



IN THIS ISSUE



PROPOSE CHANGES IN STATE
CONSTITUTION

By Henry Brandis, Jr.

LIGHTING AWAY THE HAZARD OF
THE DARK

By Arthur F. Loewe

CHEAP MONEY--By J. C. Creech, Jr.

THE RED MAN MOVES AHEAD

By Harold W. Foght

«WE'RE ON THE WAY»

By Wade H. Dellinger

COUNTY AND CITY REVENUES AND
EXPENDITURES--1929-35--By T. N. Grice

NEWS AND RULINGS OF INTEREST
TO PUBLIC OFFICIALS AND LAWYERS

and

THE 1936 CALENDAR OF LOCAL
GOVERNMENTAL OFFICIALS



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Propose Changes in State Constitution

THE PROBLEM of the national debt has recently become a daily topic of conversation on every street corner and a political issue of prime importance. To North Carolina, however, this is something in the nature of an old friend with a new and much larger pocket. Further,



Due to technicalities, the revisal of the Constitution, authorized by the 1933 Legislature and prepared by a Commission headed by Chief Justice Walter P. Stacy (above) was never put to a vote. The General Assembly of 1935 decided instead to submit five separate amendments which the voters may approve or disapprove separately.

it is, at the moment, rather vague and removed from our everyday lives, and it deals with sums which our imaginations can hardly encompass.

We are more familiar with our State and local debts—problems which have been with us for years. It is happily true that during the past two years our situation has improved greatly, and the State and many of our local units have been able to secure the lowest inter-

No. 1—Debt Limitations

By HENRY BRANDIS, JR.

est rates in all our history—a highly desirable result to which the present state of the money market has contributed no less than sound fiscal policies.

Nevertheless, the interest rates should not be allowed to lull us into a false sense of security. Even the State and the sound local units still have their debts; and many of our cities and counties are still in default, some of them so deeply that they can borrow no money on any terms.

To what extent the debt is still with us is evidenced by the fact that last year nearly 28c out of every dollar the State spent went for debts. There are few local units in which less than 28% of the tax levy is for debts, and in many more than 50% of the levy is for debts, despite the fact that, as the numerous defaults witness, our debts are

not being paid on schedule in all cases.

To paraphrase a well-known poem, the bonds we acquired by two and two we must pay for one by one—with interest. In fact, not infrequently, due to bank failures, loss of sinking funds, defalcations and other assorted shenanigans, we pay for the same bills twice. If you count the interest, we sometimes pay for them three or four times.

With every prospect that North Carolina will eventually bear its full share of the national billions which went into the World War, the recent alphabetical programs, and various odds and ends, it probably behooves us to take some thought as to the matter of a braking system for State and local debts. A subsidiary question is whether the brakes shall be controlled by legislation or more directly by the voters. For the time being, at least, consideration of such matters must be focused around the proposed debt limitation amendment to the State Constitution which will be submitted to the voters this fall.

If this amendment is adopted either the State or a local unit could borrow, to an amount not named, to

North Carolina voters will have an opportunity at the next general election to approve or disapprove the five important amendments to the State Constitution submitted by the 1935 General Assembly. POPULAR GOVERNMENT inaugurates herewith a series of articles which will attempt to outline and contrast the proposed changes with the present provisions, and to explain briefly and impartially the issues and significance. The first article is devoted to the amendment intended to force a gradual reduction in State and local debts.

The other four amendments to be treated in subsequent articles propose to:

Raise the maximum income tax rate to 10%.

Allow the legislature to exempt homesteads from taxation up to \$1,000 each,

Permit classification of property, and

Authorize increase in personnel of the Supreme Court and allow the Court to sit in divisions.

fund or refund a valid existing debt, to supply a casual deficit, or to suppress riots, insurrections or invasions. They could also borrow in anticipation of tax revenues payable within the fiscal year, to an extent not exceeding 50% of such revenues. Except as just enumerated the State could not borrow during any biennium, without an approving vote of the people, more than two-thirds of the amount by which its outstanding debt was reduced during the preceding biennium; and no local unit could borrow during any fiscal year, without an approving vote of the people, more than two-thirds of the amount by which its outstanding debt was reduced during the preceding fiscal year. The people, by a vote, could authorize additional borrowing at any time and for any purpose.

The first question is: What is the difference between this and the present Constitution?

So far as local debts are concerned the answer to this question is easy, because the present Constitution contains no limitation on local debts. It does provide that the people must approve all local borrowing except such as is done for "necessary expenses." Adoption of the amendment would not affect this provision at all. Besides, some of our units have conclusively proved that enough may be borrowed for "necessary expenses" to involve the unit in serious financial difficulties and wreck its credit.

There are certain legislative limits on local borrowing at present, but these are subject to change at any time by further legislation, and certain types of debts are excepted from them. They are not of primary importance in this discussion because they are not a part of the Constitution.

The present Constitution does contain a limitation on State debts. It allows the State to borrow to refund valid bonded debt, to supply a casual deficit or to suppress insurrections or invasions. Otherwise, without an approving vote of the people, the State may not borrow after its net debt equals 7½% of the tax valuation of property in the State. "Net debt" for this purpose is defined by the Constitution as total debt less sinking funds and

OUR COVER

The Greensboro City Hall, constructed at a cost of \$415,000 and occupied in 1925, houses in addition to the general administrative offices the police department, the municipal court room, and the city jail. Built of granite and granite faced ashlar tile with corridors finished in tile and marble, the building is one of the most attractive city halls in the State. It was designed by Harry Barton, well-known architect of Greensboro, who has specialized in governmental structures, and is located within two blocks of the main square of the city.

less the par value of the railroad stock owned by the State.

The tax value of property in the State undergoes major fluctuations. This creates an illogical if not a downright unfortunate situation with respect to the present debt limitation. It is possible for the State's debt to pass from a position well within the limitation to a position in excess of that limitation without changing a penny in amount. While this has not yet actually happened it came close to happening in recent years. The tremendous decrease in tax valuations in 1931 and 1933 brought the State debt close to the 7½% figure. On the other hand, it is probable that tax values will increase during the next ten years, and this automatically will increase the amount the State can borrow under the present system. This is true despite the fact that the State now levies no property tax and consequently tax valuation furnishes no clue to the amount of revenues it might have available for the payment of debts.

Further, we must acknowledge that the present provision is at best a limitation on maximum debt. It does not purport to force or even to encourage a reduction of the debt once that maximum has been reached. On the other hand the amendment, if it works as its spon-

sors think it will, would at least encourage, if it does not actually force, a reduction of State and local debts from their present levels.

This brings us to the second major question: What would the amendment accomplish?

The writer freely concedes that adoption of the amendment will not absolutely guarantee reduction of State and local debts. In the first place it allows the voters to authorize its limitations to be exceeded; but then the voter can hardly expect a Constitution to protect him against himself.

In the second place, the amendment, as indeed it must, would allow borrowing to fund or refund valid existing debts. This is also true of the present Constitution, but it offers an opportunity, at least temporarily, to rock along without reducing debts, borrowing from Peter to pay Paul. Further, it might furnish the means for deliberate evasion of the spirit of the amendment. Suppose a county wished to build a building at a cost of \$140,000. During the preceding fiscal year it retired only \$60,000 in outstanding debts. It is supposed to retire \$100,000 in outstanding debts during the current fiscal year. If the spirit of the amendment is followed, the county could borrow only \$40,000 without a vote; and therefore the building project would have to be submitted to the people. However, if the county refunds the \$100,000 in debts falling due during the present fiscal year, and uses for the building the money which otherwise would have been used to pay those debts, it can raise the entire \$140,000 without having a bond election. Such an evasion would require considerable advance planning, but it seems at least possible.

In the third place, as indeed it must, the amendment, in common with the present Constitution, would allow borrowing to supply or fund a "casual deficit." Just how casual a deficit must be to come within the meaning of this term is somewhat uncertain; but it is certain that in recent times the State has run deficits which were not so casual as to prevent a terrific row over responsibility for them. At any rate, the opportunity to get out of the red by

(Continued on page twenty)

Lighting Away the Hazard of the Dark

By ARTHUR F. LOEWE

Educational Director, New Jersey State League of Municipalities, Committee on Street and Highway Lighting and Safety



MORE than one-half of the fatal and about the same proportion of non-fatal accidents occur when driver or pedestrian is limited in his ability to see by darkness. Yet it is generally conceded, where traffic records are available, that there is not more than twenty to twenty-five per cent of the total 24-hour traffic after nightfall. These are

the hours of death, and it is here that citizens, officials, and engineers must strike to effect the greatest reduction in the accident toll with the least cost.

The engineer speaking of highway lighting today, it should be explained in the beginning, is not referring to the antiquated hit or miss method of placing low candle power lamps on long spacings, or perhaps just at intersections, mounted off the paved portion of the road, and but 14 or 15 feet from the ground. He is referring instead to the proper application of modern equipment, which with its large volume of low candle power brightness and reduced glare, make seeing quick and certain and driving safe. Neither does the modern illumination engineer advocate the lighting of all highways, but only of the heavily traveled roads where the accident rate is sufficient in view of experience with the lighting of similar highways to justify the expense. With these facts clearly in mind, let us see what results a few highway lighting installations have effected.

Two recent installations in upper New York state furnish a good example. Night accidents decreased 36.4%, although day accidents increased 9.7% along with increasing traffic. The figures for Bay Shore Highway, California, were even greater, the decrease being 40%. A test of another installation in New Jersey showed that highway lighting had not only effected a substantial reduction in night accidents; it had cut them to a point where the accident rate was less by night than day. Yet, on adjacent un-

Even modern headlighting (left) is not adequate to cope with hazards of night driving on heavily traveled highways. Modern and adequate highway lighting (right) reveals pedestrians and makes possible a 50% reduction in reducible night-time accidents.

lighted roads, the accident rate by night was more than three times as great. The results moved Governor Hoffman, under whose administration New Jersey has become one of the leaders in safety work, to declare: "Accident prevention value of good lighting has been proved beyond debate."

Cases where lighting has been reduced or discontinued pile up still further evidence. In lower New York state the standard of lighting was reduced on two roads, and the night accidents increased 37%. On the Mount Vernon Memorial Highway, after lighting was discontinued, the night accidents increased 144%.

In view of the great improvement in visibility provided by new developments in highway lighting, not available when some of the above installations were made, one may state conservatively, that fully one-half of the present highway accidents at night would be prevented by safety lighting.

Where is highway safety lighting imperative? Only the most dangerous and heavily-traveled portions of highways. This fact was recognized in the report of the Committee on Rural Highway Hazards to the 1935 National Safety Congress. There is a limited mileage—estimated from samplings to be less than 50,000 miles for the whole United States—on which the hazard per vehicle mile by night is six times that by day. Though this comprises but a

(Continued on page twenty)



New Jersey employs safety demonstrations to educate drivers to the hazards they face when facilities are not provided.



Notes from the Cities and Counties

Moves to put their financial houses in shape or to improve the administration of fiscal affairs in various ways were the order of the day as North Carolina cities and counties greeted the New Year. Beaufort's action took the form of the authorization of an issue of \$467,185 in refunding bonds designed to consolidate the county's obligations and, it is hoped, to reduce its interest charges. Wilson and other counties are going ahead with similar plans, previously launched.

Goldsboro aldermen took action to collect sinking funds long overdue, while Hertford County concentrated on the problem of turning property taken in for taxes into an asset rather than a liability. A system was finally worked out for the rental and collection of back rents with each commissioner to handle the tracts in his township.

Cumberland became one of the first counties to adopt a quarterly audit; the new system will provide more constant information on the county's financial position, it is said, and will cost little more than an annual audit. Another problem that many units encountered last year, and particularly at the Christmas season, was that of numerous unexpected requests, many of them unworthy, for donations. Elizabeth City's solution is an ordinance requiring all such requests to be filed in writing with the Mayor or Clerk 10 days in advance of the next meeting of the Board.

Meanwhile, tax collections continued to mount as collection efforts were pushed on every hand, and the few units selling bonds at this season reported highly favorable interest rates, all indicative of the marked improvement of recent months in the fiscal affairs of local units.

* * *

Speaking of low interest rates and favorable bond and note sales, Charlotte's recent issue of \$50,000 in 90-day airport bond anticipation notes is said to have broken all records for local governmental units in this State. The rate was 11½% with

a premium of \$78.50 which makes a net rate of .62 of one per cent.

* * *

And now for a picture which is not so bright: North Carolina now stands at the bottom of the list of southern states in the number of accredited high schools which are members of the Southern Association of Colleges and Secondary



GEORGE WATTS HILL

The consolidation issue cropped up again this month when Watts Hill, Durham city councilman and business leader, suggested the formation of a committee to study the feasibility of consolidating the functions of the city and county governments. Estimates of the annual savings possible range from \$100,000 by Mr. Hill to \$200,000 or \$250,000 by C. W. Massey, Chairman of the County Commissioners. Efforts of a similar committee three years ago went for naught when the members failed to reach an agreement on apportionment of representation, taxation, and other important matters.

Schools following action of that body dropping 47 Tar Heel schools for failure to come up to standards. Special elections on the question of school supplement in a number of North Carolina cities and towns are expected to be the result.

* * *

Instruction of the citizen in the number and scope of functions which his tax dollar supports and in the economical cost of governmental services he receives in return is something which goes hand

in hand with improved collection of taxes and development of a spirit of cooperation among taxpayers. Some of the recent efforts of different local units in this connection are worthy of mention as opening up new vistas of thought to local officials.

"Your tax bill is \$50 this year, and incidentally, while you are paying it, it might interest you to know that the average taxpayer pays seven major county taxes, which on the average go to 13 different objects." This is the frank, friendly way in which Cleveland County's auditor conveys the important message. Cleveland has also done some excellent work in the same line with a new, simplified, and easily understandable type of annual report.

Charlotte has achieved the same result through news stories in the local papers. "Police and fire protection take 27.07 cents of the city tax dollar, debt service 21.73, street maintenance, cleaning etc., 17.52, health and welfare 3.46, parks and recreation 1.19, and general government only 6.76 cents," one of the articles reads. Demonstrations and talks before local citizens' organizations on different municipal activities and services form yet another method which Charlotte has used to good advantage.

"Where can one get as much for his money as he gets for his city taxes?" is the keynote, as sounded by an outside speaker at one such meeting.

* * *

Hickory can point to one of the most remarkable financial records for the past four years of any city its size in the State. A total of \$516,500 has been paid on debts, an average of \$129,125 a year for a city which was given a population of 7,363 at the last Federal census (1930). The city debt, after four years of slashing, now stands at \$1,371,500.

* * *

Two additional cities last month attacked the problem of unnecessary noises. Asheville has banned the use of sound trucks for commercial advertising purposes, while Greensboro has passed an ordinance against the blowing of automobile horns, except in an emergency, between the hours of 10 P. M. and 8 A. M.

MONEY may be neither "cheap" nor "easy" to the average person, but these are the terms which the banker and the bond dealer use to characterize the present period of low interest rates and favorable bond sales from the borrower's standpoint. How long the "cheap money" will last is a question as difficult to answer as it is important to the investor and fiscal official, public or private. One thing, however, is certain: Judging by the low interest rates secured recently by municipalities which have "called" in their old bonds and replaced them with new ones, North Carolina cities and counties may profitably utilize the present bond market to reduce their interest rates and materially lighten the burden of supporting their indebtedness. This is provided, of course, that the unit has maintained its credit standing, and that it has outstanding obligations with "callable" provisions.

The interest rates, old and new, for a few recent re-fundings by local governmental units, in other states as well as in North Carolina, are set out in the accompanying table. The reductions tell in the most graphic way their own story of savings accomplished and tax burdens lightened. The refunding bonds, it should be pointed out, were in most cases long-term obligations, which frequently went to lighten the annual payments on principal as well as on interest.

Average County Would Save \$500,000

In determining the extent of the opportunity illustrated by the examples of North Carolina units that are cited, it will be interesting as well as instructive to estimate what such a saving would mean to the average Tar Heel county. As closely as can be approximated, the latter has an assessed valuation of \$22,000,000, a total debt of \$1,569,000, and an average rate of 5.36% on its outstanding bonds. If, through a refunding program, our hypothetical county reduced its interest rate by the same amount, 1.98%, the total payments of principal and interest over a 30-year period would be reduced from \$2,872,513 to \$2,390,909 or \$481,604.

The importance of such a reduction from the standpoint of the in-

Cheap Money

\$ \$ \$

How long will low interest rates continue, is the question—Bond buyers howl but buy on—Meanwhile public and private business net big savings through refunding

By **J. C. CREECH, JR.**
Statistician **R. S. Dickson & Co.**

dividual taxpayer can be traced with equal clarity. With all outstanding bonds carrying the present average interest rate of 5.36%, the total ad valorem tax rate for county debt service would be 61.9 cents on \$100 of assessed valuation for the first year and would average 43.5 cents over the life of the bonds. If the interest rate were reduced by 1.98%, as the five North Carolina counties did, the debt service rate would be 47.8 cents for the first year and would average 34.8 cents. For interest alone, the rate for the first year of 38.2 cents and the average of 19.7 cents would contrast with 24.1 and 12.4 cents, respectively.

In view of the fact that it defaulted on some of its obligations during the depression, the city of Greensboro furnishes an even more signal example of the savings which have been accomplished by refunding operations than the five counties which have been cited. The first sale saw the purchasing syndicate pay 101 for 3% refunding bonds maturing in 1936 and 1937. In a second operation a combination

of 3¾ and 4 per cent bonds maturing from 1936 through 1955 were substituted for \$578,000 in bonds formerly issued under the city's refunding plan with interest to be paid on a sliding scale from 4½ in 1935-56 to 6% in 1952-53.

Private Corporations Net Big Savings

The same process of refunding to consolidate obligations and scale down interest charges is being followed with similar results by private corporations, large and small, throughout the country.

To cite a few of the larger issues: Early in December, Southwestern Bell Telephone brought out a refunding issue of \$45,000,000 in 3½% bonds to replace 5% callable bonds outstanding. The new 3½'s were initially offered by the banking syndicate at 102½; the offering was immediately successful, and the bonds are now selling in the open market at around 103½. The company will save \$750,000 per annum in interest costs as a result of refinancing. In October, the Virginia Electric and Power Company issued \$37,500,000 in 4% bonds for the purpose of retiring several subsidiary bond issues carrying coupons of 5%. A substantial annual interest saving was effected, and the new bonds, brought out at 101¼, are now trading around 106. The Los Angeles Gas and Electric Company sold 4% refunding bonds in November to call a variety of issues totalling \$37,182,000 and carrying coupons of 5, 5½, and 6 per cent. This operation served to consolidate the entire funded debt of the company into one issue and save it almost \$500,000 in interest annually.

Forces Behind Low Rates

Let us glance now for a moment at the forces behind the present low interest rates and at the current opinion regarding those forces. Bond prices are directly dependent upon investment demand, which is, in turn, based upon a composite of prevailing investor psychology and the backlog of funds available for investment.

Since the untangling of the banking debacle of 1933, the aggregate volume of bank reserves and surplus funds has accumulated rapidly un-

Recent Refunding Issues Tell Own Story		
City or County	Old Rate	New Rate
(Average)		
North Carolina		
Cabarrus County	5.30%	3.5%
Columbus County	5.30%	3.5%
Cleveland County	5.68%	3.0%
Richmond County	5.28%	2.5-3%
Rowan County	4.79%	3.75%
Out-of-State		
Albany, N. Y.	4-4.5%	2-2.5%
Atlanta, Ga.	4-5%	3%
Baltimore Co., Md.	4%	2.5%
Dallas, Texas	4-5%	2.5%
Easton, Pa.	4.25%	2.5%
Fairfield Co., Conn.	4-5.5%	2.3%
St. Paul, Minn.	4-5%	2.75%

der the combined influences of heavy Federal borrowing and the inflow of gold from foreign countries. In the four weeks period ended November 20, 1935, the cash reserves of Federal Reserve member banks increased by more than \$200,000,000 to reach an all time high of \$5,782,000,000. This figure is approximately 113% in excess of legal requirements based on existing deposit liabilities. This "excess" alone represents a potential reserve base capable of supporting an additional \$30,000,000,000 of bank deposits. It is the existence of this tremendous *reservoir of credit* that has both raised the spectre of uncontrolled inflation, and furnished the bond market with a seemingly insatiable investment demand. The result has been the lifting of high grade corporate bond prices to the highest level since 1917 and municipal bond prices to unprecedented levels.

What of the Future?

How long will such quantities of funds be available at *thin wages*? The cyclical nature of financial history would indicate that it will not be forever, but then one phase of a historical cycle might extend well beyond any period of practical current interest. The fact that the British and American Governments are able to borrow long term money at less than three per cent is no longer astounding when it is remembered that British Consols sold to yield a return of less than three per cent over an unbroken period of thirty years toward the close of the nineteenth century.

After prevailing high interest rates during the period of industrial expansion beginning at about the turn of the century, followed by the even higher rates of the war and post war periods, it has been an almost impossible task for the American investor to adjust his expectations to yields afforded by present bond prices. No story has been heard quite so often by the bond dealer in the recent past as that to do with the impossible level of bond prices. It may be indicative of a changing attitude that our largest firm of investment counselors, while continuing to lament the inability of money to earn what has come to be considered a living wage, has nevertheless recommended the purchase

of high and upper medium grade long term bonds. The theory is that the possibility of being able to invest on a more favorable basis within the predictable future is not sufficiently great to warrant the maintenance of large cash reserves or the acceptance of the even smaller returns available on short term obligations.

Dr. Lionel D. Edie, internationally recognized economist, in an address before bond dealers a few days ago, expressed the opinion that the climax of easy money would be reached within the next few months, but predicted that current low yields on high grade bonds would probably continue for several years to come.

The refunding movement gives every indication of increased activity as borrowers are able to put their houses in order, or as high coupon bonds reach their callable

dates. New bond emissions during 1935 aggregated more than \$2,000,000,000, exclusive of United States Government obligations, or an amount three times the volume for 1934. Practically all of this has been for the purpose of refunding.

Regardless of whether interest rates have reached their lowest point, it would be illogical to expect that they will move much lower, for money, just as labor, is worthy of its hire and will not work for nothing. Wisdom would dictate that any contemplated refunding be consummated as soon as practicable, as there is always the possibility that a period of easy money may be abruptly terminated by a catastrophe of world wide magnitude, or that new demands for credit may develop with sufficient force to arrest and reverse the present direction of the pendulum of interest rates.

Case Comment

A question long in dispute among North Carolina cities and counties was settled last month when the Supreme Court held in *Fuller v. Lockhart*, 209 N. C. 61, that a county board of education has the right to insure school property in a mutual fire insurance company authorized to do business in the State, and to assume a contingent liability limited to the amount of the annual cash premium. The Court stated that the Board, in compiling its budget, *may* set up the cost of the insurance together with the contingent amount, not exceeding the cash premium, but indicated that this is left to the discretion of the Board.

The Emergency Municipal and the Emergency County Bond Acts were upheld in two other important decisions, *Burt vs. Biscoe*, 209 N. C. 71, and *Castevens vs. Stanley County*, 209 N. C. 75. Cities and counties may issue bonds under the two emergency acts, the Court ruled in substance, for necessary purposes without a vote of the people, notwithstanding the prohibition of a special or local act.

The Biscoe case involved a water and sewer system and the Stanley case school buildings and a jail, all of which were held to come within

the classification of *necessary expenses*. The decisions are in line with the court's policy of harmonizing inconsistent and conflicting statutes in order to give effect to the legislative intent, which was to aid the Federal Government in financing certain necessary and constructive projects to give relief to the unemployed.

The question of debt limitation apparently was not involved in the Biscoe case. However, the amount of Stanley's proposed bond issue came within the limitation fixed by C. S. 1334, the county having assumed its district school debts. Here again the Court upheld the provision of the Emergency Act, ruling that taxes for the payment of principal and interest on bonds issued under the Act are not subject to any limitation imposed by any existing law.

Counties with inferior court systems set up by special or local act may have to revise the structure as a result of the decision in *State vs. Williams*, 209 N. C. 59. The Act setting up such a system for Kannapolis and other townships in Cabarrus County was ruled unconstitutional as being a violation of Article II, Section 29, of the Constitution. This prohibits the establishment of courts inferior to the Superior Court by any local, private or special act or resolution.

The Saga of a Once Great Nation, of Its "Via Doloroso" and Its Long March Back

IT IS impossible in an article of the brevity of the present one to do more than touch in the passing the historic backgrounds of the Cherokee people. Suffice it to say that many years ago they were one of the greatest Indian nations in the Eastern half of the United States of today. They boasted possession of parts or all of the nine present southeastern states, embracing more than 40,000 square miles, centered around the watersheds of the Blue Ridge and the Great Smoky Mountains.

They were of Iroquoian stock, intimately related to the warlike six nations of the northeast, who played such an important part in our country's history. The Cherokee were from earliest time a sedentary people, who, when undisturbed, lived peacefully in permanent round and long houses, tilling the soil, raising Indian corn, beans, yams, and a variety of fruit from their orchards. They hunted and fished; dreamed dreams and worshipped their ancient gods; and occasionally fought their hereditary enemies, the Creeks and Tuscaroras.

When Spanish DeSoto (1540) pressed inland in search of gold they treated him well, but turned him coastward a disappointed man. Later the French Fathers came out of Louisiana, and the Cherokee made them at home and loved them for their kindness and helpfulness.

Meanwhile, the English colonists arrived. They, too, were well received, and profitable trade with the Whites soon flourished along the coast and inland. Especially well were the Scotch and Irish traders received. Indeed, many of the capable and even scholarly among these adventurers intermarried with the Indians, and from them sprang names noted in Cherokee leadership, who left their impression on the nation's political history, as the Rosses, the Adairs, the Wards, and the Woffords. But, on the whole, the English frontiersmen came, an all devouring horde, to traffic, and with land-greed in their hearts and determination to gain it. So, much blood was spilled.

During the French and Indian War, the Cherokee stood firmly by

The Red Man Moves Ahead

The North Carolina Cherokee:
Their government and economic
progress

By HAROLD W. FOGHT

Superintendent, Cherokee Indians



the English, only to suffer shamefully, for their lands were overrun and plundered. Then came the War for Independence. Again, the Cherokee stood by the colonists' cause, and were rewarded, how? By American riflemen (1776), without any cause whatsoever, attacking them simultaneously from four directions in great numbers, killing many warriors and helpless women and children, burning their towns, destroying their crops and orchards,

driving off their horses and cattle, and scattering the remnants of the nation over the mountain fastnesses, where many died from exposure and disease. This broke the might of the Cherokee.

Later, by enforced treaties with the adjoining states, their lands dwindled away and with a new discovery of gold on Cherokee lands in Georgia in 1828 their doom was sealed; and it remained only for the United States Government to drive them into exile, to complete one of the cruelest chapters in our nation's history.

Remarkable Political and Cultural Advancement

Meanwhile, despite the hardships they had to endure from constant warfare, the Cherokee made strides in the arts of peace that were quite remarkable. Their decimated numbers increased again. Their agricultural lives prospered. Their orchards were again laden with fruit; their horses, cattle, and swine were prolific.

As early as 1820, largely at the suggestion of Thomas Jefferson, the Cherokee organized a republican government, modelled after that of the United States; and a few years later they adopted a liberal constitution. This government was recognized by the United States. Here, then, the Indians passed laws for the collection of taxes for the support of schools, for the maintenance of roads, for the suppression of intemperance and polygamy, and for regulation of the sale of land to the Whites.

War, somehow, could not destroy this period of renaissance among the Cherokee. Sequoyah, a mixed-blood Indian and crippled from boyhood, after years of toil set up a syllabary of eighty-five characters

The Cherokee's resentment of the unjust treatment depicted by Mr. Fought remains today to make fair ordering of Indian affairs one of the state and national governmental problems of the day. Many will say this resentment played a large part in the tribal council's recent action in twice blocking efforts of the State and Nation to secure important rights of way for the new Skyline Parkway. It is a significant fact, in the opinion of Highway Commissioner Capus Waynick, that the assistant chief, who led the opposition, is the son of a white man, and that his mother died an early death and his father committed suicide as a result of the social ostracism which followed their marriage.

that gave the Cherokee a written language. The results were instantaneous and remarkable. Thousands of Indians learned to read and write. Portions of the New Testament were translated into Cherokee and printed on their own press. In 1827, the first national newspaper, *The Cherokee Phoenix*, began publication, and literacy was soon more common among the Cherokee than among their White back-woods neighbors.

But this progressive movement could not continue indefinitely. The establishment by the Cherokee of their national government led to rupture between the Federal and the State authorities. Georgia, North Carolina and Tennessee de-

manded the removal of all Indians within their state boundaries. At this juncture gold was discovered in the Cherokee country, and the Cherokee were soon doomed to lose the last vestige of their one-time great domain, due in a large part to a weak, spineless government at Washington.

The Trail of Tears

There is not space in this brief article to give in detail the terrible tragedy that now befell the Cherokee. The Federal Government forced them to surrender the last remnant of their one-time glorious domain of beetling mountains, glorious valleys and rich lowlands. Then they were driven into their exile—their

via doloroso—to the unknown Indian lands beyond the Mississippi. Eighteen thousand or more Cherokee began the march, and almost one-fourth of them died on the way.

But a small group of mountain Cherokee determined to die rather than leave the sacred fires of their ancestors. They resisted the military forces sent to drive them out, hiding in mountain caves, under shelving rocks, and in dense laurel thickets. Ashamed at last, the Federal Government permitted this despairing remnant of a proud nation to remain, although now homeless and literally outcasts.

EDITOR'S NOTE: *Mr. Foght's second and final article next month will discuss the Cherokee's government and economic progress in detail.*

HERE AND THERE

—With Progressive Officials

Buckeye, Arizona, wins the laurels for the most uniquely effective system of working its way out of the financial hole. It is a little town, where everyone knows everyone else. So the Mayor went to the business and professional men and said in effect: "Now let's just forget about taxes. We need some money to pay our bills and run our city. Will you pay 50 or 75 cents a week?" It worked, they paid, and the town is now on a cash basis. All of which proves that method may be nothing without ingenuity and adaptation.

* * *

Cities and states all over the country are cracking down on the drinking driver in an effort to remove this hazard from their streets and highways. The policies in use run all the way from one of persuasive warnings to assistance home to one of strict arrest. The police in many cities watch the liquor stores and warn persons not to drive who have imbibed too freely; the licenses of stores selling to habitual drinkers are revoked in other places. Several states have passed new and more stringent laws including Texas, where it is a felony to drive while under the influence, and Rhode Island, where the driver's license is suspended for *drinking driving* as well as drunken driving.

More and more places are also requiring a physician's examination in all arrests for driving, eliminating any question on trial as to innocence or guilt.

* * *

American cities are using a variety of devices to collect the millions of dollars in delinquent taxes on their books. Some of the methods that have found chief favor and brought best results follow: 1. Collection of current taxes by installments. (The number of installments runs from two to 12 with two and four the most popular.) 2. Organized tax collection campaigns. 3. Notices of delinquent taxes by mail and telephone. 4. Creation of a special delinquent tax department. 5. Use of special delinquent tax collectors. 6. Partial payment of delinquent taxes. 7. Use of special legal staff. 8. Accumulation of funds through so-called Christmas club savings plans. 9. Tax receivership laws. Each local situation should be studied to determine the remedy which will best fit its needs.

* * *

The officials of Ranger, Texas, saved their taxpayers \$600 by manufacturing street signs in the city shops from scrap iron pipe and sheets of tank steel. The work was done by city firemen between fires and by street department employees

during rainy weather. The finished signs cost about three cents each as compared with \$12.50 formerly paid for similar products.

* * *

The city and school board in Milwaukee, Wis., have adopted a strict pay-as-you-go policy for financing capital improvements, and are now building up an amortization fund which eventually can be used to finance improvements.

* * *

Advertising pays in private business, why not in public business? asks Michigan. The state recently staged a campaign, making use of billboards as well as daily and weekly newspapers, to urge property owners to take advantage of the moratorium law which provided for the remission of interest and penalties on taxes paid prior to a certain date. Result: Collection of \$10,000,000 in delinquent taxes with a cost of \$73,600.

* * *

The game of "cops and robbers" has gone out of existence in Culver City, Cal. The reason is that all the boys belong to the "Junior Detectives," organized by the Police Chief, and no one can be found to take the part of the robbers. Juvenile delinquency is said to have been reduced almost to a vanishing point as a result. The boys meet every afternoon after school and are organized for drill, physical education, athletic teams, minstrel shows, radio performances, bands, and other activities.

THOUGH still in its youth relatively, the "old" or one-way police radio, like many another useful invention, is rapidly giving way to a new advance of science. The new and modern two-way, portable-mobile system, latest word in police radio, has appeared on the scene to replace its predecessor in scores of cities throughout the country, and science marches on!

Judged by every standard, the one-way system ranks as one of the great advances of modern law enforcement. Permitting the instant communication of orders from headquarters to patrolmen in cruising cars, it cut the time for answering calls in the average department from 10 or 15 minutes to from three to five minutes, and those are precious minutes when an officer is pursuing a fleeing criminal.

The new system does all this and more. It enables the patrolman in the cruising car to "talk back" to headquarters, and to other cars, supplying information as to his position and observations, and calling for reinforcements when needed. It permits headquarters to revise its plans and orders in the light of this information and thus makes possible the co-ordination and direction of the actions of all units and men in the most effective manner.

There are about 75 cities in the country having one or more two-way, portable-mobile police radio cars with which they are experimenting, there being more than 400 cars in the country so equipped. A number of state police departments are also experimenting with the new system.

Bayonne, New Jersey, was the first city to adopt two-way communication, while Boston, Massachusetts, was the first large city to install it. To those who have had the privilege of hearing the Boston police radio system in operation

«We're on the Way, Send Reinforcements»

Patrolmen in Speeding Cars Employ Two-Way Radio to Keep Headquarters Posted, Receive Revised Orders, and Call Additional Cars

By WADE H. DELLINGER

there is no doubt as to its success. Nashville, Tennessee, has just installed a similar system, becoming the first department in the South to be so equipped.

tween police station and cruiser was made possible through the re-discovery and use of ultra-high frequency radio waves. The abundance and absolute dependability of these waves, combined with their ease of generation and propagation, make them ideal for police use. The new type equipment is not only mobile; it is also portable and can be conveniently moved from one automobile unit to another.

As a result of the new device, no longer is it necessary for a police car to pause while its occupants search for a telephone to report a crime or call help and thereby give the lawbreaker those extra minutes that may mean the difference between escape or capture. Patrolmen in speeding cars are now able, by simply removing the French-type telephone from a hook on the instrument panel of their car, to acknowledge receipt of a message, report their position and any irregularities, or notify headquarters when reinforcements are needed.

As "duplex" operation is employed patrolmen in mobile cars using the two-way system hear all messages and report over a loud speaker in their car. On removing the French-

type telephone from the hook, the loud speaker is automatically shut off, and the patrolmen are able to converse with headquarters, or other cars as if speaking over an ordinary telephone.

The possibilities of this type of communication are unlimited. With anticipated refinements it will not only be possible for patrolmen in cruising cars to receive and transmit messages unintelligible to radio listeners but also to control traffic signals while their car remains in motion. Although the final chapter is yet to be enacted, hearing the new system in action convinces one that the seemingly impossible is rapidly being accomplished.



The use of science's new aid in the war on crime has not yet spread to North Carolina. Although ten cities in the State have police radio, all of them are one-way systems. However, all of these stations with the exception of the large city-county station at Charlotte and the station at Asheville use radio waves similar to those used in two-way radio, and all of them could add the two-way feature to their present systems, including Charlotte and Asheville. The other cities with police radio are Durham, Greensboro, Hickory, High Point, Kinston, Raleigh, Salisbury, and Winston-Salem.

The two-way transmission be-

NORTH CAROLINA 1936 CALENDAR FOR LOCAL OFFICIALS

MONTH	DAY	OFFICER	DUTY	REFERENCE TO LAW	
JANUARY	1	OFFICIALS HAVING CHARGE OF SINKING FUNDS AND OTHER LOCAL FUNDS	Make report to the Director of Local Government.	C.S. 2492 s. 29 & s. 31	
	6	COUNTY COMMISSIONERS	Make annual report to County Superintendent of Public Instruction regarding fines, forfeitures, penalties and amercements.	C.S. 1324	
	6	CLERKS OF SUPERIOR COURT	Make quarterly report and remittance on State process tax collected.	s. 157 (f) Ch. 371 P.L. 1935	
	6	REGISTERS OF DEEDS	Make quarterly report and remittance to the State for marriage licenses issued.	s. 159 Ch. 371 P.L. 1935	
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48	
FEB.	2	SHERIFF OR TAX COLLECTOR	Begin penalty of 1% on 1935 taxes.	s. 805 (4) Ch. 417 P.L. 1935	
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48	
MARCH	2	SHERIFF OR TAX COLLECTOR	Begin penalty of 2% on 1935 taxes.	s. 805 (5) Ch. 417 P.L. 1935	
	2	COUNTY COMMISSIONERS	Appoint County Supervisor of Taxation.	s. 500 (1) Ch. 417 P.L. 1935	
	2 or as soon thereafter as possible	COUNTY SUPERVISOR OF TAXATION	Appoint, with approval of Board, assistants for each township who with himself shall constitute County Board of List-takers and Assessors.	s. 500 (3) Ch. 417 P.L. 1935	
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48	
	16	CO. SUPERVISOR OF TAXATION, LIST-TAKERS AND ASSESSORS	Meet at courthouse to consider plans and methods of securing a complete listing and uniform valuation of all taxable property.	s. 503 Ch. 417 P.L. 1935	
	20	TAX LIST-TAKERS AND ASSESSORS	Advertise in five or more public places in each township notice to property owners to return property for taxation as of April 1st on and after April 6th.	s. 504 Ch. 417 P.L. 1935	
APRIL	2	SHERIFF OR TAX COLLECTOR	Begin penalty of 3% on 1935 taxes.	s. 805 (6) Ch. 417 P.L. 1935	
	6	TAX LIST-TAKERS AND ASSESSORS	Begin listing and assessing property for taxation.	s. 503 Ch. 417 P.L. 1935	
	6	CLERKS OF SUPERIOR COURT	Make quarterly report and remittance on State process tax collected.	s. 157 (f) Ch. 371 P.L. 1935	
	6	REGISTERS OF DEEDS	Make quarterly report and remittance to the State for marriage licenses issued.	s. 159 Ch. 371 P.L. 1935	
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48	
MAY	2	SHERIFF OR TAX COLLECTOR	Begin penalty of 4% on 1935 taxes.	s. 805 (7) Ch. 417 P.L. 1935	
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48	
	4	TAX LIST-TAKERS AND ASSESSORS	Complete listing and assessing property for taxation unless extension of time is allowed by Board.	s. 503 Ch. 417 P.L. 1935	
	4	IN COUNTIES EXCLUDED FROM CHAPTER 234, PUBLIC LAWS, 1935: SHERIFF OR TAX COLLECTOR	Report in full all uncollected taxes for 1935.		
	4	COUNTY COMMISSIONERS	Order sale to be held on June 1st of all land upon which 1935 taxes are not paid.	C.S. 1334 s. 48	
	4	SHERIFF OR TAX COLLECTOR	Advertise, for four successive weeks, all land to be sold for taxes and make effort to collect all unpaid taxes where no land is listed.		
	11	IN CITIES EXCLUDED FROM CHAPTER 234, PUBLIC LAWS, 1935: TAX COLLECTOR	Report in full all uncollected taxes for 1935.		
	11	GOVERNING BODY	Order sale to be held on June 8th of all land upon which 1935 taxes are not paid.	C.S. 1334 s. 48 as amended by C.S. 2969-r	
	11	TAX COLLECTOR	Advertise, for four successive weeks, all land to be sold for taxes and make effort to collect all unpaid taxes where no land is listed.		
	30	HEADS OF DEPARTMENTS OR OFFICERS IN CHARGE	Present Budget Estimate and requests for next fiscal year to your Accountant.	C.S. 1334 s. 56	
JUNE	1	COUNTY COMMISSIONERS	Regular meeting of Board of County Commissioners. (Special meetings may be called the first Monday in each month, or at other times by the Chairman.)	C.S. 1296	
	1	TAX LIST-TAKERS AND ASSESSORS	Complete work of listing and assessing property for taxation.	s. 503 Ch. 417 P.L. 1935	
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48	
	1	IN COUNTIES EXCLUDED FROM CHAPTER 234, PUBLIC LAWS, 1935: SHERIFF OR TAX COLLECTOR	Sell land for 1935 uncollected taxes.	C.S. 1334 s. 48	
	5	COUNTY COMMISSIONERS	Give notice by publication of meeting of Board of Equalization and Review.	s. 523 (5) Ch. 417 P.L. 1935	
	5	COUNTY SUPERVISOR OF TAXATION	Mail notice to real property owners of any changes made in valuation by increase or decrease, also, time and place of meeting of Board of Equalization and Review.	s. 523 (4) Ch. 417 P.L. 1935	
	8	IN CITIES EXCLUDED FROM CHAPTER 234, PUBLIC LAWS, 1935: TAX COLLECTOR	Sell land for 1935 uncollected taxes.	C.S. 1334 s. 48 as amended by C.S. 2969-r	
	15	COUNTY COMMISSIONERS	Meet as Board of Equalization and Review.	s. 523 (5) Ch. 417 P.L. 1935	
	15	COUNTY SUPERVISOR OF TAXATION	Submit to Board of Equalization and Review tentative tax scroll, roll or list.	s. 523 (4) Ch. 417 P.L. 1935	
	15	IN COUNTIES AND CITIES EXCLUDED FROM CHAPTER 234, PUBLIC LAWS, 1935: SHERIFF OR TAX COLLECTOR	Report to governing body with respect to tax sales and those taxpayers who listed no land for taxes and whose taxes are unpaid.		
	15	GOVERNING BODY	Governing bodies should by resolution determine insolvent tax lists to be deducted in final tax settlement.	C.S. 1334 s. 49	
	JULY	1	ACCOUNTANT, CLERK OR TREASURER	3% discount period for 1936 prepaid taxes ends today.	s. 805 (8) Ch. 417 P.L. 1935
		1	OFFICIALS HAVING CHARGE OF SINKING FUNDS AND OTHER LOCAL FUNDS	Make report to the Director of Local Government.	C.S. 2492 s. 29 & s. 31
1st meeting of Governing Body		GOVERNING BODY	Adopt appropriation resolution for interim between July 1st and adoption of year's appropriation resolution on July 27th.	C.S. 1334 s. 65	
1st meeting of Governing Body		SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48	
6		ACCOUNTANTS	Submit Budget Estimates for the ensuing year to governing body.	C.S. 1334 s. 57	
6 or as soon as practicable after this date		ACCOUNTANTS	Submit supplemental Budget Estimates to governing body. Public statement of valuation, debt, deficits, miscellaneous income, uncollected taxes, tax sales, unencumbered balances and comparative tax rates.	C.S. 1334 s. 61 & s. 62	

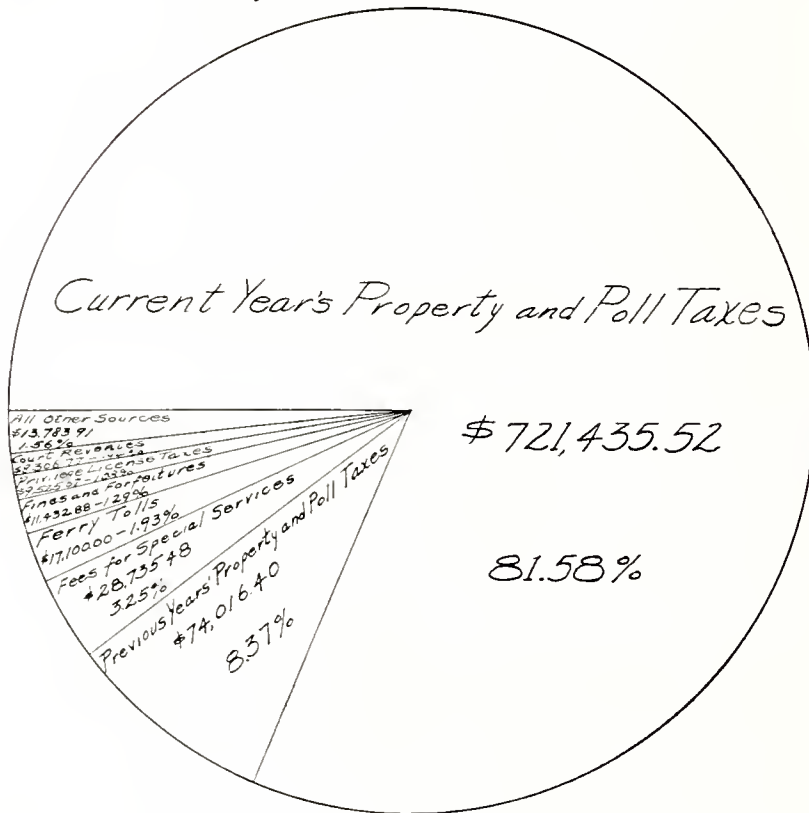
MONTH	DAY	OFFICER	DUTY	REFERENCE TO LAW
JULY	6	CLERKS OF SUPERIOR COURT	Make quarterly report and remittance on State process tax collected.	s. 517 (f) Ch. 371 P.L. 1935
	6	REGISTERS OF DEEDS	Make quarterly report and remittance to the State for marriage licenses issued.	s. 159 Ch. 371 P.L. 1935
	6	COUNTY COMMISSIONERS	Complete duties as Board of Equalization and Review.	s. 523 (5) Ch. 417 P.L. 1935
	6	IN COUNTIES AND CITIES EXCLUDED FROM CHAPTER 234, PUBLIC LAWS, 1935: SHERIFF OR TAX COLLECTOR AND GOVERNING BODY	Full and complete settlement for all taxes due. Such settlement shall be entered in full on minutes of the governing body.	C.S. 1334 s. 50
	7	GOVERNING BODY	File 1936-37 Budget Estimate in office of Clerk for public inspection; publish summary of Budget Estimate; furnish Budget Estimate to newspapers.	C.S. 1334 s. 58
	27	GOVERNING BODY	Adopt and record appropriation resolution for ensuing year. File copies with Treasurer or financial agent and Accountant.	C.S. 1334 s. 59 & s. 60
AUGUST	1	ACCOUNTANT, CLERK OR TREASURER	2½% discount period for 1936 prepaid taxes ends today.	s. 805 (8) Ch. 417 P.L. 1935
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48
	3	IN COUNTIES UNDER CHAPTER 234, PUBLIC LAWS, 1935: SHERIFF OR TAX COLLECTOR	Report in full all uncollected taxes for 1935.	C.S. 1334 s. 48 as amended by Ch. 560 P.L. 1933 and Ch. 234 P.L. 1935
	3	COUNTY COMMISSIONERS	Order sale to be held on Sept. 7th of all land upon which 1935 taxes are not paid.	C.S. 1334 s. 48 as amended by Ch. 560 P.L. 1933 and Ch. 234 P.L. 1935
	9	REGISTER OF DEEDS, AUDITOR, TAX CLERK OR OTHER OFFICER	Prepare final and complete scroll roll or list of taxables.	s. 523 (9) Ch. 417 P.L. 1935
	10	COUNTY COMMISSIONERS	Levy such rates of tax as may be necessary.	s. 527 Ch. 417 P.L. 1935
	10	IN COUNTIES UNDER CHAPTER 234, PUBLIC LAWS, 1935: SHERIFF OR TAX COLLECTOR	Advertise, for four successive weeks, all land to be sold for taxes and make effort to collect all unpaid taxes where no land is listed.	C.S. 1334 s. 48 as amended by Ch. 560 P.L. 1933 and Ch. 234 P.L. 1935
	10	IN CITIES UNDER CHAPTER 234, PUBLIC LAWS, 1935: TAX COLLECTOR	Report in full all uncollected taxes for 1935.	C.S. 1334 s. 48 as amended by C.S. 2969-r and Ch. 560 P.L. 1933 and Ch. 234 P.L. 1935
	10	GOVERNING BODY	Order sale to be held on Sept. 14th of all land upon which 1935 taxes are not paid.	C.S. 1334 s. 48 as amended by C.S. 2969-r and Ch. 560 P.L. 1933 and Ch. 234 P.L. 1935
	12	COUNTY COMMISSIONERS AND ACCOUNTANTS	Annual meeting of State Association begins today. (In Asheville, N. C.)	C.S. 1308
	17	IN CITIES UNDER CHAPTER 234, PUBLIC LAWS, 1935: TAX COLLECTOR	Advertise, for four successive weeks, all land to be sold for taxes and make effort to collect all unpaid taxes where no land is listed.	C.S. 1334 s. 48 as amended by C.S. 2969-r; Ch. 560 P.L. 1933 and Ch. 234 P.L. 1935
19	CITY GOVERNING BODY	Levy such rates of tax as may be necessary.	C.S. 1334 s. 63 as amended by C.S. 2969-r	
SEPTEMBER	1	ACCOUNTANT, CLERK OR TREASURER	2% discount period for 1936 prepaid taxes ends today.	s. 805 (8) Ch. 417 P.L. 1935
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48
	7	IN COUNTIES UNDER CHAPTER 234, PUBLIC LAWS, 1935: SHERIFF OR TAX COLLECTOR	Sell land for 1935 uncollected taxes.	C.S. 1334 s. 48 as amended by Ch. 560 P.L. 1933; Ch. 234 P.L. 1935
	14	IN CITIES UNDER CHAPTER 234, PUBLIC LAWS, 1935: TAX COLLECTOR	Sell land for 1935 uncollected taxes.	C.S. 1334 s. 48 as amended by C.S. 2969-r; Ch. 560 P.L. 1933; Ch. 234 P.L. 1935
	21	IN COUNTIES AND CITIES UNDER CHAPTER 234, PUBLIC LAWS, 1935: SHERIFF OR TAX COLLECTOR	Report to governing body with respect to tax sales and those taxpayers who listed no land for taxes and whose taxes are unpaid.	C.S. 1334 s. 48 as amended by Ch. 560 P.L. 1933; Ch. 234 P.L. 1935; also by C.S. 2969-r
	21	GOVERNING BODY	Governing bodies should by resolution determine insolvent tax lists to be deducted in final tax settlement.	C.S. 1334 s. 48 as amended by Ch. 560 P.L. 1933; Ch. 234 P.L. 1935; also by C.S. 2969-r
OCTOBER	1	ACCOUNTANT, CLERK OR TREASURER	1½% discount period for 1936 prepaid taxes ends today.	s. 805 (8) Ch. 417 P.L. 1935
	1	COUNTY SUPERVISOR OF TAXATION	Deliver to Register of Deeds list of exempt property.	s. 511 Ch. 417 P.L. 1935
	5	REGISTER OF DEEDS, ACCOUNTANT, TAX CLERK OR OTHER OFFICIAL	Complete tax list and receipts and deliver same to Sheriff or Tax Collector with order endorsed thereon.	C.S. 1334 s. 45 & s. 46
	5	SHERIFF OR TAX COLLECTOR	Receive tax list and receipts after qualifying.	C.S. 1334 s. 46
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48
	5	CLERKS OF SUPERIOR COURT	Make quarterly report and remittance on State process tax collected.	s. 157 (f) Ch. 371 P.L. 1935
	5	REGISTERS OF DEEDS	Make quarterly report and remittance to the State for marriage licenses issued.	s. 159 Ch. 371 P.L. 1935
	5	IN COUNTIES AND CITIES UNDER CHAPTER 234, PUBLIC LAWS, 1935: SHERIFF OR TAX COLLECTOR AND GOVERNING BODY	Full and complete settlement for all taxes due. Such settlement shall be entered in full on minutes of governing body.	C.S. 1334 s. 50 as amended by Ch. 560 P.L. 1933; Ch. 234 P.L. 1935; also C.S. 2969-r
NOVEMBER	1	SHERIFF OR TAX COLLECTOR	1% discount period for 1936 prepaid taxes ends today.	s. 805 (8) Ch. 417 P.L. 1935
	1	REGISTER OF DEEDS	Transmit to State Board of Assessment duplicate list of exempt property.	s. 511 Ch. 417 P.L. 1935
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48
	2	CLERK TO BOARD, TAX CLERK, COUNTY ACCOUNTANT OR OTHER OFFICIAL	File with the State Board of Assessment abstract of listed taxables.	s. 529 Ch. 417 P.L. 1935
DECEMBER	1	SHERIFF OR TAX COLLECTOR	½% discount period for 1936 prepaid taxes ends today.	s. 805 (8) Ch. 417 P.L. 1935
	1st meeting of Governing Body	SHERIFF OR TAX COLLECTOR	Report to governing body all taxes collected since last report.	C.S. 1334 s. 48
	7	COUNTY COMMISSIONERS	Newly elected County Commissioners qualify.	C.S. 1295
	7	COUNTY COMMISSIONERS	Regular meeting of County Board of Commissioners. Select Chairman of the Board.	C.S. 1296
	7	ALL COUNTY OFFICIALS WHO COLLECT FUNDS COUNTY COMMISSIONERS	All county officials who collect funds make annual report to Board of funds received and funds disbursed.	C.S. 1326
	7	CLERK TO COUNTY BOARD OF COMMISSIONERS	Prepare, certify and publish statement showing the amount, items and nature of all compensation audited by Board to members thereof; number of days Board in session and distance traveled by members respectively in attending same; whether any unverified accounts were audited, and if any, how much and for what.	C.S. 1311

EDITOR'S NOTE: This Calendar of Local Officials is limited to duties for which the statutes provide definite dates for performance; it does not cover certain general duties where the exact time is not specified. While it can not be said to be all-inclusive, the material has been carefully prepared and checked with the Local Government Commission, and will be found, it is believed, to be both thorough and accurate.

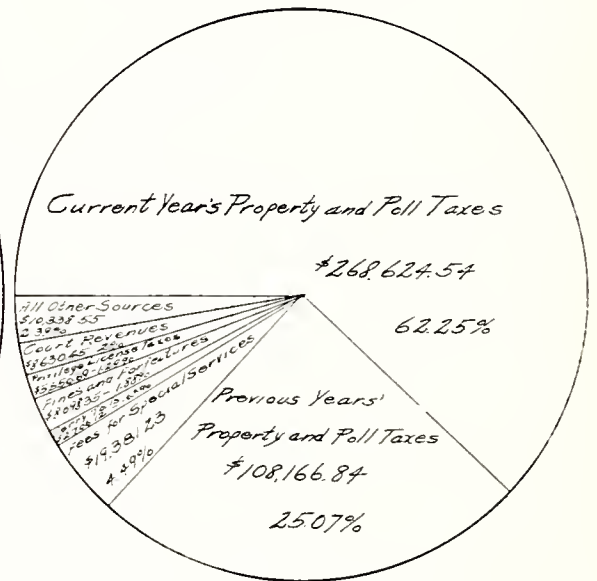
NEW HANOVER COUNTY REVENUES AND EXPENDITURES

-REVENUES-

-1929-Total- \$884,336.63-

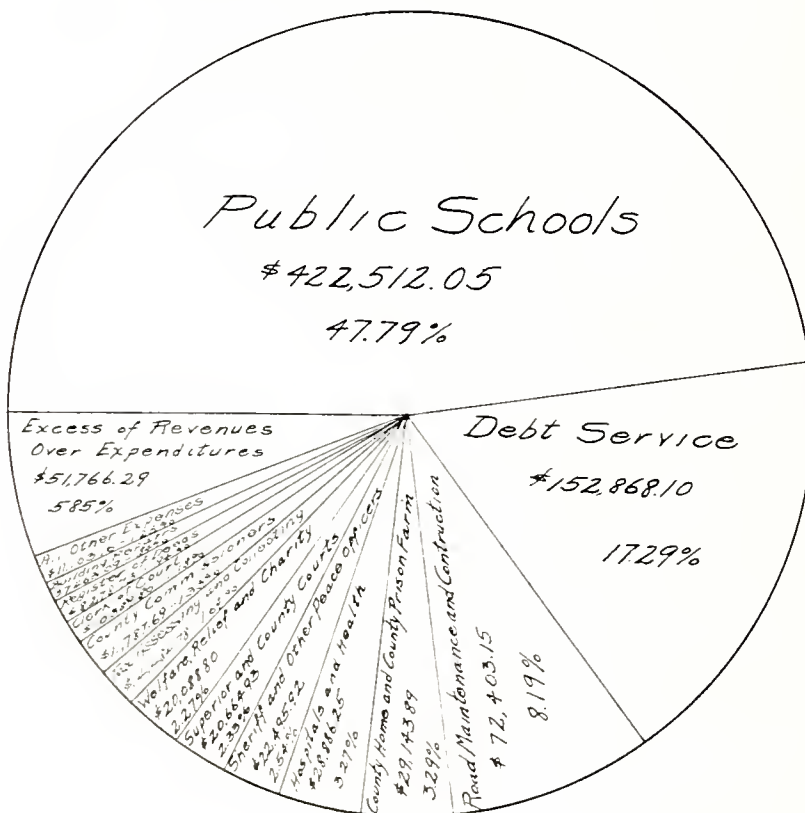


-1935-Total- \$431,496.77

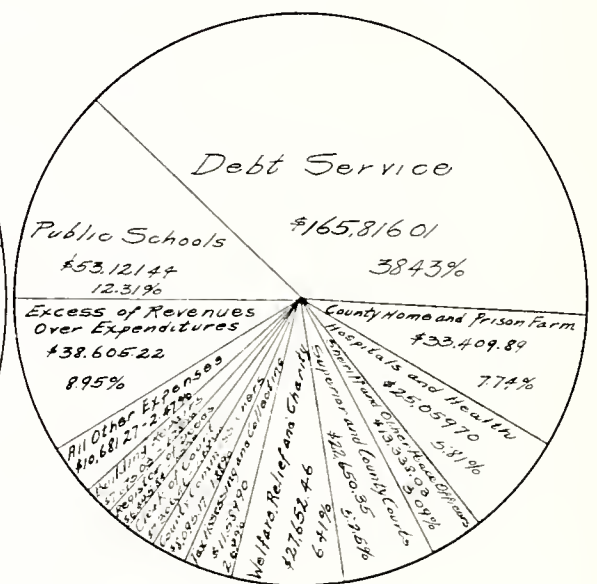


-EXPENDITURES-

-1929-Total- \$884,336.63-



-1935-Total- \$431,496.77-



Shifting Functions and Tax Burdens: 1929-35

THE sources of State revenues and the purposes for which the state spends its money were discussed in the preceding issue. Let us now consider county revenues and expenditures. On the opposite page we have "pie charts" showing the sources of revenue and the classes of expenditures in New Hanover County. The sources of revenue and items of expenditure are more or less common to all counties, and while the ratio of total revenue produced by the various sources and the amount spent on the various functions may vary from county to county, an understanding of the revenues and expenditures of the one will give a fairly accurate picture of the revenues and expenditures in all counties. In order to get something of the trend of county finances we have taken the years 1929 and 1935 under review.

Turning our attention to the charts, the first thing that strikes us is the tremendous decrease in county revenues and expenditures during the past six years. We will discuss the reasons later; for the present let's consider the sources of revenue.

Property Tax Leads Parade

The first item shown on the charts is current year's property and poll taxes. In 1929 these items produced \$721,435.52 or 81.58 per cent of the total revenue for the year, while in 1935 they produced \$268,624.54 or 62.25 per cent of the total for the year. Of course, the vast difference in the amount received from this source is due principally to the vast difference in the total tax levy, but the difference in the ratio of revenue from this source to total revenue shows rather forcibly the change in tax delinquency. In 1929 out of a total levy of some \$800,000 about 90 per cent was collected in the year in which the levy was made. In 1935, however, out of a total levy of some \$377,000 only about 69 per cent was collected in the year in which the levy was made. This means that approximately one-fourth of the citizens who paid their taxes on time in



By T. N.
GRICE
of the Staff of
the Institute of
Government

1929 failed to do so in 1935. In many counties of the state the ratio of delinquency is greater than that in New Hanover.

The next item is previous years' property and poll taxes. In 1929 this amounted to \$74,016.40 or 8.37 per cent of the total revenue for the year, while in 1935 it amounted to \$108,166.84 or 25.07 per cent of the total for the year. Thus, we see that good citizens eventually pay their taxes even though a bit late. Taking the first two items together we find that total property and poll taxes accounted for 89.95 per cent of the total revenue in 1929 and 87.32 per cent of the total for 1935. This clearly shows that property

taxes are by far the greatest source of county revenue—in fact they are the only single source of any great importance.

County Offices Collect Fees

The next item is fees for special services. These fees come into the offices of the sheriff, the clerk of court, and the register of deeds. The sheriff's office receives fees for summoning witnesses and serving subpoenas and other legal papers. The clerk of court's office receives fees for probating wills and other documents as well as various fees for duties performed in connection with the trial of civil and criminal cases. The register of deeds' office receives fees for recording legal instruments and certifying copies of recorded instruments. The county received \$28,735.48 from this source in 1929; however, in 1935 revenue from this source fell to \$19,381.23. This decrease is due principally to the decline in fees collected by the clerk of court and the sheriff, which tends to indicate fewer criminal cases in which the defendants paid the court costs and less civil litigation in the courts.

The next item, ferry tolls, represents revenue gained from a ferry operated jointly by New Hanover and Brunswick counties. This source of revenue is not common to most counties. In 1929 New Hanover received \$17,100 from this source, but this dropped to \$2,706.12 in 1935. This tremendous drop in revenue was due to the building of a bridge across the Cape Fear river. This bridge was freed of tolls by the 1935 General Assembly, and the ferry discontinued operations in the Spring of 1935.

Fine(s) for the Schools

Fines and forfeitures totaled \$11,432.88 in 1929 and \$8,098.35 in 1935. Under the laws of our State revenue from this source accrues to the county school fund. The decrease in 1935 from 1929 tends to prove that fewer defendants paid fines in lieu of serving prison sentences in 1935.

Our next source, privilege license taxes, netted \$9,525.67 in 1929, but dropped to \$5,550.69 in 1935.

HOW DOES YOUR COUNTY COMPARE WITH THIS?

What has been the effect of the State's taking over of the schools and roads on local budgets and tax rates? The answer is seen from a glance at the diminishing circles on the opposite page, and is discussed in detail in the accompanying analysis of Revenues and Expenditures for a typical county and city—before and after.

POPULAR GOVERNMENT'S analysis for the State was carried in the preceding issue. Taxpayers and students of government will find it interesting as well as valuable to secure the figures for their city and county, and compare them with the experience of the State and of this county and city during the depression.

DO YOU KNOW—

The major sources of county revenue?

What governmental functions performed by the counties in 1929 are now performed by the state?

The major items of county expense?

Whether the total cost of state and county government has increased or decreased since 1929?

Privilege taxes are levied in the form of licenses on the businesses carried on within the county. The variations in this source of revenue act as a fairly accurate barometer of the business life of the county. This item is a much more important source of revenue in the more industrialized counties.

Our next item is court revenues. These revenues represent payments of court costs consisting of trial and other fees in the county recorder's court and the superior court. The revenue from this source amounted to \$8,306.77 in 1929 and increased to \$8,630.45 in 1935. This increase tends to refute the theory that fewer defendants were able to pay money in lieu of prison sentences in 1935. However, a good part of the 1935 total represents costs in old cases in which the defendants were allowed to pay court costs on the installment plan and upon which little had actually been paid. A recent effort to clean up these back cases has been most lucrative to the county. To the extent of costs collected on these old cases, the 1935 total does not present a true comparison.

The last item of revenue is a "catch all" caption and includes interest on bank balances, state aid for certain health and educational activities, sales of scrap and materials as well as refunds, insurance on destroyed property, and other miscellaneous receipts. New Hanover received \$13,783.91 from these miscellaneous sources in 1929 and \$10,338.55 in 1935.

County vs. State Expenditures

We have examined the sources of revenue in New Hanover County and find that the county's tax bill

has been cut in half since 1929. The greater part of this reduction has been passed to the property owners in the form of reduced taxes on property. Thus, we find that while the state's tax bill has increased more than 50 per cent since 1929, the county's tax bill has decreased in about the same proportion. If we take the reduction in total taxes of some \$400,000 in New Hanover County as representative of the hundred counties in the state, we can estimate that the total tax bill of all the counties has been reduced by some \$40,000,000 since 1929. There probably has not been a reduction this great in the total county tax bill of the State, but there certainly has been a reduction equal to more than the increase in the State's tax bill of some \$18,000,000 since 1929. This increase in the State's tax bill is very closely related to the decrease in the vari-

ous counties' tax bills, since much of the savings in the counties is due to the State's increased participation in the school and highway systems.

The amount of reduction in county tax bills has varied in each county, being dependent largely upon the amount each county had previously expended on public schools and highway maintenance now carried on by the state. The reductions have also been reflected in different ways. In some counties the tax rate has been reduced, in others the property valuations have been scaled down, and in many both the tax rate and the property valuations have been lowered. When comparing your present county tax bill with that of 1929, forget the tax rate and look at the total amount of tax paid and you will get a true picture as to the reduction or increase in county taxes.

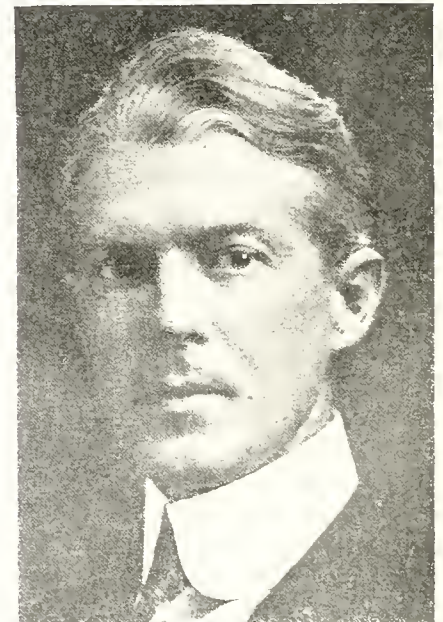
Pare Costs Except Relief and Debt

Now, let's turn our attention to some of the major county expenditures. Our first item is public schools. This item cost \$422,512.05 in New Hanover County in 1929 and \$53,121.44 in 1935. Thus, we find a reversal of the State's picture—this item in 1935 in New Hanover is slightly less than one-fourth the total in 1929 while the State's money going into public schools has increased slightly more than four times that spent in 1929. The present county school expense represents the cost of maintaining school buildings and equipment, an expense not paid by the State. In some counties the decline in school costs will not be so great, especially those counties in which local supplements are made to the salaries paid by the state.

Next, we find road construction and maintenance costing \$72,403.15 or 8.19 per cent of total expenditures in 1929 and completely disappearing in 1935. The State has taken over the construction and maintenance of all roads. This move on the part of the state accounts for the 100 per cent increase

in state road maintenance expenditures from 1929 to 1935.

Debt service cost \$152,868.10 in 1929 and \$165,816.01 in 1935. Although the amount spent for this item has increased but slightly, the ratio to total expenditures, because of a greatly reduced budget, has grown from 17.29 per cent to 38.43 per cent. In many counties this item will take one half or more of all the revenue received.



JOHN A. ORRELL
of New Hanover, President of the North
Carolina Association of County
Accountants

The next item is county home, farm and jail expenses. These institutions cost \$29,143.89 in 1929 and \$33,409.89 in 1935. The increase in this item is due to the increase in the number of inmates and prisoners cared for by the county. This increase tends to further the theory that more violators of the law served prison sentences in lieu of paying fines in 1935. It is quite possible that the increase indicates an increase in crime, but since the total revenue received from both fines and forfeitures and court costs decreased in 1935 from 1929, the former assumption seems more plausible.

The other items of expenditure shown on the charts represent the general operations of the county. In most instances we see a decrease in 1935 from 1929 which is more or less expected when we consider the difference in economic conditions. One notable exception is the cost of welfare, charity and relief. The increase in this item, of course, is expected because of the great amount of charity and relief work that the various counties have necessarily had to carry on during the past few years.

The last item, surplus, is included in the expenditure chart only for the sake of proportion. Ending each year with surplus revenues cannot be said to be the general rule with the counties of the State. New Hanover County is not necessarily an exception, but is certainly one of a minority in this respect.

Is Local Self-Government on the Decline?

In the six-year period 1929 to 1935 we have seen the State take over two of the major functions previously carried on by the counties—schools and roads. There are many who believe the maintenance of county highways is a purely local function and should be carried on by the counties. However, it is unlikely that the present arrangement will be changed in the near future, if ever. As to schools, many also view this function as one to be taken care of by the local governmental units. Our State Constitution requires the State to maintain a six months school term. The State now supports an eight months

school term and present indications are that in the years to come the State will increase its participation in the public school system. It is within the realm of imagination for the National Government to take over the operation of public schools as a Federal function some time in the future. The same may be said of the highway system.

As to the other functions of local government, it is quite possible, especially in the face of current national trends, for either the State or the Federal Government to take over all health, hospital, charity,

relief and other social welfare functions. However, that looks well into the future, and the possibility of local self-government vanishing in the United States is extremely remote. The nature and customs of the people vary so widely, and their problems are so different that it would seem impossible to have one central authority carrying on all the functions of government. Aside from these reasons, the people at present do not want it. However, people change and conditions change until no one can foretell what tomorrow may bring.

City Burdens Little Changed

WE HAVE seen how county expenses have been reduced by the State taking over the school, road and prison systems. Let us turn our attention to city revenues and expenditures during the period in which the State has taken over these functions formerly carried on by the counties. Since Hanover County was used to illustrate the trend of county finances, we will take the City of Wilmington as an example.

On the opposite page we have "pie charts" showing the sources of revenue and the functional expenditures of the City of Wilmington for the two years ending May 31, 1929, and June 30, 1935. It may be well to state that the City of Wilmington does not present a true trend of all cities because Wilmington schools have always been operated by New Hanover County. In those cities which represent a special charter school district or a part of such district, material city tax reductions have been reflected by the State taking over the operation of the schools. Except in this respect, however, Wilmington presents a financial picture more or less common to all of our cities and towns.

Property Again Bears Brunt

Turning to the charts we find the first item of current property taxes producing \$478,545.09 in 1929 and \$370,340.98 in 1935. Approximately the same total tax levy was made in each of the years under review, yet collections in 1935 for current taxes were some \$118,000 less than

current collections in 1929. In a word, tax delinquency increased about 25 per cent during the six year period.

The next item, prior years' property taxes, produced but \$43,913.33 in 1929, but increased to \$143,826.23 in 1935. Thus, in 1935 we find the two sources together producing some \$514,000 against a total of some \$522,000 in 1929. One might assume that the increase in tax delinquency caused but little difficulty since the difference in the total collected from all property tax in the two years is small. However, the increase in tax delinquency did cause serious financial worries to many cities. Once the cushion of

DO YOU KNOW—

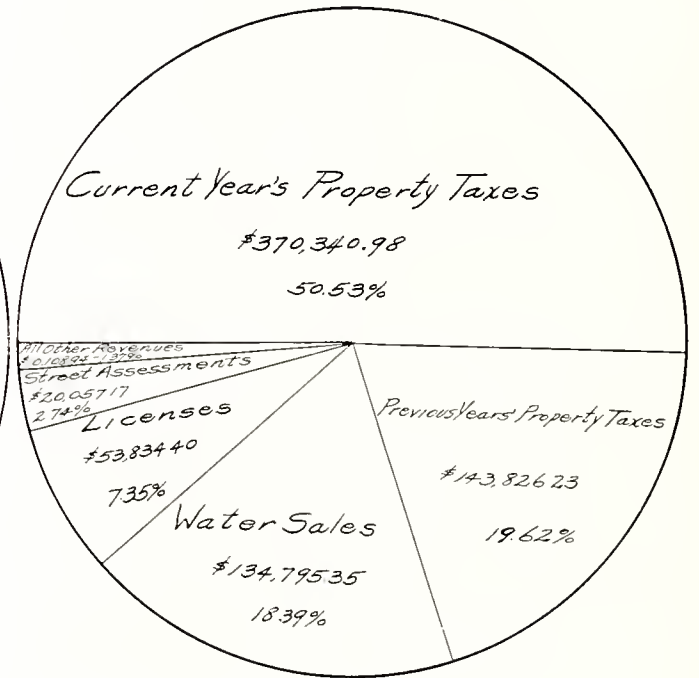
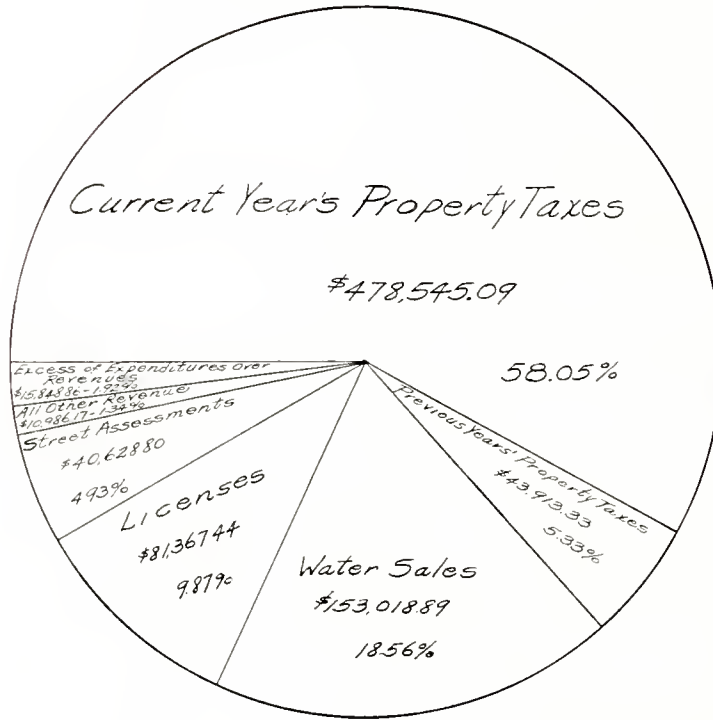
1. Which city revenue items have shown marked decreases and which have borne the brunt of the burden through the depression?
2. How the "cushion of delinquent taxes" has come to the aid of public units?
3. Whether the State's assumption of schools and roads has affected city budgets as it affected those of counties?
4. What functions or departments the axe of economy has hit the hardest?
5. How a deficit in prosperity was turned into a surplus in depression?

CITY OF WILMINGTON REVENUES AND EXPENDITURES

-REVENUES-

-1929-Total- \$824,308.58-

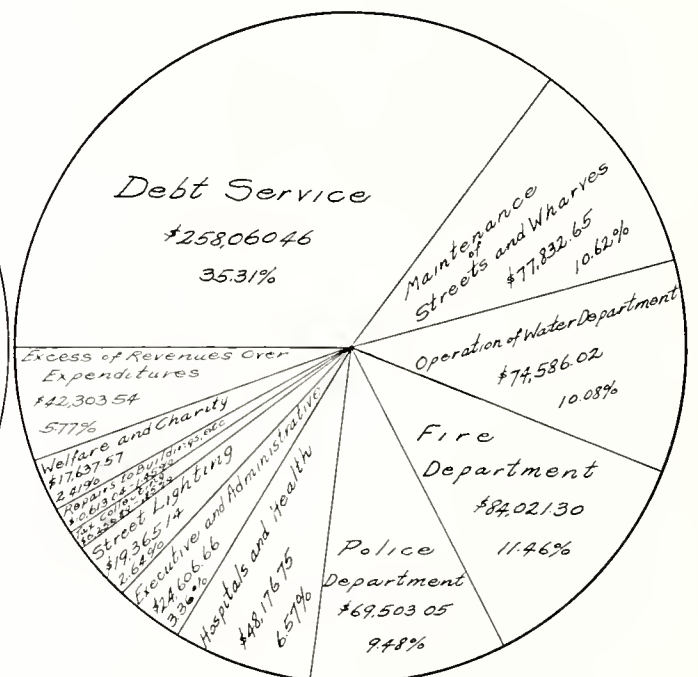
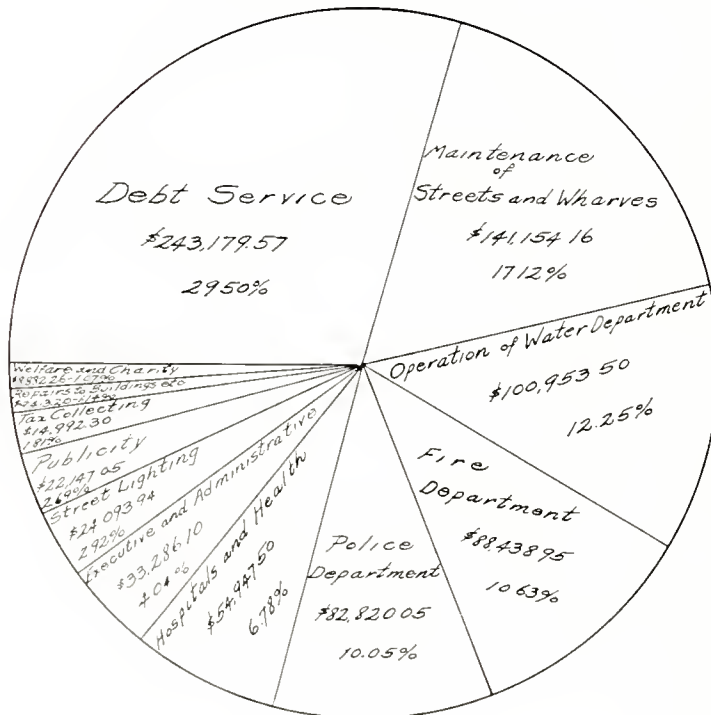
-1935-Total- \$732,963.07



-EXPENDITURES-

-1929-Total- \$824,308.58-

-1935-Total- \$732,963.07



prior years' uncollected taxes has grown large enough to make up the decrease in current collections the situation is somewhat relieved, but during the transition period many cities laboring under heavy bonded debts were forced to default in their debt service payments and have been unable to untangle this financial knot.

The next item, licenses, includes business licenses as well as city automobile licenses. This source of revenue produced \$81,367.44 in 1929, but dropped off to \$53,834.40 in 1935. This tremendous decrease tells quite vividly the grim struggle business has faced during this six year period. Each bankruptcy or business failure leaves its trace in the cities' cash books by reducing the revenue received from licenses. Practically every city in the State has felt the decrease in revenue from this source.

Assessments Decline

The next source of revenue is special assessments levied against property owners for street, sidewalk and other local improvements. This source of revenue produced \$40,628.80 in 1929 while in 1935 it produced slightly less than one-half this amount or \$20,057.17. Wilmington has no great amount of special assessments and thus has not been materially handicapped by this decrease, however, many of our cities in the State have experienced much financial difficulty because of the decrease in this source of revenue. Bonds were issued to finance local improvements and assessments were made against property owners with the idea of paying a large portion of the bond principal and interest with money gained from the collection of assessments. Property owners found themselves unable to meet the assessment installments, but bond interest and maturities continued to go on, thus forcing many cities into financial difficulties.

The next item shown by the charts includes revenue from all other sources and consists principally of material sales, green and locker fees from a municipal golf course and rents received from city-owned property. None of these individual sources is important enough to justify further discus-

sion. The total coming from these sources amounted to \$10,986.17 in 1929 and \$10,108.94 in 1935.

Deficits during Prosperity

You will note another item in the 1929 chart—deficit \$15,848.86. This item is not a revenue item and is included in the chart only for the sake of proportion. This item merely shows that expenditures exceeded revenues by slightly less than 2 per cent in 1929. The habit of spending more than was received was quite the vogue during the prosperity era, perhaps that is why we consider it as being prosperous. A deficit means short term borrowing which usually ends in the form of outstanding funding bonds, thus increasing the cost of government in the form of interest charges.



W. E. EASTERLING
*Secretary,
Local Government
Commission of
North Carolina*

Shaping Costs to Purses

We have compared the sources of revenue and have found that neither the sources nor the amounts received from these sources have been affected by any change in the functions or policies of the State. The tax burden of this city has not been lessened during the past six years. Leaving the revenues, let us take a look at city expenditures and see how these expenditures have been met with reduced revenues.

"Men May Come and Men May Go"

The first item shown on the charts is debt service. This item amounted to \$243,179.57 in 1929 and \$258,060.46 in 1935. Although the amount has increased but slightly, the ratio has increased from 29.5 per cent of the total expenditures in 1929 to 35.31 per cent of total expenditures in 1935. The increase in the amount of debt service is due principally to interest and

principal payments on funding and refunding bonds issued during the period under review, while the increase in the ratio is due principally to the decrease in total expenditures.

We hear quite a lot of talk about bonded indebtedness and how it takes the lion's share of governmental revenues. Many people seem to think that most of governmental bonded debt was incurred during the period 1925 to 1929. Suppose a citizen is now thirty years old, this places his twenty-first birthday, the age when a citizen may participate in governmental affairs through the right to vote, in 1926. Taking Wilmington as a typical example, we find that more than one third of the bonded debt was incurred before our thirty-year-old citizen was ten years old, that more than one-half was incurred before he reached the voting age. On the other hand our citizen will be fifty-eight years old before all of the present debt is paid even if all payments are made according to the present maturity schedule. Thus, the thirty-year-old citizen of today is paying part of the debts incurred during the days of his father and grandfather, and his children will pay a part of the debt incurred during his own life. In a word, men may come and men may go, but bonded debt goes on forever.

Operating Expenses Lower

The next item, maintenance of streets and wharves, amounted to \$141,154.16 in 1929 and \$77,832.65 in 1935. This item shows the city's attempt to cope with reduced revenues. There are just as many and probably more streets to maintain, but the money has to be spread thinner. Much of this reduction is due to labor costs, however, a part is probably due to inadequate maintenance because of the lack of funds.

The next item of water and sewer operating expenses also shows the effect of reduced revenues, amounting to \$100,953.50 in 1929 and \$74,586.02 in 1935. Most of this decrease is due to reduced labor costs.

The next two items are two of the most important functions carried on by a city—fire and police protection. The fire department of Wilmington cost \$88,438.95 in 1929

and \$84,021.30 in 1935, while the police department cost \$82,820.05 in 1929 and \$69,503.05 in 1935. The largest part of the decrease in the cost of police protection is due to reduced salaries and personnel. You will note there has been but little decrease in the cost of the fire department. This is due primarily to the fact that a city cannot reduce its fire department personnel without creating an undue hazard to the life and property of its citizens. A reduction in personnel may often cause fire insurance rates to advance thereby costing the citizens more in the end than is saved by reducing the cost of fire protection. Many people think that a fireman's job is one of ease when they happen to pass a station after the daily routine of work is over, but call around some cold night when there is a big blaze before you pass judgment on the fireman's mode of living.

The next item, hospitals and health, is a type of expense that cannot well be reduced materially during an era such as the past six years. There are more indigents and also more sickness due to want and exposure during depression years. However, this expense was reduced from \$54,947.50 in 1929 to \$48,176.75 in 1935. Most of this reduction is reflected in reduced appropriations for the city's health department and for mosquito control.

Where Economy Rages

A glance at the next item, executive and administrative expense, shows that the axe has swung pretty heavy during the past six years. This item has been cut about one-third from \$33,286.10 in 1929 to \$24,606.66 in 1935.

Street lighting, our next item, is indispensable and, except in cases where reductions have been obtained on contract rates, this expense has been reduced but little. Wilmington's light bill was some \$4,800 less in 1935 than in 1929.

If all items could be taken care of as easily and as simply as the next one, publicity, municipal financial worries would cease. Wilmington spent \$22,147.05 in 1929 on publicity. Some \$9,000 of this amount went toward paying a part of the construction cost of a municipal golf

course while the balance was used to acquaint people with the city. In 1935 Wilmington spent exactly nothing on this item.

The cost of collecting taxes decreased from \$14,992.30 in 1929 to \$6,256.89 in 1935. Much of this decrease is due to the consolidation of the city and county tax collecting offices and to reduced salaries and personnel.

Repairs to buildings varied but little during the period as naturally would be expected in the case of an item of this nature. This item amounted to \$9,413.20 in 1929 and \$10,613.04 in 1935.

Our next item, welfare and charity, more than doubled during the period. This item which took \$8,882.26 in 1929 took \$17,637.57 in 1935. Even this increase does not give an accurate picture of the increase in poverty and unemployment. Local funds have been greatly augmented by Federal funds, but still the tide of human want has not been turned.

Surplus in Depression

Lastly, we come to the item of surplus. This item represents the excess of revenues over expenditures and is included in the chart for the sake of proportion. It is gratifying to find many of our cities operating within their incomes. It is a healthy condition and one which, if it prevails for a sufficient period, will go a long way toward putting our municipalities on a sound financial basis and help untangle the financial mess in which we found ourselves when prosperity suddenly changed to depression.

We have seen how the counties' tax burden has been made lighter by the State taking over certain functions, but we find no such trend in city finances. The functions of our cities have continued and in many cases increased in spite of reduced revenues. The 1935 General Assembly did hear the cities' cry for assistance by appropriating \$500,000 each year of the biennium 1935-37 for maintenance of city highway-streets. Giving relief with one hand the 1935 General Assembly reduced city revenues with the other by forbidding cities to issue driving permits which previously brought revenue into many cities. About the only State policy that

would aid the cities would be the assumption of street maintenance either directly or indirectly through the State Highway Commission. Of course, the State could assure the cities more revenue by removing or raising the present maximum charge of one dollar allowed for city automobile licenses, however, this would not reduce the tax burden of the citizens of the cities. That the State will do anything to aid cities in their financial plight is a conjecture, but that the future General Assemblies will become city conscious is a certainty.

Court House Chaff

The western tip of North Carolina has Central Time. Part of Cherokee County has Eastern Standard Time and part of it has Central Time. The Clerk of the Superior Court lives in the eastern end of the county, but the Assistant Clerk lives in Murphy. The Clerk "carries" Eastern Time and the Assistant Central Time. The Clerk goes to lunch at 12:00 o'clock and the Assistant at 1:00—but they leave the office together! The Clerk comes to work at 8:00 A.M. and the Assistant at 9:00 A.M.—but they often meet at the door! The Clerk laughingly remarked that he "is good to" the Assistant Clerk, who doesn't have to come to work until 9:00 o'clock. "That's right," chuckled the Assistant, "but he quits at 4:00 o'clock and I have to work until 5:00 o'clock."

* * *

The other day our attention was called to the report of a Justice of the Peace, the report showing the names of all defendants brought before him on criminal charges and the disposition made of their cases. In one particular case the defendant was charged with giving a worthless check. The Justice taxed him with \$4.75 in costs, but imposed no fine. Under the column provided for showing the sentence was neatly typed "Pleased guilty."

* * *

A colored man was on trial for a felony. The Judge asked him if he desired the appointment of a lawyer to defend him. "No, sah," said Sam, "I'se gwine throw myself on the ignorance of the cote."

THE PUBLIC PULSE— —

Federal Programs

"... The inevitable result is the impression in too many minds that the Government can and will do it ... much of this is good and necessary ... But where are such trends leading us? ... Water pumped out of the well must be poured in again or the well will go dry. And the people must carry the water. ..."—Laurinburg *Exchange*.

"Governmental regulation, governmental refereeing or governmental usurpation of whatever name may be suggested is defensible only when co-operative individualism fails to work out because of unruly individuals."—Charlotte *Observer*.

"The necessity for cutting down the cost of relief is understood when the nation is spending \$1.95 for every dollar taken in, and 85 cents of this is for relief. ... The administration has had a tremendous job on its hands. ... The trouble with the country is that its people are too impatient, and lose confidence too quickly. ... If all the communities ... could take care of the unemployed ... tremendous reduction in expenses with a lessening of the drain on the treasury would be the result."—Wilson *Daily Times*.

"Regardless of whether North Carolina is or is not in position to participate in the Federal unemployment insurance problem, there would seem to be no escape from the calling of a special session of the General Assembly ... whatever Washington decides ... the (enabling) act relates only to unemployment compensation. It does not provide for participation by North Carolina in the benefits of the Federal aid which is to be made available for dependent mothers and children, the blind and the ill. It does not provide for old age pensions."—Asheville *Citizen*.

State and Local Functions

"We have paid our bond holders, if you please, by cutting the wages of our teachers and by depriving our children of opportunities they

as felt by the State's Press

once enjoyed. Need we boast so much in the face of this fact?"—Concord *Daily Tribune*.

"Because North Carolina has insisted on collecting more tax from the motorist than it devoted to the benefit of the motorist there is today ... a fourteen million dollar surplus in the highway fund. That money belongs to the automobile users of North Carolina. ... Four major ways of disposing of this surplus suggest themselves ... Debt reduction ... reduction of license plate cost ... reduction of gasoline tax, highway building."—Fayetteville *Observer*.

"It should be everlastingly emphasized that we all pay for fire—whether fire hits our property or not. ... Authorities estimate the bill could be cut at least 80 per cent by the exercise of a little caution,

ONLY THE PEOPLE

"It is reported in Washington that a group of new dealers in Congress is at work drafting legislation to curb the power of federal courts to nullify acts of Congress on constitutional grounds. ...

"The constitution was deliberately adopted by the forefathers to provide safeguards that have served this country well. A proposal to put Congress beyond the pale of the constitution would mean an end to constitutional government. ...

"The people did not elect the present administration ... to design some new theory of government and put it into force. If there is to be any change, it must be made in accordance with the rules under which the nation has functioned from the beginning. If we do not like the rules, we are at liberty to alter them, but only the people can amend the constitution. ..."—Hendersonville *Times-News*.

forethought, and preparedness."—Washington *Daily News*.

Taxation

"On the whole the picture which Commissioner of Revenue A. J. Maxwell has drawn of taxes in North Carolina as compared with other states would seem to bear out his contention that North Carolina 'offers a fair opportunity for business and industry to locate within its borders'."—Asheville *Citizen*.

"It is about time to be fair to all, and let the tax load be equalized, and not make taxes so high on corporations as to drive them from the state. Remember there are other states that would like mightily to have them in their borders. Drive out the corporations and the taxes would be thrown right back on the land, for a factory can be moved but you can't move the land."—Wilson *Daily Times*.

"... The result is that whole sections of the people are resentful because they suspect they are paying a greater share of the burden than other groups. Dr. McDonald's recent advocacy of a tax research board in North Carolina, to analyze the system of taxation and explain it to a befuddled citizenship, is entirely sensible."—Charlotte *News*.

Criminal Law Enforcement

"Like that nation which could not endure half slave and half free, this State cannot exert the most sensible control over liquor when it is one-fifth wet by choice and four-fifths dry by preference or by the lack of an opportunity to make a change."—Charlotte *News*.

"Most officers ... do the best they can—but the nature of their duties calls strenuously upon the cooperation of the law abiding. When the citizenry remains passive, the hands of the law are often indirectly manacled."—Burlington *Daily Times-News*.

"... a large part of the expense incidental to the operation of our local courts accrues from the trial of 'repeaters.' ... The five defendants mentioned had to their credit the record of having been 'up' before the court for a total of 345 times. ... The better method, we think, would be to give them the full limit of imprisonment prescribed. ..."—Winston-Salem *Journal*.

STATE CONSTITUTION

(Continued from page two)

borrowing money may operate occasionally to prevent reduction of debts or even to increase them, though it must be acknowledged that, for practical reasons, a unit would eventually have to put its house in order. It could not forever run a deficit and still find a market for its notes and bonds.

Despite the fact that the amendment would not guarantee a reduction of public debt, it would certainly encourage such a result. Assuming that refunding, evasions, and deficits would be no more serious than they are now (an assumption which will be continued throughout the remainder of the article), the normal result of adopting the amendment would be a gradual reduction of State and local debts unless the voters will otherwise. Further, it might result in working a considerable change in our methods of financing public improvements and particularly those improvements undertaken by local units.

The State is now and for some time will be retiring a large amount of bonds annually. The legislature could, by borrowing two-thirds of the amount so retired, finance any ordinary building needs the State might have. But any very large-scale building program—for instance, for roads and schools—would have to be handled in one of the following ways or combinations of them: (1) a "pay as you go plan" under which the program would be spread over a number of years and financed from current taxes; (2) a plan under which the program would be spread over a number of years and financed from the maximum which could be borrowed each biennium; or (3) a large bond issue approved by a vote of the people.

The local units, whose annual payments on outstanding debts are comparatively small, would find that two-thirds of the amount by which those debts were reduced during the preceding year would be inadequate to finance anything costing as much as the average school, city hall, courthouse, waterworks or other major improvement. Further, it would not ordinarily be possible

to include the entire cost of such an undertaking in one year's budget. Nor does it seem likely that schools will be treated as exceptions, or that self-liquidating projects will be treated as exceptions if the unit is to be liable for any deficit occurring. Therefore, in most cases in which local authorities wished to refrain from deliberate evasion, such an undertaking would have to be financed in one of the following ways or a combination of them: (1) by budgeting a part of the cost each year for several years until sufficient money has been accumulated; (2) by borrowing the maximum each year for several years until sufficient money has accumulated; or (3) by a bond issue approved by the voters. The last-named method would probably be the most frequently used, even though elections are fairly expensive.

All good rules seem to have exceptions, and the exception in this case revolves around the word "outstanding." The amendment, it will be recalled, would allow borrowing of two-thirds of the amount by which the "outstanding" debt was reduced during the preceding year or biennium. Payments into the sinking fund do not reduce "outstanding" debts. Such reduction does not come until the sinking funds are used to retire the debts. Consequently, it is possible that, during a year or biennium after a large amount of bonds have been retired from sinking funds, the unit could, by borrowing two-thirds of the "outsanding" debt thus retired, actually increase the amount of indebtedness remaining to be paid out of future tax levies.

This completes a rather sketchy summary of the possible results of the amendment. To the writer it is obvious that the amendment is not foolproof. It is also fairly obvious that it will be possible to evade its spirit if not its letter, at least temporarily. However, it seems equally obvious that if debt limitation is what the voters want, the amendment would provide a more effective limitation than the present.

At the very least, adoption of the amendment would mean a transfer of part of the power to control public debt from public officials to the voters—a transfer which would necessarily be accompanied by in-

creased frequency and consequently by increased total cost of bond elections. Whether or not he wishes this transfer is perhaps the primary question for the voter to decide in casting his ballot on the amendment.

THE HAZARD OF THE DARK

(Continued from page three)

small percentage of all improved roads, approximately three-quarters of all rural highway accidents at night occur on this mileage.

The statistical information presented above indicates that the lighting of these 50,000 miles would save each year not less than 5,000 miles, 50,000 personal injuries, and 100,000 cases of property damage.

The installation cost of the 50,000 miles of lighting is estimated at \$125,000,000 to \$150,000,000. This is from five to six per cent of the investment in these highways. The annual cost of operating the 50,000 miles of safety lighting, exclusive of investment charges, is estimated at \$30,000,000 to \$50,000,000.

The total cost, based upon the claim experience of the Casualty Underwriters, is less than one-third of the losses from the accidents which it is estimated that the lighting would prevent. Let us now compare the total cost with that of other safety measures.

New York, for example, has authorized a \$300,000,000 bond issue to eliminate all grade crossings in the State. Interest and amortization charges will amount to \$12,000,000 annually. The number of grade crossing accidents in the State in 1934 was 151. Assuming that no other hazard were created, the average cost of preventing an accident by grade crossing elimination is thus approximately \$80,000. On the other hand an expenditure of \$12,000,000 for lighting main highways, based upon costs in accident experience, would prevent at least 10,000 major accidents at an average cost of \$1,200 each.

When every individual, statistically speaking, is coming closer and closer to that place where his name will be the one reported as a gruesome news item, the important question is not, can we afford highway safety lighting, but can we afford to be without it?

Bulletin Service

Opinions and rulings in this issue are from State Department letters from November 15 to December 18

★

Prepared by
M. R. ALEXANDER

1. Ad valorem taxes.

A. Matters relating to tax listing and assessing.

5. Exemptions—city and county property.

To Vernon W. Flynt. (A.G.) In my opinion your city and county have a right to collect ad valorem tax on a vacant lot therein, owned by another city and not used for public purposes.

In the light of the case of Board of Financial Control vs. Henderson County, 208 N. C. 569, apparently the North Carolina Supreme Court has construed Article V, Section 5, of the Constitution to mean that property which is owned by the State or by municipal corporations is exempt from taxation only when it is used for public purposes. It seems further that this principle will be applied regardless of whether or not the property produces any income.

67. Annuities.

To Henry E. Fisher. Inquiry: Are annuities with a cash surrender value after a certain period subject to ad valorem taxation?

(A.G.) It has been held by this Department that the cash surrender value of insurance policies and annuity contracts is not subject to ad valorem taxation. True, the term "annuities" has for a number of years been included in the Machinery Act as one of those items which should be returned by the taxpayer for taxation. The term, however, as used herein, refers to the annual proceeds of the contract and not the contract itself.

You will note that the language used in the act is as follows: "all annuities and royalties." This would seem to lend weight to the conclusion that the term "annuities" has reference to the annual proceeds of the contract and not the contract itself.

100. Listing of trust property.

To R. L. Bradley. Inquiry: Is a bank entitled to refund for ad valorem taxes paid under protest on shares of its stock held by the bank, but in trust for an incorporated educational institution? (A.G.) Yes. Under the provisions of the Machinery Act, Section 304 (4a), this stock would not be taxable.

110. Listing of personal property.

To J. D. Grimes. Inquiry: Is a corporation entitled to the \$300 personal property exemption allowed to individuals by the Machinery Act, Section 306, subsection (8). (A.G.) No, obviously not from the wording of the section.

B. Matters affecting tax collection.

35. Tax foreclosure—costs and fees.

To Frank M. Armstrong. Inquiry: I understand that the costs are limited to \$6 in the foreclosure of 1932 tax sales certificates. Is there any provision to take care of a case in which there may

be 20 parties to be served, in which the Sheriff's fees alone would amount to \$10?

(A.G.) No provision was made in the foreclosure act which would take care of the problem of pro rata share of the court costs, which are limited to \$6. The Statute must be construed strictly, and there is apparently no remedy for the situation which you are up against.

To E. B. Denny. Inquiry: Which law governs the cost in tax foreclosure suits for Gaston County? (A.G.) Chapter 560, Public Laws of 1933, repealing Chapter 148, Public Laws of 1933, sets up a positive law limiting the costs which may be charged in all foreclosure suits. In my opinion the language employed in this act, and in the ratification clause thereof, is sufficient to make its terms applicable to Gaston County.

46. Tax foreclosure—after foreclosure by another unit.

To W. E. Fuqua. Inquiry: May a town foreclose delinquent taxes after foreclosure by the county and delivery of the tax deed to the purchaser? (A.G.) No, if the town had proper notice of the foreclosure proceedings instituted by the county; otherwise, yes.

50. Tax collection—acceptance of bonds for taxes.

To J. C. McIntosh. Inquiry: May taxpayers buy up bonds of the town and compel the officials to accept them in payment of taxes?

(A.G.) In the absence of a special Statute, and I can find none for your town, the town has no right to accept its bonds or coupons in payment of taxes.

Of course, it is impossible to prevent the holders of delinquent bonds from taking such action as they see fit for their collection, but they cannot offset taxes with them.

65. Tax collection—garnishment.

To J. M. Turley. Inquiry: Please interpret the law on garnishment for poll and personal property taxes.

(A.G.) When a person or concern has been served with garnishment, and such person or concern owes the delinquent taxpayer on whose relation the garnishment proceeding is brought, there is served upon such garnishee a notice to appear at a definite time before the court issuing the garnishment proceeding. At such time, if the garnishee either admits or it is proved that he has funds in his hands payable to the taxpayer, or that he owes the taxpayer anything, a judgment should be rendered against the garnishee for said amount. This judgment may be collected by execution or any other process by which other judgments may be enforced.

To L. J. Fisher, Jr. Inquiry: Is the assistant clerk of municipal court within the operation of the Statute permitting

garnishment of pay of State employees for taxes?

(A.G.) No. However, every citizen of the State not protected or made immune by some law is subject to garnishment with respect to taxes due.

III. County and city license or privilege taxes.

A. Levy of such taxes.

10. City automobile licenses.

To L. M. Query. Inquiry: May a town charge a city license fee on autos?

(A.G.) Municipalities are authorized by Section 2612(a) C. S. (Michie's Code, 1935) to impose a license or registration fee, not to exceed \$1, on motor vehicles owned by persons residing in the municipality.

This license is not to be confused with a driver's license. Section 2621(181) C. S. (Michie's Code, 1935) prohibits any driver's license other than the State license.

11. City licenses—for hire cars and transfer trucks.

To Joe W. Johnson. Inquiry: May a city levy a privilege or license tax on for hire motor vehicles measured by the number of vehicles operated?

(A.G.) An examination of C. S. 2612(a) and the decisions of the court in State vs. Fink, 179 N. C. 712, and State vs. Jones, 191 N. C. 371, leaves much confusion as to the power of a municipality in this regard.

It seems to us that Chapter 375, Public Laws of 1933, controls. C. S. 2621 (31) (c) clearly limits the power of the town to \$1.00 taxation with respect to "any license or privilege taxation upon the use of any motor vehicle licensed by the State of North Carolina." It seems that we must concede that this applies to for hire cars, because the succeeding section, C. S. 2621 (31) (d) refers to franchise motor vehicles and, therefore, leaves very little opportunity for discrimination or distinction.

To L. H. Wall. Inquiry: May a municipality levy a \$10 privilege tax on the operation of horse and motor transfer businesses?

(A.G.) C. S. 2621 (31) (c) states that the city privilege tax upon the use of motor vehicles is limited to "one dollar per year upon any such vehicle resident therein."

C. S. 2621 (31) (d) provides that no city or town may levy a franchise tax on franchised motor vehicle carriers in addition to that prescribed by the 1933 Motor Vehicle Act as amended.

Under these acts it is our opinion that such an ordinance is void as to persons operating motor transfers who have paid the State tax upon their vehicles.

11. Privilege license—beer.

To S. M. Andrews. (A.G.) The law does not provide for the issuance of beer licenses for a fractional part of the year. The full annual license fee must be paid, but at the same time the license will authorize the conduct of the business only to the 30th of April following.

61. License tax on out-of-town companies.

To M. B. Simpson. Inquiry: May a county levy a tax on an out-of-county auto dealer who makes occasional sales in the county when all the negotiations are carried on and the sale completed therein? I am thinking particularly of paragraph "e," subsection 4, Section 153, Chapter 371, Public Laws of 1935, providing that counties, cities, and towns may levy a tax of \$100 on each location where the business of selling autos is carried on,

and is of a seasonal, temporary, transitory, or itinerant nature.

(A.G.) This paragraph is so closely connected with the preceding parts of the act, and indeed so thoroughly depends upon the preceding parts for its authority. I have been compelled to conclude that the dealer is not subject to such a tax.

There is no doubt, I think, but that the Legislature might authorize the taxing of a transaction of this sort. The point is that it has not done so in this act or at least has not clearly done so, and you know taxing laws are to be construed in the most favorable light to the taxpayer.

IV. Public schools.

A. Mechanics of handling school funds.

14. School budgets—adoption and review.
To R. H. Latham. Inquiry: Does the Board of Financial Control of this County have authority to review and reduce a city supplemental school budget after its approval by the Board of Commissioners?

(A.G.) Yes. In my opinion the action of the Board of Commissioners in this regard is subject to approval and revision by the Board of Financial Control in the same manner as are other budgets approved by the County Commissioners.

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20. Procedure when district bonds assumed by county.

To J. T. Arnett. Inquiry: Our county has assumed the bonds of its special school tax districts and levies a county-wide tax to retire same. May we: (1) Close out our special district ledger and throw all balances into the School Debt Service Account; and (2) Credit delinquent taxes collected in special school districts to the general School Debt Service Account?

(A.G.) The 1933 School Machinery Act abolished all school districts (Section 4), retaining same only for the collection of funds to pay existing debts. In my opinion, when the county has assumed the obligations of its special districts, there is no further requirement that taxes prior to 1933 collected in a district for debt service be kept separate and applied to particular bonds or obligations of the district. In my opinion, the provisions of this law were intended to govern in case the obligations of the district had to be met by local taxation as a continuing condition, and is superseded when the county itself assumes the obligation.

B. Powers and duties of counties.

69. Districting attendance and assigning pupils.

To Clyde Erwin. Inquiry: Where does the authority lie for the regulation of school attendance and assignment of pupils to particular schools?

(A.G.) I can imagine no more chaotic condition with regard to any great State enterprise than now exists in the laws relating to the administration of the schools. Nevertheless, my opinion in the particular instance is that sufficient of the old law remains unrepealed to make this the duty of the County Board of Education. See Article IV, C. S. of N. C., Section 5410 and following, and especially C. S. 5483.

70. Segregation of races.

To Clyde Erwin. (A.G.) In my opinion, members of the race ordinarily referred to as the Croatan Race or Indians of the southeastern counties of North Carolina can not be permitted to attend schools with children of the white race. See C. S. 5384.

F. School officials.

31. County Superintendent—supplement to salary.

To Clyde Erwin. Inquiry: Does the School Machinery Act authorize any supplement to the salary of the County Superintendent to compensate for additional duties?

(A.G.) While the Superintendent's salary is fixed according to a schedule determined by the State Board of Education and the State School Commission, as provided in Section 12, and while a supplement does not fall under any of the provisions of Section 6, nevertheless there are other provisions applicable to the situation.

Section 9 relates to objects of expenditure, listing those contained in the current expense budget. The fifth paragraph of Section 9 relates to the allocation of fines, forfeitures, etc., and provides that these shall be applied to the maintenance of plant and fixed charges. There is this provision, however:

"Provided, that when necessity is shown, the State School Commission may apply the use of such funds in any administrative unit to supplement *any object or item in the current expense budget*; and in such cases, *the tax levying authorities of the county administrative unit shall*

make a sufficient tax levy to provide the necessary funds for Maintenance of Plant, Fixed Charges, and Capital Outlay."

In my opinion, this is sufficient authority for the appropriation of the proceeds of fines, forfeitures, penalties, dog taxes, poll taxes, and those received by the county from all other sources except state funds, to supplement the salary of a County Superintendent when this shall be adjudged to be necessary by the State School Commission. Should this leave an insufficient sum from these sources to take care of Maintenance of Plant and Fixed Charges, then it is the duty of the tax levying authorities to levy taxes for such purposes.

60. State School Commission.

To Lloyd Griffin. Inquiry: Whose duty is it to determine racial status—the School Commission or the courts—in allotting teachers for the different races, White, Indian, and Colored?

(A.G.) This is a question of fact which the School Commission must determine in the first instance. However, if contested, it rests with the courts. See C. S. 5384 and 5445.

V. Matters affecting county and city finance.

To J. M. Lyon. (L.G.C.) Unless there is some Public-Local Law applicable to your county to the contrary, we know of no legal requirement for the publication of a monthly statement of the finances of the county.

B. Defaults.

11. Payment of interest on past due bonds where coupons paid.

To J. H. Scott. (A.G.) It has been held by the courts of this State for a long period of time that municipalities and district boards must pay interest on their delinquent bonds although all coupons had been detached and paid. It would be permissible to pay the interest out of any funds levied for the payment of bonds and coupons.

I. Issue of bonds.

1. Bonded indebtedness—statutory limitation.

To Zeb V. Long. Inquiry: Is the issuance of bonds under the "Emergency County Bond Act," Chapter 427, Public Laws of 1935, subject to the limitation on bonded indebtedness set out in C. S. 1291 (a)?

(A.G.) Section 8, Chapter 427, states that the Act is subject to the provisions of the Local Government Act but not of the County Finance Act. Section 11 states in part as follows:

"The powers conferred by this Act are in addition to and not in substitution of those conferred by any other act, either general, special or local, and every municipality may proceed to issue bonds under the provisions of this law, notwithstanding any conditions, restrictions or limitations contained in any other act, whether general, special or local."

In view of the specific language of this section, it would seem that the limitation expressed in C. S. 1291 (a) would not apply to bonds issued under the provisions of the 1935 Act.

P. Securing local funds.

10. Security furnished by local banks.

To J. S. Benner. Inquiry: What securities are required for county bank deposits in official depositories? (A.G.) North Carolina bonds, United States bonds, or a bond provided by a surety company authorized to do business in North Carolina. See C. S. 1334 (70).

T. Fire insurance purchased by local units.

To John A. Anthony. (A.G.) The Supreme Court of North Carolina held in Fuller vs. Lockhart that municipalities and other political subdivisions of the State may insure in mutual fire insurance companies.

VI. Miscellaneous matters affecting counties.

G. Support of the poor.

To Junius D. Grimes. (A.G.) The Constitution and the laws made thereunder give to the County Commissioners very broad powers in taking care of the poor of the county. In my opinion, while this has been universally done by direct expenditures from the county authorities to the support of a county home, or to what has been known as outside poor, I do not think that the expenditure of funds raised for the support of the poor can be said to be restricted by law to either of these methods. It is a matter which must be left to the sound discretion of the Board of Commissioners.

In my opinion, if fully satisfied that the fund is being expended, or will be expended for the purposes indicated, that is for the support of such poor and indigent persons as would come within the jurisdiction of the County Commissioners, if a direct appropriation were made in their behalf, the County Commissioners could use the Red Cross as an agency for the distribution of such sum as in the decision of the Commissioners might be necessary for the purpose.

11. Payment of hospital expenses in State hospitals.

To Dr. Peter D. Sinclair. (A.G.) C. S. 2304 (d) provides that if a patient has been declared indigent by the Clerk committing him to the State Hospital for inebriates, his expenses for board and clothing shall be paid by the county of his residence.

VII. Miscellaneous matters affecting cities.

B. Matters affecting municipal utilities.

20. Franchise taxes.

To F. C. Harding. Section 203 of the 1935 Revenue Act is similar in form to the sections in previous Revenue Acts levying a tax upon electric current sold by municipal corporations to other towns for re-sale. It is the opinion of this office that your town is subject to the tax levied under this section of the Revenue Act.

E. Suits against city.

To T. R. Wall. Inquiry: Does a judgment against a municipality for damages bear interest until paid? (A.G.) It has been held in North Carolina that a town must pay interest on its obligations just as any other debtor. Its status in this respect is different from that of the State, which does not pay interest unless expressly agreed. C. S. 2309; Mitchell vs. Railroad, 138 N. C. 1; Yellowly vs. Commissioners of Pitt County, 73 N. C. 164.

X. Ordinances.

1. Validity of ordinances.

To J. A. McDowell. (A.G.) In my opinion traffic regulations to the effect that cars must pass to the right in meeting each other would not be sufficient to create a one-way drive on each side of a plaza or center plot running up and down the street. An ordinance would be necessary for such purpose, and I think the town would have the right to make such an ordinance.

To C. H. Avery. (A.G.) There is no State law regulating the sale of fireworks. In the absence of a Public Local Act the

matter would be controlled entirely by your town board in the way of an ordinance forbidding the sale of same.

VIII. Matters affecting chiefly particular local officials.

B. Clerks of the Superior Court.

10. Collection of process tax.

To H. R. Thompson. Inquiry: Does the \$2 State Process Tax apply to criminal cases in Recorder's Court? (A.G.) Yes.

20. Criminal appeals.

To C. A. Ramsey. Inquiry: Is the Clerk within his rights in refusing to accept the criminal appeal bonds of a bonding company which has not complied with the requirements of the Insurance Commissioner?

(A.G.) If the requirements are not met, you should require the company to justify on all bonds which they present in your county in the same way and manner you would any private or individual bond.

73. Process for enforcement of judgments.

To J. E. Swain. (A.G.) I agree with your construction. Under the provisions of C. S. 669 executions and other process for the enforcement of judgments can issue only from the court in which the judgment was rendered. The docketing of a judgment in any other county is only for the purpose of acquiring a lien.

75. Administration of guardian's funds.

To Junius D. Grimes. Inquiry: What are the proper fees for the Clerk to charge as receiver for minors where no one has qualified as guardian?

(A.G.) See C. S. 2200 placing such compensation within the discretion of the appointing judge. In my opinion other sections of the law regulating the fees

and commissions of Clerks handling moneys are superseded by this section and have no application.

101. Unclaimed assets in hands of clerk.

To F. S. Hall. Inquiry: The liquidating agents of two banks shortly will turn over to the Clerk's office certain funds representing unfiled claims of depositors. Please advise how I may release such funds legally to bona fide owners of these dividends.

(A.G.) When these funds are turned over to you, the Banking Department will furnish you with a list of bona fide claimants. If the amount is not sufficient to pay off these claimants in full, it would be your duty, after ascertaining the correctness of the accounts as best you can and satisfying yourself that these claimants are bona fide owners of the same, to prorate among the several claimants the amounts of these funds on a percentage basis.

In order to protect yourself in this matter, we think it advisable that this proration be put in writing and that the same be approved of by the Judge of Superior Court at the next term.

C. Sheriffs.

7. Court costs and extradition.

To Charles Hughes. Inquiry: 1. Is a Defendant liable for costs under C. S. 1267 when he pleads guilty and the judgment is silent on this subject? 2. If the Sheriff has to go to another state for a prisoner, but he waives extradition and returns voluntarily, who bears the expense?

(A.G.) 1. Yes, as C. S. 1267 includes a person "confessing himself guilty." 2. Expenses of extradition are borne by the State in cases of felony and by the county

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at the Close of Business Dec. 31, 1935

Resources

Cash and Due from Banks	\$5,454,339.50	
Obligations of the United States	7,140,295.20	
Federal Land Bank Bonds	1,747,106.40	
North Carolina Bonds	557,524.97	
Municipal and Other Marketable Bonds	3,275,875.73	
Loans Secured by Marketable Collateral with Cash		
Value in Excess of the Loans	710,018.94	\$18,885,159.84
Other Loans and Discounts		904,292.41
Other Stocks and Bonds		18,006.90
Banking Houses, Furniture and Fixtures, and Real Estate		250,000.00
Total		\$20,957,458.25

Liabilities

Capital Stock—Common	\$ 400,000.00	
Capital Stock—Preferred	400,000.00	
Surplus	400,000.00	
Undivided Profits	200,139.30	
Reserves	257,785.18	
Dividend Payable Jan. 1, 1936	8,000.00	
Deposits	18,391,533.77	
Total		\$20,957,458.25

SAFE BANKING AND TRUST SERVICE FOR EASTERN CAROLINA

in other cases. C. S. 4556 (v). The State would not be liable, as there was no extradition, and if the Defendant can not pay, the county has no redress.

22. Settlement for tax collections.

To O. L. Williams. Inquiry: Please construe C. S. 8009 regarding credits to be allowed Sheriff in making his settlement for the year's tax collections.

(A.G.) The Sheriff is entitled to receive credit for the fees and expenses set out in the Statute at the time settlement is made. However, the fee of 50 cents for making the deed has become obsolete because of the Foreclosure Act under which the deed is made by a Commissioner instead of by the Sheriff.

35. Qualifications of deputy.

To D. V. Meekins. (A.G.) A Deputy Sheriff appointed by a Sheriff need not be 21 because the theory of agency applies. A person 17 or 18 possessing sufficient intelligence might be appointed. There is no legal reason why a woman should not serve as a Deputy Sheriff.

D. Register of Deeds.

1. Fees.

To Robert Wright Strange. (A.G.) It is the opinion of this office that chattel mortgages or liens given to secure loans from the Resettlement Administration of the Federal Government come within the meaning of C. S. 3904 (a), which limits the amount of probate and registration fees which may be charged when such instruments are probated and recorded.

E. County auditor.

5. Responsibility in counter-signing warrants.

To Geo. T. Davis. Inquiry: What is the County Accountant's responsibility under C. S. 1334 (66 and 67) in the matter of counter-signing warrants issued by the Board of Education?

(A.G.) The duty of the County Accountant is, in the opinion of this office: (1) To see that the warrant shows provision for payment has been made by an appropriation duly made, and (2) To determine that a sufficient unencumbered balance of the specific appropriation remains for payment of the obligation.

L. Local law enforcement officers.

24. Prohibition—1935 Liquor Control Acts.

To Lon J. Moore. (A.G.) The Pasquotank Act, Chapter 493, Public Laws of 1935, repeals the Turlington Act. The latter, however, was set into the background of previous legislation relating to the liquor traffic, and the mere repeal of the Turlington Act would leave much of this legislation still standing. In my opinion, the laws regulating search and seizure, not specifically included in the Turlington Act, would still stand and so would the laws creating a presumption from the possession of liquor in certain quantities which were intended to aid the prohibition acts passed prior to the Turlington Act. On this theory C. S. 3379, which makes possession prima facie evidence of intent to sell, which is not a part of the Turlington Act, might be relied upon in aid of the prohibition parts of the Pasquotank Act, that is to say, Section 19.

I do not think that under the search and seizure provisions of the law, outside of the Turlington Act and not repealed by the Pasquotank Act, a search of the premises without a warrant was justified under the Constitution. However, it has been held for a long time in North Carolina that the court will not inquire whether evidence, otherwise competent, had been obtained in contravention to the Consti-

tution in this respect. This is contrary to the ruling in the Federal Courts and under the Federal Constitution, but nevertheless it is the law in this State.

30. Slot machines.

To J. A. Shaw. (A.G.) The fact that the State tax is collected from a slot machine operator, also that the operator holds a license for the operation of the machine, has nothing whatever to do with the guilt or innocence of the person operating the machine or keeping it in his place of business. The Department of Revenue is given the right to presume, when application is made, that it is for operation of a legal machine; it cannot license a man to violate the State law.

If the machine in question yields an uncertain return, that is, if the element of chance substantially controls the operation of the machine, it is illegal, and its operation or possession is a violation of the law and renders the person amenable to the Statutes you have cited.

31. Lotteries.

To J. G. Edwards. Inquiry: Is the State lottery law violated by a scheme to give "votes" with each purchase and payment on account and award prizes to the persons with the most "votes"?

(A.G.) I do not believe this violates the lottery laws because the element of chance or uncertainty in result is lacking. That is, the prize goes to the person with the most votes, and this is in accordance with certain definite fixed relations.

39. Motor Vehicle Act.

To A. J. Maxwell. (A.G.) We are of the opinion that Chapter 384, Public Laws of 1935, requiring safety glass in autos, applies only to motor vehicles manufactured or assembled on or after January 1, 1936, and that dealers who have autos manufactured or assembled prior to that date would have the right to sell same regardless of whether they are so equipped.

41. Operating motor vehicle while intoxicated.

To J. L. Hunter. Inquiry: Did the passage of C. S. 2621 (44 and 101) relating to the punishment for drunken driving repeal C. S. 4506 on the same subject?

(A.G.) Both sections are still law. The minimum fine of \$50 or \$100 depends on which section the Defendant is indicted under.

To H. C. Tucker. Inquiry: C. S. 2621 prescribes a sentence of from 30 days to one year or a fine of from \$100 to \$1000 or both for drunken driving. Are these provisions mandatory or does the judge have the discretion to impose a lesser punishment upon first offenders?

(A.G.) It is the opinion of this office that you have no discretion in the matter of punishment. It seems to the writer that the clear intention of the Legislature was that even first offenders should be punished by at least a fine of \$100 and costs.

M. Welfare Officers.

25. Placement and adoption of infants.

To Miss Lily E. Mitchell. Inquiry: Do the Clerk of Court and County Health Officer have jurisdiction under C. S. 4445 in separating an infant under six months from his mother for the purpose of placement and adoption if the mother and infant, though born in this State, are non-residents? (A.G.) Yes. This appears to be the expressed intention of the Legislature.

P. Judges of Recorders' and County Courts.

20. Jurisdiction.

To John D. Canady. Inquiry: (1) Is hit and run driving classed as a felony or misdemeanor? (2) Does a county recorder's court have jurisdiction?

(A.G.) Felony. (2) Only to commit and bind over. The judge of recorder's court is limited to misdemeanors and to crimes within the grade of jurisdiction of a Justice of the Peace.

25. Civil appeals—priority of lien.

To Paul B. Edmundson. Inquiry: Which judgment is the prior lien: One handed down by the county courts and affirmed by the Superior Court one year later, or a second judgment handed down by the Superior Court between the two times?

(A.G.) I do not think that the taking up of the appeal and sending up of the papers for a trial de novo in Superior Court had the effect of making the judgment obtained in the county court a lien. In my opinion, in order to have acquired a lien the judgment in the county court should have been docketed for that purpose in the Superior Court.

S. Mayors and aldermen.

10. Vacancies—method for filling.

To H. H. Duncan. (A.G.) Vacancies caused by the death of a Mayor are filled by the Board of Aldermen. The presiding officer may vote as a member of the Board, and if a tie should result, he also has a casting vote or a vote to break the tie. In my opinion the position of mayor "protem" under your Charter expires with the death of the mayor. Such an officer is chosen to preside in the absence of the Mayor, and death is not considered absence in the meaning of the Statute. This would necessitate the selection of some member to preside over the meeting to fill the vacancy, and it might be either the person who had been designated as mayor "protem" or some other member.

T. Justices of the Peace.

6. Settlement for fines and forfeitures.

To W. T. Cross. Inquiry: Are Justices supposed to turn over the proceeds from fines and forfeitures to the Treasurer or the Clerk of Superior Court? If the latter, is he entitled to his regular commission on such fines?

(A.G.) The Statute prescribes the County Treasurer, but it has been the practice in some counties to turn such fines and forfeitures over to the Clerk of Superior Court.

In my opinion, the amount can not be reduced by a commission for handling.

10. Jurisdiction.

To Herbert O'Connor. Inquiry: Please cite me the numbers of the statutes which regulate the jurisdiction, etc., (1) of Justices of the Peace, and (2) of courts with concurrent jurisdiction below the rank of Superior Courts.

(A.G.) 1. See Article IV, Section 27, Constitution, and C. S. 1462-1535. 2. See C. S. 1536-1608.

40. Unlawful practice of law.

To T. A. Henley. (A.G.) Chapter 157, Public Laws of 1931, prohibiting the practice of law by others than licensed attorneys, would cover the case outlined in your letter. A Justice of the Peace has no right to make a charge for drawing any of the instruments you mention, nor has he a right, as a Notary Public, to charge more than the fee prescribed by law.

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Waxes — Floor and Gum Seals — Cleansers
For Every Type of Floor

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FLUE LINING - WALL COPING - SILO BLOCKS
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County Record Books
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LOOSE LEAF OR BOUND

Indexing Systems for All County Records

We specialize in special built Furniture and
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We Invite Your Correspondence

A Year of Real Progress



Glancing back over events which have transpired in North Carolina during the past twelve months, it is apparent that the progress toward Recovery made by this state has been of a truly outstanding nature.

North Carolina has a right to be proud of the splendid record it has made.

Agriculturally, the state is in excellent condition, with farmers having received excellent prices for most of their crops.

Industrially, there has been marked progress along practically every line.

Retail and wholesale business have shown a decidedly upward trend.

It is, therefore, with a feeling of optimism that North Carolina greets the New Year, and with a determination to make the forthcoming twelve months even more prosperous than the past year has been.

**Ample Power Facilities Are One of the
Necessities for Industrial Progress**

The Duke Power Company assures North Carolina of these facilities.



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