

State of South Carolina  
**House of Representatives**  
Office of The Speaker

Dec. 29, 1925.

My dear Sir:

Columbia, S. C.

This letter is addressed to every member of a State Legislature, or Senate, in the United States.

As a member of the Legislature of a sovereign State, I hold that we have no concern in the actions of Congress, as long as they do not interfere with the function of the State to levy and collect taxes, by means and methods devised by the individual State for State purposes. But I further hold that when Congress attempts to levy a tax on a particular thing for and on behalf of the State and to prescribe the method and means of collecting the same, that then the State becomes a party to that transaction and the Legislature ought to be consulted.

There is pending before the Congress of the United States at this time the annual revenue Bill carrying a provision, which in my opinion, goes further to forever wipe out the last vestige of the rights of the States, than any legislation heretofore proposed. The provision which I refer to is the inheritance tax section, which would levy a maximum tax of 20% on all estates, with certain exemptions, but without regard to dependents or next of kin. It further provides that any State may pass legislation to conform, and collect 16% of this tax and the Government will take 4%. Failing to have a special session of your Legislature or a Constitutional Convention, if necessary, to conform your State laws to the Act of Congress (which would have to be done in every State) the Government would take the entire tax. It is openly stated in Washington that the proponents of this legislation do not hope to raise revenue for the Government, but that they want to force the various States to enact uniform inheritance tax legislation. And they go further and tell you frankly that some of those who are sponsoring this measure, believe that the Federal Government should enact a uniform income, gasoline and other taxes.

The enclosed schedule shows the present rate on inheritances in the various States, all of which Congress would force you to change to 16% or penalize that State for not so doing.

In South Carolina we want to protest against this kind of Federal legislation. We have a small inheritance tax, which we want to keep, at least for the present. The question isn't one of being for or against the inheritance tax, but one of Congress dictating to the State as to how we shall levy and collect it. A resolution similar to the copy enclosed will be introduced at our session which begins January 12, by Hon. Carroll D. Nance, Chairman of the House Ways and Means Committee, and I hope passed without a dissenting vote. If your Assembly meets, and there is merit in the facts I have given you, and you agree with me, I suggest a similar resolution. If not, I know your Congressmen and Senator would appreciate knowing your attitude on this matter. The matter will be taken up before the Senate early in January. Please, therefore, take immediate action.

With the compliments of the Season, I am,

Yours very truly,

SPEAKER.

The following schedule shows the state inheritance tax rate on close kin commonly designated as Class "A" in the state statutes:-

	<u>MAXIMUM RATE IN CLASS "A"</u>		<u>MAXIMUM RATE IN CLASS "A"</u>
Alaska	3½%	Nebraska	1
Arizona	5	Nevada	None
Alabama	None	New Hampshire	2
Arkansas	10	New Jersey	3
California	12	New Mexico	1½
Colorado	7	New York	4
Connecticut	4	North Carolina	5
Delaware	4	North Dakota	4
Florida	None	Ohio	4
Georgia	3	Oklahoma	4
Hawaii	3½	(*) Oregon	None
Idaho	3	Pennsylvania	2
Illinois	14	Phillipine Islands	16
Indiana	4	Porto Rico	4
Iowa	7	Rhode Island	3
Kansas	2½	South Carolina	6
Kentucky	6	South Dakota	4
Louisiana	3	Tennessee	5
Maine	2	Texas	6
(*) Maryland	None	Utah	5
Massachusetts	7	Vermont	5
Michigan	8	Virginia	5
Minnesota	4	Washington	10
Mississippi	10	West Virginia	7
Missouri	6	Wisconsin	10
Montana	4	Wyoming	8

If the Bill now pending before Congress passes the above rates will automatically be fixed at 16%, without regard to family relation and if your legislature is not in session and your state wishes to avail itself of the 16% that the government will allow the state to take, a special session of your legislature will be required. If the inheritance tax question is in your state constitution you would have to have a constitutional convention and then a special session of the legislature to pass an enabling act to conform with the Act of Congress.

## RESOLUTION

With no purpose of resurrecting issues which once divided the nation, but viewing with alarm the proposed encroachment of the federal government upon what has been from the beginning of American democracy the prerogative of the sovereign state to levy and collect its own taxes as assessed against property for the support of the state government--a function which, in our opinion, must remain exclusively that of the state to exercise independently--we confess to serious concern for the future of both the nation as a whole and the separate commonwealths comprising it if the far-reaching principles involved in the Federal Revenue Bill now pending before Congress, particularly with reference to the Inheritance Tax feature thereof providing a joint levy to be assessed by the United States Government and divided as between the federal government and the state, shall be disregarded by the legislative bodies of the American commonwealths.

It is maintained that a state should not be compelled in this fashion to become a party to a joint tax levy under penalty of losing a source of its revenue if it dissents. The purpose of the proposed law is ulterior. Never before in the history of the United States except under stress of war conditions has the federal government ever attempted to levy a property tax. If the present attempt is accomplished the danger will be imminent of the federal government next dictating the entire taxing policies of all the states.

We hold that the rights of the states, although often disregarded, still remain one of the fundamental principles of our democratic government, and that if we continue to surrender to the federal government every function which belongs to the states, it will be only a question of time before centralization, with its attendant and inevitable autocracy, will submerge every remaining vestige of state sovereignty.

The Inheritance Tax is a direct property tax, and to assume the authority to assess a joint levy, the federal government coming into the state and arbitrarily fixing the rate of assessment and sharing in the revenues, leaving to the state no election of choice, is, we hold, an unwarranted invasion, economically as well as politically, of the sacred principle of self-determination which if permitted to go unchallenged will prove only the forerunner of even further abrogations of the prerogatives which the states have enjoyed without abridgement since the formation of the American Union upon the bedrock foundation of democracy.

Therefore, Be it Resolved, that the House of Representatives of the State of South Carolina, the Senate concurring, respectfully enters its protest against the passage of this provision by the Congress of the United States.