation.

Timbermen appeared before the board of equalization last fall and through their attorneys they informed that body that they would refuse to pay their taxes and would bring suit against the county if their taxes were not reduced 25 per cent.

The timbermen did not lay any evidence before the board to support their claims. They simply issued a direct statement of their intentions.

Decrease Was Denied
The board after several days decided unanimously to deny the petition for a 25 per cent decrease.

Contrary to the expectations of some officials, the timbermen did not follow the accustomed procedure of appealing from the board of equalization to the circuit court. Nothing has been done since last fall towards instituting a suit or in appealing from the board's decision.

Recently, however, it became known that the timber interests had decided not to pay their taxes for the time being at least; that they would attack the county budget by a suit filed in federal court, and that, in short,

A Reel Romance? Well, Rather!



Here's the latest and best photo of Lila Lee and her Gary Cooper, cinema stars, who are expected to announce a wedding date soon. Lila says she loves Gary more than ever and Gary's happy look speaks for him.

they would make good their threats made last fall before the board of equalization. No official statement has been issued to date on what grounds the timber interests will sue the county. Unofficially, however, it has been said that the county budget board drew up an illegal budget in that it failed to account for unexpended business and other forms of income. This failure, it is alleged, puts the county budget over the six per cent annual increase limitation and invalidates that document.

Specifically, it is understood, the complaint will allege that the county budget board failed to take into consideration income from delinquent taxes, from Klamath's share of United States forest service receipts, from Oregon and California Grand tax refunds, from the county's share of the state auto tax. Last but not least, the complaint will allege, the county failed to include its unexpended balances on the new budget.

With all of these sources of income placed on the budget, the six per cent limitation will have been exceeded, not only for the past year but for many years preceding, timbermen claim.

Allege Discrimination
A spokesman for timber interests this morning said:

"We feel that we are being discriminated against in this taxation matter, that other classes of properties are being taxed less proportionately. We believe that the cruise is not a reliable one and that according to the contract between the county and the firm of Edgar and Cullison, we have not an adequate recourse. There are just two parties to a re-check—a representative of Edgar and Cullison and a representative of the county court. On our re-check, cruisers of the Weyerhaeuser Timber company and the Sherrill-Hixon company, asked to accompany the re-checking cruisers. They were literally 'frozen out' by the re-checking cruisers. All of this gave timbermen the feeling that there was not a disposition to help settle these matters fairly. We could not see where we could obtain justice in the matter of finding errors when the protesting party was not given a voice in the decision and when there were only two parties to the re-check—a cruiser of the firm of Edgar and Cullison and a cruiser representing the county."

"This proposition will probably end up in the hands of the superior tax commission, a body created at the last session of the state legislature, and that commission may have to come down here and straighten the whole matter out. We do not want it to be understood that timbermen are 'fighting' the county court. We believe however that there are certain discriminations and injustices, that must be settled and we are refusing to pay taxes and going to court to settle them."

"The suit will probably be filed in Portland this week. Just what it alleges, I do not know. The entire matter simmers down to the plain fact that timbermen believe they are carrying an unjust burden of taxes and, being unable to obtain relief from county authorities, are simply going elsewhere to secure it."

Officials In Turmoil
The action of the timbermen and most of the mill men in refusing to pay their taxes has thrown city and county officials into a turmoil.

Taxes from timber resources—timber and mills and not including forest service or reservation timber—aggregates about \$250,000.

If \$250,000 in timber taxes were not paid it would mean that 20 cents of every tax dollar would be withheld and that the county would have to operate on an 80 per cent basis. This would not so seriously affect the city as the county out, nevertheless,

it would materially affect the city. The burden would fall upon the rural districts which receive the major part of their tax income from lumber sources. The county school unit, and high school districts, for instance, would be severely hit.

What would happen if the county budget were overthrown—there appears to be a growing conviction that budget is vulnerable on the grounds alleged—does not appear to be clear to anyone. Many seemed to believe the county court would have to re-vamp the budget and refund taxes to the amount which the budget exceeded the six per cent limitation. This, it was pointed out, would leave preceding budgets vulnerable also.

Attitude of the county officials is one of waiting. They believe the thing to do is to first read the complaint of the threatened suit and then protect the county's interest.

There appeared to be no indication of compromise today and the matter will be threshed out either before the federal court—if that body does not throw out the timbermen's case on the ground of non-jurisdiction as it did in the state bank tax case—or before the tax commission.

Mayor Walters was plainly concerned over the situation.

"I am not sufficiently informed on the issues involved to discuss the merit or demerit of the action of timbermen and mill operators," he said, "but I can see, at a glance, that withholding timber taxes will seriously curtail the maintenance and operation of the city. Unless some compromise is made, it is quite likely that the efficiency of our fire department, police department, street cleaning department, and other phases of city government, will be impaired."

"In other words, these departments will have to be cut down to meet the city's decreased income. Such an eventuality would be regrettable, as we need every patrolman, every fireman and every member of the street cleaning departments."

"However, I think reducing the cost of operation and maintenance is the only sensible method to follow. If it turns out that no adjustment will be made, I am against the policy of issuing city warrants with no funds to meet them. That would simply lead to discounting this paper and the inevitable weakening of city credit."

"As to bond interest, I hope and believe, the city can dip into its bond sinking fund which is in exceptionally healthy condition, and meet those obligations. However, the city can not use these funds for general maintenance and operation."

"City administration hopes that something will be done to straighten out this matter immediately."

County Judge P. H. Goddard said all that could be done at this juncture was to wait and see what kind of a suit will be filed against the county.

"I can say nothing concerning this suit which, I understand, the lumber interests are contemplating filing against the county in federal court, for the simple reason the court has not been advised as to what the complaint alleges," the county judge asserted.

"The only thing we can do is to wait until that time and then turn the matter over to our attorneys. We believe we are in the right."

"Of course nonpayment of timber taxes will mean a serious thing for the county."

PLAID MILLINERY
A sheer plaid straw hat, in gay greens, tans and red, topped a plaid georgette frock in the same design at a recent fashion show and made a tremendous hit. Plaid hats come in felt too.

SINCLAIR HAS VERY EASY JOB

(Continued from Page One)

in the dormitory section. They declared the rich oil man was up "about five" looking over his new surroundings. His breakfast this morning consisted of cereal, ham and eggs and corn muffins, of which Sinclair ate voraciously, and coffee.

After breakfast, Major Wilham L. Peak, warden of the jail, asked the oil man what profession he was fitted for and Sinclair replied that he was a registered druggist and took a five year pharmacy course at the University of Kansas.

"We have never had a pharmacist in here before," Peak said. "And the doctor always has compounded his own prescriptions."

As part of his duties Sinclair will be required to assist in the bandaging of cuts and in the care of other minor injuries.

A jail pharmacist, Major Peak said, Sinclair might be required to sleep part of the time on a cot adjoining the drug room in cases where certain prisoners may be so ill as to require a constant attendant there. Otherwise his sleeping quarters will be in the dormitory which he will share with the sixty out of the jail's 500 prisoners detailed to "white collar" jobs.

Mr. Sinclair lost no time in beginning his duties as pharmacist. He was taken to the prison hospital by Major Peak and introduced to Miss Mary Kathleen Wright, a pretty 24 year old nurse, who is on duty there between 8 a. m. and 4 p. m.

Several prisoners now are ill in the hospital and Miss Wright and Dr. Morris Hyman, the prison physician both seemed pleased to have an assistant. They said the oil man was the first registered pharmacist ever assigned to the hospital and Miss Wright was of the opinion that he would be a "fine" helper with the many duties of the infirmary.

Sinclair received one letter this morning. Major Peak explained that prisoners detailed to office duties might send and receive as many letters as they choose and that their correspondence was not examined.

"It would be like opening one door and locking another," Peak said, adding that all prisoners, trusted with their own records and those of other prisoners, were permitted to correspond freely.

The warden said Sinclair had intimated to him that he might have a statement to make later, but he had insisted "I don't want to be interviewed today." The warden said he would respect Sinclair's wishes in this regard.

The usual visiting day for white prisoners, who number about 200 of the approximately 500 inmates, is Friday, but Sinclair, in common with other dormitory residents, will receive on Sundays. His attorneys will be allowed to call any day.

Already a request to be allowed to visit the millionaire prisoner and bring him "dainties" has been received by the warden. This was made by an unidentified woman who telephoned today saying: "I am a friend of Sinclair's."

"I want to bring him a basket," she said. When the warden explained that this would be impossible she asked to bring books but this suggestion also was denied.

DRIVER LOSES LICENSE; FINED \$100 BY JUDGE

Found guilty of driving an automobile while intoxicated, W. Nesslage was fined \$100 and his drivers license suspended for one year when brought before Police Judge E. S. Ballentine this morning.

Nesslage was arrested at Tenth and Prospect Monday night by city officers.

He paid the fine and was released from the city jail.

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S. O. JOHNSON VISITS BASIN

S. O. Johnson, formerly of Klamath Falls, for many years here at various times. He was connected with the Klamath Development company, is a visitor progress this community is making in Klamath Falls today from the big in all lines.

Mr. Johnson, since his departure several years ago, has visited coal smoke in the United States. The annual damage done by coal smoke is estimated at two billion dollars.

He was pleased to see the wonderful progress.

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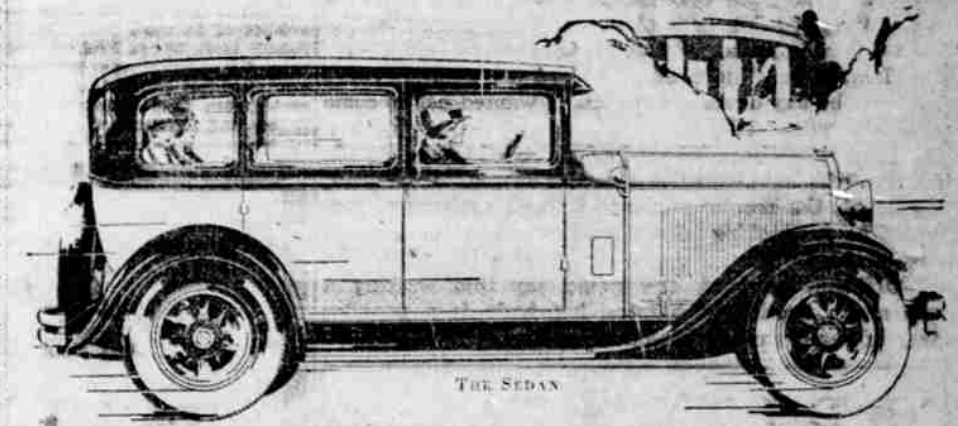
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