

# GROSS INCOME TAX



A new Tax Plan for Arizona to  
cure the present tax ills and  
to lower government cost.



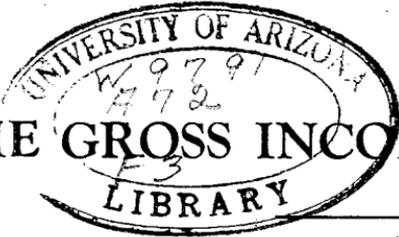
NO INCOME — NO TAXES



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# THE GROSS INCOME TAX PLAN

It is planned to introduce a bill in the next session of the Legislature of Arizona to accomplish the following:

To cancel the present real estate and personal property tax assessment laws and to eliminate the present system of collecting of State and County and City taxes by the assessment against real estate.

To cancel the present sales tax law and intangible tax law.

To set up a slightly different system of collecting taxes without adding any additional offices or officers and without increasing the present expenses of collecting taxes.

To establish a gross income tax law that will collect a percentage of the gross income of all persons and corporations and institutions doing business within the State of Arizona, without exceptions or exemptions.

The law will provide that the gross income tax will not exceed 2% of the gross income of any person or corporation. NOTE: At this time, the sponsors of this plan have sufficient definite information available that proves that a gross income of 2% will be more than sufficient to pay the entire tax burden of the State, Counties, Cities and schools.

The bill will provide that the gross income tax will be paid monthly as earned or received.

The bill will provide that money borrowed and money repaid will not be considered gross income but that all interest earned on such loans will be considered gross income.

The bill will expressly provide that interest earned and moneys received on or from the sale of tax exempt bonds will be considered gross income.

The total earnings or gross income of mines, railroads, air lines, bus companies, utilities, theaters, dance halls, road houses, restaurants, telephone and telegraph companies, hotels, rent from buildings, will be considered gross income and taxable under this plan. It will further provide in the case of railroads and similar concerns, that the actual income paid to them within the State of Arizona will be gross income and in addition, the income such concerns earn by carrying passengers or merchandise or messages across the State of Arizona shall be pro rata a part of their gross

income. NOTE: See explanation in the Questions and Answers in the following pages of this book.

The bill will specifically provide that there shall be no exemptions of any kind nor any exceptions except that the income received by the U. S. Government and Government institutions within the State, will, of course, not be taxable under the gross income tax plan.

The gross income tax shall be collected upon the income received from the sale of all lands and other personal property and in the case of the sale of lands or personal property or homes, the tax shall constitute a lien upon the property if it is not paid at the time of sale. The bill will further provide for a method of fixing the value of lands in the case of real estate property exchanges or trades to establish the amount of tax upon property in such cases, thereby creating a gross income on such trades.

The law shall provide for the interpretation of gross incomes for all co-operative marketing associations, in such a manner that the gross income tax shall not be collected twice on the same income, that is, the income of the Association and the income of the individual where the one income is for the same. In such associations where the Association itself has an income, the gross income tax shall apply to the income of the Association only and then apply to the exact income of the member of the association.

The bill will provide that all tax money collected is State tax money. The bill will provide for designating each elected County Treasurer of each County to be a Deputy State Treasurer and Income Tax Collector. It will not change the status of such County Treasurers insofar as the present system of election to office and their duties in handling county moneys that are now provided by law.

The plan provides that income tax paid to County Treasurers shall be in full, paid to the State Treasurer. NOTE: On the following pages you will find the plan explained as to the disbursement of gross income tax funds.

The plan provides that there shall be included in the bill, a clause or section making it a criminal offense for any person to fail to file a gross income tax return when such persons have a gross income and further, to make it a criminal offense to file a fraudulent return concerning any part of their income. The plan provides that such criminal offense committed against the State shall be punished by a severe penalty of imprisonment within the State Penitentiary.

The bill will provide that in such cases where bonds have been levied against real estate for the purpose of financing irrigation

Oct. 19/10/35

associations or other strictly private enterprises, that where the law now provides for the County or City Treasurer to collect the levy for payment of the principle of such bonds and the interest thereon, that these levies shall continue in effect, and continue as they are now, to be collected by the County Treasurer or other treasurer as now designated.

### **Distribution of Tax Moneys to the Counties, Cities Within the State**

Previously we have stated that all tax money is State tax money under this plan. The County Treasurer, Deputy State Treasurer collecting income taxes shall report and remit all taxes collected to the State Treasurer.

The State Treasurer in turn will, each month, remit to the County Treasurer and City Treasurer, the amount due their respective County or City, according to the approved budget for each month. NOTE: See on following pages, the plan for establishing and approving of County and City budgets.

The bill will provide that all persons or corporations who are established, permanent citizens of the State of Arizona, may, when agreeable with all parties concerned, collect the gross income tax from persons in their employ, giving such person an official income tax receipt for the amount of their gross income tax deducted from their salary or wages or commissions. EXPLANATION: The above portion of the plan is for the purpose of collecting the gross income tax from such persons as work within the State only a short time such as workers in the lettuce fields or packing sheds and in the fruit packing sheds or in the cotton harvest.

### **Manner of Fixing the Expenses of Schools, Cities, Counties and All Other Political Subdivisions**

The plan provides that the present system provided by law of fixing the operation of each political subdivision such as a County, a City, a School District or High School District will not be changed, that all budgets now provided by law shall be set up in exactly the same manner as now provided and through the same procedure as now provided but that in addition they shall be presented for final approval to the State Board for approval.

The plan provides that there shall be established a gross income tax board, to be composed of five members consisting of the Governor of the State, Secretary of State, State Auditor, State Treasurer and Attorney General. This board will have authority to set the gross income tax rate, within the limit provided in the law, for each year and provide time that such rate shall be established.

The bill further provides that this Board will be authorized to

approve of all budgets of the State of Arizona without depriving the Legislature of any of its powers in fixing the State budget and to approve of the budgets for each political subdivision within the State that shall be submitted to them. That they will have authority to order a budget submitted to them decreased so that all budgets shall be equally and fairly arranged that each County and City shall receive its proper share of gross income tax money and sufficient to operate the city or county or school within its budget.

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### EXPLANATION

In presenting this new tax plan the Arizona Farm Bureau desires to give the reader this brief explanation.

In June 1934 the semi-annual meeting of the directors of the State Farm Bureau met to transact the usual business. The question of taxation and its effect on the living conditions of the citizens of this state together with the constantly increasing cost of government of both the counties and the state, constantly arose and were a part of the deliberations of the board.

Instead of adjourning at the end of the one day session, the session continued for three days, the last two days devoted exclusively to taxation. From this meeting came this new tax plan.

Before adopting the plan the directors adjourned for one month and carried the new plan back to their respective counties and submitted it to members of their organizations and others, the result being that in July the second meeting was held consisting of a three day session and the foregoing tax plan which is somewhat changed from the original was adopted.

Several people who were not members of the Farm Bureau attended the second meeting. A committee from the Farmers Educational and Cooprative Union and representatives from the Maricopa Taxpayers League were invited to attend. They did and contributed many suggestions which were considered beneficial and several of them were adopted into the plan.

It is presented for your earnest consideration and study. If you approve of it may we respectfully suggest that you contact the legislative candidates in your district and ask them whether they favor or oppose this plan. We will thank you to give the Arizona Farm Bureau the information that these candidates give you.

In a series of public meetings held in the various sections of the State the following questions have been asked and answered. They are presented here for the information of the reader. If you have other questions that are not answered here we will thank you to address the sponsors of this plan either by letter or personal visit.

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### QUESTIONS and ANSWERS

Question—Is it true that the gross income tax is a pyramiding tax?

Answer—Yes and so are all present taxes. Gross income tax applies on very turn over of money or value. But under the present system of taxation the levy of every variety of taxes against the producer, wholesaler, jobber and retailer amount to a sum in our opinion as great or greater than the orderly assessment of 2% of the gross receipts of the various industries involved. Our research proves that the average price of the commodity to the

ultimate consumer will in most cases be the same or less than present prices.

**Question**—Will this plan cause the mines and utilities to pay their just share of taxation?

**Answer**—Yes. They will pay on the gross income received from the products taken from the natural resources of the State of Arizona. However, if they make large profits that are paid to stockholders or officers, the Federal income tax will collect it either from the company or the stockholder.

**Question**—Suppose the mines do not operate for a year or more?

**Answer**—It is provided in the plan that on all corporations whose income is received by depleting the natural resources of the State of Arizona that there shall be established a fair and just minimum gross income. Based on their average gross income for the past several years on which they will be required to pay the gross income tax rate whether they are operating or not.

We recognize that some of the large mining companies are objecting to this plan. We also recognize that they are objecting to the present system of taxation and that they are withholding taxes due, as assessed, by taking the cases to the highest courts in the land. We do not recognize nor admit that the mines are right in their contention. However, they may be unjustly assessed. Under the gross income tax plan, however, we hold that they will be taxed on exactly the same basis as is the homeowner, the apartment owner, the owner of an office building or the farmer. This tax is at least as fair to one as to another.

**Question**—Will ex-service men drawing compensation from the Government be taxed on their compensation?

**Answer**—Yes, for there are to be no exemptions and no exceptions. However, if Federal law expressly exempts compensation income taxation the Federal law will overrule the state law. The sponsors of this plan hold that the ex-service men receiving compensation and paying rent are now paying taxes when they pay rent. We believe that in view of the fact that they will all escape this type of taxation that they should be taxed the gross income rate on their compensation.

**Question**—I am a member of a co-operative marketing association marketing farm products. Will this plan cause the association to pay a gross income tax and then will I have to pay an additional gross income tax on the products sold through the association?

**Answer**—No. The law specifically interprets that in the case of co-operative marketing associations where the one income will be considered as the total income as paid by the member of the association, in cases where the association itself has no income, but if the association has an income that is retained within its treasury, that the association shall pay the income tax on that portion of its gross income.

**Question**—Does the plan provide for properly taxing persons or corporations who transact business as both wholesaler and retailer?

**Answer**—Yes. The law will provide that where a corporation in the wholesale business and the same corporation operates retail stores, under the same or under different names, that it shall pay the gross income tax on both the wholesale and retail gross incomes.

**Question**—Will the plan provide for protection to Arizona wholesalers against out of state wholesalers who sell to retailers in this state?

**Answer**—Yes. The bill will provide that where a retail store purchases merchandise wholesale out the state of Arizona that such retailer

must pay the gross income tax on the wholesale price of such merchandise purchased outside the state and in addition pay the gross income tax on his retail sales.

**Question**—There are many people who come into Arizona and obtain work here, perhaps in the cantaloupe season or cotton picking or in fruit. Have you provided for the method of collecting tax from these people?

**Answer**—Yes, and there are other cases in addition to these you have mentioned in your question. Many people in town hire a man or a woman to work occasionally, say one day a week or one day a month. The plan will provide that any person who employs labor occasionally may go to the county tax collector and obtain from him an official receipt for gross income tax, then when he pays this occasional worker he may by agreement with the worker deduct from his wages the amount of income tax, giving the worker the official receipt for the amount deducted. Then at the end of the month he will report this amount of tax collected in addition to his own gross income tax. The worker may take his receipt to the county treasurer at any time and inquire and be told whether or not this tax has been remitted by the person who collected it. This part of the plan will aid workers for with the receipt they will be able to identify themselves as taxpaying citizens of Arizona even if they are in another portion of the state looking for work.

**Question**—Have you provided any method for compelling the filing of gross income returns?

**Answer**—Yes. The bill provides for making it a criminal offense for any person or corporation having a gross income in any month to fail to file a return within a reasonable period, say ten days, after the end of the month. The bill further provides for a severe penalty to the person or persons responsible in corporations who fail to file returns or file or cause to be filed fraudulent gross income returns.

**Questions**—Do you think you have the plan perfect?

**Answer**—No. We do not think it is possible to perfect a plan or to draft a bill that would be perfect and entirely satisfactory to 100% of the citizens of this State. But we do feel that this plan is eminently more fair than the present system of taxation and we have tried to draft this plan on a basis that it would be fair to all people concerned.

**Question**—Is this plan in operation in any other state?

**Answer**—No, not the entire plan. Gross income plans are in operation in several states. The Indiana plan is a gross income tax similar to this in part but it did not entirely cancel real estate taxes. The Indiana plan, however, reduced real estate taxes by about 60%. In California the citizens are advocating a very similar plan known as the Syncrotax. It is a referendum petition to be voted on at the fall election. The association sponsoring the plan informs us that on the last day for obtaining signatures they had slightly in excess of 640,000 signatures on the petitions. The plan at that time, August 1st, had very little opposition in the state. Several other states have tax plans similar in part to this gross income tax plan.

**Question**—I can see a great many advantages in the plan you propose but I believe that wealthy persons living outside the state will be encouraged to invest in real property in Arizona and let it lay idle without an income because they will in that way escape taxation. Have you any method in your plan to prevent this type of speculation?

Answer—No. Your question was debated during the formation of this plan and here is the only answer we have for it. Speculators could not afford to buy land in the irrigated sections of this state and let it lay idle for an increased value due to the water assessments. They could buy vacant city property or range land and let it lay idle thereby escaping taxation but the plan provides that the sale of real estate shall be considered gross income and in case of trade a value must be established on which the gross income shall be paid and to protect the state against such sales as might be consummated outside the state, the gross income tax on such sales will be a lien against the land until it is paid.

The argument is that if they hold the land until it doubles or quadruples in value they will have to pay the tax on the increased value and whatever they have invested in the land will be idle to them.

When real estate tax is taken off the land the present owner will immediately realize the increased value of his land over present prices and to such a speculative buyer he will require a higher price than he would ask at present. If he sold it in most cases he would continue to live in Arizona and use his money in some line of business or investment thereby increasing the gross income of the state. So if it be true that speculators would come here to escape taxation on land, let us hope for the benefit of lowering taxes to those of us here now that 100,000 of them speculate in Arizona lands.

Question—I know that in one school district near Phoenix in the winter of 1933-34, there were twenty-seven families living in that district whose homes were in California. They had automobiles with California license plates and they came here for the express purpose of avoiding the fog and damp climate of California to send their children to school. The husband or income earner lives in California. How can you tax these people?

Answer—That very question was seriously debated during the making of this plan. The law will provide in such cases that who ever is in charge of this family, be it the mother or housekeeper, that any money they receive toward their support must be considered gross income and taxable.

Question—Can the State tax a railroad on its gross income.

Answer—YES. The State can collect gross income on a ticket sold in any other State, for the number of miles that that ticket earns income within Arizona. The same applies to messages, telephone income, bus and truck incomes.

Question—I am not sure I understand this. Do you mean that this tax will be collected on the total income without exemption and without exception?

Answer—Yes, there are to be no exemptions and no exceptions.

Question—Well I do not want such tax what would I do in a case like this? Two years ago I grew lettuce. I prepared the seed bed; I purchased the seed; I paid the men for thinning; I irrigated and cultivated the crop, and paid these bills with my own money. At harvest time the buyer advanced me 30c a field crate to pay laborers for cutting. When I hauled the last few loads to the packing shed I received no money for it because the crop averaged me 28 c per field crate. This was a loss even over the money advanced me for harvesting. Do you mean I would pay this tax on the income from that lettuce?

Answer—Yes. But let us figure this case out for you. How much was your real estate tax that year. He answers, "\$287.50." How much was your personal property tax. "That was included in

the above figures. Personal property was charged to real estate. I have the tax bill here with me—\$287.50.” How much lettuce did you sell that year. The answer, “Just a little under \$4000.00, \$3900.00 and something.” What other sales did you have on your farm that year. Answer, “Not very much. \$1500 will cover it.” Well in that case, in case you forgot about the sale of a used car or a cow or something, let us increase that \$1500 to \$2000. \$4000 for lettuce, \$2000 other income making a total of \$6000. Now if the Gross Income tax rate was 2%, your tax would be, on \$6000, \$120.00 and you paid \$287.50. “Oh, yes, I see the difference. I had forgotten your plan was to eliminate real estate taxes.”

Question—But suppose I had sold \$10,000.000 in lettuce?

Answer—In that case, of course, your taxes would be more than formerly if the rate remained the same but the nice part of it is that you know the exact percentage of your tax. Now you have a real estate and personal property tax charged against you and must eventually pay it even if it is 100% of your gross income. There are cases in the Salt River Valley, especially, where the tax is more than the gross income of the farm.

Question—Who collects the taxes?

Answer—The County Treasurer or the State Treasurer. It is proposed under this plan that the County Treasurer, who will be relieved from his present tax collecting duties after the present taxes that are due and payable are paid, will be designated Deputy State Treasurer for the purpose of collecting gross income taxes.

Question—Will they be appointed by the State Treasurer?

Answer—No. They will be elected just as they are now, from their own County and the expenses of their office will be budgeted in just the same manner as they are now. Some Counties will require several Deputies but others may require only one or none.

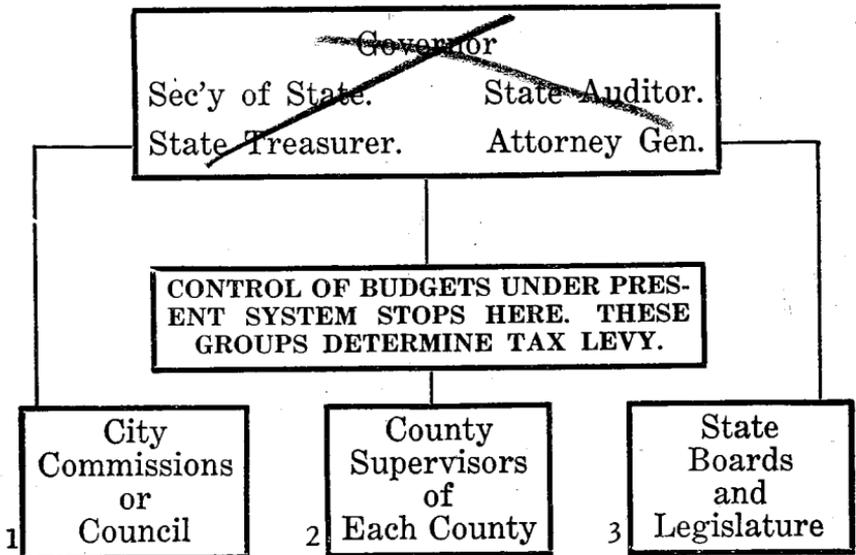
Question—Does the County Treasurer retain a portion of the Gross Income tax he collects?

Answer—No. Under this plan all tax money collected is state tax money and the County Income Tax Collector will pay all money received to the State Treasurer.

Question—How do you propose to take care of consolidated school districts that have been careful in their management and have not created a ‘bonded indebtedness’ by building modern buildings but still are now in need of modern or new buildings?

Answer—The School Board would prepare their budget and add to it the necessary cost to build the needed buildings; submit the budget in the regular way. If the Board of Supervisors rejects the budget they could appear before them to explain the necessity for the increased budget. If it could not be adjusted there to their satisfaction, the School Board or a representative could appear before the State Board of Control. If the case was as reported here and this school needed a new building the State Board of Control could arrange with this School Board that it should be built this year or perhaps arrange that it be delayed one year and then included in the budget for that school. The funds could be allotted and paid through the County Treasurer to that school district treasurer and the building would be built and paid for when it was completed.

# State Control Board Under Gross Income Tax Plan



1. City governments are operated by a commission or by a mayor or council. All budgets for money spent or allotted to city departments are set with this body and approved. Then the levy is made against the assessed value of the property to raise the necessary funds.

2 Funds needed to operate the county, the courts, the highway departments, the schools, the high school districts, the sheriffs office and every department in the county are set in an estimated budget. The board of supervisors pass on the final budget and set a tax rate necessary to raise the money the county needs.

3 The various departments of the State government, the University, teachers colleges, audtiors office, attorney generals office, School superintendents office, Corporation commission, the governors office and others, set the budget for their department. It is made into law by the legislature for two year periods. After the State valuations of property are assessed, by County assessors, the State Tax Commission sets the rate for the State tax.

Under Gross Income tax plan the entire group of budgets outlined above will be sent to the State control board. This board will pass on all budgets and make them conform to the expected Gross Income of the State. This board sets the Gross Income tax rate for the coming year and are limited by the law to keep within 2%.

**Question**—Under gross income tax plan will not the great corporations, such as the oil companies, the railroads, the utilities and other firms save large amounts of taxes?

**Answer**—Yes and No. Their savings, however, by reason of competition among some of them and the demands of the Corporation Commission, will be passed on to the public in the form of lower rates. Utilities are permitted to earn only a certain net revenue on their investment. Their present taxes are directly collected from the people in the rates paid for their services. A large executive of one of the utility companies in a western state said: "Gross income tax plan will reduce rates from 12 1/2% to 15%.

Gasoline and oil distributing companies and the refineries within the state now pay a tax on their buildings either in the form of rent or direct, but under the gasoline tax do not pay any portion of the gasoline tax. Under gross income they will still collect the gasoline tax but they will be required to pay the gross income tax on the total income they receive.

**Question**—Why did you not cancel the gasoline tax in this plan?

**Answer**—Because the Arizona gasoline tax has been allocated in part to the Highway Department to match Federal funds for road construction in the state for the next two years. To cancel this tax would mean cancelling our Federal aid funds now assigned to Arizona.

**Question**—How is the percentage of tax levy to be earned and fixed?

**Answer**—The plan provided for a maximum of 2% of the gross income and it can be made more. The Gross Income Control Board will fix the tax rate for the ensuing year within the maximum allowed in the plan. It will be universal throughout the state for the year.

**Question**—Suppose the gross income tax collected is more than the requirements of the government. What will be done with the extra amount collected?

**Answer**—It will be in the hands of the State Treasurer, and the Control Board will lower the tax rate for the next year accordingly. It might be possible that incomes would be so large that there would be no tax for an entire year.

**Question**—What do you mean by Gross Income Control Board?

**Answer**—The plan provides that a Board, and the plan suggests the Governor of the State, the State Treasurer, State Auditor, Secretary of State and Attorney General, five members, be given the authority to fix the tax rate within the maximum that they estimate will be required to pay the expenses of the governmental units, including counties, cities, schools within the state.

**Question**—Does this plan eliminate any of our present officers and does it reduce governmental expense?

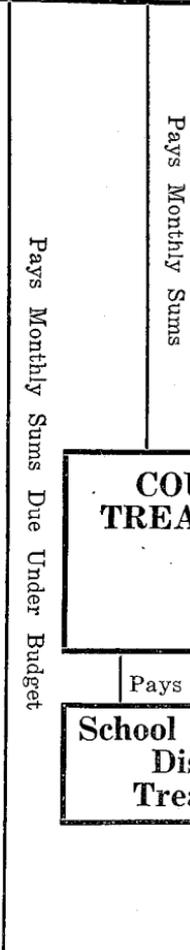
**Answer**—Yes, it eliminates all county and city assessors. There will be no need for assessors under this plan. Also the State Tax Commission. There will be no duties for them to perform under this plan. The total savings in salaries alone for these officers and their assistants will exceed two million dollars annually.

**Question**—What is the greatest amount of tax needed to operate the government of and within the State of Arizona.

**Answer**—The largest amount of tax collected in the State of Arizona was just slightly less than twenty-three million dollars (\$23,000,000). The present budget, not yet finally decided, indicates that it will be about eighteen million dollars (\$18,000,000) and this includes the expenses of semi-annual election.

# How Tax Money Is Disbursed

**State Control Board**  
—  
**State Treasurer**



The State control board advises the State treasurer of the amount of the budget for each county, city and other political subdivision, that they have approved. When the tax money has been paid to the State treasurer from the County collectors, the State treasurer pays to each county and city Treasurer the amount of money due his government unit for that month. The County or city or other treasurer receives his monthly sum and pays it out according to the manner now provided by law.

The chief difference made by this plan is that **ALL SURPLUS CASH NOT NEEDED FOR THE MONTH IS IN THE HANDS OF ONE TREASURER INSTEAD OF BEING KEPT BY MANY TREASURERS.**

In case the Gross Income tax collected in any month is not sufficient to meet the budgets, the State control board will advise the State treasurer to pay each budget on the basis of the amount of Gross income tax received. Except in cases when the treasurer has a balance on hand from previous months with which to pay the entire budget. **NO INCOME — NO TAXES**

**COUNTY TREASURER**

County treasurers receive from the State treasurer the amount of money due the county under the budget. They pay out the sums due each department of the county and pay to the schools and other departments the amount due them. They follow the laws now in force governing these duties.

Pays Monthly  
**School or other District Treasurer**

**EACH TREASURER HOLDS ONLY THE AMOUNT DUE HIS DEPARTMENT FOR THE CURRENT MONTH. ALL RESERVES TO BE HELD BY THE STATE.**

**City Treasurer**

Each treasurer of a school district or any other division of the county receives his budgeted sum for the month and pays it as now authorized by law.

Treasurers of Cities and other sub-divisions, not under the County, but directly under the State control board will receive their monthly monies from the State treasurer and pay same out according to law now governing such cases.

**Question**—Will 2% of gross income earn the needed money?

**Answer**—Yes. We estimate that 2% on the present gross incomes of the state would be in excess of twenty-seven million dollars (\$27,000,000).

**Question**—How does the County obtain money for financing—paying its bills?

**Answer**—When the County budgets are made up—and this also applies to the State budgets—they will follow the same channels they now follow. The budget that now rests with the Board of Supervisors for final approval will, under the new plan, be finally submitted to the State Board of Control for final approval or adjustment. This State Board may send the budget back to the County Board for changes but when it is finally approved by the State Board and the amount of money necessary for that County per month is determined the State Treasurer will then pay to that County Treasurer the amount of money called for in his budget. THIS PART OF THE PLAN AIDS PARTICULARLY IN CENTRALIZING CONTROL OF THE EXPENSES OF GOVERNMENT WITHIN THE STATE. WHILE THERE MAY BE SOME OBJECTION, IT DOES THE IMPORTANT THING OF PLACING RESPONSIBILITY ON A GROUP OF OFFICERS AND TO THAT GROUP OF OFFICERS ANY CITIZEN CAN REGISTER HIS COMPLAINT AND OBTAIN A HEARING ON THE QUESTIONS OF TAXATION AND THE COST OF GOVERNMENT.

While slightly Utopian, as this part of the plan is, it provides what we believe is necessary for the advancement of the State of Arizona and all of the citizens who are in the State.

Let us illustrate: A small district school with 20 to 30 pupils is employing a teacher teaching from kindergarten to the eighth grade. No pupil attending this school has equal advantage in education to the child in the more populous communities where several teachers may be employed. While we do not advocate that these small schools shall each have a gymnasium, auditorium, or athletic coach, it would be possible and highly advantageous to give those pupils two teachers and we think it would be fair to those boys and girls who need the advantage of a better education.

**Question**—Do you think the people of the state and the various counties and members of the school districts would be satisfied with this plan of allocation of money?

**Answer**—Yes. We believe that it will prove highly satisfactory. The sponsors of this plan debated over this question and we realize that some persons, particularly professional politicians, will in the future bring up many arguments about this part of the plan, but we believe that with a State Board of Control with authority to reduce expenses throughout the state, a Board that is elected by the people of the state, would generally be required to be fair and just to all of the people in every political subdivision of the state.

**Question**—Then this plan really puts an end to creating 'bonded indebtedness' and eliminates in the future interest charges?

**Answer**—Exactly. This plan puts the government of the state, county, city, and schools on a cash basis. In fact, it provides for the paying of anticipation warrants and other indebtedness out of Gross Income tax.

**Question**—What has been the reaction from the people to this plan?

**Answer**—In small and large public meetings held in various sections

of the State where the plan has been discussed at the majority of these meetings they have indorsed the plan. Some people there withheld their opinion and others have written us, in fact we have had letters from every section of the State and some outside of the State of Arizona asking information on the plan.

Question—When will the tax be collected?

Answer—When money or value is received the tax is due. Returns will be required monthly and will be made under oath, therefore making it a criminal offence if an improper return is made.

Question—In reply to this, do you think that all people will report their gross income correctly?

Answer—While the majority of people are honest, we know that some people will attempt to defraud the State under this plan of tax. Law has always been violated since the violation occurred in the Garden of Eden and we believe that some people will always attempt to violate the law but the majority of people are honest and they will make honest returns of their gross income.

Question—I have a job and my salary is \$125.00 per month. I own a home and a little car. How much would my taxes be under Gross Income?

Answer—Your present taxes are approximately as follows:

	Yearly
Home average working man pays .....	\$ 70.00
Average personal property on home furnishings tax	5.00
Average auto personal property tax .....	5.00
Automobile license .....	3.00
Estimated sales tax .....	25.00
Incidental taxes .....	2.00
Total yearly tax—estimated.....	\$110.00
or 8, 2/3% of your total salary, whereas the estimated maximum under Gross Income should be 2%, or a saving of 6.2/3%.	

Question—Will tax exempt bonds and securities be taxable under this plan?

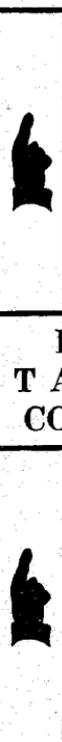
Answer—No, not in the principal sum but the interest earned on all such securities will be a part of the gross-income of the owner and when the security is sold the money received will be a part of the gross income. Many tax exempt securities now earn from 3 1/2% to 5% interest. When this plan is in effect these tax exempt securities will not be as attractive to investors as they are now, consequently large amounts of money now invested in such manner will be released as the securities are sold for other investing purposes.

Question—If this plan reduces taxes, are you sure that it will raise sufficient money to finance the expenses of government?

Answer—Yes. The Arizona Farm Bureau Directors recognize that government is a necessary function for the benefit of a people and that a reasonable expense must be paid. Our investigations proved to us beyond a reasonable doubt that with a tax rate of 2% applied on gross incomes without exception and without exemption will be more than sufficient to pay the entire operating costs of the State of Arizona, all of its counties, cities, schools and every other political subdivision.

# How Tax Money Is Collected

**STATE CONTROL  
BOARD &  
STATE TREASURER**



State control board, of which the State Treasurer is a member, advises the treasurer of the Incomes tax rate for the year. Treasurer notifies the County treasurer and public of the rate set.

**DEPUTY  
STATE TAX  
COLLECTOR**

The county treasurers, acting as deputy State Gross Income tax collectors, receive the returns from the public, monthly. All tax paid to them each month they report and deliver to the State treasurer.

**2% GROSS INCOME  
TAX PAID BY  
TAXPAYERS**

Tax payers, file gross income returns with County tax collector and pay at the rate set by the Control board for the year.

Ten days after the end of each month is intended to allow tax payers to file the returns. Returns may be mailed to the tax collector when the tax payer so desires.

## The Arizona Farm Bureau

.. sponsored the Bankhead Law Amendment, containing exemption for long staple (Pima) cotton and gaining 14,000 bales of cotton for Arizona this year.

## The American Farm Bureau

.. sponsored and obtained, last congress, 52 laws amendments to laws that aid farmers. And proposed 8 bills which were defeated that were detrimental to farmers.

**IF YOU ARE A FARMER OR FARM OWNER  
YOU SHOULD BE IN THE FARM BUREAU**

Write

**The Arizona Farm Bureau**

313 N. 3rd Ave.

Phoenix, Arizona

## CHANGES IN THE PLAN

Since the pamphlet was printed, several changes, explained briefly hereon, have been made due to constitutional law and to guarantee sufficient tax revenue to meet the necessary expenditures of the state, counties, schools and cities.

The State Control Board, as outlined, is discontinued in favor of a Gross Income Tax Commission, to be composed of three members elected by the people, one of each to be a resident of an east district, a central district and a west district.

Railroad, telegraph and telephone companies and others whose gross incomes are made by rates fixed by other than Arizona authority are not to be included in the gross income plan. They are to be assessed and a tax rate levied against the assessment by the tax commission. They will be allowed to pay their taxes monthly to the state treasurer, the money thus received to be distributed as outlined in the pamphlet with other tax moneys.

BONDS of the counties, schools and other political subdivisions are to be paid by the property owners as at present, using the assessed valuations of 1934 for collection of bond funds. This allows the taxpayers of every political subdivision to vote additional public improvement bonds without increasing the taxes of any other political sub-division.

The gross income tax commission in fixing budgets for political sub-divisions will not be allowed to change any one item of a budget. It can only return the budget to the board or commission who makes it, for adjustment. The commission must balance all budgets on the basis of the preceding five years average budget of each political sub-division.

Copies of the original bill will be ready about January 10th, and may be obtained by writing the Arizona Farm Bureau.