

# Fate Of Highway Users Tax In California Up To Knight

By JAMES C. ANDERSON  
United Press Staff Correspondent  
SACRAMENTO (UP)—The fate of a proposed \$38 million increase in highway user taxes rested today with Gov. Goodwin J. Knight. A Senate committee late yesterday refused to approve the flood relief measure until the lawmakers

find out if Knight has relented in his announced stand against any and all tax increases this year. There were some hints from the author of the bill, Sen. Randolph Collier (R-Yreka), that the governor might change his mind and go along with the gas tax increase. On one other hand, a source close to the chief executive's office indicated Knight will stick by his no-tax edict.

The governor may clarify his position at his news conference today. From the statement made by members of the Senate Transportation Committee, it was obvious some relief measure will come out of this session to aid stricken counties whose highways took a beating in last winter's floods. RAINY DAY FUND

The big question was how to finance the proposal. Either it will come out of an increase in highway user taxes or the legislators will tap the so-called rainy day fund, a \$75 million reserve which has been sitting unused in the treasury since it was set up back in World War II.

Sen. Arthur Way (R-Eureka) said he has a bill ready to go which would finance the highway reconstruction program out of rainy day funds. At least one assemblyman is carrying a similar bill around in his pocket, trying to decide whether he should introduce it.

## U.S. Wool Incentive Pay Studied

Despite the efforts to get details of the new wool program to wool growers, reports reaching the Klamath County Agricultural Stabilization and Conservation office indicate that at least a few growers will be disappointed when their wool incentive payment is received. The disappointment will result from failure of growers to realize the often emphasized point that the size of the incentive payment depends on the price received for the wool.

## Church Tells Radio Times

"Revivaltime," the nation-wide broadcast of the Assemblies of God, is aired each Sunday night at 10:30 over KFLW. The Rev. Morse Ward, speaker, presents an up-to-date message of vital interest to everyone.



MAGDALENE at the tomb is a dramatic scene from "Oberammergau and the Passion Play," a full length film in natural color to be shown at the Mills School Auditorium Wednesday, March 21, under the sponsorship of the Klamath Falls Lions Club. There will be a 4 o'clock matinee and an 8 o'clock evening show.

## Depreciation Computations For Income Tax Described

(Editor's Note: One of the most important phases of federal income tax return preparation is the matter of depreciation allowance. The Oregon Association of Public Accountants' tax information committee has prepared the following discussion on one of the methods of computing depreciation. It is presented by the Herald and News as a public service.)

cost each year for the depreciation deduction. The denominator of the fraction is constant, being the sum of the number of years of useful life that the property has at the beginning of each depreciable year. If the property had a useful life of three years, the numerators would be three, two and one for the first, second, and third years. The total of the numerators would be six, which would be the denominator.

Federal income tax savings for 1955 will approximate four million dollars as a result of the larger depreciation deductions permitted by use of the accelerated depreciation methods under the new tax code. Needless to say, Oregon will share heavily in these savings.

2. Thus, the depreciation for the first year, using the classic illustration of a taxpayer who bought a car on January 1 of a calendar year for \$3,000, would be 3/6ths of \$3,000, or \$1,500. The second year's depreciation would be two-sixths of \$3,000, or \$1,000. The third or final year's depreciation would be one-sixth of \$3,000 or \$500.

The accelerated depreciation methods are known as the sum-of-the-digits method and the declining-balance method and can be used only on new tangible property acquired after 1953, or property constructed or reconstructed by the taxpayer to the extent of that portion of the basis attributable to work done after 1953.

It will be noticed that by using the sum-of-the-digits method the automobile had an unrecovered value at the end of the second year of \$500, whereas, if the straight-line method had been used it would have an unrecovered value of \$1,000.

The OAPA's tax information clearing house offers this explanation of the sum-of-the-digits method. 1. The sum-of-the-digits method gives almost as high deductions as the declining-balance method in earlier years and, although deductions diminish each year, it allows a 100 per cent writeoff over the useful life of the asset.

3. The sum-of-the-digits method can also be used where the asset is bought during the year. However, the depreciation for the first year and subsequent years would be allocated according to the number of months the asset was used in the respective calendar years.

## Smith Lawyers Plan Appeal

SAN JOSE, Calif. (UP)—Attorneys for Mrs. Marjorie Evans Smith said yesterday they will appeal a court decision that deprived Mrs. Smith of the custody of her 3-year-old daughter, Susan.

For instance, if the asset was purchased on July 1 in the calendar year and the taxpayer was on the calendar basis, his depreciation in the foregoing example would be one-half of three-sixths of \$3,000 or \$750 for the first calendar year; and one-half of three-sixths of \$3,000 plus one-half of two-sixths of \$3,000 in the second calendar year or \$1,250; and one-half of two-sixths of \$3,000 plus one-half of one-sixth of \$3,000 or \$750 in the third calendar year, and in the fourth calendar year one-half of one-sixth of \$3,000 or the remaining balance of \$250.

Consultation with your local public accountant will provide more detailed information on how this new depreciation system may affect your 1955 federal income tax. A subsequent article will outline the declining-balance method.

The sum-of-the-digits method can be used for any length of useful life of an asset for any number of years, but once this method is adopted, it must be retained for the asset concerned.

TREATY ENDS  
PARIS, (AP)—Reliable sources said Friday France and Tunisia have agreed to wipe out the 75-year-old Treaty of Bardo, which established the French protectorate, and replace it with a joint declaration of Tunisia's independence.

Superior Judge M. G. Del Mulro awarded Susan to an aunt, Mrs. Ellen Hightower of Los Gatos Calif., after a hearing last month. The judge ruled Mrs. Smith was unfit to be a mother because her life showed "a pattern of immorality, insecurity and immaturity."

Mrs. Smith's lawyers, Bruce Spaulding of Portland, Ore., and Hugh Center of San Jose said they will appeal the decision on grounds the Santa Clara County Superior Court lacked jurisdiction in the case.

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2. Thus, the depreciation for the first year, using the classic illustration of a taxpayer who bought a car on January 1 of a calendar year for \$3,000, would be 3/6ths of \$3,000, or \$1,500. The second year's depreciation would be two-sixths of \$3,000, or \$1,000. The third or final year's depreciation would be one-sixth of \$3,000 or \$500.

It is recognized that the 1955 crop, with a few exceptions, has been sold, Burnett announced. But another season is at hand and the new marketing year will begin April 1, he reminded. It is for that reason that the chairman emphasized again "the more you get when you sell your wool, the greater will be your wool payment."

ROSEBURG (AP)—The question of whether fluorides should be added to the water supply here will be put on a special municipal ballot on May 18.

## Roseburg Sets Fluoride Vote

The decision came over the opposition of the Douglas County Medical Society. The president of the society, Dr. H. W. Krings, Roseburg, said the medical group opposes adding the chemical to the water supply because "dental caries is not a public health problem, but one of personal oral hygiene."

VIENNA, Austria, (AP)—Soviet Communist Party chief Khrushchev headed the official mourners at Warsaw funeral services Friday for Polish Communist Party leader Boleslaw Bierut, Radio Warsaw reported.

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Collier's proposal would boost gasoline and diesel fuel taxes by four-tenths of a cent a gallon for the next 18 months; increase registration fees 11 next year and raise truck weight fees 8.5 per cent.

Most of the county money would go to 11 hard-hit Northern California counties, Colusa, Del Norte, Humboldt, Mendocino, Santa Cruz, Siskiyou, Stanislaus, Sutter, Yuba and Trinity. They suffered \$16 million in county highway damage in the floods.

At the committee hearing yesterday, Collier described his proposal as "an honest bill with every attempt being made to replace flood losses and nothing more."

He said the tax increase would automatically expire in Oct. 1957 when the Legislature would not be in session and could not extend the tax indefinitely.

## Woman Shoots Stepdaughter

LAS VEGAS, Nev. (AP)—Sheriff's deputies said a Phoenix, Ariz., woman planned to shoot her divorced husband's new wife but instead critically wounded his daughter by a previous marriage.

Booked for investigation of attempted murder is Mrs. Dorothy Pursley, 44.

The victim, Paula O. Pursley, 26, of Berkeley, Calif., was reported in serious condition with an abdominal wound at Southern Memorial Hospital.

Sheriff's Lt. William O'Reilly gave this account of the shooting Wednesday:

Packing a .32 caliber revolver, Mrs. Pursley came here from Phoenix when she learned her ex-husband, William Pursley, intended to marry Olive Pratt of Seattle. O'Reilly said Mrs. Pursley hoped to stop the marriage, believing it would embarrass Pursley's two children in Phoenix.

Walking into a room at a hotel where her former husband had been married earlier in the day, Mrs. Pursley saw him standing with a woman. O'Reilly said she fired. Pursley's daughter crumpled to the floor. Pursley had just come to the hotel room to visit his daughter.

Realizing her mistake, Mrs. Pursley handed the gun to Pursley, who called police. He is Arizona representative of Brown & Bigelow, an advertising firm.

Water Rights: Sen. Louis G. Sutton (R-Maxwell) introduced a bill setting up a system for determining water rights between areas of origin and deficiency areas which have to import.

Tidelands Royalties: Assemblyman Bruce F. Allen (R-San Jose) failed to win approval of a constitutional amendment which would set aside part of the tidelands oil money to a water resources development fund. He argued his proposal would help activate a pay as you go water program but a lower house committee objected to the language of his bill and ordered him to rewrite it.

Pay Raise: A bill to double legislators' pay from \$500 a month to \$1000 failed to win Assembly committee approval when one legislator said it would be "political suicide" to ask the people to raise the lawmakers' pay that much.

Planning Agency: Ready for final vote in the Assembly was a bill by Bruce F. Allen (R-San Jose) creating a state office of physical planning. Proposals for such an agency have been defeated in the Legislature ever since 1949, but Allen said his current offering is a "minimum bill" which would make local communities eligible for federal planning money.

Natural Gas: The attorney general and Public Utilities Commission tangled before a Senate committee over who has the right to represent the people in protesting a \$28 million increase in natural gas rates. A Senate committee refused to decide the issue and turned to its own legal counsel to

AURIOL REPORTS  
PARIS (AP)—Vincent Auriol reported to President Rene Coty Friday on his trip to Moscow. Auriol, a former president, was on an unofficial mission. French officials believe his talks with Kremlin leaders may aid in preparations for the trip to Moscow in May by Premier Guy Mollet and Foreign Minister Christian Pineau.

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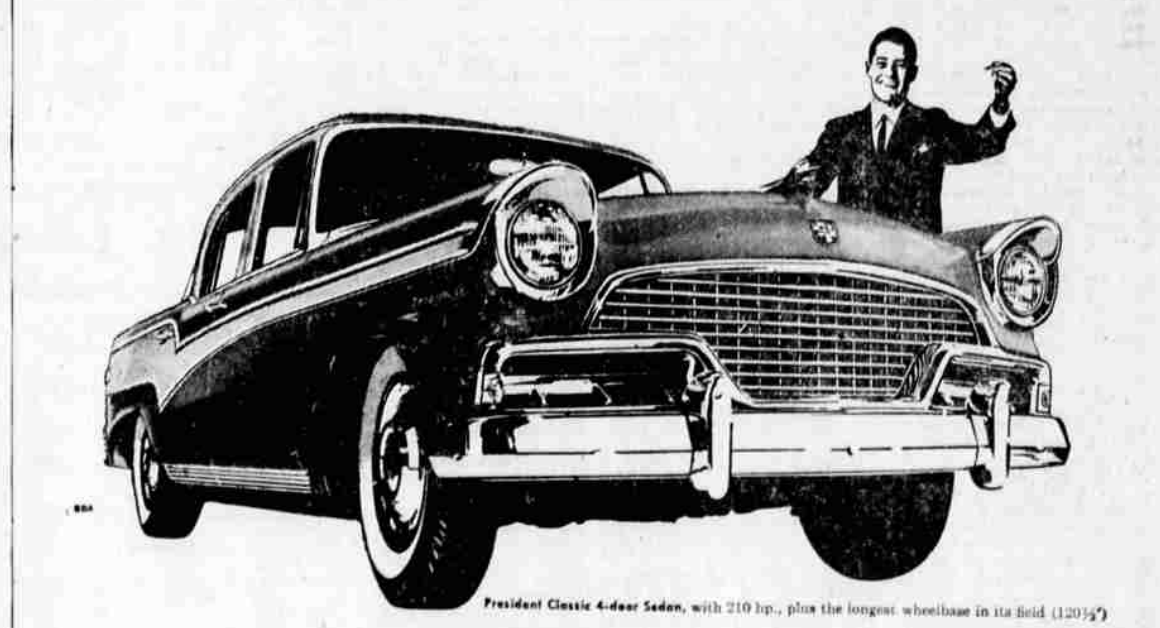
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