

**1917, SEVENTH ANNUAL
REPORT OF THE
NEW HAMPSHIRE
STATE TAX COMMISSION**

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ALBERT O. BROWN & WILLIAM B. FELLOWS & JOHN T. AMEY

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SEVENTH ANNUAL REPORT

OF THE

NEW HAMPSHIRE
STATE TAX COMMISSION

TAX YEAR OF 1917

ALBERT O. BROWN,
WILLIAM B. FELLOWS, } Commissioners
JOHN T. AMEY,

CONCORD, N. H.
1917

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REPORT.

CONCORD, N. H., August 31, 1917.

The seventh annual report of the state tax commission contains, in addition to the usual tables, the financial statistics of towns and cities heretofore printed in the reports of the state treasurer, following the requirements of c. 57, Laws 1917.

Legislation in 1917 relating to taxation and the duties of assessors and selectmen may be briefly summarized.

The fiscal year of towns, village precincts and departments thereof is made to end on the thirty-first day of January, s. 9, c. 129, Laws 1917, and of school districts on the thirty-first day of August, annually, s. 1, c. 122, Laws 1917.

The latter chapter provides that the fiscal year beginning February 16, 1917, shall continue until August 31, 1918, thus covering a period of eighteen months.

It seems also to settle the question whether money for school purposes shall be paid from the town treasury before school taxes have been collected (Pub. St., c. 88, s. 3) by declaring that the selectmen shall pay over to the district treasurer, annually on or before October 1, and monthly thereafter, such sums as the school board shall require for the maintenance of the schools.

It has been a mooted question in some localities whether machinery disconnected with factory buildings and not falling in the class of carding machines is taxable under s. 3, c. 55, Public Statutes, which reads in part, "Buildings, mills, carding machines, factory buildings and machinery . . . are taxable as real estate."

New Hampshire, State Tax Commission (3-19-1917)

Chapter 6, Laws 1917, definitely settles this particular question by amending section 3 so that it now reads, "Buildings, mills, machinery . . . are taxable as real estate."

No further argument will be necessary with those who have sometimes claimed that printing presses were not taxable.

Chapter 108, Laws 1917, exempts from taxation to the depositor money deposited in the savings department of any national bank in this state bearing interest, *provided*, the bank elects to pay a tax to the state at the same rate and in the same manner savings banks pay taxes.

No national bank as yet has elected to pay the tax. Their inaction leaves such deposits taxable to the depositor as money at interest, and, since these deposits aggregate a large sum in the state which ought to yield a tax, it is essential that the assessors require a strict compliance with the law in the matter of individual inventory returns.

Depositors themselves should be interested in persuading the banks to pay the small tax, for in that event the deposit is an exempt security like corporate stock and need not be reckoned when offsetting indebtedness against taxable investments.

Along the line of taxation of money is c. 189, Laws 1917, expressly declaring that "money deposited in any bank without this state on interest is taxable to the resident owner thereof."

Exception is made in the case of a state which does not tax deposits in New Hampshire banks owned by residents of such state.

This chapter is somewhat retaliatory in its nature, and properly so, because adjoining states where much New Hampshire money goes, have taxed the money in New Hampshire of their residents, while our court held under the law existing prior to the enactment of chapter 189 that New Hampshire residents were not taxable for their money in savings banks in other states.

New Hampshire was suffering from the open door to other states for its own money, and from the barricade erected by these states interfering with a counter current toward its own borders.

Vermont promptly removed its obstruction by the enactment of a statute similar to chapter 189, and it seems that a like statute has long been in force in Connecticut, therefore those two states are free territory for New Hampshire money, but such money lodged in the banks of Massachusetts and other states, so far as information is now at hand, is taxable to the owners.

The strict enforcement of the new income tax law in Massachusetts last year resulted in the withdrawal of considerable sums of money from our banks.

Not in the spirit of retaliation but in the spirit of loyalty, the citizens of New Hampshire should patronize their home banks.

Chapter 143, Laws 1917, amending s. 2, c. 61, Public Statutes, relating to collection of taxes of non-residents, is of interest to tax collectors and non-resident land owners.

The publishers of the *Independent Statesman* are required to send to tax collectors as many copies of the paper containing advertisements for sale of land as there are non-resident taxpayers in the list, and tax collectors must mail a copy of the paper to each non-resident taxpayer.

Furthermore, the publishers of this paper and of county papers shall file with the register of deeds in each county a certified statement of the list of lands advertised situate in the respective counties, and the several registers shall record the same in special books kept for that purpose.

Persons interested in such tracts of land need only visit the office of the register of deeds to ascertain as to the advertisement of non-resident land in any town in the county.

That the accounting officers in municipalities in the state shall in due time adopt a uniform system of book-keeping and reporting was made obligatory by c. 57, Laws 1917.

Work in this direction has been going on for the past two years with gratifying results. Considerably more than one half of the towns have voluntarily adopted the system prepared in the office of the tax commission, and the other towns are arranging to come in line at the beginning of the new year.

It is unnecessary to argue in favor of a simple analysis of accounts adapted to each and every town as against two hundred and thirty-five different methods of handling the same items.

The expense of maintaining a town hall may as well be included under "town hall expense" as under "miscellaneous expense," also incidental highway expenses properly come in the "highway account" instead of "miscellaneous expense."

The books and vouchers are so prepared that at any time the town treasurer and selectmen may know at a glance not only the total receipts but also the total payments charged against highways, police or whatever.

At the end of the year the town report is completed by simply taking the footing of each column or account, and the necessity of separating all the vouchers and classifying the accounts no longer exists.

Again, a summary of the expenditures of all the towns can be made which will show the total amount of money expended in the state for schools, highways, care of poor, etc., which now is not known and cannot be readily ascertained.

While this information may not be of great importance, it certainly will be of interest.

A business concern handling more than seven million dollars a year would regard its bookkeeping as a very important feature, and it is equally important to the taxpayers of the state that the seven million dollars of their contributions be correctly accounted for and well managed.

Chapter 129, Laws 1917, relating to municipal finances, abolishes the creation of sinking funds to meet indebted-

ness and substitutes serial notes or bonds to be cared for by an annual levy without vote of the municipality.

The special investigation made under the direction of the tax commission in 1916 disclosed an indebtedness of \$1,390,000 incurred under the municipal bond act of 1895, against which no sinking funds at all had been established. It further appeared that sinking funds accumulated to meet a certain indebtedness had been used for other purposes.

Provision for the payment of debt by definite amounts is a matter of comparative recent consideration not only in this state but in all states.

In this connection it is of interest to note the advice of the late Isaac Adams, who, under the date of March 13, 1867, fifty years ago, reported on the aggregate indebtedness of the town of Sandwich, and methods of repayment.

He said, "In regard to the management of the remainder of the debt, I would respectfully advise that town bonds be issued, and that their payments be so timed that a convenient and definite portion of the principal, as well as of the interest of the debt, shall fall due about the first of January, every year, until the whole shall have been redeemed."

Thirty-five years after his death his recommendation appears almost word for word in the chapter under discussion.

Municipalities and counties shall not issue notes payable on demand, nor shall they incur debt to provide for the current maintenance and operation expenses, except loans in anticipation of taxes as authorized by law.

This exception refers to c. 21, Laws 1907, which is here quoted because it has been too little regarded.

"Cities may by a two-thirds vote of their city councils, and towns by a major vote of their legal voters in a legally warned town meeting, incur debts for temporary loans in anticipation of the taxes of the municipal year in which such debts are incurred, and expressly made payable there-