

# HOUSE . . . . No. 2358

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## The Commonwealth of Massachusetts.

June 6, 1912.

*To the House of Representatives.*

In regard to the report on May 29 by the Ways and Means Committee of a tax of \$6,500,000, I would respectfully say that on the 10th day of January the Auditor of the Commonwealth submitted to the legislature his estimates for the current fiscal year. The estimated revenue, as based upon existing laws relative to taxes, licenses, fees, and the income from certain institutions, was \$8,690,000.

Cash on hand Dec. 1, 1911, . . .	\$2,482,595 90	
Less warrants drawn in December, . . .	\$441,105 06	
Less available balances of 1911 appropriations, . . . . .	1,079,694 97	
	<hr/>	1,520,800 03
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		961,795 87
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		\$9,651,795 87

These estimates were based on information received from the tax commissioner and the deputy tax commissioner, and were carefully and conservatively made.

As the legislature went on, making appropriations from time to time, this committee was confronted with a statement which showed that if all the matters in legislative process became laws it would require a tax of \$7,500,000, which seemed to be rather more than the public ought to

stand. Hence, your committee began to look about for means of reducing this sum. The Auditor was consulted, and after a further revision of his estimates he increased the amount \$500,000, making the total \$9,190,000, which was over \$100,000 more than the actual revenue for the year 1911. Other reductions were made by matters being referred to the next general court and by providing for certain other matters by the issue of bonds, making a total reduction of \$1,000,000 from the first estimate for the state tax.

Now the committee feels that under their oath they are bound to present to the legislature all matters which have been appropriated and the revised estimate of the auditor and these figures seem to require a tax of \$6,500,000. In order that the legislature may be informed as to the exact nature of all these appropriations, we beg leave to submit the following figures.

## SPECIAL APPROPRIATIONS.

Investigation water resources of commonwealth, . . . . .	\$2,000 00
Greylock State Reservation, . . . . .	2,000 00
Mass. Charitable Eye and Ear Infirmary, . . . . .	45,000 00
Weymouth Back river, . . . . .	11,250 00
Refund to Greenfield Savings Bank, . . . . .	5,249 99
Portraits of governors, . . . . .	1,000 00
Gratuities:	
John D. Kimmond, . . . . .	\$500 00
Town of Natick, Res. 28, . . . . .	100 00
John P. Ryan, Res. 29, . . . . .	500 00
Franklin H. Parker, Res. 32, . . . . .	3,500 00
James Morris, Res. 41, . . . . .	750 00
Widow of Fred'k L. Burnham, Res. 45, . . . . .	1,250 00
Widow of Wm. W. Nixon, Res. 68, . . . . .	423 00
James Hurtin, Res. 83, . . . . .	2,000 00
George T. Cobb et al., Res. 99, Reimbursement of Elizabeth R. Fay, Res. 19, . . . . .	759 20 158 53
	9,940 73
Improvement of harbors:	
Harbor Cove, Gloucester, . . . . .	20,000 00
Housatonic River Sheffield, . . . . .	2,000 00

Herring River dike, . . . .	1,100 00	
Nantucket Harbor, . . . .	10,000 00	
Lynn Harbor, anchorage basin,	20,000 00	
Sea wall, Hull, . . . .	25,000 00	
Mill River, Gloucester, . . .	5,000 00	
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		\$83,100 00
Public buildings:		
Boston State Hospital, Res. 118,	191,000 00	
Danvers State Hospital, Res. 121,	6,850 00	
Gardner State Colony, Res. 97, .	10,800 00	
Lakeville State Sanatorium, Res.		
98, . . . . .	600 00	
Mass Hospital School, Res. 63, .	10,000 00	
Mass. School for Feeble-Minded,		
Res. 65, . . . . .	35,000 00	
Medfield State Asylum, Res. 91,	17,227 00	
Monson State Hospital, Res. 94,	12,000 00	
Norfolk State Hospital, Res. 124,	115,000 00	
Penikese Hospital, Res. 37, .	35,000 00	
Rutland State Sanatorium, Res.		
88, . . . . .	10,650 00	
State Infirmery, Res. 89, . . .	27,775 00	
Taunton State Hospital, Res. 93,	62,000 00	
Westfield State Sanatorium, Res.		
92, . . . . .	7,000 00	
Worcester State Asylum, Res. 132,	40,000 00	
Worcester State Hospital, Res.		
129, . . . . .	111,700 00	
Wrentham State School, Res. 95,	155,100 00	
State Farm, Res. 96, . . . .	23,500 00	
Industrial School, Girls, Res. 66,	21,736 00	
Industrial School, Boys, Res. 57,	32,487 00	
Lyman School for Boys, Res.		
58, . . . . .	4,946 00	
Mass. Agricultural College, Res.		
116, . . . . .	80,000 00	
Fitchburg Normal School, Res.		
62, . . . . .	75,000 00	
Hyannis Normal School, Res.		
126, . . . . .	3,600 00	
Salem Normal School, Acts 551,	75,000 00	
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		1,163,971 00
Total special appropriations, . . . . .		\$1,323,511 72
Regular appropriations, . . . . .		15,236,239 91
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Total appropriations, . . . . .		\$16,559,751 63

Estimated revenue, . . . . .	\$9,190,000 00	
Cash on hand Dec. 1, 1911, available,	961,795 87	
		\$10,151,795 87
		\$6,407,955 76

Appropriations required in consequence of New Legislation:—		
Newburyport bridge and Taunton Great River bridge (estimates by Highway Commission), . . . . .	\$80,000 00	
Equipment for clerks Industrial Accident Board, enlarged offices of Board of Agriculture and Bureau of Animal Industry estimates of State House Commission), . . . . .	6,000 00	
Plans and specifications for office buildings (estimates of State House Commission), . . . . .	5,000 00	
Miscellaneous appropriations requiring about . . . . .	20,000 00	
		111,000 00
To be provided for by state tax, . . . . .		\$6,518,955 76

R. M. WASHBURN,  
*Chairman.*

TAX COMMISSIONER, BOSTON, June 5, 1912.

WILLIAM D. HAWLEY, Esq., *Deputy Auditor.*

DEAR MR. HAWLEY:— At the time you made out your revised estimates of the revenue for the current fiscal year some weeks ago you did me the honor of asking me to express my opinion based upon what facts we had, at that time, in the department for the current fiscal year as to the probable revenue for 1912.

I suggested to you at that time that I thought the estimate which you made last January might be increased by half a million dollars and that you would be justified now in estimating the revenue receipts for the current fiscal year at \$9,190,000.

I think your judgment in the matter agreed with my opinion, and that you revised the Auditor's estimates to agree.

For three or four years I have undertaken, early in June, on my own account to make an estimate of what the revenue of the then current fiscal year would be, and I have found that revenue receipts of the current fiscal year up to June first have, as a matter of fact, proved to be somewhere between 37 and 38 per cent of the actual revenue receipts during the whole of the fiscal year. Thus, in 1910, the Treasurer informed me that up to June first he had received on account of revenue \$3,109,993. This proved to be 36.9 per cent of the revenue actually received, namely, \$8,420,230.

In June, 1911, the Treasurer informed me that up to June first he had received on account of the revenue \$3,453,039. This proved to be 37.4 per cent of the revenue actually received during the whole of the fiscal year of 1911. You will note that up to June first of 1911 the Treasurer had received some \$340,000 more than he had received up to June first, 1910. On the basis of these two years, it is perhaps safe to say that we might expect to receive 37.4 per cent of the total revenue prior to June first.

The Treasurer informs me to-day that up to June first he has received on account of the revenue \$3,477,046. This is 37.4 per cent of \$9,298,000.

It seems to me that the significant thing in these figures is that up to June first, 1912, the Treasurer had received less than \$25,000 more than he had received up to June first, 1911. This would serve to indicate that the revenue for 1912 may not be expected to greatly exceed the revenue of 1911.

During the last two months I have been over the tax returns of some 7,000 out of the 8,000 corporations on our list. We have not computed the taxes upon these corporations. Our computations will not be complete until October or the early part of November. It is therefore impossible for us to say whether the corporation taxes are to produce more or less than last year. I do not hesitate, however, to make this statement, namely, that as I have gone over the returns and have compared them with the returns of last year, my feeling all through the two months' campaign has been that so far as the business corporations are concerned, we may not expect to increase the receipts of last year to any material extent. In

fact, I think we will be fortunate if we do not show a shrinkage. Let me repeat that this feeling is not the result of actual computation but is the result of a very careful general survey of the situation with reference to these 7,000 corporations.

Whether the same conditions will hold with other items of the revenue, namely, the insurance taxes, savings bank taxes, national bank taxes, and the inheritance taxes, I am not prepared to say, but our feeling in the department is that 1912 is not a year in which the revenue of the Commonwealth will increase by the same percentage that it has been increasing in the last five or six years. There have been added no new sources of revenue by Act of the Legislature since last year. Business has not been prosperous. It is a year in which politics is largely engaging the attention of the people and there are no outward signs of increased prosperity. On the other hand, we find a good many signs that business has been standing still during the last twelve months rather than progressing. For instance, the Collector of Internal Revenue in charge of the Federal Corporation Income Tax has already reported that the net earnings of corporations in Massachusetts for the last year are \$11,000,000 less than for the previous year, and that the income tax payable to the Federal Government by these corporations in Massachusetts will show a corresponding shrinkage. This discovery of Mr. Cabell is entirely consistent with what we are now discovering in connection with the corporations from which the Commonwealth is to derive a large part of its revenue for the current year.

In view of these facts I again repeat the opinion I expressed to you some weeks ago, namely, that an estimated revenue of \$9,200,000 is going about as strong as any one ought to go at this time of the year. If we get \$200,000 or \$300,000 in addition to this amount, nobody will be so much pleased as we people in the Tax Commissioner's office, and if we do get \$200,000 or \$300,000 more than your estimate no one will be more surprised than we in this office.

Respectfully yours,

CHAS. A. ANDREWS,  
*Deputy Tax Commissioner.*



